Rexel

Document de référence 2010

(ENGLISH VERSION)

The Marina Bay Sands in Singapore

Rexel ELECTRICAL SUPPLIES

This document contains a non-certified free translation of the French language *Document de Référence* of Rexel, which was filed with the French *Autorité des marchés financiers* on April 11, 2011.

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Company with limited liability *(société anonyme)*
with a Management Board and Supervisory Board
with a share capital of €1,301,064,980
Registered office: 189-193, boulevard Malesherbes – 75017 Paris
479 973 513 R.C.S. Paris

2010

ANNUAL REPORT

DOCUMENT DE REFERENCE

This *Document de Référence* was filed with the *Autorité des marchés financiers* on April 11, 2011, in accordance with Article 212-13 of the General Regulations of the *Autorité des marchés financiers.* It may be used in connection with any financial transaction if completed by a *note d'opération* in respect of which the *Autorité des marchés financiers* has granted a visa. This *Document de Référence* has been prepared by the issuer and its signatories therefore assume responsibility for its contents.

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

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

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

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

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

1. Overview of the Rexel Group

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1.1 SELECTED CONSOLIDATED FINANCIAL DATA

The selected financial data set forth below has been prepared on the basis of the consolidated financial statements of Rexel for the years ended December 31, 2010, 2009 and 2008.

Rexel's consolidated income statement highlights

	Reported		
(in millions of euros)	2010	2009	2008 (3)
Sales	11,960.1	11,307.3	12,864.5
Gross profit	2,945.6	2,769.5	3,059.4
As a % of sales	*24.6%*	*24.5%*	*23.8%*
EBITA (1)	615.9	469.4	647.1
Adjusted EBITA (1)	592.5	449.9	708.0
As a % of sales	*5.0%*	*4.0%*	*5.5%*
Operating income	485.4	315.8	553.4
Net income	229.2	81.0	231.5
Net income attributable to the Rexel Group	228.5	80.6	230.2
ROCE (2)	*10.2%*	*7.3%*	*8.9%*

(1) EBITA (earnings before interest, taxes and amortization) is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses. Adjusted EBITA (**"Adjusted EBITA"**) is defined as EBITA excluding the estimated non-recurring net impact from changes in copper-based cable prices (see paragraphs 2.4.1 "Risks relating to changes in prices of certain raw materials" and 4.1.3 "Effects of changes in copper price" of this *Document de Référence*). EBITA and Adjusted EBITA are not accepted accounting measures with standard and generally accepted definitions. They should not be considered as an alternative to operating income, net income, cash flow from operating activities or as a measure of liquidity. Companies with similar or different activities may calculate EBITA and Adjusted EBITA differently than Rexel.
(2) The calculation of ROCE (Return On Capital Employed) is detailed in the table below.
(3) The income statement published on December 31, 2008 was restated to account for modifications relative to the interpretation of IFRIC 13.

ROCE is determined as follows:

(in millions of euros)	2010	2009	2008 (3)
EBITA	615.9	469.4	647.1
Amortization of intangible assets recognized upon allocation of the acquisition price	(22.8)	(19.2)	(17.1)
Normative tax (1)	(121.6)	(126.5)	(204.8)
Profitability (A)	**471.5**	**323.7**	**425.2**
Tangible and intangible assets, including goodwill	5,111.0	4,948.8	4,898.5
Inventory	1,203.1	1,141.4	1,329.0
Accounts receivable	2,022.0	1,901.5	2,363.3
Other assets	436.1	403.9	481.9
Accounts payable	(1,866.2)	(1,676.0)	(1,930.0)
Other indebtedness	(623.9)	(575.2)	(646.0)
Employee benefits, provisions and other non-current liabilities	(330.7)	(409.2)	(404.6)
Adjustment of goodwill in connection with Rexel acquisition in 2005 (2)	(1,322.0)	(1,322.0)	(1,322.0)
Capital employed (B)	**4,629.4**	**4,413.2**	**4,770.1**
ROCE = (A) / (B)	***10.2%***	***7.3%***	***8.9%***

(1) Normative tax is calculated by applying to the sum of the preceding elements the effective tax rate of the Rexel Group for the considered period (tax on income divided by the net income before tax and share of profit of associates).
(2) Elimination of goodwill and of the intangible assets recorded in connection with the acquisition of the Rexel Group by investors in 2005. This amount was calculated on a sole occasion in 2005 and is not adjusted in subsequent financial periods, in particular in respect of changes in the exchange rates.
(3) In accordance with the IFRS 3 standard, the balance sheet published on December 31, 2008 has been restated retrospectively, in order to take into account the amendments concerning the provisions in connection with the allocation of the Hagemeyer acquisition price.

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

(in millions of euros)	Reported		
	2010	2009	2008
Operating income	485.4	315.8	553.4
(–) Other income [1]	16.1	33.1	124.4
(–) Other expenses [1]	(123.8)	(167.5)	(201.0)
(–) Amortization of intangible assets recognized on the occasion of purchase price allocations	(22.8)	(19.2)	(17.1)
= EBITA	**615.9**	**469.4**	**647.1**
(–) Non-recurring effect resulting from changes in copper-based cable prices [2]	23.4	19.5	(60.9)
= Adjusted EBITA	**592.5**	**449.9**	**708.0**
Adjusted EBITA margin	5.0%	4.0%	5.5%

(1) See notes 2.18 and 7 to Rexel's consolidated financial statements for the year ended December 31, 2010, set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*.
(2) See paragraphs 2.4.1 "Risks relating to changes in prices of certain raw materials" and 4.1.3 "Effects of changes in copper price" of this *Document de Référence*.

Rexel's consolidated cash flow statement highlights

(in millions of euros)	Reported		
	2010	2009	2008
Operating cash flow [1]	580.2	446.8	664.1
Changes in working capital requirements	42.0	471.6	133.7
Cash generated from operating activities before net interest and income taxes	622.2	918.4	797.8
Net capital expenditure	(52.4)	(38.5)	(8.7)
Free cash flow before net interest and income taxes [2]	569.8	879.9	789.1

(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

(in millions of euros)	Reported December 31,		
	2010	2009	2008[1]
Non-current assets	5,390.7	5,238.0	5,203.9
Working capital requirements	1,192.2	1,206.1	1,602.8
Shareholders' equity	3,834.4	3,412.0	3,248.4
Net indebtedness	2,273.3	2,401.2	2,932.0
Other non-current liabilities	475.2	630.9	626.3

(1) In accordance with IFRS 3, the balance sheet as of December 31, 2008 was restated retrospectively to reflect changes in the Hagemeyer purchase price allocation.

A description of the Rexel Group's indebtedness is provided in paragraph 4.5 "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) (the **"Rexel Acquisition"**). 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 2005 and 2010, the Rexel Group carried out 34 consolidating acquisitions, representing approximately €950 million in sales, as well as two transforming acquisitions:

- in 2006, the Rexel Group acquired Gexpro, formerly GE Supply, the electrical equipment distribution business of General Electric, which represents approximately €1.8 billion in sales. Based on Rexel Group's estimations, this acquisition made it a leader in the U.S. market, the top global market;
- in 2008, following a public offering, the Rexel Group acquired the Hagemeyer group, of which it sold certain business activities to the Sonepar group under an agreement dated end of 2007, consisting of activities primarily in the United States and in the Asia-Pacific region. Moreover, the Rexel Group sold its historical business activities in Germany to the Sonepar group, and the Sonepar Group sold its business activities in Sweden to the Rexel Group. The business activities retained subsequent to these transactions, representing approximately €3.5 billion, have enabled the Rexel Group to establish itself in new countries and to strengthen its market share in Europe, where it is number one or number two in the main countries.

The operational integration of the business activities related to the acquisition of the Hagemeyer Group

All of the business activities related to the acquisition of the Hagemeyer group have been integrated into the Rexel Group's network and financial processes since June 30,

2008. The Rexel Group business in each country is managed by a unique team resulting from the merger of the historical teams of Rexel and Hagemeyer.

The performance and follow-up of the synergies were subject to a process organized at country level and managed by a central steering committee and a governance organizing quarterly meetings of the Management Board and the concerned members of the Executive Committee.

As of December 31, 2010 Rexel believes that it has reached approximately €50 million of synergies, representing approximately €56 million over a full year, to be compared with an amount of €50 million initially anticipated. These synergies concerned the administrative services (approximately 46%), purchases (approximately 35%), logistics (approximately 7%), information systems (approximately 4%) and the impact on sales of the sharing of specific commercial know-how (approximately 8%). Rexel also believes that the non-recurring expenses in the 2008-2010 period resulting from the integration of the entities linked to the acquisition of the Hagemeyer group accounted for €43 million.

1.3 RECENT ACQUISITIONS AND DISPOSALS

The acquisitions and divestitures carried out by the Rexel Group during the financial year ended December 31, 2008, are described in the *Document de Référence* filed with the *Autorité des marchés financiers* on April 20, 2009 under number R.09-022. The acquisitions and divestures carried out during the financial year ended December 31, 2009 are described in the *Document de Référence* filed with the *Autorité des marchés financiers*.

The acquisitions and divestures carried out during the financial year ended December 31, 2010 are described below.

1.3.1 Europe

1.3.1.1 Haagtechno (The Netherlands)

In accordance with a sale agreement entered into with Panasonic on May 20, 2010, the Rexel Group sold its Dutch subsidiary Haagtechno B.V. on June 30, 2010. Haagtechno B.V. was part of the ACE division of the Rexel Group. Haagtechno B.V. represented the Panasonic brand and distributed on an exclusive basis products of this brand and other related consumer electronics in The Netherlands. This activity was not part of the core business of Rexel, a world leader in the distribution of electrical products. In 2009, Haagtechno B.V. contributed approximately by €150 million to the Rexel Group's consolidated sales, that amounted to €11.3 billion. This transaction amounted to €15.5 million.

1.3.1.2 Grossauer (Switzerland)

On December 1, 2010, the Rexel Group acquired Grossauer Elektro-Handels AG, based in Heiden, Eastern Switzerland, the country's fourth distributor of electrical equipment. The acquisition comprised all of the share capital of the company for an amount of CHF 85.0 million (€64.1 million). The company also had cash and cash equivalents in the amount of CHF 11.2 million (approximately €7.1 million) as at December 31, 2010.

1.3.2 Asia-Pacific

1.3.2.1 Beijing LuckyWell Zhineng (China)

On December 23, 2010, the Rexel Group acquired LuckyWell Int'l Investment Limited, a holding company controlling 100% of its operating subsidiary, Beijing LuckyWell-ZN Electrical Co., Ltd., which operates in the Beijing and Tianjin regions in China and essentially serves large industrial customers. This acquisition comprised all of the shares of LuckyWell Int'l Investment Limited. The acquisition price was divided into an initial payment of RMB 20 million (€2.3 million), and a price adjustment in 2012 based on the operating performance level recorded in 2011.

1.3.2.2 Yantra Automation (India)

On January 12, 2011, the Rexel Group acquired Yantra Automation Private Ltd., a distributor specialized in industrial automation and control devices based in Pune, in the state of Maharashtra, India. The sale and purchase agreement provides for the purchase of an initial majority interest of 74% in the share capital of Yantra Automation Private Ltd., carried out in January 2011 for an amount of INR 388.8 million (€6.8 million), to be followed by the acquisition of the remaining rights to the share capital to be carried out in 2014, if the reciprocal put and call options are exercised, at a price to be determined on the basis of the company's performances in 2012 and 2013.

1.3.2.3 Wuhan Rockcenter Automation (China)

On January 28, 2011, the Rexel Group acquired the assets and the business of Wuhan Rockcenter Automation, a distributor mainly serving large industrial enterprises of the metal and energy business sectors, in the province of Hubei, China. The acquisition price amounted to RMB 26.5 million (€3.0 million), and a price adjustment will be paid in 2013 based on the performance of the company in 2011 and 2012.

1.3.2.4 Sale of Hagemeyer Cosa Liebermann (Hong Kong)

On February 25, 2010, the Rexel Group sold to the DKSH group, a Swiss private company a group of six companies located in Hong Kong, South Korea, Taiwan, the United States and Micronesia. HCL Asia distributes luxury products, such as watches, cosmetics and other fashion products in certain countries of Asia, through a network of 54 sales outlets, as a wholesaler and duty-free agent. This activity was not part of the core business of the Rexel Group, a world leader in the distribution of electrical products. In 2009, HCL Asia contributed approximately by €42 million to the Rexel Group's consolidated sales, that amounted to €11.3 billion. The transaction amounted to €3.4 million, net of transferred cash.

1.3.3 Latin America

1.3.3.1 Nortel Suprimentos Industriais (Brazil)

On January 19, 2011, the Rexel Group acquired Nortel Suprimentos Industriais S.A. and its subsidiary MRO Importacoes Ltda, based in Campinas in the state of São Paulo, Brazil, one of the three top-ranking national distributors of electrical equipment. This acquisition is carried out in two steps: an initial purchase of a majority interest of 75% carried out in January 2011 followed by the acquisition of the remaining rights to the share capital to be carried out in 2013 at a price to be determined on the basis of the company's performances in 2011 and 2012.

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 2010 sales and number of branches. At December 31, 2010, the Rexel Group was established in 34 countries across three areas: Europe, North America and Asia-Pacific. Since the beginning of 2011, the Rexel Group is also present in Brazil and India (see paragraph 1.3 "Recent Acquisitions and Disposals" of this *Document de Référence*).

The consolidated sales of the Rexel Group for 2010 amounts to €12.0 billion, 58% of which were carried out in Europe, 30% in North America, 9% in Asia-Pacific and 3% in other activities. Based on 2010 sales, the Rexel Group believes that it is the first distributor in North America and in the Asia-Pacific region, and the number two in Europe. The Group made an Adjusted EBITA in 2010 representing 5.0% of the 2010 consolidated sales. In the rest of this section, and unless indicated otherwise, the sole electrical equipment distribution businesses of the Rexel Group are analyzed. A short description of the Rexel Group's other activities is provided in paragraph 1.4.5 "Other activites of the Rexel Group" of this *Document de Référence*.

The Rexel Group serves a wide range of contractors and of end-users, which it divides into four customer categories: contractors (61% of its 2010 sales), industrial companies (19% of its 2010 sales), commercial market companies (9% of its 2010 sales), as well as an "other customers" category, which includes municipalities, public entities, resellers and large do-it-yourself stores (11% of its 2010 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 2010 sales: electrical installation equipment (43% of sales); cables and conduits (25% of sales); lighting (18% of sales); security and communication (6% of sales); climate control (5% of sales); tools (2% of sales); and white and brown products (2% 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, 2010, the Rexel Group's branch network consisted of 2,113 branches organized around various commercial banners and had 27,391 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, 2010, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence*.

1.4.1 The Rexel Group's markets

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

Characteristics of the professional distribution market

Significant market size

Based on its estimates, the Rexel Group believes that the market for professional distribution of low and ultra-low voltage electrical products amounted to approximately €150 billion worldwide in 2010.

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

– manufacturers who directly sell products to industrial and commercial customers. These sales are essentially made in connection with large infrastructure projects or large contracts (industrial construction sites, for example) where size and technical specifications justify a direct relationship between the manufacturer and the end-user;

– large do-it-yourself stores that distribute products directly to end-users through general purpose commercial areas. These stores are characterized by a limited offering of electrical products and generally target the residential market; and

– distributors of electrical equipment specialized in e-commerce.

A growing market

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

– economic recovery;

– 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; and

– 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.

A more developed market in countries with mature economies

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

The development of new markets

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

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

Finally, the Rexel Group believes that the role of professional distributors is strengthened by the development of customers' expectations, these customers being concerned with the improvement of service levels with respect to the availability of products and the ease in obtaining them.

Renewal of product offering that strengthens price increases

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

A fragmented market

At the worldwide level, the market for the professional distribution of low and ultra-low voltage electrical products is characterized by a large number of players. The Rexel Group believes that it holds a market share of approximately 8% and a network of 2,113 branches, based on 2010 financial data.

The consolidation level of the market is extremely varied from country to country. More specifically, in the United States, the market may be divided in two categories of actors: seven distributors of a national scope (including the Rexel Group) which the Rexel Group believes represent approximately 40% of all sales made in 2010, and an extremely fragmented distribution of smaller-range distributors, as the first 200 distributors, including the first 7, only represent 63% of the market. This results, in particular, from the geographic breadth of the market and the historical presence of local market players. By contrast, in certain countries such as France, The Netherlands, Australia, the United Kingdom or Canada, a large portion of the market is occupied by a limited number of distributors, due to the strong historical presence of players who have consolidated and structured these markets.

The Rexel Group estimates that, in 2010, approximately 30% of worldwide sales in the market for the professional distribution of low and ultra-low voltage electrical products were made by eight major distributors: the Rexel and Sonepar groups, acting on the main world markets, Consolidated Electrical Distributors, W.W. Grainger, Graybar Electric Company, Anixter and WESCO International, which principally operate in North America, and Solar, which principally operates in Northern continental Europe.

A large number of medium-sized businesses that operate on a national, regional or local level account for approximately 70% of worldwide sales on the market of the professional distribution of low and ultra-low voltage electrical products. In certain countries, smaller electrical products distributors are seeking to increase their power by creating purchasing associations. These purchasing associations include national distribution networks as well as independent distributors that manage one or more branches.

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

The risks related to the acquisitions are described in paragraph 2.1.2 “Risks relating to acquisitions” of this *Document de Référence*.

Various competitive positions

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

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

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

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

The competition risks are described in paragraph 2.1.3 “Competition risks” 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 30% of the market in 2010 (€45 billion). In 2010, Europe represented approximately 26% of the market (€39 billion) and the Asia-Pacific region (excluding Japan) represented approximately 20% of the market (€30 billion). The Rexel Group estimates that the Japanese market was worth approximately €11 billion in 2010, while the other geographic zones (Latin America, Africa and the Middle-East) would be worth approximately €25 billion.

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

Country	Size (billions of euros)	Exchange rate (€1)
United States	41	1.4
Germany	8	1.0
Italy	6	1.0
France	6	1.0
United Kingdom	3	0.9
Canada	4	1.4
China	14	8.8

(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 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 2010 by end-markets would be as follows:

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

1.4.1.2 The Rexel Group's customers and their markets

The Rexel Group offers products and services to a large variety of customers, including contractors, end-users with internal installation departments, parts manufacturers and panel builders. The diversity of the Rexel Group's customer base allows it to not be dependent on a given customer, although the concentration of the Rexel Group's customers can be 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 2010.

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

Contractors

General and specialty contractors represented 61% of the Rexel Group's 2010 sales (20% were generated through large contractors and 41% by small- and medium-sized contractors). The Rexel Group's customer base includes, depending on the type and size of a given project, electricians and small contractors, medium-sized contractors and large contracting companies. These customers are present in each of the Rexel Group's three markets: industrial, commercial and residential.

Industrial companies

Industrial companies, which are the end-users in the industrial market, accounted for 19% of the Rexel Group's 2010 sales. These customers include manufacturers, parts manufacturers, panel builders, the professionals who provide maintenance services for such machines and industrial end-users.

Commercial companies

Commercial companies consist of end-users in the commercial market and represented 9% of the Rexel Group's 2010 sales. These customers include companies that operate in the commercial and retail industry, commercial services, public services and housing and transportation infrastructures.

Other customers

The Rexel Group also sells its products to municipalities, public entities, resellers and large do-it-yourself stores. These customers generated 11% of the Rexel Group's 2010 sales.

1.4.1.3 Geographic breakdown of the Rexel Group's markets

The Rexel Group's operations are organized around three principal geographic areas (Europe, North America and Asia-Pacific), as well as the segment "Other Operations" which includes the Rexel Group's other geographic markets. 2010 sales amounted to €11,960.1 million. Their breakdown per region is as follows:

	In millions of euros	In percentage
Europe	**6,966.8**	**58%**
– France	2,331.1	19%
– United Kingdom	896.3	7%
– Germany	912.9	8%
– Scandinavia	836.6	7%
– Benelux	570.7	5%
– Others	1,419.2	12%
North America	**3,530.8**	**30%**
– United States	2,474.7	21%
– Canada	1,056.1	9%
Asia-Pacific	**1,116.3**	**9%**
Other Operations (1)	**346.2**	**3%**
Total	**11,960.1**	**100%**

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

Europe

Based on its estimates, the Rexel Group was the number two player in the market for the professional distribution of low and ultra-low voltage electrical products in Europe and held a market share of 19% in 2010. The Rexel Group believes that the industrial, commercial and residential markets, respectively, represented 25%, 41% and 33% of its 2010 sales.

As of December 31, 2010, the Rexel Group was established in 24 European countries. The Rexel Group believes that it is the number one or number two player in 19 of these countries, which account for approximately 93% of the total European market.

North America

According to its estimates and based on its 2010 sales, the Rexel Group's market share in 2010 amounted to approximately 8% of the North American market for the professional distribution of low and ultra-low voltage electrical products. The Rexel Group believes that it is the market leader in this area, with market shares of 6% in the United States and 23% in Canada. Moreover, the Rexel Group has a representative office in Mexico.

In North America, the Rexel Group operates essentially in the industrial and commercial markets, and to a lesser extent in the residential market, which, since the beginning of 2007, has experienced a significant downturn. The Rexel Group believes that the industrial, commercial and residential markets respectively represented 44%, 50% and 6% of its 2010 sales in North America.

Asia-Pacific

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

In China, the Group has strengthened its activity within the last few years, and is now one of the main international players, with €221.3 million in sales in 2010, in a country where the portion of products distributed by structured groups is still low due to the level of maturity of the market. Since the acquisitions carried out at the beginning of 2011, the Rexel Group also has branches in India (see paragraph 1.3 "Recent Acquisitions and Disposals" of this *Document de Référence*) (previously, it only had a representative office in India). In addition, the Rexel Group has branches in Indonesia, Malaysia, Singapore and Thailand and representative offices in Korea and Vietnam.

Based on its estimates, the industrial, commercial and residential markets respectively represented 38%, 33% and 29% of the Rexel Group's 2010 sales in the Asia-Pacific region.

Other Operations

The Other Operations segment accounts for 3% of the 2010 sales. It mainly includes distribution of consumer electronics resulting from the acquisition of Hagemeyer (€242.0 million, further to the sales in 2009 and 2010 of a material part of the activities acquired; see paragraph 1.3 "Recent Acquisitions and Disposals" of this *Document de Référence*). It also includes the distribution of electrical equipment in Chile (where the Rexel Group believes that it has the leading position), as well as some of Rexel Group's activities coordinated at Group level (such as Bizline and Conectis whose activities are mostly based in Europe). Since the acquisitions carried out at the beginning of 2011, the Rexel Group also has branches in Brazil (see paragraph 1.3 "Recent Acquisitions and Disposals" of this *Document de Référence*).

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 environement are described in paragraph 2.1.1 "Risks relating to the general economic environment" of this *Document de Référence*.

1.4.2 Professional distribution of low and ultra-low voltage products

1.4.2.1 A distributor of services and technical solutions

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

Broad product and technical solutions offering

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

- **electrical installation equipment** (43% of 2010 sales), which includes coupling and circuit protection equipment (such as switches, circuit breakers, meters and fuses); energy conversion and storage equipment (such as transformers, storage batteries, chargers and generators); control equipment (such as industrial automated devices and network control devices); and sensors, actuators and consumption devices (such as pumps, fans, ventilators and compressors). All of these equipments are key in the electric power consumption control and optimization;
- **cables and conduits** (25% of 2010 sales), which allow for the distribution of electricity and include raceways, moldings and cable trays;
- **lighting** (18% of 2010 sales), which includes lighting sources, such as incandescent or halogen bulbs, low energy consumption light bulbs and fluorescent bulbs, and LED on the one hand, and lighting equipment, such as interior and exterior lighting systems, as well as decorative accessories;
- **security and communication** (6% of 2010 sales), which principally includes voice, data and image (VDI) transmission equipment, intruder and fire detection equipment, and monitoring and access control equipment;
- **climate control** (5% of 2010 sales), which includes ventilation, air conditioning, heating equipment, and renewable energy equipment;
- **tools** (2% of 2010 sales), which include hand tools, electrical tools and measuring instruments; and
- **white and brown products** (2% of 2010 sales), which includes household appliances and consumer electronics products.

The product families and percentages above solely relate to the professional distribution of low and ultra-low voltage electrical products. This activity does not include the Consumer Electronics Agencies (ACE) division, which is described in paragraph 1.4.5.1 "The Consumer Electronics division (ACE)" of this *Document de Référence*.

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

Within these product families, the "green" products (energy-saving products) family represents approximately 5% of 2010 sales.

The Rexel Group offers a wide range of technical solutions, which allows it to adapt its offering to local consumption habits and applicable technical standards as well as technological innovations. As a result, the products portfolio may be increased, especially as part of the MRO (Maintenance, Repair and Operation) contracts. In addition, the renewal rate of listed products may represent up to 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, in average, margins above those for equivalent product categories distributed under supplier's brands. The Rexel Group's principal own-brands are Newlec and Sector, for residential and commercial electrical equipment, mainly in the United Kingdom and Germany, Gigamedia for multimedia (voice, data, image) networks and Bizline for tools or other additional products. Newlec is also used in other European countries, especially for climate control engineering, electrical control and lighting equipment.

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

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

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

- developments in Light Emitting Diode (**"LED"**) technology to apply to lighting. LED technology was previously solely used in signalling systems. This change promotes energy savings, dependability and product life-span;
- developments in biometric control systems in the communication and security sector (fingerprint recognition, voice recognition, etc.);
- migration from analogue to digital transmission, which allows for the installation of a single cable network for all residential needs; and
- products relating to renewable energies (solar panels, heat pump, etc.).

A service offering adapted to customers' needs

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

Technical solutions services

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

The Rexel Group's services include:

- **Technical assistance:** The Rexel Group assists its customers in choosing adapted product solutions amid the large range of products offered. The Rexel Group also prepares technical bids and offers assistance, designing electrical installations and cabling schematics and drafting specifications. The Rexel Group also provides electrical product inventory management for certain of its industrial and commercial customers. These services enhance the Rexel Group's knowledge of its customers' businesses, notably by allowing it to anticipate their needs. The Rexel Group provides these services through teams of experts that are based in its branches and who help sales personnel promote high value-added product families (such as VDI, security, lighting and industrial automation). In some situations, these teams work directly on the customers' premises.
- **The provision of turnkey solutions:** Beyond technical assistance, the Rexel Group brings its customers turnkey solutions and services, in particular in the energy-efficient field, including energy audits, return on investment calculations, financing and insurance solutions as well as support for administrative tasks involved in these projects. The Rexel Group then works in partnership with products and services suppliers and with contractors.
- **Support to large projects:** In the context of large projects, the Rexel Group may provide to its customers certain specific services such as the provision of temporary premises, at a convenient distance from their own needs, or transportation solutions adapted to the timing of the project.
- **Training:** In most of its branches, the Rexel Group regularly schedules training sessions led by its employees, manufacturers and third parties in order to familiarize its customers with innovative or complex products. The Rexel Group has also offered continuous broadcasting of programs in its French branches presenting new products and training through Inexel.

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

Complementary logistics and distribution services

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

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

- inventory management and provision of products on customers' production assembly lines (Production Services); and
- distribution services and spare parts in the field of electrical equipment (Parts Super Center).

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

1.4.2.2 The Rexel Group's commercial and marketing organization

A multi-network organization

In most of the countries in which it has significant market share, such as France, the United States, Canada, the United Kingdom, Australia, The Netherlands, Belgium, Spain, Austria and Chile, the Rexel Group has different commercial networks. 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.

Commercial organization

At the end of 2010, the Rexel Group's customer-facing employees represented 61% of its total employees, compared to 58% at the end of 2003.

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

- sales counter representatives, who sell products to customers, principally contractors, who come directly to the Rexel Group's branches;
- telephone representatives, who are responsible for advising customers (e.g., installation schematics) and telephone orders;
- traveling sales representatives, who visit customers in a designated, assigned zone;
- technical/commercial sales representatives, organized in competence centers, who provide technical support for traveling sales personnel and customers and who are specialized by product family or customer type; and
- specialized sales representatives who are essentially dedicated to "key accounts".

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

Pricing and terms of sale

The Rexel Group's pricing policy is based on the rates charged by its suppliers in each country. The Rexel Group offers its customers rebates based on certain criteria, such as volume purchased by the customer, the competitive environment and special promotions. In each country, general terms of sale set out the customary framework of the Rexel Group's relationships with its customers. These include the main terms of sale of the products such as the rates and payment delays, 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 generate potential annual sales of €0.5 million or more per customer. Based on 2010 sales, "key accounts" generated approximately €2 billion in sales, *i.e.*, approximately 18% of the Rexel Group's consolidated sales. The framework agreements entered into with "key accounts" provide for specific sales conditions based on volumes purchased, product availability and delivery timeframes. These agreements are generally entered into in the context of bids and last for two to three years.

Marketing organization

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

Their role includes:

- the preparation of competition studies, which allows them to adapt their choice of suppliers and products accordingly;
- the definition and setting-up of the services and solutions based on client typology;
- regional market analysis;
- the analysis of their markets in order to ensure that product ranges evolve in partnership with suppliers;
- the development of products and customers nomenclatures;
- assistance and advice to sales personnel;
- assistance in the drafting and design of catalogues;
- the implementation of customer loyalty programs; and
- the design and launch of advertising campaigns at the branch level in partnership with suppliers and consistent with national or international product promotions.

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

Development of e-commerce

E-commerce, or online commerce, is an access medium for customers that may represent a material part of the Rexel Group's sales and thus contribute to improving its operating efficiency. Distribution by e-commerce covers two distinct areas:

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

Numerous countries already use actively these distribution channels, such as Switzerland, Norway and The Netherlands. Other countries, in particular the United States, Belgium, Sweden, France, the United Kingdom and Germany are expected to develop this type of marketing.

The Rexel Group's e-commerce 2010 sales amounted to €1,120.7 million, *i.e.*, approximately 10% of the consolidated sales of the Rexel Group.

1.4.2.3 Logistic organization of the Rexel Group

Purchases and supply

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

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

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

In 2010, the Rexel Group made 51% of its purchases from its 25 leading suppliers.

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

The Rexel Group's relationships with its suppliers are governed by short- or medium-term contracts. Product liability is the subject of paragraph 1.8.1 "Product liability" of this *Document de Référence*.

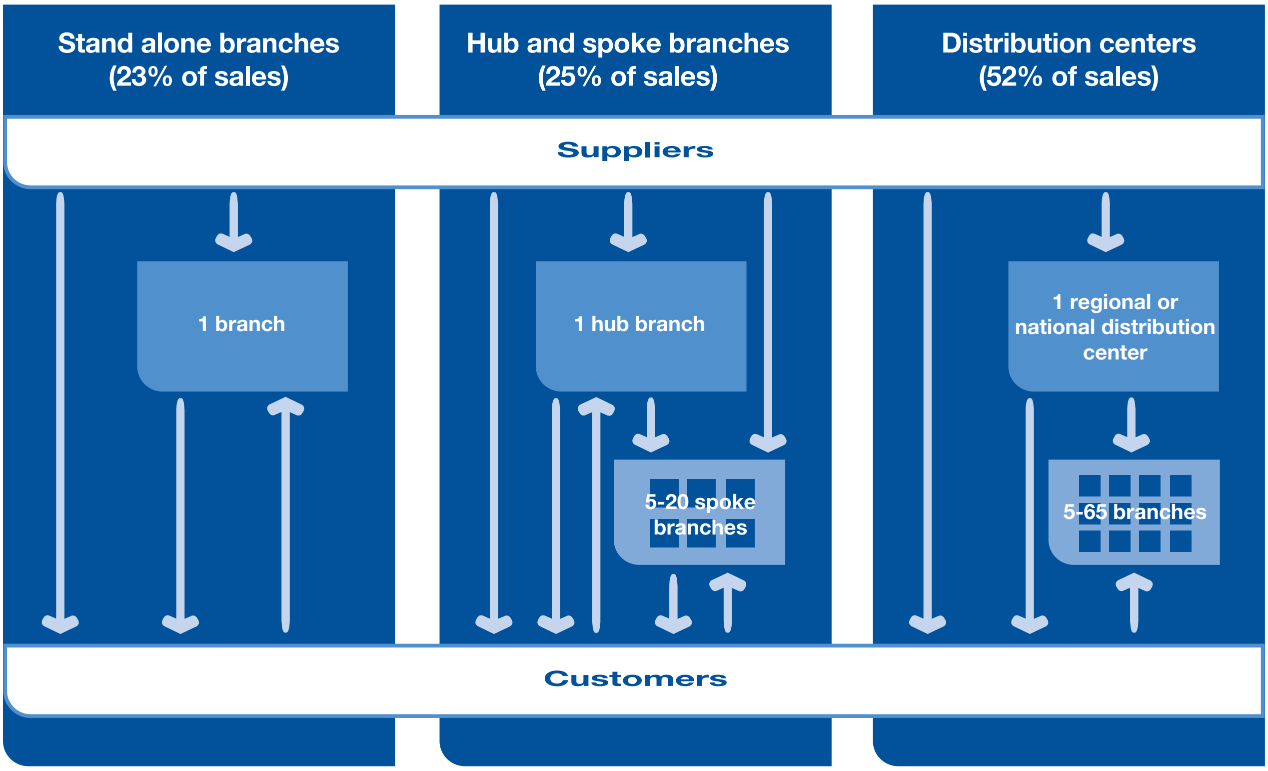
The risks related to commercial dependence are described in paragraph 2.1.6 "Risks relating to commercial dependence" of this *Document de Référence*.

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.

In 2010, the Rexel Group streamlined its logistics network, by closing 26 logistic platforms, in particular in Sweden in order to concentrate the flows by decreasing the number of hub branches from 16 to 6, in the United Kingdom with the closure of 4 small-sized distribution centers and 6 hub branches, 2 in Italy and 4 in Spain, Belgium, France and the Czech Republic.

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



	Stand-alone branches	Hub branches	Distribution centers
Number of references (in thousand of units)	2 to 10	5 to 15	15 to 40
Inventory turnover	Approximately 60 days	Approximately 55 days	Less than 50 days
Logistics costs as a percentage of sales (1)	>7%	6.0 to 7.0%	5.0 to 6.0%

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

In each of these three models, the Rexel Group makes sales through two distribution types: Rexel Group network sales and direct sales which represented 80% and 20%, respectively, of the Rexel Group's sales in 2010. Direct sales are not significant except in North America, where they represented approximately 40% of the Rexel Group's 2010 sales in this area.

Regional or national distribution centers

Distribution centers are typically located in regions in which the Rexel Group's customer base is highly concentrated, it being understood that certain countries may be covered by a sole center, however, no center covers several countries. These centers focus exclusively on logistics functions and warehouse a large number of products, which are provided directly by the Rexel Group's suppliers. Sales activities are conducted by branches associated with these regional or national distribution centers. The Rexel Group's regional distribution centers deliver products directly to customers as well as to the associated branches as needed in order to replenish their stocks.

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

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

As of December 31, 2010, the Rexel Group had 35 distribution centers in Europe. These centers were located in France, Germany, Austria, Belgium, Finland, The Netherlands, Norway, Portugal, Slovenia, Spain, Sweden and the United Kingdom. The 9 distribution centers in France are on average 18,000 square meters in size and each supplies between 25 and 65 branches. The 26 distribution centers in the rest of Europe are on average 9,000 square meters in size and each supplies between 5 and 45 branches.

In North America, the Rexel Group has 6 regional distribution centers in the United States with each supplying between 5 and 45 branches. In Asia-Pacific, the Rexel Group has 2 regional distribution centers in New Zealand, supplying a total of 69 branches. There is no regional distribution center in Australia due to the country's geography and to the resulting low-density network. The Rexel Group also has a national distribution center in Chile supplying 18 branches.

Hub and spoke distribution model

In areas with lower customer concentration (notably in North America), the Rexel Group has developed through the implementation of a hub and spoke distribution model. In this model, each hub branch supplies logistics support to satellite branches in addition to carrying out its own commercial activities. The Rexel Group has 54 hub branches worldwide (of which 30 were located in North America, 21 in Europe and 3 in Asia-Pacific) which serve generally between 4 and 20 satellite branches. In North America, the Rexel Group had as of December 31, 2010, 15 hub branches in the United States and 15 in Canada which supply 55 spoke branches in the United States and 195 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, 2010, the Rexel Group had 2,113 branches. The following table sets forth the change in the number of the Rexel Group branches between December 31, 2008 and December 31, 2010 by geographic area:

	As of December 31,		
(number of branches)	2010	2009	2008
Europe	**1,272**	**1,314**	**1,432**
– France	425	439	456
– Outside of France	847	875	976
North America	**531**	**584**	**649**
– United States	321	374	424
– Canada	210	210	225
Asia-Pacific	**286**	**293**	**308**
Other Operations, excluding ACE	**24**	**78**	**83**
Total	**2,113**	**2,269**	**2,472**

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

The risks related to the logistical structure of the Rexel Group are described in paragraph 2.1.5 "Risks relating to the logistical structure" of this *Document de Référence*.

1.4.3 The Rexel Groups' competitive advantages

1.4.3.1 A world leadership position

The Rexel Group recorded 2010 sales of €12.0 billion, has 2,113 branches, has 27,391 employees and is established in 36 countries, excluding mere representative offices, and taking into account acquisitions carried out at the beginning of 2011 in Brazil and India.

Based on its estimates, the Rexel Group is the one of the leaders in the market of the professional distribution of low and ultra-low voltage electrical products in terms of both sales and number of branches. Based on 2010 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 19 European countries, accounting for approximately 93% of the total European market.

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

The Rexel Group's position allows it to:

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

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

1.4.3.2 Diversified geographic and end-market presence

The Rexel Group estimates its 2010 sales breakdown by end-market and principal geographic area as follows:

	North America	Europe	Asia-Pacific	Rexel Group
Commercial	50%	41%	33%	43%
Industrial	44%	25%	38%	32%
Residential	6%	33%	29%	25%

The Rexel Group's presence in a range of different countries on several continents limits its exposure to local economic cycles. Europe, North America and Asia-Pacific accounted for approximately 58%, 30% and 9% of 2010 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 70% of its 2010 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 18 out of the 34 countries where it was established in 2010. This strong local presence tends to support growth in profitability, in so far as the Rexel Group estimates that its operating margins are generally higher in those countries where it holds significant market shares. The Rexel Group also believes that it has developed the industry's largest worldwide branch network.

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

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

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 aimed at functioning in an integrated manner and at satisfying all of its customers' electrical product needs. To this end, the Rexel Group constantly develops and adapts its product offering in order to take into account 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 may reach 15% in certain countries.

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 order to ensure the constant improvement of the quality of its services, the Rexel Group is continually increasing the number of its employees who regularly interact with customers. These employees represent about 61% of all employees at the end of 2010, compared with 58% at the end of 2003. 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 develop its market share. As a result, its gross profit per employee has increased between 2004 and 2010, from €81,200 in 2004 to €102,400 in 2010.

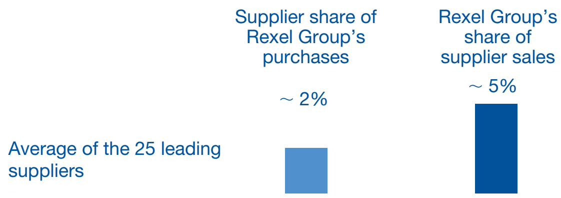
Furthermore, the Rexel Group's management team has broad experience in professional distribution, as well as operational, financial, and mergers and acquisition expertise.

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 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:



The risks related to the commercial dependence are described in paragraph 2.1.6 "Risks relating to commercial 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.

The risks related to the logistical structure of the Rexel Group are described in paragraph 2.1.5 "Risks relating to the 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 delays through the continuous optimization of logistics and credit management. Working capital requirements have gradually decreased as a percentage of sales between 2004 and 2010. The launch of a Rexel Group logistic model based on a hub and spoke system of satellite branches and regional distribution centers, as well as the implementation of software designed to follow-up the collection of receivables, are examples of initiatives that have reduced the Rexel Group's working capital requirements relative to its overall sales.

The Rexel Group has also maintained gross capital expenditures over the last three years at an annual level between 0.5% and 0.7% 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 2010 financial information, the Rexel Group estimates that its operating cost structure before depreciation comprises:

- variable costs based on the activity level amounting to 25% (transportation, commissions, etc.);
- fixed costs, flexible in the very short-term amounting to 29% (wages in certain countries, advertising, various fees, etc.);
- fixed, short or medium-term flexible costs amounting to 46% (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 2010, the Rexel Group carried out 28 acquisitions, including 13 acquisitions in Europe, 6 in North America and 9 in Asia-Pacific, as well as the acquisitions of GE Supply (renamed Gexpro) and of Hagemeyer.

The risks related to the acquisitions are described in paragraph 2.1.2 "Risks relating to acquisitions" of this *Document de Référence*.

1.4.4 The Rexel Group's strategy

The Rexel Group's strategy is based on four major trends which will impact its activity at a structural level 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;
- the scarcity of energy and the increased environmental awareness open new markets, driven by innovation and high added-value services;
- the emergence of increasingly sophisticated products (home automation, climate control, connection, security), the dematerialization of transactions, the immediate access to information, the need to work in networks, change Rexel Group's customers' core business on a structural level, 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, demonstrated its capacity to offer a "global" response while keeping, through its branch network, targeted and original local services.

Taking into account these four trends, the Rexel Group's strategy is organized into three goals:

- seize market opportunities (through organic or external growth);
- improve its business model in order to continue its reorganization towards high added-value services;
- strengthen its structural profitability on specific markets.

1.4.4.1 Seize market opportunities

Organic growth

The Rexel Group's organic growth relies mainly on the market growth, the various explanations of which are detailed in paragraph 1.4.1.1 "The professional distribution of low and ultra-low voltage electrical products market" of this *Document de Référence*, and the gain in market shares. For such purpose, 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), of logistics and information systems.

The Rexel Group also intends to ramp up its growth by relying on three targeted growth levers, *i.e.*, energetic efficiency, renewable energy and high added value services, for the major projects. These markets should allow the Rexel Group to further increase its sales. They represented approximately €500 million in 2010 and should reach sales of €650 million by 2012.

The Rexel Group successfully developed its energy-efficient products and services offering: replacement of lighting sources, photovoltaic equipments, heat pumps and windmill turbine kits.

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

The Rexel Group also develops global service offerings allowing large engineering and construction companies to externalize electrical product and other additional product management on large construction projects.

External growth

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

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

Also, the Rexel Group will continue to give priority to the development of its presence in markets of emerging countries (China, South-East Asia, India, Latin America and Eastern Europe) along with the development of the professional distribution of electrical materials in such countries, with a medium-term objective of increasing its sales twofold on these markets.

Moreover, the Rexel Group intends to increase its presence on high added value market niches.

Lastly, if the opportunity arises, the Rexel Group may also undertake significant acquisitions.

1.4.4.2 Improving the business model

Levers in relation to sales

Develop "key accounts"

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

Based on 2010 sales, the Rexel Group believes that it has generated sales of approximately €2 billion on the "key accounts" segment, representing an increase of close to 10% compared to 2009.

Develop e-commerce

E-commerce continues to be a medium for growth and for a substantial decrease in distribution costs for the Rexel Group. E-commerce has increased by 9% in 2010, representing 10% of sales compared to 9% in 2009. The Rexel Group aims at improving this rate up to 12% to 14% by 2013.

Implement a multi-network commercial structure

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

- with respect to its customers, multiple networks allow a distributor to provide offerings that cover a broader portion of market demand and better target the demands of different customer segments; and
- with respect to its suppliers, multiple networks provide more targeted advertising and promotional opportunities.

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

Develop specialized teams

The Rexel Group develops its specialized teams in order to confront more specialized business activities and to bring to them the necessary added value.

Levers in relation to gross margin

Optimize relationships with suppliers

With purchase volumes of €9.0 billion in 2010, the Rexel Group has structured its relationships with its suppliers around a limited number of strategic partners of global scale, along with several national suppliers and local suppliers that allow it to shape its product offering to fit local needs and to perpetuate its profitable development.

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 2010, the Rexel Group made approximately 51% of its purchases from its 25 leading suppliers. The optimization of logistics structures and the EDI should contribute to the improvement of the gross margin.

The risks related to the commercial dependence of the Rexel Group are described in paragraph 2.1.6 "Risks relating to commercial 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 approximately 4% of Rexel Group sales in 2010, a slight increase compared to 2009. The Rexel Group intends to continue a targeted development of its own brands.

Optimize sales prices

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

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

– customer and product segmentation;

– analysis of competition and of purchasing habits of its customers; and

– valuation of the services that are not billed separately by the Rexel Group.

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

Levers in relation to costs

Optimize logistic systems

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

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

The risks related to the logistical structure of the Rexel Group are described in paragraph 2.1.5 "Risks relating to the logistical structure" of this *Document de Référence*.

Rationalize information technology systems

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

In 2010, the Rexel Group continued to develop, rationalize and conform its information technology systems locally and in all regions, and has continued its selective consolidation program for its infrastructure. As a part of this initiative, the Rexel Group has entered into global or regional agreements with renowned business partners in the fields of facilities management, telecom management and office equipment.

During 2010, the Rexel Group also continued the implementation of IT integration plans of the former Hagemeyer businesses in order to achieve the synergies announced.

The Rexel Group's objective is to generally have a maximum of one information system per country, capable of being adapted to customers' needs, and to pool selected infrastructures or platforms, where possible. In 2010, the information technology systems costs remained relatively stable compared to 2009 and accounted for approximately 0.7% of sales.

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

1.4.5 Other activities of the Rexel Group

1.4.5.1 The Consumer Electronics division (ACE)

The ACE division, which results from the acquisition of the Hagemeyer Group and which represented approximately 2% of 2010 sales, operates essentially a business of distribution of electronics, residential equipment and other branded video products in Australia and New Zealand through Hagemeyer Brand (HBA), headquartered in Australia.

1.4.5.2 Digital Products International

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

1.4.6 Research and development, patents and licenses

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

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

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

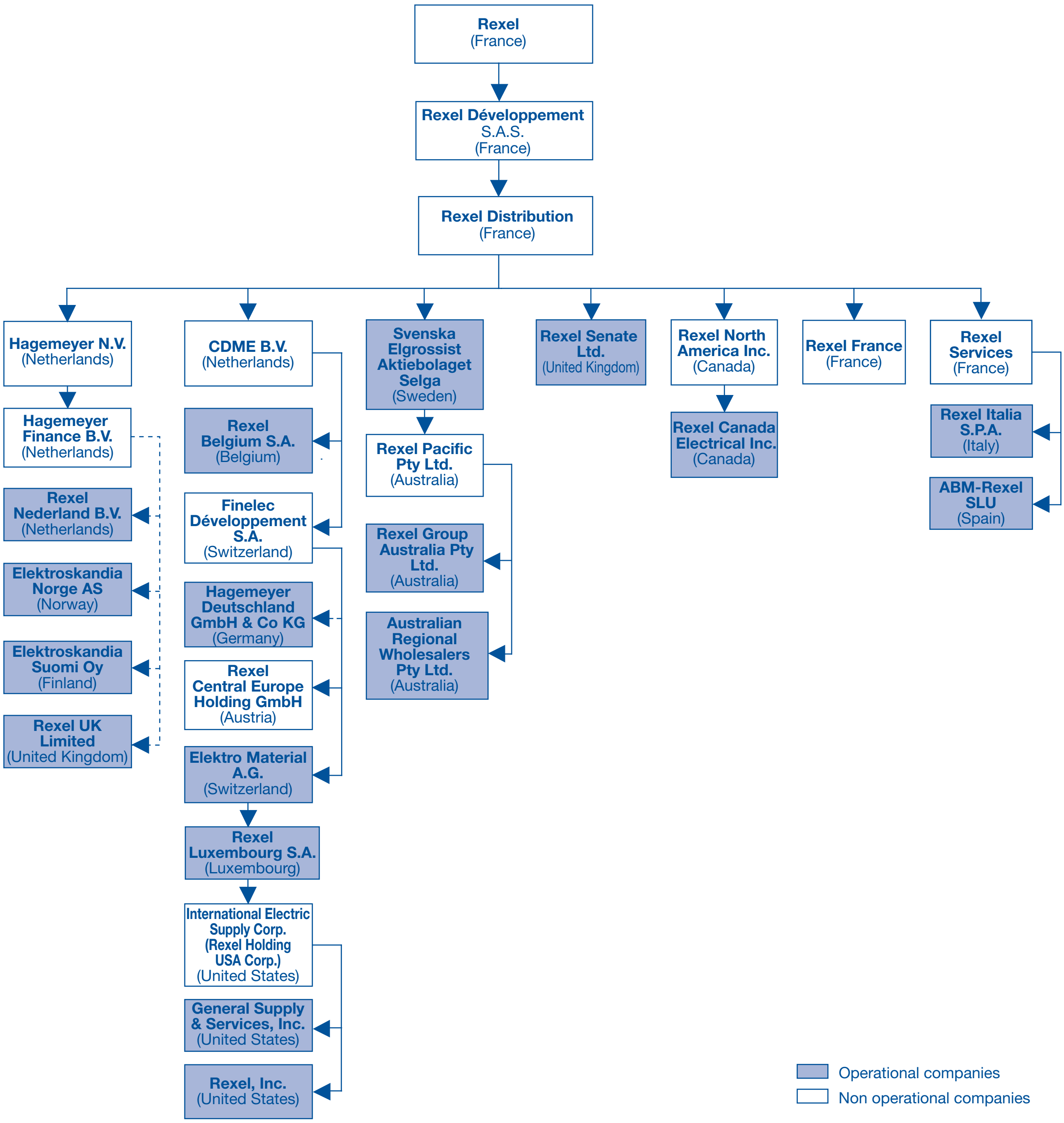
The Rexel Group also uses intellectual property rights (in particular names, brands, logos, designs, models and creations) that are not necessarily registered, either because they are used only temporarily, for example for a promotional campaign, or because they are difficult to protect. However, this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

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

1.5 ORGANIZATION

1.5.1 Organizational chart

The organizational chart below is a simplified organizational chart of the Rexel Group as of December 31, 2010. The list of all of the companies consolidated by Rexel as of December 31, 2010 is detailed in note 26 to Rexel's consolidated financial statements for the year ended December 31, 2010 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 CDME B.V., all the companies mentioned in the simplified organizational chart hereabove are 100% held by the Rexel Group.

1.5.2 Main subsidiaries

The Rexel Group comprises Rexel and its subsidiaries.

Rexel is the parent company of the Rexel Group and the head of the tax consolidation group implemented as of January 1, 2005. Rexel determines the orientation and strategy of the Rexel Group. Rexel has entered into loan agreements with Rexel Développement, Rexel Distribution 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. 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 Distribution holds the operating companies of the Rexel Group. It has entered into cash management agreements and/or loan agreements with certain of its subsidiaries in order to allow for their financing.

Rexel's main direct or 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 and Rexel Distribution, such subsidiaries do not hold any strategic economic assets.

Rexel Développement S.A.S. is a simplified joint stock company *(société par actions simplifiée)* governed by the laws of France with a share capital of €1,366,795,470. Its registered office is at 189-193, boulevard Malesherbes, 75017 Paris. The company is registered under number 480 172 840 R.C.S. Paris. Rexel holds 100% of its share capital and acts as chairman of Rexel Développement S.A.S. Rexel Développement S.A.S. provides services (management, strategic planning, finance, human resources and legal) to the Group companies.

Rexel Distribution is a public limited company *(société anonyme)* governed by the laws of France with a share capital of €99,413,489. Its registered office is at 189-193, boulevard Malesherbes, 75017 Paris. The company is registered under number 672 010 758 R.C.S. Paris. Rexel Distribution is held at 99.78% by Rexel Développement S.A.S. and at 0.16% by Rexel. Rexel Distribution holds Rexel Group operating investments and, among other things, provides cash management services for certain Rexel Group operating subsidiaries in France and abroad.

Europe

Rexel Nederland B.V. is a company governed by the laws of The Netherlands with a share capital of €45,400, paid in the amount of €22,700. Its registered office is at Kampenringweg 45 b, 2803 PE GOUDA, The Netherlands. It is registered with the registry of commerce and industries under number 24267850. Its main activity is the provision and distribution of electrical products. It is 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 Finelec Développement S.A.

Rexel Belgium is a company governed by the laws of Belgium, with a share capital of €30,000,000, having its registered office at Zuiderlaan 91, 1731 Zellik, Belgium. It is registered with the registry of commerce and companies under number 0437.237.396. Its main activity is the supply and distribution of electrical products. Rexel Belgium is held at 99.99% by Compagnie de Distribution de Matériel Electrique B.V.

Svenska Elgrossist AB Selga is a company governed by the laws of Sweden with a share capital of SKR 80,000,000 paid-up at SKR 46,500,000. Its registered office is at Prästgårdsgränd 4, 125,44 Älvsjö, Stockholm, Sweden. Its main activity is the distribution of electrical products as well as holding equity investments in companies in the electrical products distribution business. It is wholly owned by Rexel Distribution.

Elektroskandia Norge AS is a company governed by the laws of Norway with a share capital of NOK 82,150,000. Its registered office is in Alfasetveien 11, N-0668, Oslo, Norway. Its main activity is the supply and distribution of electrical products. Elektroskandia AS is indirectly fully held by Hagemeyer Finance B.V.

Elektroskandia Suomi Oy is a company governed by the laws of Finland with a share capital of €1,000,000. Its registered office is at Varastokatu 9, 05800 Hyvinkää, Finland. It is registered under number 599.695. Its main activity is the supply and distribution of electrical products. Elektroskandia Suomi Oy is fully held by the Finnish branch of Hagemeyer Finance B.V.

Elektro-Material A.G. is a joint stock company *(Aktiengesellschaft)* under Swiss law with a share capital of CHF 135,000,000. Its registered office is at Heinrichstrasse 200, 8005 Zurich, Switzerland. Its main activity is the distribution of electrical products, the management of shareholdings and the provision of services. It is owned at 99.998% by Finelec Développement S.A.

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

Rexel UK Ltd. is a limited company under English law with a share capital of 319,879,885 pounds sterling. Its registered office is at Yardley Court 11/12 Frederick Rd, Edgbaston, Birmingham, West Midlands B15,1JD, United Kingdom. Its main activity is the sale of electrical products and the holding and the management of equity investments in other companies. Rexel UK Ltd. is indirectly wholly owned by Hagemeyer Finance B.V.

North America

International Electric Supply Corp. (renamed Rexel Holding 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. International Electric Supply Corp. (renamed Rexel Holding 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. Its registered office is at 6606 LBJ Freeway, Suite 200, Dallas, Texas 75240-USA. Its main activity is the distribution of electrical products. Rexel, Inc. is wholly owned by International Electric Supply Corp. (renamed Rexel Holding 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 International Electric Supply Corp. (renamed Rexel Holding USA Corp.).

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

Rexel Canada Electrical Inc. is a Canadian corporation with a share capital of CAD 1,829,744, registered under number 428874 2. Its registered office is at 505 Locke, suite 200, Saint Laurent, Quebec H4T, 1X7, Canada. Its main activity is the distribution of electrical equipment. It is wholly owned by Rexel North America Inc.

Contributions from subsidiaries or significant sub-groups as of December 31, 2010 are as follows.

Consolidation Value (excluding dividends) (in million 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)	–	1,437.9	13.5	63.3	–
Rexel Distribution (France)	0.8	(306.0)	141.2	(62.2)	–
Rexel France (France)	1,180.8	473.1	22.3	157.7	–
International Electric Supply Corp. (renamed Rexel Holding USA Corp.) (USA)	692.7	197.0	34.0	67.2	–
Rexel North America Inc. (Canada)	569.1	105.0	(1.6)	47.8	–
Rexel UK Ltd. (United Kingdom)	282.2	161.6	10.4	41.9	–
Hagemeyer Deutschland GmbH & Co KG (Germany)	246.5	123.5	4.2	40.3	–
Elektro-Material A.G. (Switzerland)	219.3	–	5.2	24.4	–
Rexel Nederland B.V. (The Netherlands)	198.7	50.2	–	8.4	–
Rexel Belgium (Belgium)	62.2	57.7	1.2	14.1	–
Svenska Elgrossist AB Selga (Sweden)	231.2	0.1	0.9	10.4	–
Elektroskandia Suomi Oy (Finland)	72.9	1.3	1.0	1.6	–
Other	1,354.7	283.8	79.6	9.7	–
Total consolidated	**5,111.1**	**2,585.2**	**311.9**	**424.6**	**–**

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, 2010, 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;

– 44 distribution centers located in Europe (France, Germany, Austria, Belgium, Spain, Finland, Norway, The Netherlands, Portugal, the United Kingdom, Slovenia and Sweden), North America (United States), Asia-Pacific (New Zealand) and Chile. Distribution centers are mainly leased and have an average surface area which varies from 9,000 sq. meters for those located in Europe (excluding France) and 18,000 sq. meters for those located in France (see paragraph 1.4.2.3 "Logistic organization of the Rexel Group" of this *Document de Référence*); and

– 2,113 branches located in Europe, North America, Asia-Pacific and in the countries relating to the other operations segment. Branches are mixed-usage selling and storage premises located in areas of handicraft or industrial activity, with an average surface area of approximately 800 sq. meters to 1,500 sq. meters. Branches are mainly leased (see paragraph 1.4.2.3 "Logistic organization of the Rexel Group" of this *Document de Référence*).

The real estate assets of the Rexel Group do not include any significant element of value and no investment of this type is being considered. These assets are not subject to any encumbrance.

1.7 INVESTMENTS

1.7.1 Completed investments

The table below provides details by line item at the Rexel Group level of capital expenditures, acquisitions and disposals for each of the financial years ended December 31, 2010, 2009 and 2008.

(in millions of euros)	2010	2009	2008	2008-2010 Total
Capital expenditure				
IT systems	25.0	25.1	28.7	78.8
Branch renovations and openings	16.8	19.1	36.3	72.2
Logistics	11.6	5.7	20.6	37.9
Others	4.1	1.2	3.0	8.3
Total gross capital expenditure	**57.5**	**51.1**	**88.6**	**197.2**
Change in fixed assets suppliers payable	1.9	0.7	8.2	10.8
Disposals of fixed assets	(7.0)	(13.3)	(88.1)	(108.4)
Total net capital expenditure	**52.4**	**38.5**	**8.7**	**99.6**
Acquisitions and disposals of subsidiaries				
Acquisitions	67.3	46.5	3,226.2	3,340.0
Disposals	(13.3)	–	(905.2)	(918.5)
Total acquisitions and disposals of subsidiaries	**54.0**	**46.5**	**2,321.0**	**2,421.5**

Gross capital expenditure in 2010, 2009 and 2008 represented 0.5%, 0.5% and 0.7% of Rexel Group's consolidated sales, respectively.

Capital expenditures carried out in 2010 are described in paragraph 4.4 "Cash flow" of this *Document de Référence* and were financed by the Rexel Group in cash.

1.7.2 Main investments in progress

In the United States, the roll-out of the new commercial and logistical platform launched in 2010 will be continued in 2011. In Spain, the renewal of the back-office tools will be finalized by mid-2011. In England and Spain, several-year replacement and rationalization plans of existing systems will be launched in the first quarter. Moreover, the group will continue rolling-out its new e-commerce platform launched in 2010 and the generalization of customer relation management solutions. All of these investments should amount to approximately €40 million and will be financed with the Rexel Group's shareholder's equity.

1.7.3 Main 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 Group's operating investments, which are mainly linked to its IT systems, logistical resources and branch network, generally account for between 0.7% and 0.9% of its sales, on a yearly basis.

1.8 REGULATIONS

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

1.8.1 Product liability

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

The products and equipment distributed by the Rexel Group benefit from manufacturer's product guarantees. The Rexel Group has adopted a contractual strategy that aims at the product guarantee granted by the Rexel Group being the same as the guarantee granted by the manufacturer.

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

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

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

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

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

The directive known as "WEEE"

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

Canadian regulations known as "WEEE"

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

The regulations known as "REACH"

Regulation 1907/2006 of the European Parliament and of the Council of December 18, 2006 known as the "REACH" (Registration Evaluation and Authorization of Chemicals) regulation relates to the registration, evaluation and authorization of chemical products as well as the restrictions applicable to these products. As a distributor on the European market of products that may contain chemical substances concerned by these regulations, the Rexel Group is bound to provide its customers with the information received from its suppliers and relating to the health and environment impacts of these substances. The main entity liable is the manufacturer of chemical products. The Rexel Group may, as the case may be, no longer receive certain products if a supplier was required to stop using certain substances. The Group has implemented a process aiming at collecting and providing the information in accordance with the REACH regulation.

1.8.3 French law for the modernization of economy

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

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

The inter-professional federation of which the Group Rexel is a member has signed an inter-professional agreement allowing for a progressive reduction of the payment delays to 50 days until December 31, 2011. On January 1, 2012, the delays provided by the law will apply.

The implementation of the reduction in the payment delays in accordance with the LME has had a negative impact on the working capital requirement of Rexel in France, which was reduced by the implementation of the inter-professional agreement and the various measures set up with the suppliers. The Rexel Group estimates that this impact for 2009 was approximately 0.2% of its sales, and has not changed much since then.

2. Risk Factors

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2.5 INSURANCE 45

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

This chapter includes a description of the risk factors of the Rexel Group, as well as the risk management measures taken for each of them. Moreover, the risk management process implemented within the Rexel Group is described in the report of the Chairman of the Supervisory Board, which is set out in paragraph 9.3 "Report of the Chairman of the Supervisory Board" of this Document de Référence.

2.1 RISKS RELATING TO THE REXEL GROUP'S INDUSTRY

2.1.1 Risks relating to the general economic environment

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

The impact of changes in macroeconomic conditions varies depending on the end-markets and geographic areas in which the Rexel Group operates. Europe, North America, Asia-Pacific and Other Operations accounted for approximately 58%, 30%, 9%, and 3% of the Rexel Group's 2010 sales respectively. Moreover, the Rexel Group believes that the industrial, commercial and residential markets, respectively, represented 32%, 43% and 25% of its 2010 sales from the sole business of distribution of electrical equipment. However, this distribution varies depending on geographical areas (see paragraph 1.4.1 "The Rexel Group's markets" of this *Document de Référence*). In particular, in North America, the residential market accounts for approximately 6% of 2010 sales in this area. In each geographical area, construction, renovation, and maintenance activities evolve differently. For example, renovation, which is less sensitive to economic cycles, is more significant in the residential building and commercial building markets in Europe than is the case in North America.

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

Similarly, political or economic instability in one of the countries where the Rexel Group is established may have an adverse impact on the results of operations in such country and of the Rexel Group.

Although the occurrence of external risks cannot be controlled, the Rexel Group nevertheless implemented the necessary tools for monitoring and assessing the risk level and impact. Thus, summaries consisting in financial data and macroeconomic indicators are drawn up by country managers, at region level as well as by the investors' relations department of the Rexel Group. The summaries are delivered on a regular basis to the management of the Rexel Group.

These indicators are taken into account in the budget process and may induce measures aimed at adapting Rexel Group's strategy to the economic and political context.

2.1.2 Risks relating to acquisitions

In the last few years, the Rexel Group has carried out bolt-on acquisitions allowing the development of its market shares (see paragraphs 1.2 "History and development" and 1.3 "Recent Acquisitions and Disposals" of this *Document de Référence*.

However, the Rexel Group may be unable to identify appropriate companies, complete acquisitions under satisfactory terms or ensure compliance with the terms of the sale/purchase agreement. In addition, while the Rexel Group is sekking to ensure the proper integration of acquired entities and businesses, it cannot guarantee that this integration will occur within the planned timeframes. Moreover, the Rexel Group may have difficulties in retaining the key skills identified during the acquisition process, or achieving expected synergies within planned timeframes. The Rexel Group may also bear charges or liabilities undisclosed in its acquisition and due diligence processes and integration costs may be higher than initially anticipated. Lastly, in certain cases, minority shareholders retain interests in the capital of the companies that the Rexel Group takes control of, in order to ensure continuity, which implies increased complexity in the decision processes.

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

In order to limit the risk relating to the acquisition and integration processes of the acquired companies, the Rexel Group has improved the implementation and follow-up of the acquisition projects. Any material acquisition (*i.e.*, any acquisition with an enterprise value in excess of €40 million) is submitted to the approval of the Supervisory Board of the Rexel Group, further to the opinion of the Strategic Committee and to the decision of the Management Board. Moreover, the appropriateness of each acquisition, in accordance with the Rexel Group's internal process, is considered by an Investment Committee, which meets on several stages of the acquisition process and reviews all of the issues in relation to the project. Lastly, along the whole acquisition process, the Rexel Group surrounds itself of specialized counsels.

In relation to the post-acquisition stage, a dedicated team has been set up as well as integration plan and synergy follow-up tools for the largest acquisitions. Moreover a contractual undertakings follow-up process has been determined and distributed throughout the Rexel Group for any acquisition.

2.1.3 Competition risks

The market for professional distribution of low and ultra-low voltage electrical products is characterized by robust competition, as the products distributed by the Rexel Group are generally available from other distributors. At the international level, the Rexel Group competes with several large professional electrical distributors, such as Consolidated Electrical Distributors, W.W. Grainger, Graybar Electric Company, Sonepar, WESCO International, Anixter and Solar. These distributors sometimes offer their products to electric-related sectors, including industrial supplies, which results in changes in competition strategy. In addition, general building trade distributors, and retail specialists in the building materials and equipment market, could continue to develop their electrical product offerings or acquire companies that are already present in the electrical product distribution sector and thereby create increased competition for the acquisition of market share. Furthermore, the development of new communication tools may allow new entrants to reach certain customers of the Rexel Group and therefore gain new market shares. Finally, the Rexel Group also competes with smaller independent distributors that operate on the national, regional or local level which are part of, or may occasionally create, cooperative purchasing organizations.

Although the Rexel Group believes that, based on 2010 sales, it is the leading distributor in North America and in the Asia-Pacific region and number two in Europe, some of the Rexel Group's competitors may have a larger market share than the Rexel Group in certain geographic areas. In addition, the Rexel Group's competitors may develop strategic relationships with its suppliers or maintain long-term contractual relationships with present or potential customers, in particular in markets where the Rexel Group is seeking to expand.

Lastly, regional competitors and new market entrants could attempt to hire the Rexel Group's employees, particularly sales and branch management personnel, which may have an adverse effect on the Rexel Group's operations.

The competitive pressure that the Rexel Group faces may therefore have an adverse effect on its financial condition or results of operations.

In order to limit the competition risks implied by its business, the Rexel Group endeavors to be a key player in the market, both in respect of its customers and of its suppliers. The efficiency of its logistical function as well as the quality of its services contribute to the loyalty of its trade partners. Moreover, dealing directly with a professional distributor allows customers to have access to a larger product and service offering than when dealing with a manufacturer.

Furthermore, the Rexel Group carries out strategic arbitrations in relation to the establishment (opening/closing) of its branches and subsidiaries, taking into account market growth opportunities as well as its competitors' presence and market shares. In order to remain competitive and keep its market shares, the Rexel Group has also developed solutions of electronic commerce (web, EDI).

Lastly, in order to limit the risk of its key-employees joining the competition, the entities of the Rexel Group ensure that their remuneration policy is competitive and include non-compete clauses in employment agreements when such a measure is efficient locally.

2.1.4 Risks relating to information technology systems

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

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

In 2010, the Rexel Group continued the rationalization and modernization and selective convergence plan of its information technology systems. However, the Rexel Group cannot provide assurances that this plan will be completed on satisfactory terms or within the expected timeframes, or that the results will be as expected. The Rexel Group may also be required to make unforeseen expenditures or may experience temporary or extended disturbances with respect to its personnel, operations or information flow.

In order to limit the risks related to information systems evolution projects, the Rexel Group implements project management best practice, based on the approach of the Project Management Institute (PMI) and also continues to favor a progressive evolution of IT systems with short-term and limited-scope projects.

2.1.5 Risks relating to the logistical structure

The evolution of the Rexel Groups' logistical structures or malfunction of one or several of such structures may result in temporary or long-lasting disruptions of its business and have a negative impact on its image and results of operations.

The Rexel Group's logistical organization is determined at the local level, as opposed to the international level, which limits the impacts of such a risk. Should a dysfunction occur in a distribution center, the disruptions may be limited through the use of another distribution center or through inter-branch transfers.

Moreover, performance indicators and logistical platform security data are reported to the Group. The regular follow-up of this information allows to give the alarm if necessary and implement corrective action. This follow-up is strengthened by spreading effective best practices in the Rexel Group.

2.1.6 Risks relating to commercial dependence

For a given scope of implementation, in order to rationalize its purchasing and strengthen its relationships with a smaller number of manufacturers, the Rexel Group is continuing a policy of reducing the number of its suppliers. In 2010, the Rexel Group's purchases from its 25 leading suppliers accounted for approximately 51% of its total purchases, and approximately 76% from its 200 leading suppliers.

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

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

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

In addition to purchase agreements, supply agreements are set up on a country level with certain suppliers. These agreements are determined in the scope of a partnership approach including shared indicators and action plans.

Moreover, in order to improve the follow-up of the main suppliers and to monitor the proper implementation of the Rexel Group's strategy, international coordination of the offer managers at the local level is organized on a regular basis.

In addition, in order to limit their dependence on their main suppliers, the entities of the Rexel Group identify alternative suppliers for the key-products of their offer. Lastly, interdependence between the Rexel Group and its suppliers allows limiting the risks relating to a termination of contracts or a material change in the offer.

2.1.7 Risks relating to the Group's image

Considering its international presence and visibility, the Rexel Group is exposed to attacks of various natures against its reputation, in particular through communication means such as the Internet. The occurrence of such attacks may have an adverse effect on the Group's results of operations or financial condition.

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

2.2 LEGAL AND REGULATORY RISKS

2.2.1 Risks relating to pending litigation

Risks related to pending litigation are described in detail in note 22 of the Notes to the consolidated financial statements of Rexel for the year ended December 31, 2010, which are set out in chapter 5 "Consolidated financial statements" of this *Document de Référence*.

There is no other governmental, judicial or arbitration proceedings (including any proceedings of which Rexel is aware of, which are outstanding or threatened) that might have or that had during the last twelve months a material impact on the financial situation or profitability of Rexel or the Rexel Group.

The Rexel Group cannot rule out the possibility that new claims or law suits may arise as a result of facts or circumstances that are not known and the risks of which cannot, therefore, be ascertained or quantified at the date of this *Document de Référence*. Such claims may have an adverse effect on its financial condition or results of operations.

2.2.2 Risks relating to the legal and tax regulations

As any international group operating in multiple jurisdictions, the Rexel Group has structured its commercial and financial activities in light of various legal and tax requirements.

Given that tax laws and regulations in the various jurisdictions in which the Rexel Group operates may not provide clear-cut or definitive doctrines, the tax regime applied to the Rexel Group's operations and intra-Group transactions is sometimes based on the Rexel Group's reasoned interpretations of local tax laws and regulations. The Rexel Group cannot guarantee that such interpretations will not be questioned by the relevant tax authorities, which may adversely affect its financial condition or results of operations.

In order to limit the risks related to legal and tax rules applicable in the various countries where the Rexel Group is established, the legal and tax management of the Rexel Group, as well as specialized advisors assist local management in their transactions in respect of local law.

2.2.3 Risks relating to regulatory, including environmental regulations

Due to its activity, the Rexel Group must ensure, *inter alia*, that its suppliers comply with the standards and directives in relation to products, the environment or safety.

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

The risk management mechanism implemented by the Rexel Group with respect to product liability is described in detail in paragraph 1.8.1 "Product liability" of this *Document de Référence*.

The Rexel Group must also endeavor to comply with local environmental regulations. The environmental risk prevention and management mechanisms are described in paragraph 3.3 "Environmental information" of this *Document de Référence*.

2.2.4 Risks relating to pension plans

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

As of December 31, 2010, the Rexel Group's liabilities in respect of the pension plans and similar defined-benefit advantages amounted to €1,133.2 million (present value of the projected obligation as of December 31, 2010). Hedging assets assessed at market value as of December 31, 2010 amounted to €920.7 million.

The calculation of the present value of the obligation is based on a number of financial and demographic assumptions, which are set out in note 18 to the consolidated financial statements of Rexel for the year ended December 31, 2010, as set out in chapter 5 "Consolidated financial statements" of this *Document de Référence*. This note presents the sensitivity to changes in the discount rate, in the expected return on plan assets and in the rate of change in medical expenses.

Hedging assets mainly include shares and bonds. Therefore, they are subject to changes in these markets. As of December 31, 2010, hedging assets where allocated, on average, as follows:

- 37% in shares;
- 47% in bonds;
- 16% in money market and other investments.

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

Furthermore, a decrease in the discount rates, net of the estimated inflation rates, would entail an increase in the pension liabilities. The Rexel Group is considering setting up financial instruments aiming at limiting this risk for the most material plans.

Moreover, depending of financing rules specific to each country and each plan, the Rexel Group may be forced to carry out additional contributions, potentially spread over time, in order to comply with minimum funding ratios. Based on current assumptions, expected contributions in 2011 should be of approximately €30 million. Taking into account the conjectures referred to above, in addition to the uncertainties in connection with the development of the Rexel Group's activity, and thus of its headcount, as well as in connection with the development in the exchange rates used to convert contributions paid locally into Euros, it is impossible to estimate on a sufficiently reliable basis the expected contributions for future years.

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

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

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

2.3.1 Risks relating to indebtedness

As of December 31, 2010, the Rexel Group's gross indebtedness amounted to €2,585.5 million and its net indebtedness amounted to €2,273.3 million. In particular, the senior credit agreement had been drawn for €761.5 million as of December 31, 2010. Moreover, Rexel has issued bonds for a total amount of €650.0 million.

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

Rexel Group's level of indebtedness may affect its financing capacity as well as the financial costs thereof.

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

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

Furthermore, the Rexel Group's ability to meet its obligations, in particular complying with the restrictions and contractual obligations, as well as the payment of interest or debt service, contained in certain of its credit agreements (in particular those in connection with the senior credit agreement, the bonds and the securitization programs, as described in note 19.1.2 to the Rexel Group's consolidated financial statements for the year ended December 31, 2010 set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*), or to refinance or repay its loans in accordance with the terms of its debt agreements will depend on the Rexel Group's future operating performance, which may be affected by a number of factors (general economic conditions, conditions in the debt market, legal and regulatory changes, etc.), some of which are beyond the Rexel Group's control.

In the event of insufficiant cash, the Rexel Group may be forced to further reduce or delay acquisitions or capital expenditures, sell assets, refinance its debt or seek additional funding, which may adversely affect its business or financial condition. The Rexel Group may not be able to refinance its debt or obtain additional financing.

The measures implemented to manage these risks are described in paragraph 2.3.2 "Risks relating to bank financing (excluding securitizations)" and 2.3.3 "Risks related to securitization programs" of this *Document de Référence*. In addition, this debt exposes the Rexel Group to an interest rate risk, which is described in paragraph 2.4.2 "Interest rate risk" of this *Document de Référence*.

2.3.2 Risks relating to bank financing (excluding securitizations)

Certain bank loans, including the Senior Credit Agreement and the Bonds (as described in note 19 to the Rexel Group's consolidated financial statements for the year ended December 31, 2010 set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*), contain customary restrictions limiting the Rexel Group's operations. In particular, these restrictions limit its capacity to grant guarantees on assets, to dispose of certain assets, carry out acquisitions, merger or restructuring transactions, borrow or lend money, provide collateral and make certain investments, set up joint ventures, or amend the business activity of the Rexel Group.

The Senior Credit Agreement and the Bonds also contain provisions concerning acquisitions, as well as provisions under which the Rexel Group's creditors could demand full or partial early repayment of borrowings, particularly in the event of the disposal of certain assets, in the event of issuance of debentures on regulated markets or changes of control. These restrictions may impact the Rexel Group's ability to modify its activities and respond to competitive pressures, downturns in its markets or, in general, overall economic conditions.

The Group's borrowings include various financial commitments described in note 19 to the Rexel Group's consolidated financial statements for the year ended December 31, 2010 set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*. As of December 31, 2010, the Rexel Group was in compliance with all of its applicable financial commitments. The Rexel Group must provide, for each of the relevant dates, a certificate of compliance with the relevant undertakings and of calculation of the items based on which compliance with such undertakings is assessed, including the pro forma indebtedness ratio (*i.e.*, adjusted consolidated net debt compared to adjusted consolidated EBITDA). This certificate is the subject of a confirmation granted by the Statutory Auditors of Rexel.

Rexel's ability to meet these commitments will depend on the financial and operating performance of the Rexel Group as well as on various factors, some of which are beyond the Rexel Group's control. Non-compliance by the Rexel Group with its financial commitments, in particular with the financial ratios set out in the Senior Credit Agreement and the Bonds, may result in early termination by the borrowers of the agreements entered into with the Rexel Group, and such borrowers may require early repayment of any payable amount of principal or in interest, under such agreements.

In such cases, the Rexel Group may not be in a position to refinance itself under similar terms, which may have a material adverse effect on the financial condition or results of operations of the Rexel Group.

As the group holding company without business operations, Rexel relies on distributions from its subsidiaries. Would Rexel be unable to obtain sufficient funds from its subsidiaries, it may have an adverse effect on its capacity to meet its obligations under its indebtedness or to distribute dividends.

In order to monitor compliance with the financial ratios and contractual clauses, the Rexel Group's management regularily reviews the current and forecasted situation and the implementation of corrective action is proposed to the Management Board if needed. The Audit Committee follows-up these situations on a regular basis.

2.3.3 Risks related to securitization programs

Certain Rexel Group companies are engaged in securitization programs. Such programs are subject to customary terms and impose certain obligations with respect to service levels and collection of assigned accounts receivable (within the terms described in note 19.1.3 to the Rexel Group's consolidated financial statements for the year ended December 31, 2010 set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*).

As of December 31, 2010, the Rexel Group was in compliance with all of its applicable financial commitments in the scope of these securitization programs.

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

The securitization programs are a material source of financing of the Rexel Group. In the cases described in the paragraph above, Rexel cannot provide assurances that the Rexel Group may refinance itself under similar terms, if at all. The implementation of refinancing under less favorable terms may have a material adverse effect on the financial condition or results of operations of the Rexel Group.

A monthly follow-up of the contractual obligations to by complied with is carried out by the Finance-Treasury department. For pan-European plans, a simulation of the various ratios' sensitivity to the evolution of sales forecasts (which determines the amount of liabilities) and the evolution of certain parts of the aged trial balance, is carried out on a monthly basis by the Finance-Treasury department of the Rexel Group with the help of the financial management of the relevant countries. For the other programs, subject to lower risk, a monthly review of the ratios is carried out.

The accounting processing of the securitization programs is described in notes 11.2 and 19.1.3 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2010, which are set out in chapter 5 "Consolidated financial statements" of this *Document de Référence*.

2.4 MARKET RISKS

2.4.1 Risks relating to changes in prices of certain raw materials

In connection with the distribution of cable products, which account for approximately 17% of its sales, the Rexel Group is exposed to fluctuations in cable prices. As copper accounts for 60% of the composition of cables, cable prices change in accordance to copper prices. These changes are not, however, solely and directly linked to copper price fluctuations to the extent that cable prices also depend on suppliers' commercial policy, on the competitive environment of the Rexel Group and on exchange rate developments. The Rexel Group's exposure to copper price variations is therefore indirect, and the Rexel Group is unable to provide a relevant sensitivity analysis in connection with copper-based cable price variations.

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

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

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

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

The recurring effect in relation to the price variation of copper-based cables reflects the price impact linked to the change in value of the copper part included in the selling price of cables from one period to another. This effect mainly relates to sales.

The non-recurring effect in relation to the price variation of copper-based cables reflects the effect of copper price variations on the selling prices of cables between the moment they are purchased and the time they are sold, until all such inventory is sold (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price and the supplier's price effective at the date of the sale of the cables by the Rexel Group. Moreover, the non-recurring effect on EBITA corresponds to the non-recurring effect on gross profit less, as the case may be, the non-recurring part of the change in administrative and commercial expenses (essentially, the variable part of compensation of sales forces, which absorbs approximately 10% of the change in gross profit).

These two effects are assessed, where possible, on all of the cable sales of the period, with the countries in this situation representing over two thirds of the Rexel Group's consolidated sales (excluding activities other than the distribution of electrical products, such as the ACE division). The Rexel Group's internal procedures provide, in addition, that entities without information systems allowing them to carry out these calculations on an exhaustive basis must assess these effects based on a sample representing at least 70% of sales of the period, with the results being then extrapolated to all of the cable sales of the period. Taking into account the sales covered, the Rexel Group believes that the effects so measured represent a reasonable estimation. This information does however not derive from accounting systems but is an estimation of comparable data drawn up in accordance with the principles set out above. They are subject to the review of the Statutory Auditors pursuant to Article L.823-10 of the French commercial code.

In 2010, the Rexel Group estimates that variations in cable prices contributed to improve on a recurring basis its sales by approximately 2.9% on a constant basis and same number of working days (as defined in chapter 4 "Results of operations and financial position of the Rexel group" of this *Document de Référence*). Furthermore, the change in cable prices in 2010 resulted in a positive non-recurring impact on EBITA estimated at €23.4 million.

In comparison, in 2009, the Rexel Group estimates that variations in cable prices had contributed to decreases in its sales by approximately 2.8% on a constant basis and same number of working days. Furthermore, the variation in cable prices in 2009 had resulted in a favorable non-recurring impact on EBITA estimated at €19.5 million.

Although the occurrence of external risks cannot be controlled, the Rexel Group nevertheless implemented the necessary tools for monitoring and assessing the risk level and impact. A specific monthly reporting process has been developed and is analyzed by the central teams. Furthermore, the Rexel Group discloses results adjusted to exclude the non-recurring effects of copper price variations.

The Rexel Group is also exposed to variations in prices of other commodities which are part of the components of distributed products such as metals (steel, aluminium or nickel) or oil. Oil also impacts transportation costs for products distributed by the Rexel Group. In 2010, transportation costs accounted for 2.5% of the Rexel Group's sales.

Most of the entities of the Rexel Group have entered into transport outsourcing agreement, which allow impacts of changes in oil prices to be smoothed.

Changes in prices of certain commodities may have an adverse effect on the financial situation or the results of the Rexel Group.

2.4.2 Interest rate risk

The interest rate risk and the system in place to manage this risk are detailed in note 20.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2010 set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*.

The applicable margin to the Senior Credit Agreement (as described in note 19.1.2 to the Rexel Group's consolidated financial statements for the year ended December 31, 2010 set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*) is determined based on the Indebtedness Ratio (as defined in the Senior Credit Agreement), in accordance with the mechanism described in note 19.1.2 to the Rexel Group's consolidated financial statements for the year ended December 31, 2010 set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*. Thus, depending on the Indebtedness Ratio, the margin applicable to the Senior Credit Agreement may vary between 1.50% and 4.50% (*i.e.*, a difference of 300 base points), which may result in an increase in the financial expenses. It amounted to 2.50% as at December 31, 2010.

2.4.3 Exchange rate risk

The exchange rate risk and the system in place to manage this risk are detailed in note 20.4 to the Rexel Group's consolidated financial statements for the year ended December 31, 2010, set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*.

2.4.4 Liquidity risk

The liquidity risk and the system in place to manage this risk are detailed in note 20.3 to the Rexel Group's consolidated financial statements for the year ended December 31, 2010, set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*.

A description of the Rexel Group's indebtedness is provided in paragraph 4.5 "Sources of financing" of this *Document de Référence*.

2.4.5 Counterparty risk

The counterparty risk and the system in place to manage this risk are detailed in note 20.4 to the Rexel Group's consolidated financial statements for the year ended December 31, 2010, set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*.

2.4.6 Share risk

With the exception of Rexel's treasury shares, the Rexel Group does not hold, as of the date of this *Document de Référence*, any interests in listed companies.

As of December 31, 2010, Rexel held 103,000 of its own shares. These shares have been acquired at an average price of €15.76 in the scope of a liquidity agreement entered into with the Crédit Agricole Cheuvreux. This liquidity agreement is described in paragraph 8.2.3 "Treasury shares and purchase by Rexel of its own shares" of this *Document de Référence*.

Therefore, the Rexel Group believes that it is not subject to any risk in relation to shares of listed companies, other than the risk relating to the hedging assets of the pension obligations referred to in paragraph 2.2.4 "Risks relating to pension plans" of this *Document de Référence*.

2.5 INSURANCE

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

As concerns the risk management procedure described above, the Rexel Group implements a policy of prevention and site protection in order to limit the risk of the occurrence of accidents and the extent of damages in particular: training of branch managers, audit of main sites, follow-up of guidelines from security professionals.

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

The insurance programs of the Rexel Group underwritten with insurance companies of international stature cover in particular the following risks:

– property damage in connection with the assets of the Rexel Group due to an external fortuitous event, including fire, explosion, water damage, lightning, storm, flooding, natural hazards, as well as resulting operating losses;

– civil liability: bodily injury, property damage and related financial damage resulting from property damage caused to third parties by the Rexel Group in connection with its activities for the operating and post-delivery risks.

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

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

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

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The Rexel Group has been favoring a sustainable approach of its responsibilities by the implementation of sound fundamentals since its creation. In 2010, this long-term commitment allowed its business model to strengthen in an economic context still impacted by the crisis. Relying on its leadership and its closeness to all stakeholders, this will to perpetuate its undertakings also governs its orientations in relation to social, community and environmental responsibility.

3.1 EMPLOYEES OF THE REXEL GROUP

The Rexel Group had selected 4 groups of key indicators and the 2010 values of which have been subject to external review.

- the rate of absence,
- the number of employee departures, detailed by grounds,
- the frequency and severity rate of work accidents, as well as the percentage of employees trained in respect of safety, and
- Indicators pertaining to the Performance Evaluation.

Taking into account the positive trends recorded these last few years in terms of hygiene and safety and performance assessment, the Rexel Group will continue to consider these subjects as critical but will focus its 2011 priorities, with external verification, on young people and the integration rate of its employees.

Thus, the 4 groups of key-indicators for 2011 shall be:

- the rate of absence,
- the number of employee departures, detailed by grounds,
- the indicators relating to the young population,
- the employees' integration rate.

3.1.1 Number of employees and analysis of workforce

Total number of employees (number of persons registered at December 31, 2010)

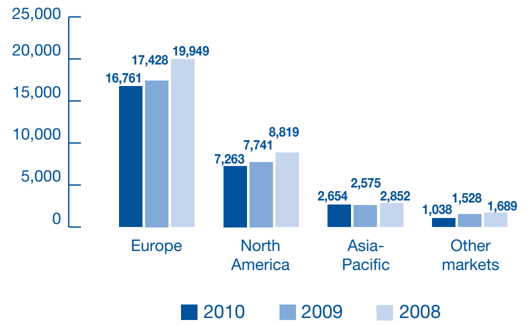
At December 31, 2010, the Rexel Group employed 27,716 persons, compared to 29,272 on December 31, 2009 and 33,309 on December 31, 2008.

The reduction in staff is the result in particular of the measures taken in 2009 in order to face the economic slowdown.

The breakdown of employees by geographic zones as defined in paragraph 4.1 "General overview" of this *Document de Référence* is as follows:

Number of employees	Registered employees (Number of persons) as of December 31		
	2010*	2009*	2008*
Total number of employees	27,716	29,272	33,309
By geographic zone			
Europe	16,761	17,428	19,949
North America	7,263	7,741	8,819
Asia-Pacific	2,654	2,575	2,852
Other Markets & Activities	1,038	1,528	1,689

* The total number of registered employees including external growth operations is considered as the total number of employees for all of the calculations.



Headcount by type of contract and by position

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

In 2010, the average monthly number of temporary workers in full-time equivalent was 786, *i.e.*, 2.8% of the average monthly total number of employees. This percentage has been increasing slightly (2.6% in 2009 and 3.1% in 2008).

As of December 31, 2010, 26,722 persons had open-ended contracts and 994 had fixed-term contracts (3.6% of the number of employees compared to 3.2% in 2009).

Finally, the Rexel Group had, as of December 31, 2010, 5,365 managers (defined as persons having at least one employee under their responsibility, or all employees with "executive" status for France), *i.e.*, 19.4% of the total number of employees. This rate has been slightly increasing since 2008 (18.4% in 2009 and 16.7% in 2008).

Among this manager population, slightly more than 6% are under 30 years old.

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

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

As in 2009, the most represented age range is 35-45 years old (8,057 persons), after which comes the 45-55 year-old range (7,474 persons).

Seniors (defined as the employees over 50 years old) represented 25.6% of the total number of employees that are registered under open-ended contracts, and employees under 25 years old represent 5.1%.

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

– South America: Chile;

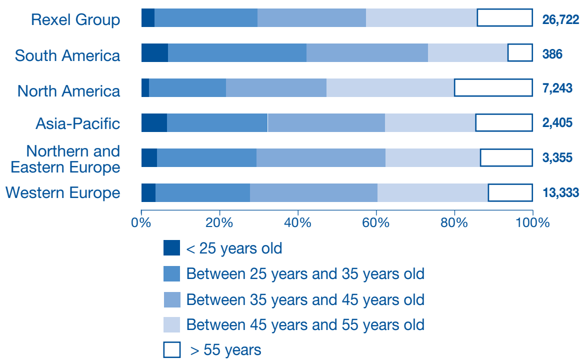
– North America: Canada and the United States of America;

– Asia-Pacific: Australia, China, New Zealand, and other countries of South East Asia;

– Northern and Eastern Europe: Austria, Czech Republic, Estonia, Finland, Hungary, Latvia, Lithuania, Norway, Poland, Russia, Slovakia, Slovenia, Sweden and Switzerland;

– Western Europe: Belgium, France, Germany, Ireland, Italy, Luxembourg, Portugal, Spain, The Netherlands and the United Kingdom.

HEADCOUNT BY AGE RANGE (OPEN-ENDED CONTRACTS) AS AT DECEMBER 31, 2010



Headcount by gender

The Rexel Group is committed, especially pursuant to its Ethics Guide (see paragraph 3.1.10 "Rexel's ethical commitment" of this *Document de Référence*), to ensuring equal treatment among employees (men or women) during each step of their professional career.

As of December 31, 2010, women represented 22.6% of the total number of employees (*i.e.*, 6,258 female employees), compared to 23.6% in 2009.

Among the 6,258 female employees of the Rexel Group, 855 occupied managerial positions, representing 15.9% of all managers. This proportion has remained constant (15.9% in 2009).

Headcount by gender as of December 31, 2010

	2010			
	Managers		Non-managers	
	Female	Male	Female	Male
Rexel Group	**855** (15.9%)*	**4,510** (84.1%)*	**5,403** (24.8%)**	**16,948** (75.8%)**
South America	4 (9.8%)*	37 (90.2%)*	57 (16.5%)**	288 (83.5%)**
North America	327 (24.8%)*	990 (75.2%)*	1,472 (24.8%)**	4,474 (75.2%)**
Asia-Pacific	122 (14.9%)*	697 (85.1%)*	659 (31.3%)**	1,446 (68.7%)**
Northern and Eastern Europe	63 (11.7%)*	474 (88.3%)*	687 (23.1%)**	2,283 (76.9%)**
Western Europe	339 (12.8%)*	2,312 (87.2%)*	2,528 (23.0%)**	8,457 (77.0%)**

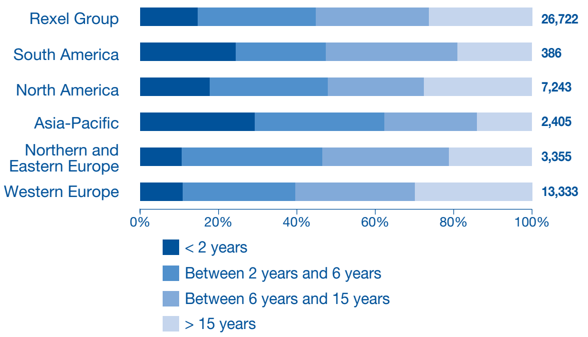
* In % of managers.
** In % of non-managers.

Headcount with open-ended contracts by seniority

As of December 31, 2010, median seniority of the Rexel Group's employees with open-ended contracts was approximately 6 years.

The median seniority within the Rexel Group remained constant compared to 2009, where 54.4% of the employees had been within the enterprise for more than 6 years, in comparison with 54.0% in 2010.

HEADCOUNT BY SENIORITY (OPEN-ENDED CONTRACT) AS AT DECEMBER 31, 2010



Traditionally, substantial variations are noted, with respect to seniority, based on geographic zones: the renewal of employees is much more rapid in the Asia-Pacific region (only 36.6% of the employees of the Rexel Group have more than 6 years of seniority in this zone) whereas in Western Europe, employees with more than 15 years of seniority represent approximately one third of the total number of employees in this zone.

3.1.2 Recruitments

During 2010, the Rexel Group hired 3,732 employees, irrespective of their type of contract and status, compared to 2,812 employees in 2009.

The number of hires in 2010 compared to 2009 thus started increasing again after the strong drop recorded in 2009.

The total number of hires represented 13.5% of the Rexel Group's total number of employees (compared to 9.6% in 2009).

Number and characteristics of recruitments

	2010
Number of recruitments	**3,732**
Including	
– Open-ended contracts	3,116
– Fixed-term contracts	616
– Managers	427
– Non-managers	3,305

Similarly to previous financial years, newly hired employees have been in majority non-managers, hired on an open-ended basis.

Indeed, among these 3,732 new employees, 3,116 were hired with open-ended contracts (*i.e.*, 83.5% of recruitments, a slight increase compared to the 82.7% in 2009). Employees having joined the Rexel Group in 2010 hold, for the major part, non-manager positions: 88.6% of recruitments (*i.e.*, 3,305 persons).

Of all recruitments under open-ended contracts, irrespective of gender or position:

– 10.5% of the hires were young graduate employees just out of school;

– 12.0% of the hires were senior employees;

– 0.1% of the hires were employees reporting a handicap.

Finally, the estimate of the average time necessary to fill a vacant position slightly increased in 2010 with 40.5 days compared to 36.3 days in 2009.

3.1.3 Turnover of employees

The turnover rates of employees (open-ended contracts) at December 31, 2010

The turnover rates include:

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

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

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

In 2010, the entry rate within the Rexel Group was 11.7%.

The departure rate of the employees of the Rexel Group was 17.3%.

Thus, for 2009, the Rexel Group's turnover was 14.5%.

Rexel Group turnover at December 31

	2010	2009
Rexel Group Turnover	14.5%	14.8%

Although the number of new hires has increased in 2010, the Rexel Group's turnover has nevertheless slightly decreased due to the large drop in employee departures.

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

Departures of employees (with open-ended contracts)

During 2010, 4,629 employees with open-ended contracts left the Rexel Group (compared to 6,052 in 2009).

The reasons for the departures are set out below.

Reasons for departures of employees (with open-ended contracts) in 2010

	Number	Percentage
Number of departures	**4,629**	**17.3% of the total staff with open-ended contracts**
Including:		
– Resignations	2,018	43.6%
– Redundancies (Economic layoffs)	1,156	25.0%
– Layoffs for other reasons	684	14.8%
– Departures by retirement or pre-retirement	208	4.5%
– Mutual agreement	248	5.3%
– Other reasons	315	6.8%

Rate of stability and rate of integration

The rate of integration of new hires (defined as the number of employees newly hired who are still in the Group three months after their recruitment) slightly decreased in 2010 and was 89.5% compared to 91.1% in 2009 and 85.5% in 2008.

The medium term rate of integration (defined as the number of employees newly hired who are still with the Group one year after their recruitment) decreased from 78.9% in 2009 to 65.4% in 2010.

The Rexel Group sets up numerous measures in its various countries in order to improve the integration of new employees and reduce turnover within such staff category (depending on the country: presentation of the company, distribution of a welcome booklet, setting-up of tutorial systems, regular follow-up interviews, technical, product or organization training, rotation between departments, dedicated web site, integration seminar, etc.).

Collective Procedures

In 2010, redundancies within the Rexel Group involved 1,156 employees compared to 2,690 in 2009.

The major reorganizations were carried out in the United States, France, the United Kingdom and Sweden.

Alternatives to layoffs were set up such as short-time working (Italy), unpaid leave (the United States), early retirement (Sweden) or internal reclassification (Belgium). In addition, and to the extent possible, redundancy plans were implemented with employee representatives, allowing those employees implicated in the plans to have access to support measures, in particular outplacement, financial compensation or assistance in creating businesses, training or recognition of experience skills.

3.1.4 Organization and management of working hours

Length and allocation of working hours

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

On average in the Rexel Group, employees work 39.2 hours per week, *i.e.*, slightly less than 8 hours per day.

Use of part-timers

	2010	2009	2008
% of part-time employees	3.8%	4.2%	3.8%

The number of persons employed on a part-time basis with the Rexel Group was 1,052 as of December 31, 2010, *i.e.*, 3.8% of the total number of employees.

Of these 1,052 part-time employees, the proportion of women is the substantial majority: there were 689 women as of December 31, 2010, representing 65.5% of the employees having part-time positions within the Rexel Group (compared to 66.5% in 2009).

Slightly more than 97% of the women working part-time within the Rexel Group held non-managerial positions.

Overtime

In its management of its employees' working hours, the Rexel Group makes little use of overtime: nearly 557,359 overtime hours were worked during 2010 by all of the employees of the Rexel Group, *i.e.*, 1.0% of the annual number of hours worked (compared to 700,000 overtime hours in 2009, *i.e.*, 1.1% of the total number of hours worked for the year).

Absenteeism

	2010	2009	2008
Absenteeism rate	3.0%	3.0%	2.6%

The average absenteeism rate of the Rexel Group was 3.0% in 2010, a constant rate compared to 2009.

In 2010, this absenteeism rate was structurally variable depending on geographic zones: high in Europe (approximately 4.5%) and smaller in Asia-Pacific and North America (1.2%).

The Rexel Group implements specific measures to reduce the absenteeism. These actions include in particular a specific monitoring by dedicated human resources managers, the setting-up of regular reporting, consultation and training, regular medical check-ups and vaccination campaigns, the indexing of bonuses to employee presence, improvement of work positions or hours and return to work assessments.

3.1.5 Compensation and benefits

The policy for compensation is based on the business's performance and income. The levels of compensation are set for each country in order to satisfy two requirements: competitiveness of proposed compensation and internal equality. A little more than two thirds of Rexel Group employees with open-ended contracts are eligible for individual variable compensation. The primary positions covered are sales positions and employees with supervisory responsibilities.

Finally, almost half of the employees of the Rexel Group are eligible for an incentive plan based on collective results.

Employees shareholding

Upon the initial public offering of the Rexel Group, its employees had the opportunity to purchase shares in the company in connection with a reserved offering, under preferred terms: 18.33% of eligible employees had subscribed during this plan carried out in 2007.

As the intention of management is to continue associating the employees to the performance of the Group, a new employee shareholding plan was offered in 2010 in 12 countries, *i.e.*, 80% of employees. This 2010 transaction recorded a 13.20% participation rate.

As at December 31, 2010, the number of shares held by employees and former employees in connection with employee shareholding plans, directly or via employee mutual funds (FCPE) amounted to 1,631,776 shares, *i.e.*, 0.62% of the share capital and voting rights of Rexel.

Benefits

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

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

An audit of the 2009 social indicators within the Group had revealed considerable differences between employees' insurance on the workplace. According to the findings of such audit, eleven countries benefited from weak coverage, if any, in the event of work accident or work-related illness.

In consideration of these findings, the Group has launched the Rexel Plus plan. This plan offers provident coverage to the 5,000 employees of these eleven countries. In the event of death or severe permanent disability, employees or their families may thus benefit from indemnification amounting to one or two years of base compensation.

This plan, launched on July 1, 2010 and managed at the local level, reflects Rexel's continued committment in connection with social responsibility.

Other benefits

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

3.1.6 Labor relations

Employee representation

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

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

Employee representation at the Rexel Group is such that:

- Slightly more than half (55%) of the entities have at least one employee representative in the broadest sense of the term and excluding Committees on Health, Safety and Work Conditions (CHSCT). Moreover, 40% of the Rexel Group's entities have a Works Council;
- 64% of the Rexel Group's entities have a committee on health, safety and work conditions;
- 593 employees are involved with representative bodies, which represents 2.2% of the Rexel Group's total headcount with an open-ended contract;
- 275 employees have been appointed as representatives to a trade union, which represents about 1% of the Rexel Group's total workforce with open-ended contracts.

European Works Council

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

In accordance with the powers of the European Works Council, the merger of the Lithuanian and Latvian companies into the Estonian company was submitted to its board for consultation. The various locally directed reorganizations and projects related to the economic situation were regularly presented to the European Works Council. In addition to the information in relation to the Rexel Group's financial data, the European Works Council was also informed on the major strategic projects such as the refinancing of the indebtedness, the SOG's guidelines, the development of e-commerce.

The European Works Council participated in ethics projects through a workshop upon the return of results.

Collective bargaining agreements

In 2010, 19 collective agreements were negociated and entered into between employee representatives and the Rexel Group.

In 2009, numerous reorganization processes entailed a period of large negociations with the execution of many agreements. In consideration of the more favorable economic context in 2010, the number of agreements negociated decreased.

These agreements were entered into in the following countries: Australia, Canada, France, Norway, Sweden and the United States. Among other things, the collective bargaining agreements concerned incentives and profit-sharing, social benefits offered to employees, reorganizations, work conditions, organization of and flexible working hours and employee representatives' mandates.

	2010	2009	2008
Number of agreements signed	19	57	76

Profit-sharing and incentive agreements in France

The employees of Rexel France, Rexel Développement, Conectis and Dismo benefit from an incentive agreement the calculation criteria of which are specific to each of these subsidiaries.

Profit-sharing agreements applicable at the level of the relevant French subsidiaries apply the provisions of the French labor code.

Industrial actions

In 2010, the total number of hours of strike amounted to 1,914 hours, the relevant country being France (these strikes were mainly caused by local matters, such as the debate on retirement).

3.1.7 Health and safety

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

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

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

	2010	2009	2008
Number of accidents resulting in death	–	–	1
Number of accidents resulting in medical leave	437	482	630
Number of accidents not resulting in medical leave	592	522*	524*

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

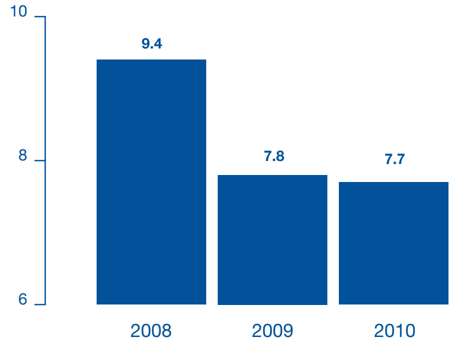
The number of working days lost as a result of workplace accidents was 7,900 in 2010 (*i.e.*, approximately 60,511 hours).

Commuting accidents were the origin of the 14.0% of accidents which resulted in medical leave in 2010 and of 4.7% of accidents having resulted in no medical leave.

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

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

Frequency rate

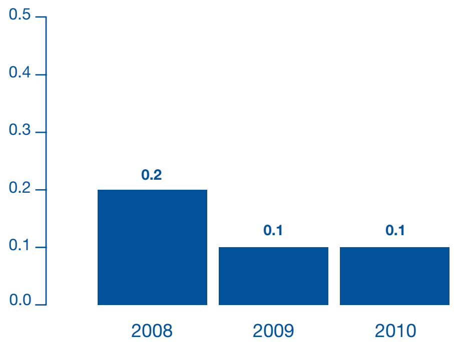


The frequency rate of working accidents within the Rexel Group, calculated as the number of working accidents which resulted in a medical leave per one million working hours, was 7.7 in 2010.

This rate has been constantly decreasing since 2008 when the frequency rate was 9.4 (then 7.8 in 2009).

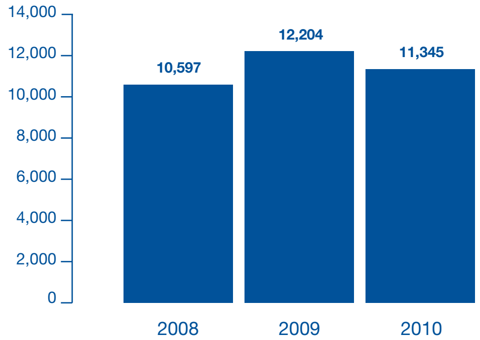
In 2010, the majority of employees that were involved in workplace accidents belonged to the logistics department (52.9% of working accidents) and the sales department (21.5% of working accidents).

Severity rate



The severity rate of workplace accidents within the Rexel Group, defined as the number of working days lost as a result of a temporary work incapacity, was of 0.1 for 1,000 working hours in 2010, a constant rate compared to 2009.

Number of employees trained in safety (headcount)



	2008	2009	2010
Number of training hours	27,561	31,228	34,040

The number of persons trained in safety remained constant: approximately 41% of the total headcount in 2010 (*i.e.*, 11,345 persons). The number of training hours, in turn, increased (34,040 hours compared to 31,228 hours in 2009 and 27,561 in 2008) illustrating the increasing importance placed on these awareness programs.

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

In 2010, there were 71 Hygiene, Safety and Working conditions Committees (**"CHSCT"**) within the Rexel Group (64% of Rexel's entities had at least 1). 432 employees were involved, representing just over 1.6% of the total workforce with open-ended contracts.

3.1.8 Training and skills management

In 2010, the overall number of people trained was 13,318 compared to 14,328 in 2009. The number of training hours decreased from 171,315 to 168,122 as at December 31, 2010.

In proportion with the decrease in the total headcount of the Rexel Group, the number of employees trained in 2010 slightly decreased. However, the number of training hours has increased.

The average number of training hours per employee trained in 2010 amounted to 12.6 hours (compared to 12.0 hours in 2009).

Total number of training hours and training expenses

	2010		2009	
	Total number of training hours	Overall training expenses (in thousands of euros)	Total number of training hours	Overall training expenses (in thousands of euros)
Western Europe	88,398	4,317	95,452	7,459
Northern and Eastern Europe	28,235	1,286	32,401	1,354
North America	28,314	417	18,541	627
South America	5,379	942	5,125	84
Asia-Pacific	16,796	131	19,796	404

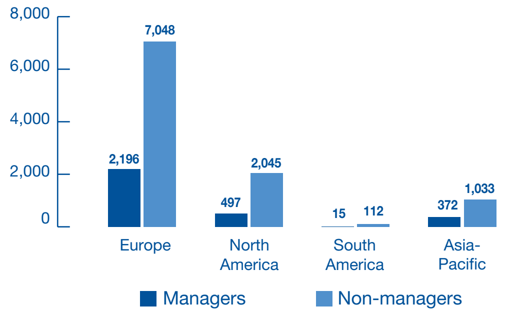
The Rexel Group's overall training expenses for 2010 amounted to €7.1 million.

In 2010, the subjects of the training programs followed by employees were, *inter alia*:

- selling techniques (marketing, webshop customers relations, merchandising),
- products (internal and external training, seminars),
- management (project management, team managemnet, leadership development, behavior coaching),
- logistics (handling, vehicle operation, maintenance),
- hygiene and safety (risk and fire prevention, first aid),
- IT (specific software, office automation),
- administration and support functions (communication, foreign languages, purchases, human resources).

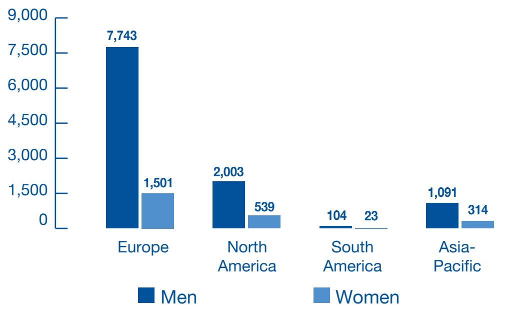
Training programs offered to employees are thus adapted based on the position, skills, development outlook, local requirements as well as personal and collective goals.

Training by position (headcount)



In 2010, 23.1% out of the 13,318 people trained were managers and 76.9% were non-managerial employees.

Training by gender (headcount)



In 2010, 17.8% out of the 13,318 people trained were women and 82.2% were men.

Performance evaluation and skills development

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

The managers have once again entered their targets and managed their evaluations in the "SuccessFactors" career management software. This input of the performance and skills into the tool is in its implementation stage for other categories of employees.

The review of the compensation in the United States and the 220 top managers of the Rexel Group was carried out directly using the SuccessFactors tool using performance and compensation modules.

In 2010, almost every country organized an annual session of formalized individual performance evaluations.

	2010	2009	2008*
Number of employees having received a performance assessment	19,689	18,365	18,105
% of employees assessed as compared to eligible employees	77.7%	71.4%	65.2%
% of employees assessed as compared to total workforce	71.0%	62.7%	55.2%

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

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

Promotions

In 2010, 1,255 employees with open-ended contracts had been promoted to a higher position, *i.e.*, approximately 4.5% of the total number of employees of the Rexel Group.

Amongst these 1,255 employees, 30.5% were managers and 69.5% were non-managers.

3.1.9 Diversity / Equal opportunities

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

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

Male-female equality

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

As of December 31, 2010, women represented 22.6% of the total headcount compared to 23.6% in 2009. This percentage is in line with the reality of the market and the low level of female employees in the specialized distribution sector.

2010 labor indicators show non-material differences in relation to the following aspects:

- **Promotion**
  In 2010, 4.6% of female employees were promoted. The promotion rate of male employees was comparable (4.5%).
  66 non-manager female employees were promoted to manager (*i.e.*, 1.2% of non-manager female employees) compared to 258 non-manager male employees (*i.e.*, 1.5% of non-manager male employees).
- **Salary increases**
  49.3% of male Rexel Group employees had their base salary increased in 2010, compared to 52.4% of female Rexel Group employees.
- **Training**
  In 2010, 17.8% of employees receiving training were female whereas they represented 22.6% of the total workforce, and 82.2% were male whereas they represented 77.4% of the total workforce of the Rexel Group.

As in 2009, there is still room for improvement in relation to gender equality within the Rexel Group. Nevertheless there is no material difference at the date hereof.

Handicapped employees

In 2010, the Rexel Group employed 207 people reporting a handicap, *i.e.*, about 0.7% of its total headcount, a comparable rate to 2009 (0.7%).

Handicapped employees accounted for 0.1% of total hires with open-ended contracts as of December 31, 2010.

Senior employees

Within Rexel Group's "senior" employees (as defined in paragraph 3.1.1 "Number of employees and analysis of workforce" of this *Document de Référence*):

– represented 25.6% of the total headcount with open-ended contracts in 2010;

– represented 12.0% of new hires in 2010;

– had, in 2010, their base salary increased for 45.1% of them, compared to an average for the Rexel Group of 50.0%.

3.1.10 Rexel's ethical commitment

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

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

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

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

The table below summarizes the requests received in 2010 by all of the ethics correspondents based on their type, author, subject and geographical area where the requests were made.

		Number of requests made to the ethics correspondant
Type of request	Information	6
	Complaint	14
	Dispute	3
	Others	15
Author of request	Customers	4
	Rexel employees	27
	Suppliers	2
	Local authorities	0
	Employee representatives, unions	1
	Anonymous	0
	Others	4
Subject matter of the request	Customer relations	4
	Supplier relations	3
	Relations between employees	11
	Work conditions	10
	Anti-corruption action	2
	Action against fraud and theft	9
	Environmental protection	0
Type of action taken	Preventive	16
	Corrective	21
Geographic area	Western Europe	14
	Northern and Eastern Europe	11
	North America	9
	South America	0
	Asia Pacific	4

38 ethics cases were thus brought to the attention of a Rexel Group ethics correspondent in 2010: the majority were identified in Europe, and over half was linked relations between employees or work conditions.

All cases were processed, verified (by audits or investigations undertaken by Management in the country in question) and treated with preventative action (16 cases) and/or corrective action (21 cases) depending on the situation (2 cases are still being investigated).

2010 ethics workshops

During 2010, international ethics workshops were set up in all of the Rexel Group in order to support the policy and capitalize on positive evolution observed since the introduction of the Ethics Guide in 2007.

The Rexel Group, concerned with the practical efficiency of these undertakings, has decided to allow employees to express their opinion on the daily ethical issues that they may encounter in the workplace.

For such purpose, discussion workshops were organized by the ethics correspondents in all of the Rexel Group's entities in 2010. These workshops, comprising employees representing the organization, have issued a list of approximately ten ethical matters or sensitive issues.

Further to this first stage, each country Management Committee selected 5 ethical issues (among the 10 issues of the list) and has addressed such issues in the form of action plans. These decisions have been feedbacked locally to all employees in the form of posters displayed in work premises.

These ethical issues, as well as the solutions adopted, will be followed up in the course of 2011.

At the same time as these workshops, tools were developed in 2010 in order to improve exchanges and support the Rexel Group's ethics policy (specific community for ethics correspondants on the Intranet site of the Rexel Group, setting-up of an anonymous contact form on the Internet site of the Rexel Group).

3.2 REXEL'S RELATIONS WITH CIVIL SOCIETY

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

The Rexel Group's model is based on joint value creation with all of the stakeholders, customers, business partners, communities, employees and shareholders.

Due to the specifics of its business, its geographical granularity at the global level and the cultural diversity of its employees, the Rexel Group has to take into account community and environmental issues in the determination and implementation of its growth and innovation strategy.

In particular, the Group's entities create and distribute innovative and economically efficient electrical solution, thus contributing to sustainable progress in housing, the service sector and the industry throughout the world (see paragraph 3.3.3 "The eco-efficient Product and Renewable Energy Solutions offer" of this *Document de Référence*).

3.2.2 Impact on regional development

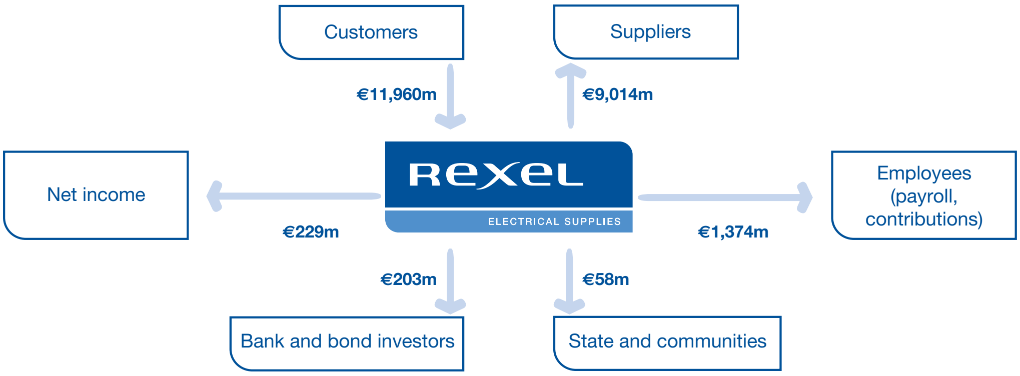
As an international group who is a leader on its market, the Rexel Group contributes to structuring and developing its business sector in all jurisdictions where it is present in order to always bring higher value to its stakeholders. This approach relies on the consideration of regional particularities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

Thanks to its global presence and local foothold (a network of over 2,100 branches in 34 countries, which are joined by India and Brazil in 2011), the Group largely contributes to the development and economic activity in regions where it operates, in particular by:

- directly supporting its professional customers' growth,
- spreading innovation through its services, its solutions and the constant renewal of its product offering,
- contributing to the financing of local public policies through taxes and levies paid,
- employing almost entirely local labor (the Group employs approximately 30,000 employees in total), and
- participating in the training of young people in partnership with schools and universities.

The activity and the profitability of the Group benefit to all of the stakeholders. Part of the value created is therefore directly transferred to its employees, to the public authorities and local governments of the areas where the Rexel Group is established.

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



3.2.3 Charity and patronage

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

The following are examples of local patronage and charity initiatives in 2010:

- *Solidarity with the employees of the Rexel Group in Chile:* Further to the dramatic earthquake occurred on February 27 on the coast of Chile, a surge of generosity was directed at the employees of our local entities. A special relief fund was created in order to help our employees who were victims of the quake in order to finance, in particular, the reconstruction works of their homes. Over €100,000 of donations, from the Rexel Group and the employees of 15 countries were thus raised.
- *Support of young disabled:* For several years, the German entity of the Rexel Group has been supporting the non-profit organization *SOS Villages d'Enfants*, and in particular:
  - the village of Tuxtla Gutiérrez in Mexico, which helps disabled children who have few chances of survival in this very poor region of Mexico. The organization brings them a warm environment, adapted to their needs, but also helps them to prepare for an independent life; and
  - the Hohenroth village in Germany where 160 young disabled adults live and work, mainly in the agricultural and craft industries. This work integration allows them to progressively fit into the society.
- *Surge of generosity in Norway:* During the Holiday period, instead of the traditional present distribution to employees and customers, our Norwegian entity donated the dedicated amount to charity. It also encouraged, through its wish cards, its business partners to do the same.

In addition, numerous Rexel Group entities also supported the collective and solidarity initiatives by providing the use of products and equipment.

Lastly, the total amount of Rexel Group donations has doubled in one year, amounting to €669,700 in 2010. These donations were mainly dedicated to education and child protection, sports, support to the ill and medical research organizations and events.

3.3 ENVIRONMENTAL INFORMATION

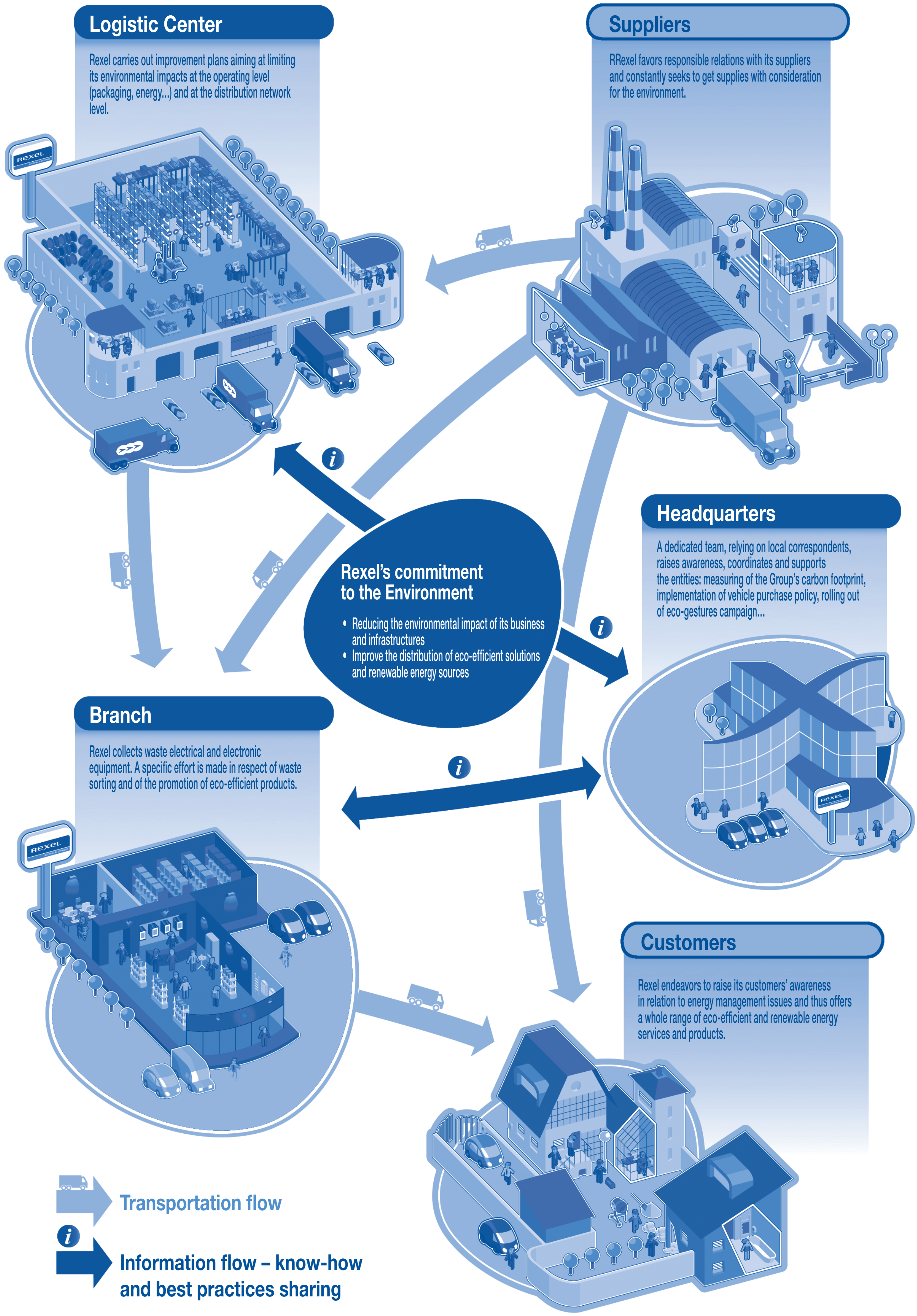
In 2010, the Rexel Group's environmental reporting continued gaining reliability and relevance, in particular thanks to the simplification of certain existing indicators, the collection of more qualitative information, more training of environmental correspondants in entities and the steering of the reporting process throughout its full period.

Thus, the quality and representativeness of the replies improved between 2009 and 2010, which allows a better assessment of the challenges and efforts carried out but may lead to put into perspective the interpretation of the changes between these two years.

3.3.1 Environmental strategy and issues for the Rexel Group

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

- as a company established on a long-term basis in its local environment, managing infrastructures and creating logistical flows, the Rexel Group takes internal action aimed at improving the management of the natural resources used and of the impact of its activities on its environment;
- moreover, by selling energy control solutions, the Rexel Group plays a substantial prescriber role and therefore contributes to improving the environmental performance of buildings throughout the world.


Logistic Center
Rexel carries out improvement plans aiming at limiting its environmental impacts at the operating level (packaging, energy...) and at the distribution network level.
Suppliers
RRexel favors responsible relations with its suppliers and constantly seeks to get supplies with consideration for the environment.
Rexel's commitment to the Environment
• Reducing the environmental impact of its business and infrastructures
• Improve the distribution of eco-efficient solutions and renewable energy sources
Headquarters
A dedicated team, relying on local correspondents, raises awareness, coordinates and supports the entities: measuring of the Group's carbon footprint, implementation of vehicle purchase policy, rolling out of eco-gestures campaign...
Branch
Rexel collects waste electrical and electronic equipment. A specific effort is made in respect of waste sorting and of the promotion of eco-efficient products.
Customers
Rexel endeavors to raise its customers' awareness in relation to energy management issues and thus offers a whole range of eco-efficient and renewable energy services and products.
Transportation flow
Information flow – know-how and best practices sharing

3.3.1.1 The main lines of the Environmental policy

The management of the Rexel Group's environmental strategy are organized in two main lines, determined and managed by the Sustainable Development Management in cooperation with a network of Environmental correspondents at country level.

The "Operations and distribution channel" line

This line aims at reducing the environmental impact of the business and of the infrastructures of the Rexel Group.

This includes, on the one hand, the impacts resulting from the core business of the Rexel Group as a distributor, *i.e.*, selecting the products, transporting them and potentially taking them back; on the other hand, the quantitative impacts resulting from the operation of the sites (energy, water, etc.);

If the direct impact of the business of the Rexel Group on the environment is low, the operation of its distribution business has a number of indirect impacts that the Rexel Group intends to reduce by daily and assessed actions.

These include:

– the reduction of its CO_2 impact by acting, *inter alia*, on upstream and downstream transportation;

– the rationalization of energy and water consumption as well as the use of packaging;

– the reduction, collection and recycling of its own waste as well as of its customers' waste;

– the energy performance of its premises (administrative headquarters, branches, logistical centers, etc.).

The "eco-efficient offer and Renewable Energy"

This line aims at improving the distribution of eco-efficient electrical solution on the industrial residential and service market.

Through its global network of 2,113 branches and its poles of responsibility, the Rexel Group is a "one-stop shop" of energy efficiency and new energy. In each of the 34 countries where the Rexel Group operates, entities are able to conceive solutions fully adapted to the customers' concerns in these domains thanks to:

– a dedicated eco-efficient and Renewable Energy products offering (see paragraph 3.3.3 "The eco-efficient Product and Renewable Energy Solutions offer" of this *Document de Référence*),

– customer and business partner training and awareness raising actions,

– internal work groups to increase employees' skills, develop expertise and share best practice.

3.3.1.2 Improvement of the environmental reporting process

In support of this policy, the Rexel Group has performed environmental reporting for several years, the principle objectives of which are to:

– provide date for Rexel's Department of Sustainable Development indicators table, in order to guide the implementation of this approach through the tracking of quantifiable indicators;

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

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

The Rexel Group therefore endeavors that its environmental reporting meets the following standards:

– consistency: ensure that the information is not contradictory;

– exhaustively and accuracy: the reported data fairly reflect the reality;

– materiality: the data is significant;

– transparency and control: the data sources, calculation and assessment methods are available and of easy access.

The indicators are evaluated on an annual basis in all entities held by the Rexel Group. For the last two years a secure Internet platform has allowed the Rexel Group to rationalize and optimize data collection and to make it more reliable.

In 2010, the Sustainable Development Management improved this reporting process by adding new functionalities to the software and in particular by amending the indicators. Certain indicators have been simplified to make their understanding and information collection easier. Other indicators have been specified further to the suggestions of the Statutory Auditors (Ernst&Young), appointed to control the data of the 2009 campaign.

The scope for 2010 indicators has therefore been optimized and a new version of the reporting protocol has been issued.

All employees involved in the reporting process make up an actual community of various expertises, strategic for the Rexel Group's environmental strategy (logistics specialists, quality health and safety managers, purchasing managers, distribution center managers, etc.). All of them have been trained on this software and have received the Rexel Group's environmental reporting charter, which defines:

– the objectives of the environmental reporting process;

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

In 2010, seven key indicators were submitted to external verification:

– energy consumption: electricity, natural gas and heating fuel oil;
– total CO_2 emissions;
– total quantity of packaging consumed;
– total quantity of waste developed; and
– total sales from sale of “green products”.

Figures reported in respect of these indicators, presented in the summary table (see paragraph 3.3.5 “Summary table” of this *Document de Référence*), have thus been reviewed by the Statutory Auditors entrusted with the verification of the 2010 campaign data.

3.3.1.3 Environment Charter & Environmental Management System

In order to support the operational implementation of its strategy the Rexel Group has been distribution for several years its Environmental Guide and its Charter.

The Charter, distributed to all of the employees, summarizes the Rexel Group’s commitment for the environment in 10 concrete actions:

In respect of the Rexel Group’s customers:

1. Put forward energy saving products (dedicated space or catalog).
2. Propose a specific offer of Renewable Energy solutions.
3. Organize eco-efficient product and renewable energy solution promotion days.

Within branches, distribution and administrative centers:

4. Organize information and training days in relation to energy saving equipment or equipment using renewable energy.
5. Setting up low energy consumption lighting and equipment.

In respect of waste and recycling:

6. Organize selective sorting of waste (cardboard, paper, catalogs, magazines, etc.) for recycling.
7. Collect fluorescent tubes and other waste lighting sources for recycling.
8. Collect other electrical and electronic equipment waste (WEEE) for recycling.
9. Collect waste batteries for recycling.
10. Work with our suppliers for the return of waste ink cartridges and toners.

Each site manager implements the actions of the Charter adapted to its local specifics both to reduce the impact of the site’s activities on the environment and to develop commercial action in order to increase sales of products known as “green”.

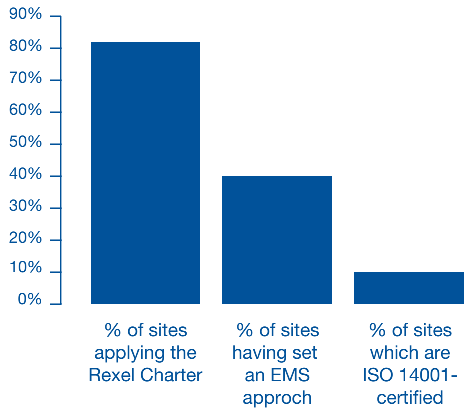
The Guide is an informational and teaching support tool that gives practical advice to implement these 10 Rexel Group commitments.

The follow-up of the implementation of the Charter is part of the indicators of annual reporting. In 2010, 83% of Rexel Group entities indicated that they rolled out the Charter and 61% of entities determined an action plan thanks to the Guide.

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

Some entities have moved even further by applying for the ISO 14001 certification of their sites. This is the case in 2010 of Germany, which obtained the certification of all of its 75 sites. Hagemeyer Deutschland is indeed the first German distributor to achieve this excellence level.

As at the date hereof, 40% of the Rexel Group’s entities have set up an EMS and 10% are ISO 14001-certified.



In addition to the Charter and the existing EMS, the Sustainable Development Management, with the help of the Communication Management, renewed in mid-2010 an employee awareness campaign in relation to environmental challenges titled “Go green at work”. During a week, almost two thirds of the Group’s employees have been made aware of eco-responsible actions through an interactive set made available for animation teams at country level.

3.3.1.4 Rexel Group’s priorities for 2010

In 2010, the Rexel Group had set several key objectives, of which the 5 main objectives were as follows:

1. Continue to strengthen awareness internally to the Rexel Group’s environmental commitments with the distribution

of the Environment Charter and improve processes through the development of Environmental Management Systems.

2. Optimize environmental reporting procedures, in particular through change in the indicators, the technical improvement of the platform and the strengthening of its network of correspondents.
3. Improve the collection and development of its own waste as well as customers' waste.
4. Increase customers' awareness in respect of eco-efficient electrical products and develop relevant sales.
5. Carry out the Group's first carbon footprint study.

Presented in detail above and in paragraph 3.3.2 "Impact relating to operations and the distribution network" and paragraph 3.3.3 "The eco-efficient Product and Renewable Energy Solutions offer", as well as in the summary table in paragraph 3.3.5 "Summary table" of this *Document de Référence*, these objectives have all been met. The Rexel Group has in particular carried out at the end of the year the first analysis of its carbon footprint, the first findings of which, which have not been reviewed by the Statutory Auditors, are presented below.

"Carbon footprint of the Rexel Group" focus

The study of the Rexel Group's carbon footprint was carried out for the first time at the end of 2010. The project was carried out over 5 months and concerned seven entities present in the United States, Australia, the United Kingdom, France, Germany and Spain, covering over 80% of the Rexel Group's activity.

The aims of this plan were manifold:

- Address future regulatory requirements, in particular those of Article 75 of French law n°2010-788 of July 12, 2010, known as *"Grenelle 2"*.
- Identify the main sources of greenhouse gas emissions in order to progressively implement reduction plans.
- Structure the collection of new CO_2 data that will soon complement the Rexel Group's environmental reporting perimeter.
- Prepare to work with our suppliers and customers on this subject.
- Demonstrate again the Rexel Group's committment in relation to sustainable development.

The first findings of the study show that a major portion of greenhouse gas emissions linked to the Rexel Group's activity is of an indirect origin (Scope 2 and Scope 3 of the GHG Protocol [1]), and that the main sources of emissions are logistics, energy consumption and employee commuting (home-workplace commuting and professional travels).

In 2011, the analysis of collected data will be deepened with each contributing entity and an information campaign will be carried out internally.

3.3.2 Impact relating to operations and the distribution network

The Rexel Group's sustainable development approach places as its first priority the reduction of the environmental impact of its activity throughout its entire distribution network.

Various initiatives are taken in the Rexel Group, at the international or local scale, to manage the environmental impact relating to the operation of the commercial activity, on the one hand, and the impact of infrastructures on the other hand.

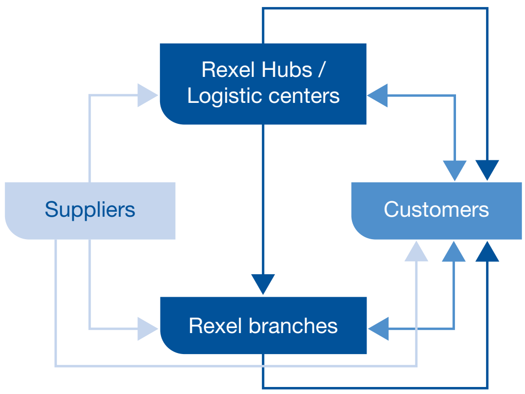
3.3.2.1 Impact relating to the commercial activity

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

Transport

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

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



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

(1) The GHG Protocol (Green House Gas Protocol) has been initiated by the World Resources Institute and the World Business Council for Sustainable Development. This is the more broadly disseminated reporting standard within enterprises and administrations. One of its characteristics is that it is adapted to almost all accounting systems. It allows a full, comprehensive and transparent communication on the GHG emissions of any organization.

In 2010, the Rexel Group had focused on the assessment of the transport that it initiates and manages (dark blue flows) in order to improve the collection and the quality of data and to have better knowledge of potential improvement fields.

However, the study of customer and supplier transportation was not abandoned in 2010. These two flows were reviewed in depth within the context of the evaluation of the Rexel Group's carbon footprint. They will certainly be back in the environmental reporting protocol in the future.

Transportation optimization

In the context of the Rexel Group's transportation optimization policy, in each of the countries where it operates, the Rexel Group takes measures, both directly or with its sub-contractors, in order to optimize delivery itineraries and loads while at the same time maintaining the same level of services. The Rexel Group thus endeavors to reduce the kilometers driven, the fuel consumption and the related CO_2 emissions.

In 2010, the Logistics & Transport Department of the Rexel Group continued rolling out its transport model change plan, in order to optimize costs, increase flexibility and service while reducing environmental impact. This strategy aims, on the one hand, at optimizing the operation of the fleets owned directly and on the other hand increasing sub-contracting with carriers which pool the flows of the Rexel Group with those of their other customers. As at the date hereof, externalized and shared transportation is used in 70% of entities having participated in the environmental reporting process.

Furthermore, the Indirect Purchases Department of the Rexel Group has been setting up for the last two years framework agreements in order to rationalize vehicle fleets and set up environmental indicators in relation to the CO_2 rates and average fuel consumption. Rexel has thus signed an agreement with two long-term car rental firms, now covering 50% of the vehicle fleet in Europe. Rexel also entered into agreements with 5 car companies in order to support each country in the implementation of local policies for company cars.

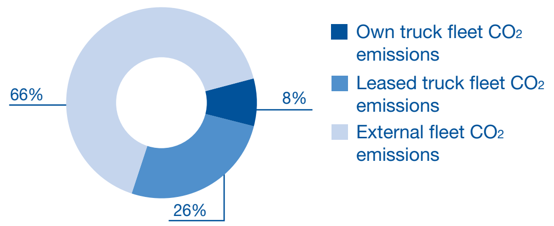
The increase of fleets known as "greener" within the Rexel Group should allow a decrease of at least 13% in fuel consumption and of 15% in the carbon footprint. The objective is to renew 75% of the fleets by 2012.

Emissions of CO_2 due to product transportation

In 2010, the Rexel Group's CO_2 emissions amounted to more than 95,800 tons of CO_2 equivalent. These figures, that have been calculated based on data corresponding to 85% of the Group perimeter, reflect the following indicators:

- Transportation of products by the Rexel Group's own truck fleet.
- Transportation of products by the leased truck fleet.
- Transportation of products by an external fleet, though dedicated to the Rexel Group's products.

BREAKDOWN OF CO_2 EMISSIONS BY MEANS OF REXEL PRODUCT TRANSPORTATION IN 2010

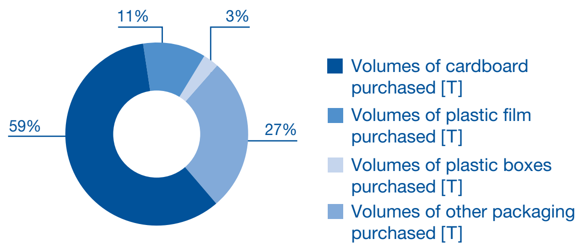


Use of consumables

Packaging

The total amount of packaging (cardboard, plastic, other packaging) consumed by the Rexel Group in 2010 was of approximately 3,900 tons, distributed as follows:

BREAKDOWN OF PACKAGING CONSUMPTION BY TYPE OF PACKAGING IN 2010



Nota: the reported quantities of packaging have been computed based on items corresponding to a reply perimeter of 100% of sales; they are only those consumed by the Rexel Group, and do not include suppliers' packaging that is re-used by the Rexel Group.

An effort of re-use of packaging is carried out within the Rexel Group: many countries have set up a system of re-use of wood pallets (in particular by returning them to suppliers), of cardboard and plastic boxes used for small equipment delivery (these boxes are returned to distribution centers by branches). However, on a constant perimeter basis, cardboard consumption increased by approximately 30%, even though plastic consumption decreased by approximately 7%.

Commercial paper consumption

For the printing of its commercial brochures, order forms, etc., the Rexel Group consumed approximately 1,400 tons of paper in 2010. Note: these figures have been computed based on a reply perimeter of 100% of sales.

Waste management

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

- implement a sorting process in order to allow waste recycling, and

– contribute, particularly in the scope of local regulations, to the collection and valuation of certain specific waste.

Total quantity of waste

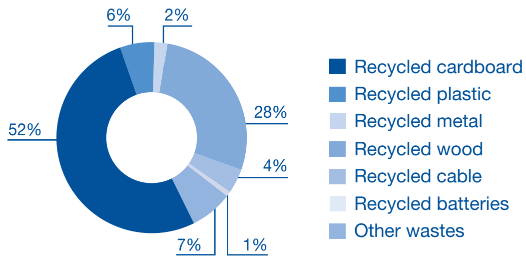
The total volume of waste generated by the Rexel Group was at least of 18,700 tons in 2010, all materials combined (excluding tubes and bulbs). These figures have been calculated on the basis of an answering perimeter representing 72% of sales.

Collection and recovery of ordinary waste

Nearly 85% of the branches of the Rexel Group use a sorting process of ordinary waste (including cardboard, plastic and wood) for recycling or re-use; the total volume of waste valuated by the Rexel Group, all materials combined (excluding tubes and bulbs), exceeded 11,400 tons in 2010. These figures have been calculated on the basis of an answering perimeter representing 72% of the sales.

On a constant basis, the volumes of recycled cardboard remained stable and the volumes of recycled plastic decreased by 27% between 2009 and 2010. However, the total volume of waste also decreased (by 4%) and the waste processing rate remained stable at 60%.

BREAKDOWN OF VALUATION BY TYPE
OF MATERIAL IN 2010



Collection and recovery of specific waste

In most European countries, the implementation of European regulations in relation to Waste from Electrical and Electronic Equipment (WEEE) has caused the Rexel Group to collect the WEEE for recycling. Almost 73% of sites have established a process for the management and recovery of WEEE.

In 2010, the Rexel Group thus contributed to the recycling of over 27 million fluorescent tubes and bulbs.

These figures have been calculated on the basis of an answering perimeter representing 96% of sales.

Hazardous substances

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

3.3.2.2 Impact related to infrastructure

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

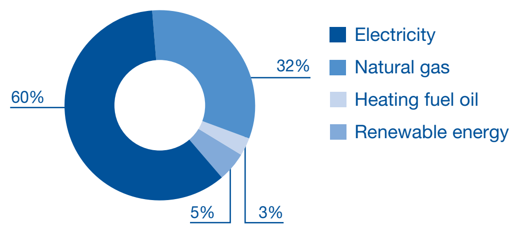
Energy

The consumption of energy at a group such as the Rexel Group is a great challenge as to the reduction of costs and the emissions of CO_2. The finite nature of energy resources (coal, petrol, natural gas, etc.) will inevitably lead to an increase in prices. In this context, a voluntary consumption reduction plan is under process at the level of each entity.

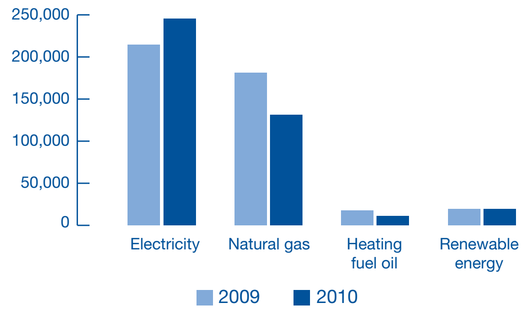
Rexel Group's energy consumption – Sources and Evolution

The graphs below show the energy consumption of the Rexel Group.

BREAKDOWN OF ENERGY CONSUMPTION BY TYPE
OF ENERGY IN 2010 (MWH)



ENERGY CONSUMPTION (MWH) –
2009/2010



On a constant basis, energy consumption decreased by 6% between 2009 and 2010.

Measures taken to improve the sites energy efficiency

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

– the set-up of motion detectors in areas with low employee presence;

– the replacement of incandescent light bulbs by energy saving lamps (low-consumption or LED) as well as the replacement of classic fluorescent tubes with high-efficiency fluorescent tubes;

– the modernization of heating, air-conditioning or ventilation systems;

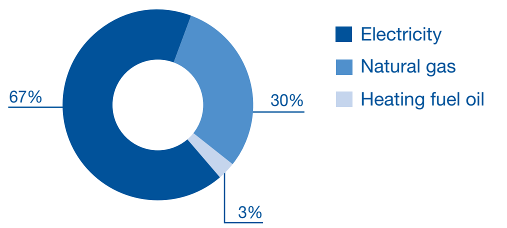
– the use of renewable energy sources through the installation of solar panels or heat pumps.

In 2010, the Newey&Eyre entity opened for instance a new branch in Sheffield in England, fully designed and built in order to limit its environmental impact and energy consumption. It presents all of the know-how that the Rexel Group is able to offer to its customers.

CO_2 emissions due to energy consumption

The emissions of CO_2 due to the energy consumption of the Rexel Group in 2010 amounted to approximately 105,000 tons of CO_2 equivalent, a value obtained on a sales perimeter of 99.6%.

BREAKDOWN OF CO_2 EMISSIONS BY TYPE OF ENERGY IN 2010



Water consumption

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

Total water consumption for the Rexel Group was of approximately 408,400 m^3 in 2010. This consumption remains stable compared to 2009 on a constant basis. These figures have been calculated on the basis of an answering perimeter representing 99.7% of the Rexel Group's headcount.

Non-commercial consumption of paper

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

In addition, the 5-year agreement signed in 2009 concerning the management of printing services in the 34 countries in Europe, Asia-Pacific and North America and Chile, the ambition of which is to reduce paper volumes by 10%, is now set up in 18 countries representing approximately 70% of the perimeter in terms of pool size.

This year, the Rexel Group's consumption of non-commercial paper amounted to approximately 1,240 tons on the basis of an answering perimeter representing 100% of sales.

3.3.2.3 Pollution

Type of pollution	
Water pollution	N/A
Soil pollution	N/A
Air pollution	See paragraphs on CO_2 emissions
Noise and olfactory pollution	Negligible
Land use conditions	N/A
Ecosystem pollution	Negligible

3.3.3 The eco-efficient Product and Renewable Energy Solutions offer

The Rexel Group, as a leader in the sale of electrical equipment, plays a leading role in the distribution of energy-efficient solutions and of renewable energy sources. Thus, the Rexel Group offers to its electrician customers a range of products and services organized in main functions and matching any need in the field of energy efficiency. Its expertise and its global vision in relation to electrical appliances allow the Rexel Group to provide adequate advice to its customers, so that they install high-performance solutions, involving significant energy savings.

The offering of solution and services selected by the Rexel Group's experts aims at:

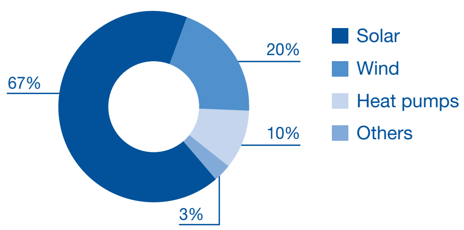
– Decreasing energy consumption by improving consumption through new functionalities and assembly methods of electrical devices upon the construction, refurbishment or maintenance of housing, commercial or industrial buildings:
  - heating and ventilation (heating regulation / programming, Canadian wells / dual flow ventilation, heat pump, solar water heater);
  - lighting (compact fluorescent lamps, energy-saving halogens, LED);
  - measurement and regulation devices (intelligent meters);
  - monitoring systems (sensors, motion detectors and command centralization);
  - speed variators and high-efficiency engines;
  - house automation systems;
  - low consumption household appliances.

  In an economic context still impacted by the crisis, the Rexel Group upheld its sales with over 52,950,000 energy-saving lamps sold, *i.e.*, a slight 2% decrease compared to 2009. These figures have been calculated on the basis of an answering perimeter representing 83% of sales.

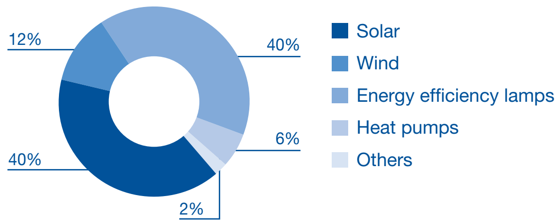
– Provide equipment components and full renewable energy solutions based on the following energy sources:
  - solar (photovoltaic panels or solar thermal collectors, roof fitting structures, UPSs, special cables, electrical safety equipment, circulation networks, storage bulb, resistor, etc.);
  - wind mill (electrical and mechanical components, specialized cables, and automation devices);
  - geothermal devices (full range of heat pumps, glass thermal sensors).

The Rexel Group has broadened its offering by positioning itself on new growth segments such as charge stations for electrical vehicles, with its first contracts in 2010.

BREAKDOWN OF ECO-EFFICIENCY PRODUCT AND RENEWABLE ENERGY SOLUTIONS (EXCLUDING LAMPS) SALES BY CATEGORY IN 2010



BREAKDOWN OF ECO-EFFICIENCY PRODUCT AND RENEWABLE ENERGY SOLUTIONS TOTAL SALES BY CATEGORY IN 2010



3.3.4 Regulations

3.3.4.1 Assessment and conformity process

The main regulations likely to have an impact on the Rexel Group's activities are set out in paragraph 1.8 "Regulations" of this *Document de Référence*:

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

– European directive 2002/95/CE of January 27, 2003, amended in November 2010, called the "RoHS" directive (Restriction of Hazardous Substances) which restricts the use of certain substances in electric and electronic equipment.

– European regulation 1907/2006 of December 18, 2006, known as REACH (Registration, Evaluation Authorization and Restriction of Chemicals) with the objective of restricting the use of certain substances in the European Union in order to protect the environment and health. This regulation especially requires that end-users of products be provided with adequate safety information. The Rexel Group has specially dedicated resources in the course of 2010 to prepare in particular for the December 1 deadline in relation to the substances known as "candidates" (SVHC).

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

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

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

3.3.4.2 Environmental risk management and prevention

In its capacity as non-manufacturing distributor, the Rexel Group considers that its activities do not present a significant environmental risk. In the qualitative section of the environmental reporting, the environmental risks matter is nevertheless referred to in order to follow-up this hypothesis on a yearly basis; in 2010, no entity of the Group has reported any incident of this nature. The environmental risks to which the Rexel Group may be exposed are relatively limited and well identified. The nature of the risks incurred is not specific to the Rexel Group and can be found in similar activities.

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

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

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

3.3.4.4 Methods for reducing environment risks

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

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

Not applicable.

3.3.4.6 Amount of provisions and guarantees for risks

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

- environmental litigation other than as described in chapter 5 "Consolidated financial statements" of this *Document de Référence*;
- environmental elements or situations that may have a significant impact on the companies assets or results of operations; or
- specific environmental issues that may influence the Rexel Group's use of its tangible fixed assets.

In 2010, no provision for environmental risks was recorded in the consolidated financial statements of the Rexel Group.

3.3.4.7 Pending proceedings that are not the subject of a provision

Not applicable.

3.3.4.8 Indemnities paid pursuant to a court decision

In 2010, no significant indemnities were paid pursuant to a court decision with respect to environmental matters or claims filed for the reparation of damages caused to the environment.

3.3.4.9 Asbestos

See paragraph 3.3.4.1 "Assessment and conformity process".

3.3.5 Summary table

Indicator	Unit	2010	Sales perimeter (vii)	2009	Change	
Consumption						
Water consumption	m^3	**408,336**	**99.7%**	**409,070**	**0%**	
Total energy consumption	GWh	**412**	**99.6%**	**438**	**-6%**	
Including:						
Electricity consumption	*GWh*	*247*	*99.6%*	*217*	*14%*	(i)
Gas consumption	*GWh*	*131*	*99.6%*	*183*	*-28%*	
Fuel consumption	*GWh*	*12*	*99.6%*	*18*	*-35%*	
Packaging consumption	Tons	**3,875**	**100%**	**3,071**	**26%**	
Including:						
Cardboard	*Tons*	*2,332*	*100%*	*1,792*	*30%*	(ii)
Plastic	*Tons*	*417*	*100%*	*446*	*-7%*	
Other packaging (wood, metal, etc.)	*Tons*	*1,127*	*100%*	*833*	*35%*	
Total paper consumption	Tons	**2,602**	**100%**	**2,323**	**12%**	(iii)
Including:						
Commercial paper	*Tons*	*1,359*	*100%*	*1,328*	*2%*	(iii)
Stationary paper and others	*Tons*	*1,242*	*100%*	*995*	*25%*	(iii)
Total fuel consumption for the transportation of Rexel Group products	Millions of liters	**33 (v)**	**85%**	**–**	**–**	(iv)
Waste						
Total quantity of waste generated	Tons	18,660	72%	19,355	-4%	(vi)
Total quantity of waste developed	*Tons*	*11,455*	*72%*	*11,576*	*-1%*	(vi)
% of branches implementing WEEE recycling	%	73%	–	63%	15%	
Carbon footprint – CO_2 emissions						
CO_2 emissions resulting from energy	CO_2 eq. tons	104,853	99.6%	123,064	-15%	(i)
CO_2 emissions resulting from Rexel Group products transportation	CO_2 eq. tons	95,815	85%	–	–	(iv)
Sale of eco-efficient products and Renewable Energy solutions						
Total sales from sale of eco-efficient products and Renewable Energy solutions	In millions of euros	**556**	**95%**	**524**	**6%**	
Sales from energy-saving lamps	In millions of euros	226	95%	167	36%	
Sales from wind products	In millions of euros	66	95%	75	-11%	
Sales from solar products (viii)	In millions of euros	222	95%	116	91%	
Sales from heat pumps products	In millions of euros	32	95%	27	16%	

(i) Amendment of the 2009 natural gas consumption data further to the audits of the Canadian and Dutch entities.
(ii) Minor amendment of 2009 data further to the consistency review carried out in 2010.
(iii) Amendment of the 2009 paper consumption data further to the audit of the Canadian entity.
(iv) The comparison of the 2009 and 2010 data in respect of transportation indicators (fuel consumption and CO_2 emissions relating to transportation) is not relevant because of a change of methods between 2009 and 2010. The perimeter of this indicator no longer includes persons transportation and shared transportation sub-contracted. This indicator focuses on transportation of Rexel Group products through Rexel Group's own fleet, leased fleet and externalized fleet dedicated to the transportation of Rexel Group products.
(v) In relation to transportation indicators, contributors could choose between indicating distances made, fuel consumption or CO_2 emissions. Total fuel consumption was estimated by calculating CO_2 emissions based on either fuel consumption or distance, or directly through the amount of CO_2 emissions when indicated. We then calculated a "fuel" emissions factor based on the breakdown between gasoline and diesel, which are the fuels mainly used in the Rexel Group's activity (approximately 75% diesel and 25% gasoline in all entities). It allows calculating an estimate of fuel consumption corresponding to total CO_2 emissions. Total estimates + actual reflects a scope of reply of 85% for the transportation indicator.
(vi) Amendment of the 2009 waste production data further to the audit of the Canadian entity and the consistency review carried out in 2010 in the German and Chilean entities.
(vii) Scopes of reply correspond to the percentage of sales covered by the entities having replied to the relevant indicator.
(viii) The Solar category includes both the photovoltaic activity (see corresponding SOG) and solar thermal.

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

Rexel

Year ended December 31, 2009

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

Free translation of the original French text

Further to the request that was addressed to us and in our capacity as Statutory Auditors of Rexel, we have performed a limited assurance engagement on a selection of environmental and human resources indicators [1] for the year ended December 31, 2010 presented in table page 67 and in pages 46 *et seq.* of this reference document (the "Indicators").

These Indicators were prepared under the responsibility of the management of sustainable development and the management of human resources of Rexel, in accordance with the reporting criteria applicable in 2010 (the Reporting Criteria), comprised of the online help text provided in the data collection information system and, for environmental indicators, of the Rexel group reporting protocol, a summary of which is provided on page 59 of this report. It is our responsibility to express a conclusion on these Indicators, on the basis of our review.

Nature and scope of our work

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

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

On average, our tests covered 19% of the turnover and 17% of total headcount [3].

Information about the Reporting Criteria

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

- *Relevance of the Reporting Criteria:* the topics addressed by the Reporting Criteria cover the key social and environmental stakes of the business sector. The calculated ratios allow the measurement of the performance of the Group and the comparison with companies from the same sector. Some ratios could be subject to quantified targets.
- *Understandability of the Reporting Criteria:* the Reporting Criteria are available in English and French. Overall, the requested Indicators are defined precisely enough for a consistent understanding within the group. The following precisions could however be added in order to ensure a better understanding of the Reporting Criteria :
  - Definitions of Indicators related to sales of green products should be further detailed to unequivocally include the same product families in different countries.
  - The calculation methodologies for indicators related to energy consumption should be clarified in order to ensure that the extrapolations performed in case of data unavailability are relevant.
  - Concerning the social Indicators, the group could better explain to the reader the rules of reporting as regards the scope covered and the replacement of unavailable data.
- *Implementation of the Reporting Criteria at local level:* the performed audits revealed various levels of maturity of local environmental reporting systems. The Reporting Criteria could take this diversity into account by segmenting the group entities and adapting the expectations to these maturity levels.

(1) *7 environmental indicators:* consumption of electricity, natural gas and fuel-oil; total CO_2 emissions, total amount of packaging, total amount of discarded waste; and sales of green products (energy saving light bulbs, products from the "solar" category including solar photovoltaic and solar thermal, products from the "wind" category, products from the "heat pump" category, products from the "fuel cell" category, products of the "charging stations for electrical vehicles" category, products from the "other green products" category); *6 human resources indicators:* absence rate, frequency and severity rate of work accidents,% of employees having been trained regarding EHS,% of employees eligible having had an annual interview, number of departures by reason typology.
(2) Hagemeyer and Rexel Group Australia (Australie) ; Hagemeyer and Rexel Nederland (Pays-Bas) ; ABM – Rexel (Espagne) and Rexel Canada.
(3) Figures given in percentage of consolidated revenues for Rexel group as of December 31, 2010.

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

– *Completeness of the Reporting Criteria:* the main contributors (France, USA, Germany, United Kingdom) have reported comprehensive data, except for the United States regarding the indicator "Total waste valorised", due to the management decentralization of this service which makes data consolidation difficult to date. It would be appropriate to provide a means for consolidating all operating units, whatever their size.

– *Consolidation and calculation of the Indicators:*
  - The reporting tool gives the possibility to specify data as "not available", which improved the recording of data that could previously be considered null. However, the group will have to keep on informing the contributors on this feature and on the conditions under which it can be used.
  - The methodology for calculating CO_2 emissions from fuel provides consolidated data based on fuel consumption or, if not available, miles traveled. This methodology was revised in 2010, as it now excludes emissions from shared transportation of goods operated by contractors. The group should continue making efforts to obtain relevant data from its transportation contractors, in order to be able to include this type of emissions in the reporting scope in the long term.
  - Internal control: the consistency of environmental Indicators was reviewed by the group during the reporting campaign using ratios of consistency. Some errors were thus identified and corrected. However, the quality of audits performed by the managers in charge of validating the data at local level could be strengthened by improving their knowledge of the data to be validated.

Conclusion

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

Paris-La Défense, March 25, 2011

ERNST & YOUNG Audit
The Statutory Auditors

Pierre Bourgeois

Assisted by ERNST & YOUNG
Climate Change and Sustainability Services

Eric Duvaud

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

– the operating and financial review for the year ended December 31, 2009 which is included in pages 68 to 84 and the consolidated financial statements which an included in pages 85 to 143 of the *Document de Référence* filed by Rexel with the *Autorité des marchés financiers* on April 21, 2010, under number R.10-024; and
– the operating and financial review of the Rexel Group for the year ended December 31, 2008, the review of the cash flow and share capital of the Rexel Group for the financial year ended December 31, 2008 set out on pages 67 to 79 and the historical financial information set out on pages 156 to 227 of the *Document de Référence* registered by the AMF on April 20, 2009 under number R.09-022, as updated by the Update to the *Document de Référence* registered by the AMF on May 27, 2009 under number D.09-0097-R01.

The information of 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 hundred thousand 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's business is organized around the three main geographic areas in which it operates: Europe, North America, and Asia-Pacific. This geographic segmentation was determined on the basis of the Rexel Group's financial reporting structure. Non-core operations and businesses managed at Rexel Group level are aggregated and presented under a separate segment called "Other Operations", as defined below. This segment also includes unallocated corporate overhead expenses.

In 2010, the Rexel Group's recorded consolidated sales were €11,960.1 million, of which €6,966.8 million in Europe (58% of sales), €3,530.8 million in North America (30% of sales), €1,116.3 million in Asia-Pacific (9% of sales) and €346.2 million from Other Operations (3% of sales).

The Europe zone consists of France (which accounts for approximately 33% of consolidated Rexel Group 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 consists of the United States and Canada. The United States accounts for approximately 70% of consolidated Rexel Group sales in this zone, and Canada approximately 30%.

The Asia-Pacific zone consists of Australia, New Zealand and China, as well as certain Southeast Asian countries (Indonesia, Malaysia, Singapore and Thailand). Australia accounts for approximately 63% of consolidated Rexel Group sales in this zone, China nearly 20% and New Zealand close to 12%.

The Other Operations segment, which accounted for approximately 3% of consolidated Rexel Group sales over the period, includes ACE, the Agencies/Consumer Electronics division acquired from Hagemeyer, from the beginning of the second quarter of 2008. In February 2010, the Rexel Group disposed of Hagemeyer Cosa Liebermann in Asia (HCL Asia), a non-core legacy business acquired from Hagemeyer that distributes luxury goods in Asian countries. In June 2010, the Rexel Group disposed of Haagtechno B.V., a company specializing in importing and distributing Panasonic electrical goods in The Netherlands. Other Operations also include Chile, which accounts for less than 1% of consolidated Rexel Group sales in 2010, as well as certain other businesses managed by the Rexel Group. Unallocated corporate overheads (mainly personnel expenses and rental charges relating to the occupancy of the Rexel Group's headquarters) are also included in this segment, as is the elimination of transactions between the various geographic segments.

The analysis below covers the Rexel Group's sales, gross profit, distribution and administrative expenses, and operating income before the 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

Notwithstanding the relatively low degree of seasonality of the Rexel Group's sales, there is seasonality in cash flows due to change in working capital requirements. Generally, the first and third quarters are weaker due to the increase in working capital requirements whereas the second and fourth quarters are stronger.

4.1.3 Effects of changes in copper price

The Rexel Group is indirectly exposed to fluctuations in copper prices in connection with the distribution of cable products. Cables accounted for approximately 17% of the Rexel Group's sales, and copper represents approximately 60% of the composition of cables. This exposure is indirect, since cable prices also depend on suppliers' commercial policies and the competitive environment in the Rexel Group's markets. Changes in copper prices have an estimated so-called "recurring" effect and an estimated "non-recurring" effect 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 selling price of cables from one period to another. This effect bears mainly on sales.

– **The non-recurring effect** related to the change in copper-based cable prices corresponds to the effect of copper price variations on the selling price of cables between the moment they are purchased and the time they are sold, until all 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 and the supplier price effective at the date of the sale of the cables by the Rexel Group. Additionally, the non-recurring effect on EBITA is the non-recurring effect on gross profit. It is offset, where appropriate, by the non-recurring portion of changes in distribution and administrative expenses (mainly the variable portion of compensation of sales personnel, which accounts for approximately 10% of change in gross profit).

The two effects are assessed as much as possible on all cable sales over the period. Internal Rexel Group procedures stipulate that entities that do not have information systems allowing such exhaustive calculation must 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. On the basis of the sales covered, the Rexel Group deems the effects thus measured to be a reasonable estimate.

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. Exchange rates may also fluctuate significantly. The number of working days in each period also has an impact on the Rexel Group's consolidated sales. Lastly, the Rexel Group is exposed to fluctuations in copper prices. 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 for the following adjustments.

Excluding the effects of acquisitions and disposals

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

Excluding the effects of exchange rate fluctuations

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

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

For the analysis of 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" in the rest of this document.

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 the effect of different numbers of working days between the two periods presented by comparing its historical figures for each month in the current year against the prior year figures, adjusted proportionally for the number of working days during the current year. This analysis by number of working days is not deemed relevant to the Rexel Group's other consolidated income statement items.

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

- **On a constant basis,** meaning excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparisons of sales and headcounts.
- **On a constant basis and same number of working days,** meaning on a constant basis and restated for the effect of change in the number of working days. Such information is used only for comparisons of sales.
- **On a constant basis, adjusted,** meaning on a constant basis, 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 does not derive from accounting systems but is an estimate of comparable data in accordance with the principles set out above. It is subject to the review of the Statutory Auditors, pursuant to Article L.823-10 of the French Commercial Code.

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

	Year ended December 31,	
(in millions of euros)	2010	2009
Operating income before other income and other expenses	**593.1**	**450.2**
Change in scope effects	–	(1.0)
Foreign exchange effects	–	25.6
Non-recurring effect related to copper	(23.4)	(19.5)
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	22.8	19.2
Adjusted EBITA on a constant basis	**592.5**	**474.6**

4.2 MAJOR EVENTS THAT OCCURRED IN 2010

2010 was marked by a progressive return to organic growth from the second quarter (+2.3%), which was confirmed in the following quarters (+3.2% and +5.2% respectively in the third and fourth quarters). The Rexel Group also recorded increased profitability quarter on quarter to reach a 5.0% adjusted EBITA margin over the whole year, compared to 4.0% in 2009.

In addition, the Rexel Group renewed its external growth operations with the acquisition of Grossauer in Switzerland and LuckyWell in China.

4.3 CONSOLIDATED RESULTS

4.3.1 Rexel's consolidated financial results

The following table sets out Rexel's consolidated income statement for the full year of 2010 and 2009, in millions of euros and as a percentage of sales.

(in millions of euros)	Year ended December 31,		
	2010	2009	Change in %
REPORTED			
Sales	**11,960.1**	**11,307.3**	**5.8%**
Gross profit	2,945.6	2,769.5	6.4%
Distribution and administrative expenses (1)	(2,329.7)	(2,300.0)	1.3%
EBITA	**615.9**	**469.5**	**31.2%**
Amortization (2)	(22.8)	(19.2)	18.5%
Operating income before other income and expenses	**593.1**	**450.2**	**31.7%**
Other income and expenses	(107.7)	(134.4)	(19.8)%
Operating income	485.4	315.8	53.7%
Financial expenses	(203.1)	(203.1)	–
Share of income from associates	4.7	–	–
Income taxes	(57.8)	(31.7)	82.4%
Net income	229.2	81.0	183.0%
as a % of sales	*1.9%*	*0.7%*	
(1) Of which depreciation.	(76.1)	(83.5)	(8.9)%

(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,		
	2010	2009	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**11,960.1**	**11,779.6**	**1.5%**
Same number of working days			*1.3%*
Gross profit	2,920.9	2,863.9	2.0%
as a % of sales	*24.4%*	*24.3%*	
Distribution and administrative expenses	(2,328.4)	(2,389.3)	(2.5)%
as a % of sales	*(19.5)%*	*(20.3)%*	
EBITA	**592.5**	**474.6**	**24.8%**
as a % of sales	***5.0%***	***4.0%***	

Rexel Group sales

In 2010, Rexel's consolidated sales increased by 5.8% to €11,960.1 million. Disposals, net of acquisitions, represented a reduction of €126.7 million (approximately 1%), stemming chiefly from the disposals of HCL and Haagtechno B.V., while exchange rate fluctuations had a positive effect in the amount of €599.1 million (approximately 5%), attributable to the appreciation of the Australian, Canadian and US dollars against the euro.

The following table sets out sales growth trends between 2010 and 2009, on a reported basis and on a constant basis and same number of working days:

	Sales growth 2010 vs. 2009					
	Q1	Q2	H1	Q3	Q4	Year
Growth on a constant basis and same number of working days	(5.7)%	2.3%	(1.6)%	3.2%	5.2%	1.3%
Number of working days effect	0.0%	0.9%	0.4%	(0.0)%	(0.0)%	0.2%
Organic growth (a)	***(5.7)%***	***3.2%***	***(1.2)%***	***3.2%***	***5.2%***	***1.5%***
Changes in scope effect	(0.3)%	(0.8)%	(0.5)%	(1.5)%	(1.9)%	(1.1)%
Foreign exchange effect	2.0%	6.3%	4.2%	7.0%	5.8%	5.3%
Total scope and currency effects (b)	***1.8%***	***5.5%***	***3.7%***	***5.5%***	***3.9%***	***4.2%***
Effective growth (a) x (b) [(1)]	**(4.0)%**	**8.9%**	**2.4%**	**8.9%**	**9.3%**	**5.8%**

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

In the year 2010, sales increased by 1.3% on a constant basis and same number of working days. Higher copper-based cable prices compared to the year 2009 had an estimated positive impact of 2.9 percentage points. The negative impact of branch closures was estimated to account for 1.4 percentage points in the sales variation of the year 2010. In the fourth quarter of 2010, sales increased by 5.2% on constant basis and same number of working days with the rise in copper-based cable prices having a positive impact of 2.6 percentage points. Trends are positive in our three geographic areas although volumes remain low except in Asia-Pacific.

Gross profit

In the year 2010, gross profit amounted to €2,945.6 million, a 6.4% increase compared to 2009. On a constant basis, adjusted gross margin slightly improved by 10 basis points compared to 2009 from 24.3% in 2009 to 24.4% in 2010. This resilience reflects favorable channel mix (greater share of warehouse sales vs. direct sales), continued margin focus and incremental purchasing synergies with Hagemeyer.

Distribution & administrative expenses

In the year 2010, on a constant basis, adjusted distribution and administrative expenses decreased by 2.5% between 2009 and 2010 compared to a 1.5% increase in sales, mostly benefiting from the impact of restructuring initiated since 2009. Adjusted personnel expenses decreased by 0.4% on a constant basis resulting from headcount reductions. At December 31, 2010, the number of employees was 27,391, down 2.9% compared to December 31, 2009, on a constant basis. Lease and maintenance costs decreased thanks notably to the network reorganization (closing of 86 branches over the last twelve months in 2010) and the lease renegotiations. Bad debt expenses decreased by 13.4% compared to the year 2009 to reach 0.4% of sales.

EBITA

EBITA reached €615.9 million in the year 2010, a 31.2% increase compared to the year 2009 on a reported basis. On a constant basis, adjusted EBITA increased by 24.8% and adjusted EBITA margin by 100 basis points from 4.0% in 2009 to 5.0% in 2010. Impact of additional sales was incremented by the improvement of gross margin and the effect of costs saving actions taken since 2009 to reduce distribution and administrative expenses.

Other income and other expenses

In 2010, other income and other expenses were a net expense of €107.7 million, including €65.2 million in restructuring expenses relating chiefly to restructuring plans implemented since 2009, in the aim of adapting the Rexel Group's structure to the prevailing economic environment. These plans have enabled adjustments to the headcount, to reduce the size of the distribution network and to integrate Hagemeyer entities. They totaled €48.3 million in Europe and €12.6 million in North America.

Other expenses included: (i) impairments of goodwill amounting to €36.6 million, with €23.5 million relating to the Dutch subsidiary, €8.9 million in New Zealand and €4.2 million to the Slovenian subsidiary; (ii) losses stemming from the disposals of certain ACE assets for €10.6 million; (iii) a €2.3 million expense relating to liability guarantees granted by the Rexel Group under the sale of investments; (iv) and acquisition-related costs amounting to €2.2 million.

Other income included: (i) compensation received from PPR in the amount of €3.7 million, under a guarantee given to Rexel in 2005; (ii) capital gains totaling €2.9 million relating primarily to the sale of two branches in Sweden; (iii) income of €2.5 million relating to reversals of restructuring provisions not used in France; and (iv) gains of €3.6 million stemming from the reduction of pension liabilities.

Financial expenses

In 2010, net financial expenses amounted to €203.1 million, equal to the amount recorded in 2009, representing an effective interest rate of 7.1% and 6.1% respectively.

Share of profit/(loss) of associates

In 2010, the share of profit/(loss) of associates was a profit of €4.7 million. This profit came from the investment in DPI, a distributor of consumer electronics goods in the United States, consolidated under the equity method since December 31, 2009.

Tax expense

The effective tax rate was 20.5% at December 31, 2010, compared with 28.1% at December 31, 2009. The effective tax rate decreased in 2010 due to the recognition of a deferred tax asset relating to tax losses incurred in France in the previous year.

Net income

Net income was €229.2 million in fiscal year 2010, compared with €81.0 million in fiscal year 2009.

Recurring net income, calculated from adjusted operating income before other income and expenses after deduction of financial expenses and related income tax, amounted to €270.9 million in fiscal year 2010, compared with €163.3 million in fiscal year 2009.

4.3.2 Europe (58% of Rexel Group consolidated sales)

(in millions of euros)	Year ended December 31,		
	2010	2009	Change in %
REPORTED			
Sales	**6,966.8**	**6,705.1**	**3.9%**
Gross profit	1,813.6	1,739.5	4.3%
Distribution and administrative expenses	(1,367.0)	(1,399.8)	(2.3)%
EBITA	**446.5**	**339.7**	**31.4%**
as a % of sales	*6.4%*	*5.1%*	

(in millions of euros)	Year ended December 31,		
	2010	2009	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**6,966.8**	**6,830.6**	**2.0%**
Same number of working days			*1.4%*
Gross profit	1,795.1	1,751.2	2.5%
as a % of sales	*25.8%*	*25.6%*	
Distribution and administrative expenses	(1,366.4)	(1,426.1)	(4.2)%
as a % of sales	*(19.6)%*	*(20.9)%*	
EBITA	**428.8**	**325.1**	**31.9%**
as a % of sales	***6.2%***	***4.8%***	

In the year 2010, sales increased by 3.9% in Europe compared to the year 2009 and reached €6,966.8 million. Acquisitions, net of disposals, accounted for a €3.2 million decrease, while changes in exchange rates accounted for a €128.7 million increase, mostly due to the appreciation of the Swedish krona, Norwegian krona, Pound Sterling and Swiss Franc against the euro. On a constant basis and same number of working days, sales increased by 1.4% in the year 2010, benefiting from copper-based cable prices increase compared to 2009.

In France, sales amounted to €2,331.1 million in the year 2010, a 2.0% increase on a constant basis and same number of working days. Growth was driven by commercial and industrial end-markets while residential remained low. Rexel implemented initiatives which contributed to the sales growth with large accounts and projects. The Rexel Group estimates that it gained market share.

In the United Kingdom, sales amounted to €896.3 million in the year 2010, a 3.2% decrease on a constant basis and same number of working days. The economic environment remains fragile with the reduction in government's spending. The level of project business in the market place has fallen whilst day to day business has stabilized and the overall decrease was mitigated by targeted growth initiatives. The Rexel Group estimates that it outperformed the market.

In Germany sales amounted to €912.9 million in the year 2010, an 11.6% increase on a constant basis and same number of working days. This performance was led by booming photovoltaic sales as well as the copper-based cable prices increase. The construction market remained stable at a low level. Sales improved in the industrial end-market, especially in the automotive and chemical sectors and other manufacturers. The Rexel Group estimates that it outperformed the market. In the fourth quarter of 2010, sales however decreased by 1.7% on constant basis and same number of working days resulting from decrease in photovoltaic sales following the decrease in subsidies during the course of 2010.

In Scandinavia sales amounted to €836.6 million in the year 2010, a 0.7% increase on a constant basis and same number of working days. The activities in Finland recorded an 8.5% rise in sales driven by the Utilities and large nationwide contractors. The company estimated it has outperformed the market. In Sweden, sales decreased by 0.3% mainly in the Utilities mitigated by project sales to industrial customers. Sales in Norway posted a 3.0% decrease, mainly due to the Utility segment, mitigated by industry.

In the year 2010, gross profit amounted to €1,813.6 million, a 4.3% increase compared to 2009. On a constant basis, adjusted gross margin was 25.8% of sales in the year 2010, a 20 basis point improvement from 25.6% in the year 2009. This performance was mainly due to better purchasing terms, including synergies from the Hagemeyer integration.

On a constant basis, adjusted distribution and administrative expenses decreased by 4.2% compared to a 2.0% increase in sales. Specific actions were implemented in 2009 and continued in 2010 in some countries in order to adjust the costs structure to the level of demand and synergies resulting from the integration of Hagemeyer progressed in line with expectations. Adjusted personnel expenses were reduced by 2.0% compared to the year 2009. The number of employees was reduced by 2.8% compared to December 31, 2009 on a constant basis, to 16,450 at December 31, 2010. Lease and maintenance expenses decreased compared to the year 2009 with branch network (closing of 47 branches over the last twelve months) and real estate rationalization.

EBITA amounted to €446.5 million, a 31.4% increase compared to the year 2009. On a constant basis, adjusted EBITA increased by 31.9% and adjusted EBITA margin increased by 140 basis points to 6.2% in the year 2010.

4.3.3 North America (30% of Rexel Group consolidated sales)

(in millions of euros)	Year ended December 31, 2010	2009	Change in %
REPORTED			
Sales	**3,530.8**	**3,315.4**	**6.5%**
Gross profit	769.0	709.2	8.4%
Distribution and administrative expenses	(645.9)	(626.2)	3.1%
EBITA	**123.1**	**83.0**	**48.3%**
as a % of sales	*3.5%*	*2.5%*	

(in millions of euros)	Year ended December 31, 2010	2009	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**3,530.8**	**3,583.2**	**(1.5)%**
Same number of working days			*(1.2)%*
Gross profit	763.4	767.2	(0.5)%
as a % of sales	*21.6%*	*21.4%*	
Distribution and administrative expenses	(645.3)	(673.2)	(4.1)%
as a % of sales	*(18.3)%*	*(18.8)%*	
EBITA	**118.1**	**94.0**	**25.7%**
as a % of sales	***3.3%***	***2.6%***	

In the year 2010, sales in North America amounted to €3,530.8 million, a 6.5% increase compared to 2009. This increase includes a €267.8 million favorable effect from changes in foreign exchange rates due to the appreciation of the Canadian and US dollar against the euro. On a constant basis and same number of working days, sales decreased by 1.2% in 2010 compared to 2009, despite higher copper-based cable prices compared to 2009.

In the United States, sales amounted to €2,474.7 million in 2010, a 3.4% decrease on a constant basis and same number of working days. The closing of branch locations accounted for 3.1 percentage points of the decline. The industrial market was positive while residential market stagnated and commercial remained low. Directed sales focus significantly increased sales to the public sector, helping to offset the significant and continuing drop in private commercial markets. Despite the economic environment, Rexel invested in growth initiatives such as energy efficiency, transportation, infrastructure, education and healthcare, which further mitigated the drop in sales. Sales to national retailers have continued picking up.

In Canada, sales amounted to €1,056.1 million in 2010, a 4.3% increase on a constant basis and same number of working days. Commercial market, institutional and manufacturing sectors were strong, in particular in Quebec and Ontario partly offset by low but improving activity in Western Canada. Quoting remained active and backlog is above last year.

In the year 2010, gross profit amounted to €769.0 million, an 8.4% increase compared to 2009. On a constant basis, adjusted gross margin increased by 20 basis points compared to 2009 at 21.6% of sales. This positive variation mainly resulted from a change in the channel mix (a greater share of warehouse sales vs. direct sales).

On a constant basis, adjusted distribution and administrative expenses decreased by 4.1% compared to a 1.5% decrease in sales. Adjusted personnel costs decreased by 1.8% on a constant basis due to staff adaptation and benefits measures initiated since 2009. Headcount was reduced by 5.4% compared to December 31, 2009 on a constant basis, to 7,268 at December 31, 2010. Lease and maintenance expenses benefited from network reorganization (closing of 37 branches over the last twelve months) and lease renegotiations.

EBITA amounted to €123.1 million in 2010, a 48.3% increase compared to 2009. On a constant basis, adjusted EBITA posted a 25.7% improvement and adjusted EBITA margin increased by 70 basis points to 3.3% in the year 2010.

4.3.4 Asia-Pacific (9% of Rexel Group consolidated sales)

	Year ended December 31,		
(in millions of euros)	2010	2009	Change in %
REPORTED			
Sales	**1,116.3**	**847.7**	**31.7%**
Gross profit	242.9	188.7	28.7%
Distribution and administrative expenses	(179.2)	(142.6)	25.6%
EBITA	**63.7**	**46.1**	**38.3%**
as a % of sales	*5.7%*	*5.4%*	

	Year ended December 31,		
(in millions of euros)	2010	2009	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**1,116.3**	**1,006.9**	**10.9%**
Same number of working days			*10.9%*
Gross profit	242.2	226.5	7.0%
as a % of sales	*21.7%*	*22.5%*	
Distribution and administrative expenses	(179.2)	(172.0)	4.2%
as a % of sales	*(16.1)%*	*(17.1)%*	
EBITA	**63.1**	**54.4**	**15.9%**
as a % of sales	***5.7%***	***5.4%***	

In the year 2010, sales in the Asia-Pacific zone increased by 31.7% compared to 2009 to €1,116.3 million, and 10.9% on a constant basis and same number of working days. Acquisitions accounted for a €2.1 million increase, due to the Suzhou Xidian acquisition in February 2009, while changes in exchange rates accounted for a €157.1 million increase, mostly due to the appreciation of the Australian dollar against the euro.

In Australia, sales amounted to €708.8 million, an 8.3% increase compared to 2009 on a constant basis and same number of working days. The growth was driven by projects in particular in public sector.

In New Zealand, sales amounted to €133.2 million in 2010, a 1.4% decrease compared to 2009 on a constant basis and same number of working days. Sales were still affected by the slowdown of the residential and commercial construction markets.

In Asia, sales amounted to €274.3 million in 2010, a 26.4% increase on a constant basis and same number of working days compared to 2009, with solid performance in automation.

In the year 2010, gross profit increased by 28.7% to €242.9 million. On a constant basis, adjusted gross margin decreased by 80 basis points to 21.7% in 2010. This was mainly due to a change in the regional mix (increased share in Asia where gross margin is lower) together with a decrease in gross margin in China (driven by business mix with wholesale and industry) and in Australia (increased share of projects and pressure on cable margins).

On a constant basis, adjusted distribution and administrative expenses increased by 4.2% compared to 2009, while sales increased by 10.9%. Adjusted personnel costs increased by 3.6% on a constant basis. On a constant basis, headcount increased by 1.5% compared to December 31, 2009 to 2,632 at December 31, 2010.

EBITA amounted to €63.7 million in 2010, a 38.3% increase compared to 2009. On a constant basis, adjusted EBITA increased by 15.9%, from 5.4% of sales in 2009 to 5.7% in 2010.

4.3.5 Other operations (3% of Rexel Group consolidated sales)

(in millions of euros)	Year ended December 31,		
	2010	2009	Change in %
REPORTED			
Sales	**346.2**	**439.1**	**(21.2)%**
Gross profit	120.1	132.0	(9.0)%
Distribution and administrative expenses	(137.6)	(131.4)	4.7%
EBITA	**(17.4)**	**0.7**	
as a % of sales	*(5.0)%*	*0.2%*	

(in millions of euros)	Year ended December 31,		
	2010	2009	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**346.2**	**359.0**	**(3.6)%**
Same number of working days			*(3.4)%*
Gross profit	120.1	119.0	0.9%
as a % of sales	*34.7%*	*33.2%*	
Distribution and administrative expenses	(137.6)	(118.0)	16.6%
as a % of sales	*(39.7)%*	*(32.9)%*	
EBITA	**(17.5)**	**1.1**	
as a % of sales	***(5.0)%***	***0.3%***	

In the year 2010, sales of the ACE activity (70% of other operations) posted an 11.0% decrease on a constant basis and same number of working days. Chile (23% of other operations) recorded a 24.5% increase on a constant basis and same number of working days. Disposals accounted for a €125.6 million decrease, mainly due to H.C.L. Asia and Haagtechno B.V. disposals, while changes in exchange rates accounted for a €45.5 million increase, mostly due to the appreciation of the Australian dollar against the euro.

On a constant basis, most of the adjusted EBITA decline was linked to both a lower performance in ACE and Chile as well as higher employee profit sharing charge due to the increase of Group performance.

4.4 CASH FLOW

The following table sets out Rexel's cash flow for the years ended December 31, 2010 and 2009.

(in millions of euros)		Year ended December 31, 2010	2009	Change in value
Operating cash flow [(1)]		580.2	446.8	133.4
Interest	(a)	(160.7)	(149.3)	(11.4)
Taxes	(a)	(36.9)	(52.7)	15.8
Change in working capital requirements		42.0	471.6	(429.6)
Net cash flow from operating activities	(b)	424.6	716.4	(291.8)
Net cash flow from investing activities		(106.8)	(84.5)	(22.3)
Including operating capital expenditures [(2)]	*(c)*	*(52.4)*	*(38.5)*	*(13.9)*
Net cash flow from financing activities		(332.4)	(1,038.2)	705.8
Net cash flow		(14.6)	(406.3)	391.7
Free cash flow				
– before interest and taxes (b) – (a) + (c)		**569.8**	**879.9**	**(310.1)**
– after interest and taxes (b) + (c)		**372.2**	**677.9**	**(305.7)**

WCR as a % of sales [(3)] at:	December 31, 2010	December 31, 2009
Reported financial data	9.9%	10.5%
Financial data on a constant basis	10.6%	11.0%

(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.

4.4.1 Cash flow from operating activities

Operating cash flow

The €133.4 million increase stemmed essentially from the improvement in EBITDA (operating income before depreciation, other income and other expenses), which increased from €553.0 million in 2009 to €691.9 million in 2010.

Interest and taxes

In 2010, interest paid amounted to €160.7 million, compared with €149.3 million in the previous year. The increase was attributable primarily to higher credit margins in 2010 compared with 2009, following the Rexel Group's refinancing in July 2009.

In 2010, income tax paid amounted to €36.9 million, compared with €52.7 million in the previous year.

Change in working capital requirements

Change in working capital requirements represented an inflow of €42.0 million in 2010, compared with an inflow of €471.6 million in the previous year, reflecting the drop in sales and the measures taken by the Rexel Group to adjust working capital in 2009.

As a percentage of sales over the past 12 months, working capital requirements improved from 11.0% at December 31, 2009 to 10.6% at December 31, 2010 on a constant basis and excluding the effect of the derecognition of receivables under an off-balance sheet securitization program the United States. Working capital requirements for the year ended December 31, 2010 include a positive effect of €82.2 million stemming from the derecognition of securitized receivables under this program, representing an additional improvement of 70 basis points, or 9.9%.

4.4.2 Cash flow from investing activities

Cash flow from investing activities consists of acquisitions and disposals of fixed assets, as well as financial investments. It represented an outflow of €106.8 million in 2010, compared with €84.5 million in the previous year.

(in million of euros)	Year ended December 31, 2010	2009
Acquisitions of operating fixed assets	(57.5)	(51.1)
Gain/(loss) on disposal of operating fixed assets	7.0	13.4
Net change in debts and receivables on fixed assets	(1.9)	(0.8)
Net cash flow from operating investing activities	**(52.4)**	**(38.5)**
Acquisitions of financial fixed assets	(67.3)	(46.5)
Gain/(loss) on disposal of financial fixed assets	13.3	–
Dividends received from equity associates	1.4	–
Net cash flow from financial investing activities	**(52.6)**	**(46.5)**
Net change in long-term investments	**(1.8)**	**0.5**
Net cash flow from investing activities	**(106.8)**	**(84.5)**

Acquisitions and disposals of fixed assets

Acquisitions of fixed assets, net of disposals, represented an outflow of €52.4 million in 2010, compared with €38.5 million in the previous year.

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 the renovation of existing branches and the opening of new ones, €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.

In 2009, gross capital expenditures amounted to €51.1 million, i.e. 0.5% of sales over the period, of which €25.1 million on IT systems, €19.1 million on the renovation of existing branches and the opening of new ones, €5.7 million on logistics and €1.2 million on other investments. In 2009, disposals of fixed assets amounted to €13.4 million, and related mainly to the disposal of three branches, one in the United States and two in the United Kingdom, and the sale of a building in China. Net change in the related payables and receivables amounted to €0.8 million, increasing net capital expenditures over the period in the same amount.

Financial investments

Rexel's net financial investments represented an outflow of €52.6 million in 2010, compared with €46.5 million in the previous year.

In 2010, inflows covered the disposals of HCL Asia and Haagtechno B.V. in the amount of €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 equity associate DPI totaled €1.4 million.

In 2009, outflows in respect of financial investments mainly included the acquisition of 63.5% of the shares of Suzhou Xidian Co. Ltd. in China for CNY41.0 million (€4.7 million), the increase in the Rexel Group's interest in Huazhang Electrical Automation Co. Ltd. in China, from 51% to 70%, *via* the exercise of a call option for CNY34.6 million (€3.6 million) and the acquisition of the remaining Hagemeyer shares for €27.2 million, including acquisition costs. Earn-outs and price adjustments on prior acquisitions represented a net total of €10.7 million.

4.4.3 Cash flow from financing activities

Cash flow from financing activities comprises change in indebtedness and issuance of new shares.

In 2010, financing activities represented a net outflow of €332.4 million. Outflows comprised:

- Reduction of the 2009 Senior Credit Agreement in the amount of €407.8 million.
- Reduction in securitization programs bearing on trade receivables in the amount of €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.
- Transaction costs paid in connection with Rexel Group refinancing in the amount of €5.0 million.

By contrast, inflows comprised:

- 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.
- 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.

In 2009, financing activities represented net outflows of €1,038.2 million. Outflows comprised:

- Redemption of the 2008 Senior Credit Agreement in the amount of €2,401.0 million.
- Reduction in securitization programs bearing on trade receivables in the amount of €236.2 million.
- Transaction costs paid in connection with Rexel Group refinancing in the amount of €64.1 million.
- Payments related to finance lease liabilities in the amount of €7.7 million.

By contrast, inflows comprised:

- Subscription of the 2009 Senior Credit Agreement in the amount of €1,082.0 million.
- Issuance of senior unsecured notes in the amount of €575.0 million.
- Net disposals of treasury shares in the amount of €8.6 million.
- Net change in other credit facilities in the amount of €4.5 million.

4.5 SOURCES OF FINANCING

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

At December 31, 2010, Rexel's consolidated net debt amounted to €2,273.3 million and broke down as follows:

(in millions of euros)	December 31, 2010			December 31, 2009		
	Current	Non-current	Total	Current	Non-current	Total
Senior notes	–	669.5	669.5	–	575.0	575.0
Senior credit facility	–	761.5	761.5	–	1,091.2	1,091.2
Securitization	–	1,067.6	1,067.6	–	1,056.6	1,056.6
Bank loans	6.6	1.9	8.5	3.9	2.3	6.2
Commercial paper	56.9	–	56.9	–	–	–
Bank overdrafts and other credit facilities	66.6	–	66.6	83.5	–	83.5
Finance lease obligations	5.7	7.2	12.9	6.9	11.0	17.9
Accrued interest (1)	5.2	–	5.2	5.7	–	5.7
Less transaction costs	(19.0)	(44.2)	(63.2)	(16.5)	(58.8)	(75.3)
Total financial debt and accrued interest	***122.0***	***2,463.5***	***2,585.5***	***83.5***	***2,677.3***	***2,760.8***
Cash and cash equivalents			(311.9)			(359.6)
Fair value hedge derivatives			(0.3)			–
Net financial debt			**2,273.3**			**2,401.2**

(1) Of which accrued interest on Senior Notes in the amount of €2.5 million at December 31, 2010 (€1.5 million at December 31, 2009).

Net financial debt is detailed 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, 2010, Rexel's ratings by the financial rating agencies were as follows and have not been updated as of the date of this *Document de Référence*:

	December 31, 2010			December 31, 2009		
Rating agency	Moody's	Standard & Poor's	Fitch Ratings	Moody's	Standard & Poor's	Fitch Ratings
Long term debt	B1	BB-	BB-	B1	B+	BB-
Perspectives	Stables	Stables	Stables	Stables	Stables	Stables
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. The rating of Rexel's long term debt has thus been recently upgraded by Moody's and Standard & Poor's, reflecting the strengthening of the Rexel Group's financial structure and its good operating results.

Other Group Rexel commitments are detailed in note 24 to the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2010, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence*.

4.6 TRENDS, TARGETS AND FORECASTS

4.6.1 Business trends

In 2010, the Rexel Group recorded annual sales of €11,960.1 million, a 5.8% increase on a reported basis. 2010 sales are up by 1.3% on a constant basis and same number of working days.

The table below details the evolution of quarterly sales between the financial years 2009 and 2010 on a constant basis and same number of working days:

	2010 organic growth vs. 2009				
	Q1	Q2	Q3	Q4	Total
Rexel Group	(5.7)%	2.3%	3.2%	5.2%	1.3%
of which Europe	*(3.4)%*	*3.6%*	*2.7%*	*2.8%*	*1.4%*
of which North America	*(13.5)%*	*(1.7)%*	*1.3%*	*9.1%*	*(1.2)%*
of which Asia-Pacific	*7.4%*	*9.9%*	*12.5%*	*13.1%*	*10.9%*

In 2011, Rexel expects the following developments in the macro-economic context:

- in Europe, a slight increase overall on the three markets, residential, industrial and commercial, with a few exceptions, such as Spain, Ireland or the United Kingdom;
- in North America, a moderate recovery based on comparisons which remain low;
- in Asia-Pacific, sustained growth relatively similar to the growth recorded in 2010.

4.6.2 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 by 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 activity, the financial situation, and the results of the Rexel Group and its ability to achieve these objectives. The Rexel Group can give no assurances and provide no guarantee that the following objectives will be met.

4.6.2.1 Rexel Group 2010 outlook and estimates

In the *Document de Référence* registered by the AMF on April 21, 2010 under number R.10-024, Rexel indicated that it expected for 2010:

- a low single-digit (*i.e.*, in the lower range of 0% to 10%) drop in sales (after the 17.2% decline recorded in 2009) on a constant basis and same number of working days,
- an improvement in full-year adjusted EBITA margin over the 4.0% level recorded in 2009,
- free cash flow before interest and tax of around €400 million.

Upon the publication of the financial report in relation to the first half of 2010, the performances exceeding expectations since the beginning of the year and the improvement of second half outlooks have led Rexel to increase its 2010 objectives:

- sales should slightly increase on a constant basis and same number of working days,
- adjusted EBITA margin should exceed 4.5%, and
- free cash flow before interest and taxes paid should exceed €400 million.

On the Investors' Day of December 2, 2010, Rexel refined its 2010 objectives and announced that:

- yearly sales should be near €11.9 billion;
- adjusted EBITA margin should be near 4.9%;
- free cash flow before interest and taxes paid should reach approximately €450 million and net debt at year-end should be slightly above €2.2 billion with an indebtedness ratio below 3.5x.

Based on Rexel's consolidated financial statements for the financial year ended December 31, 2010, Rexel's consolidated sales reached €11,960.1 million, a 1.3% increase on a constant basis and same number of working days. Adjusted EBITA margin has increased from 4.0% to 5.0% on an adjusted constant basis. Free cash flow before interest and taxes amounted to €569.8 million. Net indebtedness amounted to €2,273.3 and the indebtedness ratio stood at 3.19. Therefore, Rexel was in line with the estimates published on December 2, 2010.

4.6.2.2 Rexel Group 2011 and middle-term outlook

Rexel Group 2011 outlook

Three priorities of Rexel for 2011, as announced upon the publication of its results for the fourth quarter and for the year 2010, are:

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

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

  In markets that should continue improving progressively over the year, Rexel targets a growth in volumes that will support organic growth.

  In addition, Rexel will continue to carry out external growth transactions over the next quarters. Acquisitions already announced in December 2010 (Switzerland) and January 2011 (Brazil, India and China) represent annual sales of approximately €200 million.

- **Increase its profitability and optimize 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 targets an improvement of its profitability of approximately 50 base points in 2011 and confirms its medium-term objective of and EBITA margin close to 6.5%. Added to the optimization of capital employed, this increase in profitability will allow Rexel to achieve its medium-term objectives of a return on capital employed (ROCE) close to 14%.

- **Generate solid cash flow**

  Thanks to a strict management of its working capital requirement (including in a context of a return to increasing volumes) and low capital intensity, Rexel should generate in 2011 over €500 million in free cash flow before interest and taxes, allowing the Group to finance its external growth while maintaining a healthy financial structure.

Rexel Group middle-term outlook

In connection with the Investors' Day of December 2, 2010, Rexel announced that, in the medium term and within the normal length of a business cycle, Rexel expects to:

- record a solid growth in sales thanks to annual organic growth exceeding at least by one to two points the growth rate of the GDP of the Rexel Group's activity areas and thanks to acquisitions representing on average over 3% of the Rexel Group's sales;
- materially increase its profitability alongside sales growth and generate an adjusted EBITA margin close to 6.5%;
- improve its financial structure by generating between €500 and €700 million in available cash flow before interest and taxes on a yearly basis, with an indebtedness ratio of approximately 3.0x and with the objective of having an "Investment grade" status; and
- increase its return on capital employed by approximately 14% in 2013 (compared to 7% in 2009).

As of the date of this *Document de Référence*, Rexel maintains these objectives.

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

Since December 31, 2010, 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, 2010.

5. Consolidated financial statements

5.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2010 89

5.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2010 147

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

- *the consolidated financial statements and the audit report for the financial year ended December 31, 2009 set out on pages 85 to 143 of the document de référence for the financial year ended December 31, 2009 registered by the AMF on April 21, 2010 under number R.10-024; and*
- *the consolidated financial statements and the audit report for the financial year ended December 31, 2008 set out on pages 156 to 215 of the document de référence for the financial year ended December 31, 2008 registered by the AMF on April 20, 2009 under number R.09-022, as supplemented by the update to the document de référence registered by the AMF on May 27, 2009 under number D.09-0097-R01.*

5.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2010

Consolidated income statement

(in millions of euros)	Note	For the year ended December 31, 2010	2009
Sales	4	11,960.1	11,307.3
Cost of the goods sold		(9,014.5)	(8,537.8)
Gross profit		**2,945.6**	**2,769.5**
Distribution and administrative expenses	5	(2,352.5)	(2,319.3)
Operating income before other income and expenses		**593.1**	**450.2**
Other income	7	16.1	33.1
Other expenses	7	(123.8)	(167.5)
Operating income		**485.4**	**315.8**
Financial income		49.3	47.7
Interest expense on borrowings		(189.8)	(173.2)
Refinancing related expenses		–	(21.2)
Other financial expenses		(62.6)	(56.4)
Financial expenses (net)	*8*	*(203.1)*	*(203.1)*
Share of profit of associates	10.4	4.7	–
Net income before income tax		**287.0**	**112.7**
Income taxes	9	(57.8)	(31.7)
Net income		**229.2**	**81.0**
Portion attributable:			
to the Group		228.5	80.6
to non-controlling interests		0.7	0.4
Earnings per share:			
Basic earnings per share (in euros)	16	0.87	0.31
Fully diluted earnings per share (in euros)	16	0.87	0.31

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, 2010	2009
Net income	**229.2**	**81.0**
Foreign currency translation	154.8	103.7
Income tax	8.1	(1.4)
	162.9	**102.3**
Gain (loss) on cash flow hedges	17.7	(5.8)
Income tax	(7.9)	0.6
	9.8	**(5.2)**
Net gain on available for sale financial assets	–	0.6
Income tax	–	–
	–	**0.6**
Other comprehensive income for the period, net of tax	*172.7*	*97.7*
Total comprehensive income for the period, net of tax	**401.9**	**178.7**
Portion attributable:		
to the Group	400.4	178.6
to non-controlling interests	1.5	0.1

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

Consolidated balance sheet

(in millions of euros)	Note	As of December 31, 2010	2009
Assets			
Goodwill	10.1	3,931.2	3,759.4
Intangible assets	10.1	934.4	927.8
Property, plant and equipment	10.2	245.4	261.6
Long-term investments	10.3	132.1	53.3
Investments in associates	10.4	9.3	5.9
Deferred tax assets	9.2	138.6	230.0
Total non-current assets		**5,391.0**	**5,238.0**
Inventories	11.1	1,203.1	1,141.4
Trade accounts receivable	11.2	2,022.0	1,901.5
Current tax assets		29.7	32.0
Other accounts receivable	11.3	406.4	371.9
Assets held for sale	11.4	23.1	10.5
Cash and cash equivalents	12	311.9	359.6
Total current assets		**3,996.2**	**3,816.9**
Total assets		**9,387.2**	**9,054.9**
Equity			
Share capital	14	1,301.0	1,291.1
Share premium	14	1,383.7	1,392.2
Reserves and retained earnings		1,140.4	720.9
Total equity attributable to equity holders of the parent		**3,825.1**	**3,404.2**
Non-controlling interests		9.3	7.8
Total equity		**3,834.4**	**3,412.0**
Liabilities			
Interest bearing debt	19	2,463.5	2,677.3
Employee benefits	18	174.4	173.8
Deferred tax liabilities	9.2	144.5	221.7
Provisions and other non-current liabilities	17	156.3	235.4
Total non-current liabilities		**2,938.7**	**3,308.2**
Interest bearing debt	19	116.8	77.8
Accrued interest	19	5.2	5.7
Trade accounts payable		1,866.2	1,676.0
Income tax payable		39.8	22.9
Other current liabilities	21	584.1	552.3
Liabilities related to assets held for sale	11.4	2.0	–
Total current liabilities		**2,614.1**	**2,334.7**
Total liabilities		**5,552.8**	**5,642.9**
Total equity and liabilities		**9,387.2**	**9,054.9**

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, 2010	2009
Cash flows from operating activities			
Operating income		485.4	315.8
Depreciation, amortization and impairment of assets		139.8	129.5
Employee benefits		(15.5)	(17.8)
Change in other provisions		(47.6)	7.3
Other non-cash operating items		18.1	12.0
Interest paid		(160.7)	(149.3)
Income tax paid		(36.9)	(52.7)
Operating cash flows before change in working capital requirements		*382.6*	*244.8*
Change in inventories		(26.6)	232.9
Change in trade receivables		(48.8)	521.8
Changes in trade payables		121.6	(305.5)
Changes in other working capital items		(4.2)	22.4
Change in working capital requirements		*42.0*	*471.6*
Net cash from operating activities		**424.6**	**716.4**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(59.4)	(51.9)
Proceeds from disposal of property, plant and equipment		7.0	13.4
Acquisition of subsidiaries, net of cash acquired		(67.3)	(46.5)
Proceeds from disposal, net of cash acquired		13.3	–
Change in long-term investments		(1.8)	0.5
Dividends received from associates		1.4	–
Net cash from investing activities		**(106.8)**	**(84.5)**
Cash flows from financing activities			
Capital increase	14	9.7	0.3
Contribution received from non-controlling shareholders		–	0.7
Disposal (purchase) of treasury shares		1.1	8.6
Net change in credit facilities and other financial borrowings	19.2	(303.6)	(803.6)
Net change in securitization	19.2	(34.3)	(236.2)
Payment of finance lease liabilities	19.2	(5.2)	(7.7)
Dividends paid to non-controlling interests		(0.1)	(0.3)
Net cash from financing activities		**(332.4)**	**(1,038.2)**
Net increase in cash and cash equivalents		(14.6)	(406.3)
Cash and cash equivalents at the beginning of the period	12	359.6	807.0
Effect of exchange rate changes on cash and cash equivalents		(33.1)	(41.1)
Cash and cash equivalents at the end of the period	**12**	**311.9**	**359.6**

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 and other reserves	Foreign currency translation	Fair value	Treasury shares	Total attributable to the Group	Non-controlling interest	TOTAL
For the period ended December 31, 2009										
At January 1, 2009		**1,280.0**	**1,409.9**	**711.2**	**(141.8)**	**(24.5)**	**(10.5)**	**3,224.3**	**24.1**	**3,248.4**
Foreign currency translation		–	–	–	102.6	–	–	102.6	(0.3)	102.3
Cash flow hedges		–	–	–	–	(5.2)	–	(5.2)	–	(5.2)
Available for sale financial assets		–	–	–	–	0.6	–	0.6	–	0.6
Income and expenses recognized directly in equity		**–**	**–**	**–**	**102.6**	**(4.6)**	**–**	**98.0**	**(0.3)**	**97.7**
Net income		–	–	80.6	–	–	–	80.6	0.4	81.0
Total comprehensive income for the period		**–**	**–**	**80.6**	**102.6**	**(4.6)**	**–**	**178.6**	**0.1**	**178.7**
Capital increase		10.8	(10.8)	–	–	–	–	–	–	–
Allocation of free shares		–	(6.9)	6.9	–	–	–	–	–	–
Share-based payments		0.3	–	5.3	–	–	–	5.6	–	5.6
Disposal (purchase) of treasury shares		–	–	–	–	–	8.3	8.3	–	8.3
Transactions with non-controlling shareholders		–	–	(12.6)	–	–	–	(12.6)	(16.4)	(29.0)
At December 31, 2009		**1,291.1**	**1,392.2**	**791.4**	**(39.2)**	**(29.1)**	**(2.2)**	**3,404.2**	**7.8**	**3,412.0**
For the period ended December 31, 2010										
At January 1, 2010		**1,291.1**	**1,392.2**	**791.4**	**(39.2)**	**(29.1)**	**(2.2)**	**3,404.2**	**7.8**	**3,412.0**
Foreign currency translation		–	–	–	162.1	–	–	162.1	0.8	162.9
Cash flow hedges		–	–	–	–	9.8	–	9.8	–	9.8
Income and expenses recognized directly in equity		**–**	**–**	**–**	**162.1**	**9.8**	**–**	**171.9**	**0.8**	**172.7**
Net income		–	–	228.5	–	–	–	228.5	0.7	229.2
Total comprehensive income for the period		**–**	**–**	**228.5**	**162.1**	**9.8**	**–**	**400.4**	**1.5**	**401.9**
Capital increase	14	9.9	(0.2)	0.6	–	–	–	10.3	–	10.3
Allocation of free shares		–	(8.3)	8.3	–	–	–	–	–	–
Share-based payments		–	–	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**	**1,038.6**	**122.9**	**(19.3)**	**(1.8)**	**3,825.1**	**9.3**	**3,834.4**

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 (herein after 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 offer covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown products. The principal markets in which the Group operates are in Europe, North America (United States and Canada), and Asia-Pacific (mainly in Australia, New Zealand, and China).

These consolidated financial statements cover the period from January 1, 2010 to December 31, 2010. They were authorized for issue by the Management Board on February 1, 2011 and were modified by the Management Board on February 8, 2011 to take into account certain information related to events after the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The consolidated financial statements as of December 31, 2010 (hereinafter referred to as "the financial statements") have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union and those issued by the International Accounting Standards Board (IASB), applicable compulsorily as of December 31, 2010.

IFRSs 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 are presented in euros and all values are rounded to the nearest tenth of a million except when otherwise stated. Total amounts and sub-totals presented in the consolidated financial statements are computed in thousands of euros then rounded to the nearest tenth of a million. Thus, numbers may not sum precisely due to 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 and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed frequently. The effect of changes in accounting estimates is accounted for from the date of revision.

Information related to the main estimates and judgments made on the application of accounting policies which have 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 22),

– measurement of financial instruments (notes 2.10.4 and 20),

– recognition of deferred tax assets (notes 2.20 and 9),

– measurement of share-based payments (notes 2.15 and 15).

2.2.1 New accounting standards and interpretations in effect starting from 2010

The following new and amended standards and interpretations previously endorsed by the EU were applied for the first time in the financial statements from 2010 but their adoption had no material effect on the Group's reporting:

– Improvements to IFRS issued in May 2008 in respect of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

– Revised IFRS 3 "Business Combinations" and amended IAS 27 "Consolidated and Separate Financial Statements" issued in January 2008 apply prospectively for transactions occurring after January 1, 2010. IFRS 3 (Revised) introduces changes in the accounting for business combinations that affect the valuation of non-controlling interests, the accounting of transaction costs, the initial recognition and subsequent measurement of a contingent consideration, and business combinations achieved in stages. IAS 27 (Amended) requires that a change in the ownership interest of a parent company in a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions no longer give rise to goodwill, nor do they give rise to gains or losses in the income statement. Furthermore, the amended standard changes the accounting for losses incurred by a subsidiary and attributable to non-controlling interests, as well as for the loss of control of a subsidiary. For the year ended December 31, 2010, the application of IFRS 3 (Revised) resulted in the recognition of a charge of €2.2 million for transaction costs presented in the income statement under the line-item "Other Expenses".

- Amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Eligible Hedged Items" issued in July 2008. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as hedged risk or portion in a particular situation.

- Interpretations IFRIC 17 "Distributions of Non-cash Assets to Owners" and IFRIC 18 "Transfers of Assets from Customers".

- Amendment to IFRS 1 "First Time Adoption of IFRS: Additional Exemptions for First-time Adopters". The amendment exempts entities using the full cost method from retrospective application of the IFRSs for oil and gas assets. It also exempts entities with existing lease contracts from reassigning the classification of those contracts in accordance with IFRIC 4 "Determining Whether an Arrangement Contains a Lease" when the application of their national accounting requirements produces the same result.

- Amendments to IFRS 2 "Share-based Payment – Group Cash-settled Share-based Payment Transactions" addresses the treatment of such transactions when, within a Group, the entity that receives goods or services is not the one that settles the transaction.

- Improvements to IFRS issued in April 2009 clarify or introduce small changes to several IFRSs and IFRICs.

In addition, the following interpretations endorsed by the EU were previously applied by the Group in advance. Therefore their adoption had no material effect on the Group's reporting for 2010:

- Interpretation IFRIC 12 – Service Concessions Arrangements.

- Interpretation IFRIC 16 – Hedges of a Net Investment in a Foreign Operation.

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

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

- 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. This amendment will be effective for financial years beginning on or after February 1, 2010 and is not expected to have a material impact on the Group's financial statements.

- Revised 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. This amendment shall apply for financial years beginning on or after January 1, 2011.

- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments". This interpretation addresses the accounting when the terms of financial liability are renegotiated and result in the issuance of equity instruments to extinguish all or part of such liability. This interpretation shall apply for financial years beginning on or after July 1, 2010.

- Amendment to interpretation IFRIC 14 "Prepayments of a Minimum Funding Requirement". This amendment 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. This amendment will be effective for financial periods beginning on or after January 1, 2011.

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, 2010. 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, presently or potentially, 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 compensation 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 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 from January 1, 2010

Business combinations completed from January 1, 2010 are accounted for using the acquisition method. The cost of an acquisition is measured as acquisition date 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 consideration are recognized at their fair value at the acquisition date. Subsequent changes in the fair value of contingent considerations classed 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.

Business combinations before January 1, 2010

The main differences in processing acquisitions completed before January 1, 2010 compared with the policies described above concern the following provisions:

– acquisition-related costs were included in the transaction cost for calculating goodwill,

– non-controlling interests (previously referred to as minority interests) were stated at their share of the net assets in the entity acquired, and

– contingent considerations were recorded at the time of the acquisition only when these corresponded to a current obligation of the Group, were likely to give rise to outflows and could be estimated in a sufficiently reliable manner. Subsequent adjustments to contingent considerations were recorded in goodwill.

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 counted as assets or liabilities depending on their fair value.

Interest rate & foreign exchange risks

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks. In accordance with Group procedures, derivative financial instruments are not used for speculative purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Fair value estimates

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

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

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

2.10.5 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 equity. 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 in equity, in which case it is recognized in equity.

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

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

A net deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be 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 financial reporting structure. The Group's financial reporting is organized into geographical areas for its electrical equipment distribution business while non-core operations and certain businesses managed directly at Group level are reported independently.

Operations that are substantially similar are combined as a single segment. Factors considered in identifying such segments include the similarity of economic and political conditions, the proximity of operations, 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 are Europe, North America and the Asia-Pacific zone, which include the electrical equipment distribution business of the Group in these areas. The other operating segments are aggregated. They include the Group's electrical equipment distribution business in Chile and businesses managed at Group level.

The Group financial reporting is reviewed each month 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 2010 acquisitions

As part of its policy of external growth aiming at strengthening its presence in emerging countries, increasing its market share in mature countries and improving its offering of high value-added services, the Group acquired two electrical equipment distributors during December 2010: the companies 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. All of the company's share capital was acquired for the amount of 85 million Swiss francs (€64.1 million).

LuckyWell Int'l Investment Limited is a holding company which controls 100% of its operational subsidiary, Beijing Lucky Well Zhineng Electrical Co, which is 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. The acquisition price comprised an initial payment of 20 million RMB (€2.3 million) which will be subject to a price adjustment in 2012 depending on the operational performance level noted during 2011.

As these transactions are not significant on the Group's financial situation, and given their acquisition date, these two companies have not been consolidated in the financial statements at 31 December 31, 2010. Their inclusion within the Group's scope of consolidation is deferred to January 1, 2011. At December 31, 2010, the fair value of the consideration transferred for the acquisition of Grossauer Elektro-Handels AG and the initial payment for the investment in LuckyWell Int'l Investment Limited were recognized under "Other financial assets" (see note 10.3). The acquisition-related transaction costs were recognized under "Other expenses" (see note 7.2).

3.2 2009 acquisitions

Acquisition of remaining Hagemeyer shares

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

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

Purchase price allocation of the Hagemeyer acquisition

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

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

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

Xidian

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

Huazhang

Pursuant to a share purchase agreement entered into on March 2, 2007 with Huazhang Overseas Holding Inc. as seller, Rexel exercised its call option and increased from 51% to 70% its shareholding interest in Huazhang Electrical Automation Co. Ltd, a Hong Kong based company that distributes automatisms and industrial equipment controls in Hong Kong and Western China. The transaction was executed on July 10, 2009 for a consideration of CNY34.6 million which was settled for USD 5.1 million (€3.6 million).

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

The above transactions are not deemed to be material on the financial situation of the Group.

4. SEGMENT REPORTING

Geographical segment information for the periods ended December 31, 2010 and 2009

(in millions of euros)	2010						
	Europe	North America	Asia-Pacific	Other segments	Total Operating Segments	Holdings 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**

(in millions of euros)	2009						
	Europe	North America	Asia-Pacific	Other segments [2]	Total Operating Segments	Holdings Companies [2]	Total Group
Income statement items							
Sales to external customers	6,705.1	3,315.4	847.7	439.1	**11,307.3**	–	**11,307.3**
Depreciation	(50.9)	(23.5)	(3.4)	(4.0)	**(81.8)**	(1.9)	**(83.7)**
EBITA [1]	339.7	83.0	46.1	15.8	**484.6**	(15.2)	**469.4**
Goodwill impairment	(18.1)	–	–	–	**(18.1)**	–	**(18.1)**
Cash flow statement item							
Capital expenditures net of disposals	(20.3)	(12.2)	(1.8)	(2.8)	**(37.1)**	(1.3)	**(38.4)**
Balance sheet items							
Working capital	730.8	320.2	101.5	58.0	**1,210.5**	(11.2)	**1,199.3**
Goodwill	2,602.0	931.1	217.9	8.4	**3,759.4**	–	**3,759.4**

(1) EBITA is defined as total operating income before other income and expenses amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities.
(2) The 2009 data disclosed in the consolidated financial statements as of December 31, 2009, were adjusted following the transfer of the 3 entities from “Other segments” to the “Holding Companies”. They are also comparable to the 2010 data.

No client accounts for more than 10% of the Group’s sales.

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

(in millions of euros)	For the year ended December 31, 2010	2009
EBITA – Total Group	**615.9**	**469.4**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(22.8)	(19.2)
Other income and other expenses	(107.7)	(134.4)
Net financial expenses	(203.1)	(203.1)
Share of profit of associates	4.7	–
Group consolidated income before income tax	**287.0**	**112.7**

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

(in millions of euros)	For the year ended December 31, 2010	2009
Working capital requirement	1,194.9	1,199.3
Goodwill	3,931.2	3,759.4
Total allocated assets & liabilities	**5,126.1**	**4,958.7**
Liabilities included in allocated working capital	2,434.9	2,214.3
Other non-current assets	1,321.2	1,248.6
Deferred tax assets	138.6	230.0
Income tax receivable	29.7	32.0
Assets held for sale	23.1	10.5
Derivatives	1.7	1.2
Cash and cash equivalents	311.9	359.6
Group consolidated total assets	**9,387.2**	**9,054.9**

5. DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the year ended December 31, 2010	2009
Personnel costs (salaries & benefits)	1,374.3	1,322.5
Building and occupancy costs	262.8	281.1
Other external costs	565.8	555.7
Depreciation expense	76.1	83.7
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	22.8	19.2
Bad debt expense	50.7	57.1
Total distribution and administrative expenses	**2,352.5**	**2,319.3**

6. SALARIES & BENEFITS

(in millions of euros)	For the year ended December 31, 2010	2009
Salaries and social security charges	1,324.3	1,278.2
Share-based payments	9.8	3.0
Pension and other post-retirement benefits-defined benefit plans	16.2	15.7
Other employee benefits	24.0	25.6
Total personnel costs	**1,374.3**	**1,322.5**

7. OTHER INCOME & OTHER EXPENSES

(in millions of euros)	For the year ended December 31, 2010	2009
Capital gains	2.9	4.7
Write-back asset impairment	–	0.1
Release of unused provisions	5.7	15.3
Other operating income	7.5	13.0
Total other income	**16.1**	**33.1**
Restructuring costs	(65.2)	(115.3)
Loss on non-current assets disposed of or written off	(11.2)	(13.0)
Costs related to transactions following the IPO	–	(2.3)
Goodwill and intangible assets impairment	(37.6)	(18.1)
Tangible assets impairment	(3.3)	(8.4)
Acquisition-related costs	(2.2)	–
Other operating expenses	(4.3)	(10.4)
Total other expenses	**(123.8)**	**(167.5)**

7.1 Other income

Capital gains

In 2010, capital gains from sales mainly comprise the sale of two Swedish branches for €1.7 million and a branch in Italy for €0.7 million.

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

Release of unused provisions

In 2010, this income mainly concerned releases of unused provisions for restructuring. In particular, they are comprised of write-backs of reserves for empty buildings following settlements executed in 2010 with lessors in France and in The Netherlands for respectively €1.2 million and €0.6 million, and a €1.3 million release of provision relating to the redeployment of workforce in France.

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

Other operating income

In 2010, other operational income mainly include (i) a gain from reduced pension commitments of €3.6 million and (ii) a €3.7 million indemnification received from PPR, as a result of a warranty granted to Rexel in 2005 relating to the sale of its majority shareholding interest in the company.

In 2009, other operational income included (i) a gain of €2.6 million from decreased pension commitments in France, (ii) €5.5 million from the recognition of a financial asset from the investment in DPI, Inc. at fair value, (iii) a reimbursement of €3.4 million to be received from Sonepar from the sale of 6 German Hagemeyer branches in 2008, (iv) as well as a price adjustment of €0.7 million for the sale of Eastern Electrical (Ireland) to Edmundson in accordance with the decision of the European Union antitrust authority relating to the conditions precedent to the acquisition of Hagemeyer by Rexel.

7.2 Other expenses

Restructuring costs

In 2010, restructuring costs are mainly related to restructuring plans initiated in 2009 to adapt the Group structure to current trading. These costs mainly included the effect of workforce adaptation, downsizing the distribution network and Hagemeyer integration related costs. In Europe, they amounted to €48.3 million (€18.1 million in France, €8.0 million in the United Kingdom, €6.9 million in The Netherlands, €5.3 million in Spain and €5.2 million in Sweden) and to €12.6 million in North America (€11.5 million in the United States).

In 2009, this line item amounted to €115.3 million and included mainly restructuring due to the slowdown of activity and integration costs following the Hagemeyer acquisition. These costs mainly concerned Europe to the tune of €90.6 million (France: €24.6 million, Spain: €23.7 million, the United Kingdom: €6.7 million, The Netherlands: €6.4 million, Germany: €6.3 million and Sweden: €6.3 million) and North America in the amount of €19.5 million (€17.5 million in the United States).

Loss on non-current assets

In 2010, capital losses from sales related to the sale of two non-strategic activities inherited from the Hagemeyer group:

- Hagemeyer Cosa Liebermann in Asia (HCL Asia), operating as a wholesaler and agent of luxury goods in Asian countries. Pursuant to a sale and purchase agreement entered into with DKSH Holding Ltd, a privately held Swiss company, the disposal was completed on February 25, 2010 for a total consideration of USD 12.7 million (€9.0 million). Capital loss on this disposal amounted to €6.4 million. There was no tax effect on this transaction.
- Haagtechno B.V., a private company in The Netherlands engaged in the business of the import, warehousing and distribution of electronic products manufactured by

Panasonic. Pursuant to a sale and purchase agreement entered into with Panasonic Marketing Europe GmbH, the disposal was completed on June 30, 2010 for a total consideration of €15.5 million. This amount was paid at the completion date. The capital loss from sales was recognized at an amount of €2.7 million. There was no tax effect on this transaction.

Also, assets written off for the period were recognized in 2010 leading to capital losses of €2.1 million.

In 2009, loss on non-current assets disposed of and written-off was comprised of the loss on disposal, in April 2009, of operations in Hungary for €4.0 million, the write-off of IT licenses in France for €4.1 million and the write-off of branches in Spain for €3.4 million.

Costs related to transactions following the IPO

In 2009, costs related to transactions following the IPO of Rexel concerned the free shares scheme for an amount of €2.3 million.

Goodwill and intangible assets impairment

Following the depreciation test carried out in 2010, the goodwill of The Netherlands, New Zealand and Slovenia are depreciated respectively at €23.5 million, €8.9 million and €4.2 million (see note 10.1).

Also, depreciation is recognized for €1.0 million on the intangible assets of Hagemeyer Brands Australia, which was sold in January 2011, to bring their book value in line with their fair value, less sales costs, prior to being classified as "assets held for sale" (see note 11.4).

In 2009, the goodwill of Slovakia, Finland and Ireland had been depreciated at €10.0 million, €4.6 million and €3.7 million respectively.

Tangible assets impairment

In 2010, depreciations on real estate and tangible assets are recognized for €1.6 million in the United Kingdom, €1.1 million in Poland and €0.6 million in Spain, in order to bring the book values in line with their fair value, less sales costs, prior to being classified as "Assets held for sale".

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

Acquisition-related costs

Acquisition-related costs are now recognized as costs in accordance with the revised IFRS 3, which is applicable as of January 1, 2010. The costs incurred in 2010 as a result of acquisitions (Grossauer and LuckyWell) or ongoing acquisitions at December 31, 2010 amount to 2.2 million.

Other operating expenses

In 2010, other expenses refer 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 (see note 11.4).

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

8. FINANCIAL EXPENSES (NET)

Net financial expenses are comprised of the following items:

(in millions of euros)	For the year ended December 31, 2010	2009
Expected return on employee benefit plan assets	46.7	39.8
Interest income on cash and cash equivalents	0.9	3.2
Interest income on receivables and loans	1.7	2.6
Change in fair value of financial instruments held for trading	–	2.1
Financial income	**49.3**	**47.7**
Interest expense on financial debt (stated at amortized costs) :	(151.0)	(136.0)
– Senior Credit Facilites	*(49.3)*	*(82.7)*
– Senior Notes	*(53.2)*	*(1.5)*
– Securitization programs	*(23.2)*	*(23.1)*
– Other financing	*(6.4)*	*(11.2)*
– Finance leases	*(1.5)*	*(2.1)*
– Amortization of transaction costs	*(17.4)*	*(15.4)*
Gains and losses on derivative instruments previously deferred in equity and recycled in the income statement	(33.8)	(36.8)
Change in fair value of derivatives through profit and loss	5.0	(8.2)
Ineffectiveness of interest rate hedges	0.2	–
Foreign exchange gain (loss) on financial liabilities	(10.2)	7.8
Interest expense on borrowings	**(189.8)**	**(173.2)**
Write-off of financing transaction costs	–	(21.2)
Refinancing costs	**–**	**(21.2)**
Interest costs of employee benefit obligations	(54.7)	(51.8)
Financial expenses (other)	(7.9)	(4.6)
Other financial expenses	**(62.6)**	**(56.4)**
Financial expenses (net)	**(203.1)**	**(203.1)**

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, 2010	2009
Current tax	(48.9)	(11.4)
Deferred tax	(8.9)	(20.3)
Total income tax expense	**(57.8)**	**(31.7)**

9.2 Deferred tax assets and liabilities

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

(in millions of euros)	2010	2009
At the beginning of the period	**8.3**	**30.0**
Net income	(8.9)	(20.3)
Change in consolidation scope	0.3	(0.2)
Translation differences	2.5	(1.8)
Other changes	(8.1)	0.6
At the end of the period	**(5.9)**	**8.3**

Other changes consist essentially of tax effect on fair value of derivative instruments recognized directly as equity (€7.8 million) in 2010.

Deferred tax assets and liabilities are broken down as follows:

	As of December 31,	
(in millions of euros)	2010	2009
Intangible assets	(265.7)	(249.4)
Property, plant and equipment	14.8	14.8
Financial assets	(11.3)	3.7
Trade accounts receivable	18.2	14.3
Inventories	1.6	2.7
Employee benefits	49.8	44.1
Provisions	16.0	29.5
Financing fees	(7.9)	(10.1)
Other items	22.3	20.9
Tax losses carried forward	351.2	365.1
Deferred tax assets / (liabilities), net before valuation allowance	**189.0**	**235.6**
Valuation allowance on deferred tax assets	(194.9)	(227.3)
Net deferred tax assets / (liabilities)	**(5.9)**	**8.3**
of which deferred tax assets	138.6	230.0
of which deferred tax liabilities	(144.6)	(221.7)

The depreciation of deferred tax assets of €194.9 million at December 31, 2010 (€227.3 million at December 31, 2009), comes from the recoverable amount of net deferred tax assets assessed by each tax entity based on the provisional taxable profits over the next 5 years. At December 31, 2010, it mainly refers to the losses carried forward in the United Kingdom, Spain and Italy.

9.3 Effective tax rate

(in millions of euros)	2010	2009
Net income before tax and before share of profit in associates	282.3	112.7
Theoretical tax rate	*34.4%*	*34.4%*
Income tax calculated at the theoretical tax rate	(97.2)	(38.8)
Effect of tax rates in foreign jurisdictions	17.1	13.0
Effect of tax rate variations	0.1	4.0
Effect of tax loss carryforwards / (unrecognized current tax losses)	28.4	(53.5)
Effect of non-deductible expenses, tax exempt revenues	(6.2)	43.6
Income tax expense for the period	**(57.8)**	**(31.7)**
Effective tax rate	***20.5%***	***28.1%***

The effective tax rate for the period ended December 31, 2010 is 20.5%, compared with 28.1% for the period ended December 31, 2009. In 2010, the expected year-ended tax rate includes the tax effect of the recognition of prior year tax losses carried forward in France that accounts for a decrease in the tax rate of 11.7%.

In 2009, non deductible expenses and tax exempt revenues mainly included tax gain resulting from financial restructuring and legal reorganization within the Group for an amount of €76.7 million partially offset by tax reassessment in France for an amount of €18.8 million.

As disclosed in the consolidated financial statements as of December 31, 2009, the Group considers the new French tax on companies' value added (*Cotisation sur la Valeur Ajoutée des Entreprises* or "CVAE"), calculated on a net amount of income and expenses as income tax under IAS12. Therefore, the related expense (before tax) was presented in the income tax line item in 2010 for an amount of €7.7 million for 2010. In addition, since some items such as asset depreciation expense, allowance for bad debt and inventories are not included in the value added calculation (which is the tax basis of this new tax) and will generate a future tax base, a deferred tax liability on these items of the relevant entities was recognized for €0.4 million at December 31, 2010.

10. LONG-TERM ASSETS

10.1 Goodwill and intangible assets

(in millions of euros)	Strategic partnerships	Distribution networks and banners	Software and other [1]	Total intangible assets	Goodwill
Gross carrying amount as of January 1, 2009	**185.6**	**549.7**	**327.2**	**1,062.5**	**3,767.4**
Change in consolidation scope	–	–	(0.4)	**(0.4)**	**(5.9)**
Additions	–	–	20.4	**20.4**	**–**
Disposals	–	–	(8.2)	**(8.2)**	**–**
Exchange differences	–	18.8	11.6	**30.4**	**119.5**
Other changes	–	–	(1.7)	**(1.7)**	**(11.7)**
Gross carrying amount as of December 31, 2009	**185.6**	**568.5**	**348.9**	**1,103.0**	**3,869.3**
Change in consolidation scope	–	–	(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 items	–	–	(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**
Accumulated amortization and depreciation as of January 1, 2009	**–**	**–**	**(135.2)**	**(135.2)**	**(113.3)**
Change in consolidation scope	–	–	0.9	**0.9**	**11.0**
Amortization expense	–	–	(42.4)	**(42.4)**	**–**
Impairment [2]	–	–	(0.3)	**(0.3)**	**(18.1)**
Release	–	–	3.6	**3.6**	**–**
Exchange differences	–	–	(2.3)	**(2.3)**	**(0.8)**
Other changes	–	–	0.5	**0.5**	**11.3**
Accumulated amortization and depreciation as of December 31, 2009	**–**	**–**	**(175.2)**	**(175.2)**	**(109.9)**
Change in consolidation scope	–	–	5.1	**5.1**	**–**
Amortization expense	–	–	(45.0)	**(45.0)**	**–**
Impairment [3]	–	–	(1.0)	**(1.0)**	**(36.6)**
Release	–	–	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)**
Carrying amount at January 1, 2009	**185.6**	**549.7**	**192.0**	**927.3**	**3,654.1**
Carrying amount at December 31, 2009	**185.6**	**568.5**	**173.7**	**927.8**	**3,759.4**
Carrying amount at December 31, 2010	**185.6**	**600.7**	**148.1**	**934.4**	**3,931.2**

(1) Including customer relationships for a net book value of €31.6 million as of December 13, 2010.
(2) Goodwill impairment in Ireland, Slovakia and Finland (see note 7.2).
(3) Goodwill impairment in The Netherlands, New Zealand and Slovenia (see note 7.2).

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 density and administration. 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, 2010			At December 31, 2009		
CGU	Geographical segment	Goodwill	Other intangible assets (1)	Total	Goodwill	Other intangible assets (1)	Total
France	Europe	945.6	169.4	1,115.0	945.6	169.4	1,115.0
United States	North America	551.6	78.6	630.2	511.6	73.0	584.6
Canada	North America	476.3	76.0	552.3	419.5	67.0	486.5
The Netherlands	Europe	173.2	17.3	190.5	196.7	17.3	214.0
Sweden	Europe	199.5	21.0	220.5	174.5	18.3	192.8
Germany	Europe	171.3	51.7	223.0	171.3	51.7	223.0
United Kingdom	Europe	180.3	59.4	239.7	174.7	57.6	232.3
Norway	Europe	192.3	15.9	208.2	180.7	14.9	195.6
Australia	Asia-Pacific	185.2	29.5	214.7	152.0	24.2	176.2
Switzerland	Europe	180.6	33.7	214.3	152.2	28.4	180.6
Other		675.3	233.8	909.1	680.6	232.3	912.9
Total		**3,931.2**	**786.3**	**4,717.5**	**3,759.4**	**754.1**	**4,513.5**

(1) Intangible assets with an indefinite useful life.

Principal assumptions retained in the determining of the value in use

The calculation of the value in use for each cash-generating unit is based on cash flows arising from the three-year strategic plan and updated during the budgetary process in December 2010. Cash flows are extrapolated over a period of five years and take into account a terminal value. A perpetuity growth rate of 2.0% has been used for the calculation of the terminal value, identical to that used in 2009. This rate extrapolates expected long-term inflation in mature markets and is not subject to changes over the short term.

The estimate of the value in use of cash generating units is sensitive to assumptions about the discount rate. The discount rate was established on the basis of the weighted average cost of capital net of tax calculated for each country. The weighted average cost of capital reflects the time value of money and the specific risks of the asset, not already taken up in the cash flow forecasts, by taking into account the financial structure and the financing terms and conditions of a standard market participant.

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

	2010	2009
France	6.8%	7.5%
United States	6.8%	6.9%
Canada	6.9%	6.9%
The Netherlands	7.1%	8.1%
Sweden	7.0%	7.8%
Germany	6.6%	7.4%
United Kingdom	7.4%	8.2%
Norway	7.6%	8.4%
Australia	9.0%	8.9%
Switzerland	6.1%	6.8%
Other	7.0% to 13.0%	7.6% to 14.0%

As a result of impairment tests, a loss of €36.6 million was recognized in 2010 (€18.1 million in 2009) 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 regard to the assessment of value-in-use of goodwill and other intangible assets, the Group believes that no likely changes in the discount rate (less than or equal to 50 basis points) would cause a reduction in the recoverable amount of the cash-generating units previously referred to, such that the recoverable amount would be significantly lower than its net book value, excluding the cash-generating units depreciated in 2010.

In addition, a 50-basis point increase in the discount rate, applied to the value in use of all cash-generating units would result in an additional €23.7 million impairment expense, and a 50-basis point decrease in the perpetual growth rate would result in an additional €17.1 million impairment expense.

10.2 Property, plant & equipment

(in millions of euros)	Land & buildings	Plant & equipment	Other tangible assets	Total property, plant and equipment
Gross carrying amount as of January 1, 2009	**214.3**	**638.0**	**28.1**	**880.4**
Change in consolidation scope	(0.1)	(0.7)	–	**(0.8)**
Additions	2.6	24.3	3.7	**30.6**
Disposals	(16.9)	(39.3)	(2.0)	**(58.2)**
Exchange differences	2.9	17.1	2.0	**22.0**
Other changes	(18.7)	(2.6)	(2.0)	**(23.3)**
Gross carrying amount as of December 31, 2009	**184.1**	**636.8**	**29.8**	**850.7**
Change in consolidation scope	(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**
Accumulated amortization and depreciation as of January 1, 2009	**(75.6)**	**(468.7)**	**(19.0)**	**(563.3)**
Change in consolidation scope	–	0.6	0.2	**0.8**
Depreciation expense	(9.5)	(48.1)	(3.2)	**(60.8)**
Impairment losses	(7.2)	(0.3)	(0.4)	**(7.9)**
Release	7.2	34.6	1.9	**43.7**
Exchange differences	(1.2)	(13.4)	(1.2)	**(15.8)**
Other changes	8.9	5.2	0.1	**14.2**
Accumulated amortization and depreciation as of December 31, 2009	**(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 amortization and depreciation as of December 31, 2010	**(95.2)**	**(501.4)**	**(27.0)**	**(623.6)**
Carrying amount at January 1, 2009	**138.7**	**169.3**	**9.1**	**317.1**
Carrying amount at December 31, 2009	**106.7**	**146.7**	**8.2**	**261.6**
Carrying amount at December 31, 2010	**109.0**	**128.5**	**7.9**	**245.4**

Impairment of property, plant and equipment

In 2010, impairment losses accounted for in the profit and loss account and recognized under "Other expenses" (see notes 1.1 and 7.2) results in the write down of certain property, plant and equipment to bring its net book value back to its recoverable amount. This is based on the value in use and at the level of the cash generating units, mainly in Poland, Spain and the United Kingdom. In 2009, the cash generating units concerned were Latvia, Belgium, Spain and Italy.

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, 2010	2009
Loans	0.2	0.1
Deposits	8.7	7.5
Other financial assets	123.2	45.7
Financial assets	**132.1**	**53.3**

As of December 31, 2010, 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 €41.1 million (€40.1 million in 2009 – see note 18), (ii) the fair value hedging instruments for €5.7 million (€2.7 million in 2009) and derivatives for cash-flow hedges for a total of €2.7 million (€0.5 million in 2009).

They also include the fair market value of shares in 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

Prior to its acquisition by Rexel, Hagemeyer owned 15% of the common shares of DPI, Inc., a Missouri corporation that distributes electronic audio and video products in the United States. In addition, Hagemeyer Finance B.V., a direct subsidiary of Hagemeyer, had a subordinated debt facility of US$11.8 million maturing on June 15, 2011 and bearing interest at 11% per year (accrued interest being payable at final maturity). Under the Hagemeyer acquisition, the investment in DPI, Inc., classified under the IAS 39 category "Available-for-sale financial assets", and the loan classified in the IAS 39 category "Loans and receivables" have been recognized at their fair value in the Group consolidated financial statements.

On December 16, 2009, Hagemeyer Finance B.V. entered into an agreement aimed at restructuring the financial structure of DPI, Inc. through the capitalization of the loan to DPI, Inc. in exchange for non-voting preference shares giving rights to a preferred dividend. The shareholders' agreement provides for certain contractual rights in favor of Hagemeyer Finance B.V., including veto rights over certain strategic decisions, characteristic of significant influence being exercised by Hagemeyer Finance B.V. over DPI, Inc.

Upon completion of this transaction, the Group holds 66.67% of the shares in DPI, Inc., of which 59.52% through non-voting preference shares. The investment in DPI, Inc. was accounted for using the equity method as at December 31, 2010.

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

(in millions of euros) – unaudited	As of December 31, 2010	2009
DPI, Inc. balance sheet information		
Total assets	47.2	32.6
Total liabilities	(30.5)	(21.9)
Shareholders' equity	16.7	10.7
	For the year ended December 31, 2010	**2009**
DPI, Inc. sales and net income		
Sales	139.3	110.9
Net income	7.1	4.3

11. CURRENT ASSETS

11.1 Inventories

(in millions of euros)	As of December 31, 2010	2009
Cost	1,294.8	1,240.0
Allowance	(91.7)	(98.6)
Net inventories	**1,203.1**	**1,141.4**

Changes in impairment losses

(in millions of euros)	2010	2009
Allowance for inventories as of January 1	**(98.6)**	**(102.9)**
Change in consolidation scope	1.4	0.4
Net change in allowance	3.9	7.7
Exchange differences	(6.0)	(3.5)
Other changes	7.6	(0.3)
Allowance for inventories as of December 31	**(91.7)**	**(98.6)**

11.2 Trade accounts receivable

(in millions of euros)	As of December 31, 2010	2009
Nominal value	2,158.0	2,020.7
Allowance	(136.0)	(119.2)
Trade accounts receivable	**2,022.0**	**1,901.5**

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 €213.2 million as of December 31, 2010 (€202.6 million as of December 31, 2009).

The Group has put in place credit insurance programs in most major countries. Trade accounts receivable covered by these programs amounted to €716.4 million as of December 31, 2010 (€677.3 million as of December 31, 2009).

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 €213.9 million as of December 31, 2010 (€173.9 million as of December 31, 2009).

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, 2010, receivables derecognized totaled €97.7 million (US$130.5 million) (€52.6 million as of December 31, 2009) and the resulting loss is recorded as a financial charge for €5.7 million (€0.7 million in 2009). Cash received in relation to derecognized receivables and not yet transferred to the purchaser totals €15.4 million (US$20.6 millions) and is 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)	2010	2009
Impairment losses on trade accounts receivable as of January 1	**(119.2)**	**(107.2)**
Change in consolidation scope	–	0.7
Net depreciation	(39.5)	(25.4)
Exchange differencies	(3.7)	(1.2)
Other changes	26.4	13.9
Impairment losses on trade accounts receivable as of December 31	**(136.0)**	**(119.2)**

As of December 31, 2010, customer receivables are subject to impairment losses estimated on an individual basis following on from the assessment of a confirmed default risk for the customer in question for a total of €86.0 million (€75.3 million as of December 31, 2009).

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:

(in millions of euros)	As of December 31, 2010	2009
From 1 to 30 days	217.5	187.5

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, 2010	2009
Purchase rebates	294.1	268.1
VAT receivable and other sales taxes	22.0	25.9
Prepaid expenses	29.9	29.9
Derivatives	1.7	1.2
Other receivables	58.7	46.8
Total accounts receivable	**406.4**	**371.9**

11.4 Assets held for sale

On September 23, 2010, Hagemeyer Brands Australia Pty Ltd, a subsidiary of Rexel that distributes Smeg branded household appliances through a distribution agreement, entered into a binding Head of Agreement to sell this business to Smeg Spa, the supplier of the aforesaid household appliances.

This was conditional to the parties completing a sale contract and a transitional service contract. The transaction was completed in January 2011 and resulted in the cancellation of the distribution agreement with Smeg Spa. The assets and liabilities of Hagemeyer Brands Australia connected with this business were reclassified as "Assets and liabilities held for sale" and principally comprise the net carrying value of the Smeg distribution agreement as well as related assets and liabilities for a total of €14.5 million. Prior to being reclassified as assets held for sale, the group of assets and liabilities to be sold was measured at its fair value less the costs of sale, giving rise to a €1.0 million impairment charge in the income statement recognized under the line item "Other operating expenses" (see note 7.2).

Assets held for sale also include operating premises in the process of being sold in Latvia, Poland and Spain for a total of €7.7 million.

12. CASH AND CASH EQUIVALENTS

(in millions of euros)	As of December 31, 2010	2009
Short-term investments	124.6	179.4
Cash at bank	186.2	178.8
Cash in hand	1.1	1.4
Cash and cash equivalents	**311.9**	**359.6**

As of December 31, 2010, the securities include units in mutual funds, valued at their fair market value, for a total of €122.1 million (€141.4 million in 2009). These investments are 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	Hierar-chy	As of December 31, 2010 Carrying amount	2010 Fair value	2009 Carrying amount	2009 Fair value
Loans	L&R		0.2	0.2	0.1	0.1
Deposits	L&R		8.7	8.7	7.5	7.5
Securities available for sale	AFS	3	70.9	70.9	0.2	0.2
Hedging derivatives (1)	N/A	2	8.8	8.8	2.7	2.7
Other (2)	N/A		43.5	N/A	42.8	N/A
Total long-term investments			**132.1**	**–**	**53.3**	**–**
Trade accounts receivable	**L&R**		**2,022.0**	**2,022.0**	**1,901.5**	**1,901.5**
Supplier rebates receivable	L&R		294.1	294.1	268.1	268.1
VAT and other sales taxes receivable (2)	N/A		22.0	N/A	25.9	N/A
Other accounts receivable	L&R		58.7	58.7	46.8	46.8
Hedging derivatives (1)	N/A		–	–	–	–
Other derivative instruments	TR	2	1.7	1.7	1.2	1.2
Prepaid expenses (2)	N/A	2	29.9	N/A	29.9	N/A
Total other current assets			**406.4**	**–**	**371.9**	**–**
Short-term investments	FV	1	124.6	124.6	179.4	179.4
Cash	L&R		187.3	187.3	180.2	180.2
Cash and cash equivalents			**311.9**	**–**	**359.6**	**–**

(1) Accounting method specific to hedging.
(2) Not classified as a financial asset under IAS 39.

Loans and receivables	L&R
Financial assets available for sale	AFS
Held for trading	TR
Fair value through profit of 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 movements in the share capital and premium:

	Number of shares	Share capital	Share premium
		(in millions of euros)	
At January 1, 2009	**255,993,827**	**1,280.0**	**1,409.9**
Issuance of shares in connection with free share schemes	2,159,291	10.8	(10.8)
Exercise of stock options	66,900	0.3	–
Free shares attributed	–	–	(6.9)
	–	–	–
On December 31, 2009	**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 share schemes (2)	147,763	0.7	(0.7)
Allocation of free shares (3)	–	–	(8.2)
Issuance of shares in connection with the Employee Share Purchase Plan	356,123	1.8	0.2
On December 31, 2010	**260,212,996**	**1,301.0**	**1,383.7**

(1) Exercise of share subscription options

In November and December 2005, Rexel established share option programs for key management personnel and senior employees to subscribe for Rexel shares. Rights related to these options were fully vested at the time of the initial public offering of Rexel in April 2007 and are exercisable until October and November 2016. During the period ended December 31, 2010, 1,489,092 options connected with these programs were exercised under these plans (66,900 in 2009).

(2) Share issues related to bonus share plans

On June 23, 2008, Rexel implemented several bonus share plans for its senior executives and key employees. Under these plans, they will be eligible to receive Rexel shares, either at the end of a period of two years under the plan entitled "2+2 Plan", or at the end of a period of four years under the plan entitled "4+0 Plan". The issue of these bonus shares is subject to continuation of employment and performance conditions (see note 15.1).

Under the "2+2 Plan", the terms and conditions for the allocation of 146,031 bonus shares were met on June 24, 2010, as well as 1,732 shares on October 2, 2010, and as a consequence the company issued these new shares through allocation of the issue premium and incorporation in the share capital.

(3) Bonus share issue

In accordance with the approval given at the Shareholders' Meeting of May 20, 2009 and by the Supervisory Board on May 11, 2010, the Management Board, at its meeting of May 11, 2010, decided to grant 1,519,862 shares to the executive management and key employees of the Group subject to certain conditions (see note 15.1). The Management Board decided that the grant of these bonus shares would only occur at the end of the rights acquisition period by the beneficiaries through the creation of new shares. As a consequence, an allocation was made to the "appropriated earnings" as the offsetting of the issuance premium.

Treasury Shares

The Shareholders' Meeting of May 20, 2010 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 €20 per share. This program is capped at €200 million with a term of 18 months from the date of the Shareholders' Meeting (ending November 20, 2011).

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, complying with a Code of Ethics recognized by France's AMF, with Calyon Cheuvreux with a view to promoting the liquidity of Rexel share transactions for an amount of €12.8 million. This amount may be adjusted either up or down according to the requirements necessary for the implementation of the contract.

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

In addition, capital gains realized on the sale of treasury shares in 2010 amounted to €1.3 million net of tax and were recognized as an increase in shareholders' equity.

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 Merrill Lynch Global Private Equity (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 Main 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.

Dividend distribution

(in millions of euros)	For the year ended December 31, 2010	2009
Dividends paid during the year	–	–
Dividend per share allocated to common shares	–	–
Proposed distribution of dividends (in € / share)	0.40	–

Under the Senior Credit Agreement signed on December 21, 2009, Rexel has restrictions on its dividend distribution policy (see note 19.1.2).

15. SHARE-BASED PAYMENTS

15.1 Bonus share plans

In addition to its long-term profit sharing policy for employees, Rexel has introduced plans to grant bonus shares whose characteristics are described below:

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 continuation of employment and performance conditions laid down in the plan.

Vesting conditions are presented in the following table:

Beneficiaries	Members of Group Executive Committee and top managers		Other key employees		Total
Vesting conditions	Two years of service from grant date and performance conditions based on : (i) 2010 adjusted EBITDA, (ii) 2009/2011 adjusted EBITDA margin increase and (iii) 2010 Net Debt to adjusted EBITDA ratio		20% of the shares vested based on two years service from grant date and performance conditions based on : (i) 2010 adjusted EBITDA, (ii) 2009/2011 adjusted EBITDA margin increase and (iii) 2010 Net Debt to adjusted EBITDA ratio for 80% of the shares vested		
Plan	2+2 Plan	4+0 Plan	2+2 Plan	4+0 Plan	
Date of delivery	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 due to present not satisfied	–	–	(3,874)	(17,314)	**(21,188)**
Cancelled in 2010 due to performance not satisfied	(6,601)	(9,168)	(2,173)	(5,701)	**(23,643)**
Maximum number of shares allocated on December 31, 2010	384,705	535,094	154,789	400,443	**1,475,031**

The fair value of Rexel's shares granted to employees was valued at €10.80 per share, this valuation being based on the stock price at grant date. The impact of restrictions attached to dividends relating to these shares for the period until their delivery to beneficiaries has been deducted.

Plans issued in 2009

On May 11, 2009, Rexel entered into several bonus share plans for its senior executives and key employees for a total of 1,372,166 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 (May 12, 2011), with a restriction on their sale for an additional two year period (May 12, 2013), or after a period of four years from the grant date (May 12, 2013) 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.

Vesting conditions are presented in the following table:

Beneficiaries	Members of Group Executive Committee and top managers		Other key employees		Total
Vesting conditions	Two years of service from grant date and performance conditions based on : (i) 2009 adjusted EBITDA, (ii) 2008/2010 adjusted EBITDA margin increase and (iii) 2009 Net Debt to adjusted EBITDA ratio		40% of the shares vested based on two years of service from grant date and performance conditions based on : (i) 2009 adjusted EBITDA, (ii) 2008/2010 adjusted EBITDA margin increase and (iii) 2009 Net Debt to adjusted EBITDA ratio for 60% of the shares vested		
Plan	2+2 Plan	4+0 Plan	2+2 Plan	4+0 Plan	
Date of delivery	May 12, 2011	May 12, 2013	May 12, 2011	May 12, 2013	
Maximum number of shares granted on May 11, 2009	107,934	218,884	259,282	786,066	**1,372,166**
Cancelled in 2009 due to presence not satisfied	–	–	(8,511)	(19,006)	**(27,517)**
Cancelled in 2009 due to performance not satisfied	(17,558)	(35,603)	(35,151)	(107,364)	**(195,676)**
Maximum number of shares allocated on December 31, 2009	90,376	183,281	215,620	659,696	**1,148,973**
Cancelled in 2010 due to presence not satisfied	(11,600)	(13,300)	(22,755)	(48,485)	**(96,140)**
Maximum number of shares allocated on December 31, 2010	78,776	169,981	192,865	611,211	**1,052,833**

The fair value of Rexel's shares granted to employees was valued at €6.42 per share, with this valuation based upon the stock price at the grant date. As soon as it was decided that no dividend distribution was envisaged until the vesting date of these shares to the beneficiaries, no impact relating to the dividend distribution restriction attached to these shares has been taken into account in the fair value.

Plans issued in 2008

Rexel agreed several bonus share plans for its executive managers and key employees for a maximum number of 1,541,720 shares on June 23, 2008, increased by a further grant of 66,241 shares on October 1, 2008. Depending on local regulations, they will be eligible to receive Rexel shares, either after a period of two years from the grant date (June 24, 2010 or October 2, 2010), with a restriction on their sale for an additional two year period (June 24, 2012 or October 2, 2012), under the "2+2 Plan", or after a period of four years from the grant date with no further subsequent restrictions to their sale, under the "4+0 Plan".

The actual transfer of these bonus shares is subject to continuation of employment and performance conditions laid down in the plan.

Vesting conditions are presented in the following table:

Beneficiaries	Members of Group Executive Committee and top managers				Key employees				Total
Vesting conditions	Two years of service from grant date and performance conditions based on : (i) 2008 EBITDA, (ii) 2007/2009 EBITDA margin increase and (iii) 2009 Net Debt to adjusted EBITDA ratio				Two years of service from grant date and performance conditions based on: (i) 2008 EBITDA and (ii) 2007/2009 EBITDA margin increase				
Plan	2+2 Plan		4+0 Plan		2+2 Plan		4+0 Plan		
Date of delivery	June 24, 2010	Oct. 2, 2010	June 24, 2012	Oct. 2, 2012	June 24, 2010	Oct. 2, 2010	June 24, 2012	Oct. 2, 2012	
Maximum number of shares attributed on grant date	241,211	–	217,920	28,436	280,698	3,456	801,891	34,349	**1,607,961**
In 2008 due to presence not satisfied	–	–	–	–	(13,218)	–	(18,848)	(2,853)	**(34,919)**
Maximum number of shares on December 31, 2008	241,211	–	217,920	28,436	267,480	3,456	783,043	31,496	**1,573,042**
Cancelled in 2009 due to presence not satisfied	(53,371)	–	–	–	(35,603)	–	(95,371)	(7,507)	**(191,852)**
Cancelled in 2009 due to performance not satisfied	(155,179)	–	(180,031)	(23,492)	(115,697)	(1,724)	(343,193)	(11,975)	**(831,291)**
Maximum number of shares on December 31, 2009	32,661	–	37,889	4,944	116,180	1,732	344,479	12,014	**549,899**
Cancelled in 2010 due to presence not satisfied	–	–	–	–	(2,810)	–	(17,280)	(2,303)	**(22,393)**
Issued in 2010	(32,661)	–	–	–	(113,370)	(1,732)	–	–	**(147,763)**
Maximum number of shares on December 31, 2010	–	–	37,889	4,944	–	–	327,199	9,711	**379,743**

The fair value of Rexel's shares granted to employees was valued at €7.88 per share, with this valuation based upon the stock price at the grant date. The impact of restrictions attached to dividends in relation to these shares for the period until their delivery to beneficiaries has been deducted in the valuation.

Plans issued in 2007

Concurrently with its stock market listing, Rexel introduced several plans for the grant of bonus shares to senior executives and key employees for a total of 5,022,190 shares on April 11, 2007 and an additional 33,991 shares were granted on October 29, 2007. Depending on local regulations, they will be eligible to receive Rexel shares, either after a period of two years from the grant dates (April 12, 2009 or October 30, 2009), with a restriction on their sale for an additional two year period (April 12, 2011 or October 30, 2011), or a period of four years from the grant date with no restrictions on their sale.

The actual transfer of these shares is subject to continuation of employment and performance conditions laid down in the plan.

Vesting conditions are presented in the following table:

Beneficiaries	Members of Group Executive Committee and top managers		Key employees		Total
Vesting conditions	One year of service from grant date	Performance conditions based on the consolidated 2007 EBITDA and one year of service from grant date	Half of the shares will be allocated based on 2007 EBITDA and one year of service from grant date, and the other half based on 2008 EBITDA and two years of service from grant date		
Date of delivery	April 11, 2007	April 11, 2007	April 11, 2007	October 29, 2007	
Maximum number of shares allocated on grant date	2,556,576	1,193,055	1,272,559	33,991	**5,056,181**
Cancelled in 2007 due to presence not satisfied	–	–	(74,726)	–	**(74,726)**
Number of shares allocated on December 31, 2007	2,556,576	1,193,055	1,197,833	33,991	**4,981,455**
Cancelled in 2008 due to presence not satisfied	–	(88,254)	(96,171)	–	**(184,425)**
Number of shares allocated on December 31, 2008	2,556,576	1,104,801	1,101,662	33,991	**4,797,030**
Cancelled in 2009 due to presence not satisfied	–	–	(13,968)	(2,050)	**(16,018)**
Issued in 2009	(1,302,133)	(562,702)	(286,982)	(7,474)	**(2,159,291)**
Number of shares allocated on December 31, 2010	1,254,443	542,099	800,712	24,467,	**2,621,721**

According to assumptions relating to the turnover of beneficiaries and achievement of performance conditions, the expense relating to these plans settled in share equity instruments totaled €74.4 million (with no tax impact), with the amount based on the public offer price of €16.50 per share. It has been allocated over the period of acquisition.

15.2 Stock option plans

Plans issued by Rexel in 2005

On October 28, 2005, Rexel established a share option subscription program (Plan No.1) that entitles key management personnel to purchase 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 (Plan No.2) with vesting conditions based on a four-year service period or the occurrence of certain events including in particular admission of the Company's shares to trading on a regulated market. On May 31, 2006, this plan was extended to new entrants.

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

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

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

Prior to its acquisition by Rexel Développement S.A.S. (formerly Ray Acquisition S.C.A.), stock option schemes were granted annually by Rexel Distribution S.A. (formerly Rexel S.A.) to management personnel.

All options were taken up by beneficiaries and give the right to the physical allocation of shares. The allocation conditions are as follows:

Date of allocation / beneficiaries	Number of instruments originally allocated	Number of options active as of December 31, 2010	Options term
Options granted to management prior to November 7, 2008	933,943	133,060	2012
Options granted to management in 2003	623,413	545	2013
Options granted to management in 2004	782,790	1,549	2014
Total options granted by Rexel Distribution S.A.	**2,340,146**	**135,154**	
Options granted to key managers ("Plan n°1")			
– on October 28, 2005	2,711,000	32,820	2015
– on May 31, 2006	169,236	–	
– on October 4, 2006	164,460	267,452	
Options granted to key employees ("Plan n°2")			
– on November 30, 2005	259,050	286,190	2015
– on May 31, 2006	34,550	35,876	
Total options granted by Rexel	**3,338,296**	**622,338**	

Number of stock options

The number of stock options is detailed below:

(Number of options)	Rexel S.A.		Rexel Distribution S.A.		
	2005 Plans		2004 Plans	2003 Plans	Plans prior to November 7, 2002
	Executives	Key employees			
Options existing January 1, 2008	**1,639,398**	**542,432**	**491,014**	**1,134**	**208,154**
Cancelled during this period	–	(3,500)	–	(589)	(39,543)
Exercised during this period	–	–	(488,969)	–	–
Options existing December 31, 2008	**1,639,398**	**538,932**	**2,045**	**545**	**168,611**
Cancelled during this period	–	–	(496)	–	(35,551)
Exercised during this period	–	(66,900)	–	–	–
Options existing December 31, 2009	**1,639,398**	**472,032**	**1,549**	**545**	**133,060**
Exercised during this period	(1,339,126)	(149,966)	–	–	–
Options existing December 31, 2010	**300,272**	**322,066**	**1,549**	**545**	**133,060**
Exercisable options at the end of period	300,272	322,066	1,549	545	133,060
Exercise price	€5 / €6.5 / €9.5	€5 / €6.5	€28.49	€21.61	€59.68 / €51.99

15.3 Employee share purchase plans

Pursuant to the authorization granted by the Shareholders' Meeting held on May 20, 2010 and by the Supervisory Board on May 20, 2010, the Management Board meeting held on August 31, 2010 decided to realize a reserved capital increase without preferential subscription rights in favor of certain employees of the Group in the following countries: Germany, Austria, Belgium, Canada, Spain, the United States, France, Norway, The Netherlands, the United Kingdom, Sweden and Switzerland.

In most of these eligible countries, subscription has been carried out directly or through employee shareholding funds (*Fonds Commun de Placement d'Entreprise* or FCPE) which received approval from the *Autorité des Marchés Financiers* (AMF) on June 1, 2010. The subscription period closed on September 27, 2010.

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 €9.85 per share. For US employees the subscription price is equal to 85% of the Rexel share price on the Paris Stock Exchange on September 10, 2010, i.e. €10.28 per share.

In France, participating employees benefit from an employer matching contribution equal to 100% of the subscribed amount up to €150 and 50% from €151 to €600. Outside France, employees have been granted two free matching shares for each of the first ten whole shares subscribed. For subsequent shares up to a limit of €750 invested, one matching share is allocated for each share subscribed. Matching shares are subject to a five-year service condition within the Group.

Settlement and delivery of the shares subscribed pursuant to this plan took place on November 19, 2010.

As of December 31, 2010, benefits granted to employees resulted in personnel costs of €1.2 million before tax of which €0.8 million related to the discount granted to employees, in addition to which €0.3 million related to the employer matching contribution offered to French beneficiaries and €0.1 million related to free shares granted to personnel from other countries (see note 15.4).

15.4 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 period ended December 31,	
(in millions of euros)	2010	2009
Plans issued in 2007	–	2.3
Plans issued in 2008	1.1	1.2
Plans issued in 2009	3.3	2.0
Plans issued in 2010	4.5	–
Discount in connection with Employee Share Purchase Plan	0.8	–
Employer matching contribution offered to French beneficiaries	0.3	–
Free shares allocated under the Employee Share Purchase Plan	0.1	–
Total share-based payment expenses	**10.1**	**5.5**

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 period ended December 31,	
	2010	2009
Net income attributed to Company shareholders *(in millions of euros)*	*228.5*	***80.6***
Weighted average number of common shares issued *(in thousands)*	259,301	256,877
Non dilutive potential shares *(in thousands)*	2,814	2,909
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	*262,115*	***259,786***
Basic earnings per share *(in euros)*	**0.87**	**0.31**
Net income attributed to Company shareholders (in millions of euros)	*228.5*	***80.6***
Weighted average number of issued common shares and non dilutive potential shares *(in thousands)*	262,115	259,786
Potential dilutive shares *(in thousands)*	1,780	1,460
– of which share options (in thousands)	*268*	*517*
– of which bonus shares (in thousands)	*1,512*	*943*
Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)	*263,895*	***261,246***
Fully diluted earnings per share *(in euros)*	**0.87**	**0.31**

(1) The number of potential dilutive shares does not include bonus shares whose allocation is subject to future performance.

17. PROVISIONS AND OTHER NON-CURRENT LIABILITIES

	As of December 31,	
(in millions of euros)	2010	2009
Provisions	126.4	181.2
Other non-current liabilities	31.7	54.2
Total	**156.3**	**235.4**

Other non-current liabilities essentially comprise the fair value of derivative instruments at €23.0 million (€43.7 million at December 31, 2009) (see note 20.1) and debts related to profit sharing schemes for French employees in the amount of €8.7 million (€10.5 million at December 31, 2009).

The variation in provisions is detailed in the table below:

(in millions of euros)	Provision for restructuring	Provision for tax litigation	Provision for other litigation	Provision for vacant properties	Total provisions
Balance at January 1, 2009	**23.5**	**35.2**	**64.8**	**50.5**	**174.0**
Change in consolidation scope	–	–	–	–	**–**
Increase	34.8	9.9	7.1	17.0	**68.8**
Use	(19.6)	(3.5)	(6.6)	(14.8)	**(44.5)**
Release	(0.6)	(0.9)	(14.9)	–	**(16.4)**
Translation differences	0.6	0.5	1.7	8.0	**10.8**
Other changes	(1.0)	(11.5)	(0.4)	1.4	**(11.5)**
At December 31, 2009	**37.7**	**29.7**	**51.7**	**62.1**	**181.2**
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 differences	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**

Provisions principally comprise:

- accrued expenses for social and voluntary 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. Accrued expense for restructuring activities undertaken at December 31, 2010, mainly concerned France at €7.8 million (€12.2 million in 2009), United States at €6.0 million (€7.2 million in 2009), Sweden at €3.4 million (3.3 million in 2009), United Kingdom in the amount of €3.2 million, Canada at €2.4 million (€2.9 million in 2009), The Netherlands at €2.2 million and Spain in the amount of €2.1 million (€2.8 million in 2009);
- litigation concerning fiscal matters in France (see note 22.2) in the amount of €15.2 million (€19.2 million in 2009) and, in Canada, €4.0 million (€4.4 million in 2009);
- other litigation in the amount of €14.7 million, of which an amount of €7.6 million relating to warranties for products sold, in addition to litigation concerning personnel in the amount of €2.6 million (unchanged since 2009) and commercial litigation in an amount of €2.6 million. Change in provisions mainly relates to settlement of the Ceteco proceedings in the amount of €29.8 million, following the settlement agreement concluded on February 8, 2010 (see note 22);
- provisions for vacant properties amounting to €41.2 million in the United Kingdom (€43.1 million in 2009), including a €25.0 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 €9.4 million, including €5.0 million in the United States (€5.6 million in 2009) and €2.9 million in France (€5.8 million in 2009).

18. EMPLOYEE BENEFITS

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

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

	Defined benefit obligations	
(in millions of euros)	2010	2009
At the beginning of the period	**1,040.3**	**924.1**
Service cost	16.2	14.3
Interest costs	54.7	51.8
Benefit payments	(51.1)	(47.1)
Employee contributions	3.5	3.6
Actuarial (gain) loss	14.2	58.2
Change in consolidation scope	(1.8)	–
Translation differences	59.6	38.2
Curtailment/settlement and other	(2.4)	(2.8)
At the end of the period	**1,133.2**	**1,040.3**

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

	Fair value of the defined benefit plan assets	
(in millions of euros)	2010	2009
At the beginning of the period	**845.7**	**728.7**
Employer contributions	28.9	33.5
Employee contributions	3.5	3.6
Return on plan assets	47.3	99.1
Benefit payments	(51.1)	(47.1)
Translation differences	46.4	27.9
At the end of the period	**920.7**	**845.7**

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

(in millions of euros)	As of December 31, 2010	2009	2008	2007	2006
Restated defined benefit obligations	**1,133.2**	**1,040.3**	**924.1**	**461.6**	**482.0**
Of which funded schemes	*1,030.5*	*951.1*	*842.1*	*370.6*	*385.6*
Of which unfunded schemes	*102.7*	*89.2*	*82.0*	*91.0*	*96.4*
Fair value of plan assets	(920.7)	(845.7)	(728.7)	(353.1)	(343.6)
Funded status	**212.5**	**194.6**	**195.4**	**108.5**	**138.4**
Unrecognized actuarial gains and losses	(80.9)	(62.2)	(61.9)	14.4	(4.7)
Effect of the asset ceiling	–	–	–	2.7	–
Recognized provision for defined benefit obligations	**131.6**	**132.4**	**133.5**	**125.6**	**133.7**
Of which "Employee benefits"	*174.4*	*173.8*	*175.4*	*125.6*	*133.7*
Of which "Other financial assets" (1)	*(42.8)*	*(41.4)*	*(41.9)*	–	–

(1) Of the €42.8 million surplus of the defined benefit plan assets over liabilities, €41.1 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, 2010 or at December 31, 2009.

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

(in millions of euros)	As of December 31, 2010	2009
Service costs (1)	16.2	14.3
Interest cost (2)	54.7	51.8
Expected return on assets (2)	(46.7)	(39.8)
Curtailment and settlement (3)	(3.6)	(2.9)
Amortization of actuarial gains / losses (1)	1.7	1.4
Past service costs (4)	1.0	–
Expense recognized	**23.3**	**24.8**

(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).
(4) Including income of €0.9 million included in personnel costs and an expense of €1.9 million included in other expenses.

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

(in%)	Euro Zone		United Kingdom		Canada		United States		Switzerland	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Discount rate [(1)]	5.25	5.25	5.50	5.75	5.35	6.00	5.25	5.75	2.75	3.00
Expected return on plan assets [(2)]	5.15	4.90	6.60	6.70	6.75	6.75	7.75	7.75	3.60	3.60
Future salary increases	2.50	2.50	3.50	3.50	3.00	3.00	n/a	n/a	2.00	2.00
Future pension increases	2.00	2.00	2.55	2.55	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, 2010, a 25 basis points decrease in discount rates would result in a €45.2 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 in a €2.2 million increase in the expense.

As of December 31, 2010, a 1% inflation rate increase in medical costs would translate to a €5.1 million increase in the present value of the health care plan obligation.

As of December 31, 2010, the weighted average allocation of Group funds invested for retirement plans by type of investment is as follows: 37% in stocks, 47% in bonds and 16% in other investment categories. This allocation was used to assess the expected rate of increase for pensions in 2010.

19. FINANCIAL LIABILITIES

This note provides information on financial liabilities as of December 31, 2010. Financial liabilities include interest-bearing loans, borrowings and accrued interest less transaction costs.

19.1 Net financial debt

(in millions of euros)	As of December 31, 2010			As of December 31, 2009		
	Current	Non-current	Total	Current	Non-current	Total
Senior Notes	–	669.5	669.5	–	575.0	575.0
Senior Credit Facilities	–	761.5	761.5	–	1,091.2	1,091.2
Securitization programs	–	1,067.6	1,067.6	–	1,056.6	1,056.6
Bank loans	6.6	1.9	8.5	3.9	2.3	6.2
Commercial paper program	56.9	–	56.9	–	–	–
Bank overdrafts and other credit facilities	66.6	–	66.6	83.5	–	83.5
Finance lease obligations	5.7	7.2	12.9	6.9	11.0	17.9
Accrued interest [(1)]	5.2	–	5.2	5.7	–	5.7
Less transaction costs	(19.0)	(44.2)	(63.2)	(16.5)	(58.8)	(75.3)
Total financial debt and accrued interest	***122.0***	***2,463.5***	***2,585.5***	***83.5***	***2,677.3***	***2,760.8***
Cash and cash equivalents			(311.9)			(359.6)
Fair value hedge derivatives			(0.3)			–
Net financial debt			**2,273.3**			**2 401.2**

(1) Of which accrued interest on Senior Notes in the amount of €2.5 million at December 31, 2010 (€1.5 million at December 31, 2009).

19.1.1 Senior Notes

On December 21, 2009, Rexel 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.

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.

On January 20, 2010, Rexel issued €75 million of senior unsecured notes in addition to the notes issued on December 21, 2009 for an amount of €575 million. These additional notes fully assimilated to the 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.

The Notes are hedged at a fair value of €475 million. Their value has been adjusted to reflect interest rate fluctuations.

19.1.2 Senior Credit Agreement

As of December 31, 2010, facilities under the Senior Credit Agreement and other senior term loan agreements were as follows:

Credit facilities	Commitment (in millions of euros)	Underwriter	Balance due as of December 31, 2010 (in millions of local currency)	Currency	Balance due as of December 31, 2010 (in millions of euros)
Facility A	390.7	Rexel SA	156.0	CAD	117.1
			370.0	USD	276.9
Facility B	1,074.0	Rexel SA	70.0	CHF	56.0
			500.0	SEK	55.8
			294.6	USD	220.5
2009 Senior Credit Facilities subtotal	**1,464.7**				**726.2**
Bilateral line	35.3	Rexel SA	35.3	EUR	35.3
TOTAL	**1,500.0**				**761.5**

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 (whose terms and conditions are described in the consolidated financial statements for the year ended December 31, 2009).

Furthermore, the maximum commitment corresponding to Facility A and the bilateral Term Loan Agreement was reduced by €200.0 million in December 2010 (decreasing from €586.0 million to €390.7 million for Facility A and from €40.0 million to €35.3 million for the bilateral Term Loan Agreement), in accordance with contractual provisions.

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, 2010 the applicable margin stood at 2.50% for Facility A and 2.75% 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	Leverage ratio
December 31, 2010	4.90:1
June 30, 2011	4.50:1
December 31, 2011	4.00:1
June 30, 2012	3.75:1
December 31, 2012	3.50:1
June 30, 2013	3.50:1
December 31, 2013	3.50:1
June 30, 2014	3.50:1

As of December 31, 2010, this ratio was 3.19, thus satisfying the provisions of the Credit Agreement.

Other undertakings

The Senior Credit Agreement introduced 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, with the exception of the off-balance sheet US program such as disclosed in note 11.2, which enable it to obtain financing at a lower cost than issuing bonds or bank loans.

The specific characteristics of the Rexel Group's securitization programs vary depending on the country. The relevant subsidiaries remain responsible for the collection of receivables once assigned. These receivables are assigned to special-purpose entities 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 the US securitization program, the relevant subsidiaries also have the option of contributing their 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 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, 2010, Rexel had satisfied all of these covenants.

The features of the securitization program are summarized in the table below:

Program	(in millions of currency)			(in millions of euros)		Repayment
	Commitment	Amount of receivables pledged as of December 31, 2010	Amount drawn down as of December 31, 2010	Balance as of		
				December 31, 2010	December 31, 2009	
2005 – Europe and Australia [1]	500.0 EUR	588.4 EUR	444.8 EUR	444.8	478.6	11/02/2012
United States	250.0 USD	387.3 USD	241.0 USD	180.4	155.8	23/12/2014
Canada [2]	140.0 CAD	238.4 CAD	140.0 CAD	105.1	107.1	13/12/2012
2008 - Europe	450.0 EUR	477.6 EUR	337.3 EUR	337.3	315.1	17/12/2013
TOTAL				**1,067.6**	**1,056.6**	

(1) On July 30, 2010, the 2005 securitization program implemented for Rexel's operation in Europe and Australia was amended to reduce the original commitment from €600 million to €500 million and to increase headroom on covenants related to portfolio triggers.
(2) The maximum authorized commitment was reduced from CAD175 million to CAD140 million in April 2010.

These receivables assignment programs pay interest at variable rates plus a spread which is specific to each program.

As of December 31, 2010, the total commitment of these securitization programs was €1,242.2 million and was utilized up to €1,067.6 million.

Furthermore, Rexel also operates an off-balance sheet program restricted to its US subsidiaries. Under this program, all risks and rewards attached to the receivables are transferred to the purchaser and such receivables are derecognized (see note 11.2).

19.1.4 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, 2010, the company had issued €56.9 million in commercial paper.

19.2 Change in net financial debt

As of December 31, 2010 and 2009, the change in net financial debt is as follows:

(in millions of euros)	2010	2009
As of January 1,	**2,401.2**	**2,932.0**
Repayment of 2008 Senior Credit Agreement	–	(2,401.0)
Subscriptions (Repayments) of 2009 Senior Credit Agreement	(407.8)	1,082.0
Subscription of Senior Notes	76.7	575.0
Issuance of commercial paper	56.9	–
Transaction costs related to refinancing	(5.0)	(64.1)
Net change in other credit facilities and bank overdrafts	(24.4)	4.5
Net change in credit facilities	**(303.6)**	**(803.6)**
Net change in securitization	(34.3)	(236.2)
Payment of finance lease liabilities	(5.2)	(7.7)
Net change in financial liabilities	***(343.1)***	***(1,047.5)***
Change in cash and cash equivalents	14.6	406.3
Translation difference	154.3	70.2
Change in consolidation scope	10.1	5.5
Amortization of transaction costs	17.4	36.6
Change in fair value and other changes	18.8	(1.9)
At December 31,	**2,273.3**	**2,401.2**

On January 20, 2010, Rexel issued €75 million of notes in addition to the notes issued on December 21, 2009 in an amount of €575 million. These additional notes, which are the same as the 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 equating to €76.7 million. Interest payments are due semi-annually on June 15 and December 15 each year, starting from June 15, 2010.

In the year ended December 31, 2009, the net change in lines of credit included the following operations:

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

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

Amendment of the 2008 Senior Credit Agreement in July 2009

As part of the execution of the amendment to the 2008 Senior Credit Agreement signed on July 30, 2009, Rexel paid off €150.0 million early under Facility A and €60.0 million under Facility A'. Financing fees related to these transactions amounted to €22.8 million.

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

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

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, 2010	2009
Senior notes and other fixed rate debt [1]	670.6	585.5
Fixed-rate debt before hedging	*670.6*	*585.5*
Floating to fixed rate swaps	1,286.4	1,047.8
Fixed to floating rate swaps	(475.0)	(225.0)
Active Interest rate options – Collars [2]	721.3	1,057.6
Sub-total fixed or capped rate debt after hedging	**2,203.3**	**2,465.9**
Floating rate debt before hedging	1,914.4	2,175.3
Floating to fixed rate swaps	(1,286.4)	(1,047.8)
Fixed to floating rate swaps	475.0	225.0
Active Interest rate options – Collars [2]	(721.3)	(1,057.6)
Cash and cash equivalents	(311.9)	(359.6)
Sub-total current floating rate debt after hedging	**70.0**	**(64.7)**
Active Interest rate options – Collars [2]	–	–
Sub-total current floating rate debt after hedging	**70.0**	**(64.7)**
Total net financial debt	**2,273.3**	**2,401.2**

(1) After deduction of the €0.3 million in connection with the fair value hedge of the senior notes.
(2) Interest rate options for which one of the exercise price (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 in variable rate debt. These derivatives are classified as fair value hedges.

As of December 31, 2010, the portfolio associated with derivative financial instruments that qualify as fair value hedges was as follows:

	Total notional amount (in millions of euros)	Maturity	Weighted average fixed rate paid (received)	Variable rate paid (received)	Fair value [2] (in millions of euros)
Swaps paying floating rate					
Euro	100.0	March 2011	(2.99%)	3M Euribor	0.5
	375.0	December 2016	(2.84%)	3M Euribor	6.0
	100.0	December 2016 [1]	(2.35%)	3M Euribor	(1.5)
Swaps paying fixed rate					
Euro	(100.0)	March 2011	2.67%	(3M Euribor)	(0.4)
	(150.0)	March 2012	2.19%	(3M Euribor)	(2.0)
	(100.0)	March 2013	2.29%	(3M Euribor)	(2.0)
Total					**0.6**

(1) Starting date : March 2011.
(2) Fair value including €0.2 million of interest accrued as of December 31, 2010.

The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized on the income statement as interest expenses on borrowings. The changes in fair value of the derivatives created to hedge 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 rate swaps for the period ended December 31, 2010 was a gain of €4.2 million, thereby partially offsetting a loss of €5.3 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 interest rate swap and collar contracts.

These variable-rate receiver and fixed-rate payer swaps mature between March 2010 and March 2014. It is the Group's intention to renew a material part of these swaps in order to hedge the variability of future interest expense related to its variable rate debt according to its aforementioned policy. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning trends of the interest rates linked to those currencies. Those instruments are classified as cash flow hedges and are measured at fair value.

It is the Group's intention to renew a material part of these swaps when they mature in order to hedge the variability of future interest expense related to its variable rate debt in accordance with its policy. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning trends of the interest rates linked to those currencies. Those instruments are classified as cash flow hedges and are measured at fair value.

As of December 31, 2010, derivative instruments classified as cash flow hedges were as follows:

	Total notional amount		Maturity	Floating rate received	Weighted average fixed rate paid	Fair value (3) (in millions of euros)
	(in millions of local currency)	(in millions of euros)				
Swaps paying fixed rate						
Swiss Franc	30.0 (1)	24.0	March 2011	3M Libor	0.35%	(0.0)
	40.0	32.0	March 2013	3M Libor	0.94%	(0.4)
	90.0	72.0	March 2014 (2)	3M Libor	0.81%	(0.0)
Canadian Dollar	100.0	75.1	September 2013	3M Libor	1.57%	0.9
	70.0	52.5	March 2013	3M Libor	2.72%	(1.0)
Euro	100.0	100.0	March 2012 (2)	3M Euribor	1.42%	(0.2)
	200.0	200.0	March 2014 (2)	1M Euribor	1.39%	1.8
Swedish Krona	500.0	55.8	September 2012	3M Stibor	2.59%	(0.2)
US Dollar	200.0	149.7	September 2011	3M Libor	3.35%	(3.4)
	230.0	172.1	December 2011	3M Libor	3.50%	(5.4)
	200.0	149.7	September 2012	3M Libor	3.18%	(6.7)
	280.0	209.5	March 2013	3M Libor	2.82%	(9.3)
Pound Sterling	25.0	29.0	March 2012 (2)	3M Libor	1.97%	(0.3)
Total		**1,321.4**				**(24.2)**

(1) Swap of a total notional amounf of 50 millions Swiss francs of which 20 million are ineligible for cash flow hedges since they exceed the underlying debt. This reclassification trigger the recycling to earnings of the unrealized value of this component of the swap, with no significant impact on the accounts as of the end of December.
(2) Starting date: March 2011.
(3) Fair value including (€1.0) million of interest accrued as of December 31, 2010.

	Total notional amount		Maturity	Floating rate received	Weighted average fixed rate paid	Fair value (2) (in millions of euros)
	(in millions of local currency)	(in millions of euros)				
Collars						
Euro (1)	550.0	550.0	March 2011	3M Euribor	2.65% – 4.50%	(2.2)
Pound Sterling	66.0	76.7	March 2011	3M Libor	3.75% – 5.75%	(0.6)
Canadian Dollar	126.0	94.6	March 2011	3M C-Dor	2.75% – 5.00%	(0.4)
Total		**721.3**				**(3.2)**

(1) The initial notional amount of €900 million was reduced to €550 million on February 26, 2010 and simultaneously Rexel entered into three swaps paying a fixed rate for a total notional amount of €350 million (see note on fair value hedge derivatives).
(2) Fair value including €0.5 million of accrued interest at December 31, 2010.

The change in fair value of the cash flow hedge instruments for the period ended December 31, 2010 was recognized as a €19.5 million increase in shareholders' equity before tax.

The following table indicates the periods in which the Group expects the cash flow associated with derivative instruments qualified as cash flow hedges to take place. They will be recognized in the income statement following the same schedule:

(in millions of euros)	Fair value	One year	Two years	Three years	Thereafter
Derivative assets	3.6	–	0.2	2.7	0.7
Derivative liabilities	(29.4)	(22.7)	(6.2)	(0.4)	–
Derivatives	(25.8)	(22.7)	(6.1)	2.3	0.7
Cash flow hedged	(25.8)	(22.7)	(6.1)	2.3	0.7

Sensitivity to interest rate variation

As of December 31, 2010 a 1% rise in interest rates on variable debt after effective interest rate hedging would lead to an increase in the yearly interest expense estimated at €5.2 million and an equity increase of €16.4 million.

20.2 Currency risk exposure

Forward contracts

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 the exposure to the exchange rate risk, 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 euro, the Group is required to translate income and expenses denominated in other currencies into euro in preparing its financial statements at average rates applicable to the period. Therefore, the Group has entered into several currency options to partially hedge the effect of its exposure to the translation risk related to its foreign operations. These instruments are qualified as held for trading under IAS 39.

The notional amount and the fair value of financial instruments hedging currency risk as of December 31, 2010 were €147 million (€445 million forward sales and €298 million forward purchases) and (€2.7) million respectively. The change in fair value of currency derivatives came to €6.0 million as of December 31, 2010 and is recognized on the income statement as net financial income for €6.3 million (see note 8) and as an operating loss of €0.2 million and lastly very little in the cash flow hedge reserve.

Sensitivity to changes in foreign exchange rates

The presentation currency of the financial statements being the euro, the Group is required to translate into euro those assets, liabilities, revenues and expenses denominated in currencies other than the euro in preparing its financial statements.

The results of these operations are included in the Group's consolidated income statement after conversion at the average rate applicable to the period. A 5% increase (or decrease) of the euro against the US dollar and the Canadian dollar would have led to a decrease (increase) in sales of €180.8 million and a decrease (increase) in operating income before other income and other expenses of €6.7 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, 2010 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €68.0 million and €86.3 million [1] 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	Pound sterling	Swiss franc	Other currencies	Total
Financial liabilities	1,295.4	696.3	222.4	99.2	1.1	56.7	145.1	56.5	12.9	**2,585.5**
Fair value hedge derivatives	(0.3)	–	–	–	–	–	–	–	–	**(0.3)**
Cash and cash equivalents	(204.8)	(33.2)	1.6	(23.0)	(11.2)	(0.9)	(10.9)	(5.2)	(24.3)	**(311.9)**
Net financial position before hedging	**1,090.3**	**663.1**	**224.0**	**76.2**	**(10.1)**	**55.7**	**134.2**	**51.3**	**(11.4)**	**2,273.3**
Impact of hedge	(176.2)	(87.9)	12.2	(7.4)	(27.8)	130.6	(121.1)	219.5	58.1	**–**
Net financial position after hedging	**914.1**	**575.3**	**236.2**	**68.8**	**(37.9)**	**186.4**	**13.1**	**270.8**	**46.6**	**2,273.3**
Impact of a 5% increase in exchange rate		28.8	11.8	3.4	(1.9)	9.3	0.7	13.5	2.3	**68.0**

20.3 Liquidity Risk

The €650 million of debt from the Senior Notes matures in December 2016 while that relating to the Senior Credit Agreement and to the bilateral credit agreement matures in December 2014 for €726.2 million and €35.3 million respectively.

Rexel may be required to repay amounts due early as a result of non-compliance with covenants set forth in note 19.1.2.

Lastly, securitization programs mature in 2012, 2013 and 2014. The financing arising from these programs directly depends on the amounts and quality of the portfolio 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 the principal portion of the financial debt is as follows:

(in millions of euros)	As of December 31, 2010	2009
Maturities :		
One year	140.9	99.9
Two years	553.5	4.0
Three years	334.6	584.7
Four years	941.1	314.6
Five years	1.8	1,248.8
Thereafter	676.8	584.1
Sub-total financial debt	**2,648.7**	**2,836.1**
Transaction costs	(63.2)	(75.3)
Financial debt	**2,585.5**	**2,760.8**

(1) Taking into account the reclassification of translation adjustments related to the indebtedness qualified as net investment hedge into equity.

As of December 31, 2010, the remaining contractual due dates in relation to financial indebtedness and derivatives, including interest owed, are as follows:

(in millions of euros)	Financial debt & interest	Derivatives	Total
Maturities :			
One year	254.8	(20.7)	**234.1**
Two years	663.6	(3.2)	**660.5**
Three years	440.0	3.1	**443.0**
Four years	1,036.1	(1.0)	**1,035.1**
Five years	55.4	(3.2)	**52.2**
Thereafter	725.5	(4.3)	**721.3**
Total	**3,175.5**	**(29.2)**	**3,146.2**

In addition, trade accounts payable amounted to €1,866.2 million at December 31, 2010 (€1,676.0 million at December 31, 2009) are due within 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 €2,022.0 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 €321.6 million as of December 31, 2010 (€363.5 million as of December 31, 2009), which equals the net book value of the aforementioned items.

The maximum counterparty risk on the Group's other financial assets was €404.7 million (€370.7 million as of December 31, 2009) and essentially corresponds to supplier discounts receivable.

21. SUMMARY OF FINANCIAL LIABILITIES

(in millions of euros)	Category IAS 39	Hierar-chy	As of December 31, 2010 Carrying amount	2010 Fair value	2009 Carrying amount	2009 Fair value
Bonds	AC		669.5	718.3	575.0	579.3
Other financial debts, including accrued interest	AC		1,916.0	1,916.0	2,185.8	2,185.8
Total financial liabilities			**2,585.5**	**–**	**2,760.8**	**–**
Hedging derivatives (1)	N/A	2	23.0	23.0	43.7	43.7
Other liabilities (2)	N/A		8.7	N/A	10.5	N/A
Total other non-current liabilities			**31.7**	**–**	**54.2**	**–**
Trade accounts payable	AC		1,866.2	1,866.2	1,676.0	1,676.0
Customer rebates payable	AC		101.7	101.7	102.4	102.4
Personnel and social security charges (2)	N/A		248.1	N/A	216.7	N/A
VAT receivables and other sales taxes (2)	N/A		67.2	N/A	65.8	N/A
Hedging derivatives (1)	N/A		11.3	11.3	4.1	4.1
Other derivatives	TR	2	4.0	4.0	9.9	9.9
Other liabilities	AC		147.6	147.6	149.7	149.7
Deferred income (2)	N/A		4.2	N/A	3.7	N/A
Total other debts			**584.1**	**–**	**552.3**	**–**

(1) Accounting method specific to hedging.

(2) Classifed as a financial liability under IAS 39.

Financial liabilities – stated as amortized cost	AC
Held for trading	TR
Fair value throught profit or loss	FV
Not applicable	N/A

22. LITIGATION

22.1 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.

Settlement of litigation regarding bankruptcy of Ceteco

On February 8, 2010, Hagemeyer N.V., the Management Board of Ceteco, the auditors of Ceteco and one of its insurance companies, entered into a settlement with Ceteco's receivers, under which all legal actions and claims pursuant to Ceteco's bankruptcy were withdrawn and definitely waived. On March 1, 2010, as per this settlement, Hagemeyer N.V. paid €29.8 million to Ceteco's receivers net of payments by Sonepar amounting to €23.4 million (pursuant to the October 23, 2007 agreement between Rexel and Sonepar providing for certain provisions in relation to the allocation of any losses suffered as a result of this litigation proceeding), and payments by other parties. A provision had been recorded for this litigation as of December 31, 2009.

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. Elettroveneta's shareholders consider that the losses suffered are between €24.5 million and €29.5 million. The Court of Monza recognized that it was not competent to rule on the matter and dismissed itself; the proceedings are now reinstated before the Court of Milan.

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

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 totally 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.

22.2 Tax litigation

The principal tax proceedings involving Group companies as of December 31, 2010 are described below:

Manudax Belgium

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

The time allowed for recourse against Manudax's shareholder is statute barred. Accordingly, the recoverable amount is limited by the Manudax assets under liquidation, a value estimated at €14 million. Since the Group's participation in Manudax has completely depreciated, Rexel deems that the outcome of this litigation should not impact its financial condition.

Rexel Développement

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

In December 2008, French tax authorities notified a tax reassessment relating to services invoiced in 2005 by Clayton Dubilier & Rice Inc., Eurazeo and Merrill Lynch Global 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

In 2008, Rexel Distribution was notified of a proposed tax reassessment by the French tax authorities which alleged that the selling price of its shareholding in Rexel Inc. (Rexel's US subsidiary), transferred in 2005 to its Luxembourg subsidiary Rexel Luxembourg (formerly Mexel), was €346 million lower than its market value. The reassessment at year-end 2009 amounted to €46.2 million, resulting in a maximum income tax expense of around €18 million, which is covered in full by a provision. The Group challenged this decision after the tax reassessment notice was served in February 2010. A provision was recognized for this amount by writing down deferred tax assets on tax losses carried forward as well as a provision for risks.

22.3 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 at year-end.

Warranties given in connection with the sale of HCL Asia

In connection with the disposal of HCL Asia (see note 7.2), the Group granted the purchaser a warranty for contingent liabilities amounting to USD 2.5 million, excluding tax and pension claims (USD 7.0 million including tax and pension claims). The warranty expires in September 2011, with the exception of tax claims for which local statutes of limitation apply.

Warranties given in connection with the sale of Haagtechno B.V.

In connection with the sale and purchase agreement relating to the disposal of Haagtechno B.V. (see note 7.2), the Group granted the purchaser a warranty for contingent liabilities amounting to €1.6 million. The warranty is effective for an aggregate amount of damages exceeding €0.5 million, in which case the full amount is recovered by the purchaser. The agreement also provides that the warranty shall only be effective for 12 months as from the transaction date (June 30, 2010), with the exception of the tax claims for which the applicable statute of limitation period applies.

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.

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.

23. RELATED PARTY TRANSACTIONS

Executive compensation

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

	For the year ended December 31,	
(in millions of euros)	2010	2009
Salaries and other short-term benefits	11.1	10.3
Post-employment benefits (service costs)	2.4	1.9
Severance benefits	0.6	–
Free shares and stock options (1)	2.2	0.3

(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 €11.9 million.

24. CONTRACTUAL OBLIGATIONS

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

(in millions of euros)	Payments outstanding as of December 31, 2010					
	Total	**2011**	**2012**	**2013**	**2014**	**> 2014**
Gross financial debt	**2,648.7**	140.9	553.5	334.6	941.1	678.6
Operating leases	**651.8**	185.2	142.3	103.5	74.4	146.4
Service agreements	**126.4**	30.3	27.3	26.2	22.1	20.5

Commitments under operating lease contracts

The above table presents the minimum lease payments under non-cancellable leases of buildings and installations which fall due more than one year after December 31, 2010.

The total expense under operating lease contracts was €218.7 million for the year ended December 31, 2010 (€223.6 million as of December 31, 2009).

Non-cancellable service agreements

As part of its policy of outsourcing IT resources, the Group has entered into service agreements implying financial commitments and penalties for early termination. Fees remaining due in respect of these service agreements came to €126.4 million as of December 31, 2010.

25. EVENTS AFTER THE CLOSURE OF THE FINANCIAL YEAR

As part of its external growth strategy, in January 2011 the Group announced its acquisition of Nortel Suprimentos Industriais in Brazil, Yantra Automation Private Ltd in India and Wuhan Rockcenter automation in China. These acquisitions will help it expand its global footprint into three emerging countries.

Nortel Suprimentos Industriais is among the top three Brazilian distributors of electrical materials. It is based in Campinas in São Paulo State and has annual sales of around €110 million. The acquisition is to be carried out in two stages: an initial 75% majority stake acquired in January 2011, followed by acquisition of the remaining shares at the beginning of 2013 at a set price based on the company's operating performance in financial years 2011 and 2012.

Yantra Automation Private Ltd is a distributor specializing in automation and industrial controls. Based in Pune in India's Maharashtra State, it has annual sales of around €12 million. Pursuant to the acquisition agreement, the Group acquired an initial 74% majority stake in Yantra Automation Private Ltd in January 2011, and will acquire the remaining shares in 2014 at a set price based on the company's future operating performance.

Wuhan Rockcenter Automation Co. Ltd is based in Wuhan, the capital of the Hubei province in Central China and posted sales of around €10 million in 2010. The Group acquired the assets and the business of this company. The acquisition price is subject to an earn-out based on future performance.

The aggregate amount paid for these acquisitions is €59.3 million. At the closure of the consolidated financial statements, the Group did not have sufficient information to allocate the consideration transferred in these transactions.

26. CONSOLIDATED ENTITIES AS OF DECEMBER 31, 2010

	Head office	%	
		Interest	Control
FRANCE			
Holding companies and Group services companies			
Rexel S.A.	Paris	Parent company	
Rexel Développement S.A.S.	Paris	100.00	100.00
Rexel Distribution S.A.	Paris	100.00	100.00
Rexel Services S.A.S.	Paris	100.00	100.00
Société Immobilière d'Investissement Parisienne S.N.C.	Paris	100.00	100.00
Société Logistique Appliquée S.N.C.	Paris	100.00	100.00
Rexel Financement S.N.C.	Paris	100.00	100.00
Rexel Amérique latine S.A.S.	Paris	100.00	100.00
SCI Adour Bastillac	Paris	70.00	100.00
SCI CM Immobilier	Paris	100.00	100.00
Operating companies			
Rexel France S.A.S.	Paris	100.00	100.00
Dismo France S.A.S.	St-Ouen l'Aumône	100.00	100.00
Espace Elec S.A.S.	Bastia	100.00	100.00
Bizline S.A.S.	Paris	100.00	100.00
Citadel S.A.S.	Paris	100.00	100.00
Conectis S.A.S.	Paris	100.00	100.00
Francofa	Rosny-sous-Bois	100.00	100.00
EUROPE			
Germany			
Rexel GmbH	Munich	100.00	100.00
Simple System GmbH & Co KG	Munich	20.00	20.00
Euro Marketing & Deinstleistungs GmbH	Munich	100.00	100.00
Hagemeyer Deutschland GmbH & Co KG	Munich	100.00	100.00
Hagemeyer Deutschland Verwaltungs GmbH	Munich	100.00	100.00
Hagemeyer Beteiligungs GmbH	Munich	100.00	100.00
Silstar Deuthschland GmbH	Emmerich	100.00	100.00
Hagemeyer Holding Deutschland GmbH	Munich	100.00	100.00
United Kingdom			
CDME UK Ltd	Potters Bar	100.00	100.00
Rexel Senate Ltd	Potters Bar	100.00	100.00
Denmans Electrical Wholesalers Ltd	Potters Bar	100.00	100.00
Martines Ltd	Potters Bar	100.00	100.00
Power Industries Ltd	Erdington	100.00	100.00
Clearlight Electrical Ltd	Erdington	100.00	100.00
Rexel Senate Pension Trustees Ltd.	Potters Bar	100.00	100.00
Senate Group Ltd	Potters Bar	100.00	100.00
John Godden Ltd	Potters Bar	100.00	100.00

	Head office	%	
		Interest	Control
Sunbridge Trading Co. Ltd.	Potters Bar	100.00	100.00
Sunbridge Electrical Wholesales Ltd.	Potters Bar	100.00	100.00
Rexel (UK) Holdings Ltd.	Birmingham	100.00	100.00
Rexel (UK) Ltd	Birmingham	100.00	100.00
Newey & Eyre Ltd.	Birmingham	100.00	100.00
Parker Merchanting Limited	Birmingham	100.00	100.00
WF Electrical Plc	Dagenham	100.00	100.00
Newey & Eyre (C.I.) Ltd.	Birmingham	100.00	100.00
Neilco Ltd.	Birmingham	100.00	100.00
Warrior (1979) Ltd.	Birmingham	100.00	100.00
Newey & Eyre International Ltd.	Birmingham	100.00	100.00
N. & E. (Overseas) Ltd.	Guernsey	100.00	100.00
Dunlop & Hamilton Ltd.	Belfast	100.00	100.00
H.A. Wills (Southampton) Ltd.	Birmingham	100.00	100.00
Rexel (UK) Pension Trustees Ltd.	Birmingham	100.00	100.00
Pollard Ray & Sampson Ltd.	Birmingham	100.00	100.00
A&A Security Technologies Limited	Birmingham	100.00	100.00
Defiance Contractor Tools Limited	Birmingham	100.00	100.00
J&N Wade Limited	Dagenham	100.00	100.00
Blackstone Holdings Limited	Dagenham	100.00	100.00
OLC Limited	Dagenham	100.00	100.00
Grants Electrical Supplies Ltd.	Dagenham	100.00	100.00
Ross Industrial Controls Ltd.	West Lothian	100.00	100.00
OLC (Holdings) Ltd.	Dagenham	100.00	100.00
Sweden			
Svenska Elgrossist Aktiebolaget Selga	Alvsjô	100.00	100.00
Storel AB	Lila edet	100.00	100.00
Moel AB	Bredaryd	100.00	100.00
Austria			
Rexel Central Europe Holding GmbH	Vienna	100.00	100.00
Rexel Austria GmbH	Vienna	100.00	100.00
Schäcke GmbH	Vienna	100.00	100.00
Regro Elektro-Grosshandel GmbH	Vienna	100.00	100.00
The Netherlands			
CDME BV	Amsterdam	100.00	100.00
BV Electrotechnische Groothandetl JK Busbroek	Zwolle	100.00	100.00
Rexel Nederland B.V.	Capelle A/D Ijssel	100.00	100.00
Cosa Liebermann B.V.	Hoofddorp	100.00	100.00
Kompro B.V.	Hertogenbosch	100.00	100.00
Servicom B.V.	Den Bosch	100.00	100.00
Hagemeyer NV	Hoofddorp	100.00	100.00

	Head office	%	
		Interest	Control
Rexel NCE Supply Solutions B.V.	Hoofddorp	100.00	100.00
Hagemeyer Finance B.V.	Hoofddorp	100.00	100.00
Borsu International B.V.	Hoofddorp	100.00	100.00
Freetime Group B.V.	Hoofddorp	100.00	100.00
Rexel NCE B.V.	Hoofddorp	100.00	100.00
Italy			
Rexel Italia SpA	Agrate Brianza	100.00	100.00
Spain			
ABM-Rexel SL	Madrid	100.00	100.00
Belgium			
Rexel Belgium S.A.	Bruxelles	100.00	100.00
Portugal			
Rexel Distribuição de Material Elecrico S.A.	Alfragide	100.00	100.00
Ireland			
Rexel Electrical Supply & Services Holding Ltd.	Dublin	100.00	100.00
M Kelliher 1998 Ltd.	Dublin	100.00	100.00
Hagemeyer Industrial Ireland Ltd.	Dublin	100.00	100.00
Athlone Electrical Wholesale Ltd	Dundalk	100.00	100.00
Portlaoise Electrical Wholesale Ltd	Count Laois	100.00	100.00
Gen-Weld Safety EquipementCy Ltd	Limerick	100.00	100.00
Newey & Eyre (Ireland) Ltd.	Dublin	100.00	100.00
Switzerland			
Finelec Developpement S.A.	Sion	100.00	100.00
Elektro Material AG	Zurich	100.00	100.00
Luxembourg			
Rexel Luxembourg S.A.	Luxembourg	100.00	100.00
Czech Republic			
Rexel CZ s.r.o.	Prostejov	100.00	100.00
Slovakia			
Hagard Hal AS	Nitra	100.00	100.00
Hagemeyer Slovak Republic s.r.o.	Bratislava	100.00	100.00
Hungary			
Rexel Hungary General Supply & Services LLC	Budapest	100.00	100.00
Slovenia			
Elektronabava d.o.o.	Ljubljana	100.00	100.00
Poland			
Elektroskandia Polska S.A.	Poznań	100.00	100.00
Russia			
Est-Elec Ltd.	Moscou	100.00	100.00
OOO Elektroskandia Rus	St. Petersbourg	100.00	100.00
Latvia			
SIA Elektroskandia Latvia	Riga	100.00	100.00

	Head office	%	
		Interest	Control
Estonia			
OÜ Elektroskandia Baltics	Tallinn	100.00	100.00
Lithuania			
Elektroskandia LT UAB	Vilnius	100.00	100.00
Finland			
Elektroskandia Suomi Oy	Hyvinkää	100.00	100.00
Kiinteistöosakeyhtiö Lahden Voimakatu 4	Lahti	100.00	100.00
Kiinteistöosakeyhtiö Lappeenrannan Teoliisuuskatu 11	Lappeenranta	100.00	100.00
Norway			
Elektroskandia Norge AS	Oslo	100.00	100.00
Elektroskandia Norway Holding AS	Oslo	100.00	100.00
SOUTH AMERICA			
Chile			
Rexel Chile SA	Santiago	100.00	100.00
Rexel Electra SA	Santiago	100.00	100.00
Flores y Kersting SA	Santiago	100.00	100.00
Brazil			
Elektroskandia Indústria E Commércio Lta.	São Paulo	100.00	100.00
NORTH AMERICA			
United States			
Rexel International Projects Group, Inc.	Dallas	100.00	100.00
International Electrical Supply Corp.	Wilmington	100.00	100.00
Rexel Inc.	Dallas	100.00	100.00
SKRLA LLC	Dallas	100.00	100.00
SPT Holdings Inc.	Dallas	100.00	100.00
Summers Group Inc.	Dallas	100.00	100.00
Rexel of America LLC	Dallas	100.00	100.00
Branch Group Inc.	Dallas	100.00	100.00
Southern Electric Supply Company Inc.	Dallas	100.00	100.00
Vantage Electric Group Inc.	Crystal Lake	50.00	100.00
CES Bahamas Ltd	Dallas	99.80	99.80
General Supply & Services Inc.	Shelton	100.00	100.00
Gesco General Supply & Services Puerto Rico LLC	Porto Rico	100.00	100.00
General Supply & Services Malaysia LLC	Shelton	100.00	100.00
General Supply & Services Macau LLC	Shelton	100.00	100.00
General Supply & Services Indonesia LLC	Shelton	100.00	100.00
General Supply & Services SA Holding LLC	Shelton	100.00	100.00
Canada			
Rexel North America Inc.	St Laurent	100.00	100.00
Rexel Canada Electrical Inc.	St Laurent	100.00	100.00

	Head office	%	
		Interest	Control
Mexico			
Gexpro Mexico S de RL de CV	Nuevo Leon	100.00	100.00
Supply Priority Services, S. de R.L. de C.V.	Nuevo Leon	100.00	100.00
Bermuda			
HCL Limited	Hamilton	100.00	100.00
ASIA OCEANIA			
Hong Kong SAR			
Comrex Hong Kong Ltd	Hong Kong	100.00	100.00
Huazhang Electric Automation Holding Co Ltd	Hong Kong	70.00	70.00
Waelchli & Co. Ltd	Hong Kong	100.00	100.00
China			
Rexel Hailongxing Electrical Equipment Co Ltd	Beijing	65.00	65.00
Rexel Hualian Electric Equipment Commercial Co Ltd	Shanghai	65.00	65.00
Zhejiang Huazhang Electric Trading Co Ltd	Huanzhou	70.00	100.00
Gexpro Supply (Shanghai) Co Ltd	Shanghai	100.00	100.00
Rexel China Management Co Ltd	Shanghai	100.00	100.00
Suzhou Xidian Co Ltd	Suzhou	63.50	63.50
Shanghai Suhua Industrial Control Equipment Co Ltd	Shanghai	63.50	63.50
Macao SAR			
QI-YI General Supply & Services Macau Ltd	Macao	100.00	100.00
Korea			
Gexpro Korea Co. Ltd	Seoul	100.00	100.00
Indonesia			
P.T. Sutra Hacelindo	Jakarta	100.00	100.00
P.T. Hagemeyer Cosa Liebermann	Jakarta	100.00	100.00
Pt General Supply & Services Indonesia	Jakarta	100.00	100.00
Malaysia			
General Supply & Services (M) SND BHD	Kuala Lumpur	100.00	100.00
Japan			
Cosa Liebermann KK	Tokyo	100.00	100.00
Singapore			
Gexpro Supply Asia Pty Ltd	Singapore	100.00	100.00
Thailand			
Rexel General Supply and Services Co Ltd	Bangkok	100.00	100.00
Australia			
Rexel Pacific Pty Ltd	Sydney	100.00	100.00
Rexel Group Australia Pty Ltd	Sydney	100.00	100.00
Australian Regional Wholesalers Pty Ltd	Milton	100.00	100.00
EIW Holding Pty Ltd	Perth	100.00	100.00
Hagemeyer Holdings (Australia) Pty Ltd	Kingsgrove	100.00	100.00

	Head office	%	
		Interest	Control
Hagemeyer Brands Australia Pty Ltd	Kingsgrove	100.00	100.00
New Zealand			
Hagemeyer (NZ) Ltd	Auckland	100.00	100.00
Redeal Ltd	Auckland	100.00	100.00
Redeal Pensions Ltd	Auckland	100.00	100.00

5.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2010

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

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

ERNST & YOUNG Audit
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11, allée de l'Arche
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S.A.S. à capital variable

Rexel S.A.

Registered office: 189-193 boulevard Malesherbes – 75017 Paris

Share capital: €1 301 064 980

For the year ended December 31, 2010

Statutory auditors' report on the consolidated financial statements

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, 2010, 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, 2010 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 and 10.1), employees' benefits (notes 2.14 and 18), share-based payments (notes 2.15 and 15), provisions (notes 2.16, 17 and 22) 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 8, 2011

The statutory auditors

French original signed by

KPMG Audit
A department of KPMG S.A.

Hervé Chopin
Partner

Ernst & Young Audit

Pierre Bourgeois
Partner

6. Company financial statements

6.1 COMPANY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2010 150

6.2 STATUTORY AUDITORS' REPORT ON THE COMPANY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2010 166

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

- the company financial statements and the relevant audit report for the year ended December 31, 2009 which is included in pages 144 to 160 of the *Document de Référence* filed by Rexel with the *Autorité des marchés financiers* on April 21, 2010, under number R.10-024; and
- the company financial statements and the relevant audit report for the year ended December 31, 2008 which is included in pages 216 to 228 of the *Document de Référence* filed by Rexel with the *Autorité des marchés financiers* on April 20, 2009, under number R.09-022, as amended by an update to the *Document de Référence* filed with the *Autorité des marchés financiers* on May 27, 2009, under number D.09-0097-R01.

6.1 COMPANY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2010

Income statement

(in millions of euros)	Note	For the year ended December 31, 2010	2009
Operating revenues		**2.6**	**1.9**
Other purchases and outside services		(17.7)	(6.5)
Taxes other than income taxes		(0.1)	(0.3)
Other expenses		(5.7)	(3.4)
Depreciation, amortization and increases in provisions		(8.7)	(0.9)
Loss from operations	(3.1)	**(29.6)**	**(9.2)**
Dividend income			
Other financial revenues (from short-term investments, loans and exchange gains)		139.9	44.9
Decrease in financial provisions, transfer of expenses			3.2
Total financial revenues		**139.9**	**48.1**
Interest and related expenses and exchange losses		(115.8)	(2.8)
Increase in financial provisions		(4.3)	
Total financial expenses		**(120.1)**	**(2.8)**
Net financial income	(3.2)	**19.8**	**45.3**
Income from ordinary activities		**(9.8)**	**36.1**
Non-recurring income (expense), net	(3.3)		
Profit before tax		**(9.8)**	**36.1**
Income taxes	(3.5)	**69.7**	**52.4**
Net income		**59.9**	**88.5**

Balance sheet

(in millions of euros)	Note	For the year ended December 31,	
		2010	2009
ASSETS			
Intangible fixed assets		**–**	**–**
Tangible fixed assets		**–**	**–**
Land		–	–
Buildings		–	–
Long-term financial assets		**5,001.2**	**2,879.2**
Investments in related companies		2,083.2	1,483.2
Other securities		–	–
Loans and other long-term financial assets		2,918.0	1,396.0
Fixed assets	(4.1)	**5,001.2**	**2,879.2**
Trade accounts receivable	(4.2)	3.1	2.2
Other accounts receivable	(4.2)	209.8	1,941.8
Short-term investments, cash and bank	(4.2)	15.4	13.2
Adjustment accounts			
Prepayments		–	–
Deferred charges	(4.2)	35.8	40.9
Unrealized exchange rate losses		89.8	9.2
Current assets		**353.9**	**2,007.3**
Total assets		**5,355.1**	**4,886.5**

(in millions of euros)	Note	For the year ended December 31, 2010	2009
LIABILITIES AND STOCKHOLDERS' EQUITY			
Share capital		1,301.1	1,291.1
Share premiums		1,383.7	1,392.2
Legal reserve		26.5	22.0
Regulated reserves		–	–
Statutory and contractual reserves		–	–
Other reserves		15.1	6.9
Retained earnings		409.0	324.9
Net income for the period		59.9	88.5
Stockholders' equity	(4.3)	**3,195.3**	**3,125.6**
Provisions		**4.3**	**–**
Bonds	(4.4)	654.1	576.5
Borrowings from financial institutions	(4.4)	819.6	1,092.5
Other financial debt	(4.4)	534.7	–
Trade accounts payable		1.5	32.0
Other operating liabilities		60.1	50.7
Deferred income		–	–
Unrealized exchange rate gains		85.5	9.2
Liabilities	(4.4)	**2,155.5**	**1,760.9**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**5,355.1**	**4,886.5**

Company results over the last five years
(as required by articles 133, 135 and 148 of the French commercial Code)

In Euros	From January 1 to December 31, 2006	From January 1 to December 31, 2007	From January 1 to December 31, 2008	From January 1 to December 31, 2009	From January 1 to December 31, 2010
Share capital at year end					
Share capital	630,457,740	1,279,969,135	1,279,969,135	1,291,100,090	1,301,064,980
Number of issued shares	63,045,774	255,993,827	255,993,827	258,220,018	260,212,996
Number of convertible bonds	–	–	–	–	–
Income statement information					
Sales, excluding sales taxes	–	–	2,604,595	1,849,311	2,567,134
Net income before taxes, depreciation and provisions	36,297,780	70,685,207	118,400,447	33,837,296	3,270,940
Income taxes	(55,346,349)	(70,633,285)	(63,936,902)	(52,412,705)	(69,665,297)
Net income	91,644,129	140,202,897	180,143,870	88,487,825	59,954,913
Earnings distributed [1]	–	94,717,716	–	–	104,085,198
Earnings per share					
Earnings per share after taxes but before depreciation and provisions	1.45	0.55	0.71	0.33	0.28
Earnings per share after taxes, depreciation and provisions	1.45	0.55	0.70	0.34	0.23
Dividend paid per share	–	0.37	–	–	0.40
Personnel					
Number of employees	–	–	–	–	–
Total remuneration	–	–	–	–	–
Total social charges and other personnel related expenses	–	–	–	–	–

(1) Proposed dividend, to be voted on at the annual general meeting May 19, 2011.

Principal subsidiaries and other investments

December 31, 2010 (in millions of euros)											
Corporate name	Registered office	Capital	Reserves and retained earnings (excluding current year results)	Percentage share capital held	Carrying value of shareholding		Outstanding loans	Guarantees granted by REXEL S.A.	Current year result	Dividends received	Sales
					Cost	NBV					
A/ FRENCH SUBSIDIARIES											
Rexel Développement SAS	Paris	1,366.8	308.7	100.00%	2,074.9	2,074.9	1,476.0		– 64.5	–	46.7
Rexel Distribution SA	Paris	99.4	1,554.2	0.16%	8.3	8.3	–		125.7	–	3.9
B/ FOREIGN SUBSIDIARIES											
TOTAL GENERAL		**1,466.2**	**1,862.9**		**2,083.2**	**2,083.2**	**1,476.0**		**61.2**	**-**	**50.6**

Notes to the Company's financial statements

1. DESCRIPTION OF BUSINESS

Rexel was incorporated in December 2004. Its business is the management of its investments which comprise Rexel Developpement SAS and Rexel Distribution shares and the financing of its subsidiaries and sub-subsidiaries.

2. ACCOUNTING PRINCIPLES

The financial statements for the year ended December 31, 2010 are presented with comparative amounts for the year ended December 31, 2009 and have been prepared in accordance with French law and with accounting principles generally accepted in France.

The accounting principles set out below have been applied in a prudent manner, and in conformity with the following basic concepts:

- going concern,
- consistency,
- cut-off.

Significant accounting principles used are as follows:

2.1 Long-term financial assets

Long-term investments are initially measured at acquisition cost. A valuation allowance is recorded when carrying value exceeds value in use. Rexel determines the value in use of long-term investments in subsidiaries on the basis of forecast future cash flows less net debt. When the carrying amount exceeds value in use, an impairment write-down is made in an amount equal to the difference.

2.2 Receivables and payables

Receivables and payables are recorded at historical cost. When considered necessary, receivables are subject to an allowance to cover the risk of non-recovery.

2.3 Short-term investments

Short-term investments are recorded at acquisition cost, with a provision to cover any unrealized losses.

2.4 Loans

Loans issue costs are amortized over the life of bonds.

2.5 Key events of the period

1. On January 20, 2010, as a supplement of the issuance of notes effective on December 21, 2009, Rexel issued an additional amount of €75.0 million at 8.25%. The additional notes have identical terms and conditions, and are fully fungible with the original Notes. The issue price was 102.33% of the nominal amount corresponding to €76.7 million. Interest payments are due semi-annually on June 15 and December 15 each year.
2. During the period ended December 31, 2010, commitment of facilities A and B under 2009 Senior Credit Agreement was reduced by €40 million (from €600 million to €586 million for facility A and from €1,100 million to €1,074 million for facility B) following completion of a €40 million Term Loan Agreement on July 28, 2010. Terms and conditions under this Term Loan Agreement are similar to those applied for 2009 Senior Credit Agreement.
3. In the frame of the implementation of the new short term agreement with its subsidiaries, the long term financing subsidiaries is provided by Rexel.

3. NOTES TO THE INCOME STATEMENT

3.1 Operating revenues and expenses

Operating income amounts to €2.6 million (€1.9 million in 2009) and relates principally to services provided to subsidiaries.

Operating expenses amount to €32.2 million (€11.1 million in 2009) and mainly comprise fees and other expenses for €6.9 million (€6.2 million in 2009), personnel costs for €5.5 million (€3.1 million in 2009), bank charges for €11.2 million related in part to the non use of the Facility B Senior Credit (€0.9 million in 2009), and depreciation of loans issue costs for €8.6 million (€0.9 million in 2009).

3.2 Net financial income

Net financial income amounts to €19.8 million (€45.3 million in 2009), comprising the following:

- Financial income amounts to €139.9 million (€48.1 million in 2009) and relates principally to interest on loans to its subsidiaries for an amount of €53 million, Rexel Developpement for an amount of €62.6 million, Rexel Distribution for an amount of €22 million and the result of sales of Rexel's shares for €1.9 million, these shares being held in accordance with the share repurchase programme (see § 4.2).
- Financial expenses amount to €120.1 million (€2.8 million in 2009) and relate principally to the interests of the senior unsecured notes for €53.3 million, the 2009 Senior Credit Agreement for €38.2 million, the current account with the company Rexel Distribution for €8 million, the cost of guarantees granted by subsidiaries for €15.9 million and provision for foreign exchange losses for €4.3 million.

3.3 Non-recurring income and expenses

There is no significant non-recurring income or expenses during the year 2010 (like in 2009).

3.4 Compensation of company officers

Board attendance fees paid to company officers during 2010 amount to €0.2 million (€0.2 million in 2009).

Compensation paid to company officers in 2010, amounts to €3.1 million (€3.0 million in 2009).

3.5 Income taxes

Under the group tax consolidation agreement, Rexel is liable for the payment of all tax due by the tax group. Each subsidiary records its individual tax charge calculated on its own taxable income, and any tax benefits arising are recognised by Rexel as the head of the tax group. Rexel has recognized an income of €69.7 million for 2010 (€52.4 million in 2009). The tax losses carried forward of the tax consolidation group amount to €458.1 million as of December 31, 2010 (501.8 million in 2009).

4. NOTES TO THE BALANCE SHEET

4.1 Changes in fixed assets

(in millions of euros)	Cost or valuation, January 1, 2010	Increase	Decrease	Cost or valuation, December 31, 20010
Intangible fixed assets	–	–	–	–
Tangible fixed assets	–	–	–	–
Long-term financial assets:				
– Investments in related companies	1,483.2	600.0	–	2,083.2
– Loans and other long-term financial assets	1,396.0	2,918.0	1,396.0	2,918.0
Sub-total	2,879.2	3,518.0	1,396.0	5,001.2
TOTAL	**2,879.2**	**3,518.0**	**1,396.0**	**5,001.2**

Long-term financial assets

Investments in related companies

The investments in related companies refer to the increase in share capital of Rexel Developpement for €600 million.

Loans and others long-term financial assets

Rexel granted on June 25, 2007, a loan to its subsidiary Rexel Developpement S.A.S. for an initial amount of €1,346.0 million. This loan bears interests at EURIBOR +140 BPS and is repayable on or before April 16, 2012. During 2008, these receivables have been incorporated into the capital of Rexel Developpement S.A.S. for €300 million and the existing loan has been increased by €350 million. On December 31, 2008 this loan amounted to €1,396 million. It was fully repaid on March 1, 2010.

Rexel granted on March 1, 2010 loans to some subsidiaries backed to its 2009 Senior Credit Agreement.

At the end of December 2010, the loans were the following:

	Balance as of December 31,2010 (in million of currency)	Currency	Balance as of December 31,2010 (in millions of euros)	Due Date
Rexel Central Europe		EUR	90.0	17/12/2014
Selga	1,600.0	SEK	178.4	17/12/2014
Redeal Limited	10.0	NZD	5.8	17/12/2014
Elektro Material AG	180.0	CHF	144.0	17/12/2014
Rexel Services		EUR	30.0	17/12/2014
Elektro Scandia Norway	1,673.1	NOK	214.5	17/12/2014
HGM Finland		EUR	145.9	17/12/2014
IESC Corp.	710.0	USD	531.4	17/12/2014
Rexel Electric Supply & Services Hold.		EUR	38.0	17/12/2014
Finelec Developpement		EUR	64.0	30/06/2011
Rexel Developpement		EUR	650.0	17/12/2014
Rexel Developpement		EUR	826.0	17/12/2014
TOTAL			**2,918.0**	

Amounts drawn bear interest at a rate determined in reference to the NIBOR rate when funds are made available in Norwegian Krone, the LIBOR rate when funds are made available in currencies other than the Norwegian Krone or Euro, or the EURIBOR rate when funds are made available in Euro.

The margin applicable will vary in accordance with the ranges of the Pro Forma Leverage Ratio as defined in the different loans (adjusted consolidated net debt relative to adjusted consolidated EBITDA), as set out below:

Leverage Ratio	Margin
Greater than or equal to 5.00:1	5.40%
Less than 5.00:1 but greater than or equal to 4.50:1	4.65%
Less than 4.50:1 but greater than or equal to 4.00:1	4.15%
Less than 4.00:1 but greater than or equal to 3.50:1	3.65%
Less than 3.50:1 but greater than or equal to 3.00:1	3.15%
Less than 3.00:1 but greater than or equal to 2.50:1	2.90%
Less than 2.50:1	2.65%

4.2 Other information relating to assets

Current assets

(in millions of euros)	Total December 31, 2010	Due within one year	Due between 1 and 5 years	Due after more than 5 years
Trade accounts receivable	3.1	3.1	–	–
Current accounts receivable	139.9	139.9	–	–
Income tax receivable	69.9	69.9	–	–
TOTAL	**212.9**	**212.9**	**–**	**–**

Short-term investments, cash and bank

This item is mainly composed by the liquidity contract assets. In the frame of share repurchase programme, in June 22, 2009, Rexel entered into a contract with the Crédit Agricole Cheuvreux Bank (after termination of the previous contract with Rothschild bank) to promote the liquidity of Rexel shares for an initial amount of €12.8 million.

As of December 31, 2010, 103,000 shares held and allocated to price stabilization of stock exchange value, amount to a gross value of €1.7 million. The balance of this contract consists of €13.5 million of cash and cash equivalent.

Deferred charges

Deferred charges amount to €44.4 million and relate to the issuing costs of the notes (€15.8 million) and to the new Senior Credit Agreement implemented on December 21, 2009 (€28.6 million). From the year 2010 these costs are depreciated over the life of financing. The net book value amounts to €35.8 million.

4.3 Stockholders' equity

(in millions of euros)	January 1, 2010	Reserves	Appropriation of the 2009 net income	Increase in share capital	2010 net income	December 31, 2010
Share capital	1,291.1	–	–	10.0	–	1,301.1
Share premiums	1,392.2	(8.2)	–	(0.3)	–	1,383.7
Legal reserve	22.1	–	4.4	–	–	26.5
Other reserves	6.9	8.2	–	–	–	15.1
Retained earnings	324.9	–	84.1	–	–	409.0
Net income for the year	88.5	–	(88.5)	–	59.9	59.9
TOTAL	**3,125.7**	**0.0**	**0.0**	**9.7**	**59.9**	**3,195.3**

Changes in equity during 2010 concern:

1/On May 11, 2010, the company's Management Board decided to allocate an amount of €7.6 million to the other reserves for 1,519,862 free shares granted at a par value of €5 each. On November 19, 2010, in the frame of the capital increase resulting from the employees offering, the company's Management Board decided to allocate an amount of €0.6 million to the other reserves for 135,234 free shares with a par value of €5 each.

2/The Annual General meeting held on May 20, 2010, approved a resolution appropriating the 2009 result of €88.5 million as follows: €4.4 million to the Legal reserve and €84.1 million to the retained earnings.

3/On June 24 and October 4, 2010, the capital was increased to €0.7 million with an issuance of 147,763 shares with a par value of €5 each. This increase results of the acquisition of 147,763 shares through the 2008 free shares plan, and has been recorded by offsetting the share premium.

4/On November 17, 2010, the company's Management Board recorded capital increase resulting from the employees offering for €1.8 million with an issuance of 356,123 shares with a par value of €5 each and the share premium of €1.7 million. The fees stemming from this capital increase are deducted from the share premium to the amount of €1.5 million.

5/During the year 2010, 1,319,548 options regarding the 2005 stock option plan were exercised with issuance of 1,319,548 shares and an increase of capital of €6.6 million. During the year 2010, 169,544 options regarding the 2006 stock option plan were exercised with issuance of 169,544 shares and an increase of capital of €0.9 million, along with a share premium of €0.2 million.

6/The net profit for the year 2010 amounts to €59.9 million.

At the end of December 2010, the company's share capital amounts to €1,301,064,980 represented by 260,212,996 shares each with a par value of €5.

4.4 Other information relating to liabilities

(in millions of euros)	Total December 31, 2010	Due within one year	Due between 1 and 5 years	Due after more than 5 years
Bonds	654.1	2.7	1.1	650.3
Borrowings from financial institutions	819.6	258.1	561.5	–
Other financial debt	534.7	534.7	–	–
Trade accounts payable	1.5	1.5	–	–
Other operating liabilities	60.1	60.1	–	–
Unrealized exchange rate gains	85.5	85.5	–	–
TOTAL	**2,155.5**	**942.6**	**562.6**	**650.3**

Bonds

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

On January 20, 2010 in addition to the bond issue achieved on December 21, 2009, Rexel issued €75 million new senior unsecured notes. The new senior unsecured notes are fully assimilated to the ones issued on December 21, 2009. They pay interest at a rate of 8.25% and are redeemable on December 15, 2016.

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

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

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

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

2009 Senior Credit Agreement

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

During the period ended December 31, 2010, commitment of Facilities A and B under 2009 Senior Credit Agreement was reduced by €40 million (from €600 million to €586 million for Facility A and from €1 100 million to €1 074 million for Facility B) following execution of a bilateralline €40 million Term Loan Agreement on July 28, 2010. Terms and conditions under this Term Loan Agreement are similar to those applied for 2009 Senior Credit Agreement.

- Facility A, which is a three-year multi-currency revolving credit facility. The maximum amount of Facility A is €586 million. Furthermore, the maximum commitment corresponding to Facility A was reduced by €195.3 million in December 2010 (decreasing from €586.0 million to €390.7 million), in accordance with contractual provisions.
- Facility B, which is a five-year multi-currency revolving credit facility. The maximum initial amount of Facility B is €1,074 million.
- Bilateral Term Loan Agreement decreasing from €40 million to €35.3 million in December 2010, in accordance with contractual provisions.

As of December 31, 2010, facilities and their use under the Senior Credit Agreement are as follows:

Credit Facility (Term Loan)	Commitment (in millions of euros)	Borrower	Balance due as of December 31, 2010 (in million of local currency)	Currency	Balance due as of December 31, 2010 (in millions of euros)
Facility A	390.7	Rexel SA	156.0	CAD	117.1
			370.0	USD	276.9
Facility B	1,074.0	Rexel SA	70.0	CHF	56.0
			500.0	SEK	55.8
			294.6	USD	220.5
Sub-total	**1,464.7**				**726.3**
Bilateral line	35.3	Rexel SA	35.3	EUR	35.3
TOTAL	**1,500.0**				**761.6**

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, 2010 the applicable margin stood at 2.50% for Facility A and 2.75% 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 an utilisation fee equal to:

- 0.25% per annum pro rata temporis for the period during which the facilities are drawn down for an amount less than or equal to 66% but greater than 33% of the total commitments; and
- 0.50% per annum pro rata temporis for the period during which the facilities are drawn down for an amount greater than 66% of the total commitments.

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

Covenant (Pro Forma Leverage Ratio)

The Pro Forma Leverage Ratio corresponds to adjusted consolidated net debt relative to adjusted consolidated EBITDA, as such terms are defined below:

Adjusted Consolidated EBITDA means operating income before other income and other expenses, plus depreciation and amortization as set forth in the Group's consolidated financial statements and:

- includes adjusted EBITDA over the last 12 months of all of the companies acquired during the relevant period, pro rata to the Group's participation;
- includes proceeds relating to commodity price derivatives to hedge exposure to price fluctuations of certain commodities which do not qualify for cash flow hedge accounting under IFRS;
- excludes expenses relating to employee profit sharing and any share based payments or the granting of share subscription options;
- excludes restructuring costs relating to the integration of Hagemeyer and any other restructuring and/or acquisition costs relating to any other acquisitions,
- adjusted to exclude the non-recurring impact on the Group's consolidated EBITDA related to the price of copper in cables.

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

- less intra-group loans and transaction costs, as well as the financial charges accounted for as a result of the repayment of the debt outstanding under the previous facilities agreement;
- plus all indebtedness relating to the issuance of securities that are not mandatorily redeemable into shares and any other amount relating to a loan under international accounting standards;

- plus accrued interest (including capitalized interest), excluding interest accrued on intra-group loans;
- minus cash and cash equivalents.

Commitments

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

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

As of December 31, 2010, this ratio was 3.19, thus satisfying the covenant.

Other undertakings

The Senior Credit Agreement includes certain undertakings relating to limitations of the level of capital expenditures and restrictions of the payment of dividends, so long as the Pro Forma Ratio Adjusted Consolidated Net Debt relative to adjusted consolidated EBITDA is above 4.00:1.

Commercial paper program

In September 2010, Rexel launched a €500 million commercial paper program with a fixed maturity ranging from one to three months depending on the notes issued, to diversify the investor base and minimize the cost of financing. As of December 31, 2010, under this program, €57 million were outstanding.

Other financial debts

Other financial debts relate mainly to the current account with the company Rexel Distribution.

4.5 Amounts due to and from related parties

As of December 31, 2010, balances with related parties were as follows:

(in millions of euros)			
Assets		**Liabilities**	
Investments in related companies	2,083.2	Other financial debt	534.7
Loans and other long-term financial assets	2,918.0	Trade accounts payable	0.5
Trade accounts receivable	3.1	Other liabilities	55.2
Other accounts receivable	139.9		
Expenses		**Income**	
Financial expenses	24.0	Financial income	137.7
		Income tax	69.7

5. ADDITIONAL INFORMATION

5.1 Commitments

The Senior Credit Agreement 2009 contains standard clauses for this type of agreement. These include clauses restricting the ability of Group companies which are parties to that Agreement and certain subsidiaries from (i) granting security interests or warranties based on their assets; (ii) making loans to others; (iii) creating security interests; (iv) undertaking certain investments; (v) disposing of assets; or (vi) substantially changing the general nature of the Group's business.

The Senior Credit Agreement contains certain covenants for total or partial acceleration of maturity, particularly in the event of a change of control of Rexel, the sale of all or a part of Rexel's assets, payment default or in the event of accelerated maturity of other financial debt of certain Group entities (above established thresholds) or other events that are likely to have a significant negative effect on the obligations of borrowers and guarantors.

The notes rank pari passu with Rexel's new Senior Credit Facility and is guaranteed by certain of Rexel's subsidiaries which also guarantee the obligations of Rexel under the new Senior Credit Facilities.

A Trust Deed, entered into on December 21, 2009, completed by a First Supplemental Trust Deed entered into on January 20, 2010, between Rexel, certain of Rexel's subsidiaries and BNP Paribas Trust Corporation UK Limited. These agreements were entered into in the context of a notes issuance by Rexel in an amount of €650 million, 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 notes. These agreements were authorized by the Supervisory Board upon its meetings of December 2, 2009, December 10, 2009, and January 8, 2010.

5.2 Employees

The staff of the company is composed by four corporate officers.

5.3 Information on stock options and free share plans

The extraordinary general meeting held on October 28, 2005 approved the implementation of a stock option plan, by authorizing the president to grant options to certain company officers and employees of Rexel group companies in France or abroad, to a maximum of 2,882,000 "Cercle 2" options and 289,300 "Cercle 3" options, exercise terms of the options are governed by the provisions of articles L.225-177 and following of the French Commercial Code.

Plan No. 1 – cercle 2:

Date of shareholders decision:	October 28, 2005		
Maximum number of options granted from the start:	2,882,000		
	1st attribution	**2nd attribution**	**3rd attribution**
Date of granting:	October 28, 2005	May 31, 2006	October 4, 2006
Number of options granted:	2,775,120	169,236	164,460
Number of beneficiaries from the start:	47	5	7
Type of plan:	Subscription	Subscription	Subscription
Exercise price:	€5 / option	€6.5 / option	€9.5 / option
Unavailability period:	From Oct. 28, 2005 to Oct. 28, 2009 included	From May 31, 2006 to May 31, 2010 included	From Oct. 04, 2006 to Oct. 04, 2010 included
Expiration date:	October 28, 2016	October 28, 2016	October 28, 2016
Follow up of the plan:			
Number of options to be exercised as of December 31, 2005:	2,711,000		
Options cancelled or reallocated:	162,696		
Number of options to be exercised as of December 31, 2006:	2,548,304	169,236	164,460
Number of beneficiaries as of December 31, 2006:	44	5	7
Number of options to be exercised as of December 31, 2007 (after division by 2 the par value and doubling the number of options):	1,231,002	140,944	267,452
Number of options to be exercised as of December 31, 2009:	1,231,002	140,944	267,452
Options exercised in 2010:	1,198,182	140,944	–
Number of options to be exercised as of December 31, 2010:	32,820	–	267,452

Plan No. 2 – cercle 3:

Date of shareholders decision:	October 28, 2005	
Maximum number of options to be granted:	289,300	
	1st attribution	**2nd attribution**
Date of granting:	November 30, 2005	May 31, 2006
Number of options granted:	265,700	35,550
Number of beneficiaries from the start:	205	35
Type of plan:	Subscription	Subscription
Exercise price:	€5 / option	€6.5 / option
Unavailability period:	From Nov. 30, 2005 to Nov. 30, 2009 included	From May 31, 2006 to May 31, 2010 included
Expiration date of options:	November 30, 2016	November 30, 2016
Follow up of the plan:		
Number of options to be exercised as of December 31, 2005:	259,050	
Options cancelled or reallocated:	17,111	
Number of options to be exercised as of December 31, 2006:	241,939	34,550
Number of beneficiaries as at December 31, 2006:	197	34
Number of options cancelled as from January 1, 2007:	4,711	562
Number of options to be exercised as of December 31, 2007 (after division by 2 the par value and doubling the number of options):	474,456	67,976
Number of options cancelled as from January 1, 2008:	1,500	2,000
Number of options to be exercised as of December 31, 2008:	472,956	65,976
Number of options exercised in 2009:	66,900	–
Number of options to be exercised as of December 31, 2009:	406,056	65,976
Number of options exercised in 2010:	119,866	30,100
Number of options to be exercised as of December 31, 2010:	286,190	35,876

Concurrently with the IPO, Rexel entered into several free share plans for its top executives, and key employees amounting to a total of 5,022,190 shares on April 11, 2007.

According to local regulations, these employees and executives will either be eligible to receive Rexel shares:

1/ two years after the granting date (April 12, 2009), these being restricted during an additional two year period (April 12, 2011). All of these shares were allocated in 2009;

2/ or four years after granting date with no restrictions. The issuance of these free shares is subject to service and performance conditions. The vesting conditions are presented in the following table:

Beneficiaries	Vesting conditions	Number of shares alived on December 31, 2010
Top executives and managers	One year service condition from the implementation of the plan	1,254,443
Top executives and managers	Performance conditions based on the consolidated 2007 EBITDA and one year service condition from grant date	542,099
Key employees	Half of the shares will be attributed based on 2007 EBITDA and a one year service condition from the implementation of the plan, and the other half based on 2008 EBITDA and a two year service conditions from grant date	800,712
As of December 31, 2010		**2,597,254**

On October 29, 2007, Rexel entered into a second free share plan for key employees which have the same characteristics as the plan dated April 11, 2007.

Beneficiaries	Vesting conditions	Number of shares alived on December 31, 2010
Key employees	Half of the shares will be attributed based on 2007 EBITDA and a one year service condition from the implementation of the plan, and the other half based on 2008 EBITDA and a two year service conditions from grant date.	24,467
As of December 31, 2010		**24,467**

On June 23, 2008, Rexel entered into several free share plans for its top executives and key managers amounting to a total of 1,541,720 shares.

According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (June 24, 2010), these being restricted during an additional two years period (June 24, 2012), or four years after the granting date with no restrictions subsequently.

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

Beneficiaries	Vesting conditions	Maximum number of shares alived on December 31, 2010
Members of Group Executive Committee	Performance conditions based on: 1/ the consolidated 2008 EBITDA, 2/ the 2007/2009 EBITDA margin increase, 3/ the 2009 Ratio Net Debt to EBITDA, and a two year service conditions from grant date	37,889
Others key managers	Performance conditions based on: 1/ the consolidated 2008 EBITDA, 2/ the 2007/2009 EBITDA margin increase, and a two year service conditions from grant date	327,199
As of December 31, 2010		**365,088**

On October 1, 2008, Rexel entered into a second free share plan for its top executives, and key employees to a maximum of 66,241 shares.

According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (October 2, 2010), these being restricted during an additional two year period (October 2, 2012), or four years after the granting date with no restrictions subsequently.

Beneficiaries	Vesting conditions	Maximum number of shares alived on December 31, 2010
Members of Group Executive Committee	Performance conditions based on: 1/ the consolidated 2008 EBITDA, 2/ the 2007/2009 EBITDA margin increase, 3/ the 2009 Ratio Net Debt to EBITDA, and a two year service conditions from grant date	4,944
Others key managers	Performance conditions based on: 1/ the consolidated 2008 EBITDA, 2/ the 2007/2009 EBITDA margin increase, and a two year service conditions from grant date	9,711
As of December 31, 2010		**14,655**

On May 11, 2009, Rexel entered into several free share plans for its top executives and key managers amounting to a total of 1,372,166 shares.

According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (May 12, 2011), these being restricted during an additional two year period (May 12, 2013), or four years after the granting date with no restrictions subsequently.

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

Beneficiaries	Vesting conditions	Maximum number of shares alived on December 31, 2010
Top executives and managers	Two year service condition from the implementation service and performance conditions based on: 1/ the 2009 EBITDA level adjusted, 2/ the increase from 2008 to 2010 EBITDA margin adjusted, 3/ the 2009 Ratio Net Debt / EBITDA adjusted	248,757
Others key managers	Two year service condition from the implementation service for 40% of shares and performance conditions based on: 1/ the 2009 EBITDA level adjusted, 2/ the increase from 2008 to 2010 EBITDA margin adjusted, 3/ the 2009 Ratio Net Debt/ EBITDA adjusted for 60% of shares	804,076
As of December 31, 2010		**1,052,833**

On May 11, 2010, Rexel entered into several free share plans for its top executives and key managers amounting to a total of 1,519,862 shares.

According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (May 12, 2012), these being restricted during an additional two year period (May 12, 2014), or four years after the granting date with no restrictions subsequently.

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

Beneficiaries	Vesting conditions	Maximum number of shares alived on December 31, 2010
Top executives and managers	Two year service condition from the implementation service and performance conditions based on: 1/ the 2010 EBITDA level adjusted, 2/ the increase from 2009 to 2011 EBITDA margin adjusted, 3/ the 2010 Ratio Net Debt / EBITDA adjusted	919,799
Others key managers	Two year service condition from the implementation service for 20% of shares and performance conditions based on: 1/ the 2010 EBITDA level adjusted, 2/ the increase from 2009 to 2011 EBITDA margin adjusted, 3/ the 2010 Ratio Net Debt/ EBITDA adjusted for 80% of shares	555,232
As of December 31, 2010		**1,475,031**

The unit value used as the basis of social contribution of 10% amounts to €11.4.

5.4 Auditors' fees

The auditors' fees amount to €1.2 million for 2010 compared with €1.3 million in 2009.

5.5 Other information

Rexel is consolidated in the scope of Ray Investment Sàrl's financial statements. Ray Investment is a Luxembourg company.

5.6 Subsequent events as of December 31, 2010

None.

6.2 STATUTORY AUDITORS' REPORT ON THE COMPANY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2010

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

KPMG Audit
1, cours Valmy
92923 Paris-La Défense Cedex
France

ERNST & YOUNG Audit
Faubourg de l'Arche
11, allée de l'Arche
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 financial statements

Year ended December 31, 2010

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' decisions, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying financial statements of Rexel S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

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

1. Opinion on the financial statements

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

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

2. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code *("Code de commerce")* relating to the justification of our assessments, we bring to your attention the following matters:

As disclosed in note 2.1 to the financial statements, the utility value valuation of financial investments is based on net cash-flows of subsidiaries' indebtedness. Within the framework of the justification of our assessments, we reviewed the assumptions of budgeted cash-flows on which these assumptions were based, and their computation.

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

3. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the management board *(directoire)*, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code *("Code de commerce")* relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders has been properly disclosed in the management report.

Paris-La Défense, March 24, 2011

The Statutory Auditors

French original signed by

KPMG Audit
A department of KPMG S.A.

Hervé Chopin

Ernst & Young Audit

Pierre Bourgeois

7. Corporate governance

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Rexel is a company with limited liability *(société anonyme)* with a Management Board and Supervisory Board.

7.1 MANAGEMENT AND SUPERVISORY BODIES

7.1.1 Management Board

7.1.1.1 Composition of the Management Board

In accordance with the provisions of the by-laws (article 14 of the by-laws), the Management Board is made up of a minimum of two members and a maximum of four members. Its members are appointed by the Supervisory Board for a term of office of four years. The age limit for serving as Management Board member is 65.

As of the date of this *Document de Référence*, the Management Board comprised the following four members:

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Jean-Charles Pauze 189-193, boulevard Malesherbes 75017 Paris 63 years old	Chairman of the Management Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Current titles and duties: – Chairman and Chief Executive Officer of Rexel Distribution – Director of Rexel France – Chairman of Rexel North America, Inc. – *Geschäftsführer* (manager) of Rexel GmbH – Director and Chairman of International Electric Supply Corp. (renamed Rexel Holding USA Corp.) – Director of Rexel Senate Limited Titles and duties exercised over the course of the five last financial years: – Chairman of the Supervisory Board of Hagemeyer – *Geschäftsführer* (manager) of Rexel Deutschland Elektrofachgrosshandel GmbH – *Geschäftsführer* of Galatea Einhundertvierzigste Vermögensverwaltungs GmbH – Director of Rexel, Inc. – Director of General Supply & Services, Inc. – Director of Rexel Belgium S.A. – Chairman of Rexdir S.A.S. – *Geschäftsführer* (manager) of Rexel Central Europe Holding GmbH	Current titles and duties: – Director of Redcats – Director of Société de Commerce, Financement et Promotion – CFP – Member of the Supervisory Board of CFAO – Member of the Audit Committee of CFAO – Member of the Nomination Committee of CFAO Titles and duties exercised over the course of the five last financial years: – Director of Discodis
Michel Favre 189-193, boulevard Malesherbes 75017 Paris 52 years old	Member of the Management Board	From May 20, 2009 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Current titles and duties: – Director of Rexel Distribution – Director of Rexel France – Director of Svenska Elgrossist AB SELGA – Director of Rexel UK Ltd – Director of Redeal Ltd – Director of Elektroskandia Norge AS	Titles and duties exercised over the course of the five last financial years: – Director of Mercialys – Director of Companhia Brasileira de Distribuicao Brésil – Chairman of Casino Restauration – Chairman of Banque Casino – General manager of the SEITA

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Pascal Martin 189-193, boulevard Malesherbes 75017 Paris 54 years old	Member of the Management Board	From February 13, 2007 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Current titles and duties: – Chairman of Citadel S.A.S. – Chairman of Bizline S.A.S. – Director of Rexel Distribution – Chairman of the board of directors of Nortel Suprimentos Industriais SA Titles and duties exercised over the course of the five last financial years: – Director of Rexel Inc. – Member of the Management Board of Hagemeyer – Chairman of Comrex Ouest S.A. – Chairman of Rexel Latin America S.A.S. – Director of General Supply & Services, Inc. – Director of Kelliher 1998, Ltd – Director of Comrex International Trading (Shanghai) Co. Ltd. – Director of Rexel Electra S.A. – Director of Rexel Chile S.A. – Director of Flores y Kersting	
Jean-Dominique Perret 189-193, boulevard Malesherbes 75017 Paris 63 years old	Member of the Management Board	From February 13, 2007 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Current titles and duties: – Director of Rexel Senate Limited – Director of Rexel Chile S.A. – Director of Rexel Electra S.A. – Director of Flores y Kersting – Chairman of Rexel Latin America – Director of Rexel NCE BV – Director of Nortel Suprimentos Industriais SA – President of Rexel Peru S.A.C. Titles and duties exercised over the course of the five last financial years: – Member of the Management Board of Hagemeyer – Director of Rexel Material Electrico	

Jean-Charles Pauze has served as a member of the Management Board of Rexel since February 13, 2007. He began his career with Total in 1971. In 1974, he joined the Alfa Laval group. He was appointed CEO of that company in France in 1981 and CEO of its subsidiary Brand & Luebbe in Germany in 1984. He then moved to the Strafor Facom group as Chairman and CEO of Clestra-Hauserman in 1986 and Chairman and CEO of Steelcase Strafor in 1991. In 1998, Jean-Charles Pauze was appointed Chairman of the Management Board of Guilbert (PPR Group). From 2002 until 2004, he served as Chairman and CEO of the Rexel Group. Since 2005, he has acted as Chairman and CEO of Rexel Distribution. Jean-Charles Pauze graduated from IDN-EC Lille with an engineering degree. He holds a Master of science in economics and a Master of Business Administration from INSEAD.

Michel Favre has been a member of the Management Board of Rexel since May 20, 2009. He began his career in 1983 with Banques Populaires as an inspector. In 1988, after two years in consulting, he joined the Valeo group where he acted as Director of Financial Control for several successive divisions before becoming CFO for several branches between 1991 and 1997. Promoted to CEO of the Climate Control Division France in 1997, he became CEO of the Lighting-Signal Systems division in 1999. In 2001 he joined Altadis Group as Chief Financial and Administrative Officer. Since 2006, 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.

Pascal Martin has been a member of the Management Board of Rexel since February 13, 2007. He started his career in 1980 with Société Vosgienne de Coton Hydrophile. In 1981, he joined the Renault group in Orléans (France) as Head of the Methods Department. He was appointed Production Manager in 1983, Head of a production site expansion project in 1985 and Head of Technical Services in 1989. From 1992 to 2000, he served as Chief of International Operations (1992-2000), Group Human Resources Director (1993-1999) and Chairman and CEO of Steelcase S.A. International. Pascal Martin also held positions as Chairman and CEO of Airborne France (1994-2001) and CEO France of Steelcase Strafor France (1999-2000). He was appointed France CEO of Guilbert France (PPR Group) in 2001 and Chairman of the Management Board of that company in 2002. He was named CEO of the Rexel Group Business Sector in 2003, Director of the Latin America region in 2004 and Senior Vice President, Business Development and Corporate Operations of Rexel Distribution in 2005. Since 2007, Pascal Martin has been a member of the Management Board and Group Senior Vice President Business Development and Corporate Operations. Pascal Martin holds an engineering degree from ENSAM and is a graduate of ICG.

Jean-Dominique Perret has been a member of the Management Board of Rexel since February 13, 2007. He began his career with Asea Brown Boveri in 1973. In 1975, he joined Schlumberger Services Pétroliers, where he held operational positions in the Middle East, Asia, Africa and South America as Profit Center Manager, Country or Regional Director and lastly, in January 1991, as Regional Director for Latin America. In 1993, he became Sales Engineering Director for Eastern Europe at Air Liquide. In 1994, he was promoted to Human Resources Director of several entities of the Air Liquide group. In 2001, Jean-Dominique Perret was appointed Group Senior Vice President, Human Resources within Rexel Développement. 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 Ecole Centrale Marseille and is a graduate of the Institut de l'Administration des Entreprises (IAE).

7.1.1.2 Operation of the Management Board

The Management Board has broad powers to act in the name of Rexel in all circumstances within the scope of Rexel's corporate purpose and subject to those powers that have been expressly granted by law or the by-laws to the shareholders' meeting and the Supervisory Board or otherwise require prior authorization from the Supervisory Board. The Management Board is also vested with the following specific powers under applicable law and the by-laws:

– to convene general meetings;

– to carry out capital increases and/or to determine the terms and conditions of capital increases pursuant to a delegation of authority from the extraordinary general meeting;

– to carry out capital reductions pursuant to a delegation of authority from the extraordinary general meeting;

– to grant to employees of Rexel options to subscribe for or to purchase shares or to award free shares pursuant to the authorization of the extraordinary shareholders' meeting;

– to issue bonds with the option to delegate such power to the Chairman or to another member of the Management Board; and

– to modify the share capital of Rexel following the conversion of convertible bonds at any time, subscriptions to shares by tendering rights detached from compound securities giving the right to receive shares, the exercise of stock options or the payment of dividends in shares.

On February 13, 2007, the Management Board of Rexel adopted its own Rules of Procedure of which the purpose is, in accordance with applicable law, regulations and by-laws, to assign certain Management Board responsibilities between the Management Board members, to determine the organization and operation of the Management Board and to set out the rights and responsibilities of its members. It is not enforceable vis-à-vis third parties and may not be invoked by such parties against members of the Management Board.

The main provisions of the Rules of Procedure are reproduced or summarized below.

Members of the Management Board

The Management Board is made up of at least two members and no more than four members, who are appointed by the Supervisory Board. The term of their appointment is four years.

Duties and powers of the Management Board

The Management Board is vested with the most extensive powers to act in all circumstances on behalf of Rexel, within the scope of the corporate purpose and subject to those powers expressly assigned by law and by the by-laws to shareholders' meetings and to the Supervisory Board.

In its relationships with third parties, Rexel is responsible for all actions of the Management Board, including those that do not fall within the corporate purpose, unless it can demonstrate that the third party was aware that the action went beyond the scope of such purpose or that it could not be unaware of this under the circumstances, it being specified that publication of the by-laws does not in itself constitute such proof.

The Management Board submits to the Supervisory Board a report summarizing the main actions or events that have occurred concerning the management of Rexel at least once each quarter. The Supervisory Board may also at any time request that the Management Board submit a report on Rexel's management and ongoing operations. This report may be supplemented by interim financial information on Rexel.

Within three months as from the end of each financial year, the Management Board approves and submits to the Supervisory Board, for purposes of verification and control, the year-end financial statements and, if any, the consolidated financial statements together with the report 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.

Jean-Charles Pauze is the Chairman of the Management Board. As such, he is responsible for the administration and management of the Rexel Group, as well as its strategy and orientation. His mission also includes: developing the Rexel Group's business internationally and exercising hierarchical control over the employees of Rexel.

As a member of the Management Board, Michel Favre is in charge of the following duties and/or departments: treasury, financing and credit management; management controls; financial communications; internal audit/control; consolidation and accounting; legal and political affairs in insurance; tax; transactions on fixed assets and/or property.

As a member of the Management Board, Pascal Martin is in charge of the following departments: marketing and commercial development; relationships with suppliers; IT systems; logistics and supply chain; large key international accounts; indirect purchases; strategic development; and mergers and acquisitions.

As a member of the Management Board, Jean-Dominique Perret is in charge of the following departments: human resources development; employee affairs; ongoing training and development; developing recruitment best practices; general services for the holding companies of the Rexel Group and the headquarters; general Rexel Group policies with respect to general services.

Also, as it deems appropriate, the Management Board may assign to one or more of its members, or to any person who is not a member, special missions, on a permanent or temporary basis, to achieve one or more specified goals, with or without the ability further to delegate such powers.

Meetings of the Management Board

Whenever required for the best interests of Rexel, the Management Board meets when convened by its Chairman within a reasonable delay, at Rexel's registered office or at any other place specified in the meeting notice. If specified in the meeting notice, Management Board meetings may be held by videoconference or other forms of telecommunication.

The meetings are chaired by the Chairman of the Management Board or, in his absence, by a member of the Management Board who is selected by the Management Board at the beginning of the meeting. The Management Board appoints a secretary who is not required to be a Board member.

In order for resolutions to be valid, there must be a quorum of more than one half of Management Board members in attendance. Resolutions are adopted by a simple majority of Management Board members present and represented. Each Management Board member may represent one other Management Board member at each Management Board meeting. In the event of a tie, the Chairman of the meeting has a casting vote.

Deliberations are recorded in minutes that are entered in a special register and are signed by the Chairman of the meeting.

Information provided to the Management Board

The Chairman of the Management Board ascertains that a file containing all documents and information needed to review the items on the agenda of the Management Board meeting is sent to each member of the Management Board in a timely manner. In addition, members of the Management Board have the right to request any documents they deem necessary for a meeting, provided that they submit such requests within a reasonable time frame.

Furthermore, between meetings, members receive all appropriate information on events and transactions having a material impact on Rexel.

Charter for Management Board members

In the interest of good corporate governance, the Management Board's Rules of Procedure, to which each member of the Management Board is subject, contain a charter setting out the rights and responsibilities of the members of the Management Board.

7.1.2 Supervisory Board

7.1.2.1 Composition of the Supervisory Board

In accordance with the provisions of Rexel's by-laws (article 19 of the by-laws), the Supervisory Board is made up of a minimum of five members and a maximum of 15 members. Its members are appointed by the Ordinary Shareholders' meeting for a term of office of four years. As an exception, the members of the Supervisory Board currently serving with a term of office of five years shall exercise their duties until the initial date of expiry of their term of office. No individual exceeding the age of 70 may be appointed as member of the Supervisory Board if such appointment raises the number of Supervisory Board members who are over this age to more than one-third.

As of the date of this *Document de Référence*, the Supervisory Board was comprised of the following 11 members:

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Roberto Quarta Cleveland House 33, King Street London SWIY 6RJ United Kingdom 61 years old	Chairman of the Supervisory Board	From February 13, 2007 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	<u>Current titles and duties:</u> – Member of the Appointments Committee of Rexel – Member of the Compensation Committee of Rexel <u>Titles and duties exercised over the course of the five last financial years:</u> – President and member of the Board of Directors of Ray Holding S.A.S. (which became Rexel) – Member of the Board of Directors of Ray Acquisition S.A.S. – Director of Rexel Distribution – President of Ray Acquisition S.C.A. (which became Rexel Développement)	<u>Current titles and duties:</u> – Partner of CD&R LLP – Chief Executive Officer of Clayton, Dubilier & Rice Limited – Non-executive Director of BAE Systems Plc <u>Titles and duties exercised over the course of the five last financial years:</u> – Chairman of Italtel S.p.A – Chairman of BBA Group Plc – Non-executive director of Equant NV – Non-executive director of PowerGen Plc – Non-executive director of Azure Dynamic Corp
Patrick Sayer 32, rue de Monceau 75008 Paris 53 years old	Deputy Chairman of the Supervisory Board	First appointment on February 13, 2007 Renewed on May 20, 2010 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2013	<u>Current titles and duties:</u> – Chairman of the Appointments Committee of Rexel – Member of the Strategic Committee of Rexel <u>Titles and duties exercised over the course of the five last financial years:</u> – Director of Rexel Distribution – Member of the Board of Directors of Ray Holding SAS (which became Rexel) – Member of the Board of Directors of Ray Acquisition S.A.S.	<u>Current titles and duties:</u> – Chairman of the Management Board of Eurazeo – Deputy Chairman of the Management Board of ANF Immobilier – Member of the Supervisory Board of Paris Saint-Germain Football SASP – Director of Accor – Director of Edenred – General Manager of Immobilière Bingen – General Manager of Legendre Holding 8 – Chairman of the Advisory Board of APCOA Parking Holdings GmbH (Germany) – Chief Executive Officer of Legendre Holding 19 – Chairman of the Board of Directors of Europcar Groupe SA (since January 3, 2011) – Director of Colyzeo Investment Advisors (UK) – Chairman of Eurazeo Capital Investissement (formerly Eurazeo Partners) – Manager of Investco 3d Bingen – Member of the Board of Directors of Gruppo Banca Leonardo (Italy) – Member of the Board of Directors of Holdelis – Member of the Steering Committee of France Investissement

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
				Titles and duties exercised over the course of the five last financial years: – Director of SASP PSG Football – Manager *(gérant)* of Euraleo (Italy) – Permanent representative of ColAce at the Supervisory Board of Groupe Lucien Barrière – Managing director of Legendre Holding 11 – Chairman, Deputy Chairman and member of the Supervisory Board of Groupe B&B Hotels – Director of Eutelsat SA – Director of Eutelsat Communications – Directore of Ipsos – President of the *Association Française des Investisseurs en Capital* (AFIC) – Member of the Board of Directors of Lazard LLC – Chairman of the Board of Legendre Holding 18 – Chairman of the Board of BlueBirds Participations SA – Managing Partner of Partena – Director of RedBirds Participations S.A. – Manager of Investco 1 Bingen – Chairman of the Supervisory Board of Fraikin Groupe – Member of the Supervisory Board of *Presses Universitaires de France* – Chairman of the Advisory Board of Perpetuum Beteiligungsgesellschaft GmbH (renamed APCOA Parking Holdings GmbH) – Chairman of the Supervisory Board of APCOA Parking AG
Eurazeo (1) 32, rue de Monceau 75008 Paris Represented by **Marc Frappier** 32, rue de Monceau 75008 Paris 37 years old	Member of the Supervisory Board	From August 1, 2007 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011		Current titles and duties: – Manager of the investment team of Eurazeo – Deputy Chairman of the Advisory Board of Apcoa Parking Holdings GmbH (Germany) – Member of the Supervisory Board of APCOA Parking AG (Germany) – Manager of ECIP Elis Sarl (Luxembourg) and ECIP Agree Sarl (Luxembourg) – Director of Eurazeo Management Lux (Luxembourg)

(1) Eurazeo was co-opted by the Supervisory Board to replace Xavier Marin, who resigned from his duties of member of the Supervisory Board in July 2007. The co-option of Eurazeo as a member of the Supervisory Board was confirmed by Rexel's general shareholders' meeting held on May 20, 2008.

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Luis Marini-Portugal 32, rue de Monceau 75008 Paris 40 years old	Member of the Supervisory Board	From February 13, 2007 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Member of the Audit Committee of Rexel – Member of the Compensation Committee of Rexel	Current titles and duties: – Member of the Management Board of Eurazeo – Chairman of the Board of Directors of Holdelis – Member of the Management Board of Ray Investment – Manager of Investco 4i Bingen *(société civile)* – Manager of Investico 5i Bingen *(société civile)* – Director of Passerelles & Compétences *(association)* – Director of T&F *(association)* – General Manager of Ray France Investment Titles and duties exercised over the course of the five last financial years: – Chairman of the Supervisory Board of Groupe B&B Hotels – Permanent representative of BlueBirds II Participations on the Board of Directors of Eutelsat S.A. – Permanent representative of BlueBirds II Participations on the Board of Directors of Eutelsat Communications S.A. – Director of Legendre Holding 17 – Director of Arabelle – Director of RedBirds Participations – Manager of Eurazeo Entertainment Lux Sarl
David Novak Cleveland House 33, King Street London SWIY 6RJ United Kingdom 42 years old	Member of the Supervisory Board	From February 13, 2007 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Member of the Audit Committee of Rexel – Chairman of the Strategic Committee of Rexel Titles and duties exercised over the course of the five last financial years: – Director of Rexel Distribution – Member of the Board of Directors of Ray Acquisition S.A.S.	Current titles and duties: – Director of BCA – Member of the management committee of Ray Investment – Director and Company secretary of Clayton, Dubilier & Rice Titles and duties exercised over the course of the five last financial years: – Director of Italtel S.p.A. – Director of HD Supply
Amaury Hendrickx Flat 5 78 Elm Park Road London SW3,6AU United Kingdom 39 years old	Member of the Supervisory Board	From May 20, 2010 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2013	Current titles and duties: – Member of the Compensation Committee of Rexel	Current titles and duties: – Director of Merrill Lynch Global Private Equity – Director of Ktesios – Director of ML Infrastructure Holdings Sarl – Member of the management committee of Ray Investment

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Manfred Kindle (1) Cleveland House 33, King Street London SWIY 6RJ United Kingdom 51 years old	Member of the Supervisory Board	From December 2, 2009 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011		Current titles and duties: – Chairman of the Board of Directors of Exova – Director of the Board of Directors of BCA Group – Director Zurich Financial Services – Director of Stadler Rail AG – Director of VermögensZentrum Holding AG
Matthew Turner (2) 2, King Edward Street London, EC1A 1HQ United Kingdom 47 years old	Member of the Supervisory Board	From March 30, 2009 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Member of the Audit Committee of Rexel – Member of the Strategic Committee of Rexel – Member of the Appointments Committee of Rexel	Current titles and duties: – Managing Director and Head of International of BAML Capital Partners – Director of Euromedic International Group BV ("EIG") – Director of Integrated Dental Holdings Group Ltd. – Director of VA Australia Holdings Pty Ltd – Director of DSI Holding GmbH – Director of Foxtons Estate Agents – Director of Partnership Education – Director of charity of NSPCC Helpline Titles and duties exercised over the course of the five last financial years: – Director of Loyalty Partners – Director of Retail Decisions – Director of Upperpoint Group – Director of Pharmacia Diagnostics (Phadia) – Director of Astron Group
Fritz Fröhlich* Saschsenstr 25 42287 Wuppertal Germany 69 years old	Member of the Supervisory Board	From April 4, 2007 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Chairman of the Audit Committee of Rexel – Member of the Appointments Committee of Rexel	Current titles and duties: – Chairman of the Supervisory Board of Draka N.V. – Chairman of the Supervisory Board of Randstad Holding N.V. – Chairman of the Supervisory Board of Altana A.G. – Member of the Supervisory Board of Allianz Nederland Groep N.V. – Member of the Supervisory Board of ASML N.V. Titles and duties exercised over the course of the five last financial years: – Member of the Supervisory Board of AON Jauch & Hübener Holdings GmbH – Member of the Supervisory Board of Kempen & Co N.V. – Member of the Supervisory Board of Gamma Holdings N.V.

(1) Manfred Kindle was co-opted by the Supervisory Board on December 2, 2009 to replace Joseph L. Rice, III. The co-option of Manfred Kindle as a member of the Supervisory Board was approved by the Rexel's general shareholders' meeting held on May 20, 2010.
(2) Matthew Turner was co-opted by the Supervisory Board to replace Djamal Moussaoui, who resigned from his duties of member of the Supervisory Board on February 5, 2009. The co-option of Matthew Turner as a member of the Supervisory Board has been approved by Rexel's general shareholders' meeting held on May 20, 2009.

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
François David* 6, rue Auguste Bartholdi 75015 Paris 69 years old	Member of the Supervisory Board	From April 4, 2007 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Member of the Compensation Committee of Rexel – Member of the Strategic Committee of Rexel Titles and duties exercised over the course of the five last financial years: – Observer *(censeur)* of Rexel Distribution	Current titles and duties: – Chairman and Chief Executive Officer of Coface – Chairman of the Board of Directors of Coface Services – Chairman of the Board of Directors of CofaceAssicurazioni (Italia) – Chairman of the Supervisory Board of Coface Kreditversicherung AG (Germany) – Member of the Board of Directors of Vinci – Member of the Supervisory Board of AREVA – Member of the Supervisory Board of Lagardère SCA – Director of the association Coface Trade Aid – President of Coface ORT – President of *La Librairie Electronique* (LLE) – President of *Centre d'études financières* – Chairman of Or Informatique – Member of the *Conseil de l'Ordre National de la Légion d'honneur* Titles and duties exercised over the course of the five last financial years: – Member of the Board of Directors of EADS
Françoise Gri* 25, rue des Vaussourds 92500 Rueil-Malmaison France 53 years old	Member of the Supervisory Board	From May 20, 2010 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2013	Current titles and duties: – Chairman of the Compensation Committee of Rexel – Member of the Appointments Committee of Rexel	Current titles and duties: – Chairman of Manpower France – Executive Vice-President of Manpower INC – Member of the Ethics Committee of MEDEF – Member of the streaming committee of *Institut de l'Entreprise* – Director of *Ecole Centrale de Paris* Titles and duties exercised over the course of the five last financial years: – Chairman and Chief Executive Officer of IBM France – Director of STX – Vice-President of Foundation *Agir Contre l'Exclusion*

* Independent members of the Supervisory Board.

Roberto Quarta has served as Chairman of the Supervisory Board of Rexel since February 13, 2007. He joined Clayton Dubilier & Rice in 2001. He is a Partner of CD&R LLP. Roberto Quarta is a Non-Executive Director of BAE Systems Plc, the premier global defense and aerospace company. He served as Chairman of Italtel S.p.A. and Non-Executive Director of PowerGen Plc, a U.K. oil and gas company, and Non-Executive Director of Azure Dynamic Corp., which specializes in developing and manufacturing electric commercial vehicles. He has held a number of executive positions at BTR Plc, a U.K.-based holding company. Roberto Quarta was CEO of BBA Group PLC from 1993 to March 2001 and was Chairman of that group from 2001 to January 2007. Roberto Quarta graduated from the College of the Holy Cross.

Patrick Sayer has served as Deputy Chairman of the Supervisory Board of Rexel since February 13, 2007. Patrick Sayer, Chairman of the Management Board of Eurazeo, was appointed in May 2002 to lead a new stage of the development of the company. With over €4 billion of diversified assets, a considerable investment capacity and a long-term investment period, Eurazeo is among the leading listed investment firms in Europe. Eurazeo is thus the majority or reference shareholder of Accor, ANF Immobilier, APCOA, Edenred, Elis, Europcar and Rexel. He was previously Managing Partner of Lazard Frères et Cie in Paris, which he joined in 1982, and Managing Director of Lazard Frères & Co. in New York, where he was in charge, in particular, of media and technology on a global basis. His investment experience started with the creation of Fonds Partenaires, which he supported from 1989 until 1993. Patrick Sayer is Vice-President of the Supervisory Board of ANF Immobilier, member of the Advisory Board of Apcoa Parking Holdings GmbH, Chairman of the Board of Directors of Europcar Groupe, Director of Accor, Edenred, Elis, Grand Théâtre de Provence, member of the Supervisory Board of Paris Saint-Germain (PSG), member of the Board of Directors of Gruppo Banca Leonardo (Italy), former Chairman (2006-2007) of Association Française des Investisseurs en Capital (AFIC), member of the Steering Committee of France Investissement, Director of the Musée des Arts Décoratifs de Paris and member of the Club des Juristes. Patrick Sayer is a graduate of Ecole Polytechnique (1980) and Ecole des Mines de Paris (1982).

François David has served on the Supervisory Board of Rexel since April 4, 2007. François David was a civil administrator at the Department of External Economic Relations at the French Ministry of Finance (1969-1973), Trade Advisor at the French Embassy in London (1974-1976), Agricultural Policy Bureau Chief at the Department of External Economic Relations (1976-1978), Technical Advisor to Jean-François Deniau (Minister of Foreign Trade) (1978-1980), Junior Director (1981-1984), Assistant Director (1984-1986) at the Economics, Finance and Budget Ministry, Bureau Director to Michel Noir (Minister Delegate to the Minister of State, Minister of Economics, Finance and Privatization, Foreign Trade Representative) (1986-1987), Director of the Department of External Economic Relations (1987-1989), General Director of International Affairs of Aerospatiale (1990-1994). François David has been the chairman of Coface since July 1994 and since: Chairman of the Supervisory Board of Coface Deutschland (1996), Chairman of the Board of Directors of Coface Assicurazioni (1997), Chairman of the Union of Berne (1997-1999), Chairman of the Global Economy Information and Reflection Club (CIREM) of CEPII, the French research center of international economics (1999-2002), Chairman of the International Credit Insurance & Surety Association (ICISA) (2004-2006), Chairman of the Board of directors of Coface Services (since 2006). François David sits on the Board of Directors of Vinci and on the Supervisory Board of Lagardère SCA and AREVA. He was an observer *(censeur)* at Rexel until 2007. François David is also a member of the *Conseil de l'Ordre de la Légion d'Honneur* (November 2009).

Marc Frappier has served on the Supervisory Board of Rexel as a permanent representative of Eurazeo since July 20, 2008. Marc Frappier is a Manager within the investment team of Eurazeo. He joined Eurazeo in 2006 and participated in a number of investment projects. Before joining Eurazeo, Marc Frappier worked for The Boston Consulting Group in Paris and Singapore between 1999 and 2006 and for Deloitte & Touche between 1996 and 1999. Marc Frappier is an *Ingénieur Civil des Mines* and holds the *Diplôme d'Etudes Comptables et Financières.*

Fritz Fröhlich has been a member of the Supervisory Board of Rexel since April 4, 2007. Previously, Fritz Fröhlich served as deputy chairman and chief financial officer of AKZO Nobel from 1998 to 2004 and member of the executive board in charge of fibers from 1991 to 1998. Prior to joining AKZO Nobel, Fritz Fröhlich was CEO of Krupp Widia from 1984 to 1991 and CEO of Sachs Dolmar from 1976 to 1984. He began his career in working in the fields of Marketing and Economic studies. Fritz Fröhlich is a member of the supervisory boards of Allianz Nederland Groep N.V. and ASML N.V., as well as chairman of the supervisory boards of Randstad Holding N.V, Draka NV and Altana AG. He holds a doctorate in economics from Cologne University and a Master of Business Administration (MBA).

Françoise Gri has served on the Supervisory Board of Rexel since May 20, 2010. She has been chairman of Manpower France and a member of the management team of Manpower since 2007. Prior to joining Manpower, Françoise Gri worked with the IBM group where she successively carried out the duties of sales engineer, account manager and sales manager (1982-1989), executive assistant with the President of IBM France (1990), public sector manager with IBM France (1991-1997), manager of the e-Business solutions section, manager of the operational section and manager of the marketing and commercial section with IBM EMEA (1996-2000) in charge of the management of the commercial operations of IMB EMEA (2000-2001) and President of IBM France (2001-2007). In 2007-2008, Françoise Gri was also a director of Aker Yards (renamed STX Europe, a South-Korean ship manufacturer). Françoise Gri is a director of Ecole Centrale, Paris, member of the Ethics Committee of the MEDEF, member of the steering committee of Institut de l'Entreprise. Françoise Gri was awarded the decorations of *Chevalier de l'Ordre National de la Légion d'Honneur* and *Chevalier de l'Ordre National du Mérite*. In 2009, for the sixth consecutive year, Françoise Gri was part of the world's 50 most influential business women according to the ranking of US magazine *Fortune*. Françoise Gri is a graduate of Ecole Nationale Supérieure d'Informatique et Mathématiques Appliquées (ENSIAMAG) in Grenoble, France.

Amaury Hendrickx has served on the Supervisory Board of Rexel since May 20, 2010. He joined Merrill Lynch in 2004 and is a Director of Merrill Lynch Global Private Equity. Prior to joining Merrill Lynch, Amaury Hendrickx worked at Alpinvest Partners focusing on private equity transactions in the Benelux countries and Germany and participated in a number of investments. Previously, Amaury Hendrickx co-founded a financial software company and spent three years in the investment banking division of Bankers Trust/ Deutsche Bank in London. Amaury Hendrickx is a Director of Merrill Lynch Global Private Equity, director of Ktesios, director of ML Infrastructure Holdings Sarl and member of the management committee of Ray Investment. Amaury Hendrickx holds a business degree from the Katholieke Universiteit Leuven University of Belgium and an MBA from the University of Chicago.

Manfred Kindle has been a member of the Supervisory Board of Rexel since December 2, 2009. He 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 Industries 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 then became a partner of Clayton, Dubilier & Rice, a private equity firm based in New York and London. In his function as a partner of that firm Manfred Kindle serves as Chairman of Exova Ltd. and as a member of the Supervisory Board of Rexel SA. He also is on the board of Zurich Financial Services, VZ Holding AG and Stadler Rail AG as well as Chairman of the Board of Directors of BCA Group.

Luis Marini-Portugal has served on the Supervisory Board of Rexel since February 13, 2007. Luis Marini-Portugal has been a member of the Executive Board of Eurazeo since 2008. He joined Eurazeo in 1999 and participated in a number of investments, including B&B Hotels, Elis, Eutelsat S.A., Ipsos, Rexel and Terreal. Before joining Eurazeo, Luis Marini-Portugal worked at JP Morgan in London and Paris in corporate advice and capital market transactions. Luis Marini-Portugal is a 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 Etudes Commerciales (HEC) in Paris.

David Novak has served on the Supervisory Board of Rexel since February 13, 2007. He is a Senior Partner of CD&R 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.

Matthew Turner has been a member of the Supervisory Board of Rexel since March 30, 2009. Matthew Turner joined Merrill Lynch in 2007. He is Managing Director and Head of International in Merrill Lynch Global Private Equity. Prior to joining Merrill Lynch, Matthew Turner has worked in the Private Equity sector for twenty years. Matthew Turner was a member of the boards of various companies, including Phadia, Gala, Moliflor, Retail Decisions, Loyalty Partners, Upperpoint Group, RAL Group and Astron. Matthew Turner is currently a member of the Boards of Euromedic, a pan-European provider of medical services, of Integrated Dental Holdings Group Ltd., and of Partnership Education. Matthew Turner is particularly involved in strategic decision-making and in the determination of current guidelines for all activities. Matthew Turner holds a law degree with honors from Guildford Law College (United Kingdom) and has worked as a business lawyer.

Joe Adorjan has resigned from his duties as member of the Supervisory Board of Rexel since February 8, 2011. Until his resignation, Joe Adorjan actively participated in all of the meetings and operations of the Supervisory Board and took part in the vote on all of the decisions submitted to the Supervisory Board in the financial year ended December 31, 2010. A new member of the Supervisory Board, qualifying as an independent member, will be appointed in remplacement of Joe Adorjan.

In accordance with the stipulations of the articles of associations and its Rules of Procedures relating to the renewal of the mandate of the members of the Supervisory Board, on February 8, 2011, the Supervisory Board unanimously decided that the mandates of David Novak, Luis Marini-Portugal and Matthew Turner as members of the Supervisory Board would expire prematurely in order to allow a gradual renewal of the Supervisory Board. The renewal of their mandate will be submitted to the Shareholders' Meeting of Rexel to be held on May 19, 2011.

7.1.2.2 Operation of the Supervisory Board

The Supervisory Board exercises ongoing control over Rexel's management by the Management Board under the conditions provided by law. It performs the controls and verifications that it deems appropriate and has the right to request any document it deems necessary for the performance of its duties. In particular, the Supervisory Board has the following specific duties:

- it appoints and dismisses Management Board members and determines their compensation (including benefits in kind and special pension arrangements);
- it appoints and dismisses the Chairman of the Management Board;
- if permitted by the by-laws, it may grant powers to one or more Management Board members to represent Rexel;
- it co-opts Supervisory Board members;
- it authorizes agreements that are subject to article L.225-86 of the French commercial code;
- it creates the Supervisory Board Committees, defines their powers, appoints committee members and determines their compensation;
- it authorizes the sale of real properties and the disposal of equity investments, in whole or in part, and grants security interests;
- it allocates attendance fees;
- it approves securities, endorsements and guarantees.

The Supervisory Board of Rexel adopted its own Rules of Procedure on February 13, 2007 pursuant to Rexel's by-laws, and updated them in April 2007, for the purpose of setting forth the provisions governing the organization and operation of the Supervisory Board and the rights and responsibilities of its members. These Rules of Procedure are not enforceable vis-à-vis third parties and may not be invoked by such parties against members of the Supervisory Board.

The main stipulations of the Rules of Procedure are reproduced or summarized below.

Members of the Supervisory Board

The Supervisory Board is made up of five to fifteen members, subject to exemption provided for by law in the case of a merger. Supervisory Board members are appointed by the ordinary shareholders' meeting for a term of 4 years (as an exception, the duties of the current members of the Supervisory Board, the term of which was determined for 5 years, shall expire at their initial expiry date).

The Supervisory Board shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years. The order of early termination of the terms of office shall be determined by the unanimous decision of the members of the Supervisory Board present or represented or, if unanimity is unable to be reached, by drawing lots. The terms of office of the persons so appointed will expire on the date determined by the unanimous decision of the Supervisory Board or determined by the Chairman prior to the draw. The renewal of Supervisory Board members shall then be carried out in the order of length of service.

Powers of the Supervisory Board

Throughout the year, the Supervisory Board carries out those verifications and controls that it deems appropriate and receives all documents that it deems necessary for the performance of its duties.

It has the following powers:

(i) Powers in the area of control:

- it reviews the financial condition, cash position and commitments of Rexel and its subsidiaries;
- it reviews the financial statement auditing process and information provided to the shareholders and to the market;
- it authorizes related-party agreements.

(ii) Powers in the area of appointments and compensation:

- it appoints and dismisses Management Board members (including the Chairman), determines their number within the limits provided by the by-laws and their compensation;
- it appoints and dismisses the Chairman of the Management Board, including in his capacity as member of the Management Board;
- it co-opts the members of the Supervisory Board;
- it allocates attendance fees.

(iii) Preparation of reports to be submitted to general meetings of shareholders:

Each year, the Supervisory Board submits to the ordinary annual general meeting its comments on the Management Board's report and on the financial statements for the financial year.

The Chairman of the Supervisory Board must append to this report a report on how the Supervisory Board prepares and organizes its work, and on the internal control procedures implemented by Rexel.

The Supervisory Board submits recommendations on the reappointment of Supervisory Board members.

(iv) Powers to grant prior authorization to the Management Board to make certain decisions:

The Supervisory Board grants to the Management Board the authorizations required by law or by a provision of the by-laws of Rexel.

In addition, a list of decisions made by the Management Board, which are subject to prior authorization by the Supervisory Board under the terms of Rexel's by-laws, is mentioned in paragraph 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, or a duly empowered proxy.

Code of Conduct of the Supervisory Board

The Supervisory Board, a collegiate body, is required to act in Rexel's corporate interests under all circumstances. Therefore, the Supervisory Board members carry out their duties with loyalty, in good faith, and with professionalism and independence. Also, they ensure that any conflict of interest that might exist between their personal interests and those of Rexel is avoided.

Compensation of Supervisory Board members

The ordinary general meeting may allocate attendance fees to Supervisory Board members. The Supervisory Board allocates this remuneration among its members as it deems appropriate.

The compensation of the Chairman and of the Deputy Chairman of the Supervisory Board are determined by the Supervisory Board. Such compensation may be both fixed and proportional.

The Supervisory Board may allot exceptional compensation for special missions or functions assigned to Supervisory Board members. Any such compensation is recorded in operating expenses and is subject to approval by the ordinary shareholders' meeting.

The Supervisory Board may authorize the reimbursement of travel and other expenses incurred by its members in the best interest of Rexel.

No other compensation, whether permanent or temporary, may be allotted to Supervisory Board members unless they are bound to Rexel by an employment agreement under the conditions allowed by applicable law and regulations.

Independent Members of the Supervisory Board

In accordance with the good corporate governance principles and practices set out in its Rules of Procedure, the Supervisory Board and each of the committees comprise independent members who are elected or appointed as such.

Definition of independence and related criteria

In accordance with the AFEP and MEDEF corporate governance principles, an independent member may not:

- be an employee or corporate officer of Rexel or of the Rexel Group, an employee or director of a shareholder that controls Rexel alone or in concert with others, (within the meaning of the law) or a company consolidated thereby, and must not have held such capacity within the five previous years;
- be a corporate officer of a company in which Rexel directly or indirectly holds an office as a director or in which an employee designated as such or a corporate officer of Rexel (incumbent or having held such position within less than five years) holds the office of director;
- be a customer (or have direct or indirect ties to a customer), supplier, corporate banker or investment banker (i) significant for Rexel or the Rexel Group; or (ii) for whom Rexel or the Rexel Group represents a significant portion of its business;
- have any family ties with any corporate officer of Rexel or the Rexel Group;
- have been an auditor of Rexel or of any Rexel Group company within the last five years;
- have served as a corporate officer of Rexel for more than 12 years; and
- receive or have received material additional compensation from Rexel or the Rexel Group, other than attendance fees, including participation in any stock option plan or any other type of performance-related compensation.

Supervisory Board members who represent significant direct or indirect shareholders of Rexel may be deemed to be independent if such shareholders do not control Rexel within the meaning of article L.233-3 of the French commercial code. However, when a member of the

Supervisory Board represents a shareholder of Rexel that directly or indirectly owns more than 10% of Rexel's share capital or voting rights, the Supervisory Board, acting on a report of the Appointments Committee, shall systematically review the qualification of independence by taking into account the share ownership of Rexel and the existence of a potential conflict of interest.

The Supervisory Board may find that while one of its members fulfils the aforesaid criteria, he may not be designated as independent owing to his individual situation or to the situation of Rexel, in light of its shareholder base or for any other reason.

Qualification procedure for independent members

The Appointments Committee reviews the designation of independent members each year and draws up a report to the Supervisory Board on the matter. Each year, in light of this report, the Supervisory Board reviews the situation of each Supervisory Board member with respect to independence criteria. The Supervisory Board submits the findings of its review to the shareholders in the annual report.

Based on this review for the year ended December 31, 2010, four Supervisory Board members were independent: Françoise Gri, François David, Fritz Fröhlich and Joe Adorjan.

It also results from this review that two members of the Audit Committee were independent during the year ended December 31, 2010 (Fritz Fröhlich and Joe Adorjan). The Appointments Committee included two independent members during the year ended December 31, 2010 (Fritz Fröhlich and Françoise Gri). The Compensation Committee included three independent members during the year ended December 31, 2010 (François David, Françoise Gri and Joe Adorjan). The Strategic Committee included two independent members during the year ended December 31, 2010 (François David and Joe Adorjan).

Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board of Rexel and of the committees. A new member of the Supervisory Board, qualifying as an independent member, will be appointed in remplacement of Joe Adorjan.

Supervisory Board observer *(censeur)*

The Supervisory Board may appoint one or more observers *(censeurs)*, who may be but are not required to be shareholders, and who shall be asked to attend Supervisory Board meetings, exclusively for purposes of information.

Supervisory Board Committees

The Supervisory Board may create committees to assist it in carrying out its functions. The Supervisory Board Rules of Procedure set the rules that apply to each committee, in particular the rules relating to their composition and operational procedures. In addition, the Supervisory Board Rules of Procedure set certain rules that are specific to the Audit Committee, Appointments Committee, Compensation Committee and Strategic Committee.

Assessment of organization and operation of the Supervisory Board

In accordance with its Rules of Procedure, Rexel's Supervisory Board assesses its own organization and operation.

The assessment conducted in respect of the financial year ended December 31, 2010 shows that the members of the Supervisory Board are globally satisfied with the membership, organization and functioning of the Supervisory Board and of the special committees of the Supervisory Board. Certain suggestions have been made however in order to improve the work of the Supervisory Board, in particular with respect to (i) the holding of the meetings of the Supervisory Board (participation of independent members to be encouraged, number of meetings to be adapted depending on the topics discussed), (ii) the topics discussed at the Supervisory Board and the committees (discussions regarding employee and environmental matters to be developed) and (iii) the organization and functioning of the Strategic Committee (members to be informed of the holding and the agenda of the meetings further in advance, meetings to be adapted depending on the topics discussed, ongoing and thorough review of potential acquisitions to be organized).

7.1.3 Supervisory Board Committees

The Supervisory Board has created four special committees and determined their composition and responsibilities: the Audit Committee, the Compensation Committee, the Appointments Committee and the Strategic Committee.

Each of the Supervisory Board's special committees has drawn up rules of procedure that have been approved by the Supervisory Board and set out the applicable stipulations of the Supervisory Board Rules of Procedure.

7.1.3.1 Audit Committee

During the financial year ended on December 31, 2010, the Audit Committee was made up of the following persons:

- Fritz Fröhlich (chairman);
- David Novak;
- Luis Marini-Portugal;
- Matthew Turner; and
- Joe Adorjan.

Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board and of member of the Audit Committee of Rexel. A new member of the Supervisory Board, qualifying as an independent member, will be appointed in remplacement of Joe Adorjan.

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, 2010, four Supervisory Board members were independent: Fritz Fröhlich, François David, Joe Adorjan and Françoise Gri. Within the Audit Committee, during this financial year ended, the following were thus independent: Fritz Fröhlich and Joe Adorjan.

Fritz Fröhlich, independent member, has specific skills in the financial or accounting fields. Furthermore, each of the other members of the Audit Committee has skills in the financial or accounting fields.

The main provisions of the Rules of Procedure of the Audit Committee are set out below. Such provisions take into account the conclusions of the working group on Audit Committee set up by the AMF.

Members

The Audit Committee is made up of a maximum of five members, at least two of whom must be independent. At least one of the independent members shall have an expertise in financial and accounting matters.

The Chairman of the Supervisory Board shall not be a member of the Audit Committee.

The members of the Audit Committee shall be appointed for their expertise in accounting and finance matters.

Powers

The Audit Committee monitors the elaboration and the control of the financial and accounting information. It assists the Supervisory Board in ascertaining the accuracy and faithfulness of the parent company and consolidated financial statements of Rexel and the quality of the information provided. Its mission, as assigned by the Supervisory Board when preparing the parent company and consolidated financial statements, which are drawn up annually, half-yearly and quarterly in accordance with applicable regulations, and when preparing any deliberations with respect to the financial statements of Rexel, is to make recommendations and submit proposals to the Supervisory Board in all areas listed below:

– review and control of the financial and accounting information:
  - knowledge of the scope of consolidation, accounting methods and auditing procedures;
  - review of the quarterly, half-yearly and annual financial statements, and in particular analysis of provisions and of material risks and off-balance sheet liabilities;
  - knowledge of accounting positions taken in recognizing material transactions;
  - submission of recommendations to the Supervisory Board on all proposed adoption of material changes in accounting methods;
  - review of the Rexel Group's financial position;
  - monitoring of the review by the auditors of the consolidated and company quaterly, half-yearly and annual financial statements;
  - review of the procedures for preparing the information provided to the shareholders and to the market and review of the press releases published by the Rexel Group in connection with financial and accounting matters;

– control of the Statutory Auditors' mission and independence:
  - oversight of the selection procedure applicable to the Statutory Auditors;
  - submission of recommendations to the Supervisory Board on the Management Board's proposals to appoint, replace and reappoint Statutory Auditors to the shareholders' meeting;
  - knowledge of the amount of fees paid to the Statutory Auditors and recommendation thereon to the Management Board;
  - ascertaining that the Statutory Auditors comply with the rules governing their independence;

– control of internal audit procedures and monitoring of the internal control and risk management systems efficiency:
  - submission of recommendations on the mission and organization of the Rexel Group's internal audit department and its action plan;
  - review of main findings carried out by Internal Audit within the framework of its work, followed by a report to the Supervisory Board;
  - review of the contributions of the internal audit department to the assessment of the risk management and internal control procedures;
  - review of the organization and application of internal control framework within the Rexel Group and review of the risk identification and management procedures.

Operations

The Audit Committee meets at least four times per year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Audit Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Committee's scope.

The Committee must report on its activities to the Supervisory Committee on a regular basis, and at least at the time at which the Management Board adopts the financial statements for the year, semester and trimester.

The Committee is duly convened only if a quorum consisting of at least half of its members is present. A committee member may not be represented by proxy.

The Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

7.1.3.2 Appointments Committee

The Appointments Committee is made up of the following persons:

- Patrick Sayer (chairman);
- Roberto Quarta;
- Matthew Turner;
- Françoise Gri; and
- Fritz Fröhlich.

The main provisions of the rules of procedure of the Appointments Committee are set out below.

Members

The Appointments Committee is made up of a maximum of five members, at least two of whom are independent.

Powers

The Appointments Committee has the following responsibilities:

- issue recommendations on the appropriateness of appointments, dismissals of appointments, dismissals and renewals of appointments of members and the Chairman of the Supervisory Board, members and the chairman of the Audit, Strategic and Compensation Committees, members and the Chairman of the Management Board and members of the Executive Committee, and to issue recommendations on the candidates considered, in terms of expertise, availability, appropriateness and complementarity with other Supervisory Board, Management Board or Executive Committee members;
- propose independence criteria for members of the Supervisory Board;
- verify compliance with independence criteria and issue opinions thereon, as required, and advise the Chairman of the Supervisory Board on the number of independent members;
- be in a position at any time to formulate a proposal on a potential successor to the Chairman of the Management Board or of the Supervisory Board;
- issue a recommendation, on the Management Board's proposal, on the acceptance and resignation by Rexel from any office as member of the board of directors or any equivalent body and on the appointment and dismissal of permanent representatives of Rexel on the said board of directors or equivalent bodies.

Operations

The Appointments Committee meets at least once each year and, in any case, prior to those Supervisory Board or Management Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Appointments Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the scope of the Appointments Committee.

The Appointments Committee is duly convened only if a quorum consisting of at least half of its members is present. A member of the Appointments Committee may not be represented by proxy.

The Appointments Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

7.1.3.3 Compensation Committee

During the financial year ended on December 31, 2010, the Compensation Committee was made up of the following persons:

- Françoise Gri (chairman);
- Amaury Hendrickx;
- Luis Marini-Portugal;
- Roberto Quarta;
- François David; and
- Joe Adorjan.

Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board and member of the Compensation Committee of Rexel. A new member of the Supervisory Board, qualifying as an independent member, will be appointed in remplacement of Joe Adorjan.

The main provisions of the Rules of Procedure of the Compensation Committee are set out below.

Members

The Compensation Committee is made up of a maximum of six members, at least three of whom must be independent.

The Chairman and Deputy Chairman of the Supervisory Board may serve on the Compensation Committee but may not participate in the Compensation Committee's work concerning their own compensation.

Powers

The responsibilities of the Compensation Committee are the following:

- to make all recommendations to the Supervisory Board on the compensation of Management Board and Executive Committee members, on the rules for determining the variable components and any supplemental components such as pension schemes and benefits in kind;
- to be informed of planned compensation in the event of the breach of an employment agreement of a Management Board or Executive Committee member and to render an opinion in this respect to the Chairman of the Supervisory Board;
- to render an opinion on the stock option and bonus share award policy, for all categories of beneficiaries, and more particularly for Rexel Management Board and Executive Committee members; to make recommendations on the frequency of such awards and the terms and conditions of award.

Operations

The Compensation Committee meets at least once each year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Compensation Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the scope of the Compensation Committee.

The Compensation Committee is duly convened only if a quorum consisting of at least half of its members is present. A member of the Compensation Committee may not be represented by proxy.

The Compensation Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

On an annual basis, pursuant to the exercise of its advisory functions on the setting of compensation for the members of the Management Board, the Compensation Committee may hear the members of the Management Board, notably in order to prepare the performance evaluations of the latter by the Supervisory Committee.

7.1.3.4 Strategic Committee

During the financial year ended on December 31, 2010, the Strategic Committee was made up of the following persons:

- David Novak (chairman);
- Patrick Sayer;
- François David;
- Matthew Turner; and
- Joe Adorjan.

Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board and member of the Strategic Committee of Rexel. A new member of the Supervisory Board, qualifying as an independent member, will be appointed in remplacement of Joe Adorjan.

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 Committee.

Powers

The Strategic Committee's responsibilities are:

- review and issue recommendations to the Supervisory Board on projects for the strategic plans and annual budgets of Rexel drawn up by the Management Board. In this respect, the Strategic Committee may interview Management Board members on the assumptions applied in drawing up the said plans;
- review and issue recommendations to the Supervisory Board on planned acquisitions or disposals of business divisions or assets, and on investments, whenever the enterprise value exceeds the threshold above which such transactions are subject to prior approval by the Supervisory Board;
- review and issue recommendations to the Supervisory Board on the creation of any business division or subsidiary, on investments in any business division or on the acquisition of any equity interest in a country in which Rexel does not operate;
- review and issue recommendations to the Supervisory Board on any borrowing or assumption of liabilities by Rexel in an amount exceeding the threshold above which such transactions are subject to prior approval by the Supervisory Board;
- review and issue recommendations to the Supervisory Board on all proposed mergers, spin-offs or asset transfers in connection with Rexel;
- review and issue recommendations to the Supervisory Board on any proposal for the admission to trading on an organized exchange of tradable securities issued by Rexel or any of its subsidiaries;
- review and issue recommendations to the Supervisory Board on any transaction entailing a significant alteration in the scope of the business activities of Rexel and its subsidiaries;
- review the Rexel Group's financial position, in conjunction with the Audit Committee.

Operations

The Strategic Committee meets at least once each year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Strategic Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Strategic Committee's scope.

The Strategic Committee is duly convened only if a quorum consisting of at least half of its members is present. A committee member may not be represented by proxy.

The Strategic Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

7.1.4 Executive Committee

Rexel's operational organization is structured around an Executive Committee.

The Executive Committee includes the members of the Management Board, CEOs of the Rexel Group's geographic areas and the Communication Management. The Committee serves as a forum for the consolidation of strategy, initiative coordination and the monitoring of performance and Rexel Group-wide projects.

As of the date of this *Document de Référence*, the Executive Committee is comprised of the following persons: Jean-Charles Pauze (Chairman of the Management Board and Chief Executive Officer); Pascal Martin (Management Board member, Group Senior Vice President, Business Development and Corporate Operations); Jean-Dominique Perret (Management Board member, Group Senior Vice President, Human Resources, Group Delegate for International Businesses); Michel Favre (Management Board member, Chief Financial Officer and Group Senior Vice President); Pascale Giet (Group Senior Vice President Communication and Sustainable Development); Patrick Bérard (Senior Vice President South Continental Europe and CEO France); Jeff Hall (Senior Vice President and CEO Canada); Jérémy de Brabant (Senior Vice President Northern Europe and Benelux); Henri-Paul Laschkar (Senior Vice President United Kingdom and Ireland); Mitch Williams (Senior Vice President and CEO Gexpro); Christopher Hartmann (Executive Vice President and CEO International Electric Supply Corp. (renamed Rexel Holding USA Corp.) (Rexel USA)); Hubert Salmon (Senior Vice President Asia-Pacific); and Michel Klein (Senior Vice President Central and Eastern Europe).

The Executive Committee meets at least every two months to define the Rexel Group's strategy, coordinate initiatives (particularly with respect to operations), monitor Rexel Group performance and ensure the implementation of horizontal projects for the Rexel Group.

7.1.5 Statements concerning the Management Board and Supervisory Board

To Rexel's knowledge:

- there are no family ties among members of the Management Board and Supervisory Board of Rexel;
- no member of the Management Board or Supervisory Board of Rexel has been convicted of fraud within the last five years;
- no member of the Management Board or Supervisory Board of Rexel has been associated with any "bankruptcy", receivership or liquidation within the last five years;
- no member of the Management Board or Supervisory Board of Rexel has been the subject of any official public incrimination or sanctions by statutory or regulatory authorities within the last five years; and
- no member of the Management Board or Supervisory Board of Rexel has been disqualified by a court from acting as a member of an administrative, management or supervisory body of any issuer or from participating in the management or conduct of the business of any issuer within the last five years.

7.1.6 Conflicts of interest

David Novak, Matthew Turner and Luis Marini-Portugal and Amaury Hendrickx are members of the Management Board of Ray Investment, the main shareholder of Rexel.

Patrick Sayer, Marc Frappier and Luis Marini-Portugal are corporate officers of Eurazeo, an indirect shareholder of Rexel S.A.

Amaury Hendrickx and Matthew Turner hold various offices with BAML Capital Partners, an indirect shareholder of Rexel.

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, Amaury Hendrickx, Manfred Kindle, Luis Marini-Portugal, David Novak and Matthew Turner are not in a situation of conflict of interest with respect to the performance of their corporate duties within Rexel.

As of the date of this *Document de Référence* and to Rexel's knowledge, there exists no other situation that could give rise to a conflict between the private interests of members of the Management Board or Supervisory Board and Rexel's interests.

For information regarding the appointment of members of the Supervisory Board, see paragraph 7.1.2.2 "Operation of the Supervisory Board" of this *Document de Référence* as well as paragraph 8.1.5 "Agreements potentially leading to a change of control" of this *Document de Référence*.

7.1.7 Service agreements between Management Board and Supervisory Board members and Rexel or one of its subsidiaries

There are no service agreements between Management Board and Supervisory Board members and Rexel or one of its subsidiaries and that award any benefits.

7.2 IMPLEMENTATION OF THE AFEP MEDEF CORPORATE GOVERNANCE CODE OF LISTED COMPANIES

Following the admission of its shares to trading on the NYSE Euronext regulated market in Paris, Rexel has initiated a general review in order to comply with corporate governance practices as defined by the corporate governance code of the *Association Française des Entreprises Privées* (AFEP) and the *Mouvement des Entreprises de France* (MEDEF).

Rexel believes to be in compliance with the corporate governance principles as set forth in the corporate governance code of the AFEP and the MEDEF, to the extent that such principles are compatible with the organization, size and means of the Rexel Group, subject to the following items:

- taking into account the Company's shareholding structure and the provisions of the agreements between shareholders, the number of independent members is two out of five for the Audit Committee and for the Appointments Committee and three out of six for the Compensation Committee;
- the severance packages of the members of the Management Board are not submitted to the following cumulative conditions: (i) forced dismissal and (ii) change in control or strategy. Indeed, the Supervisory Board, upon the recommendations of the Compensation Committee, wished that the severance packages (including legal or conventional redundancy payment *(indemnité de licenciement légale ou conventionnelle)*) that benefit to the members of the Management Board would be paid in cases of termination of the employment contract (which is suspended during the term of the corporate office) at the Company's initiative, except in cases of serious misconduct *(faute grave)*, gross misconduct *(faute lourde)* or retirement, which excludes any payment in the event of termination at the initiative of the corporate officer or in case of a change in his duties within the Group. The compensation in lieu of notice is not included in the calculation basis of the severance package nor it is submitted to the cumulative conditions referred to above (see paragraph 7.3 "Compensation of corporate officers" of this *Document de Référence*);
- in case of voluntary or compulsory retirement, in order to protect the interests of Rexel and the Rexel Group taken as a whole, the non-compete provisions may be applicable;
- the additional defined-benefit retirement plan (article 39) is open to a limited number of beneficiaries and, among these beneficiaries, the number of corporate officers exceeds the number of beneficiaries which are not corporate officers (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*);
- the share subscription and free share plans set up by Rexel prior to the publication of the AFEP-MEDEF guidelines of October 2008 (integrated into the AFEP-MEDEF corporate governance code) have not been amended in order to take such guidelines into account due to the practical issues that such amendments would have involved; and
- the allocation of free shares decided on May 11, 2010 at the benefit, *inter alia*, of the members of the Management Board of Rexel, was not subject to an obligation for the latter to purchase on the market a number of shares during the availability period of the free shares, as the Supervisory Board, upon the recommendations of the Compensation Committee, has believed 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%).

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.

Upon its meetings of February 9, 2010 and March 16, 2010, the Supervisory Board determined the compensation of the Chairman and of the members of the Management Board for the financial year ended December 31, 2010.

Compensation and other benefits received by Jean-Charles Pauze

Compensation for the financial year ending December 31, 2011

Upon its meeting of March 16, 2011, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Jean-Charles Pauze for the financial year 2011:

- gross fixed compensation, amounting to €819,400;
- an annual variable target-based portion which may reach 120% of the gross annual fixed compensation if 100% of the set targets are met; If performances achieved exceed 100% of the set targets, the variable bonus may reach 120%, limited to 130% of the gross annual base compensation; and
- a hardship allowance for travel in France and abroad in a gross amount of €170,000.

Compensation for the financial year ending December 31, 2010

Upon its meeting of March 16, 2010, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Jean-Charles Pauze for the financial year ended December 31, 2010 in respect of his duties as Chairman of the Management Board of Rexel:

- gross fixed compensation amounting to €795,600;
- an annual variable target-based bonus that may reach 120% of his gross annual compensation if 100% of his set targets are reached, it being noted that if the Chairman exceeds 100% of his set target, his variable portion could exceed 120% of his gross base annual compensation, limited to 130% of his gross annual base compensation. This variable annual bonus was based for 75% on financial criteria relating to the Rexel Group's results and for 25% on qualitative criteria. The financial criteria for 2010 were EBITDA as a percentage of sales and in volume, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Jean-Charles Pauze in his own fields of responsibility;
- a hardship allowance for travel in France and abroad in a gross amount of €170,000; and
- benefits in kind in the amount of €6,780, consisting of a company car and a gas card.

In the financial year ending December 31, 2011, Jean-Charles Pauze will be paid a variable compensation for the financial year ended December 31, 2010 in the gross amount of €944,280.

Compensation for the financial year ended December 31, 2009

In the financial year ended December 31, 2009, Jean-Charles Pauze was paid:

- gross fixed compensation in the amount of €780,000;
- a hardship allowance for travel in France and abroad in a gross amount of €170,000;
- gross variable compensation based on 2008 objectives amounting to €700,452; and
- benefits in kind in the amount of €6,660, consisting of: a company car, and a gas card.

In the financial year ended December 31, 2010, Jean-Charles Pauze was paid a gross amount of €682,200 based on his variable compensation for the financial year ended December 31, 2009. The annual variable compensation is based on financial criteria relating to the Rexel Group's results (75%) and on qualitative criteria (25%). The financial criteria for 2009 were EBITDA, WCR, Free Cash Flow and the synergies in connection with the acquisition of Hagemeyer. 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 IESC, a U.S. subsidiary of Rexel:

- in an amount of €90,000, paid in 2010, for the financial year ended December 31, 2009; and
- in an amount of €90,000, paid in 2009, for the financial year ended December 31, 2008.

Other benefits

Jean-Charles Pauze receives the following benefits:

- a supplemental health insurance *(mutuelle)*;
- a welfare insurance *(contrat de prévoyance)*;
- a basic and supplementary pension;
- a defined benefit plan, which takes into account his length of service;
- the use of a company car;

- a health check-up; and
- compensation for tax and retirement advisors' fees.

Compensation and other benefits received by Michel Favre

Compensation for the financial year ending December 31, 2011

Upon its meeting of February 8, 2011, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Michel Favre for the financial year 2011:

- gross fixed compensation, amounting to €453,000; and
- an annual variable target-based portion which may reach 65% of the gross annual fixed compensation in the event of the achievement of 100% of the individual and financial targets.

Compensation for the financial year ended December 31, 2010

Upon its meeting of February 9, 2010, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Michel Favre for the financial year ended December 31, 2010 in respect of his duties as member of the Management Board of Rexel:

- gross fixed compensation amounting to €439,890;
- 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 60% on financial criteria relating to the Rexel Group's results and for 40% on qualitative criteria. The financial targets for 2010 are EBITDA as a percentage of sales and in volume, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Michel Favre in his own fields of responsibility;
- benefits in kind in the amount of €6,327, consisting of a company car and a fuel card and of €5,112, in connection with joining an executive social security plan (GSC).

Michel Favre will be paid, during the financial year ending December 31, 2011, variable compensation in respect of the financial year ended December 31, 2010 of a gross amount of €318,225.

Compensation for the financial year ended December 31, 2009

During the financial year ended December 31, 2009, Michel Favre was paid, in respect of his role as Group Chief Financial Officer from April 1, 2009 to May 19, 2009, then in respect of his duties as member of the Management Board of Rexel from May 20, 2009 to December 31, 2009:

- gross fixed compensation in the amount of €328,013; and
- benefits in kind in the amount of €4,572, consisting of a company car, a gas card, and of €5,112, in connection with joining an executive social security plan (GSC).

Lastly, in the financial year ending December 31, 2010, Michel Favre will be paid a variable compensation based on the financial year ended December 31, 2009 in the gross amount of €155,380, with €28,774 coming from his employment contract and €126,606 from his executive position as a member of the Management Board of Rexel. The variable annual compensation was based for 60% on financial criteria relating to the Rexel Group's results and for 40% on qualitative criteria. The financial targets set for 2009 were EBITDA, WCR and Free Cash Flow. Qualitative criteria were based on items relating to the activity of Michel Favre in his own fields of responsibility.

Other benefits

Michel Favre also has the following benefits:

- supplemental health insurance *(mutuelle)*;
- welfare insurance *(contrat de prévoyance)*;
- a basic and supplementary pension;
- a defined benefit plan, which takes into account his seniority;
- a company car;
- a health check-up;
- professional fees of a tax and retirement advisor.

Compensation and other benefits received by Nicolas Lwoff

Nicolas Lwoff left the Group on February 12, 2009. Upon his departure from the Rexel Group, Nicolas Lwoff received no severance pay due to the fact that he has resigned. Only the non-compete clause included in his employment agreement has been implemented. In such respect, Nicolas Lwoff received from February 14, 2009 to February 13, 2010, a monthly allowance of a gross amount of €29,230.77.

Compensation for the financial year ended December 31, 2010

Excluding the monthly allowance in relation to his non-compete clause, Nicolas Lwoff has received no compensation in respect of his corporate mandate as member of the Management Board of Rexel for the financial year ended December 31, 2010.

Compensation for the financial year ended December 31, 2009

Excluding the monthly allowance in relation to his non-compete clause, Nicolas Lwoff received, between January 1, 2009 and February 13, 2009:

- gross fixed compensation, amounting to €47,500.00, and
- benefits in kind in the amount of €958.52, consisting of a company car and a fuel card.

Nicolas Lwoff was paid, during the financial year ended December 31, 2010, variable compensation in respect of the financial year ended December 31, 2009 of a prorata gross amount of €19,152.

Compensation and other benefits received by Pascal Martin

Compensation for the financial year ending December 31, 2011

Upon its meeting of February 8, 2011, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Pascal Martin for the financial year 2011:

- gross fixed compensation, amounting to €453,000; and
- an annual variable target-based portion which may reach 65% of the gross annual fixed compensation in the event of the achievement of 100% of the individual and financial targets.

Compensation for the financial year ending December 31, 2010

Upon its meeting of February 9, 2010, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Pascal Martin for the financial year 2010:

- gross fixed compensation, amounting to €435,120; ;
- an annual variable target-based compensation that may reach 60% of 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. The financial criteria for 2010 were EBITDA as a percentage of sales and in volume, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Pascal Martin in his own fields of responsibility;
- benefits in kind in the amount of €6,430, consisting of a company car and a fuel card and of €7,634, in connection with joining an executive social security plan (GSC).

Lastly, Pascal Martin will be paid, during the financial year ending December 31, 2011, variable compensation in respect of the financial year ended December 31, 2010 of a gross amount of €315,558.

Compensation for the financial year ended December 31, 2009

Gross compensation paid to Pascal Martin in his capacity as member of the Management Board of Rexel consisted of, for the financial year ended December 31, 2009:

- gross fixed compensation in the amount of €420,000;
- variable compensation in respect of the 2008 criteria in a gross amount of €220,475; and
- benefits in kind in the amount of €5,783, consisting of a company car, a gas card, and of €7,634 in connection with joining an executive social security plan (GSC).

In the financial year ended December 31, 2010, Pascal Martin was paid variable compensation based on the financial year ended December 31, 2009 in the gross amount of €184,968.

The annual variable compensation is based on financial criteria relating to the Rexel Group's results (65%) and on qualitative criteria (35%). The financial criteria for 2009 were EBITDA, WCR and Free Cash Flow. Qualitative criteria were based on items relating to the activity of Pascal Martin in his own fields of responsibility.

Other benefits

Pascal Martin receives the following benefits:

- a supplemental health insurance *(mutuelle)*;
- a welfare insurance *(contrat de prévoyance)*;
- a basic and supplementary pension;
- a defined benefit plan, which takes into account his length of service;
- the use of a company car;
- a health check-up; and
- compensation for tax and retirement advisors' fees.

Compensation and other benefits received by Jean-Dominique Perret

Compensation for the financial year ending December 31, 2011

Upon its meeting of February 8, 2011, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Jean-Dominique Perret for the 2011 financial year:

- gross fixed compensation in respect of his duties as corporate officer and of his employment contract amounting to €288,000; and
- an annual variable target-based portion which may reach 60% of the gross annual fixed compensation in the event of the achievement of 100% of the individual and financial targets.

Compensation for the financial year ended December 31, 2010

Upon its meeting of February 9, 2010, the Supervisory Board, upon recommendation of the Compensation Committee, determined the compensation of Jean-Dominique Perret for the financial year ended December 31, 2010 Rexel as follows:

- in his capacity as a member of the Management Board of Rexel:
  - gross fixed compensation in the amount of €174,134;
  - an annual variable target-based portion which may reach 55% of his gross annual base salary in the

event of the achievement of 100% of the individual and financial targets. This variable annual bonus is based on financial criteria relating to the Rexel Group's results (65%) and on qualitative criteria (35%). The financial criteria for 2010 were EBITDA as a percentage of sales and in volume, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility.

– in his capacity as Group Delegate Latin America:
  • gross fixed compensation in the amount of €105,706;
  • an annual variable target-based portion which may reach 55% of his gross annual base salary in the event of the achievement of 100% of the individual and financial targets. This variable annual bonus is based on financial criteria relating to the Rexel Group's results (65%) and on qualitative criteria (35%). The financial criteria for 2010 were EBITDA as a percentage of sales and in volume, WCR and Free Cash Flow. 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 €7,679, consisting of a company car and a fuel card.

In the financial year ending December 31, 2011, Jean-Dominique Perret will be paid variable compensation based on the financial year ended December 31, 2010 in the gross amount of €183,723.

Lastly, under the profit-sharing plan, Jean-Dominique Perret will receive in 2011 a gross amount of €3,500 in respect of the financial year ended December 31, 2010.

Compensation for the financial year ended December 31, 2009

In the financial year ended December 31, 2009, Jean-Dominique Perret was paid:

– in his capacity as member of the Management Board:
  • gross fixed compensation in the amount of €164,900;
  • variable compensation in respect of the 2008 criteria in a gross amount of €73,076;

– in his capacity as the salaried Group Delegate Latin America:
  • gross fixed compensation in the amount of €100,100;
  • variable compensation in respect of the 2008 criteria in a gross amount of €44,359; and
  • benefits in kind in the amount of €7,714, consisting of a company car and a gas card.

Jean-Dominique Perret was paid, during the financial year ended December 31, 2010, variable compensation in respect of the financial year ended December 31, 2009 of a gross amount of €97,255, of which €36,737 was in compensation for his operational responsibilities as Group Latin America Supervisor. This variable annual compensation was based on financial criteria relating to the Rexel Group's results (65%) and on qualitative criteria (35%). The financial criteria for 2009 were EBITDA, WCR and Free Cash Flow. Qualitative criteria were based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility.

Lastly, under the profit-sharing plan, Jean-Dominique Perret received in 2010 a net amount of €3,228.39 in respect of the financial year ended December 31, 2009.

Other benefits

Jean-Dominique Perret receives the following benefits:

– in his capacity as member of the Management Board:
  • a supplemental health insurance *(mutuelle)*;
  • a welfare insurance *(contrat de prévoyance)*;
  • a basic and supplementary pension;
  • a defined benefit plan, which takes into account his seniority, as of January 1, 2009;
  • a health check-up; and
  • compensation for tax and retirement advisors' fees;

– in his capacity as the salaried Group Delegate for International Businesses:
  • a supplemental health insurance *(mutuelle)*;
  • a welfare insurance *(contrat de prévoyance)*;
  • a basic and supplementary pension;
  • a supplementary defined contribution retirement scheme as from January 1, 2011;
  • a defined benefit plan, which takes into account his seniority, as of January 1, 2009;
  • the use of a company car; and
  • compensation for tax and retirement advisors' fees.

Summary of the compensation and benefits in kind of the members of the Management Board

A summary of the compensation and benefits in kind of the members of the Management Board for the years ended December 31, 2010 and December 31, 2009 is set forth in the table below:

	Financial year ended			
	December 31, 2010		December 31, 2009	
	Due	Paid	Due	Paid
Jean-Charles Pauze				
Fixed compensation	€795,600	€795,600	€780,000	€780,000
Variable compensation	€944,280 (3)	€682,200 (2)	€682,200 (2)	€700,452 (1)
Hardship allowance	€170,000	€170,000	€170,000	€170,000
Extraordinary compensation	–	–	–	–
Attendance fees	€90,000 (6)	€90,000 (5)	€90,000 (5)	€90,000 (4)
Benefits in kind	€6,780	€6,780	€6,660	€6,660
Total	**€2,006,660**	**€1,744,580**	**€1,728,860**	**€1,747,112**
Nicolas Lwoff (7)				
Fixed compensation	–	–	€47,500	€47,500
Variable compensation	–	€19,152 (2)	19,152 (2)	203,604 (1)
Non-compete compensation	€43,846.15	€43,846.15	€306,923	€306,923
Extraordinary compensation	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	–	–	€958.52	€958.52
Total	**€43,846.15**	**€62,998.15**	**€374,533.52**	**€558,985.52**
Michel Favre (8)				
Fixed compensation	€439,890	€439,890	€328,013	€328,013
Variable compensation	€318,225 (3)	€155,380 (2)	€155,380 (2)	–
Extraordinary compensation	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	€11,439	€11,439	€9,684	€9,684
Total	**€769,554**	**€606,709**	**€493,077**	**€337,697**
Pascal Martin				
Fixed compensation	€435,120	€435,120	€420,000	€420,000
Variable compensation	€315,558 (3)	€184,968 (2)	€184,968 (2)	220,475 (1)
Extraordinary compensation	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	€14,064	€14,064	€13,417	€13,417
Total	**€764,742**	**€634,152**	**€618,385**	**€653,892**
Jean-Dominique Perret				
Fixed compensation	€279,840	€279,840	€265,000	€265,000
Variable compensation	€183,723 (3)	€97,255 (2)	€97,255 (2)	€117,435 (1)
Extraordinary compensation	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	€7,679	€7,679	€7,714	€7,714
Total	**€471,242**	**€384,774**	**€369,969**	**€390,149**

(1) Variable compensation due for the financial year ended December 31, 2008 and paid during the financial year ended December 31, 2009.
(2) Variable compensation due for the financial year ended December 31, 2009 and paid during the financial year ended December 31, 2010.
(3) Variable compensation due for the financial year ended December 31, 2010 and paid during the financial year ending December 31, 2011.
(4) Attendance fees due for the financial year ended December 31, 2008 and paid during the financial year ended December 31, 2009.
(5) Attendance fees due for the financial year ended December 31, 2009 and paid during the financial year ended December 31, 2010.
(6) Attendance fees due for the financial year ended December 31, 2010 and paid during the financial year ending December 31, 2011.
(7) Nicolas Lwoff left the Group as of February 12, 2009.
(8) Michel Favre joined the Group on April 1, 2009 and was appointed as member of the Management Board of Rexel on May 20, 2009.

Summary of the employment agreements, the specific pension plans, the severance indemnities and the non-compete clauses

A summary of the employment agreements, the specific pension plans, the severance indemnities and the non-compete clauses is set forth in the table below:

Corporate officer	Employment agreement	Specific pension plan	Severance indemnities	Non-compete clause
Jean-Charles Pauze Chairman of the Management Board From February 13, 2007 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Yes Employment agreement suspended since March 1, 2007, taking into account the fact that the AFEP-MEDEF recommendations are not applicable to the current duties	Yes (see paragraph 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
Michel Favre Member of the Management Board From May 20, 2009 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Yes Employment agreement suspended since May 20, 2009	Yes (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*)	Yes (see paragraph 7.3.2 "Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers" of this *Document de Référence*)	Yes Duration: 12 months Indemnities: 1/12th of the annual gross fixed compensation per month
Pascal Martin Member of the Management Board From February 13, 2007 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Yes Employment agreement suspended since January 1, 2008	Yes (see paragraph 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 February 13, 2007 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Yes	Yes, since January 1, 2009 (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*)	Yes (see paragraph 7.3.2 "Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers" of this *Document de Référence*)	Yes Duration: 12 months Indemnities: 1/12th of the annual gross fixed compensation per month

Free shares and share subscription or share purchase options

The members of the Management Board are holders of free shares and subscription options as described in paragraphs 8.1.2.5 "Subscription or purchase options for Rexel shares" and 8.1.2.6 "Allotment of free shares" of this *Document de Référence*.

The summary tables in relation to the purchase option, share subscription and free share allocation plans as well as to the options allocated and exercised, the shares allocated free of charge and the shares irrevocably acquired are set out in paragraphs 8.1.2.5 "Subscription or purchase options for Rexel shares" and 8.1.2.6 "Allotment of free shares" of this *Document de Référence*.

Summary of all of the compensation of the members of the Management Board

A summary of all of the compensation due to the members of the Management Board by the Rexel Group companies for the years ended December 31, 2010 and December 31, 2009 is set forth in the table below:

	Financial year ended	
	December 31, 2010	December 31, 2009
Jean-Charles Pauze		
Compensation due for the financial year (1)	€2,006,660	€1,728,860
Valuation of options granted during the financial year (2)	–	–
Valuation of free shares granted during the financial year (3)	€897,271	–
Total	**€2,903,931**	**€1,728,860**
Michel Favre (4)		
Compensation due for the financial year (1)	€769,554	€493,077
Valuation of options granted during the financial year (2)	–	–
Valuation of free shares granted during the financial year (3)	€405,623	€375,570
Total	**€1,175,177**	**€868,647**
Pascal Martin		
Compensation due for the financial year (1)	€764,742	€618,385
Valuation of options granted during the financial year (2)	–	–
Valuation of free shares granted during the financial year (3)	€527,307	–
Total	**€1,292,049**	**€618,385**
Jean-Dominique Perret		
Compensation due for the financial year (1)	€471,242	€369,969
Valuation of options granted during the financial year (2)	–	–
Valuation of free shares granted during the financial year (3)	€454,974	–
Total	**€926,216**	**€369,969**

(1) See paragraph 7.3.1.1 "Members of the Management Board" of this *Document de Référence*.
(2) As of the date of allocation, see paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence*.
(3) As of the grant date, see paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*. During the financial year ended December 31, 2009, Jean-Charles Pauze, Pascal Martin and Jean-Dominique Perret have not benefited from any allotment of free shares. Michel Favre has been appointed as corporate officer subsequently to the allotment of free shares and has benefited from such allotment in his capacity as an employee.
(4) Michel Favre joined the Group on April 1, 2009.

7.3.1.2 Members of the Supervisory Board

The Rexel shareholders' meeting held on May 20, 2008 allocated to the Supervisory Board a global amount of €300,000 for the payment of attendance fees.

Following the recommendations of the Compensation Committee, the Supervisory Board meeting of March 16, 2010 decided, within the scope of the allocated global amount, to allocate compensation to the independent members of the Supervisory Board in the gross amount including (i) a fixed portion in the amount of €30,000 and (ii) a variable portion of up to €30,000 that may be allocated to each independent member to the extent of their attendance to the meetings of the Supervisory Board and the Committees of which they are members. Moreover, a gross compensation of €10,000 is allocated for each chairman of a Committee of the Supervisory Board who is an independent member thereof.

Following the recommendations of the Compensation Committee, the Supervisory Board of February 8, 2011 decided that the variable portion for 2010 would amount to €20,000 for Françoise Gri, €30,000 for Fritz Fröhlich, €30,000 for François David and €26,500 for Joe Adorjan.

Thus, Françoise Gri, Fritz Fröhlich, François David and Joe Adorjan, as independent members, received the following compensation in respect of the financial years ended December 31, 2010 and 2009:

Member	Financial year ended December 31, 2010		Financial year ended December 31, 2009	
	Compensation	Total	Compensation	Total
Françoise Gri		€70,000		–
As Committee Chairman	€10,000	x 8/12	–	
As independent member		= €46,666.67		
Fixed portion	€30,000		–	
Variable portion	€30,000		–	
Fritz Fröhlich		€70,000		€68,900
As Committee member	€10,000		€10,000	
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€30,000		€28,900	
François David		€60,000		€53,600
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€30,000		€23,600	
Joe Adorjan		€56,500		€47,100
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€26,500		€17,100	
Total		**€233,166.67**		**€169,600**

Rexel has paid no other compensation to the members of the Supervisory Board for the years ended December 31, 2010 and December 31, 2009.

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

No senior executive is entitled to compensation, indemnification or benefits due or that may become due as a result of the assumption, termination or change in his duties as a corporate officer of Rexel or thereafter.

Moreover, the employment agreements of Jean-Charles Pauze, 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 that have been decided upon (i) in the case of Jean-Charles Pauze, Pascal Martin and Jean-Dominique Perret, by the Supervisory Board meeting of May 13, 2008 and approved by the General shareholders' meeting of May 20, 2008, and (ii) in the case of Michel Favre, by the Supervisory Board meeting of May 20, 2009, and that have been approved at the shareholders' meeting of Rexel on May 20, 2010.

Severance payments for Jean-Charles Pauze

Jean-Charles Pauze's employment contract with Rexel Développement SAS was suspended on March 1, 2007.

In the event that he should no longer hold his corporate office at Rexel, his employment contract with Rexel Développement SAS would once again come into effect with the same compensation conditions as those that he was granted as a corporate officer.

In the event that the employment contract is terminated at the employer's initiative, unless resulting from gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, Jean-Charles Pauze shall be granted a severance payment equal to 24 months of his monthly reference compensation.

The monthly reference compensation is understood as the amount of the fixed gross monthly salary received, including as an agent, for the 12 months prior to the notice of the termination of the contract, plus the gross amount of the most recent bonus, excluding any exceptional bonus, with this sum being divided by 12.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

In the event of the termination of contractual relations, the notice period is 8 months. The compensation in lieu of notice is equal to eight months of the last paid compensation, in the capacity as officer or as employee of the company, whichever the highest.

In accordance with the provisions of article L.225-90-1 of the French Commercial Code, these contractual indemnities of notice and employment contract termination are subject to the following performance conditions:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;
- the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of average operating WCR, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, regardless of the cause of his departure from Rexel, a non-competition clause is stipulated in Jean-Charles Pauze's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Severance payments for Michel Favre

Michel Favre's employment contract with Rexel Développement S.A.S. was suspended on May 20, 2009.

In the event that his corporate duties within Rexel should end, Michel Favre's employment agreement with Rexel Développement S.A.S. would re-enter into effect subject to compensation conditions equivalent to those from which he benefits as a corporate officer.

The employment agreement of Michel Favre provides, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, that Michel Favre will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation.

The monthly reference compensation is defined as the gross annual compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement* *légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

The notice period for breach of contract is 8 months. The compensation in lieu of notice is equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, such contractual indemnities in lieu of notice and for termination of the employment agreement are subject to the following performance criteria:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;
- the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of average operating WCR, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Michel Favre's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Severance payments for Pascal Martin

Pascal Martin's employment contract with Rexel Développement SAS 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 SAS would re-enter into effect subject to compensation conditions equivalent to those from which he benefits as a corporate officer.

The employment agreement of Pascal Martin provides, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, that Pascal Martin will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation.

The monthly reference compensation is defined as the gross annual fixed compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

The notice period for breach of contract is 8 months. The compensation in lieu of notice is equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

Pursuant to the provisions of article L.225-90-1 of the French commercial code, such contractual indemnities in lieu of notice and for termination of the employment agreement are subject to the following performance criteria:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;
- the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of average operating WCR, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Pascal Martin's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Severance payments for Jean-Dominique Perret

Jean-Dominique Perret, in addition to his duties as corporate officer, is acting as salaried Group Delegate for International Businesses.

His employment contract with Rexel Développement SAS provides, in the event of the termination of the employment agreement at the option of the employer, for whatever reason and except in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave, Jean-Dominique Perret will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation in his capacities as corporate officer and as an employee of the company.

The monthly reference compensation is defined as the gross annual fixed compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

The notice period for breach of contract is 8 months. The compensation in lieu of notice is equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

Pursuant to the provisions of article L.225-90-1 of the French commercial code, such contractual indemnities for prior notice and termination of the employment agreement are subject to the following performance criteria:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/ or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;

– the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of average operating WCR, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and

– the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Jean-Dominique Perret's employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

7.3.3 Other benefits

During the financial period ended December 31, 2010, 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 beneficiaries of 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, 2011, six managing directors including four corporate officers met these eligibility criteria: Jean-Charles Pauze, Michel Favre, Pascal Martin, Jean-Dominique Perret, Patrick Bérard and Henri-Paul Laschkar.

The additional pension under this plan is equal to product of the reference compensation, the years of seniority and a yearly acquisition factor ranging between 0% and 1% according to the level of reference compensation.

The reference compensation used in the calculation of the additional pension is equal to the average of the three best calendar years of gross compensation received for the period in which the potential beneficiary can justify seniority and eligibility.

This compensation includes:

– Salary and/or compensation as a corporate officer,

– Exclusively contractual annual bonuses classified as "annual variable compensation" not including any special bonuses, hardship allowances or other similar bonuses. These annual bonuses are taken into account at up to 80% of the fixed base salary.

The reference compensation does not include the amount or nature of special bonuses, especially payments made at retirement and/or redundancy and/or entered into amicably, judicially, through arbitration or by a transaction. It also does not include benefits in kind.

The reference compensation is globally capped up to 40 times of the yearly French Social Security ceiling.

A certain number of limits have been put in place on the amount of the benefit:

- the amount of the additional retirement pension under the new rules is limited to 20% of the reference compensation;
- the amount of the additional retirement pension under all the supplemental pension schemes of Rexel (defined benefits or defined contributions) may not exceed 25% of the reference compensation;
- the total amount of mandatory pension schemes and all supplementary plans in force within Rexel may not exceed 50% of the reference compensation.

The total provision booked by the Company for all employees covered by this supplementary defined-benefit retirement plan corresponded to a commitment of €10.2 million as of December 31, 2010 reduced by the value of a hedge asset established with an insurance company. As of December 31, 2010, the value of this hedge asset was estimated at €7.2 million.

Following the implementation of this new retirement plan, Rexel complies with five out of six of the recommendations issued by the AFEP and the MEDEF:

AFEP-MEDEF Recommendations	New Retirement Plan (as of January 1, 2011)
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, 2011, the total number of beneficiaries was six, including four corporate officers.

The provision recorded in respect of the defined-benefit pension plans is referred to in note 18 to the Notes to the consolidated financial statements of Rexel for the financial year ended December 31, 2010, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence*. As of December 31, 2010, it amounted to €174.4 million, less the value recorded as an asset for €42.8 million, *i.e.*, a net liability of €131.6 million.

7.4 MARKET ETHICS CHARTER

On April 4, 2007, Rexel adopted a market ethics charter the objective of which is to specify the applicable regulations in respect of share transactions by permanent and/or occasional insiders and interested persons, including in particular corporate officers and employees of the Rexel Group who have constant or occasional access to inside information as well as outsiders to the Rexel Group who can, in the context of their role or position, have access to inside information in relation to Rexel or the Rexel Group.

The market ethics charter provides for the creation of the position of a market ethics manager within the Rexel Group. The market ethics manager oversees compliance with the market ethics charter, in particular by informing those persons concerned of the periods during which they must abstain from transactions involving Rexel's shares, informing the Management Board and the Supervisory Board of any finding of violations of the applicable regulations within the Rexel Group, or by establishing and updating a list, to be provided upon request to the AMF, of persons considered to be insiders, and informing such persons of their inclusion in such list.

The market ethics charter mentions the applicable obligations with respect to the holding, disclosure and use of inside information as well as the applicable sanctions in the event of a violation of such obligations. The market ethics charter thus specifies the confidentiality and abstention obligations or the obligation to hold shares in registered form that applies to permanent or occasional insiders and interested persons. The market ethics charter also lays out the definition of inside information as well as the applicable rules in the case of, for example, an offence and breach by an insider, or a market manipulation. It also provides for periods of abstention linked, in particular, to the publication of Rexel's financial accounts.

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, 2010 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, 2010 and that have received prior approval of the Supervisory Board of Rexel:

- A Purchase Agreement entered into on January 8, 2010, between Rexel, on the one hand, and CALYON, the Royal Bank of Scotland plc, Merrill Lynch International, BNP Paribas, HSBC Bank plc, Natixis, Crédit Industriel et Commercial (CIC), ING Bank N.V., London Branch, Société Générale and Bayerische Landesbank (the **"Banks"**), on the other hand. Rexel Développement 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. (renamed Rexel Holding USA Corp.), Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc. acceded to this agreement through accession letters dated January 20, 2010. On December 21, 2009, Rexel carried out a bond issuance for an amount of €575 million represented by unsecured senior notes bearing interest at a rate of 8.25%, redeemable on December 15, 2016, referred to below (the **"Bond Issuance"**). Rexel wished to carry out an additional bond issuance for an amount of €75 million, thus increasing the amount of the bond issuance to €650 million (the **"Additional Bond Issuance"**). The agreement provides for the terms under which Rexel undertook to issue, and the Banks undertook to underwrite the additional bonds. This agreement was authorized by the Supervisory Board during its January 8, 2010 meeting.
- An Amended and Restated Agency Agreement, entered into on January 20, 2010 between Rexel, Rexel Développement 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. (renamed Rexel Holding USA 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 a bond issuance for an amount of €575 million represented by unsecured senior notes bearing interest at a rate of 8.25%, redeemable on December 15, 2016. 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 issuance of such bonds. Rexel wished to carry out an additional bond issuance for an amount of €75 million, thus increasing the amount of the bond issuance to €650 million. The Amended and Restated Agency Agreement amends and supersedes the Agency Agreement. 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 the bonds. 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. (renamed Rexel Holding USA 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. On December 21, 2009, Rexel carried out a bond issuance for an amount of €575 million represented by unsecured senior notes bearing interest at a rate of 8.25%, redeemable on December 15, 2016. 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 issuance of such bonds. Rexel wished to carry out an additional bond issuance for an amount of €75 million, thus increasing the amount of the bond issuance to €650 million. The First Supplemental Trust Deed provides for the terms under which BNP Paribas Trust Corporation undertook to act in the capacity of Trustee in the scope of the issuance of the additional bonds. This agreement was authorized by the Supervisory Board during its January 8, 2010 meeting.
- An amendment to the defined-benefit retirement plan effective as from July 1, 2009. This amendment aims at harmonizing such plan with certain provisions of the social security regulations. This retirement plan and its beneficiaries are described in paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*. 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 below and of the Bond Issuance and the Additional Bond Issuance referred to above. Under these compensation agreements entered into between Rexel and its guarantor subsidiaries (Rexel Développement S.A.S., 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 Electric Supply Corp. (renamed Rexel Holding USA Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc.) (the **"Guarantors"**), Rexel compensates such Guarantors in respect of the guarantee granted by each of them. The yearly compensation thus stipulated is calculated on the basis of the maximum amount that the relevant Guarantor may be requested to pay under the granted guarantee. These agreements were authorized by the Supervisory Board during its November 9, 2010 meeting.

Agreements referred to in article L.225-90-1 of the French commercial code, entered into by Rexel during the financial year ended December 31, 2009, that were approved by the shareholder's meeting of Rexel held on May 20, 2010 and that were continued during the financial year ended December 31, 2010:

- The undertakings granted to Michel Favre, member of the Management Board of Rexel, providing for the payment of compensation items due or likely to be due further to the end of the duties of Michel Favre, and subject to performance conditions. This agreement was authorized by the Supervisory Board meeting of May 20, 2009, and has been approved by Rexel's shareholders' meeting of May 20, 2010.

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, 2008, that were approved by the shareholder's meeting of Rexel held on May 20, 2008 and that were continued during the financial year ended December 31, 2010:

- The undertakings granted to Jean-Charles Pauze, 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 employment agreement, and subject to performance conditions. This agreement was authorized by the Supervisory Board meeting of May 13, 2008, and has been approved by the Rexel's shareholders' meeting of May 20, 2008.
- The undertakings granted to 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 employment agreement, and subject to performance conditions. This agreement was authorized by the Supervisory Board meeting of May 13, 2008, and has been approved by the Rexel's shareholders' meeting of May 20, 2008.
- The undertakings granted to Jean-Dominique Perret, member of the Management Board of Rexel, providing for the payment of contractual indemnities in lieu of notice and in relation to the termination of his employment agreement, and subject to performance conditions. This agreement was authorized by the Supervisory Board meeting of May 13, 2008, and has been approved by the Rexel's shareholders' meeting of May 20, 2008.

Agreements referred to in article L.225-86 of the French commercial code, entered into by Rexel during the previous financial years and that have been continued during the financial year ended December 31, 2010:

- 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. This retirement plan and its beneficiaries are described in paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*;
- 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. (renamed Rexel Holding USA Corp.), Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc. acceded to this senior credit agreement in the capacity of guarantors through accession letters dated December 21, 2009. this agreement was authorized by the Supervisory Board during its December 2 and December 10, 2009 meetings.
- A Purchase Agreement entered into on December 11, 2009, between Rexel, on the one hand, and Calyon, the Royal Bank of Scotland plc, Merrill Lynch International, BNP Paribas, HSBC Bank plc, Natixis, Crédit Industriel et Commercial (CIC), ING Bank N.V., London Branch, Société Générale et Bayerische Landesbank (the **"Banks"**), on the other hand. Rexel Développement 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. (renamed Rexel Holding USA Corp.), Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc. acceded to this agreement through accession letters dated December 21, 2009. This agreement was entered into in the context of a bond issuance by Rexel in the amount of €575 million, represented by unsecured senior notes bearing interest at 8.25%, redeemable on December 15, 2016. It provides for the terms under which Rexel undertook to issue, and the Banks undertook to underwrite these bonds. This agreement was authorized by the Supervisory Board during its December 2, 2009 and December 10, 2009 meetings.

- An Agency Agreement, entered into on December 21, 2009 between Rexel, Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium, Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp. (renamed Rexel Holding USA Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc. BNP Paribas Trust Corporation UK Limited and CACEIS Bank Luxembourg. This agreement was entered into in the context of a bond issuance by Rexel in the amount of €575 million, represented by unsecured senior notes bearing interest at 8.25%, redeemable on December 15, 2016. It provides for the terms under which CACEIS Bank Luxembourg undertook to act in the capacity of Registrar and of Paying Agent in the scope of the issuance of such bonds. This agreement was authorized by the Supervisory Board upon its December 2 and December 10, 2009 meetings.

- A Trust Deed, entered into on December 21, 2009 between Rexel, Rexel Développement 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. (renamed Rexel Holding USA 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 a bond issuance by Rexel in the amount of €575 million, represented by unsecured senior notes bearing interest at 8.25%, redeemable on December 15, 2016. It provides for the terms under which BNP Paribas Trust Corporation undertook to act in the capacity of Trustee in the scope of the issuance of such bonds. This agreement was authorized by the Supervisory Board during its December 2, 2009 and December 10, 2009 meetings.

- A tax integration agreement entered into by Rexel on December 12, 2005. Rexel opted on March 9, 2005, for the establishment of a new integrated tax group between Ray Acquisition S.A.S. (renamed Kelium), Ray Acquisition S.C.A. (renamed Rexel Développement S.A.S.) and Rexel, of which Rexel is the parent company. Pursuant to this option, Rexel has become, for a period of 5 financial years as of January 1, 2005, solely liable for corporate tax *(impôt sur les sociétés)*, for the additional contribution based on corporate tax pursuant to article 235 ter ZA of the French general tax code, for the social contribution on corporate profits pursuant to article 235 ter ZC of the French general tax code and for yearly flat-rate tax *(imposition forfaitaire annuelle)* payable by the group formed by Rexel and the subsidiaries held directly or indirectly at least 95% of the share capital, pursuant to articles 223 A *et seq.* of the French general tax code. This agreement was authorized by the Board of Directors during its June 27, 2005 meeting.

Ordinary agreements entered into by Rexel under ordinary terms during the financial year ended December 31, 2010:

- A long-term facility agreement entered into between International Electric Supply Corp. (renamed Rexel Holding USA Corp.) and Rexel in the amount of USD 310 million on March 1, 2010.
- A long-term facility agreement entered into between International Electric Supply Corp. (renamed Rexel Holding USA Corp.) and Rexel in the amount of USD 400 million on March 1, 2010.
- A long-term facility agreement entered into between Svenska Selga Elgrossist AB Selga and Rexel in the amount of SEK 1,600 million on March 1, 2010.
- A long-term facility agreement entered into between Redeal and Rexel in the amount of NZD 10 million on March 1, 2010.
- A facility agreement between Rexel Développement SAS and Rexel in the amount of €650 million dated March 1, 2010.
- A facility agreement between Rexel Développement SAS and Rexel in the amount of €826 million dated 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 Distribution, 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, cash pooling entity of the Rexel Group, and Rexel, dated March 1, 2010, providing for the option for Rexel Distribution to offset debts against receivables due by group companies having entered into similar current account agreements with Rexel Distribution.

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 2010

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users.
This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

KPMG Audit
1, cours Valmy
92923 Paris-La Défense

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG Audit
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S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Rexel

General Meeting of Shareholders to approve the financial statements for the year ended 31 December 2010

Statutory Auditors' report on related party agreements and commitments

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R.225-58 of the French commercial code *(Code de Commerce)*, to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R.225-58 of the French commercial code *(Code de Commerce)* concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body *(Compagnie Nationale des Commissaires aux Comptes)* relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted for approval by the General Meeting of Shareholders

In accordance with Article L.225-88 of the French commercial code *(Code de Commerce)*, we have been advised of certain related party agreements and commitments which received prior authorization from your supervisory board.

1. Complementary Bond issuance (Underwriting Agreement, Trust Agreement, Service Agreement)

Related parties

Jean-Charles Pauze, in his capacity as Chairman of the Management Board of your Company, CEO of Rexel Développement S.A.S., Chairman and CEO of Rexel Distribution, President and director of Rexel North America Inc., President and director of International Electrical Supply Corp., and member of the board of directors of Rexel France.

Pascal Martin, in his capacity as member of the Management Board of your Company and member of the board of directors of Rexel Distribution.

Michel Favre, in his capacity as member of the Management Board of your Company, member of the board of directors of Rexel Distribution, member of the board of directors of Rexel France, member of the board of directors of Elektroskandia Norge AS and member of the board of directors of Svenska Elgrossist AB Selga.

Nature and purpose

Your Supervisory Board authorized, on January 8, 2010, a complementary bond issuance of a maximum nominal amount of €125 million, represented by senior high-yield notes of your Company. In the context of the complementary bond issuance by your Company, several agreements have been entered into, in accordance with the following terms and conditions:

a) New Purchase Agreement

The New Purchase Agreement was entered into on January 8, 2010, between your Company and the Guarantors, on the one hand, and the Banks, on the other hand. The New Purchase Agreement provides the terms and conditions under which your Company has undertaken to issue the new Bonds and the Banks have undertaken to underwrite the new Bonds, and in the event of a lack of sufficient subscribers, to subscribe to the new Bonds not underwritten.

The New Purchase Agreement includes customary clauses for this type of agreement, inter alia a set of representations and guarantees granted to by the Company and the Guarantors, the terms of completion of the New Bonds issuance, the payment of the Bank's fees for their services, an indemnification undertaking by your Company and each of the Guarantors at the benefit of the Banks and a termination clause that allows the Banks to terminate the transaction in the event of the occurrence of significant events.

b) Amended and Restated Service Agreement

The Amended and Restated Service Agreement was entered into on January 20, 2010 between your Company, the Guarantors and CACEIS Bank Luxembourg and BNP Trust Corporation UK. It provides for the terms under which the New Bonds will be issued and admitted to trading on the Euro MTF market, and it extends to the New Bonds the terms of the Service Agreement (payment by the company and/or the guarantors related to the Bonds, including interests payment, at term or early redemption, etc.). The Amended and Restated Service Agreement includes customary clauses for this type of agreement, including the description of services to be carried out by CACEIS Bank Luxembourg as well as an indemnification undertaking of your Company and the Guarantors at the benefit of CACEIS Bank Luxembourg and the terms of completion of the Service Agreement.

c) Supplemental Trust Agreement

The Supplemental Trust Agreement was entered into on January 20, 2010 between your Company, the Guarantors and BNP Paribas Trust Corporation UK Limited. The Supplemental Trust Agreement aims at extending application of Trust Agreement terms concluded on December 21, 2009 to the New Bonds. In particular, it extends to the New Bonds the commitment of payment granted by each guarantor. Under the Trust Agreement, guarantors guarantee, jointly and severally, without subordination, all payment commitments of your company related to the Bonds and the Trust Agreement (including the Supplemental Trust Agreement). The Supplemental Trust Agreement includes customary clauses for this type of agreement, including those related to guarantors right of recourse against your company and among them. It also included restrictions for your company and the guarantors on some operations (merger, spin-off, transfer of activity).

The New Purchase Agreement, the Amended and Restated Service Agreement and the Supplemental Trust Agreement are executed by the following Guarantors: Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium S.A., Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc.

Compagnie de Distribution de Matériel Electrique B.V. and Finelec Développement S.A. are also parties to the Supplemental Trust Agreement.

Conditions

During the financial year ended December 31, 2010, your Company carried out a bond issuance of a nominal amount of €75 million at 8.25% rate per year. Your Company recorded, under this bond issuance, issuance expenses for an amount of €1.3 million as at December 31, 2010.

2. Amendment to defined-benefit retirement plan

Related parties

Jean-Charles Pauze, Michel Favre, Pascal Martin, Jean-Dominique Perret, in their capacity as members of the Management Board of Rexel.

Nature and purpose

Your Supervisory Board authorized, on March 16, 2010, your Company to conclude an amendment to the defined benefit retirement plan. This amendment aims at harmonizing such plan with certain provisions of the social security regulations.

Conditions

This agreement had no impact on the financial statements of your Company in the financial year ended December 31, 2010.

3. Bilateral facility agreement between Rexel as borrower, Rexel Distribution as guarantor and Bayerische Landesbank as lender

Related parties

Jean-Charles Pauze, in his capacity as Chairman of the Management Board of your Company and Chairman and CEO of Rexel Distribution.

Pascal Martin, in his capacity as member of the Management Board of your Company and member of the board of directors of Rexel Distribution.

Michel Favre, in his capacity as member of the Management Board of your Company, member of the board of directors of Rexel Distribution.

Nature and purpose

Your Supervisory Board authorized, on July 27, 2010, the conclusion of a credit agreement for an amount of M€ 40 with Bayerische Landesbank as lender, your company as borrower and Rexel Distribution as guarantor. Indirect subsidiary of Rexel, 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 for which maturity date is December 17, 2014.

Conditions

At December 31, 2010, the debt recorded in the balance sheet of your company under this Credit Agreement amounted to €35.3 million. This facility agreement bears interests at EURIBOR, increased by a margin which depends on debt ratio.

4. Compensation agreements of certain subsidiaries of Rexel

Related parties

Jean-Charles Pauze, in his capacity as Chairman of the Management Board of your Company, CEO of Rexel Développement S.A.S., Chairman and CEO of Rexel Distribution, President and director of Rexel North America Inc., President and director of International Electrical Supply Corp., and member of the board of directors of Rexel France.

Pascal Martin, in his capacity as member of the Management Board of your Company and member of the board of directors of Rexel Distribution.

Michel Favre, in his capacity as member of the Management Board of your Company, member of the board of directors of Rexel Distribution, member of the board of directors of Rexel France, member of the board of directors of Elektroskandia Norge AS and member of the board of directors of Svenska Elgrossist AB Selga.

Nature and purpose

Your Supervisory Board authorized, on November 9, 2010 the conclusion of compensation agreements of certain subsidiaries of Rexel under the guarantees granted in connection with the senior credit agreement of an amount of €1.7 billion, entered into on December 17, 2009 and of the Bond Issuance of M€ 575 and the Additional Bond Issuance of M€ 75. Under these compensation agreements entered into between Rexel and its guarantor subsidiaries (Rexel Développement S.A.S., 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 Electric Supply Corp., Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc.) (the “Guarantors”), Rexel compensates such Guarantors in respect of the guarantee granted by each of them. The yearly compensation thus stipulated is calculated on the basis of the maximum amount that the relevant Guarantor may be requested to pay under the granted guarantee.

Conditions

At December 31, 2010, the financial charge recorded in the income statement of your company under these agreements amounted to M€ 15.9.

Agreements and commitments already approved by the General Meeting of Shareholders

Agreements and commitments approved in prior years

a) Whose implementation continued during the year

In accordance with Article R.225-57 of the French commercial code *(Code de Commerce)*, we have been advised that the implementation of the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years continued during the year.

1. 2009 Senior Credit Agreement

Nature and purpose

Your Supervisory Board authorized, on December 2, 2009 and December 10, 2009, the entry by your Company into a new Senior Credit Agreement for a principal amount of €1,700 million between Rexel, firstly, Banc of America Securities Limited, BNP Paribas, Calyon, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, Natixis, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking as “Lenders”, secondly, and Calyon, as “Facilities Agent”, thirdly.

The agreement provides that Rexel’s subsidiaries (Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium S.A., Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc.) will guarantee the obligations of the Company in their capacity as guarantors.

Conditions

At December 31, 2010, the amount of debt recorded in the balance sheet of your Company under the Senior Credit Agreement amounted to €726.2 million.

2. Bond issuance (Underwriting Agreement, Trust Agreement, Service Agreement)

Nature and purpose

Your Supervisory Board authorized, on December 2, 2009 and December 10, 2009, a bond issuance of a minimum nominal amount of €500 million and of a maximum of €700 million, represented by senior high-yield notes of your Company. In the context of the bond issuance by your Company, several agreements have been entered into, in accordance with the following terms and conditions:

a) Purchase Agreement

The Purchase Agreement was entered into on December 11, 2009, between your Company and the Guarantors, on the one hand, and the Banks, on the other hand. The Purchase Agreement provides the terms and conditions under which your Company has undertaken to issue the Bonds and the Banks have undertaken to underwrite the Bonds, and in the event of a lack of sufficient subscribers, to subscribe to the Bonds not underwritten.

The Purchase Agreement includes customary clauses for this type of agreement, inter alia a set of representations and guarantees granted to by the Company and the Guarantors, the terms of completion of the Bonds issuance, the payment of the Bank's fees for their services, an indemnification undertaking by your Company and each of the Guarantors at the benefit of the Banks and a termination clause that allows the Banks to terminate the transaction in the event of the occurrence of significant events.

b) Trust agreement

The Trust Agreement was entered into on December 21, 2009 between your Company, the Guarantors and BNP Paribas Trust Corporation UK Limited. It provides for the terms and conditions under which BNP Paribas Trust Corporation UK Limited will guarantee the undertakings of the Company in connection with the Bonds. The Trust Agreement includes customary clauses for this type of agreement, inter alia a set of representations and guarantees granted by your Company and the Guarantors, an indemnification undertaking by your Company and each of the Guarantors at the benefit of BNP Paribas Trust Corporation UK Limited and a termination clause that allows BNP Paribas Trust Corporation UK Limited to terminate the Trust Agreement in the event of the occurrence of certain events.

c) Service agreement

The Service Agreement was entered into on December 21, 2009 between your Company, the Guarantors and CACEIS Bank Luxembourg. It provides for the terms and conditions under which CACEIS Bank Luxembourg will act as Issuing and Paying Agent in the name and on behalf of yours Company and of the Guarantors in connection with the Bond issuance. Thus, CACEIS Bank Luxembourg is in charge of the effective completion of the Bonds issuance and their admission to trading on the regulated market of the Luxembourg stock exchange and, following such admission, carry out the various payments due by your Company and/or the Guarantors under the Bonds (including the payment of interest, redemption or early redemption). The Service Agreement includes customary clauses for this type of agreement, including the description of services to be carried out by CACEIS Bank Luxembourg as well as an indemnification undertaking of your Company and the Guarantors at the benefit of CACEIS Bank Luxembourg and the terms of completion of the Service Agreement.

The Purchase Agreement, the Trust Agreement and the Service Agreement are executed by the following Guarantors: Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium S.A., Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc.

Compagnie de Distribution de Matériel Electrique B.V. and Finelec Développement S.A. are also parties to the Trust Agreement.

Conditions

At December 31, 2010, the amount of debt recorded in the balance sheet of your Company under this bond issuance amounted to €575 million.

3. Tax Consolidation Agreement

Nature and purpose

On March 9, 2005, your Board of Directors authorized the Company to sign the tax consolidation agreement in connection with the new tax group between Ray Acquisition S.A.S. (renamed Kelium S.A.S. and merged into Rexel Distribution on January 1, 2009), Ray Acquisition S.C.A. (renamed Rexel Développement S.A.S) and Rexel, with your Company as top holding company. Pursuant to this option, your Company has become, solely liable for corporate tax *(impôt sur les sociétés)*, for the social contribution on corporate profits pursuant to article 235 ter ZC of the French general tax code and for the yearly flat-rate tax *(imposition forfaitaire annuelle)*, owed by the group formed by your Company and the subsidiaries held directly or indirectly at least at 95%, pursuant to articles 223A *et seq.* of the French general tax code.

Conditions

During the financial year ended December 31, 2010, your Company has recorded income arising from the operation of such tax consolidation agreement of M€ 69.7. An asset of an equivalent amount is shown on the balance sheet at December 31, 2010.

b) which were not implemented during the year

In addition, we have been advised that the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years were not implemented during the year.

1. Additional defined-benefit retirement plan

Nature and purpose

Your Supervisory Board authorized, on March 30, 2009, your Company to enter into a new additional defined-benefit pension plan as of July 1, 2009 for the members of the Management Board.

2. 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.

3. Commitments at the benefit of the members of the Management Board of your Company in case of termination of their duties

Nature and purpose

Your Supervisory Boards approved, on May 13, 2008 and on May 20, 2009 the financial terms and conditions that would apply in the event of termination or change of the duties of the members of the Management Board and the performance targets in relation to the deferred compensation items, in accordance with Article L.225-90-1 of the French commercial code and pursuant to the "TEPA" law dated August 21, 2007.

Conditions

1. In the event of the termination of the employment agreement at the option of the employer following the end of his duties as a corporate officer, and except in case of serious misconduct *(faute grave)* or wilful misconduct *(faute lourde)*,

   a) Jean-Charles Pauze would benefit of a contractual indemnity equal to 24 months of his Monthly Reference Compensation in his capacity as corporate officer or as an employee of the company. Monthly Reference Compensation is defined as the sum of gross fixed monthly compensation received, including in his capacity as corporate officer, during the twelve months preceding the month in which severance of contractual relations would be served, plus the gross amount of the last bonus received in any capacity whatsoever, but excluding any exceptional bonus, divided by twelve.

   This indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, as well as any indemnity due pursuant to the employment agreement.

   This indemnity shall not apply in the event of a retirement leave or compulsory retirement leave at the option of the employer, with the exception of the severance indemnity applicable pursuant to the collective bargaining agreement in such case. Jean-Charles Pauze would also benefit, in these circumstances, of compensation in lieu of notice equal to the compensation normally paid at the usual dates corresponding to the amount of his contractual compensation in his capacity as officer or as employee of the Company, depending on the date of such termination of the employment agreement.

   b) Pascal Martin, Jean-Dominique Perret and Michel Favre would benefit of a contractual indemnity equal to 18 months of their Monthly Reference Compensation in their capacity as corporate officers or as employees of the company. Monthly Reference Compensation is defined as the sum of gross fixed monthly compensation received, including in their capacity as corporate officers, during the twelve months preceding the month in which severance of contractual relations would be served, plus the average gross amount of the last two bonuses received in any capacity whatsoever, but excluding any exceptional bonus, divided by twelve.

   This indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, as well as any indemnity due pursuant to the employment agreement. It also includes the gross amount of the financial consideration for any non-compete clause that may apply.

   Pascal Martin, Jean-Dominique Perret and Michel Favre would also benefit, in these circumstances, of compensation in lieu of notice equal to the compensation normally paid at the usual dates corresponding to the amount of their contractual compensation in their capacity as corporate officers or as employees of the Company, depending on the date of such termination of the employment agreement.

2. The indemnity in lieu of notice and in relation to the termination of employment agreement which would be paid to Jean-Charles Pauze, Pascal Martin, Jean-Dominique Perret and Michel Favre would be subject to the following performance targets (in addition to the conventional minimum that may apply), and would be determined as follows:

   a) Payment of 50% of the contractual indemnity in lieu of notice and in relation to the termination of the employment agreement would be subject to the EBITDA (operating income before other income and other expenses, plus depreciation and amortization) level of the Rexel Group. This payment would be due up to 100% if the level of EBITDA, calculated on the basis of the audited consolidated financial statements of the Company for the financial year preceding the date of termination of the employment agreement (reference year), reaches at least 60% of the budgeted value for this financial year. If, during the reference year, the economic situation and financial condition of the Company and/or the economic and financial conditions of the market deteriorate, this level may be adjusted by the Supervisory Board upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation;

b) Payment of 35% of the contractual indemnity in lieu of notice and in relation to the termination of the employment agreement would be subject to the ATWC (Average Trade Working Capital) level of the Rexel Group. This payment would be due up to 100% if the level of ATWC (in percentage of sales), calculated on the basis of the audited consolidated financial statements of the Company for the financial year preceding the date of termination of the employment agreement (reference year), reaches at least 125% of the budgeted performance for this financial year. If, during the reference year, the economic situation and financial condition of the Company and/or the economic and financial conditions of the market deteriorate, this level may be adjusted by the Supervisory Board upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation;

c) Payment of 15% of the contractual indemnity in lieu of notice and in relation to the termination of the employment agreement would be subject to the ROCE (Return On Capital Employed) level of the Rexel Group. This payment would be due up to 100% if the level of ROCE, calculated on the basis of the audited consolidated financial statements of the Company for the financial year preceding the date of termination of the employment agreement (reference year), reaches at least 75% of the budgeted performance for this financial year. If, during the financial year, the economic and financial situation of the Company and /or the economic and financial conditions of the market deteriorate, this level may be adjusted by the Supervisory Board upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation.

Paris-La Défense, March 24, 2011

French original signed by

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

Hervé Chopin
Partner

ERNST & YOUNG Audit

Pierre Bourgeois
Partner

7.5.2.2 Special reports of the Statutory Auditors in relation to the related party agreements for 2009 and 2008

The special reports of the Statutory Auditors of Rexel in relation to the related party agreements for the financial year ended December 31, 2008 and December 31, 2009 are set out in the *Document de Référence* that was granted visa number R.10-024 on April 21, 2010, and in the *Document de Référence* that was granted visa number R. 09-022 on April 20, 2009 by the French *Autorité des marchés financiers,* respectively.

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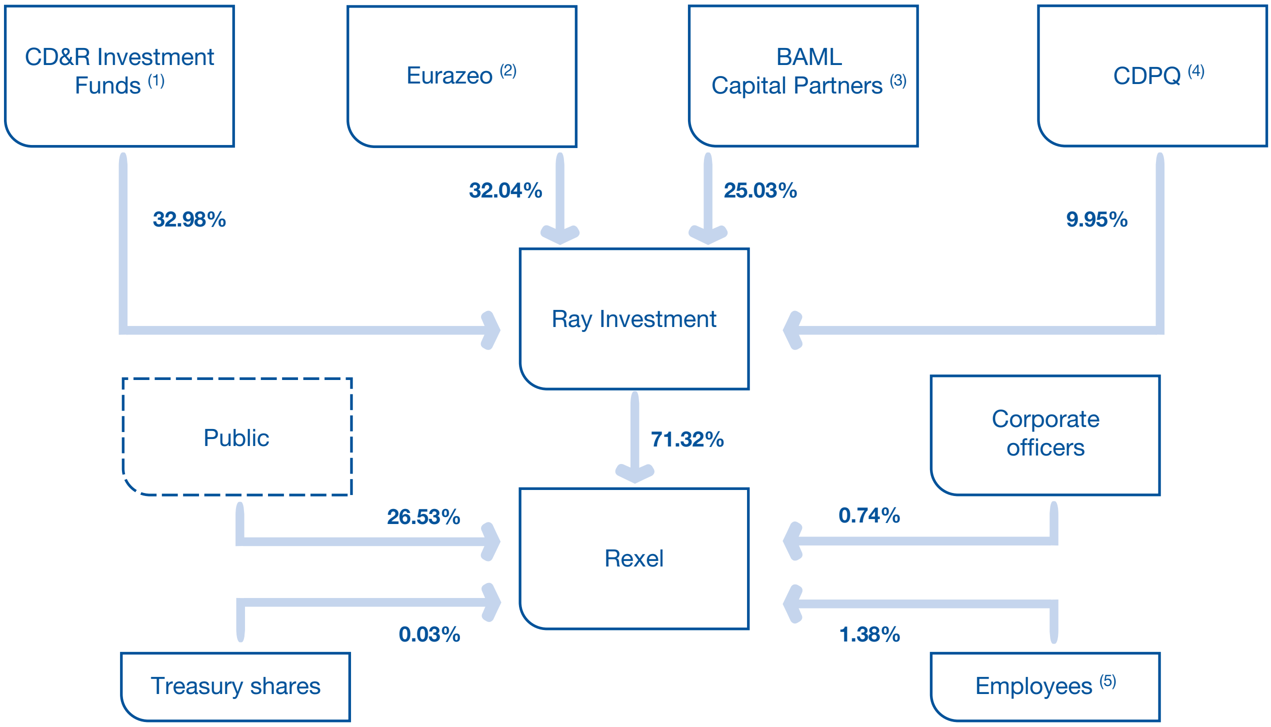
8.1 SHAREHOLDERS

8.1.1 Principal shareholders

The chart below shows the simplified shareholding structure of Rexel as of December 31, 2010:



(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.à r.l. In addition, a co-investment vehicle controlled by a subsidiary of CD&R indirectly owns approximately 8.38% of Ray Investment.
(2) *Eurazeo:* Ray France Investment S.A.S., a 95%-owned subsidiary of Eurazeo, owns approximately 32.04% of Ray Investment.
(3) *BAML Capital Partners:* the private equity funds and other entities managed by BAML Capital Partners and associated entities own approximately 19.51% of Ray Investment S.à r.l. In addition, a co-investment vehicle managed by BAML Capital Partners and associated entities indirectly owns approximately 5.52% of Ray Investment.
(4) *CDPQ:* Caisse de Dépôt et Placement du Québec owns 9.95% of Ray Investment.
(5) *Employees:* the employees include the managers and the other employees as well as the Rexel FCPEs.

Clayton, Dubilier & Rice, Inc. ("CD&R")

CD&R is a private equity firm that invests in global businesses, primarily divisions of large multi-national corporations, and works closely with management teams to pursue long-term value enhancement strategies. Since 1978, CD&R has invested approximately US $12 billion in 43 U.S. and European companies. The firm is comprised of seasoned corporate executives and investment professionals. The integration of these disciplines has enabled CD&R to build significant value through business improvements in its portfolio companies.

Eurazeo S.A. ("Eurazeo")

With substantial diversified assets, considerable investment capacity and a long-term investment horizon line, Eurazeo is one of the foremost listed investment companies in Europe. Eurazeo is, as such, a majority or reference shareholder of Accor, ANF, APCOA, B&B Hotels, ELIS, Europcar and Rexel.

In partnership with its investments, due notably to the expertise and values shared by an investment team of approximately 20 people, Eurazeo pursues a strategy that is resolutely oriented toward creating value, without ever losing sight of strategic and financial rigor that made the Group successful throughout the years.

Eurazeo has solid attributes to ensure the sustainable development of its activities and its investments by acting as a responsible professional shareholder.

BAML Capital Partners (“BAMLCP”)

BAML Capital Partners is a private equity and mezzanine capital investment group within the Global Principal Investments group of Bank of America Merrill Lynch. The team has more than fifteen years of success in providing junior capital for growth financings, buyouts, acquisitions and recapitalizations. The investment team focuses on profitable middle market and large capitalization companies with valuations from $50 million to more than $5 billion.

Additional information on BAML Capital Partners: www.bankofamerica.com/bamlcp

Ray Investment S.àr.l. (“Ray Investment”)

Ray Investment is a *société à responsabilité limitée* established under Luxembourg law, with registered offices at 10, avenue de la Liberté, L-1930 Luxembourg, registered with the Luxembourg companies’ registry under number B 104.766. Its share capital is €1,527,230,850, divided into 30,544,617 shares with a par value of €50 each. Ray Investment is owned by CD&R, Eurazeo and BAMLCP as well as Caisse de Dépôt et Placement du Québec.

8.1.2 Share capital and voting rights

8.1.2.1 Breakdown of shares and voting rights by shareholder

The table below shows the breakdown of the shareholding and of the voting rights of Rexel as of December 31, 2010, 2009 and 2008:

Shareholders	December 31, 2010				December 31, 2009				December 31, 2008			
	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	185,575,336	185,575,336	71.32	71.32	185,082,257	185,082,257	71.68	71.68	194,896,524	194,896,524	76.13	76.13
Corporate officers (1)	1,935,812	1,935,812	0.74	0.74	1,926,697	1,926,697	0.75	0.75	1,018,790	1,018,790	0.40	0.40
Managers and other employees	2,231,628	2,231,628	0.86	0.86	2,507,466	2,507,466	0.97	0.97	1,806,147	1,806,147	0.71	0.71
Rexel FCPE	1,341,579	1,341,579	0.52	0.52	1,126,312	1,126,312	0.44	0.44	1,158,482	1,158,482	0.45	0.45
Public.	69,025,641	69,025,641	26.53	26.53	67,490,586	67,490,586	26.13	26.13	55,898,869	55,898,869	21.84	21.84
Treasury shares	103,000	103,000	0.03	0.03 (2)	86,700	86,700 (2)	0.03	0.03 (2)	1,215,015	1,215,015 (2)	0.47	0.47 (2)
TOTAL	**260,212,996**	**260,212,996**	**100**	**100**	**258,220,018**	**258,220,018**	**100**	**100**	**255,993,827**	**255,993,827**	**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.

To the best knowledge of Rexel and based on the declarations of crossing of thresholds that it has received, no shareholder other than those referred to above holds, as of December 31, 2010, more than 5% of the share capital and/or voting rights of Rexel.

8.1.2.2 Shareholding threshold disclosures

Rexel has not received any declaration of crossing of thresholds during the financial year ended December 31, 2010.

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, 2010, the members of Rexel's Management Board and Supervisory Board held the following ownership interests in Rexel's share capital:

	Number of shares	% of the share capital and voting rights
Members of the Management Board		
Jean-Charles Pauze	1,086,754	0.42%
Michel Favre	–	–
Pascal Martin	504,616	0.19%
Jean-Dominique Perret	344,422	0.13%
Members of the Supervisory Board		
Roberto Quarta	2	NS
Patrick Sayer	2	NS
Joe Adorjan	1,501	NS
François David	1	NS
Eurazeo (1)	1	NS
Fritz Fröhlich	1	NS
Françoise Gri	–	–
Amaury Hendrickx	–	–
Manfred Kindle	1	NS
Luis Marini-Portugal	2	NS
David Novak	2	NS
Matthew Turner	1	NS

(1) This shareholding does not take into account the Rexel shares held by Ray Investment, 32.04% of the share capital of which is held by Ray France Investment S.A.S., a 95%-owned subsidiary of Eurazeo.

Transactions on Rexel securities carried out by Management Board and Supervisory Board members

Jean-Charles Pauze, the chairman of the Management Board, sold on the NYSE Euronext regulated market in Paris Rexel shares on December 21, 2010, at a nominal price of €16,23 for a total amount of €11,686.

Jean-Dominique Perret, member of the Management Board, sold on the NYSE Euronext regulated market in Paris Rexel shares on September 8, 2010, at a price of €16.25 per share for a total amount of €24,375.

Jean-Dominique Perret, member of the Management Board, sold on the NYSE Euronext regulated market in Paris Rexel shares on February 14, 2011, at a price of €17.60 per share for a total amount of €56.320.

8.1.2.4 Employees shareholding

Employee shareholding plan implemented in 2007

In accordance with the eleventh resolution of the Ordinary and Extraordinary Shareholders' Meeting held on February 13, 2007, the Management Board has decided, on March 20, 2007 and April 4, 2007, to implement an increase in Rexel's share capital reserved for the employees of the Rexel Group companies which have adhered to the PEG and the PEGI in the following countries: Germany, Australia, Austria, Belgium, Canada, Chile, Spain, United Sates, France, Hungary, Ireland, Italy, New-Zealand, The Netherlands, Portugal, Czech Republic, United Kingdom, Slovakia, Slovenia, Sweden and Switzerland.

The total number of shares that have been issued pursuant to the decisions of the Management Board of March 20, 2007 and April 4, 2007, implementing the increase in Rexel's share capital reserved for the employees of the Rexel Group companies which have adhered to the PEG and the PEGI plan amounts to 1,436,874 shares, and the total amount of the capital increase reserved to such employees amounts to €19,266,448 (including an issuance premium of €12,082,078), taking into account a par value of €5 per share. This capital increase was carried out and recorded by the Management Board meeting of April 18, 2007. On April 18, 2007, the Management Board also carried out the issuance of 40,594 warrants to subscribe for shares (BSAs) attached to the 40,594 shares subscribed by the “Rexel Germany Levier 2012” compartment of the “Rexel Actionnariat International” employee investment fund (FCPE).

Employee shareholding plan implemented in 2010

On May 20, 2010, the combined shareholders’ meeting authorized, in its twenty-seventh resolution, after prior authorization of the Supervisory Board, the Management Board to increase the share capital of the Company through the issuance of shares or securities conferring access to the share capital of the Company with cancellation of the shareholders’ preferential subscription rights for the benefit of members of a group savings plan (PEG) or an international group savings plan (PEGI). The shareholders’ meeting decided that the maximum amount of the share capital increase that may be carried out pursuant to the twenty-seventh resolution shall be of 1.5% of the share capital, valued at the date of the decision of share capital increase.

On April 20, 2010, the Management Board decided to carry out a share capital reserved for the employees. During its meeting of August 31, 2010, the Management Board decided to implement this share capital increase and set the subscription price for the offering in certain countries (Germany, Austria, Belgium, Canada, Spain, France, Norway, The Netherlands, the United Kingdom, Sweden and Switzerland) and established the agenda of the subscription. In respect of the United States, the Management Board established the subscription price on September 10, 2010.

The total number of shares created pursuant to the decisions of the Management Board of May 20, 2010 and August 31, 2010, implementing the increase in Rexel’s share capital reserved for the employees of the Rexel Group companies which have adhered to the PEG and the PEGI plan amounted to 356,123 shares. This share capital increase was carried out and acknowledged by the Management Board on November 17, 2010.

The shares subscribed, after settlement-delivery prior to the end of 2010, carry dividend rights as of January 1, 2010.

Furthermore, in accordance with the twenty-eighth resolution of the combined shareholders’ meeting of May 20, 2010, the Management Board decided, further to the authorization of the Supervisory Board of May 20, 2010, to carry out an allocation of free shares of the Company at the benefit of members of the international Rexel Group savings plan who subscribe to the 2010 employee shareholding transaction pursuant to the twenty-seventh resolution of the shareholders’ meeting. During its meeting of August 31, 2010, the Management Board adopted the free share allocation plan and on November 19, 2010, determined the list of beneficiaries of this allocation of free shares, for a total number of 135,234 shares. These free shares are subject to a condition of presence on June 30, 2015. Exceptions to this condition of presence are nevertheless provided in the aforementioned plan.

As of December 31, 2010, 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 1,631,776 shares, *i.e.*, 0.62% 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 Distribution in order to present information on the share subscription or purchase options issued and the related liquidity mechanisms.

Rexel’s share purchase option plans

On October 28, 2005, the Extraordinary Shareholders’ Meeting authorized the Chairman of Rexel (then a *société par actions simplifiée*) to grant certain employees or corporate officers of the Rexel Group’s French or foreign companies, under two share subscription options plans, on one or more occasions, a maximum total of 3,171,300 options to subscribe for Rexel shares giving the right to subscribe for a maximum total of 3,171,300 of the Rexel shares, in the event of exercise of all the options, at a subscription price of €10 per share (before division of the par value of the Rexel’s share which took place during 2007) and subject to certain conditions.

Pursuant to the delegation of powers granted to him by the Shareholders’ Meeting, the Chairman:

1. On October 28, 2005, fixed the terms and conditions of a first share subscription option plan for certain of Rexel’s employees or corporate officers of the Rexel Group’s French or foreign companies (the **“Plan No. 1”**). Plan No. 1 concerned 2,882,000 options to subscribe for shares at the maximum, representing 2,882,000 new shares to be issued by Rexel at the maximum. The subscription price was €10 (before division of the par value of the Rexel’s share which took place during 2007). Plan No. 1 has a duration of ten (10) years as from (i) October 28, 2005, if all the options have been granted on this date, or (ii) October 28, 2006. Under Plan No. 1, the Chairman of Rexel granted 2,775,120 options to subscribe for shares, of which 2,711,000 were effectively granted to 46 beneficiaries; and
2. On November 30, 2005, fixed the terms and conditions of a second share subscription option plan for certain other employees and corporate officers of the Rexel Group’s French or foreign companies (the **“Plan No. 2”**). Plan No. 2 concerned 289,300 options to subscribe for shares at the maximum, representing 289,300 new shares to be issued by Rexel at the maximum. The subscription price was €10 (before division of the par value of the Rexel’s share which took place during 2007). Plan No. 2 has a duration of 10 years as from (i) November 30, 2005, if all the options have been granted on this date, or (ii) November 30, 2006. Under Plan No. 2, the

Chairman of Rexel granted 265,700 options to subscribe for shares, of which 259,050 were effectively granted to 198 beneficiaries.

On May 31, 2006, the Shareholders' Meeting, duly noting that there remained a certain number of options to be granted under Plan No. 1 and Plan No. 2 and that other options had become available after certain beneficiaries had left the Rexel Group, authorized the Chairman of Rexel to carry out (i) a new grant of options up to a maximum of 171,000 options under Plan No. 1, and (ii) a new grant of options up to a maximum of 35,586 options under Plan No. 2. Furthermore, on the basis of a multi-criteria analysis, the Shareholders' Meeting fixed at €13 the subscription price for one share of Rexel upon the exercise of one option to subscribe for shares (before division of the par value of Rexel's shares which took place during 2007).

On the same day, the Chairman, using the delegation of powers he had been granted, decided to award (i) 169,236 options to subscribe for shares to 5 beneficiaries under Plan No. 1 and (ii) 35,550 options to subscribe for shares to 35 beneficiaries under Plan No. 2, 34,550 options having been effectively granted to 34 beneficiaries.

On October 4, 2006, the Shareholders' Meeting, duly noting that there remained a number of options to be granted under Plan No. 1 and that other options had become available after certain beneficiaries had left the Rexel Group, authorized the Chairman of Rexel, under Plan No. 1, to carry out a new stock option grant up to a maximum of 164,460 options. Furthermore, on the basis of a multi-criteria analysis, the Shareholders' Meeting fixed the stock option subscription price at €19 per Rexel share upon the exercise of an option to subscribe for shares (before division of the par value of Rexel's shares which took place during 2007).

On the same day, the Chairman, using the delegation of powers he had been granted, decided to grant 164,460 options to 7 beneficiaries under Plan No. 1.

The beneficiaries of options granted under Plan No. 1 and Plan No. 2 may exercise their option only upon expiry of a period of non-availability of 4 years as from the time they are granted.

Consequently, the table below sets forth the number of share subscription options definitively vested as of December 31, 2010 and which can be exercised at the term of the periods of non-availability.

Plan	Plan No.1			Plan No.2	
Date of shareholders' meeting	October 28, 2005	May 31, 2006	October 4, 2006	October 28, 2005	May 31, 2006
Option grant date	October 28, 2005	May 31, 2006	October 4, 2006	November 30, 2005	May 31, 2006
Number of options to subscribe for shares granted	2,711,000	169,236	164,460	259,050	34,550
Maximum total number of options that can be exercised [(1)]	1,231,002	140,944	267,452	472,956	65,976
Total number of shares that can be subscribed for [(1)]	1,231,002	140,944	267,452	472,956	65,976
Total number of shares that can be subscribed by [(1)]:					
– Rexel's corporate officers	–	–	–	–	–
– Rexel's ten first 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, 2009	1,231,002	140,944	267,452	406,056	65,976
Number of shares that have been subscribed for as of December 31, 2010	1,198,182	140,944	–	119,866	30,100
Aggregate number of options that have been cancelled or lapsed	–	–	–	–	–
Outstanding options at the end of the financial year	32,820	–	267,452	286,190	35,876

(1) After the division of the par value of the Rexel share which occurred in 2007.

During the financial year ended December 31, 2010, 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, 2010, the ten 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
Laurent Delabarre	44,194	44,194	€5
Guy Picken	44,194	44,194	€5
Hubert Salmon	44,194	44,194	€5
Mark Daniel	38,290	38,290	€5
Richard Ferguson	38,290	38,290	€5
Patrick Foley	38,290	38,290	€5
John Kudlacek	38,290	38,290	€5
Etienne Gross	18,940	18,940	€5
	14,094	14,094	€6.50
Wayne Donaldson	32,326	32,326	€5
Jérémy de Brabant	31,566	31,566	€5

Plans instituted by Rexel Distribution

Rexel Distribution share subscription option plans established in 2001

At the extraordinary general meeting held on May 16, 2001, the shareholders of Rexel Distribution authorized the Board of Directors of Rexel Distribution to grant to certain employees of Rexel Distribution, on one or more occasions, options to subscribe for Rexel Distribution shares, giving the right to subscribe for a maximum of 1,000,000 Rexel Distribution shares, subject to certain conditions and to the exercise of all options. The subscription price was equal to the average of the closing prices on the stock exchange during the 20 trading days preceding the option grant date.

On May 16, 2001, the Board of Directors of Rexel Distribution set up the plan relating to these options to subscribe for shares and awarded 299,300 options to subscribe for Rexel Distribution shares, giving the right to subscribe for 299,300 shares of Rexel Distribution at the price of €81 per Rexel Distribution share. These options cannot be exercised for a period of four years following the date of allocation. The beneficiaries of these options can subsequently exercise them only during a period of six years following the expiration of this four-year period, that is, until May 15, 2011 inclusive.

Following the Rexel Distribution capital increase done in June 2003 and the exceptional distribution of reserves on March 4, 2005, the subscription price of the Rexel Distribution shares when exercising the options was adjusted. As of December 31, 2010, the subscription price for the Rexel Distribution shares that may be subscribed for after exercising the options to subscribe for shares granted under the 2001 plan is €59.68 per share.

Rexel Distribution share subscription option plans established in 2002

On May 13, 2002, under the authorization granted by the shareholders of Rexel Distribution at the aforesaid extraordinary general meeting held on May 16, 2001, the Board of Directors of Rexel Distribution granted 360,543 options to subscribe for 360,543 Rexel Distribution shares at the price of €70.57 per Rexel Distribution share. These options cannot be exercised for a period of four years following the date of allocation. The beneficiaries of these options can subsequently exercise them only during a period of six years following the expiration of this four-year period, that is, until May 12, 2012 inclusive.

Following the Rexel Distribution capital increase effected in June 2003 and the exceptional distribution of reserves on March 4, 2005, the subscription price for the Rexel Distribution shares was adjusted. As of December 31, 2010, the subscription price for the Rexel Distribution shares that may be subscribed for after exercising the options to subscribe for shares granted under the 2002 plan is €51.99 per share.

Rexel Distribution share subscription option plans established in 2003

At the extraordinary general meeting held on May 14, 2003, the shareholders of Rexel Distribution authorized the Board of Directors of Rexel Distribution to grant to certain employees and corporate officers of Rexel Distribution, on one or more occasions, options to subscribe for Rexel Distribution shares, giving the right to subscribe for a maximum of 1,000,000 Rexel Distribution shares, subject to certain conditions and to the exercise of all options. The subscription price could not be lower than 80% of the average of the opening prices on the stock exchange during the 20 trading days preceding the option grant date.

On July 7, 2003, the Board of Directors of Rexel Distribution set up the plans relating to these options and granted 623,413 options to subscribe for a maximum of 623,413 Rexel Distribution shares at the price of €26.75 per Rexel Distribution share. 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 is €21.61 per Rexel Distribution share. Options to subscribe for shares under the 2003 plan that are not covered by the liquidity agreement described below are exercisable between July 8, 2007 and July 6, 2013 inclusive.

Rexel Distribution share subscription option plans established in 2004

At the extraordinary general meeting held on May 24, 2004, the shareholders of Rexel Distribution authorized the Board of Directors of Rexel Distribution to grant to certain employees and corporate officers of Rexel Distribution, on one or more occasions, 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 is €28.49 per Rexel Distribution share. Options to subscribe for shares under the 2004 plan that are not covered by the liquidity agreement described below are exercisable between July 6, 2008 and July 4, 2014 inclusive.

The table below summarizes the status of the share purchase and subscription option plans established by Rexel Distribution as of December 31, 2010:

Date of shareholders' meeting	Option type	Number of options initially granted	Option grant date	Purchase or subscription price as of grant date (in euros)	Options potentially exercisable as of December 31, 2010	Purchase or subscription price as of December 31, 2010 (€)	Number of options covered by liquidity agreement as of December 31, 2010	Number of Rexel shares to which the options give a right
May 16, 2001	Share subscription options	299,300	May 16, 2001	81	83,626	59.68	N/A	83,626
May 16, 2002	Share subscription options	360,543	May 13, 2002	70.57	49,434	51.99	N/A	49,434
May 14, 2003	Ordinary share subscription options	449,925	July 7, 2003	26.75	545	21.61	N/A	545
May 14, 2003	Share subscription options tied to performance criteria	173,488	July 7, 2003	26.75	–	21.61	N/A	–
May 24, 2004	Ordinary share subscription options	603,240	July 5, 2004	35.26	1,549	28.49	N/A	1,549
May 24, 2004	Share subscription options tied to performance criteria	179,550	July 5, 2004	35.26	–	28.49	N/A	–

No subscription options for shares of Rexel Distribution were exercised in 2009. Moreover, during the financial year ended December 31, 2010, no subscription options for shares of Rexel Distribution were granted.

Liquidity agreement

Under the terms of the standing offer and public buyout offer followed by a compulsory squeeze-out initiated after Rexel Distribution was acquired by Ray Investment on December 10, 2004, Rexel Développement had set up a liquidity mechanism for the beneficiaries of stock options granted under the 2003 and 2004 plans (see paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence*). In connection therewith, 360,667 Rexel Distribution shares issued as a result of the exercise of the 2003 options and 488,969 Rexel Distribution shares issued as a result of the exercise of the 2004 options were purchased by Rexel Développement. This liquidity mechanism expired on July 21, 2008 and no longer applies.

Supplemental liquidity mechanism

As part of its initial public offering plan, Rexel offered the beneficiaries of options to purchase or to subscribe for Rexel Distribution shares, a liquidity mechanism for the beneficiaries of allocated Rexel Distribution options that are not covered by the liquidity mechanism set up following the acquisition of Rexel Distribution by Ray Investment.

In respect of the options allocated by Rexel Distribution in 2001 and 2002 to each beneficiary a put option under which it undertook to purchase the Rexel Distribution shares resulting from the exercise of options, that may be exercised during a period of 20 trading days as from the settlement/delivery date following admission of the Rexel shares to trading on the NYSE Euronext regulated market in Paris. In this context, 154,587 Rexel Distribution shares were purchased at a price of €53.06 per share. Among the share purchase or subscription options put in place by Rexel Distribution, only the 2002 plan, considering its exercise price of €51.99, was covered by the Supplemental Liquidity Mechanism proposed in 2007. The period during which the put option could be exercised expired and this liquidity mechanism no longer applies.

With respect to Rexel Distribution options under the 2003 and 2004 plans, Rexel entered into a Supplemental Liquidity Mechanism consisted in entering into a liquidity agreement (put and call options) with the relevant option beneficiaries, who did not wish to benefit from the liquidity mechanism proposed in 2005. Only certain option beneficiaries executed the 2007 liquidity agreement concerning their 2003 and/or 2004 options. In this context, in 2007, the call option was exercised by Rexel for 991 Rexel Distribution shares and in 2008 for 1,747 Rexel Distribution shares at a price of €53.06 per share. This liquidity mechanism expired on July 21, 2008 and no longer applies.

8.1.2.6 Allotment of free shares

Allotment of free shares carried out during the financial year ended December 31, 2007

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on March 20, 2007 and by the Supervisory Board on April 4, 2007, the Management Board decided on April 11, 2007:

– to grant 5,022,190 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code;

– to set (i) the criteria and conditions for granting the free shares, and in particular the conditions of performance, and (ii) the duration of the period of acquisition and, as the case may be, the holding period, as included in the regulations of plans for granting shares free set out by the Management Board (the **"Plans"**). The regulations of the Plans are designated in function of their specific terms and conditions by the letters A, B, C, D, E, and F;

– to establish (i) the list of the names of the beneficiaries of the free share awards (collectively, the **"Beneficiaries of Free Shares"**), (ii) the number of free shares granted to each of the Beneficiaries of Free Shares, and (iii) the conditions applicable to each of the Beneficiaries of Free Shares according to Plans A, B, C, D, E and/or F under which, as the case may be, they are granted free shares.

On April 4, 2007, in the context of the authorization granted to the Management Board to carry out the allocation of free shares, the Supervisory Board decided that the members of the Management Board who are allocated free shares shall hold 10% of such shares in the registered form until the end of their term of office.

Following these awards of free shares, certain Beneficiaries of Free Shares left the Rexel Group, thus liberating 45,949 shares that could be granted for free to new employees. Consequently, on October 5, 2007, the Supervisory Board authorized the Management Board to proceed with distributing the liberated shares to new employees who entered the Rexel Group between April 11, 2007 and October 29, 2007. On October 29, 2007, the Management Board decided:

– to grant 33,991 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code;

– to amend the two plans, E and F, that were implicated in the granting of the liberated shares, designated by the titles "Plan for Granting Free Shares 2+2 with conditions of performance 2007/2008" and "Plan for Granting Free Shares 4+0 with conditions of performance 2007/2008";

– to establish (i) the list of the names of the new beneficiaries of awards of free shares, (ii) the number of free shares granted to each of them, and (iii) the conditions applicable to each of the beneficiaries according to amended plans E and F under which, as the case may be, they have been granted the free shares.

The table below summarizes the free shares allocations carried out in 2007:

Plan	A	B	C	D	E		F	
Shareholders' Meeting	March 20, 2007							
Management Board	April 11, 2007	April 11, 2007	April 11, 2007	April 11, 2007	April 11, 2007	October 29, 2007	April 11, 2007	October 29, 2007
Number of beneficiaries	22	36	22	36	134	6	372	5
Initial number of free shares allocated	1,302,133	1,254,443	607,655	585,400	333,435	7,474	939,124	26,517
Corporate officers								
Jean-Charles Pauze	353,810	–	165,111	–	–	–	–	–
Nicolas Lwoff [(1)]	180,203	–	84,094	–	–	–	–	–
Pascal Martin	180,203	–	84,094	–	–	–	–	–
Jean-Dominique Perret	120,136	–	56,063	–	–	–	–	–
Ten first employees [(2)]	1,520,263							
Date of final allocation	April 11, 2009	April 11, 2011	April 11, 2009	April 11, 2011	April 11, 2009	October 29, 2009	April 11, 2011	October 29, 2011
Date of transferability of shares	April 12, 2011	April 12, 2011	April 12, 2011	April 12, 2011	April 12, 2011	October 30, 2011	April 12, 2011	October 30, 2011
Number of free shares allocated and valid at December 31, 2009	–	1,254,443	–	542,009	–	–	800,712	24,467
Number of free shares irrevocably allocated as of December 31, 2010	–	–	–	–	–	–	–	–
Number of free shares that have been cancelled or lapsed	–	–	–	–	–	–	–	–
Number of free shares allocated and effective as of December 31, 2010	–	1,254,443	–	542,099	–	–	800,712	24,467

(1) Nicolas Lwoff left the Group as of February 12, 2009.
(2) The first ten grants have been indicated, independently from the number of beneficiaries.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the acquisition period (see note 15 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2010).

During the financial year ended December 31, 2010, no free share allocated to the corporate officers and to the ten first employees of the Rexel Group under these plans became available.

Allotment of free shares carried out during the financial year ended December 31, 2008

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2008 and by the Supervisory Board on May 20, 2008, the Management Board decided on the principle of granting free shares and, during its meeting on June 23, 2008, decided:

– to confirm and definitively set the list of beneficiaries of free shares under the June 23, 2008 Plans;

– to definitively establish (i) the criteria and conditions for allocating free shares, in particular the conditions of performance, and (ii) the term of the period of acquisition and, as the case may be, of the holding period for the shares, as they appear in the regulations for plans granting free shares established by the Management Board (the **"Plans"**). The regulations of the Plans are designated, in accordance with their specific terms and conditions, by the denominations “COMEX Rexel 4+0”, “COMEX Rexel 2+2”, “MANAGERS Rexel 4+0” and “MANAGERS Rexel 2+2”;

- to grant 1,541,720 free Rexel shares under the provisions of articles L.225 197-1 *et seq.* of the French Commercial Code.

On May 20, 2008, in the context of the authorization granted to the Management Board to carry out the allocation of free shares, the Supervisory Board decided that the members of the Management Board who are allocated free shares shall hold 10% of such shares in the registered form until the end of their term of office.

Following these allocations of free shares, 21,784 Rexel shares were liberated because certain beneficiaries left the Rexel Group.

In accordance with the twenty-seventh resolution of Rexel’s Ordinary and Extraordinary Shareholders’ Meeting held on May 20, 2008, the Management Board has decided, on October 1, 2008, to proceed with a second allocation of free shares and:

- to modify the maturity dates of the periods of acquisition and transfer of the Plans, the performance criteria being identical to those established for the grant on June 23, 2008;
- to proceed with a free grant of 66,241 Rexel shares, pursuant to the provisions of articles L.225 197-1 *et seq.* of the French Commercial Code;
- to confirm and definitively set the list of beneficiaries of grants of free shares under the Plans.

The table below summarizes the free share allocations carried out during the financial year ended December 31, 2008:

Plan	COMEX Rexel 2+2	COMEX Rexel 4+0	MANAGERS Rexel 2+2	MANAGERS Rexel 4+0	COMEX Rexel 2+2	COMEX Rexel 4+0	MANAGERS Rexel 2+2	MANAGERS Rexel 4+0
Shareholders’ Meeting	May 20, 2008							
Management Board	June 23, 2008				October 1, 2008			
Number of Beneficiaries	7	6	130	279	–	1	3	10
Initial number of free shares allocated	241,211	217,920	280,698	801,891	–	28,436	3,456	34,349
Corporate officers								
Jean-Charles Pauze	70,708	–	–	–	–	–	–	–
Nicolas Lwoff (1)	35,581	–	–	–	–	–	–	–
Pascal Martin	35,581	–	–	–	–	–	–	–
Jean-Dominique Perret	35,581	–	–	–	–	–	–	–
Ten first employees (2)	328,021							
Date of final allocation	June 23, 2010	June 23, 2012	June 23, 2010	June 23, 2012	October 1, 2010	October 1, 2012	October 1, 2010	October 1, 2012
Date of transferability of shares	June 24, 2012	June 24, 2012	June 24, 2012	June 24, 2012	October 2, 2012	October 2, 2012	October 2, 2012	October 2, 2012
Number of free shares allocated and valid at December 31, 2009	32,661	37,889	116,180	344,479	–	4,944	1,732	12,014
Number of free shares that have been cancelled or lapsed:	–	–	2,810	17,280	–	–	–	2,303
Number of free shares permanantly acquired as of December 31, 2010	32,661	–	113,370	–	–	–	1,732	–
Number of free shares allocated and effective at December 31, 2010	–	37,889	–	327,199	–	4,944	–	9,711

(1) Nicolas Lwoff left the Group as of February 12, 2009.
(2) The first ten grants have been indicated, independently from the number of beneficiaries.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the acquisition period (see note 15 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2010).

During the financial year ended December 31, 2010, the corporate officers and to the ten first employees of the Rexel Group permanently acquired the following shares:

Beneficiaries	Number of shares irrevocably acquired (1)			
	COMEX Rexel 2+2 plan	MANAGERS Rexel 2+2 plan	COMEX Rexel 2+2 plan	MANAGERS Rexel 2+2 plan
Corporate officers				
Jean-Charles Pauze	12,293	–	–	–
Nicolas Lwoff (2)	–	–	–	–
Pascal Martin	6,187	–	–	–
Jean-Dominique Perret	6,187	–	–	–
Employees				
Patrick Bérard	6,187	–	–	–
Olivier Baldassari	–	4,024	–	–
Laurent Delabarre	–	4,024	–	–
Marie-Pierre Marchand	–	3,096	–	–
Jérôme Baniol	–	2,580	–	–
Franck Guyomard	–	2,580	–	–
Hélène Margat	–	2,580	–	–
Patrick Rayet	–	2,580	–	–
Patrice Thibaudon	–	2,580	–	–
Hervé Duret	–	1,985	–	–
Laurence Galand	–	1,985	–	–
Catherine Garzon	–	1,985	–	–
José Prétot	–	1,985	–	–
Christian Roche	–	1,985	–	–

(1) Terms of acquisition of the shares of the COMEX Rexel 2+2 plan:
- Condition of attendance of two years and following performance conditions:
  - the acquisition of 50% of the free shares depends on the EBITDA margin variation between 2007 and 2009;
  - the acquisition of 25% of the free shares depends on the 2008 EBITDA level;
  - the acquisition of 25% of the free shares depends on the 2009 Net Debt / 2009 EBITDA ratio.
- Terms of acquisition of the shares of the MANAGERS Rexel 2+2 plan:
- Condition of attendance of two years and following performance conditions:
  - the acquisition of 40% of the free shares depends on the EBITDA margin variation between 2007 and 2009;
  - the acquisition of 20% of the free shares depends on the 2008 EBITDA level;

(2) Nicolas Lwoff left the Group on February 12, 2009.

Allocation of free shares during the financial year ended December 31, 2009

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2008 and by the Supervisory Board on May 11, 2009, the Management Board decided on the principle of granting free shares, and, during its meeting on May 11, 2009, decided:

- to confirm and definitively set the list of beneficiaries of the granting of free shares under the May 11, 2009 plans;
- to definitively set (i) the criteria and conditions for granting the free shares, and in particular the conditions of performance, and (ii) the duration of the period of acquisition and, as the case may be, the retention period, as included in the regulations of plans for granting shares free set out by the Management Board (the "Plans"). The regulations of the Plans are designated in function of their specific terms and conditions by the codes "COMEX Rexel 4+0", "COMEX Rexel 2+2", "MANAGERS Rexel 4+0" and "MANAGERS Rexel 2+2";
- to grant 1,372,166 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code.

The table below summarizes the free share allocations carried out in the financial year ended December 31, 2009:

Plan	COMEX Rexel 2+2	COMEX Rexel 4+0	MANAGERS Rexel 2+2	MANAGERS Rexel 4+0
Shareholders' meeting	May 20, 2008			
Management Board	May 11, 2009			
Number of beneficiaries	3	7	96	190
Initial number of free shares allocated	107,934	218,884	259,282	786,066
Corporate officers				
Michel Favre [(1)]	58,500	–	–	–
Eleven first 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 irrevocably allocated at December 31, 2010	–	–	–	–
Number of free shares allocated and valid at December 31, 2009	90,376	183,281	215,620	659,696
Initial number of free shares cancelled or having lapsed [(3)], including:	11,600	13,300	22,755	48,485
– Number of free shares that have lapsed as a result of the condition of presence	11,600	13,300	22,755	48,485
– Number of free shares that have lapsed as a result of the performance condition	–	–	–	–
Initial number of free shares as of December 31, 2010	78,776	169,981	192,865	611,211

(1) Michel Favre was appointed as corporate officer further to the allocation of free shares and has received the free shares granted in his capacity as employee.
(2) Given the number of shares allocated to the employees, the eleven first grants have been indicated.
(3) Condition of presence which has not been satisfied or performance condition which has not been satisfied.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the acquisition period (see note 15 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2010).

During the financial year ended December 31, 2010, no free share allocated to the corporate officers and to the ten first employees of the Rexel Group under these plans became available.

Free shares granted in the financial year ended December 31, 2010

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2009 and by the Supervisory Board on May 11, 2010, the Management Board decided on the principle of granting free shares, and, during its meeting of May 11, 2010 decided:

– to confirm and determine on a permanent basis the list of the beneficiaries of the allocation of free shares under the plans of May 11, 2010;

– to determine on a permanent basis (i) the criteria and conditions for granting the free shares, and in particular the conditions of performance, and (ii) the duration of the period of acquisition and, as the case may be, the retention period, as included in the regulations of the plans of allocation of free shares decided by the Management Board (the "Plans"). The regulations of the Plans are named based on their specific terms and conditions by the titles "Leadership Rexel 4+0", "Leadership Rexel 2+2", "MANAGERS Rexel 4+0" and "MANAGERS Rexel 2+2";

– to grant 1,519,862 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code.

On May 11, 2010, in the context of the authorization granted to the Management Board to carry out the allocation of free shares, the Supervisory Board decided that the members of the Management Board who are beneficiaries of an allocation of free shares shall retain 20% of such shares in registered form until the end of their term of office.

The table below summarizes the free share allocations carried out during the financial year ended December 31, 2010:

Plan	Leadership Rexel 2+2	Leadership Rexel 4+0	MANAGERS Rexel 2+2	MANAGERS Rexel 4+0
Shareholders' meeting	May 20, 2009			
Management Board	May 11, 2010			
Number of beneficiaries	27	47	74	151
Initial number of free shares allocated	391,306	544,262	160,836	423,458
Corporate officers				
Jean-Charles Pauze	78,708	–	–	–
Michel Favre	35,581	–	–	–
Pascal Martin	46,255	–	–	–
Jean-Dominique Perret	39,910	–	–	–
Eleven first employees (1)	309,933			
Date of final allocation	May 11, 2012	May 11, 2014	May 11, 2012	May 11, 2014
Date of transferability of shares	May 12, 2014	May 12, 2014	May 12, 2014	May 12, 2014
Number of free shares irrevocably allocated at December 31, 2010	–	–	–	–
Number of free shares allocated and cancelled or expired, of which (2):	6,601	9,168	6,047	23,015
– Number of shares expired pursuant to the condition of presence	–	–	3,874	17,314
– Number of shares expired pursuant to the condition of performance	6,601	9,168	2,173	5,701
Number of free shares allocated and valid at December 31, 2010	384,705	535,094	154,789	400,443

(1) Considering the number of shares allocated to employees, the first eleven allocations were selected.
(2) Condition of presence not met or condition of performance not achieved.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the acquisition period (see note 15 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2010).

In the financial year ended December 31, 2010, the Management Board granted free shares to the corporate officers and to the eleven top employees of the Rexel Group as follows:

Beneficiary	No and date of plan	Number of shares	Value of allocated shares	Date of acquisition	Date of transferability	Performance conditions (1)
Corporate officers						
Jean-Charles Pauze	Leadership 2+2 May 11, 2010	78,708	€897,271	May 11, 2012	May 12, 2014	Leadership Plan
Michel Favre	Leadership 2+2 May 11, 2010	35,581	€405,623	May 11, 2012	May 12, 2014	Leadership Plan
Pascal Martin	Leadership 2+2 May 11, 2010	46,255	€527,307	May 11, 2012	May 12, 2014	Leadership Plan
Jean-Dominique Perret	Leadership 2+2 May 11, 2010	39,910	€454,974	May 11, 2012	May 12, 2014	Leadership Plan
Employees						
Chris Hartmann	Leadership 4+0 May 11, 2010	55,900	€585,273	May 11, 2014	May 12, 2014	Leadership Plan
Mitch Williams	Leadership 4+0 May 11, 2010	39,910	€417,858	May 11, 2014	May 12, 2014	Leadership Plan
Henri-Paul Laschkar	Leadership 4+0 May 11, 2010	35,581	€372,533	May 11, 2014	May 12, 2014	Leadership Plan
Patrick Bérard	Leadership 2+2 May 11, 2010	35,581	€405,623	May 11, 2012	May 12, 2014	Leadership Plan
Michel Klein	Leadership 4+0 May 11, 2010	20,648	€216,185	May 11, 2014	May 12, 2014	Leadership Plan
Jeff Hall	Leadership 4+0 May 11, 2010	20,648	€216,185	May 11, 2014	May 12, 2014	Leadership Plan
Hubert Salmon	Leadership 4+0 May 11, 2010	20,648	€216,185	May 11, 2014	May 12, 2014	Leadership Plan
Jérémy De Brabant	Leadership 2+2 May 11, 2010	20,648	€235,387	May 11, 2012	May 12, 2014	Leadership Plan
Kerry Warren	Leadership 4+0 May 11, 2010	20,123	€210,688	May 11, 2014	May 12, 2014	Leadership Plan
Mark Hartman	Leadership 4+0 May 11, 2010	20,123	€210,688	May 11, 2014	May 12, 2014	Leadership Plan
Jim Clark	Leadership 4+0 May 11, 2010	20,123	€210,688	May 11, 2014	May 12, 2014	Leadership Plan

(1) Performance conditions:
- Leadership Plans, condition of attendance of two years and following performance conditions:
  – the acquisition of 50% of the free shares depends on the EBITDA margin variation between 2009 and 2011,
  – the acquisition of 25% of the free shares depends on the 2010 EBITDA level,
  – the acquisition of 25% of the free shares depends on the 2010 Net Debt / 2010 EBITDA ratio.
- Managers Plans, condition of attendance of two years and following performance conditions:
  – the acquisition of 40% of the free shares depends on the EBITDA margin variation between 2009 and 2011,
  – the acquisition of 20% of the free shares depends on the 2010 EBITDA level,
  – the acquisition of 20% of the free shares depends on the 2010 Net Debt / 2010 EBITDA ratio,
  – the outstanding 20% are not subject to these performance conditions, but only to the condition of attendance.

8.1.2.7 Issuance and granting of warrants to subscribe for Rexel shares

On April 4, 2007, the Management Board decided to use the authorization granted to him by the Ordinary and Extraordinary Shareholders' Meeting of February 13, 2007 in its eleventh resolution in order to carry out an increase in Rexel's share capital reserved for the employees. In order to take into account the constraints relating to local regulation, the Management Board has decided that the subscription price of the shares reserved for the beneficiaries in Germany (the **"German Beneficiaries"**), within the context of the leverage formula, would correspond to 100% of the offer price, *i.e.* €16.50 (after the division of the par value of the Rexel share which occurred in 2007), the German Beneficiaries receiving, in lieu of the 20% discount, a warrant to subscribe for shares of Rexel (a **"Warrant"**) for each share subscribed for through the compartment "Rexel Germany Levier 2012" of the "Rexel Actionnariat International" Employee Investment Fund.

Number of Warrants issued

The number of shares subscribed for within the context of the leverage formula in Germany amounting to 40,594, 40,594 Warrants, attached to the said shares subscribed for through the "Rexel Germany Levier 2012" compartment of the "Rexel Actionnariat International" Employee Investment Fund, approved by the AMF under the number FCE20070042, on behalf of the German Beneficiaries, holders of share of the "Rexel Germany Levier 2012" Employee Investment Fund, have been issued and freely allocated.

Form of the Warrants issued

The Warrants are held in registered form. They are registered in the name of the "Rexel Germany Levier 2012" compartment of the "Rexel Actionnariat International" Employee Investment Fund, in an account maintained by BNP Paribas Securities Services, 3 rue d'Antin, 75002 Paris.

Terms of exercise of the Warrants (BSAs)

The Warrants are exercisable at any time by the holder of the Warrants until April 30, 2012, inclusive. After April 30, 2012 at midnight, the Warrants which will not have been exercised will lapse.

The "Rexel Germany Levier 2012" Compartment of the "Rexel Actionnariat International" Employee Investment Fund, holder of the Warrants, will not be able to sell the Warrants except to BNP Paribas, underwriter, which will act as a counterpart within the context of the swap agreement entered into between BNP Paribas and the "Rexel Germany Levier 2012" compartment.

Representation of the Warrants holders

In accordance with Article L.228-103 of the French Commercial Code, Warrants holders will be grouped together, to protect their common interests, in a collective group *(masse)* which shall have legal personality. The *Masse* is governed by provisions identical to those applicable to bonds, under Articles L.228-47 to L.228-64, L.228-66 and L.228-90 of the French Commercial Code. A separate *Masse* for each type of securities giving access to the same rights will be, as the case may be, created.

Maintenance of the rights of the Warrants holders

In the event of a transaction affecting Rexel's share capital resulting in an adjustment in accordance with the provisions of Articles L.228-98 *et seq.* of the French Commercial Code and Articles R.228-87 *et seq.* of the French Commercial Code, the rights of the Warrants holders will be maintained through an adjustment of the subscription conditions in accordance with the provisions of the French Commercial Code above mentioned.

Exercise of the subscription right

Subject to the adjustments effected, as the case may be, in accordance with the above paragraph, each Warrant gives the right to subscribe for one new share of Rexel with a par value of €5 (as at the date of this *Document de Référence*) in consideration of a subscription price corresponding to the Offer Price as determined by the Management Board on April 2007, 16.50, *i.e.*, €16.50 (after the division of the par value of the Rexel share which occurred in 2007). The subscription price will have to be fully paid in cash by the Warrant holder in an amount corresponding to the number of Warrants exercised. The new shares subscribed upon exercise of the Warrants will be fully fungible with existing shares and shall confer to their holders the same rights.

An application will be immediately filed with respect to the listing of the new shares on the regulated market of NYSE Euronext in Paris.

8.1.3 Shareholders' voting rights

Each share of Rexel entitles the holder to one vote. Consequently, as of the date of this *Document de Référence*, the Rexel's shareholders hold the same number of voting rights as the number of shares they own.

8.1.4 Control structure

Rexel is currently controlled directly by Ray Investment, a *société à responsabilité limitée* (limited liability company) governed by the laws of Luxembourg, which owns 71.32% of Rexel. 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 are described below.

Ray Investment Shareholders' Agreement

On April 4, 2007, Ray Investment, CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et Placement du Québec amended the existing Ray Investment shareholders agreement entered into on March 26, 2005 (the **"Ray Investment Shareholders' Agreement"**). The Ray Investment Shareholders' Agreement aims at structuring the relationships between the shareholders of Ray Investment.

The Ray Investment Shareholders' Agreement notably provides that decisions to be taken by Ray Investment as a shareholder of Rexel, as well as certain decisions with respect to Ray Investment should be previously approved by the members of the Consortium or of Ray Investment partners, in accordance with particular majority requirements.

With the exception of transfers to affiliates, interests held in Ray Investment are not transferable to third-parties without the prior written consent of CD&R, Eurazeo, BAMLCP and the Caisse de Dépôt et Placement du Québec.

However, the parties to the Ray Investment Shareholders' Agreement have the option to exchange their shares in Ray Investment against the corresponding proportion of Rexel shares held by Ray Investment, in accordance with certain conditions.

The Ray Investment Shareholders' Agreement entered into force upon the admission of Rexel's shares to trading on the regulated market of NYSE Euronext in Paris and will remain in effect for 10 years from the date of this admission. However, the Ray Investment Shareholders' Agreement will cease to apply to a given party at such time as such party no longer holds any interest in Ray Investment.

Rexel Shareholders' Agreement

On April 4, 2007, CD&R, Eurazeo and BAMLCP entered into a shareholders' agreement (the **"Rexel Shareholders' Agreement"**) in order to organize the corporate governance of Rexel.

The Rexel Shareholders' Agreement provides that Rexel's Supervisory Board comprises three members appointed from a list proposed by CD&R, three members appointed from a list proposed by Eurazeo, two members appointed from a list proposed by BAMLCP and three independent members, one of whom may be appointed from a list proposed by BAMLCP, so long as such person meets independence criteria and BAMLCP's direct or indirect participation in Rexel's capital remains equal to at least 5%. The number of Supervisory Board members that may be nominated by CD&R, Eurazeo and BAMLCP may be reduced if their direct or indirect ownership of Rexel is reduced below certain thresholds.

CD&R has the right to nominate the first chairman of the Supervisory Board. Subsequently, if Eurazeo or BAMLCP's shareholdings are greater by 50% than CD&R's, Eurazeo or BAMLCP, as the case may be, will be entitled to nominate the chairman of the Supervisory Board.

The Rexel Shareholders' Agreement also provides that the Supervisory Board have the following four committees: an Audit Committee, a Compensation Committee, an Appointments Committee and a Strategic Committee.

The Rexel Shareholders' Agreement will remain in effect until the later of (i) the second anniversary of the initial public offering of Rexel and (ii) the date on which CD&R, Eurazeo and 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. In any case, the provisions of the Rexel Shareholders' Agreement will cease to be applicable after the fifth anniversary of the initial public offering of Rexel. Furthermore, the provision of the Rexel Shareholder's Agreement will cease to apply to any party whose direct or indirect shareholding in Rexel becomes less than 5%.

The Rexel Shareholder's Agreement also provides that it will automatically become void if any of the shareholders (acting alone or through one of its subsidiaries) launches a tender offer to purchase all of Rexel's existing shares.

Liquidity Agreement

On April 4, 2007, Ray Investment, CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et de Placement du Québec entered into an agreement relating to the acquisition and disposal of Rexel's shares (the **"Liquidity Agreement"**).

Since the lock-up period has expired on January 1, 2008, CD&R, Eurazeo, 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 €10 million per 30-day period, subject to prior notice to the other shareholders of Ray Investment; and
- initiate, or have Ray Investment initiate, (i) the sale of Rexel's shares through a block trade with reasonably estimated gross proceeds of at least €75 million, or (ii) an underwritten secondary public offering of Rexel's shares with reasonably estimated gross proceeds of at least €150 million (it being clarified that such an offering may not be initiated within six months of the completion

of a similar offering without the prior approval of CD&R, Eurazeo and 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 since January 1, 2008, at any time, subject to the transferee affiliate agreeing to adhere to the provisions of the Liquidity Agreement. In addition, the Liquidity Agreement will not apply to market transactions or asset management transactions effected by any bank or asset management company affiliated with CD&R, Eurazeo or 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) the second anniversary of the initial public offering of Rexel and (ii) the date on which CD&R, Eurazeo and BAMLCP cease to collectively hold, directly or indirectly, at least 40% of Rexel's capital. In any case, the provisions of the Liquidity Agreement will cease to be applicable after the fifth anniversary of the initial public offering of Rexel. Furthermore, the provision of the Liquidity Agreement will cease to apply to any party whose direct or indirect shareholding in Rexel becomes less than 5%.

Public Offering Rights Agreement

On February 13, 2007, Ray Investment, CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et de Placement du Québec entered into an agreement in order to structure their relationship in the context of the proposed initial public offering (the **"Public Offering Rights Agreement"**).

Each of the partners of Ray Investment is able to request that, starting January 1, 2008, Ray Investment proceeds with the repurchase of all of such partner's current interests in Ray Investment in exchange for the corresponding amount of Rexel' shares held by Ray Investment.

In addition, in the event that Ray Investment effects a capital decrease through the repurchase of ownership interests using proceeds from the sale of shares in the proposed initial public offering of Rexel, each of the partners of Ray Investment will be entitled to participate in this capital decrease, prorata to their interest in Ray Investment Payment for such interests will be made through cash or shares of Rexel held by Ray Investment. This foregoing will remain true, even if such a capital decrease occurs before January 1, 2008.

Cooperation Agreement

On April 4, 2007, Ray Investment and its partners entered into an agreement (the **"Cooperation Agreement"**) in order to structure their relationships in case of sale of Rexel's shares by Ray Investment or its partners in the context of a public offering or a private placement and to the extent that the proceeds of such offering would exceed €100 million (except for any public offer outside of France that would require the filing of a prospectus by a market authority).

The Cooperation Agreement notably specifies the terms and conditions of the parties' participation in the preparation of the offering documents, the memoranda to underwriters and institutional buyers as well as the due diligences to be conducted in the context of these transactions. Rexel will not have to take part to any disposal transaction carried out within the six months following any capital increase or disposal of shares, if the proceeds of the latter exceed €100 million (except for the initial public offering of Rexel's shares). Similarly, Rexel has no obligation to take part to any disposal transaction carried out within the six months following any capital increase or disposal of shares during the lock-up period, the length of which could be possibly modified upon request of the underwriters. Furthermore, Rexel has no obligation to assist Ray Investment or its partners in the context of any secondary offering if/as long as Rexel's Supervisory Board considers that taking part to the latter would go against Rexel's corporate purpose.

8.1.6 Dividend policy

After the prior authorization of the Supervisory Board, the Management Board may propose a dividend distribution to the general shareholders' meeting. Dividends that have not been claimed within five years after they have been declared are transferred to the French State.

Rexel has distributed the following dividends in respect of the last three financial years:

Year	Total dividend	Dividend per share
2008	–	–
2009	–	–
2010	€104,043,998.40*	€0.40*

* Amount submitted to the approval of the shareholders' meeting of May 19, 2011.

Furthermore, 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.

8.2 SHARE CAPITAL

8.2.1 Subscribed share capital and authorized but unissued share capital

As of December 31, 2010, Rexel's share capital amounted to €1,301,064,980, divided into 260,212,996 shares with a par value of €5 per share, all of the same class, and all of them fully paid-up and subscribed.

As of December 31, 2009, Rexel's share capital amounted to €1,291,100,090 divided into 258,220,018 shares with a par value of €5 per share, all of the same class, and all of them fully paid-up and subscribed.

The ordinary and extraordinary shareholders' meeting held on May 20, 2010 granted various authorizations to the Management Board, which used such powers and authorizations as described below:

Authorization	Duration of authorization	Maximum nominal amount	Date of use	Amount used
Decrease in the share capital by cancelling shares	18 months	10% of the share capital on the date of cancellation by 24-month period.	Not applicable	Not applicable
Issuance with upholding of preferential subscription rights	26 months	Shares: €800 million (*i.e.*, 160 million shares). This amount is a joint maximum limit for some of the authorizations referred to above. Debt securities: €800 million. This amount is a joint maximum limit for some of the authorizations referred to above).	May 20, 2010 (decision on the principle of the issuance) August 31, 2010	– Deduction from the total limit of the share capital increase reserved for employees of an amount of €3,527,752.80 (including issuance premium), *i.e.*, 356,123 new shares issued alloted – Deduction from the total limit of the allotment of free shares, *i.e.*, 135,234 free shares alloted
Issuance by way of public offering with cancellation of the preferential subscription right	26 months	Shares: €400 million (*i.e.*, 80 million shares). This amount is a joint maximum limit for some of the authorizations referred to above. Debt securities: €500 million. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	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	26 months	Shares: €400 million (*i.e.*, 80 million shares). This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Authorization to increase the amount of the initial issuance, in the event of a share issue for which shareholders' preferential subscription rights are maintained or cancelled	26 months	15% of the initial issue. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	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	26 months	10% of Rexel share capital at the date of the decision of the Management Board determining the offering price per 12-month period. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable

Authorization	Duration of authorization	Maximum nominal amount	Date of use	Amount used
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	26 months	1.5% of Rexel share capital at the date of the decision of the Management Board (*i.e.*, 3,903,194 shares at the date of this *Document de Référence*). This maximum nominal amount is to be deducted from the total maximum amount of €800 million and from the global maximum nominal amount of 1.5% of the draft resolution relating to the allocation of free shares.	May 20, 2010 (decision on the principle of the issuance) August 31, 2010	€3,527,752.80 (including issue premium), *i.e.*, 356,123 new shares issued
Allocation of free shares	26 months	1.5% of Rexel share capital at the date of the decision of the Management Board (*i.e.*, 3,903,194 shares at the date of this *Document de Référence*). This maximum nominal amount is to be deducted from the total maximum nominal amount of €800 million.	May 20, 2010 (decision on the principle of the allocation) August 31, 2010	135,243 free shares allocated
Issuance of up to 10% of the share capital in consideration for contributions in kind granted to Rexel	26 months	10% of Rexel's share capital at the date of the decision of the Management Board approving the offering (*i.e.*, 26,021,299 shares at the date of this *Document de Référence*). This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Issuance in consideration for shares contributed under a public exchange offering	26 months	€250 million (*i.e.*, 50 million shares) This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	26 months	€200 million (*i.e.*, 40 million shares) This maximum nominal amount is not to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable

At its meeting of February 8, 2011, the Management Board submitted for the approval of the Rexel shareholders' meeting convened for May 19, 2011 the following draft authorizations:

Authorization	Duration of authorization	Maximum nominal amount
Decrease in the share capital by cancelling shares	18 months	10% of the share capital on the date of cancellation by 24-month period
Allocation of free shares	26 months	2.5% of Rexel share capital at the date of the decision of the Management Board (*i.e.*, 6,505,324 shares at the date of this document). This maximum nominal amount is to be deducted from the total maximum amount of €800 million and is common to the authorizations relating to the grant of stock options.
Grant of stock options	26 months	2.5% of Rexel share capital at the date of the decision of the Management Board (*i.e.*, 6,505,324 shares at the date of this document). This maximum nominal amount is to be deducted from the total maximum amount of €800 million and is common to the authorizations relating to the allocation of free shares.
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	26 months	2% of Rexel share capital at the date of the decision of the Management Board (*i.e.*, 5,204,259 shares at the date of this document). This maximum nominal amount is to be deducted from the total maximum amount of €800 million.

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

2010 share repurchase plan

The ordinary and extraordinary shareholders' meeting of May 20, 2010 authorized the Management Board, in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code and in accordance with articles 241-1 to 241-6 of the French financial markets authority (AMF) general rules, and Regulation n°2273/2003, dated December 22, 2003, of the European Commission, to purchase or have purchased a maximum number of shares of Rexel representing up to 10% of Rexel's share capital.

The acquisition of these shares may be carried out, in order of highest to lowest priority, with a view to:

- ensuring liquidity and activity in the market for the shares through an investment services provider, acting independently under a liquidity agreement in compliance with the AMF market ethics charter ;
- setting up any stock option plan for Rexel in accordance with articles L.225-117 of the French Commercial Code, any allocations of free shares in connection with Group or company employee saving plans *(plans d'épargne d'entreprise ou groupe)* made in accordance with articles L.3332-1 *et seq.* of the French labor code, any allocations of free shares in connection with the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code and any allocations of shares in connection with profit sharing plans, as well as establishing hedging operations relating to such transactions, in each case, being made in accordance with the conditions set forth by the market authorities and at such times that the Management Board or person acting upon the authority of the Management Board implements such actions;
- retaining shares and delivering shares further to an exchange or as a consideration in the context of external growth transactions and within the limit of 5% of the share capital of Rexel;
- granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to Rexel shares;
- cancelling all or part of the shares so repurchased;
- any other action that is or will become permitted by French law or the AMF or any purpose that may comply with the regulations in force.

The acquisition, sale or transfer of the shares may be carried out by any means, on the market or over the counter, including through transactions involving blocks of securities or takeover bids, option mechanisms, derivatives, purchase of options or of securities in conformity with the applicable regulatory conditions.

The maximum purchase price per share has been set at €20, and may be adjusted in the event of transactions on the share capital, in particular by way of incorporation of reserves and allocation of free shares, division or regrouping of shares.

The maximum amount allocated for implementation of the share repurchase plan is €200 million.

The number of shares acquired by Rexel in view of holding them for subsequent payment or exchange in a merger, spin-off or contribution cannot be greater than 5% of Rexel's share capital. In the event of a public tender offer on Rexel shares paid for in full in cash, Rexel will be able to pursue the implementation of its share repurchase plan, in compliance with the applicable legal and regulatory provisions.

This delegation of authority was granted for a term of 18 months as of the ordinary and extraordinary shareholders' meeting of Rexel held on May 20, 2010, *i.e.*, until November 20, 2011.

In accordance with the authorization granted by the ordinary and extraordinary shareholders' meeting of May 20, 2010, the Management Board decided to implement the share repurchase plan by means of the liquidity agreement effective with the Crédit Agricole Cheuvreux bank, in compliance with the AMF ethics charter entered into on June 22, 2009 for a total maximum amount of €12,287,096.86 (the **"Cheuvreux Liquidity Agreement"**).

Transactions carried out by Rexel on its own shares for the year ended December 31, 2010 mainly consisted of:

Number of shares cancelled during the last 24 months	–
Number of shares held by Rexel as treasury shares as of December 31, 2010	103,000
Percentage of capital directly or indirectly held by Rexel as of December 31, 2010	0.03%
Book value of the treasury share	€1,623,280
Market value of the treasury shares as of December 31, 2010	€1,674,265

Rexel did not hold open positions at purchase or at sale as of December 31, 2010.

During the financial year ended December 31, 2010, 3,699,968 shares of Rexel were acquired by Credit Agricole Cheuvreux pursuant to the Cheuvreux Liquidity Agreement, at an average price of €11.62, and 3,683,668 shares of Rexel were sold by Credit Agricole Cheuvreux pursuant to the Cheuvreux Liquidity Agreement, at an average price of €11.98.

As of December 31, 2010, Rexel held 103,000 treasury shares, with a par value of 5 euros each, acquired at an average price of €15.76, representing an aggregate purchase value of €1.6 million, recorded as a reduction to the shareholders' equity.

No shares have been allocated for any objective other than Cheuvreux Liquidity Agreement.

2011 share repurchase plan

The Management Board submitted a draft proposal to the Rexel shareholders' meeting concerning a new share repurchase plan with the following terms:

Authorization	Duration of authorization	Number of securities that may be repurchased	Maximum proposed nominal amount	Maximum purchase price per share
Stock repurchase	18 months	10% of share capital as of the completion date of the purchases	€200 million	€22

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 the date of this *Document de Référence*.

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	–	N/A	85,000	8,500	10
March 9, 2005	Share capital increase in cash	5,490,000	54,900,000	N/A	54,985,000	5,498,500	10
March 21, 2005	Share capital increase in cash	56,980,869	569,808,690	N/A	624,793,690	62,479,369	10

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 30, 2005	Share capital increase in cash to the benefit of Rexdir S.A.S. by the issue of shares with share subscription warrants (ABSA)	304,404	3,044,040	N/A	627,837,730	62,783,773	10
October 28, 2005	Share capital increase to the benefit of Rexop S.A.S.	262,001	2,620,010	N/A	630,457,740	63,045,774	10
April 4, 2007	Exercise by Rexdir S.A.S. and Rexop S.A.S. of share subscription warrants (BSA) issued by Rexel	1,518,854	15,188,540	N/A	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)	N/A	Share capital decrease of 645,646,280	Cumulative number of shares reduced to 64,564,628	10
April 4, 2007	Division of the nominal value of shares	64,564,628	N/A	N/A	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
April 14, 2009	Share capital increase following the definitive acquisition of free shares	2,151,817	10,759,085	N/A	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	N/A	1,290,765,590	258,153,118	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 (€)
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	N/A	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	N/A	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	N/A	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	N/A	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	N/A	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	N/A	1,298,365,945	259,673,189	5
November 17, 2010	Share capital increase reserved for employees	356,123	1,780,615	1,747,137,80	1,300,146,560	260,029,312	5
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

8.2.8 Pledges, guarantees and security interests

As of the date of this *Document de Référence* and to Rexel's knowledge, no Rexel shares have been pledged or are subject to a guarantee or security interest.

8.3 BY-LAWS *(STATUTS)*

The by-laws *(statuts)* have been drawn up in accordance with the provisions applicable to a French *société anonyme.* The main stipulations described below are drawn from the by-laws of Rexel as updated following the decisions of the shareholders' meeting of Rexel on May 20, 2010.

8.3.1 Corporate purpose (article 3 of the by-laws)

Rexel's main purpose is to engage in the following business activities, directly or indirectly, in France and abroad:

- to acquire, hold, manage and, if applicable, sell or assign shares, any other tradable securities and any other equity interests in any French or foreign company or group, whether publicly traded or privately held;
- to provide services to such companies or groups by detaching personnel or otherwise, in particular to provide all advice and assistance in their respective organization, investments and financing, and to coordinate their policies in the areas of development, product range, procurement and distribution;
- to acquire, hold, manage and, if applicable, sell or assign any industrial or intellectual property rights and all processes directly or indirectly related to the aforesaid purposes, and to secure or grant licenses for such rights; and

more generally, to carry out any transactions, in particular industrial, business, financial, stock market, civil, real property and other property transactions that are directly or indirectly related to the purposes of Rexel described above or to purposes that are similar or connected or likely to facilitate such purposes, in particular by way of lending or borrowing or granting guarantees and security interests covering its obligations or those of affiliated companies.

8.3.2 Management and supervisory bodies (articles 14 to 25 of the by-laws)

8.3.2.1 Management Board (articles 14 to 18 of the by-laws)

Appointment (article 14 of the by-laws)

Rexel is managed by a Management Board made up of a minimum of two members and a maximum of four members who are appointed by the Supervisory Board.

Management Board members are not required to be shareholders. They must be individuals.

No member of the Supervisory Board may sit on the Management Board. If a member of the Supervisory Board is appointed to the Management Board, his/her term of office on the Supervisory Board ends as soon as he/she assumes his/her duties on the Management Board. No person may be appointed as member of the Management Board unless he/she complies with the rules on holding multiple offices, conflicts of interest or disqualification or prohibitions as provided by law.

Management Board members are appointed for a term of four years by the Supervisory Board, which is responsible for filling any vacancies, in accordance with the law.

Management Board members may be re-elected.

No member of the Management Board may be over the age of 65. A Management Board member is deemed to have resigned automatically at the end of the last meeting of the Supervisory Board in the financial year during which he/she reaches this age.

Management Board members are not required to own shares of Rexel.

Any member of the Management Board may be linked to Rexel by an employment agreement, which will remain effective throughout his/her term of office and after the expiration thereof.

Dismissal (article 14 of the by-laws)

Any member of the Management Board may be dismissed by a shareholders' meeting or by the Supervisory Board. If such dismissal is without due cause, it may result in the payment of damages.

Dismissal of a Management Board member shall not result in termination of any employment agreement between such member and Rexel or one of its subsidiaries.

Chairman of the Management Board – General management (article 15 of the by-laws)

The Supervisory Board appoints a member of the Management Board to serve as Chairman.

The Chairman serves in this capacity throughout his term of office as Management Board member.

The Chairman of the Management Board represents Rexel in its relationships with third parties.

The Supervisory Board may grant the same powers of representation to one or more Management Board members, who then have the title of managing directors *(directeurs généraux)*.

The Supervisory Board may dismiss the Chairman and cancel any powers of representation granted to any Management Board member.

Powers and responsibilities of the Management Board (article 16 of the by-laws)

The Management Board is vested with the most extensive powers to act in all circumstances on behalf of Rexel, within the scope of the corporate purpose and subject to those powers expressly assigned by law and by the by-laws to shareholders' meetings and to the Supervisory Board.

In its relationships with third parties, Rexel is responsible for all actions of the Management Board, including those that do not fall within the corporate purpose, unless it can demonstrate that the third party was aware that the action went beyond the scope of such purpose or that it could not be unaware of this under the circumstances, it being specified that publication of the by-laws does not in itself constitute such proof.

Management Board members may, with the Supervisory Board's authorization, divide management responsibilities among themselves. However, such allocation shall not in any event deprive the Management Board of its status as a collegiate body that is responsible for the management of Rexel.

The Management Board may assign special missions to one or more of its members or to any person who is not a member, on a permanent or temporary basis, to achieve one or more specified goals, with or without the ability further to delegate such powers as it deems appropriate.

The Management Board submits to the Supervisory Board a report summarizing the main actions or events that have occurred concerning the management of Rexel at least once each quarter. The Supervisory Board may at any time request that the Management Board submit a report on its management and on ongoing operations. This report may, at the Supervisory Board's request, be supplemented by an interim financial position of Rexel.

Within three months as from the end of each financial year, the Management Board approves and submits to the Supervisory Board, for purposes of verification and control, the year-end financial statements and, if any, the consolidated financial statements together with the report submitted to the annual shareholders' meeting. It proposes the allocation of income from the previous financial year to the Supervisory Board.

The Management Board reviews the half-yearly financial statements and submits them to the Supervisory Board.

The Management Board convenes shareholders' meetings, sets the agenda of the meetings and carries out the shareholders' decisions.

Management Board members are liable to Rexel or to third parties, for violations of the provisions of the legal provisions governing *sociétés anonymes*, for violations of the by-laws, or for negligence in their management, under the conditions and subject to the penalties provided by law.

Deliberations of the Management Board (article 17 of the by-laws)

The Management Board's meetings are convened by its Chairman, whenever the best interests of Rexel so require, at the registered office or at any other location specified in the meeting notice. The agenda may be set at the time of the meeting if all members are present. Notices of meeting may be given in any way, including verbally.

The meetings are chaired by the Chairman of the Management Board or, in his absence, by a member selected by the Management Board at the beginning of the meeting. The Management Board appoints a secretary who is not required to be a Board member.

In order for resolutions to be valid, there must be a quorum of at least half of Management Board members in attendance.

Resolutions are adopted by a simple majority of Management Board members present and represented. Each Management Board member may represent one other Management Board member at each Management Board meeting. In the event of a tie, the Chairman of the meeting has a casting vote.

Deliberations are recorded in minutes that are entered in a special register and are signed by the Chairman of the meeting.

The Management Board members may draw up Rules of Procedure to govern all issues in relation to the operations of the Management Board that are not covered by the by-laws. These Management Board Rules of Procedure may, in particular, set out the conditions for participating and voting in Management Board meetings held by videoconferencing or other means of telecommunication. In this case, Management Board members who participate in Management Board meetings by videoconferencing or any other form of telecommunications shall be considered to be present for purposes of calculating the quorum and majority, in accordance with the Rules of Procedure.

Compensation of Management Board members (article 18 of the by-laws)

The Supervisory Board determines the method and amount of compensation paid to each Management Board member. Such remuneration may be fixed or proportionate, or both fixed and proportionate.

8.3.2.2 Supervisory Board (articles 19 to 25 of the by-laws)

Members (article 19 of the by-laws)

The Supervisory Board is made up of a minimum of five members and a maximum of fifteen members, subject to the exceptions provided for by law in the event of a merger.

During the company's lifetime, Supervisory Board members are appointed or reappointed by the ordinary shareholders' meeting.

They are appointed for a maximum term of four years. As an exception, the duties of current members of the Supervisory Board, the term of office of whom has been set to 5 years, shall run until their initial expiry date.

The term of office of a Supervisory Board member expires at the end of the ordinary shareholders' meeting convened to approve the financial statements for the previous financial year and held during the year in which the term of office of such member expires.

The Supervisory Board shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years. The order of early termination of the terms of office shall be determined by the unanimous decision of the members of the Supervisory Board present or represented or, if unanimity is unable to be reached, by drawing lots. The mandate of the persons so designated will end by sunset on the date fixed by the unanimous decision of the Supervisory Board or on the date fixed by the Chairman before the draw. The renewal of Supervisory Board members shall then be carried out in the order of length of service.

Supervisory Board members may be re-elected.

They may be dismissed at any time by the ordinary shareholders' meeting.

No individual exceeding the age of 70 may be appointed as member of the Supervisory Board if such appointment raises the number of Supervisory Board members who are over this age to more than one-third.

Supervisory Board members may be individuals or legal entities. Any legal entities must, at the time of their appointment, appoint a Permanent Representative who is subject to the same conditions and obligations and who incurs the same liability as if he/she were a Supervisory Board member in his/her own name, without prejudice to the joint and several liability of the legal entity he/she represents. This office of Permanent Representative is concurrent with the term of office of the legal entity that he/she represents. It must be renewed each time the term of office of the legal entity comes up for renewal.

Should the legal entity dismiss its representative, it must notify Rexel thereof without delay, by registered mail, and of the identity of its new Permanent Representative. The same shall also apply in the event of the death, resignation or disability of the Permanent Representative.

Should one or more seats on the Supervisory Board become vacant between two shareholders' meetings, as a result of the death or resignation of members, the Supervisory Board may co-opt one or more persons to serve as interim members.

Any co-opted Supervisory Board members appointed by the Supervisory Board are subject to ratification by the shareholders at the next ordinary shareholders' meeting.

If the appointment of co-opted members is not ratified, the resolutions adopted and actions carried out previously shall be nonetheless valid.

Should the number of Supervisory Board members fall to less than three, the Management Board shall immediately convene an ordinary shareholders' meeting to bring the number of Supervisory Board members up to the required minimum.

A Supervisory Board member who is appointed to replace another Board member shall remain in office only for the remainder of his predecessor's term.

No person may be appointed as member of the Supervisory Board unless he complies with the rules on combining offices, conflicts of interests or disqualification or prohibitions as provided by law.

The number of Supervisory Board members who are linked to Rexel by an employment agreement may not exceed one third of the Supervisory Board members in office.

Shares held by Supervisory Board members (article 20 of the by-laws)

Supervisory Board members shall not be required to own any share in Rexel.

Officers of the Supervisory Board (article 21 of the by-laws)

The Supervisory Board shall elect from among its members who are individuals a Chairman and a Deputy Chairman who shall serve in this capacity for the duration of their term of office as Supervisory Board member, unless the Supervisory Board decides to appoint a new Chairman or Deputy Chairman.

The Chairman of the Supervisory Board convenes meetings of the Supervisory Board and oversees its deliberations.

In the absence of the Chairman, the Deputy Chairman serves as Chairman and enjoys the same prerogatives.

The Supervisory Board also appoints a secretary who is not required to be a Supervisory Board member and who serves as an officer of the Board, alongside the Chairman and Deputy Chairman.

Failing this, the Supervisory Board appoints one of its members to chair the meeting.

The Chairman, Deputy Chairman and Secretary may be re-elected.

Deliberations of the Supervisory Board (article 22 of the by-laws)

The Supervisory Board meets whenever the best interests of Rexel so require, and at least once every quarter, at meetings convened by its Chairman or Deputy Chairman.

Unless otherwise agreed by all members of the Supervisory Board, meeting notices must be given in writing, including by fax or e-mail, at least three (3) days before the date of the meeting, together with the agenda of the meeting and all documents that have been prepared for submission to the Supervisory Board. However, when all Supervisory Board members are present or represented at a meeting (including if they are participating or represented during a telephone or videoconference), the meeting may be held without prior notice and without observing such three (3) day notice period.

Meetings are held at the registered office or at any other place specified in the notice of meeting.

However, the Chairman of the Supervisory Board is required to convene a meeting of the Supervisory Board to be held no later than fifteen days after the date of receipt of a detailed request from at least one member of the Management Board or at least two Supervisory Board members. If such request is not followed by action, the persons requesting the meeting may convene the meeting on their own and set the agenda of the meeting. Other than in this case, the agenda is determined by the Chairman and must be mentioned in the meeting notice.

The Supervisory Board is duly convened only if a quorum consisting of at least half of its members is in attendance.

Decisions are approved by a majority of votes of the members present or represented; each Supervisory Board member has one vote and may not represent more than one of his colleagues.

In accordance with the applicable regulations, the Supervisory Board will draw up Rules of Procedure defining the methods of participating and voting at Supervisory Board meetings held by videoconference or any other forms of telecommunication.

Provided that the Supervisory Board Rules of Procedure so allow, Supervisory Board members who attend Supervisory Board meetings by videoconference or any other forms of telecommunication shall be deemed to be present for purposes of calculating the quorum and majority, in accordance with the Rules of Procedure.

In the event of a tie, the Chairman of the meeting shall have a casting vote, if and only if the Supervisory Board consists of an even number of Supervisory Board members in office and only during meetings chaired by the Chairman of the Supervisory Board.

An attendance register is maintained and signed by the Supervisory Board members who attended the Supervisory Board meeting; it must show the name of any Supervisory Board Members who attended the meeting by videoconference or other forms of telecommunication.

The deliberations of the Supervisory Board are recorded in minutes, which are drawn up in accordance with applicable law and signed by the Chairman of the meeting and by at least one Supervisory Board member or, in the event the Chairman is unavailable, by two Supervisory Board members.

Copies or excerpts of these minutes are certified by the Chairman of Supervisory Board, the Deputy Chairman, a Board member or an authorized representative.

Powers of the Supervisory Board (article 23 of the by-laws)

The Supervisory Board exercises ongoing control over the Management Board's management of Rexel. It carries out such verifications and controls as it deems appropriate and receives all documents that it deems necessary for the performance of its duties.

In accordance with legal requirements, the Supervisory Board gives the Management Board prior authorization to grant sureties, endorsements and other guarantees, to sell real property, to dispose of equity interests, in whole or in part, and to grant security interests.

The following decisions are subject to prior authorization by the Supervisory Board:

- adoption of the annual budget;
- adoption of the strategic plan;
- appointment and dismissal or redundancy of Executive Committee members and determination of their compensation (including benefits in kind and special pension arrangements);
- proposed resolutions to be submitted to the shareholders' meeting in relation to any distribution of dividends or reserves to the shareholders;
- proposed resolutions to be submitted to the shareholders' meeting in relation to replacement of the Statutory Auditors;
- approval of significant changes in accounting methods;
- acceptance of and resignation from any duties as a member of a board of directors or equivalent body by Rexel and appointment and dismissal of the appointment of Rexel permanent representatives to such board of directors or equivalent body;
- proposed resolutions to be submitted to the shareholders' meeting and use of authorizations or powers granted by the shareholders' meeting in relation to the issuance of shares or tradable securities granting immediate or future access to the share capital of Rexel, of a company that directly or indirectly owns more than half of its share capital or of a company in which it directly or indirectly owns half of the capital, or tradable securities granting rights to the award of debt securities;
- proposed resolutions to be submitted to the shareholders' meeting in relation to any share repurchase plan;
- the acquisition and disposal of any business segments, equity interests in any company, any assets and undertaking any investment, in each case, with an enterprise value exceeding a threshold determined by the Supervisory Board (by exception, this applies to the disposal of part or all of equity interests, regardless of the amount);
- the creation of any business division or subsidiary, on investments in any business division or on the acquisition of any equity interest in a country in which Rexel does not operate;

- borrowing (including by issuing bonds) or assumption of liabilities in an amount exceeding a threshold determined by the Supervisory Board in each case;
- awarding options to subscribe for or to purchase shares, awarding free shares or other plans involving equity securities of Rexel at the benefit of the employees of Rexel or its subsidiaries;
- entering into merger, spin-off or asset transfer agreements;
- admission to trading of securities issued by Rexel or one of its subsidiaries on a regulated market;
- any transaction entailing a significant change in the scope of the business of Rexel and its subsidiaries;
- any transaction or settlement in connection with any litigation in an amount exceeding a threshold determined by the Supervisory Board.

The Supervisory Board submits to the ordinary shareholders' meeting its comments on the Management Board's report and on the annual financial statements.

The Supervisory Board may appoint, from amongst its members, one or more special committees, for which it determines the members and responsibilities, and which operate under its responsibility; however, such responsibilities shall not result in delegating to a committee any powers vested in the Supervisory Board by law or by the by-laws, nor shall they reduce or limit the powers of the Management Board.

The rules of operation of such committees are determined by the Supervisory Board Rules of Procedure and set out in the Rules of Procedure, if any, drawn up by each committee and approved by the Supervisory Board.

Compensation of the Chairman, the Deputy Chairman, members and officers of the Supervisory Board (article 24 of the by-laws)

The ordinary shareholders' meeting may allocate attendance fees to the Supervisory Board members; the amount of such fees is included in the operating expenses of Rexel and remains in effect until the shareholders' meeting decides otherwise.

The Supervisory Board allocates this remuneration among its members as it deems appropriate.

The compensation of the Chairman and of the Deputy Chairman of the Supervisory Board are determined by the Supervisory Board. Such compensation may be fixed or proportionate, or both fixed and proportionate.

The Supervisory Board may allot exceptional compensation for special missions or duties assigned to Supervisory Board members; any such compensation is recorded as operating expenses and is subject to approval by the ordinary shareholders' meeting.

The Supervisory Board may authorize the reimbursement of travel and other expenses incurred by its members in the best interest of Rexel.

No compensation other than that provided herein, whether permanent or temporary, may be allocated to Supervisory Board members, unless they are linked to Rexel by an employment agreement under the conditions authorized by law.

Liability (article 25 of the by-laws)

Supervisory Board members are liable for any personal negligence in the performance of their duties. They do not incur any liability as a result of management actions and the results thereof.

8.3.3 Rights and obligations attached to shares (articles 8, 9, 11, 12 and 13 of the by-laws)

Shares subscribed for in cash are issued and paid-up under the terms and conditions provided for by law.

The Rexel shares may be in registered or bearer form, at the shareholder's discretion, notwithstanding certain legal or regulatory provisions that may in certain cases require that the shares be in registered form.

The Rexel shares are registered on a securities account under the terms and conditions provided for by law.

The shares are freely tradable, notwithstanding any legal or regulatory provisions to the contrary. They are transferred between accounts under the terms and conditions provided for by law.

Each share grants rights to a share of ownership in the corporate assets and in the distribution of profits, which is proportional to the percentage of the share capital that it represents.

Each share also gives its holder the right to vote and to be represented at shareholders' meetings under the terms and conditions provided for by law and by the by-laws.

Shareholders are responsible for the company's liabilities only up to the amount of their contributions.

The rights and obligations attached to the shares remain attached thereto irrespective of the transferee.

Owners of shares are automatically bound by the by-laws and by any decisions of the shareholders' meetings.

Whenever more than one share is required to exercise a particular right, in the event of a share exchange, consolidation or allotment, or as a result of an increase or reduction in share capital, or in the event of a merger or other transaction involving the share capital, shareholders who own only one share or who do not own the minimum number of shares required may at their own initiative consolidate their shares for the purpose of exercising said right, or buy or sell the requisite number of shares.

The shares are indivisible with regard to Rexel.

The co-owners of split shares must be represented vis-à-vis Rexel by only one of the co-owners or by a single representative. If no agreement can be reached concerning the appointment of a representative, such representative shall be appointed by order of the President of the commercial court acting at the request of the first owner to take the initiative to refer the matter to such court.

Voting rights attached to shares belong to the beneficial owner *(usufrutier)* at ordinary meetings and to the legal owner *(nu-propriétaire)* at extraordinary meetings.

8.3.4 Changes to shareholders' rights

Insofar as the by-laws contain no specific provisions covering changes to shareholders' rights attached to shares, such changes are subject to the provisions of the law.

8.3.5 Shareholders' meetings (articles 27 to 35 of the by-laws)

Shareholders' decisions are made at shareholders' meetings, which are either ordinary, extraordinary or special meetings depending on the type of decision on which the shareholders are requested to vote.

Any duly convened shareholders' meeting represents all the shareholders.

Decisions made in shareholders' meetings are binding upon all shareholders, including those who are absent, incapacitated or dissenting.

8.3.5.1 Notices of meetings (article 28 of the by-laws)

Shareholders' meetings are convened by the Management Board, within the time periods and under the conditions set forth by law. They may also be convened by the Supervisory Board, or by any person authorized for this purpose by law.

Shareholders' meetings are held at the company's registered office or at any other location indicated in the meeting notice.

8.3.5.2 Agenda (article 29 of the by-laws)

The agenda of shareholders' meetings is set by the party that convened the meeting.

Shareholders, at a shareholders' meeting, may not deliberate on a matter that is not referred to in the agenda, which cannot be amended upon serving a second notice. They may, however, under any circumstances, dismiss one or more Supervisory Board members and appoint their replacements.

8.3.5.3 Access to shareholders' meetings (article 30 of the by-laws)

The right to participate in shareholders' meetings is subject to the following conditions:

- for holders of registered shares, the shares must be registered in the shareholder's name in Rexel's books at least three (3) business days before the date of the shareholders' meeting;
- for holders of bearer shares, a certificate of attendance from an authorized intermediary must be filed under the conditions provided for by law, within three (3) business days before the date of the shareholders' meeting.

A shareholder may be represented by his or her spouse or by any other shareholder; in this case, the representative must demonstrate that he holds a proxy form. In this respect, a resolution will be submitted to the approval of the shareholders during the shareholders' meeting of May 19, 2011 in order to take into consideration the modifications made to article L.225-106 of the French Commercial Code by the Ordinance n°2010-1511 of December 9, 2010 regarding representation of shareholders.

Any shareholder may vote by mail, by sending a ballot to Rexel under the conditions provided for by law.

This form may be on the same document as the proxy form; in this case, the single document must contain the statements and information provided for by the regulations. In order for mail ballots to be counted, Rexel must receive the ballots three (3) days before the date of the meeting. The electronic signature may take the form of a procedure compliant with the first sentence of the second subparagraph of article 1316-4 of the French civil code.

If the Management Board so decides when it convenes the meeting, shareholders may also participate and vote in the meeting by electronic or another form of telecommunication that enables them to be identified under the conditions provided for by law.

Shareholders who participate in a meeting by videoconference or other forms of telecommunication that enable them to be identified under the conditions provided for by law are deemed to be present for purposes of calculating the quorum and majority.

8.3.5.4 Attendance sheet – officers of the meeting – minutes of meetings (article 31 of the by-laws)

An attendance sheet containing the information required by law is kept for each meeting.

This attendance sheet, which is duly initialled by shareholders present and by any proxies, and to which any proxy forms and postal ballots are attached, is certified as true and accurate by the officers of the meeting.

Shareholders' meetings are chaired by the Chairman of the Supervisory Board or, in his absence, by the Deputy Chairman of the Board, or by a Supervisory Board member specially authorized for this purpose.

If the shareholders' meeting is convened by the Statutory Auditor or Auditors, by a representative of the court or by the receivers, the meeting is chaired by one of them.

In any event, in the absence of the person who is authorized or appointed to chair the meeting, the shareholders shall elect a chairman of the meeting.

Ballots are counted by the two shareholders in attendance who hold the largest number of shares, either personally or by proxy, and who agree to perform this task (they shall be known as officers of the meeting).

The officers of the meeting appoint a secretary who is not required to be a shareholder.

The duties of the officers of the meeting are to verify, certify and sign the attendance sheet; to ascertain that the deliberations are duly carried out; to settle any incidents arising at the meeting; to count the votes cast and to ascertain that they are valid; and to draw up the minutes of the meeting and to sign them.

Minutes of the meetings are drawn up and copies or excerpts thereof are delivered and certified in accordance with the law.

8.3.5.5 Quorum – Voting – Number of votes (article 32 of the by-laws)

The quorum for ordinary and extraordinary shareholders' meetings is calculated on the basis of the total number of shares comprising the share capital, less any shares disqualified from voting pursuant to the provisions of the law.

In the case of votes submitted by mail, only those ballots received by Rexel prior to the meeting within the time period and under the conditions set forth by law will count towards the quorum.

At ordinary and extraordinary shareholders' meetings, each shareholder shall have as many votes as shares he owns or represents, in his own name or by proxy, with no limitations of any kind.

Voting takes place and the votes are cast, as decided by the officers of the meeting, by a show of hands, by electronic means or by any form of telecommunication that enables the shareholders to be identified in accordance with the applicable regulations.

8.3.5.6 Ordinary shareholders' meetings (article 33 of the by-laws)

Ordinary shareholder's meetings are held to make all decisions that do not amend the by-laws.

Ordinary shareholders' meetings are held at least once each year, within the times specified by the applicable laws and regulations, to resolve on the financial statements and, if applicable, on the consolidated financial statements for the past financial year.

While voting in accordance with the quorum and majority requirements applicable to ordinary meetings, the ordinary shareholders' meeting exercises the powers assigned thereto by law.

8.3.5.7 Extraordinary shareholders' meetings (article 34 of the by-laws)

Only the extraordinary shareholders' meeting is authorized to amend any provision of the by-laws. However, it may not increase the obligations of shareholders, subject to transactions resulting from an exchange or consolidation of shares duly approved and carried out.

While voting in accordance with the applicable quorum and majority requirements, the extraordinary shareholders' meeting exercises the powers assigned thereto by law.

8.3.5.8 Shareholders' right to information (article 35 of the by-laws)

The shareholders have a right to receive the documents they need to take an informed decision on the management and operation of Rexel and to vote accordingly.

The type of such documents and the conditions under which they are sent or made available to shareholders are determined by law.

8.3.6 Provisions likely to have an impact on the control of Rexel

To Rexel's knowledge, there exists no provision in the by-laws that would result in delaying, deferring or preventing a change of control of Rexel.

Agreements entered into by Rexel's shareholders are described in paragraph 8.1.5 "Agreements potentially leading to a change of control" of this *Document de Référence*. Furthermore, provisions of the senior credit agreement and of the bonds likely to have an impact in case of change of control of Rexel are described in note 19 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2010, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence*.

8.3.7 Ownership threshold disclosures and identification of shareholders (articles 10 and 11 of the by-laws)

8.3.7.1 Ownership threshold disclosures (article 11 of the by-laws)

In addition to the legal obligation to notify Rexel whenever the ownership thresholds provided by law are crossed, any individual or legal entity, acting alone or in concert, coming into possession, directly or indirectly within the meaning of the law (and in particular, of article L.233-9 of the French Commercial Code), of a number of shares representing 2.5% of the share capital or voting rights, is required to disclose to Rexel the total number of shares and voting rights it owns by sending a notice by registered mail with acknowledgement of receipt to the registered office or, for shareholders who are not French residents, by any equivalent means, within 5 trading days from the date it has crossed one of these thresholds, stating the total number of securities held giving future access to the share capital and the number of voting rights attached thereto. This declaration of crossing of threshold shall also state whether the shares or voting rights attached thereto are held on behalf of or in concert with other individual or legal entities and shall also indicate the date on which the threshold was crossed. Such disclosure must be made for any additional multiple of 2.5% of the share capital or voting rights without any limitation, including when it exceeds 5%.

Failure to duly make such disclosure under the conditions specified above shall result in the disqualification for voting purposes of the shares that should have been disclosed under the conditions provided for by law, if so requested by one or more shareholders separately or together owning at least 2.5% of the share capital or voting rights and duly recorded in the minutes of the shareholders' meeting.

Any shareholder whose ownership interest and/or voting rights in Rexel falls below one of the aforesaid thresholds, for any reason whatsoever, is also required to disclose this fact to Rexel, under the same conditions and within the same periods of time specified above.

In calculating the aforesaid thresholds, the denominator must take into account the total number of shares making up the share capital and to which voting rights are attached, including shares that are disqualified for voting purposes, as published by Rexel as required by law (Rexel must publish the total number of shares with voting rights and the number of such shares that have been disqualified for voting purposes).

8.3.7.2 Identification of shareholders (article 10 of the by-laws)

Rexel stays informed about the composition of its shareholder base in accordance with applicable laws. In this respect, Rexel may avail itself of all legal provisions, for identification of the holders of securities conferring immediate or future voting rights at Rexel's shareholders' meetings.

Rexel may, at any time, in accordance with the applicable laws and regulations, request that the central custodian in charge of the administration of its share issue account, in exchange for consideration paid by Rexel, identify the owners of securities giving immediate or future voting rights at shareholders' meetings, as well as the number of securities held by each such owner and any restrictions that may apply to such securities.

After following the procedure described in the previous paragraph and in the light of the list transmitted by the central custodian, Rexel may also request, either through such custodian or directly from the persons registered on this list and whom Rexel believes may be registered on behalf of third parties, information regarding the owners of the securities as provided in the preceding paragraph.

If the shares are in registered form, the intermediary registered as provided by law is required to disclose the identity of the owners of such shares and the number of shares held by each owner at the request of Rexel or its authorized representative, in accordance with the applicable laws and regulations, and such request may be presented at any time.

As long as Rexel believes that certain holders of shares whose identity has been disclosed hold such shares as nominees for third parties, it has the right to ask the nominees to reveal the identity of the owners of such shares.

Upon completion of the identification procedures, and without prejudice to the disclosure of material holdings as required by law, Rexel may ask any legal entity that owns its shares and holds interests exceeding one-fortieth of the share capital or voting rights to disclose the identity of any persons that directly or indirectly control more than one third of the share capital or voting rights of such legal entity.

Failure by the holders of shares or by the intermediaries to fulfil their obligation to disclose the aforesaid information may, as provided for by law, lead to suspension or even disqualification from voting and dividend rights attached to the shares.

8.3.8 Special provisions governing changes to share capital (article 7 of the by-laws)

Rexel's share capital may be increased or reduced in all ways and by all manners authorized by law. The extraordinary shareholders' meeting may also decide to carry out stock splits or reverse splits.

8.4 OTHER ELEMENTS THAT MAY HAVE AN IMPACT IN CASE OF TENDER OFFER

8.4.1 Control mechanisms in relation to employee shareholding

In the scope of the share capital increase reserved for employees, the employees' investments are carried out in certain jurisdiction through mutual funds *(fonds commun de placement)*. The "Rexel Actionnariat France" and the "Rexel Actionnariat International" funds have been created in this context.

Each of these funds has a supervisory board, the main powers of which are as follows:

- it reviews the management report and financial statements of the fund, the financial, administrative and accounting management and adopts its annual report;
- it exercises the voting rights attached to the shares issued by Rexel and decides on the contribution of shares, and, in this respects, appoints one or several representatives of the fund at the Rexel shareholders' meetings;
- it may submit resolutions at Rexel shareholders' meetings;
- it grants its prior agreement to certain amendments to the rules of the fund: change of management company, dissolution, merger/demerger, change in the orientations of management and classification;
- it may take legal action to defend or enforce the rights or interests of its shareholders.

Decisions of the supervisory board of the fund are approved by a majority of votes of the members present or represented. In the event of a tie, the Chairman of the meeting has a casting vote.

The means available for the supervisory board to support its decisions and carry out its duties are as follows: organization of telephone conferences, if applicable, beyond the formal scope of the meetings, various information provided by Rexel, in order to assess the economic and financial position of the Group and its outlook; information provided by the management company.

Training sessions were carried out in 2010 by an external service provider for representing members in relation to the role, duties and means of the supervisory board of the funds.

8.4.2 Agreements entered into by Rexel to be amended or terminated in case of change of control

The agreements entered into by Rexel or which may need to be amended or terminated in case of change of control are, in particular, the following:

- the senior credit agreement (see note 19.1.2 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2010, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence*);
- the unsecured senior bonds bearing interest at 8.25% and maturing on December 15, 2016 (see note 19.1.1 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2010, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence*); and
- the bilateral facility agreement between Rexel as borrower, Rexel Distribution as guarantor and Bayerische Landesbank as lender for an amount of €40,000,000 (see paragraph 7.5.1 "Principal related party transactions" of this *Document de Référence*).

8.5 MATERIAL AGREEMENTS

During the last two years, the Rexel Group's companies have been parties to the following material agreements the various loans obtained by the Rexel Group companies (see note 19 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2010, 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 2010 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 21, 2010	Additional issuance of euro notes in an amount of €75 million
February 11, 2010,	Fourth-Quarter & Full-Year 2009 results
February 25, 2010,	Rexel annouces disposal of a non-core business, HCL Asia
March 24, 2010	Rexel rewarded in the CEO/Head of Human Resources team trophies
March 31, 2010	Rexel committed to energy efficiency and renewable energies
April 6, 2010	Benoît Dutour appointed Vice President Legal affairs of Rexel Group
April 22, 2010	2009 Document de Reference made available
May 3, 2010	Ordinary and extraordinary shareholders'meeting of May 20, 2010
May 11, 2010	Proposed appointments to Rexel's Supervisory Board
May 12, 2010	Half-year 2010 results
May 18, 2010	AFEP-MEDEF Guidelines: Compensation of members of Rexel's Management Board
May 20, 2010	Rexel strenghtens its Supervisory Board
May 20, 2010	Rexel wins "Club des Trente" award for best financing transaction
May 21, 2010	Rexel announces disposal of Haagtechno
June 9, 2010	Expanded partnership between Rexel and Imtech to strengthen European cooperation
June 15, 2010	Rexel to present its offer at the renewable energy convention
July 21, 2010	CGI expands longstanding it outsourcing relationship with Rexel Group
July 28, 2010	Second-quarter & half-year 2010 results
August 23, 2010	Pascale Giet appointed Group Senior Vice-President Communication and Sustainable Development
August 31, 2010	Rexel launches the Opportunity 10 employee share purchase plan
September 8, 2010	Xavier Galliot appointed Group Director of Sustainable Development
September 13, 2010	Rexel implements universal welfare cover
September 20, 2010	Rexel selected for inclusion in the FTSE EuroMid index
November 10, 2010	Third-Quarter & 9-month 2010 results
December 2, 2010	Rexel revises upwards its 2010 guidance and presents its medium-term targets
December 2, 2010	Rexel strenghthens its operations in Switzerland through the acquisition of Grossauer
Publications in the *Bulletin des annonces légales obligatoires* (available on www.journal-officiel.gouv.fr)	
April 12, 2010	Convening of shareholders' meeting
May 3, 2010	Convening of shareholders' meeting
July 2, 2010	2009 financial statements

Date	Title
Documents filed with the clerk of the commercial court (available from the clerk of the commercial court of Paris)	
January 8, 2010	Updated by-laws
January 8, 2010	Extract of minutes - Share capital increase and amendment of by-laws
March 16, 2010	Updated by-laws
March 16, 2010	Extract of minutes - Share capital increase
May 20, 2010	Updated by-laws
May 20, 2010	Extract of minutes: – Resignation of member of Supervisory Board; – Appointment of member of Supervisory Board; – Renewal of term of office of principal Statutory Auditor; – Change of deputy Statutory Auditor; – Authorization of share capital increase and of share capital decrease; – Amendments to by-laws.
May 20, 2010	Updated by-laws
May 20, 2010	Extract of minutes - Share capital increase
June 24, 2010	Updated by-laws
June 24, 2010	Extract of minutes - Share capital increase
June 24, 2010	Updated by-laws
June 24, 2010	Extract of minutes - Share capital increase
August 31, 2010	Updated by-laws
August 31, 2010	Extract of minutes – Share capital increase
October 4, 2010	Updated by-laws
October 4, 2010	Extract of minutes – Share capital increase
November 17, 2010	Updated by-laws
November 17, 2010	Certificate – Bank certificate
November 17, 2010	Minutes – Share capital increase and amendment of by-laws

8.7 PERSON RESPONSIBLE FOR THE *DOCUMENT DE REFERENCE*

Jean-Charles Pauze, Chairman of the Management Board of Rexel.

8.7.1 Responsibility statement

I hereby certify, having taken all reasonable steps to confirm it, that the information contained in this *Document de Référence* reflects, to my knowledge, the reality and that no omissions have been made that are likely to have a bearing thereon.

I certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards, and give a true view of the assets, financial condition and results of operations of the company and of all of the companies included in the scope of consolidation and that the management report provides an accurate description of the business trends, results of operations and financial condition of the company and all of the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties that are faced by the latter.

I have obtained from the Statutory Auditors a letter in which they indicate that they have verified the information concerning the financial condition and financial statements presented in this document and read the entire document.

The consolidated financial statements for the year ended December 31, 2009 set forth in this document have been the subject of a report of the auditors which contains the following note:

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

Jean-Charles Pauze
Chairman of the Management Board of Rexel
Paris, April 11, 2011

8.7.2 Person responsible for financial information

Marc Maillet
Vice President, Investors Relations

Address: 189-193, boulevard Malesherbes, 75017 Paris
Telephone: +33 (0)1 42 85 85 00
Fax: +33 (0)1 42 85 92 05

8.7.3 Indicative financial information timetable

Financial information reported to the public by Rexel will be available on the Rexel website (www.rexel.com).

For indicative purposes only, Rexel's financial information timetable up to December 31, 2011, should be as follows:

Q1, 2011 results	May 12, 2011
Shareholders' meeting	May 19, 2011
H1, 2011 results	July 27, 2011
Q3, 2011 results	November 9, 2011

8.8 STATUTORY AUDITORS

8.8.1 Principal Statutory Auditors

Ernst & Young Audit

Represented by Pierre Bourgeois

Tour Ernst & Young
Faubourg de l'Arche
92037 Paris La Défense Cedex

Ernst & Young Audit was appointed principal Statutory Auditor on the date of incorporation of Rexel on December 16, 2004. Its duties were renewed by Rexel's shareholders' meeting of May 20, 2010 for a term of six years expiring at the end of the shareholder's meeting which is to approve the financial statements for the financial year ending December 31, 2015.

Ernst & Young is a member of the regional body of Statutory Auditors of Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles")*.

KPMG Audit

Represented by Hervé Chopin

1, cours Valmy
92923 Paris La Défense

KPMG Audit was appointed principal Statutory Auditor at the shareholders' meeting of June 30, 2006, for a term of six financial years. Its appointment shall therefore expire at the end of the shareholders' meeting convened to resolve on the financial statements for the year ending December 31, 2011.

KPMG is a member of the regional body of Statutory Auditors in Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles")*.

8.8.2 Deputy Statutory Auditors

Auditex

11, allée de l'Arche
92400 Courbevoie

Auditex was appointed alternate Statutory Auditor by the shareholders' meeting of Rexel of May 20, 2010 for a term of six years which is to expire at the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2015.

S.C.P. de Commissaires aux comptes Jean-Claude André et Autres

2 bis, rue de Villiers
92309 Levallois-Perret

Jean-Claude André et Autres was appointed deputy Statutory Auditor at the shareholders' meeting of June 30, 2006, for a term of six financial years. Its appointment shall therefore expire at the end of the shareholders' meeting convened to vote upon the financial statements for the year ending on December 31, 2011.

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 2010 and 2009:

	KPMG Audit				Ernst & Young Audit			
	Amount		%		Amount		%	
(in millions of euros)	2010	2009	2010	2009	2010	2009	2010	2009
Audit Services								
Auditor fees and fees for other Audit work (1)								
Issuer	0.5	0.6	16.2%	17.7%	0.5	0.6	14.9%	18.5%
Consolidated Entities	2.2	2.5	68.2%	73.6%	2.2	2.5	68.0%	78.0%
Subtotal (1)	**2.7**	**3.1**	**84.3%**	**91.3%**	**2.7**	**3.1**	**82.9%**	**96.6%**
Fees for Audit related work (2)								
Issuer	0.0	0.1	0.4%	2.1%	0.1	0.1	2.0%	3.4%
Consolidated Entities	0.1	0.1	7.2%	4.0%	0.4	–	13.3%	–
Subtotal (2)	**0.2**	**0.2**	**7.5%**	**6.1%**	**0.5**	**0.1**	**15.3%**	**3.4%**
Subtotal	**3.0**	**3.3**	**91.9%**	**97.4%**	**3.2**	**3.2**	**98.2%**	**100%**
Other services non Audit related (3)								
Tax	0.2	0.1	4.2%	2.6%	0.1	–	1.8%	–
Other	0.1	–	3.9%	–	–	–	–	–
Subtotal (3)	**0.3**	**0.1**	**8.1%**	**2.6%**	**0.1**	**–**	**1.8%**	**–**
TOTAL	**3.2**	**3.3**	**100%**	**100%**	**3.3**	**3.2**	**100%**	**100%**

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9.1 REPORT OF THE MANAGEMENT BOARD

The management report of the Management Board for the financial year ended December 31, 2010, is set out in chapter 1 "Overview of the Rexel Group", 2 "Risk Factors", 3 "Corporate Responsibility", 4 "Results of operations and financial position of the Rexel group", 7 "Corporate governance" and 8 "Additional Information" of this *Document de Référence*.

9.2 REPORT OF THE SUPERVISORY BOARD TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 19, 2011

Report of the Supervisory Board to the ordinary and extraordinary Shareholders' Meeting of May 19, 2011

To the Shareholders,

In accordance with the provisions of article L.225-68 of the French Commercial Code, we have reviewed the annual financial statements and the consolidated financial statements of Rexel (the **"Company"** or **"Rexel"**) for the financial year ended December 31, 2010 as they were presented to us by the Management Board and the report of the Management Board on the business activity of the Company and the group for which the Company is the parent (the **"Rexel Group"**) in the financial year ended December 31, 2010. We have also read the findings of the Audit Committee and those of the Statutory Auditors concerning such financial statements and such report.

The annual financial statements of the Company for the financial year ended December 31, 2010 show a net income of €59,954,913.54. The balance sheet total at December 31, 2010 is €5,355.1 million. The consolidated financial statements of the Company for the financial year ended December 31, 2010 show sales of €11,960.1 million, a gross margin of €2,945.6 million, an operating profit of €485.4 million and net income of €229.2 million. The consolidated balance sheet total at December 31, 2010 is €9,387.2 million.

The annual financial statements and the consolidated financial statements of the Company for the financial year ended December 31, 2010 and the report of the Management Board do not necessitate any particular observations on our part.

In the financial year 2010, we were regularly informed of the course of business and business activity of the Company and of the Rexel Group and, in the context of our supervisory duties, we have carried out the verifications and controls that we have deemed necessary in accordance with the provisions of the law and the by-laws.

The Supervisory Board and the Audit Committee, the Compensation Committee, the Appointments Committee and the Strategic Committee have thus continued their in-depth work with the Management Board.

In 2010, the Rexel Group recorded annual sales of €11,960.1 million, a 5.8% increase on a reported basis. 2010 sales are up by 1.3% on a constant basis and same number of working days.

Furthermore, in the financial year ended December 31, 2010, the business activity of the Rexel Group was particularly influenced by the following events:

- the Rexel Group has continued its strategy aiming at developing its market shares. In particular, the Rexel Group acquired Grossauer Elektro-Handels AG (Switzerland), LuckyWell Int'l Investment Limited (China), Yantra Automation Private Ltd. (India), of Wuhan Rockcenter Automation (China) and Nortel Suprimentos Industriais S.A. and its subsidiary MRO Importacoes Ltda (Brazil). Moreover, the Rexel Group has sold businesses that were not part of its core business (Haagtechno in The Netherlands, Hagemeyer Cosa Lieberman in Hong-Kong, the SMEG household appliances distribution business in Australia);
- in the context of the issuance of senior unsecured notes, Rexel carried out an additional issuance of fungible bonds for an amount of €75 million on January 20, 2010.

In addition, we have reviewed the draft resolutions which are submitted to your approval at the ordinary and extraordinary shareholders' meeting of May 19, 2011. It will thus be suggested that you:

- approve the annual and consolidated financial statements for the financial year ended December 31, 2010 and the allocation of income for the financial year. In this respect it is suggested that you grant to the shareholders of the Company an option for the payment of all of the dividend in new shares. It is also suggested that you acknowledge the absence of non-deductible costs and expenses;
- approve the related-party agreements entered into in the financial year ended December 31, 2010;
- acknowledge the expiration by anticipation of the duties as members of the Supervisory Board of Mr. David Novak, Mr. Luis Marini-Portugal and Mr. Matthew Turner, effective as of the end of the shareholders' meeting in order to allow for a gradual renewal of the terms of office of the members of the Supervisory Board and, therefore, to renew the term of office of Mr. David Novak, Mr. Luis Marini-Portugal and Mr. Matthew Turner as members of the Supervisory Board for four years;

– authorize the Management Board to carry out transactions in the share capital of the Company and reduce the share capital of the Company by cancelling shares acquired in the context of the implementation of a share repurchase plan;
– authorize the Management Board to allot free new or existing shares to the managers and employees of the Company and of the Rexel Group;
– authorize the Management Bord to grant options to subscribe for new shares of the Company or options to purchase existing shares of the Company;
– authorize the Management Board to carry out share capital increases reserved to the benefit of the employees of the Rexel Group; and
– modify article 30.2 of the by-laws of the Company in order to take into consideration the modifications made by Ordinance n°2010-1511 of December 9, 2010 to Article L.225-106 of the French Commercial Code in respect of the representation of shareholders at shareholders' meeting.

These draft resolutions do not necessitate any particular observations on our part.

Signed in Paris
on April 8, 2011
The Supervisory Board

9.3 REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

9.3.1 Report of the Chairman of the Supervisory Board

Report of the Chairman of the Supervisory Board on the operation of the Supervisory Board and on internal controls for the financial year 2010

This report is drawn up pursuant to Article L.225-68 of the French Commercial Code, in order to report on the conditions in which the work of the Supervisory Board is prepared and organized, and on internal control procedures implemented by Rexel ("Rexel" or the "Company") within the group of which it is the holding company (the "Rexel Group").

This report has been drawn up by the Chairman of the Supervisory Board in collaboration with the Group's Accounting Department, the Internal Control Department, the Internal Audit Department and the Legal Department based on the work carried out by the Rexel Group in 2010 in relation to internal control and risk management. This report of the Chairman of the Supervisory Board was reviewed by the Audit Committee in its meeting of February 8, 2011, in presence of the representatives of the Statutory Auditors of the Company, then approved by the Supervisory Board in its meetings of February 8, 2011 and March 16, 2011, in presence of the representatives of the Statutory Auditors of the Company.

1. CONDITIONS UNDER WHICH THE WORK OF THE SUPERVISORY BOARD HAS BEEN PREPARED AND ORGANIZED

The Company is a public limited company with a Management Board and Supervisory Board, thereby separating managerial powers from supervisory powers.

1.1 Applicable rules and principles

The Supervisory Board is organized and carries out its missions in accordance with applicable statutory provisions, the Articles of Association of the Company and its Rules of Procedure.

1.1.1 The Supervisory Board's Rules of Procedure

The Supervisory Board's Rules of Procedure were approved on February 13, 2007 and modified on June 5, 2008 and February 8, 2011. Their purpose is to specify the legal, regulatory and statutory provisions governing the Supervisory Board's organization and operation as well as the rights and duties of its members.

The Supervisory Board's Rules of Procedure include provisions relating to the Supervisory Board's powers, the organization of Supervisory Board meetings, the members of the Supervisory Board, the Supervisory Board's code of ethics, the compensation of Supervisory Board members, to the independent members of the Supervisory Board, to the observer(s) of the Supervisory Board or to the Committees of the Supervisory Board.

The Supervisory Board's Rules of Procedure are available on the Company's website (www.rexel.com) and its principal stipulations are described in the Company's Document de réference (paragraph 7.1.2).

1.1.2 Corporate governance framework

The corporate governance code of the *Association Française des Entreprises Privées* (AFEP) and the *Mouvement des Entreprises de France* (MEDEF) is the Company's point of reference as concerns corporate governance.

The Company believes to be in compliance with the corporate governance principles as set forth in the corporate governance code of the AFEP and the MEDEF, to the extent that such principles are compatible with the organization, size and means of the Rexel Group, subject to the following items:

– taking into account the Company's shareholding structure and the provisions of the agreements between shareholders, the number of independent members two out of five for the Audit Committee and the Appointments Committee, and three out of six for the Compensation Committee;

– the severance packages of the members of the Management Board are not submitted to the following cumulative conditions: (i) forced dismissal and (ii) change in control or strategy. The 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)*) that benefit to the members of the Management Board would be paid in cases of termination of the employment contract (which is suspended during the term of the corporate office) at the Company's initiative, except in cases of serious misconduct *(faute grave)*, gross misconduct *(faute lourde)* or retirement, which excludes any payment in the event of termination at the initiative of the corporate officer or in case of a change in his duties within the Rexel Group. The compensation in lieu of notice is not included in the calculation basis of the severance package nor it is submitted to the cumulative conditions referred to above (see paragraph 2.2.2 of this report);

– in case of voluntary or compulsory retirement, in order to protect the interests of the Company and the Rexel Group taken as a whole, the non-compete provisions may be applicable;

– the additional defined-benefit retirement plan (article 39) is open to a limited number of beneficiaries and, among these beneficiaries, the number of corporate officers exceeds the number of beneficiaries which are not corporate officers (see paragraph 2.2.4 of this report);

– the share subscription and free share plans set up by the Company prior to the publication of the AFEP-MEDEF guidelines of October 2008 (integrated into the AFEP-MEDEF corporate governance code) have not been amended in order to take such guidelines into account due to the practical issues that such amendments would have involved;

– the allocation of free shares decided on May 11, 2010 at the benefit, *inter alia*, of the members of the Management Board of Rexel, was not subject to an obligation for the latter to purchase on the market a number of shares upon the availability of the free shares, as the Supervisory Board, upon the recommendations of the Compensation Committee, believed that the obligation of the members of the Management Board to retain at least 20% of their free shares vested until the end of their duties was restrictive enough and of an appropriate level (it being specified that for the previous allotments of free shares, this percentage was of 10%).

The AFEP/MEDEF corporate governance code is available on the dedicated website (www.code-afep-medef.com).

1.2 Organization of the Supervisory Board

1.2.1 The Supervisory Board's missions

The Supervisory Board continuously supervises the way in which the Management Board manages the Company, as per the provisions of the law. It performs the controls and verifications that it deems appropriate and has the right to request any document it deems necessary for the performance of its duties. In particular, the Supervisory Board has the specific duties provided in articles L.225-68 *et seq.* of the French Commercial Code.

Moreover, pursuant to the Company's by-laws, certain decisions of the Management Board require the prior approval of the Supervisory Board:

– approval of the annual budget;

– approval of the strategic plan;

– appointment and dismissal or redundancy of Executive Committee members and determination of their compensation (including benefits in kind and special pension arrangements);

– proposed resolutions to be submitted to the shareholders' meeting in relation to any distribution (including dividends or reserves) to the shareholders;

– proposed resolutions to be submitted to the shareholders' meeting in relation to replacement of the Statutory Auditors;

– approval of significant changes in accounting methods;

– acceptance of and resignation from any duties as a member of a board of directors or equivalent body by the Company and appointment and dismissal of the Company's permanent representatives to such board of directors or equivalent body;

– proposed resolutions to be submitted to the shareholders' meeting and use of 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 the Company, of a company that directly or indirectly owns more than half of its share capital or of a company in which it directly or indirectly owns half of the capital, or 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, investments in any business division or the acquisition of any equity interest in a country in which the Company does not operate;

– borrowing (including by issuing bonds) or assumption of liabilities in an amount exceeding a threshold determined by the Supervisory Board in each case;

– awarding options to subscribe for or to purchase shares, awarding free shares or other plans involving equity securities of the Company at the benefit of the employees of the Company or its subsidiaries;

– entering into merger, spin-off or asset transfer agreements;

– admission to trading of securities issued by the Company or one of its subsidiaries on a regulated market;

– any transaction entailing a significant change in the scope of the business of the Company and its subsidiaries; and

– any transaction or settlement in connection with any litigation in an amount exceeding a threshold determined by the Supervisory Board.

1.2.2 Information of the Supervisory Board

Supervisory Board members receive relevant information and the documents necessary to carry out their duties and to prepare for the proceedings. Information and documents are generally sent to members of the Supervisory Board six days before the meetings of the Supervisory Board and at the latest three days before such meetings. Such information is comprised of the agenda to the meeting of the Supervisory Board, draft resolutions, draft reports and any other document necessary to the analysis of the items on the agenda.

Furthermore, the Supervisory Board carries out reviews and controls as it deems appropriate and can request all documents that it deems necessary to perform its duties.

Moreover, at least once every quarter, the Management Board submits to the Supervisory Board a report on the Company's business activity. The Supervisory Board also reviews and makes observations on such report prepared by the Management Board.

Finally, the Management Board or the Chairman of the Management Board informs the Supervisory Board members of events or transactions that are significant for the Company and the Rexel Group.

1.2.3 Members of the Supervisory Board

The Supervisory Board's Members

In the financial year ended December 31, 2010, the Supervisory Board was made up of twelve members: Roberto Quarta (Chairman), Patrick Sayer (deputy Chairman) (whose term of office was renewed by the shareholders' meeting of Rexel of May 20, 2010), Eurazeo (represented by Marc Frappier), Luis Marini-Portugal, David Novak, Amaury Hendrickx (appointed by the shareholders' meeting of Rexel of May 20, 2010 in replacement of Guido Padovano), Manfred Kindle, Matthew Turner, Fritz Fröhlich, François David, Joe Adorjan and Françoise Gri (appointed by the shareholders' meeting of Rexel of May 20, 2010).

Joe Adorjan resigned from his duties as member of the Supervisory Board and member of the Audit Committee, Compensation Committee and Strategic Committee of Rexel on February 8, 2011. Until his resignation, Joe Adorjan actively participated in all of the meetings and works of the Supervisory Board and of such Committees and took part in the vote on all of the decisions submitted to the Supervisory Board and to such Committees in the financial year ended December 31, 2010.

Seven members of the Supervisory Board are foreign nationals (Germany, Belgium, United States, United Kingdom, Switzerland). Furthermore, in 2010, the ordinary shareholders' meeting of Rexel appointed Françoise Gri as member of the Supervisory Board, which allows Rexel to be in compliance with the latest AFEP–MEDEF guidelines in relation to the increase in the number of women as members of the Supervisory Board and the provisions of French law n°2011-103 enacted on January 27, 2011 relating to the balanced representation of women and men within boards of directors and supervisory boards and to the professional equality.

Moreover, the extraordinary shareholders' meeting of Rexel of May 20, 2010 amended article 19.2 of the by-laws of the Company in order to:

– reduce the term of office of the members of the Supervisory Board from 5 years to 4 years in order to comply with the AFEP-MEDEF guidelines. 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; and

– provide for a gradual renewal of the members of the Supervisory Board by one-fourths every year in order to comply with the AFEP-MEDEF guidelines.

In the context of the implementation of the gradual renewal procedure for the duties of the members of the Supervisory Board as provided by article 19.2 of the by-laws of the Company, the Supervisory Board of February 8, 2011 unanimously decided that the terms of office of David Novak, Luis Marini-Portugal and Matthew Turner will expire by anticipation as of the end of the shareholders' meeting to be held on May 19, 2011. The renewal of their duties for a term of 4 years shall be submitted to the ordinary shareholders' meeting to be held on May 19, 2011.

Independent Members of the Supervisory Board

The Supervisory Board's Rules of Procedure provide the definition of and criteria for members to be considered independent. Independent Members of the Supervisory Board must not:

– be an employee or corporate officer of the Company or of the Rexel Group, an employee or director of a shareholder that controls the Company alone or in concert with others (within the meaning of the law) or a company consolidated thereby, and must not have held such capacity within the five previous years;

– be a corporate officer of a company in which the Company directly or indirectly holds an office as a director or in which an employee designated as such or a corporate officer of the Company (incumbent or having held such position within less than five years) holds the office of director;

- be a client (or be directly or indirectly related to a client), supplier, banker or investment banker:
  - significant to the Company or the Rexel Group, or
  - for whom the Company or the Rexel Group represents a significant portion of the business activity;
- have any family ties with any corporate officer of the Company or the Rexel Group;
- have been an auditor of the Company or of any Rexel Group company within the last five years;
- have served as a corporate officer of the Company for more than 12 years;
- receive or have received material additional compensation from the Company or the Rexel Group, other than directors' fees, including participation in any stock option plan or any other type of performance-related compensation.

Supervisory Board members who represent significant direct or indirect shareholders of the Company may be deemed to be independent if such shareholders do not control the Company within the meaning of article L.233-3 of the French Commercial Code. However, when a member of the Supervisory Board represents a shareholder of the Company that directly or indirectly owns more than 10% of the Company's share capital or voting rights, the Supervisory Board, acting on a report of the Appointments Committee, shall systematically review the qualification of independence by taking into account the share ownership of the Company and the existence of a potential conflict of interest.

The status of independent member is discussed, on a yearly basis, by the Appointments Committee which prepares a report on this issue. Each year, in the light of this report, the Supervisory Board reviews the situation of each member of the Supervisory Board with regard to independence criteria. Based on this review for the year ended December 31, 2010, four Supervisory Board members were independent: Fritz Fröhlich, François David, Joe Adorjan and Françoise Gri.

It also results from this review that two members of the Audit Committee were independent during the year ended December 31, 2010 (Fritz Fröhlich and Joe Adorjan). The Appointments Committee included two independent members during the year ended December 31, 2010 (Fritz Fröhlich and Françoise Gri). The Compensation Committee included three independent members during the year ended December 31, 2010 (François David, Françoise Gri and Joe Adorjan). The Strategic Committee included two independent members during the year ended December 31, 2010 (François David and Joe Adorjan).

Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board of Rexel and of the committees. A new member of the Supervisory Board, qualifying as an independent member, will be appointed in remplacement of Joe Adorjan.

1.2.4 Assessment of the operation of the Supervisory Board

In accordance with its Rules of Procedure, Rexel's Supervisory Board evaluates its organization and operation based on a questionnaire addressed to its members. The responses to this questionnaire are presented on an anonymous basis and debated during meetings of the Supervisory Board which defines potential avenues for new growth. The organization and methods of operation of the Supervisory Board are formally assessed every three years.

The assessment conducted in respect of the financial year ended December 31, 2010 shows that the members of the Supervisory Board are globally satisfied with the membership, organization and functioning of the Supervisory Board and of the special committees of the Supervisory Board. Certain suggestions have been made however in order to improve the work of the Supervisory Board, in particular with respect to (i) the holding of the meetings of the Supervisory Board (participation of independent members to be encouraged, number of meetings to be adapted depending on the topics discussed), (ii) the topics discussed at the Supervisory Board and the committees (discussions regarding employee and environmental matters to be developed) and (iii) the organization and functioning of the strategic committee (members to be informed of the holding and the agenda of the meetings further in advance, meetings to be adapted depending on the topics discussed, ongoing and thorough review of potential acquisitions to be organized).

1.2.5 The specialized Committees of the Supervisory Board

In order to carry out its duties properly and facilitate its decisions and discussions, the Supervisory Board has set up four specialized Committees responsible for giving their opinion, proposals or recommendations, each in their respective field: an Audit Committee, an Appointments Committee, a Compensation Committee and a Strategic Committee.

The Committees have only advisory powers and perform their duties under the responsibility of the Supervisory Board.

Each Committee has Rules of Procedure, approved by the Supervisory Board, the principal provisions of which are described in the Company's *Document de Référence* (paragraph 7.1.3).

The Audit Committee

The Audit Committee was set up on March 1, 2007 and, for the year ended December 31, 2010, it was made up of five members, two of whom are independent members:

Fritz Fröhlich (Chairman), David Novak, Luis Marini-Portugal, Matthew Turner and Joe Adorjan. Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board and of member of the Audit Committee of Rexel. A new member of the Supervisory Board, qualifying as an independent member, will be appointed in remplacement of Joe Adorjan.

The Rules of Procedures of the Audit Committee take into account the conclusions of the working group on audit committees set up by the AMF.

The members of the Audit Committee are appointed on the basis of specific skills in the financial or accounting fields, in consideration of their academic education and professional experience, in particular in connection with the preparation, audit and analysis of financial statements, accounting issues and risk follow-up and management.

The independence criteria of the members of the Supervisory Board are set out in the Supervisory Board Rules of Procedure (see paragraph 1.2.3 of this report). The criteria for independent members of the Committees, in particular of the Audit Committee, are identical. In the financial year ended December 31, 2010, four Supervisory Board members were deemed independent: Fritz Fröhlich, François David, Joe Adorjan and Françoise Gri. Within the Audit Committee, during this financial year ended, the following were thus deemed independent: Fritz Fröhlich and Joe Adorjan.

Fritz Fröhlich, independent member, has specific skills in the financial or accounting fields. Furthermore, each of the other members of the Audit Committee has skills in the financial or accounting fields.

The duties of the Audit Committee are mainly (i) to review and control the financial and accounting information, (ii) to control the Statutory Auditor's mission and independence, (iii) to control internal audit procedures and monitoring of the internal control and risk management systems efficiency.

The Audit Committee met four times during the financial year, prior to the Supervisory Board meetings convened to decide on the financial statements prepared by the Management Board, and reported to the Supervisory Board on its work.

The Finance, Control and Legal Affairs Manager, the Administrative and Financial Manager, the Internal Audit Manager, the Consolidation, Standards and Procedures Manager, the Financing and Treasury Manager as well as the Statutory Auditors attended each of these meetings.

Its work mainly focused on the review (i) of the annual financial statements for the year ended December 31, 2009 as well as the condensed half-yearly financial statements as at June 30, 2010 and the condensed quarterly financial statements as at March 31, 2010 and September 30, 2010, (ii) of the proper application of accounting principles, (iii) of the tax situation of the Rexel Group's subsidiaries, (iv) the Rexel Group's financial indebtedness, (v) of main off-balance-sheet items, (vi) of the main financial guidelines, (vii) of the audit and internal control work and (viii) of the process implemented to update the Rexel Group's risk mapping.

The Statutory Auditors have submitted their findings in relation to the audit of the annual financial statements for the year ended December 31, 2009, the limited review of the half-yearly summary financial statements as at June 30, 2010, and the procedures carried out in connection with the quarterly summary financial statements as at March 30, 2010, June 30, 2010 and September 30, 2010.

The average attendance rate for the Audit Committee was 95%.

The Compensation Committee

The Compensation Committee was created on March 1, 2007 and was made up, during the financial year ended December 31, 2010, of six members (as from May 20, 2010), three of whom are independent: Françoise Gri (Chairman) (appointed by the Supervisory Board of May 20, 2010), Luis Marini-Portugal, Roberto Quarta, François David, Amaury Hendrickx (appointed by the Supervisory Board of May 20, 2010) and Joe Adorjan. Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board and member of the Compensation Committee of Rexel. A new member of the Supervisory Board, qualifying as an independent member, will be appointed in remplacement of Joe Adorjan.

Its duties are mainly as follows: (i) to make recommendations to the Supervisory Board on the compensation of Management Board members and of Executive Committee members as well as the components of this compensation (determining the variable components or additional components such as the pension scheme and benefits in kind), (ii) to be informed of the penalties considered in the event of the breach in the employment contract by a Management Board member or by a member of the Executive Committee, and provide an opinion in this respect to the Chairman of the Supervisory Board, and (iii) to provide an opinion on the policy for the allocation of options to subscribe for shares and/or options to purchase shares and of free shares, relating to all categories of beneficiaries, and make a recommendation on the frequency of such allocations and on the terms and conditions thereof.

During 2010, the Compensation Committee met five times and reported to the Supervisory Board on its work. Its work, which was reported to the Supervisory Board, mainly focused on (i) compensation propositions to managers, (ii) compensation propositions and the allocation of free shares to Rexel Group executives, (iii) analysis of the compensation of the independent members of the Supervisory Board, (iv) the analysis of the compensation of the two new members of the Executive Committee and (v) the proposed setting-up of a new Rexel Group employee savings plan.

The average attendance rate for the Compensation Committee was 93.3%.

Appointments Committee

The Appointments Committee was set up on March 1, 2007 and, for the year ended December 31, 2009, it was made up of five members (as from May 20, 2010), two of whom are independent members: Patrick Sayer (Chairman), Roberto Quarta, Fritz Fröhlich, Matthew Turner and Françoise Gri (appointed by the Supervisory Board on May 20, 2010).

Its duties are mainly as follows: (i) to provide an opinion on the advisability of appointments, dismissals, redundancies, and renewals of the terms of office of the members and of the Chairman of the Supervisory Board, of members and of the Chairman of the Audit, Strategic and Compensations Committees, of members and the Chairman of the Management Board and of members of the Executive Committee, and provide an opinion on the applications under consideration, in terms of skills, availability, adequacy and complementarities with other members of the Supervisory Board, of the Management Board, or of the Executive Committee, (ii) to propose the status of independent member for members of the Supervisory Board, (iii) monitor compliance with the independence criteria, provide an opinion in this respect and advise the Chairman of the Supervisory Board on the number of independent members, and (iv) to be able to propose at any time a successor for the Chairman of the Management Board or of the Supervisory Board, if necessary.

During 2010, the Appointments Committee met five times and reported to the Supervisory Board on its work. In 2010, the Appointments Committee proposed *inter alia* (i) the appointment of members of the Committees of the Supervisory Board further to the appointments and renewal of duties decided by the shareholders' meeting of Rexel of May 20, 2010, (ii) the proposed appointment of a new independent member of the Supervisory Board and (iii) the replacement of members of the Executive Committee.

The average attendance rate for the Appointments Committee was 90%.

The Strategic Committee

The Strategic Committee was set up on March 1, 2007 and, for the year ended December 31, 2010, it was made up of five members, two of whom are independent members: David Novak (Chairman), Patrick Sayer, François David, Matthew Turner and Joe Adorjan. Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board and of member of the Strategic Committee of Rexel. A new member of the Supervisory Board, qualifying as an independent member, will be appointed in remplacement of Joe Adorjan.

The Committee's duties are (i) to review and provide an opinion to the Supervisory Board on the Company's proposed strategic plans and annual budgets prepared by the Management Board (to this effect, the Committee may hear Management Board members regarding the assumptions used in the preparation of the said plans), (ii) to review and provide an opinion to the Supervisory Board on the proposed acquisition or disposal of assets or business lines, as well as on investment expenses, in each case for an enterprise value exceeding the threshold above which these operations are subject to the prior authorization of the Supervisory Board, (iii) to review and provide an opinion to the Supervisory Board on the creation of any business line or subsidiary, investments in any business line or the acquisition of any shareholding, in a country in which the Company does not operate, (iv) to review and provide an opinion to the Supervisory Committee on any of the Company's proposed loans or take-overs of liabilities, for an amount exceeding the limit above which these transactions are subject to the prior authorization of the Supervisory Board, (v) to review and to provide an opinion to the Supervisory Board on all proposed mergers, spin-offs or transfer of assets regarding the Company, (vi) to review and provide an opinion to the Supervisory Committee on any proposed admission for trading of the Company's (or one of its subsidiaries') shares on a regulated market, (vii) to review and provide an opinion to the Supervisory Board on any transaction giving rise to a significant change in the scope of business of the Company and of its subsidiaries, and (viii) to review, jointly with the Audit Committee, the Rexel Group's financial situation.

During 2010, the Strategic Committee met five times and reported to the Supervisory Board on its work. The Strategic Committee especially worked during the year on potential acquisitions of the Rexel Group as well as on the 2011 budget.

The average attendance rate for the Strategic Committee was 80%.

1.3 The Supervisory Board's work in 2010

During the financial year ending December 31, 2010, the Supervisory Board met ten times, upon having been convened, in accordance with the Articles of Association and the Rules of Procedure. The average attendance rate was 91%.

During the year ended December 31, 2010, the Supervisory Board decided *inter alia* on the following issues:

- the review of the financial statements for the financial year ended December 31, 2009;
- the review of the 2009 *Document de Référence*;
- the preparation for the Shareholders' meeting of May 20, 2010;
- the review of the quarterly and half-yearly financial statements, the quarterly and half-yearly reports of the Management Board as well as related financial communication;
- the review of the work carried out by the Supervisory Board Committees;
- the additional issue of senior unsecured notes at the interest rate of 8.25% and maturing on December 15, 2016;
- the authorization to allot free shares to the benefit of certain employees of the Rexel Group;

– the setting up of a new Rexel Group employee shareholding plan in 2010 in order to allow employees to increase their interest in the share capital of the Company;
– the Rexel Group's budget for 2010 and the three-year strategic plan; and
– the Rexel Group's development plans.

Moreover, the Supervisory Board has been informed of progress on the main projects carried out by subsidiaries of the Rexel Group.

2. COMPENSATION OF CORPORATE OFFICERS

2.1 Compensation of Supervisory Board Members

The Company's shareholders meeting may approve the payment of attendance fees to members of the Supervisory Board.

The Supervisory Board:

– pays attendance fees to its members as it sees fit;
– sets the level of compensation for the Supervisory Board's Chairman and Deputy Chairman which can be both fixed and variable;
– may approve the payment of exceptional compensation for tasks or assignments entrusted to members of the Supervisory Board; and
– may approve the reimbursement of traveling costs and expenses incurred by its members for the purposes of the Company.

The Company shareholders' meeting held on May 20, 2008 allocated to the Supervisory Board a global amount of €300,000 for the payment of attendance fees.

Following the recommendations of the Compensation Committee, the Supervisory Board meeting of March 16, 2010 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 gross amount of €30,000 and (ii) a variable portion in the gross amount of up to €30,000 that may be allocated to each independent member to the extent of their attendance to the meetings of the Supervisory Board and the Committees of which they are members. Moreover, a gross compensation of €10,000 is allocated for each chairman of a Committee of the Supervisory Board who is an independent member thereof.

Following the recommendations of the Compensation Committee, the Supervisory Board of February 8, 2011 decided that the variable portion in respect of 2010 would amount to €20,000 for Françoise Gri, €30,000 for Fritz Fröhlich, €30,000 for François David and €26,500 for Joe Adorjan.

2.2 Compensation of Management Board members

Compensation of the members of the Management Board is set by the Supervisory Board following the advice of the Compensation Committee.

In accordance with Rexel's policy on compensation, the members of the Management Board are paid a fixed annual amount which is determined according to criteria specific to each member (experience, seniority, responsibilities) and criteria based on the sector of business activity and the general economic situation. Members of the Management Board also receive a variable compensation. This variable compensation is paid in order to correlate the compensation of the members of the Management Board with the results of the business activity of Rexel and of the Rexel Group. The variable compensation is calculated on the basis of the attainment of personal goals and other criteria relative to Rexel. The personal goals are qualitative criteria determined based on the person in question, the duties carried out within Rexel or the Rexel Group and the objectives pursued by such person. The Company- or Group-based criteria are quantitative criteria based on the results of Rexel and the aggregates that it normally uses in the context of the analysis of its financial situation.

In addition, the members of the Management Board may receive bonuses for which the amount depends on constraints relative to the exercise of their duties and the realization of objectives or outstanding work.

The members of the Management Board also are awarded benefits in kind in respect of their duties carried out within the Rexel Group.

Finally, in order to bind the members to the growth of the Rexel Group and its financial results, Rexel may grant shares, subscription options or purchase options to members of the Management Board.

Upon its meetings of February 9, 2010 and March 16, 2010, the Supervisory Board determined the compensation of the Chairman and of the members of the Management Board for the financial year ended December 31, 2010.

2.2.1 Compensation and Benefits

Jean-Charles Pauze

The compensation of Jean-Charles Pauze from his position as Chairman of the Management Board of the Company is comprised of:

(i) a base gross amount;

(ii) an annual variable bonus based on objectives that may reach up to 120% of the gross annual compensation of the Chairman of the Management Board if 100% of the objectives are reached, with it being specified that if results are achieved by the Chairman of the Management Board that are greater than 100% of his objectives, the variable bonus may be more than 120% of the gross annual amount, but may not be more than a limit of 130% of his base gross annual amount. This annual variable bonus is comprised of financial objectives relative to Rexel Group results (75%) and qualitative objectives (25%). The financial criteria for 2010 were EBITDA in percentage of sales and in volume, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Jean-Charles Pauze in his own fields of responsibility;

(iii) a hardship allowance for travel in France and abroad; and

(iv) benefits in kind consisting of a company car and a gas card.

In addition, Jean-Charles Pauze benefits from the following advantages: a mutual insurance policy, a pension plan, a basic and complimentary retirement plan, the taking into account of his seniority in the context of a defined benefit pension plan, a company car, an annual medical check-up and the professional fees of a tax and retirement advisor.

Michel Favre

The compensation of Michel Favre from his position as a member of the Management Board of the Company is comprised of:

(i) a base gross amount;

(ii) an annual variable bonus based on objectives that may reach up to 65% of the gross fixed annual compensation, in the event of the achievement of 100% of the individual and financial targets. This annual variable bonus is comprised of financial objectives relative to Rexel Group results (60%) and qualitative objectives (40%). The financial criteria for 2010 were EBITDA in percentage of sales and in volume, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Michel Favre in his own fields of responsibility; and

(iii) benefits in kind consisting of a company car and a gas card as well as an executive social security plan (GSC).

In addition, Michel Favre benefits from the following advantages: a health insurance plan, a welfare benefits plan, a basic and complementary retirement plan, the taking into account of his seniority in the context of a defined benefits retirement plan, a company car, a medical check-up, an executive social security plan (GSC) and the professional fees of a tax and pension advisor.

Pascal Martin

The compensation of Pascal Martin from his position as member of the Management Board of the Company is comprised of:

(i) a base annual amount;

(ii) an annual variable target-based compensation that may reach 65% of 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. The financial criteria for 2010 were EBITDA in percentage of sales and in volume, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Pascal Martin in his own fields of responsibility; and

(iii) benefits in kind consisting of a company car and a gas card as well as an executive social security plan (GSC).

In addition, Pascal Martin benefits from the following advantages: a health insurance plan, a welfare benefits plan, a basic and complementary retirement plan, the taking into account of his seniority in the context of a defined benefit retirement plan, a company car, a medical check-up, an executive social security plan (GSC) and the professional fees of a tax and pension advisor.

Jean-Dominique Perret

The compensation of Jean-Dominique Perret from his position as member of the Management Board of the Company is comprised of:

(i) a base gross amount;

(ii) an annual variable target-based portion which may reach 60% of his gross annual base salary, in the event of the achievement of 100% of the individual and financial targets. This variable annual bonus is based on financial criteria relating to the Rexel Group's results (65%) and on qualitative criteria (35%). The financial criteria for 2010 were EBITDA in percentage of sales and in volume, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility.

Jean-Dominique Perret's compensation in respect of his salaried duties as Group Delegate for International Businesses:

(i) gross base compensation;

(ii) an annual variable target-based portion which may reach 55% of his gross annual base compensation, in the event of the achievement of 100% of the individual and financial targets. This variable annual bonus was based for 65% on financial criteria relating to the Rexel Group's results and for 35% on qualitative criteria. The financial targets for 2010 are EBITDA in percentage of sales and in volume, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility; and

(iii) benefits in kind consisting of a company car and a fuel card.

In addition, Jean-Dominique Perret benefits from the following advantages:

– in his capacity as member of the Management Board: a supplemental health insurance *(mutuelle)*, a welfare insurance *(contrat de prévoyance)*, a basic and supplementary pension, a defined benefit plan, which takes into account his seniority, as of January 1, 2009, a health check-up, and compensation for tax and retirement advisors' fees;

– in his capacity as Group Delegate for International Businesses: a supplemental health insurance *(mutuelle)*, a welfare insurance *(contrat de prévoyance)*, a basic and supplementary pension, a supplementary defined contribution retirement scheme as from January 1, 2011, a defined benefit plan, which takes into account his seniority, as of January 1, 2009, the use of a company car, and compensation for tax and retirement advisors' fees.

2.2.2 Severance packages

No senior executive is entitled to compensation, indemnification or benefits due or that may become due as a result of the assumption, termination or change in his duties as a corporate officer of the Company or thereafter.

Moreover, the employment agreements of Jean-Charles Pauze, 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 that have been decided upon (i) in the case of Jean-Charles Pauze, Pascal Martin and Jean-Dominique Perret, by the Supervisory Board meeting of May 13, 2008 and approved by the General shareholders' meeting of May 20, 2008, and (ii) in the case of Michel Favre, by the Supervisory Board meeting of May 20, 2009, and that were approved by the shareholders' meeting of Rexel of May 20, 2010.

Jean-Charles Pauze

Jean-Charles Pauze's employment contract with Rexel Développement S.A.S. was suspended on March 1, 2007.

In the event that he should no longer hold his corporate office at the Company, his employment contract with Rexel Développement S.A.S. would once again come into effect with the same compensation conditions as those that he was granted as a corporate officer.

In the event that the employment contract is terminated at the employer's initiative, unless resulting from serious misconduct or gross negligence or compulsory retirement leave, Jean-Charles Pauze shall be granted a severance payment equal to 24 months of his monthly reference compensation.

The monthly reference compensation is understood as the amount of the fixed gross monthly salary received, including as an agent, for the 12 months prior to the notice of the termination of the contract, plus the gross amount of the most recent bonus, excluding any exceptional bonus, with this sum being divided by 12.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

In the event of the termination of contractual relations, the notice period is 8 months. The compensation in lieu of notice is equal to eight months of the last paid compensation, in the capacity as officer or as employee of the company, whichever the highest.

In accordance with the provisions of article L.225-90-1 of the French Commercial Code, these contractual indemnities of notice and employment contract termination are subject to the following performance conditions:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of the Company's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;
- the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of average operating WCR, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation

Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, regardless of the cause of his departure from the Company, a non-competition clause is stipulated in Jean-Charles Pauze's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Michel Favre

Michel Favre's employment contract with Rexel Développement S.A.S. was suspended on May 20, 2009.

In the event that his corporate duties within the Company should end, Michel Favre's employment agreement with Rexel Développement S.A.S. would re-enter into effect subject to compensation conditions equivalent to those from which he benefits as a corporate officer.

The employment agreement of Michel Favre provides, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave, that Michel Favre will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation.

The monthly reference compensation is defined as the gross annual compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

In the event of termination of contractual relations, the notice period is of 8 months. The compensation in lieu of notice is equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, upon the approval by the Supervisory Board on May 20, 2009, and subject to approval at the next Shareholders' Meeting, such contractual indemnities in lieu of notice and for termination of the employment agreement are subject to the following performance criteria:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of the Company's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;
- the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of average operating WCR, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/ or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/ or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Michel Favre's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Pascal Martin

Pascal Martin's employment contract with Rexel Développement S.A.S. was suspended on January 1, 2008.

In the event that his corporate duties within the Company should end, Pascal Martin's employment agreement with Rexel Développement S.A.S. would re-enter into effect subject to compensation conditions equivalent to those from which he benefits as a corporate officer.

The employment agreement of Pascal Martin provides, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave, that Pascal Martin will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation.

The monthly reference compensation is defined as the gross annual fixed compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

In the event of termination of contractual relations, the notice period is of 8 months. The compensation in lieu of notice is equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, such contractual indemnities in lieu of notice and for termination of the employment agreement are subject to the following performance criteria:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of the Company's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;
- the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of average operating WCR, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Pascal Martin's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Jean-Dominique Perret

Jean-Dominique Perret, in addition to his duties as corporate officer, is acting as salaried Group Delegate for International Businesses.

His employment agreement with Rexel Développement S.A.S. provides, in the event of the termination of the employment contract at the option of the employer, for whatever reason and except in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave, Jean-Dominique Perret will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation in his capacities as corporate officer and as an employee of the company.

The monthly reference compensation is defined as the gross annual fixed compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

In the event of termination of contractual relations, the notice period is of 8 months. The compensation in lieu of notice is equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, such contractual indemnities for prior notice and termination of the employment agreement are subject to the following performance criteria:

– the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of the Company's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;

– the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of average operating WCR, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and

– the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Jean-Dominique Perret's employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

2.2.3 Free shares

Free shares allocated in 2008

In accordance with the authorizations conferred by the extraordinary shareholders' meeting of May 20, 2008 and by the Supervisory Board of May 20, 2008, the Management Board allotted, on June 23, 2008 and October 1, 2008, 1,541,720 and 66,241 free shares of the Company. In the context of this allotment, 177,451 free shares were allotted to members of the Management Board as follows:

Beneficiaries	Number of shares allocated during the financial year ended December 31, 2008
Corporate officers	
Jean-Charles Pauze	70,708
Nicolas Lwoff	35,581
Pascal Martin	35,581
Jean-Dominique Perret	35,581

The acquisition of the free shares is in particular subject to:

- a condition of presence within the Rexel Group, subject to certain exceptions relating, in particular, to the death of the beneficiary, his invalidity or retirement, and
- the following performance conditions: (i) the acquisition of 50% of the free shares depends on improvement to the EBITDA level between 2007 and 2009, (ii) the acquisition of 25% of the free shares depends on the EBITDA level in 2008 and (iii) the acquisition of 25% of the free shares depends on the ratio of 2009 Net Debt / 2009 EBITDA.

During the financial year ended December 31, 2010, the members of the Management Board acquired the following shares:

Beneficiaries	Number of shares irrevocably acquired (1)			
	COMEX Rexel 2+2 Plan	MANAGERS Rexel 2+2 Plan	COMEX Rexel 2+2 Plan	MANAGERS Rexel 2+2 Plan
Corporate officers				
Jean-Charles Pauze	12,293	–	–	–
Nicolas Lwoff (2)	–	–	–	–
Pascal Martin	6,187	–	–	–
Jean-Dominique Perret	6,187	–	–	–

(1) Terms of acquisition of the shares of the COMEX Rexel 2+2 Plan:
Condition of attendance of two years and following performance conditions:
– the acquisition of 50% of the free shares depends on the EBITDA margin variation between 2007 and 2009,
– the acquisition of 25% of the free shares depends on the 2008 EBITDA level,
– the acquisition of 25% of the free shares depends on the 2009 Net Debt / 2009 EBITDA ratio.
(2) Nicolas Lwoff left the Group on February 12, 2009.

Free shares allocated in 2009

Beneficiary	Number of shares allocated during the financial year ended December 31, 2009
Corporate officers	
Michel Favre (1)	58,500

(1) Michel Favre was appointed as a corporate officer after the allocation of free shares and received the free shares allocated in his former capacity as employee.

The acquisition of the free shares is subject to the following conditions:

- the free acquisition of 50% of the shares depends on the change in EBITDA margin between 2008 and 2010 ;
- the free acquisition of 25% of the shares depends on the 2009 EBITDA level; and
- the free acquisition of 25% of the shares depends on the ratio of 2009 net debt / 2009 EBITDA.

During the financial year ended December 31, 2010, no free share allocated to the corporate officers and to the ten first employees of Rexel or became available.

Free shares allocated in 2010

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2009 and by the Supervisory Board on May 11, 2010, the Management Board, on May 11, 2010, granted 1,519,862 free shares of the Company. Pursuant to these allotments, the members of the Management Board received 200,454 free shares, distributed as follows:

Beneficiaries	Number of shares allocated during the financial year ended December 31, 2010
Corporate officers	
Jean-Charles Pauze	78,708
Michel Favre	35,581
Pascal Martin	46,225
Jean-Dominique Perret	39,910

The acquisition of the free shares is subject, in particular, to the following conditions:

- condition of attendance of two years;
- performance conditions:
  - the acquisition of 50% of the free shares depends on the EBITDA margin variation between 2009 and 2011,
  - the acquisition of 25% of the free shares depends on the 2010 EBITDA level,
  - the acquisition of 25% of the free shares depends on the 2010 Net Debt / 2010 EBITDA ratio.

2.2.4 Additional retirement plan

A supplementary defined-benefit pension plan has been in force within Rexel Développement and Rexel since 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 beneficiaries of 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, 2011, six managers including four corporate officers met these eligibility criteria: Jean-Charles Pauze, Michel Favre, Pascal Martin, Jean-Dominique Perret, Patrick Bérard and Henri-Paul Laschkar.

The additional pension under this plan is equal to the 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 the Company (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 the Company may not exceed 50% of the reference compensation.

The total provision booked by Rexel for all employees covered by this supplementary defined-benefit retirement plan corresponded to a commitment of €10.2 million as of December 31, 2010 reduced by the value of a hedge asset established with an insurance company. As of December 31, 2010, the value of this hedge asset was estimated at €7.2 million.

Following the implementation of this new retirement plan, Rexel complies with five out of six of the recommendations issued by the AFEP and the MEDEF:

AFEP-MEDEF Guidelines	As at January 1, 2011
Eligibility criteria / Seniority	Compliant
Number of corporate officers compared to the total number of beneficiaries	Non-compliant*
Yearly accrual percentage	Compliant
Period of maximum accrual attainment	Compliant
Reference compensation	Compliant
Maximum level of benefits	Compliant

* As of January 1, 2011, the total number of beneficiaries was six, including four corporate officers.

The provision recorded in respect of defined benefit schemes is mentioned in note 18 of the Notes to the consolidated financial statements of Rexel for the financial year ended December 31, 2010. As of December 31, 2010, it amounted to €174.4 million, less the value of a hedging asset estimated at €42.8 million, *i.e.*, a net liability of €131.6 million.

3. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

3.1 Rexel Group Approach

3.1.1 Definition and purposes of internal control

The methods adopted by the Rexel Group are based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) standard as well as on the reference framework suggested by the *Autorité des marchés financiers* (AMF), as completed by its application guide.

The Rexel Group considers internal control as an ongoing process for the Company, which seeks to ensure:

- compliance with laws and regulations;
- implementation of the instructions and orientations set by the General Management;
- the proper functioning of internal working processes, in particular those relating to the safeguarding of assets; and
- the reliability of financial information.

As such, internal controls contribute to risk management, transactional efficiency and the efficient use of Rexel Group resources. However, as well conceived and applied as they may be, these measures cannot absolutely guarantee the achievement of the Company's objectives.

3.1.2 Rexel Group structure and control of subsidiaries by the parent company

The Group is organized by geographic zones (the "Zones"). Each of these Zones is represented on the Rexel Group's Executive Committee by its Managing Director.

Each Zone consolidates one or several countries (the "Entities"). Certain countries and activities are managed directly by the Rexel Group's headquarters and are also considered as Entities. The Managements of the Zones monitor the Entities and relay instructions and policies defined by the departments at the headquarters.

The internal control methods described below constitute a common standard, which must be applied by the Management of the respective Entities. They are responsible for supplementing these methods by setting up local procedures. These internal control methods apply to all consolidated Entities.

3.1.3 Internal organization contributing to internal control and risk management activities

Management bodies

The Management Board informs the Audit Committee and the Supervisory Board of the key characteristics of the internal control standards, their implementation within the Rexel Group and the steps taken to improve these standards.

The Executive Committee, which is made up of the members of the Management Board, certain executives of the headquarters and the Zone Managing Directors, meets every six weeks, on average. The Executive Committee is responsible for the implementation of the objectives set by the Management Board and ensures their proper application by the Entities. The Committee monitors budget plans and other operational action plans, develops transverse projects and determines objectives in the area of human resources policy. The Executive Committee was also instrumental in the "risk mapping" process described in paragraph 3.2.1 of this report.

The role of the Rexel Group's headquarters

The departments at the headquarters participate in defining and updating the internal control standards as well as in documenting and managing identified risks. The implementation of efficient and adequate internal controls is among their objectives.

The Finance, Control and Legal Department is organized around centers of expertise in the areas of (i) financing, liquidity, credit management and insurance, (ii) consolidation, financial control, internal control and tax, (iii) legal affairs, (iv) financial communications and (v) internal audit.

The Human Resources Department is responsible for defining human resources management policy and procedures and ethical standards, and monitors compliance with labor regulations. The Department assists subsidiaries with the allocation of resources and training (supervision of executive career development).

The Business Development Department is responsible for the Rexel Group's strategy, external growth transactions, information systems, purchasing, logistics and marketing. The Department monitors, controls and ensures the approval of the principal projects in its domain.

The Risk Management Committee of the Rexel Group

The duties of the Risk Management Committee, set up in 2010 and reporting to the Management Board, include, in particular:

- managing the updating of risk mapping, and
- ensuring that risks are followed-up and suggesting to the Management Board control measures.

The Risk Management Committee met on three occasions in 2010 and its first works consisted in the formalization of the Rexel Group's risk management policy and the review of the risk mapping. The Risk Management Committee reported on its works and has made recommendations to the Management Board on two occasions during this financial year.

The Rexel Group's Internal Control Department

The Rexel Group's Internal Control Department coordinates the departments at the headquarters for the preparation and distribution of the Rexel Group's procedures and is in charge, in particular, of the procedures in connection with the financial control field.

It is responsible for the definition of the internal control standards of the Rexel Group and of the updating of the Rexel Group's guideline manual, detailed in paragraph 3.2.3 of this report.

Furthermore, the Department coordinates the yearly assessment of internal control described in paragraph 3.2.4 of this report, distributes its findings and ensures that action plans, when needed, are defined and followed-up.

The Rexel Group's Internal Audit Department

The Internal Audit Department has been assigned by the General Management the task of ensuring compliance with the Rexel Group's rules of procedure within its Entities, and more generally evaluating the risks associated with the subjects of their audits.

At the end of 2010, the Internal Audit group included 30 people, 17 of whom are outside of France (located in the Australia, Canada, the United States and the United Kingdom). Based on an audit plan approved by the Audit Committee, this group performed about 50 audits of accounting, financial and operating procedures in 2010. About 500 audits on the network of branches were also carried out or supervised by this team.

Following each audit, action plans are prepared by the relevant Entities to address the weaknesses revealed in the audit report.

In the context of the acquisitions carried out by the Rexel Group, the Internal Audit Department carries out or coordinates the financial audit duties at the targets.

Each quarter, the Director of Group Audit of the Rexel Group presents to the Audit Committee a report on the activity of the teams and the main conclusions of their audits.

3.2 Presentation of risk management procedures and the internal control system

3.2.1 Risk identification, assessment and management

The Audit Committee has an overall view on Rexel Group risks. It is kept informed by the Director of Group Audit, who provides it with the risk mapping, and by the directors at the headquarters on various risks that are specific to their sector. The major risks identified are presented regularly to the Audit Committee.

Under the management of the Risk Management Committee, the Audit Department of the Rexel Group carries out on a regular basis an update process of this mapping based on interviews with the Rexel Group's Executive Committee, with the input of the management at the headquarters and of the Zone Management, the latter giving a particular focus on the most technical risks and on economic changes.

The risk identification and evaluation processes that allow the risk mapping to be updated starts by a listing and an analysis of potential severity. The review of existing measures limiting such risks then allows their ranking and identification of those risks that justify the setting up of additional control measures.

This risk analysis covers four strategic areas:

- strategy: in particular the economic environment, the price of commodities, the Company's capacity to adapt to changes in the market, relations with customers and suppliers, acquisitions and external growth;
- operations: in particular diversification and adaptation of the Company's product line, the efficiency of control procedures, the continuity of operations in the event of a crisis; project management performance, adapting information systems to operations, legal protection and disputes; employee retention;
- financial markets: in particular interest rates, exchange rates, the performance of stock markets;
- conformity with laws and regulations relative in particular to labor, commercial and environmental law and the respect of contractual obligations (financing agreements).

Used both as an identification and follow-up tool, this mapping also allows the vision of risks to be shared among executive management and provides an understanding of the interaction of different factors.

The work carried out in 2010 under the supervision of the Risk Management Committee allowed the list of top-priority risks to be updated and non-top priority risks to be identified, for which a specific follow-up has nevertheless been suggested. In respect of the top-priority risks, the Rexel Group's approach, managed by the Risk Management Committee, consists in setting up a working group under the responsibility of a clearly determined sponsor, so that action plans resulting in the decrease of the Group's exposure to such risks ("risk control mechanisms") be defined. The Risk Management Committee then monitors the effective implementation of such action plans, with the support of the Internal Audit and Internal Control Departments of the Group.

Strategic risks and certain transversal risks are monitored by the Rexel Group's Executive Committee which is assisted by working groups which provide it with a detailed analysis of each risk and identify measures to be taken to manage these risks. Financial market risk and compliance risk are monitored principally by the management of the Rexel Group. It defines action plans to be implemented by subsidiaries using processes which it has established.

The internal control mechanism and the action plans defined by the Entities allow for the management of operational risks. Internal Control teams are responsible for monitoring the implementation of these action plans.

Furthermore, since 2009, the Rexel Group has been listing the risk management mechanisms detailed in Chapter 2 "Risk Factors" of the *Document de Référence* of the Company. Documentation of each risk was carried out by the various Departments of the Rexel Group and is updated on a regular basis. Consistency with identified risks during the updating process of risk mapping is verified. A report on the work carried out regarding each risk was approved by the members of the Management Board and the main conclusions have been presented to the Audit Committee. These works show that the Rexel Group's management of risks ensures an acceptable level of risk considering its activity and structure. Improvement actions are nevertheless implemented in certain specific fields.

A description of these risk factors as well as of the risk management mechanism taken for each of them are set out in Chapter 2 "Risk Factors" of the *Document de Référence* of the Company.

A presentation of the Rexel Group's policy on insurance (one of the measures involved in risk control) is detailed in paragraph 2.5 "Insurance" of the *Document de Référence* of the Company.

3.2.2 Control environment

The control environment is considered as the keystone of the internal control system. This is expressed through the importance given to the principle of "responsibility" in the definition of the roles and responsibilities of each person, and in particular, management.

The control environment is favored by the implication of management in promoting ethical conduct. The Rexel Group's Ethics Guide, which has been translated into 22 languages, was distributed to all employees in 2007. This guide was updated in 2009 and distributed to all new employees of Rexel, including within the entities acquired since 2008.

On April 4, 2007, the Management Board approved a Market Ethics Charter in accordance with the recommendations of the AMF. This charter reiterates the applicable regulations relative to the risks of having, disclosing or potentially using inside information (it being specified that inside information is a "precise non-public information relating, directly or indirectly, to one or several issuers of financial instruments, or one or several financial instruments, which would be likely to have a significant influence on the price of such financial instruments or on the price of related financial instruments if it were to be made public"). This approach is complemented by the monitoring of a list of inside information holders, who are reminded of their obligations on a regular basis.

Finally, this principle of "responsibility" also covers a commitment by the Rexel Group for the promotion of social and environmental responsibility. This commitment is exemplified in a Sustainable Development Charter, the promotion of actions to protect the environment and raising the awareness of the Rexel Group's customers and suppliers.

3.2.3 Internal control framework: Book of Rexel Guidelines

The Rexel Group's branch network forms a part of a decentralized structure that rests on the responsibility of local managers.

To ensure a high level of expertise regarding the processes, the Rexel Group has compiled a Book of internal control guidelines which has been distributed to the management of its Entities. For each of the principal processes, the manual presents the fundamental risks, control objectives and related controls. Some of these controls must be strictly integrated in the operating processes of the Entities while others are mere guidelines, the implementation of which is subject to the assessment of the Entities' managements, based, in particular, on local conditions.

For example, the manual contains, for an operational entity, approximately 650 controls divided into the following activities:

- strategic procedures: external growth and development, governance and communication,
- operating procedures: sales, purchases and logistics,
- support procedures: information systems, human resources, financial and accounting information, treasury, tax, legal, real estate and insurance.

This manual is completed by additional procedures set up by the management teams at the headquarters and that must be implemented by the Rexel Group's Entities.

As to management reporting and the preparation of financial statements, the Financial and Administrative Department of the Rexel Group has defined a set of procedures, tools and guidelines that give it the means to ensure the quality and consistency of distributed information. These guidelines are discussed in further detail in paragraph 3.3 of this report.

3.2.4 Internal control steering

Internal control self-assessment

The Rexel Group is engaged in a process to permanently improve its internal control. To carry out this task, it makes available to the management of the Entities a self-assessment form measuring compliance with the procedure manual. This also ensures the monitoring of action plans implemented to ensure this compliance. This self-assessment is shared with the Executive Committee, operations management of the Entities of the Rexel Group and the departments at the headquarters. As such, it is a tool for the awareness of internal control as well as a measuring stick.

The last self-assessment was carried out in the first quarter of 2010 and covers all processes of the Book of Rexel Group Guidelines (see paragraph 3.2.3 of this report). A new self-assessment is being carried out.

Action plans associated with these self assessments are defined and implemented under the responsibility of local management. The goal of these action plans is to bring each Entity up to the level of expertise concerning these procedures recommended by the Rexel Group and as such to control risks.

These self-assessment processes also allowed areas of progress of a more general scope to be identified, that are the purpose of internal control improvement action plans at the level of the management teams at the headquarters. These plans include the definition of good practices and assistance to local management teams.

In addition, certain Entities are less mature in their internal control methods. Internal control's continuous improvement plan is intended to bring these Entities to the required level.

As the self-assessment approach cannot, by its nature, guarantee that the internal control system is applied in an effective manner, the Rexel Group supplements this self-assessment initiative with the performance of internal audits during which certain key control processes, which are the purpose of the self-assessment, are tested by the subsidiaries. External auditors may also review internal control processes within the Rexel Group and inform the Rexel Group's management and supervisory bodies of the findings of such reviews.

Departments at the headquarters

The role of the Departments at the headquarters concerning the actions implemented to manage risk is integrated in the internal control and risk management system. They rely on the replies to the self-assessment question forms and the audit reports prepared by internal audit teams to identify the need for transversal action in the Rexel Group and support subsidiaries in the setting-up of action plans aiming at decreasing identified risks on subjects of their competence.

3.2.5 Information and communications

The internal control process requires the mobilization of expertise (so that it is used to reduce risk through the creation of adequate controls) and communication adapted to ensure improved dissemination of the Rexel Group's goals. This communication allows Rexel Group senior management to share with local management teams not only the measures and objectives of risk reduction, but also the information necessary to allow the alignment of their decisions and activities with defined objectives.

Communication activities are two-fold. On the one hand, communication with the Rexel Group's management bodies is made on a regular basis during the main committee meetings. In particular, each quarterly Audit Committee meeting is used to summarize control and internal audit activities performed during the year. The executive and financial committee meetings also serve as occasions to mobilize the headquarters' principal mangers and subsidiaries with respect to the importance of conforming our activities to Rexel Group standards.

On the other hand, communications with the subsidiaries is conducted on an ongoing and monitored basis during the course of the year, based on updates to the action plans and visits carried out by headquarter teams. This type of communication was also set up with the subsidiaries, including through the review of the responses to the self-assessment questionnaires.

3.3 Internal control procedures relating to the preparation and treatment of accounting and financial information

3.3.1 Planning, steering and reporting activities

The planning, steering and reporting processes are organized by Entities, which are generally countries but also include holdings and entities carrying out certain commercial activities not related to the distribution of electrical equipment in a given country. The countries are grouped by geographic Zones. The Entities and geographic Zones each have their own management, operating management, and financial teams.

For each financial year, a budget is established at the Entity level and approved by the Entites and the Zones operating management. The consolidated budget at the level of the Rexel Group is submitted to the approval of the Supervisory Board of Rexel. This process allows focusing the responsibility of the whole organization around the objectives of the Rexel Group and applies to all of the Entities included in the scope of consolidation of the Rexel Group for the previous financial year.

A monthly review of activities, which brings together certain members of the Rexel Group's Management Board and of the management of the geographic zones, allows for the understanding of financial and economic changes with respect to activities, the assessment of operational decisions to be taken, the analysis of gaps between objectives and performance, the steering of the financial structure and the monitoring of the implementation of action plans. The Management Board relies on monthly reporting, comments on observed changes and indicators of operational and financial performance. At the level of the Entities, Zones and Rexel Group, teams of financial controllers are responsible for monitoring the achievement of objectives and the analysis of accounting and financial information.

Four times a year, forecasts for the current year are prepared and compared with budget objectives in order to implement the necessary corrective actions. These forecasts integrate the usual financial structure and Rexel Group activity steering elements, including the forecasting of key ratios defined in the financing agreements ("covenants").

The monthly summaries of reports on business activity as well as the forecasts are communicated to the members of the Supervisory Board.

Each year, a three-year strategic plan is prepared at the Entity levels and validated by the relevant Zone management teams. Together, this is consolidated and reviewed at the Rexel Group level and is submitted to the approval of the Supervisory Board after review by the Strategic Committee.

The yearly, half-year and quarterly financial statements are presented to the Audit Committee.

3.3.2 Shared guidelines and procedures for the approval of financial statements

Rexel Group financial statements are prepared in accordance with the IFRSs as adopted by the European Union and are based on information provided by the Finance Departments of the Entities. The latter are responsible for ensuring that this information conforms to Rexel Group standards (accounting methods, account structure, Reporting Manual) and observance of the detailed instructions issued by the Rexel Group's Financial and Administrative Department.

This data is transmitted by the Financial Departments of the Entities in a set format using a consolidation tool that is used in preparing monthly reports and external financial information at each stage of consolidation: planning, budget, forecasting and monthly reporting. This set format guarantees consistency between the different data used for internal steering and external communication.

The Rexel Group's Financial and Administrative Department ensures the consistency of the inflow of information from Entities before aggregating the results and consolidation reports. It draws up detailed and documented analyses of such data, explaining, in particular, modifications in the scope of consolidation, exchange rate impacts and non-recurring operations).

As mentioned in paragraph 3.2 of this report, internal controls relating to accounting and financial information are part of the general internal control system.

4. OTHER INFORMATION

4.1 Participation of shareholders at Shareholders' meetings

The conditions of the participation of shareholders at Shareholders' meetings of the Company, particularly the mode of operation and the powers of the shareholders' meeting as well as shareholders' rights, are governed by articles 27 to 35 of the Company's by-laws, which are available on the website of the Company (www.rexel.com), and the main provisions of which are described in the Company's *Document de Référence* (paragraph 8.3).

4.2 Other elements that may have an impact in case of a public offering

Elements that may have an impact in case of a public offering as described in article L.225-100-3 of the French Commercial Code can be found in the Company's *Document de Référence* (paragraph 8.4).

Signed in Paris
on March 16, 2011
Roberto Quarta
Chairman of the Supervisory Board

9.3.2 Report of the Statutory Auditors

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

KPMG Audit
1, cours Valmy
92923 Paris-La Défense Cedex
France

ERNST & YOUNG Audit
Faubourg de l’Arche
11, allée de l’Arche
92037 Paris-La Défense Cedex

Rexel S.A.

Registered office: 189-193 boulevard Malesherbes – 75017 Paris

Share capital: €1,301,064,980

Statutory Auditors’ report, prepared in accordance with Article L.225-235 of the French Commercial Code *(“Code de commerce”)*, on the report prepared by the Chairman of the Supervisory Board of Rexel S.A.

Year ended December 31, 2010

To the Shareholders,

In our capacity as Statutory Auditors of Rexel, and in accordance with Article L.225-235 of the French Commercial Code *(“Code de commerce”)*, we hereby report on the report prepared by the Chairman of your company in accordance with Article L.225-68 of the French Commercial Code for the year ended December 31, 2010.

It is the Chairman’s responsibility to prepare, and submit to the Supervisory Board for approval, a report on the internal control and risk management procedures implemented by the company and to provide the other information required by Article L.225-68 of the French Commercial Code relating to matters such as corporate governance.

It is our responsibility:

– to report to you on the information contained in the Chairman’s report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and

– to confirm that this report includes the other disclosures required by Article L.225-68 of the French Commercial Code *(“Code de commerce”)*, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman’s report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

– obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman’s report is based and existing documentation;

– obtaining an understanding of the work involved in the preparation of this information and existing documentation;

– determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman’s report.

On the basis of our work, we have no matters to report on the information relating to the company’s internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with Article L.225-68 of the French Commercial Code *(“Code de Commerce”)*.

Other disclosures

We confirm that the Chairman’s report also includes the other disclosures required by Article L.225-68 of the French Commercial Code *(“Code de Commerce”)*.

Paris La Défense, March 24, 2011

The Statutory Auditors
French original signed by

KPMG Audit
A department of KPMG S.A.

Hervé Chopin
Partner

Ernst & Young Audit

Pierre Bourgeois
Partner

9.4 RESOLUTIONS SUBMITTED TO THE SHAREHOLDERS' MEETING OF MAY 19, 2011

9.4.1 Report of the Management Board

Report of the Management Board to the ordinary and extraordinary Shareholders' meeting of May 19, 2011

To the Shareholders,

An ordinary and extraordinary meeting of the shareholders of Rexel, a French société anonyme with a Management Board and a Supervisory Board with share capital of €1,301,064,980, having its registered office at 189-193, boulevard Malesherbes – 75017 Paris (the **"Company"**) has been convened by the Management Board for May 19, 2011 at 10:30 at the Salons Eurosites George V, located at 28, avenue George V, 75008 Paris, in order to decide upon the draft resolutions presented below (the **"Shareholders' meeting"**).

In this report, we present you with the motives behind each of the resolutions being put to a vote at the Shareholders' meeting.

The course of business and financial condition of the Company during the financial year ended December 31, 2010, are described in the document de référence of the Company.

The delegations of powers and financial authorizations in force granted by the shareholders' meeting of the Company are set out in Schedule 1 to this report.

1. RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY SHAREHOLDERS' MEETING

1.1. Approval of the annual and consolidated financial statements (first and second resolutions)

In the first and second resolutions, we submit for your approval the annual and consolidated financial statements of the Company for the financial year ended December 31, 2010 as approved by the Management Board.

The annual financial statements show a profit of €59,954,913.54.

The consolidated financial statements show a profit of €229.2 million.

We suggest that you approve these resolutions.

1.2. Allocation of income – Option for the payment of the dividend in new shares (third and fourth resolutions)

Subject to the annual and consolidated financial statements as presented by the Management Board being approved by the shareholders, we submit for your approval in the third resolution the following allocation of income for the financial year ended December 31, 2010:

Origin of the income to be allocated

– profits from the financial year	€59,954,913.54
– prior carry forward	€408,952,925.00
Total	**€468,907,838,54**

Allocation of profit

– 5% to the statutory reserve	€2,997,745.68
– dividend	€104,043,998.40
– the balance, to the carry forward account	€361,866,094.46
Total	**€468,907,838.54**

The "arry forward" account would therefore amount to €361,824,894.46.

Each of the shares making up the share capital and conferring rights to dividends, would be paid a dividend of €0.40.

Dividend detachment from the share on the NYSE Euronext regulated market in Paris would take place on May 27, 2011. The dividend payment would take place on June 30, 2011.

The dividends and income per share in respect of the last three financial years have been as follows:

	2009	2008	2007
Dividend per share (in euros)	Not applicable	Not applicable	€0.37 (1)
Number of shares eligible	Not applicable	Not applicable	255,993,827
Total dividend (in euros)	Not applicable	Not applicable	94,717,715.99 (1)

(1) Amount(s) eligible for the 40% tax rebate that individuals residing in France for tax purposes benefit from, in accordance with article 158-3-2°of the French general tax code.

Furthermore, in accordance with articles L.232-18 *et seq.* of the French Commercial Code and article 39 of the by-laws of the Company, the fourth resolution submits to the approval of shareholders that each shareholder be allowed to opt either for payment in cash or in new shares of the Company for all of the dividend paid in respect of the shares that it owns.

In the event of exercise of the option and in accordance with the provisions of article L.232-19 of the French Commercial Code, the new shares will be issued at a price equal to 90% of the average opening share price on the NYSE Euronext regulated market in Paris within the twenty trading days prior to the date of the decision of the shareholders' meeting, less the net amount of the dividend. This price will be acknowledged by the Management Board prior to the shareholders' meeting.

The request shall be sent between May 27, 2011 (inclusive) and June 20, 2011 (inclusive) to the relevant financial intermediaries. Further to June 20, 2011, the dividend may only be paid in cash.

If the amount of dividend does not match a whole number of shares, the shareholder may obtain the whole number of shares immediately below, together with a cash adjustment paid by the Company.

The new shares will be fully fungible with existing shares, will be submitted to all provisions of the law and the by-laws, and will bear dividend rights as from January 1, 2011.

We suggest that you approve these resolutions.

1.3. Non-deductible costs and expenses (fifth resolution)

In accordance with the provisions of article 233 quater of the French general tax code, the fifth resolution submits to the shareholders' approval the amount of costs and expenses referred to in article 39-4 of the French general tax code for the financial year ended December 31, 2010.

There were no costs and expenses referred to in article 39-4 of the French general tax code for the financial year ended December 31, 2010.

Furthermore, Rexel has not incurred any expense referred to in article 223 quinquies of the French general tax code.

We suggest that you approve this resolution.

1.4. Related-party agreements (sixth to eleventh resolutions)

The sixth to eleventh resolutions concern the shareholders' approval of related-party agreements as defined in articles L.225-86 *et seq.* of the French Commercial Code, meaning the related party agreements that were authorized by the Supervisory Board prior to their conclusion in the course of the financial year ended December 31, 2010.

In accordance with the provisions of article L.225-88 of the French Commercial Code, the agreements described below were the subject of a report by the Statutory Auditors of the Company and must be submitted for approval at the ordinary shareholders' meeting of the Company:

– A Purchase Agreement entered into on January 8, 2010, between Rexel, on the one hand, and CALYON, the Royal Bank of Scotland plc, Merrill Lynch International, BNP Paribas, HSBC Bank plc, Natixis, Crédit Industriel et Commercial (CIC), ING Bank N.V., London Branch, Société Générale and Bayerische Landesbank (the "Banks"), on the other hand. Rexel Développement 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 a bond issuance for an amount of €575 million represented by unsecured senior notes bearing interest at a rate of 8.25%, redeemable on December 15, 2016, referred to below (the "Bond Issuance"). Rexel wished to carry out an additional bond issuance for an amount of €75 million, thus increasing the amount of the bond issuance to €650 million (the "Additional Bond Issuance"). The agreement provides for the terms under which Rexel undertook to issue, and the Banks undertook to underwrite the additional bonds. This agreement was authorized by the Supervisory Board during its January 8, 2010 meeting.

– An Amended and Restated Agency Agreement, entered into on January 20, 2010 between Rexel, Rexel Développement 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 a bond issuance for an amount of €575 million represented by unsecured senior notes bearing interest at a rate of 8.25%, redeemable on December 15, 2016. 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 issuance of such bonds. Rexel wished to carry out an additional bond issuance for an amount of €75 million, thus increasing the amount of the bond issuance to €650 million. The Amended and Restated Agency Agreement amends and supersedes the Agency Agreement. 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 the bonds. 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 Paribas Trust Corporation UK Limited. On December 21, 2009, Rexel carried out a bond issuance for an amount of €575 million represented by unsecured senior notes bearing interest at a rate of 8.25%, redeemable on December 15, 2016. 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 issuance of such bonds. Rexel wished to carry out an additional bond issuance for an amount of €75 million, thus increasing the amount of the bond issuance to €650 million. The First Supplemental Trust Deed provides for the terms under which BNP Paribas Trust Corporation undertook to act in the capacity of Trustee in the scope of the issuance of the additional bonds. This agreement was authorized by the Supervisory Board during its January 8, 2010 meeting.

- An amendment to the defined benefit retirement plan effective as from July 1, 2009. This amendment aims at harmonizing such plan with certain provisions of the social security regulations. 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 below and of the Bond Issuance and the Additional Bond Issuance referred to above. Under these compensation agreements entered into between Rexel and its guarantor subsidiaries (Rexel Développement S.A.S., 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 Electric Supply Corp., Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc.) (the "Guarantors"), Rexel compensates such Guarantors in respect of the guarantee granted by each of them. The yearly compensation thus stipulated is calculated on the basis of the maximum amount that the relevant Guarantor may be requested to pay under the granted guarantee. These agreements were authorized by the Supervisory Board during its November 9, 2010 meeting.

We suggest that you approve these agreements and the relevant resolutions.

1.5. Renewal of the term of office of David Novak as member of the Supervisory Board (twelfth resolution)

In accordance with article 19 of the by-laws of Rexel and with the unanimous decision of the members of the Supervisory Board of February 8, 2011, the duties of member of the Supervisory Board of David Novak, together with Luis Marini-Portugal and Matthew Turner will expire by anticipation as of the end of the shareholders' meeting.

This expiration by anticipation aims at renewing one-fourth of the Supervisory Board every year, and thus allowing a gradual renewal of the members of the Supervisory Board.

Therefore, the twelfth resolution submits to the approval of the shareholders the renewal of the term of office of David Novak as member of the Supervisory Board.

This renewal would be granted for a term of four years, *i.e.*, until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2014, to be held in 2015.

David Novak was born on December 23, 1968 (42 years), is an American national and resides at 46 Blenheim Terrace, London Nw8, Great Britain.

David Novak has served on the Supervisory Board of Rexel since February 13, 2007. He is a Senior Partner of CD&R 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.

As at December 31, 2010, David Novak was holding 2 Rexel shares.

David Novak has indicated that he accepted these duties by anticipation and that he meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

We suggest that you approve this resolution.

1.6. Renewal of the term of office of Luis Marini-Portugal as member of the Supervisory Board (thirteenth resolution)

In accordance with article 19 of the by-laws of Rexel and with the unanimous decision of the members of the Supervisory Board of February 8, 2011, the duties of member of the Supervisory Board of Luis Marini-Portugal, together with David Novak and Matthew Turner will expire by anticipation as of the end of the shareholders' meeting.

This expiration by anticipation aims at renewing one-fourth of the Supervisory Board every year, and thus allowing a gradual renewal of the members of the Supervisory Board.

Therefore, the thirteenth resolution submits to the approval of the shareholders the renewal of the term of office of Luis Marini-Portugal as member of the Supervisory Board.

This renewal would be granted for a term of four years, *i.e.*, until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2014, to be held in 2015.

Luis Marini-Portugal was born on May 13, 1970 (40 years), is a Frencch national and resides at 80, avenue de Suffren, 75015 Paris, France.

Luis Marini-Portugal has served on the Supervisory Board of Rexel since February 13, 2007. Luis Marini-Portugal has been a member of the Executive Board of Eurazeo since 2008. He joined Eurazeo in 1999 and participated in a number of investments, including B&B Hotels, Elis, Eutelsat S.A., Ipsos, Rexel and Terreal. Before joining Eurazeo, Luis Marini-Portugal worked at JP Morgan in London and Paris in corporate advice and capital market transactions. Luis Marini-Portugal is a 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 Etudes Commerciales (HEC) in Paris.

As at December 31, 2010, Luis Marini-Portugal was holding 2 Rexel shares.

Luis Marini-Portugal has indicated that he accepted these duties by anticipation and that he meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

We suggest that you approve this resolution.

1.7. Renewal of the term of office of Matthew Turner as member of the Supervisory Board (fourteenth resolution)

In accordance with article 19 of the by-laws of Rexel and with the unanimous decision of the members of the Supervisory Board of February 8, 2011, the duties of member of the Supervisory Board of Matthew Turner,together with David Novak and Luis Marini-Portugal will expire by anticipation as of the end of the shareholders' meeting.

This expiration by anticipation aims at renewing one-fourth of the Supervisory Board every year, and thus allowing a gradual renewal of the members of the Supervisory Board.

Therefore, the fourteenth resolution submits to the approval of the shareholders the renewal of the term of office of Matthew Turner as member of the Supervisory Board.

This renewal would be granted for a term of four years, *i.e.*, until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2014, to be held in 2015.

Matthew Turner was born on November 10, 1963 (47 years), is an English national and resides at 75 Blenheim Crescent, London W11, Great Britain.

Matthew Turner, has been a member of the Supervisory Board of Rexel since March 30, 2009. Matthew Turner joined Merrill Lynch in 2007. He is Managing Director and Head of International in Merrill Lynch Global Private Equity. Prior to joining Merrill Lynch, Matthew Turner has worked in the Private Equity sector for twenty years. Matthew Turner was a member of the boards of various companies, including Phadia, Gala, Moliflor, Retail Decisions, Loyalty Partners, Upperpoint Group, RAL Group and Astron. Matthew Turner is currently a member of the Boards of Euromedic, a pan-European provider of medical services, of Integrated Dental Holdings Group Ltd., and of Partnership Education. Matthew Turner is particularly involved in strategic decision-making and in the determination of current guidelines for all activities. Matthew Turner holds a law degree with honors from Guildford Law College (United Kingdom) and has worked as a business lawyer.

As at December 31, 2010, Matthew Turner was holding 1 Rexel share.

Matthew Turner has indicated that he accepted these duties by anticipation and that he/she meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

We suggest that you approve this resolution.

1.8. Authorization to repurchase stock (fifteenth resolution)

The ordinary and extraordinary shareholders' meeting of May 20, 2010 authorized the Management Board to carry out transactions on the Company's shares for a period of 18 months as of the date of such meeting.

This authorization was implemented by the Management Board in the conditions described in its annual report. This authorization expires in 2011.

Accordingly, the fifteenth resolution proposes that the shareholders' meeting authorize the Management Board to repurchase shares of the Company within the limits set by the shareholders of the Company and in accordance with the legal and regulatory provisions.

Particularly, the authorization being considered to be granted to the Management Board consists of limitations relative to the maximum repurchase price (€22), the maximum amount for the implementation of the repurchase program (€200 million) and the amount of securities which may be repurchased (10% of the share capital of the Company on the date of the repurchases).

This authorization would be granted for a term of 18 months and would supersede the prior authorization granted to the Management Board in respect of the unused portion thereof.

We suggest that you approve this resolution.

1.9. Powers for legal formalities (sixteenth resolution)

The sixteenth resolution concerns the powers to be granted in order to carry out formalities subsequent to the shareholders' meeting, particularly publication and filing formalities.

We suggest that you approve this resolution.

2. RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY SHAREHOLDERS' MEETING

2.1. Authorization to be granted to the Management Board to carry out a share capital decrease by cancelling shares (seventeenth resolution)

We suggest that you authorize the Management Board to reduce the share capital by cancellation of all or part of the Company's shares acquired pursuant to any share repurchase plans authorized by the shareholders' meeting providing for this objective.

The share capital decreases that the Management Board may carry out under this authorization would be limited to 10% of the Company's share capital as of the date of the cancellation for a period of 24 months.

This authorization would be granted for a term of 18 months.

We suggest that you approve this resolution.

2.2. Financial authorizations (eighteenth to twentieth resolutions)

The shareholders' meeting of the Company regularly grants the Management Board the authority necessary to carry out the issuance of ordinary shares and/or securities, with upholding or cancellation of shareholders' preferential subscription right, in order to meet the financing needs of the Rexel group.

As such, the extraordinary shareholders' meeting of May 20, 2010 granted the Management Board with the delegations of authority and authorizations included as Schedule 1 to this report of the Management Board, it being specified that this table specifies the cases and conditions in which the Management Board used certain of these delegations and authorizations between May 20, 2010 and the date of this report.

These delegations of authority and authorizations were granted for terms that generally expire during the financial year 2012. The Management Board therefore does not intend to submit the renewal of such delegations and authorizations to the shareholders of the Company upon the shareholders' meeting, with the exception of the authorization to be granted to the Management Board to allot free shares of the Company to salaried employees or officers of the Company or of the Rexel group, to grant stock options or to carry out share capital increases reserved to the benefit of the employees of the Rexel group.

Indeed, in previous years, the Company attempted to associate its employees with Group performance, especially by means of share capital increases reserved for employees, the allocation of stock subscription or purchase options or the allocation of free shares, in the conditions described in the Company's annual report for the financial year ending December 31, 2010 or in the special reports of the Management Board on share subscription or purchase options and allocations of free shares. In order to allow the Company to follow this annual participation and association policy for the benefit of its employees and corporate officers, the Management Board requests that the shareholders authorize the granting of subscription or purchase options for shares of the Company, the granting of stock options or the carrying out of share capital increases reserved to the benefit of the employees of the Rexel group.

Furthermore, the Company wishes to be able to allot free shares to the employees who would participate in the share capital increases of the Company reserved for them. The free shares allotted would be an additional benefit granted to the employees participating in these transactions and would be independent of the shares or other securities conferring access to the share capital that may be allotted free of charge pursuant to the contribution (abondement) and/or discount, in accordance with the conditions of article L.3332-21 of the French labor code.

2.2.1 Allocation of free shares (eighteenth resolution)

In accordance with the provisions of articles L.225-129-1 *et seq.* and L.229-197-1 *et seq.* of the French Commercial Code, the eighteenth resolution aims at authorizing the Management Board, subject to the prior authorization of the Supervisory Board, to carry out, in one or several occurrences, the allocation of free existing and/or newly-issued shares of the Company to the salaried personnel members and/or the corporate officers of the Company and/or the companies or groups that are, directly or indirectly, linked to it under the conditions set forth in article L.225-197-2 of the French commercial code.

The maximum number of free shares to be allotted may not exceed 2.5% of the share capital of the Company appraised as at the date of the decision of the Management Board, it being specified that (i) this limit is to be deducted from the global maximum amount determined by the twenty-second resolution of the shareholders' meeting of May 20, 2010 and (ii) this limit of 2.5% is common to the eighteenth and nineteenth resolutions.

The Management Board would determine the terms of the allocation and, as the case may be, the eligibility criteria for the allocation of the shares, and shall have the powers to allocate the shares subject to certain individual or collective performance criteria.

The shares would become vested after a minimum period of acquisition of 2 years and the beneficiaries would be required to retain said shares for an additional minimum period of 2 years as from the final allocation of the shares. Notwithstanding the above, if the allotment of said shares to certain beneficiaries is only vested after a minimum vesting period of 4 years, such beneficiaries would then be bound by no retention period.

Furthermore, the final allocation of the shares may take place prior to the end of the acquisition period in case of disability of the beneficiaries ranked in the 2nd and 3rd categories referred to in article L.341-4 of the French social security code. The shares would then be immediately transferable.

This authorization would be granted for a term of 26 months and would supersede the prior authorization granted to the Management Board by the shareholders' meeting of May 20, 2010 in its twenty-eighth resolution, in respect of the unused portion thereof.

We suggest that you approve this resolution.

2.2.2 Stock options (nineteenth resolution)

In accordance with the provisions of articles L.225-129-1 *et seq.* and L.229-177 *et seq.* of the French Commercial Code, the eighteenth resolution aims at authorizing the Management Board, subject to the prior authorization of the Supervisory Board, to grant, in one or several occurrences, options (i) to subscribe for new shares of the Company to be issued in a share capital increase , or (ii) to purchase existing shares of the Company, at the benefit of the corporate officers referred to in article L.225-185 of the French commercial code or of members of the salaried personnel within the meaning of article L.225-177 of the French commercial code, both of the Company and of companies and groups (whether established in France or abroad) linked to the Company, within the meaning of article L.225-180 of the French commercial code.

The Management Board would determine the terms of allocation and exercise criteria thereof, and would have the powers, in particular, to make the exercise of the options subject to certain individual or collective performance criteria.

The number of shares to be subscribed or purchased as a result of the options granted pursuant to this authorization would not exceed 2.5% of the existing share capital at the date of the meeting of the Management Board deciding on the allotment of the options. This limit (i) would be deducted from the total limit set by the twenty-second resolution of the ordinary and extraordinary shareholders' meeting of May 20, 2010 and (ii) would be common to the eighteenth and nineteenth resolutions.

The subscription or purchase price would be determined by the Management Board in accordance with applicable laws and regulations and (i) in respect of share subscription options, would not be less than 80% of the average opening price for the 20 trading days prior to the date when the option is granted and (ii) would not be less than 80% of the average purchase price of the shares held by the Company under articles L.225-208 and L.225-209 of the French commercial code.

The term of exercise of the options will be of a maximum of 10 years as from their allotment.

This authorization would be granted for a term of 26 months.

We suggest that you approve this resolution.

2.2.3 Share capital increases reserved to the benefit of the employees (twentieth resolution)

The twentieth resolution aims at authorizing the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, to increase the share capital of the Company by the issuance of shares or securities conferring access, immediately or in the future, to the share capital of the Company with cancellation of the preferential subscription right, reserved for Rexel group employees who are members of a company savings plan(s) *(plan d'épargne d'entreprise)* or group savings plan established by the Company and the French or foreign companies that are linked to the Company within the meaning of article L.225-180 of the French commercial code and of article L.3344-1 of the French labor code.

This authorization would be limited to 2% of the share capital of the Company. This limit would be deducted from the total limit set by the twenty-second resolution of the ordinary and extraordinary shareholders' meeting of May 20, 2010.

The subscription price(s) would be determined by the Management Board pursuant to articles L.3332-19 *et seq.* of the French labor code. As a result, concerning the securities that are already traded on a regulated market, the subscription price could not be greater than the average share price for the twenty trading days preceding the date of the decision setting the subscription period opening date. In addition, the subscription price could not be less than more than 20% of this average.

In addition, pursuant to the provisions of article L.3332-21 of the French labor code, that the Management Board may decide on the allocation of shares to be issued or existing, or of other securities conferring access to the share capital of the Company, issued or to be issued, in respect of (i) the contribution (abondement) that may be paid pursuant to the regulations of the employee savings plan of the Company or of the Group and/or (ii) if applicable, the discount *(décote)*.

This authorization would be granted for a term of 26 months.

We suggest that you approve this resolution.

2.3. Modification of article 30 of the by-laws of the Company (twenty-first resolution)

By enacting in French law the Directive 2007/36/CE of July 11, 2007 relating to the exercise of certain rights of the shareholders of listed companies, Ordinance n°2010-1511 of December 9, 2010 has modified conditions under which shareholders of company, whether listed or not, may be represented during shareholders' meeting.

Article L.225-106 of the French Commercial Code (as amended) thus provides that, with respect to shareholders' meeting to be held after January 1, 2011, a shareholder may be represented by any other shareholder, by his or her spouse or by the person with whom he or she has entered into a civil solidarity pact *(pacte civil de solidarité)*.

In addition, a shareholder may be represented by any other individual or entity of its choice:

(i) when the shares of the company are listed on a regulated market;

(ii) when the shares of the company are listed on a multilateral trading facility that submits itself to legislative or regulatory provisions which aims at protecting investors against insider trading, market manipulation and diffusion of false information under the conditions set forth in the general rules of the *Autorité des marchés financiers,* mentioned on a list drawn up by the Autorité des marchés financiers under conditions set forth in its general rules and when the by-laws of the company provide such possibility.

In order to take into account these modifications, the twenty-first resolution proposes to the shareholders to amend the by-laws of the Company and to replace article 30.2 of these by-laws by the following text:

"2. A shareholder may be represented by any other shareholder, by his or her spouse or by the person with whom he or she has entered into a civil solidarity pact (pacte civil de solidarité). In addition, a shareholder may be represented by any other individual or entity of its choice:

(i) when the shares of the Company are listed on a regulated market;

(ii) when the shares of the Company are listed on a multilateral trading facility that submits itself to legislative or regulatory provisions which aims at protecting investors against insider trading, market manipulation and diffusion of false information under the conditions set forth in the general rules of the Autorité des marchés financiers, mentioned on a list drawn up by the Autorité des marchés financiers under conditions set forth in its general rules.

The proxy and, as the case may be, its withdrawal must be in writing and provided to the Company, under the conditions set forth by the Law."

2.4. Powers for legal formalities (twenty-second resolution)

The twenty-second resolution concerns the powers to be granted in order to carry out formalities subsequent to the shareholders' meeting, particularly publication and filing formalities.

We suggest that you approve this resolution.

Signed in Paris
on April 8, 2011
The Management Board

Schedule 1 Delegations and authorizations

Authorization	Duration of authorization	Maximum nominal amount	Date of use	Amount used
Decrease in the share capital by cancelling shares	18 months	10% of the share capital on the date of cancellation by 24-month period	Not applicable	Not applicable
Issuance with upholding of preferential subscription rights	26 months	Equity securities: €800 million (*i.e.*, 160 million shares). This amount is a joint maximum limit for some of the authorizations referred to below. Debt securities: €800 million. This amount is a joint maximum limit for some of the authorizations referred to below	May 20, 2010 (decision on the principle of the issuance) August 31, 2010	– Deduction from the total limit of the share capital increase reserved for employees of an amount of €3,527,752.80 (including issuance premium), *i.e.*, 356,123 new shares issued – Deduction from the total limit of the allotment of free shares, *i.e.*, 135,234 free shares alloted
Issuance by way of public offering with cancellation of the preferential subscription right	26 months	Equity securities: €400 million (*i.e.*, 80 million shares). This maximum nominal amount is to be deducted from the total maximum amount of €800 million. Debt securities: €500 million. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	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	26 months	Equity securities: €400 million (*i.e.*, 80 million shares). This maximum nominal amount is to be deducted from the total maximum amount of €800 million. Debt securities: €500 million. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Authorization to increase the amount of the initial issuance, in the event of a share issue for which shareholders' preferential subscription rights are maintained or cancelled	26 months	15% of the initial issue. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Determination of price of issuances carried out by way of public 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, up to a maximum of 10% of the share capital per year	26 months	10% of Rexel's share capital at the date of the decision of the Management Board determining the offering price per 12-month period. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	26 months	1.5% of Rexel share capital at the date of the decision of the Management Board (*i.e.*, 3,903,194 shares at the date of this document). This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	May 20, 2010 (decision on the principle of the issuance) August 31, 2010	€3,527,752.80 (including issuance premium), *i.e.*, 356,123 new shares issued

Authorization	Duration of authorization	Maximum nominal amount	Date of use	Amount used
Allocation of free shares	26 months	1.5% of Rexel share capital at the date of the decision of the Management Board (*i.e.*, 3,903,194 shares at the date of this document). This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	May 20, 2010 (decision on the principle of the issuance) August 31, 2010	135,243 free shares allocated
Issuance of up to 10% of the share capital in consideration for contributions in kind granted to Rexel	26 months	10% of Rexel share capital at the date of the decision of the Management Board (*i.e.*, 26,021,299 shares at the date of this document). This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Issuance in consideration for shares contributed under a public exchange offering.	26 months	€250 million (*i.e.*, 50 million shares) This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	26 months	€200 million (*i.e.*, 40 million shares) This maximum nominal amount is not to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable

Authorization	Duration of authorization	Number of securities that may be repurchased	Maximum proposed nominal amount	Maximum purchase price
Stock repurchase	18 months	10% of share capital as at the completion date of the purchases	€200 million	€22

9.4.2 Text of the draft resolutions to be submitted to the ordinary and extraordinary shareholders’ meeting of May 19, 2011

I. RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY SHAREHOLDERS’ MEETING

First resolution

(Approval of the annual financial statements for the financial year ended December 31, 2010)

The shareholders’ meeting, deciding under the quorum and majority requirements for ordinary shareholders’ meetings,

Having reviewed the reports of the Management Board, of the Supervisory Board and of the Statutory Auditors on the financial statements for the financial year ended December 31, 2010,

Approved the annual financial statements, *i.e.*, the balance sheet, the income statement and the notes thereto, for the financial year ended December 31, 2010, as presented to it, as well as the transactions reflected in such financial statements and summarized in these reports.

The financial statements show a profit of €59,954,913.54.

Second resolution

(Approval of the consolidated financial statements for the financial year ended December 31, 2010)

The shareholders’ meeting, deciding under the quorum and majority requirements for ordinary shareholders’ meetings,

Having reviewed the reports of the Management Board, of the Supervisory Board and of the Statutory Auditors on the consolidated financial statements for the financial year ended December 31, 2010,

Approved the consolidated financial statements, *i.e.*, the balance sheet, the income statement and the notes thereto, for the financial year ended December 31, 2010, as presented to it, as well as the transactions reflected in such financial statements and summarized in these reports.

The financial statements show a profit of €229.2 million.

Third resolution

(Allocation of profit for the financial year ended December 31, 2010)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

Decided to allocate the profits for the year ended December 31, 2010, which amounted to €59,954,913.54, as follows:

Origin of the income to be allocated	
– profits from the financial year	€59,954,913.54
– prior carry forward	€408,952,925.00
Total	**€468,907,838.54**
Allocation of profit	
– 5% to the statutory reserve	€2,997,745.68
– dividend	€104,043,998.40
– the balance, to the carry forward account	€361,866,094.46
Total	**€468,907,838.54**

The shareholders' meeting resolved that a dividend of €0.40 per share be paid in respect of the financial year ended December 31, 2010, and attached to each of the shares conferring rights thereto.

Coupon detachment shall take place on May 27, 2011. The dividend payment shall take place on June 30, 2011.

The total amount of the dividend of €104,043,998.40 has been determined based on a number of shares making up the share capital of 260,212,996 as at December 31, 2011 and of a number of shares held by the Company of 103,000.

The total amount of the dividend, and thus the balance of the carry forward account will be adjusted in order to take into account the number of shares held by the Company as at the date of payment of the dividend, and of the new shares, if any, conferring rights to the dividend issued upon exercise of the share subscription options or in the event of final allocation of free shares until the date of this shareholders' meeting.

The dividend is eligible for the 40% tax rebate that individuals residing in France for tax purposes benefit from, in accordance with article 158-3-2° of the French general tax code.

The dividends and income per share in respect of the last three financial years have been as follows:

	2009	2008	2007
Dividend per share (in euros)	Not applicable	Not applicable	€0.37 (1)
Number of shares eligible	Not applicable	Not applicable	255,993,827
Total dividend (in euros)	Not applicable	Not applicable	94,717,715.99 (1)

(1) Amount(s) eligible for the 40% tax rebate that individuals residing in France for tax purposes benefit from, in accordance with article 158-3-2°of the French general tax code.

Fourth resolution

(Option for the payment of the dividend in new shares)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and deciding in accordance with the provisions of articles L.232-18 *et seq.* of the French Commercial Code and article 39 of the by-laws of the Company:

1. Resolved that each shareholder be allowed to opt for payment in new shares of the Company for all of the dividend paid and in respect of the shares that it owns. Each shareholder may elect this option only for all of the divided for which it is offered;

2. Resolved that the new shares, issued in the event of the exercise of the option referred to in paragraph 1. above, be issued at a price equal to 90% of the average opening share price within the twenty trading days prior to the date of this shareholders' meeting, less the net amount of the dividend;

3. Resolved that the new shares, issued in the event of the exercise of the option referred to in paragraph 1. above, will bear dividend rights as of January 1, 2011;

4. Resolved that the shareholders be allowed to exercise the option granted to them at paragraph 1. of this resolution between May 27, 2011 (inclusive) and June 20, 2011 (inclusive), through a request sent to the relevant financial intermediaries and that, in the absence of exercise of the option prior to June 20, 2011 (inclusive), the divided be paid in cash only;

5. Resolved, if the amount of dividend for which the option is exercised does not match a whole number of shares, that the shareholder may be granted the whole number of shares immediately below, together with a cash adjustment paid by the Company and reflecting the difference between the amount of dividend for which the option is exercised and the subscription price of the number of shares immediately below; and

6. Granted full powers to the Management Board, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, in order to carry out this resolution, ensure the implementation of the payment of dividend in new shares, specify its terms of implementation and performance, acknowledge the number of shares issued pursuant to this resolution and amend article 6 of the by-laws of the Company as necessary in respect of the share capital and number of shares making up the share capital.

Fifth resolution

(Approval of costs and expenses referred to in article 39-4 of the French general tax code)

Pursuant to the provisions of article 223 quater of the French general tax code, the shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

Acknowledged that there are no costs and expenses referred to in article 39-4 of the French general tax code that are not deductible from taxable income for the financial year ended December 31, 2010.

Sixth resolution

(Authorization of a related-party agreement referred to in articles L.225-86 et seq. of the French Commercial Code)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the Statutory Auditors' special report on related-party transactions governed by articles L.225-86 *et seq.* of the French Commercial Code,

Approved the following agreement entered into during the financial year ended December 31, 2010, which has been authorized by the Supervisory Board of the Company:

- 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, to which 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 through accession letters dated January 20, 2010.

Seventh resolution

(Authorization of a related-party agreement referred to in articles L.225-86 et seq. of the French Commercial Code)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the Statutory Auditors' special report on related-party transactions governed by articles L.225-86 *et seq.* of the French Commercial Code,

Approved the following agreement entered into during the financial year ended December 31, 2010, which has been authorized by the Supervisory Board of the Company:

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.

Eighth resolution

(Authorization of a related-party agreement referred to in articles L.225-86 et seq. of the French Commercial Code)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the Statutory Auditors' special report on related-party transactions governed by articles L.225-86 *et seq.* of the French Commercial Code,

Approved the following agreement entered into during the financial year ended December 31, 2010, which has been authorized by the Supervisory Board of the Company:

- 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 Paribas Trust Corporation UK Limited.

Ninth resolution

(Authorization of a related-party agreement referred to in articles L.225-86 et seq. of the French Commercial Code)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the Statutory Auditors' special report on related-party transactions governed by articles L.225-86 *et seq.* of the French Commercial Code,

Approved the following agreement entered into during the financial year ended December 31, 2010, which has been authorized by the Supervisory Board of the Company:

- An amendment to the defined benefit retirement plan effective as from July 1, 2009.

Tenth resolution

(Authorization of a related-party agreement referred to in articles L.225-86 et seq. of the French Commercial Code)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings, Having reviewed the report of the Management Board and the Statutory Auditors' special report on related-party transactions governed by articles L.225-86 *et seq.* of the French Commercial Code,

Approved the following agreement entered into during the financial year ended December 31, 2010, which has been authorized by the Supervisory Board of the Company:

A bilateral facility agreement between Rexel as borrower, Rexel Distribution as guarantor and Bayerische Landesbank as lender for an amount of €40,000,000.

Eleventh resolution

(Authorization of a related-party agreement referred to in articles L.225-86 et seq. of the French Commercial Code)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the Statutory Auditors' special report on related-party transactions governed by articles L.225-86 *et seq.* of the French Commercial Code,

Approved the following agreement entered into during the financial year ended December 31, 2010, which has been authorized by the Supervisory Board of the Company:

The compensation agreements entered into between Rexel and Rexel Développement S.A.S., 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 Electric Supply Corp., Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc.).

Twelfth resolution

(Renewal of the term of office of Mr. David Novak as member of the Supervisory Board)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with article L.225-75 of the French Commercial Code:

1. Acknowledged the expiration by anticipation of the term of office of Mr. David Novak as member of the Supervisory Board as of the end of this shareholders' meeting, pursuant to the provisions of article 19.2 of the by-laws of the Company;
2. Resolved that the term of office of Mr. David Novak, born on December 23, 1968, an American national, residing at 46 Blenheim Terrace London Nw8, Great Britain, as member of the Supervisory Board be renewed for a term of four years, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2014, to be held in 2015.

Thirteenth resolution

(Renewal of the term of office of Mr. Luis Marini-Portugal as member of the Supervisory Board)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with article L.225-75 of the French Commercial Code:

1. Acknowledged the expiration by anticipation of the term of office of Mr. Luis Marini-Portugal as member of the Supervisory Board as of the end of this shareholders' meeting, pursuant to the provisions of article 19.2 of the by-laws of the Company;
2. Resolved that the term of office of Mr. Luis Marini-Portugal, born on May 13, 1970, a French national, residing at 80, avenue de Suffren, 75015 Paris, France as member of the Supervisory Board be renewed for a term of four years, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2014, to be held in 2015.

Fourteenth resolution

(Renewal of the term of office of Mr. Matthew Turner as member of the Supervisory Board)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with article L.225-75 of the French Commercial Code:

1. Acknowledged the expiration by anticipation of the term of office of Mr. Matthew Turner as member of the Supervisory Board as of the end of this shareholders' meeting, pursuant to the provisions of article 19.2 of the by-laws of the Company;
2. Resolved that the term of office of Mr. Matthew Turner, born on November 10, 1963, an English national, residing at 75 Blenheim Crescent, London W11, Great Britain, as member of the Supervisory Board be renewed for a term of four years, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2014, to be held in 2015.

Fifteenth resolution

(Authorization to be granted the Management Board to carry out transactions on the Company's shares)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

Decided to authorize the Management Board, with the option to delegate such authorization, in accordance with the provisions of article L.225-209 of the French

Commercial Code, of articles 241-1 to 241-6 of the General Regulations of the French financial markets authority (the "AMF") and of Regulation N°2273/2003 of the European Commission of December 22, 2003, to purchase or cause to be purchased shares of the Company, in order of highest to lowest priority, with a view to:

- ensuring liquidity and activity in the market for the shares of the Company through an investment services provider, acting independently under a liquidity agreement in accordance with a market ethics charter acknowledged by the AMF;
- setting up any stock option plan for Rexel in accordance with articles L.225-117 *et seq.* of the French Commercial Code, any allocation of free shares in connection with Group or company employee saving plans *(plans d'épargne enterprise ou groupe)* made in accordance with articles L.3332-1 *et seq.* of the French labor code, any allocation of free shares in connection with the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code and any allocation of shares in connection with profit-sharing plans, as well as establishing hedging operations relating to these transactions, in accordance with the conditions set forth by the market authorities and at such times that the Management Board or person acting upon the authority of the Management Board implements such actions;
- retaining shares and delivering shares further to an exchange or as a consideration in the context of external growth transactions, in accordance with acknowledged market practice and applicable regulations;
- granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to shares of the Company;
- cancelling all or part of the shares so repurchased, in accordance with, and subject to the approval of, the seventeenth resolution of this shareholders' meeting;
- any other action that is or will become permitted by French law or the AMF or any purpose that may comply with the regulations in force.

The acquisition, sale or transfer of the shares may be carried out by any means, on the market or over the counter, including through transactions involving blocks of securities or takeover bids, option mechanisms, derivatives, purchase of options or of securities in conformity with the applicable regulatory conditions. The portion of the plan carried out through transactions involving blocks of shares may reach the total amount of the share repurchase plan.

This authorization may be implemented within the terms below:

- the maximum number of shares that the Company may purchase under this resolution may not exceed 10% of the shares making up the share capital as at the date of completion of the repurchase of the shares of the Company;
- the number of shares acquired by the Company in view of holding them for subsequent payment or exchange in a merger, spin-off or contribution may not exceed 5% of the Company's share capital.
- the total maximum amount allocated to the repurchase of the shares of the Company may not exceed €200 million;
- the maximum purchase price per share of the Company has been set at €22, it being specified that in the event of transactions on the share capital, in particular by way of incorporation of reserves and allocation of free shares, division or regrouping of shares, this maximum purchase price shall be adjusted accordingly by using a coefficient multiplier equal to the ratio between the number of shares making up the share capital prior to the relevant transaction, and the number of shares further to such transaction.

The shares repurchased and retained by the Company will be deprived of voting rights and will not be entitled to dividends.

In the event of a public tender offer on the Company's shares paid for in full in cash, the Company will be able to pursue the implementation of its share repurchase program, in compliance with the applicable legal and regulatory provisions.

Full powers were granted to the Management Board, with the option to delegate such powers to any person so authorized in accordance with the legal provisions, to achieve this share repurchase plan of the Company's shares, and in particular to give any stock exchange orders, enter into any agreement for the keeping of the purchase and sale registers, make any disclosures to the AMF and any other agencies, prepare any documents, in particular information documentation, allocate and, as the case may be, reallocate, subject to the conditions provided by the law, the shares acquired for the various purposes envisaged, carry out any formalities and, more generally, do as necessary.

This authorization is granted for a term of 18 months as from the date of this shareholders' meeting.

This authorization shall cancel, to the extent of the unused portion, and supersede the authorization granted by the ninth resolution of the ordinary and extraordinary shareholders' meeting of May 20, 2010.

The Management Board will, every year, inform the shareholders' meeting of the operations carried out pursuant to this resolution, in compliance with article L.225-211 of the French Commercial Code.

Sixteenth resolution

(Powers to carry out legal formalities)

The Shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings, conferred full powers to bearers of originals, copies or extracts of these minutes in order to carry out publication, filing and other necessary formalities.

II. RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY SHAREHOLDERS' MEETING

Seventeenth resolution

(Authorization to be granted to the Management Board to carry out a share capital decrease by canceling shares)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the Statutory Auditor's special report,

Authorized the Management Board to reduce the share capital, in one or several occurrences, in the proportions and at the times that it shall deem appropriate, by cancellation of all or part of the Company's shares acquired pursuant to any share repurchase plans authorized pursuant to the fifteenth resolution or prior to the date of this shareholders' meeting, within the limits of 10% of the share capital of the Company as at the date of the cancellation per period of 24 months, in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code.

This authorization is granted for a term of 18 months as from the date of this shareholders' meeting.

Full powers were granted to the Management Board, with the power to delegate such powers, in order to:

- reduce the share capital by cancellation of the shares;
- determine the final amount of the share capital decrease;
- determine the terms and conditions thereof and acknowledge its completion;
- deduct the difference between the book value of the cancelled shares and their nominal amount from any available reserve and premium accounts;
- and in general, do as necessary for the proper performance of this authorization, amend the by-laws accordingly and carry out any required formalities.

This authorization shall cancel and supersede any prior authorization with the same purpose, in particular the authorization granted by the twenty-first resolution of the extraordinary shareholders' meeting of the Company of May 20, 2010.

Eighteenth resolution

(Authorization to be granted to the Management Board to grant free shares to certain categories of employees and to the corporate officers of the Company and its subsidiaries)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and of the statutory auditors' special report, in accordance with the provisions of articles L.225-129 *et seq.* and L.225-197-1 *et seq.* of the French commercial code:

1. Authorized the Management to carry out, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to delegate such authorization to any duly empowered person in accordance with the law, in one or several occurrences, the allocation of free existing and/or newly-issued shares of the Company to the salaried personnel members and/or the corporate officers of the Company and/or the companies or groups that are, directly or indirectly, linked to it under the conditions set forth in articles L.225-197-1, II and L.225-197-2 of the French commercial code;
2. Decided that the Management Board will determine the beneficiaries of the allocations and the number of shares granted to each of them, the terms of the allocation and, as the case may be, the eligibility criteria for the allocation of the shares, and shall have the powers to allocate the shares subject to certain individual or collective performance criteria;
3. Decided that the number of free shares that may be granted pursuant to this resolution may not exceed 2.5% of the share capital of the Company appraised as at the date of the decision by the Management Board, subject to the regulatory adjustments necessary to maintain the beneficiaries' rights, it being specified that (i) this limit shall be deducted from the overall limit set by the twenty-second resolution of the ordinary and extraordinary shareholders' meeting of May 20, 2010 and (ii) this limit of 2.5% is common to the eighteenth and nineteenth resolutions;
4. Decided that the shares allocated to their beneficiaries will become vested after a minimum period of acquisition of 2 years and that the beneficiaries will be required to retain the said shares for an additional minimum period of 2 years as from the final allocation of the shares; Notwithstanding the above, the Meeting authorized the Management Board to decide that, if the allotment of said shares to certain beneficiaries is only vested after a minimum vesting period of 4 years, such beneficiaries would then be bound by no retention period;
5. Decided that the shares may become vested before the term of the period of acquisition in the event that the beneficiaries become disabled and that such disability correspond to the second or third category set forth under Article L.341-4 of the French social security code and that the shares will immediately become freely transferable;
6. Authorized the Management Board to carry out, as the case may be, during the vesting period, the adjustments relating to the numbers of free shares granted on the basis of the potential transactions affecting the share capital of the Company in order to maintain the rights of the beneficiaries;

7. In the event of free shares being issued, authorized the Management Board to carry out one or several increase(s) in the share capital by capitalization of reserves, profits or issuance premiums reserved for the beneficiaries of such free shares and acknowledged that this authorization includes the related waiver of the shareholders' preferential subscription rights with respect to such shares and to the portion of the reserves, profits and issuance premiums thus capitalized, to the benefit of the beneficiaries; the Management Board has been granted a delegation of authority in respect of this transaction in accordance with article L.225-129-2 of the French commercial code;
8. Decided that the Management Board will have full powers, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, to perform this delegation of authority, inter alia for the purposes of:
   - determining whether the free shares shall be newly-issued shares or existing shares;
   - determining the beneficiaries and the number of free shares granted to each of them;
   - setting the dates on which free shares shall be allocated, in the conditions and limits of applicable law;
   - deciding upon the other terms and conditions of the allocation of shares, particularly the period of acquisition and the period of retention of the shares thus allocated, in rules for the allocation of free shares;
   - deciding upon the conditions under which the number of free shares to be allocated shall be adjusted, in accordance with applicable provisions of the law and the by-laws;
   - more generally, entering into any agreements, executing any documents, acknowledging the share capital increases resulting from definitive allocations, changing the by-laws accordingly, and carrying out any formality or declaration with any organization;
9. Decided that this authorization be granted for a term of 26 months as of the date of this shareholders' meeting;
10. Decided that this authorization shall cancel and supersede any previous authorizations having the same purpose, as regards the unused portion of these authorizations.

Nineteenth resolution

(Authorization to be granted to the Management Board to grant options to subscribe for new shares of the Company or options to purchase existing shares of the Company)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report and deciding in accordance with the provisions of articleS L.225-177 *et seq.* of the French commercial code:

1. Authorized the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to delegate such authorization to any duly empowered person in accordance with the law and regulations, to grant, in one or several occurrences, options (i) to subscribe for new shares of the Company to be issued in a share capital increase , or (ii) to purchase existing shares of the Company, at the benefit of the corporate officers referred to in article L.225-185 of the French commercial code or of members of the salaried personnel within the meaning of article L.225-177 of the French commercial code, both of the Company and of companies and groups (whether established in France or abroad) linked to the Company, within the meaning of article L.225-180 of the French commercial code;
2. Decided that the Management Board shall determine the names of the beneficiaries of the options and the number of options granted to each of them, the terms of allocation and exercise criteria, and shall have the powers, in particular, to make the exercise of the options subject to certain individual or collective performance criteria;
3. Decided that the number of shares to be subscribed or purchased as a result of the options granted pursuant to this authorization may not exceed 2.5% of the existing share capital at the date of the meeting of the Management Board deciding on the allotment of the options, subject to the regulatory adjustments necessary to preserve the beneficiaries' rights, it being specified that (i) this limit shall be deducted from the total limit set by the twenty-second resolution of the ordinary and extraordinary shareholders' meeting of May 20, 2010 and (ii) this limit of 2.5% is common to the eighteenth and nineteenth resolutions;
4. Decided that the subscription or purchase price will be determined by the Management Board and:
   - in respect of share subscription options, cannot be less than 80% of the average opening price for the 20 trading days prior to the date when the option is granted;
   - cannot be less than 80% of the average purchase price of the shares held by the Company under articles L.225-208 and L.225-209 of the French commercial code;
5. Decided that the term of exercise of the options will be of a maximum of 10 years as from their allotment;
6. Acknowledged that, in accordance with the provisions of article L.225-178 of the French commercial code, this authorization implies, for the beneficiaries of share subscription options, express waiver by the

shareholders to the beneficiaries of their preferential subscription rights, in respect of the shares that will be issued as and when the options are exercised;

7. Decided that the Management Board shall have full powers, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, to perform this delegation of authority, in particular for the purposes of:
   - determining the characteristics of the options: share subscription or purchase and name the beneficiaries to these options;
   - determining the names of the beneficiaries, the number and exercise periods of the options allocated to each of them;
   - determining the other terms and conditions of allotment and exercise of the options (including potential performance criteria), within a regulation relating to subscription option plans or purchase option plans for the Company's shares.
   - determining all other terms and conditions for the transaction, acknowledging, in the case of the allotment of subscription options, the share capital increases resulting from the exercise of these options, as applicable after the expiry of this authorization;
   - adjusting, insofar as necessary, the price and number of options available for subscription allotted in compliance with the applicable legal and regulatory provisions, in order to take into account the financial transactions that may occur prior to the exercise of the options;
   - providing for the temporary suspension of the exercise of options for a maximum of 3 months in the event of the completion of financial transactions involving the exercise of a right attached to the shares; and
   - carrying out all necessary transactions in order to finalize the share capital increases that may be carried out pursuant to this authorization, and in particular taking any action and carrying out any formalities, and amending the by-laws;
8. Decided that this authorization be granted for a term of 26 months as from the date of this shareholders' meeting.

Twentieth resolution

(Authorization to be granted to the Management Board to increase the share capital through the issuance of shares and/or securities conferring access to the capital of the Company with cancellation of the shareholders' preferential subscription rights for the benefit of members of a company savings plan)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report and deciding in accordance with, on the one hand, the provisions of articles L.225-129-2, L.225-129-6, L.225-138 and L.225-138-1 of the French commercial code and, on the other hand, the provisions of articles L.3332-1 *et seq.* of the French labor code:

1. Authorized the Management Board to increase, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to delegate such authorization to any duly empowered person in accordance with the law, in one or several occurrences, at its sole option, at the times and under the terms that it shall determine, the share capital of the Company by the issuance of shares and/or securities conferring access to the share capital of the Company, reserved for members of one or several company savings plan(s) (plan d'épargne d'entreprise) or group savings plan(s) (plan d'épargne de groupe) established by the Company and the French or foreign companies that are linked to the Company within the meaning of article L.225-180 of the French commercial code and of article L.3344-1 of the French labor code;
2. Decided to cancel the shareholders' preferential subscription rights in respect of new shares to be issued pursuant to this authorization for the benefit of the beneficiaries referred to in the first paragraph above;
3. Decided that the issue price(s) of the new shares or of the securities conferring access to the share capital shall be determined in accordance with the provisions of articles L.3332-19 *et seq.* of the French labor code and that the maximum discount shall amount to 20% of the average of the first trading prices during the 20 trading days preceding the date of the Management Board decision determining the opening date of the subscription period. However, the shareholders' meeting expressly authorize the Management Board to reduce the discount or to grant no discount, in particular in order to take into account the regulations applicable in the countries where the offer will be implemented;
4. Decided that the maximum nominal amount of the share capital increase(s) which may be carried out pursuant to this authorization may not exceed 2% of the share capital of the Company appraised as at the date of the decision of use of this authorization by the Management Board, it being specified that:
   - the maximum nominal amount of any share capital increase(s) that may be carried out pursuant to this authorization shall be deducted from the overall limit set by the twenty-second resolution of the ordinary and extraordinary shareholders' meeting of May 20, 2010; and
   - these amounts do not include the nominal amount of the additional ordinary shares to be issued in order to maintain the rights of the holders of securities

conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;

5. Decided, pursuant to the provisions of article L.3332-21 of the French labor code, that the Management Board may decide on the allocation to the beneficiaries referred to in the first paragraph above, free of charge, of shares to be issued or existing, or of other securities conferring access to the share capital of the Company, issued or to be issued, in respect of (i) the contribution (abondement) that may be paid pursuant to the regulations of the employee savings plan of the Company or of the Group and/or (ii) if applicable, the discount;
6. Also decided that, should the beneficiaries referred to in the first paragraph above not subscribe the share capital increase in full within the allocated time period, such share capital increase would only be completed for the amount of subscribed shares; unsubscribed shares may be offered again to such beneficiaries in the context of a subsequent share capital increase;
7. Granted full powers to the Management Board, with the option to delegate or sub delegate such powers, in accordance with the legal and regulatory provisions, to carry out this authorization, and in particular, for the purposes of:
   - determining the eligibility criteria for companies whose employees may benefit from the share capital increases carried out pursuant to this authorization, establishing the list of such companies;
   - determining the terms and conditions of the transactions, the characteristics of the shares, and if applicable, of the other securities, determining the subscription price calculated in accordance with the method defined in this resolution, determine the dates of opening and of closing of the subscription and the dividend entitlement dates and determining the dates and terms and conditions of payment of the subscribed shares;
   - taking any necessary action for the admission to trading of the issued shares in any place where it shall deem appropriate;
   - deducting from the «issuance premiums» account the amount of the expenses relating to these share capital increases and charging, if it deems fit, on this account the necessary amounts to increase the legal reserve to one tenth of the new share capital after each issuance, amending the by-laws accordingly and, in general, carrying out directly or indirectly, any transactions and formalities related to the share capital increases carried out pursuant to this authorization;
8. Decided that the authorization granted to the Management Board pursuant to this resolution shall be effective for a term of 26 months as from the date of this shareholders' meeting;
9. Decided that this authorization shall cancel and supersede any previous authorizations having the same purpose, as regards the unused portion of these authorizations.

Twenty-first resolution

(Modification of article 30 of the by-laws of the Company relating to the access to shareholders' meetings)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board:

1. Resolved to modify the conditions under which shareholders of the Company may be represented during shareholders' meetings in order to take into consideration the modifications made by Ordinance n°2010-1511 of December 9, 2010 to Article L.225-106 of the French Commercial Code;

2. Resolved, consequently, to replace article 30.2 of the by-laws of the Company by the following text:

   "2. A shareholder may be represented by any other shareholder, by his or her spouse or by the person with whom he or she has entered into a civil solidarity pact (pacte civil de solidarité). In addition, a shareholder may be represented by any other individual or entity of its choice:

   (i) when the shares of the Company are listed on a regulated market;

   (ii) when the shares of the Company are listed on a multilateral trading facility that submits itself to legislative or regulatory provisions which aims at protecting investors against insider trading, market manipulation and diffusion of false information under the conditions set forth in the general rules of the Autorité des marchés financiers, mentioned on a list drawn up by the Autorité des marchés financiers under conditions set forth in its general rules.

   The proxy and, as the case may be, its withdrawal must be in writing and provided to the Company, under the conditions set forth by the Law."

Twenty-second resolution

(Powers to carry out legal formalities)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings, conferred full powers to bearers of an original, copies or extracts of these minutes in order to carry out any publication, filing and other necessary formalities.

10. Correlation tables

The following correlation table allows to identify, in this *Document de Référence,* the information required by Regulation (EC) 809/2004 of the European Commission dated April 29, 2004.

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