Financial information

For the period ended on September 30, 2010

REXEL

ELECTRICAL SUPPLIES

Société anonyme with a Management Board and a Supervisory Board
Share capital: €1,299,128,005
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Financial information for the period ended on September 30, 2010

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I. Activity report

This document is a free translation into English of the activity report for the period ended September 30, 2010 issued in the French language and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the activity report for the period ended September 30, 2010, the French version will prevail.

1. | OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Rexel was incorporated on December 16, 2004. Its shares were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (hereinafter referred to as "the Group" or "Rexel").

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

1.1 | Financial Situation of the Group

1.1.1 | Group Overview

The Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products based on sales and number of branches. The Group's business is organized around the three main geographic areas in which it operates: Europe, North America, and the Asia-Pacific region. This geographic segmentation was determined on the basis of the Group's financial reporting structure. Non-core operations and businesses managed at Group level are aggregated and presented under a separate segment called "Other Operations", as defined below. This segment also includes unallocated corporate overhead expenses.

In the first nine months of 2010, the Group recorded consolidated sales of €8,786.2 million, of which €5,102.5 million were generated in Europe (58% of sales), €2,596.6 million in North America (30% of sales), €820.5 million in the Asia-Pacific region (9% of sales), and €266.6 million related to Other Operations (3% of sales).

The Europe region consists of France (which accounts for approximately 33% of Group consolidated sales in this region), Germany, the United Kingdom, Ireland, Austria, Switzerland, the Netherlands, Belgium, Luxembourg, Sweden, Finland, Norway, Italy, Spain and Portugal, as well as several other Central and Northern European countries (Slovenia, Hungary, Slovakia, the Czech Republic, Poland, Russia and the Baltic States).

The North America region consists of the United States and Canada. The United States represented approximately 71% of the Group's consolidated sales in this region and Canada the remaining 29%.

The Asia-Pacific region consists of Australia, New Zealand and China, as well as certain countries in Southeast Asia (Indonesia, Malaysia, Singapore and Thailand). Australia accounted for approximately 64% of the Group's consolidated sales in this region and New Zealand close to 12%.

The Other Operations segment, which represented approximately 3% of the Group's sales over the period, mainly includes ACE, the Agencies/Consumer Electronics division acquired from Hagemeyer at the beginning of the second quarter of 2008. In February 2010, the Group disposed of Hagemeyer Cosa Liebermann (H.C.L.) in Asia, a legacy non-core business from Hagemeyer operating as a wholesaler and duty free agent for luxury goods in Asian countries. In June 2010, the Group disposed of Haagtechno B.V., a company operating in the Netherlands in the import, warehousing and distribution of electronic products manufactured by Panasonic. It also includes Chile, which represented less than 1% of the Group's sales in 2010 and certain businesses managed at Group level. Unallocated corporate overheads (mainly occupancy and personnel costs incurred by headquarters) are also included in this segment, along with the elimination of inter-segment operations.

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

1.1.2 | Seasonality

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

1.1.3 | Effects of changes in the copper price

The Group is indirectly exposed to fluctuations in the copper price in connection with the distribution of cable products. Cables represent approximately 17% of the Group's sales and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cable prices also depend on suppliers' commercial policies and on the competitive environment in the Group's markets. Changes in the copper price have an estimated "recurring" effect and an estimated "non-recurring" effect on the Group's performance, assessed as part of the monthly internal reporting process of the Rexel Group:

- The recurring effect related to the change in copper-based cable prices corresponds to the change in value of the copper element included in the selling price of cables from one period to another. This effect mainly relates to sales;

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

Both of these effects are assessed, where possible, on 100% of cable sales in the period. Internal Rexel Group procedures stipulate that entities which do not have the information systems to allow such exhaustive calculations have to estimate these effects based on a sample representing at least 70% of the sales in the period. The results are then extrapolated to all cables sold during the period. Given the sample size, the Rexel Group deems the effects thus measured forma reasonable estimate.

1.1.4 | Comparability of the Group's operating results

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

Excluding the effects of acquisitions and disposals

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

Excluding the effects of fluctuations in exchange rates

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

relatively low exposure to the transaction risk of dealing in different currencies, as cross-border transactions are limited. To neutralize the currency translation effect on the comparability of its results, the Group compares its historical figures for the current year against the same period of the prior year's figures, using the same euro exchange rates for these figures 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 and adjusted basis, the estimated non-recurring effect related to changes in copper-based cable prices, as described in paragraph 1.1.3 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 to analyze sales

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

Accordingly, in the following discussion of the Group's consolidated results, the following information may be provided for comparison 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 comparison of sales and headcount;

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

- On a constant basis, adjusted, meaning on a constant basis and adjusted for the estimated non-recurring effect related to changes in copper-based cable prices. Such information is used for comparisons related to gross profit, distribution and administrative expenses and EBITA.

This information does not derive from accounting systems but is an estimate of comparable data in accordance with the principles set out above. It is subject to the review of the statutory auditors pursuant to Article L.823-10 of the French commercial code.

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

	Quarter ended September 30,		9 months ended September 30,	
(in millions of euros)	2010	2009	2010	2009
Operating income before other income and other expenses	**157.8**	**125.7**	**402.9**	**304.7**
Changes in scope effects		(0.3)		0.9
Foreign exchange effects		8.0		17.8
Non-recurring effect related to copper	(0.4)	(8.6)	(13.2)	(12.3)
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	6.1	4.8	18.4	14.4
Adjusted EBITA on a constant basis	**163.6**	**129.6**	**408.1**	**325.5**

1.2 | Major events of the third quarter of 2010

Third-quarter sales were up 8.9% on a reported basis and up 3.2% on a constant and same-day basis, confirming the return to growth observed in the second quarter of 2010. In Europe, the growth throughout the quarter was 2.7% and Rexel experienced in a return to growth in North America (+1.3%) after nine consecutive quarters of decline. In Asia-Pacific, the group posted solid growth (+12.5%), driven by Australia and China.

EBITA was up 26% and the EBITA margin up 100 basis points in the third quarter to 5.4% on a constant and adjusted basis, thanks to gross margin improvement and the continued focus on cost control.

1.3 | Comparison of the financial results at September 30, 2010 and September 30, 2009

1.3.1 | Rexel's consolidated financial results

The following table sets out Rexel's consolidated income statement for the first nine months and third quarters of 2010 and 2009, in millions of euros and as a percentage of sales.

REPORTED	Quarter ended September 30,			9 months ended September 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**3,041.6**	**2,793.6**	**8.9%**	**8,786.2**	**8,402.5**	**4.6%**
Gross profit	736.1	678.3	8.5%	2,158.9	2,054.3	5.1%
Distribution and administrative expenses[(1)]	(572.2)	(547.8)	4.4%	(1,737.6)	(1,735.2)	0.1%
EBITA	**163.9**	**130.5**	**25.6%**	**421.3**	**319.1**	**32.0%**
Amortization[(2)]	(6.1)	(4.8)	26.9%	(18.4)	(14.4)	27.8%
Operating income before other income and expenses	**157.8**	**125.7**	**25.5%**	**402.9**	**304.7**	**32.2%**
Other income and expenses	(12.5)	(30.1)	(58.3)%	(43.6)	(107.9)	(59.6)%
Operating income	145.3	95.6	52.0%	359.3	196.8	82.5%
Financial expenses	(50.0)	(52.9)	(5.5)%	(153.5)	(127.6)	20.3%
Share of profit in associates	2.8	0.0	-	3.2	0.0	-
Income tax	(22.8)	(14.1)	62.1%	(41.3)	(22.6)	83.0%
Net income	75.3	28.6	-	167.7	46.6	-
as a % of sales	*2.5%*	*1.0%*		*1.9%*	*0.6%*	
[(1)] Including depreciation:	(19.4)	(19.5)	(0.2)%	(57.5)	(61.3)	(6.2)%

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

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended September 30,			9 months ended September 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**3,041.6**	**2,948.0**	**3.2%**	**8,786.2**	**8,762.0**	**0.3%**
Same number of working days			*3.2%*			*0.0%*
Gross profit	735.7	706.2	4.2%	2,144.8	2,126.7	0.8%
as a % of sales	*24.2%*	*24.0%*	-	*24.4%*	*24.3%*	-
Distribution and administrative expenses	(572.1)	(576.6)	(0.8)%	(1,736.7)	(1,801.2)	(3.6)%
as a % of sales	*(18.8)%*	*(19.6)%*	-	*(19.8)%*	*(20.6)%*	-
EBITA	**163.6**	**129.6**	**26.3%**	**408.1**	**325.5**	**25.4%**
as a % of sales	***5.4%***	***4.4%***	**-**	***4.6%***	***3.7%***	**-**

Sales

In the first nine months of 2010, Rexel's consolidated sales increased by 4.6% to €8,786.2 million. Divestitures, net of acquisitions, accounted for a decrease of €70.7 million, mainly related to the H.C.L. & Haagtechno B.V. disposals, while the positive effect of changes in exchange rates amounted to €430.2 million, due to the appreciation of the Australian, Canadian and U.S. dollars against the euro.

The following table analyzes the changes in sales growth between the first nine months of 2010 and 2009, on a reported basis and on a constant basis and same number of working days:

		Growth 2010 vs. 2009				
		Q1	Q2	H1	Q3	9 months
Growth on a constant basis and same number of working days		(5.7)%	2.3%	(1.6)%	3.2%	0.0%
Number of working days effect		0.0%	0.9%	0.4%	(0.0)%	0.3%
Organic growth	(a)	*(5.7)%*	*3.2%*	*(1.2)%*	*3.2%*	*0.3%*
Changes in scope effects		(0.3)%	(0.8)%	(0.5)%	(1.5)%	(0.8)%
Foreign exchange effects		2.0%	6.3%	4.2%	7.0%	5.1%
Total scope and currency effects	(b)	*1.8%*	*5.5%*	*3.7%*	*5.5%*	*4.3%*
Effective growth (a) x (b)[1]		(4.0)%	8.9%	2.4%	8.9%	4.6%

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

In the first nine months of 2010, sales remained stable on a constant basis and same number of working days. Higher copper-based cable prices compared with 2009 had an estimated positive impact of 3.0 percentage points. The unfavorable impact of branch closures was estimated to account for 1.4 percentage points of the change in sales in the first nine months of 2010. In the third quarter of 2010, sales increased by 3.2% on a constant basis and same number of working days with the rise in copper-based cable prices having a positive impact of 2.7 percentage points. Trends are positive in our three geographic areas although volumes remain low except in Asia-Pacific.

Gross profit

In the first nine months of 2010, gross profit amounted to €2,158.9 million, a 5.1% increase compared with 2009. On a constant basis, adjusted gross margin improved slightly, by 10 basis points compared with the previous year, from 24.3% in 2009 to 24.4% in 2010. This resilience reflects a favorable channel mix (greater share of warehouse sales vs. direct sales), continued margin focus and incremental purchasing synergies with Hagemeyer. In the third quarter of 2010, adjusted gross margin increased by 20 basis points from 24.0% to 24.2% on a constant basis.

Distribution and administrative expenses

In the first nine months of 2010, on a constant basis, adjusted distribution and administrative expenses decreased by 3.6% between 2009 and 2010 compared with a 0.3% increase in sales. Adjusted personnel expenses decreased by 2.9% on a constant basis resulting from headcount reductions and other measures implemented in 2009 to adapt to market conditions. At September 30, 2010, the number of employees was 27,761, down 4.8% compared with September 30, 2009, on a constant basis. Lease and maintenance costs decreased thanks notably to the network reorganization (closing of 106 branches over the last twelve months) and the lease renegotiations agreed in 2009. Transportation costs also decreased due to lower sales. Bad debt expenses, including credit insurance costs, increased by 5.4% compared with the first nine months of 2009, but remained stable at 0.5% of sales.

EBITA

EBITA reached €421.3 million in the first nine months of 2010, a 32.0% increase compared with the first nine months of 2009 on a reported basis. On a constant basis, adjusted EBITA increased by 25.4% and the adjusted EBITA margin by 90 basis points from 3.7% in 2009 to 4.6% in 2010. The impact of additional sales was increased by the improvement in the gross margin (10 bps) and the effect of cost saving actions taken to reduce distribution and administrative expenses (80 bps). In the third quarter of 2010, adjusted EBITA increased by 26.3% and the adjusted EBITA margin improved by 100 basis points from 4.4% to 5.4% on a constant basis.

Other income and other expenses

In the first nine months of 2010, the balance of other income and other expenses was a net expense of €43.6 million and included €39.3 million of costs related to restructuring plans implemented since 2009 to adapt the group structure to current trading conditions. These costs mainly include the effect of downsizing the distribution network and costs relating to the integration of Hagemeyer in Europe (€30.0 million) and workforce and branch adaptation in North America (€8.5 million).

In addition, other expenses also included the following items: (i) €4.2 million of goodwill impairment in Slovenia, (ii) a €6.2 million loss related to the disposal of H.C.L. Asia, a loss of €2.7 million related to the disposal of Haagtechno B.V. and a €1.9 million loss related to a depreciation of assets held for sale in connection with the Smeg branded kitchen appliances business to be disposed of in Australia.

Other income were comprised (i) a €3.6 million indemnification to be received from PPR, as a result of a warranty granted to Rexel in 2005, (ii) a €1.9 million curtailment gain relating to the pension plan in the Netherlands, (iii) €2.4 million in income notably related to the release of unused provisions in France and (iv) proceeds of €2.9 million from building disposals located mainly in Sweden.

Financial expenses

In the first nine months of 2010, net financial expenses were €153.5 million compared with €127.6 million in the first nine months of 2009, and the effective interest rate was respectively 7.1% and 5.8% respectively in the first nine months of 2010 and 2009. The increase is mainly due to the increase in credit margins between both periods, linked to the refinancing of the group in 2009.

In the third quarter of 2010, the effective interest rate was 7.1% in line with the third quarter of 2009.

Share of profit/(loss) in associates

In the first nine months of 2010, the share of profit in associates was €3.2 million. This profit was related to the investment in DPI, a US consumer electronic distributor, accounted for by the equity method as from December 31, 2009.

Tax expenses

The effective tax rate was 20.1% at September 30, 2010 compared with 32.7% at September 30, 2009. The effective tax rate is lower in 2010 due to the recognition of prior year tax losses incurred in France and carried forward.

Net income

Net income amounted to €167.7 million in the first nine months of 2010 and €75.3 million in the third quarter of 2010, compared with €46.6 million in the first nine months of 2009 and €28.6 million in the third quarter of 2009.

Recurring net income, excluding one-off impacts on changes in the copper price, restructuring and other exceptional costs, and deferred tax, was €158.9 million in the first nine months of 2010 and €71.3 million in the third quarter of 2010 compared with respectively €117.7 million and €47.0 million respectively in 2009.

1.3.2 | Europe (58% of Group sales)

REPORTED	Quarter ended September 30,			9 months ended September 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**1,737.3**	**1,655.0**	**5.0%**	**5,102.5**	**4,927.6**	**3.6%**
Gross profit	441.6	426.7	3.5%	1,325.4	1,279.0	3.6%
Distribution and administrative expenses	(327.7)	(331.1)	(1.0)%	(1,015.6)	(1,051.0)	(3.4)%
EBITA	**113.9**	**95.6**	**19.1%**	**309.8**	**228.0**	**35.9%**
as a % of sales	*6.6%*	*5.8%*		*6.1%*	*4.6%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended September 30,			9 months ended September 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**1,737.3**	**1,691.3**	**2.7%**	**5,102.5**	**5,015.5**	**1.7%**
Same number of working days			*2.7%*			*1.0%*
Gross profit	441.1	427.9	3.1%	1,314.2	1,286.0	2.2%
as a % of sales	*25.4%*	*25.3%*		*25.8%*	*25.6%*	
Distribution and administrative expenses	(327.7)	(338.6)	(3.2)%	(1,015.1)	(1,069.6)	(5.1)%
as a % of sales	*(18.9)%*	*(20.0)%*		*(19.9)%*	*(21.3)%*	
EBITA	**113.4**	**89.4**	**26.9%**	**299.1**	**216.4**	**38.2%**
as a % of sales	***6.5%***	***5.3%***		***5.9%***	***4.3%***	

In the first nine months of 2010, sales increased by 3.6% in Europe compared with the first nine months of 2009 and reached €5,102.5 million. Acquisitions, net of disposals, accounted for a €3.2 million decrease attributable to the disposal of a distribution network in Hungary in 2009, while changes in exchange rates accounted for a €91.1 million increase, mostly due to the appreciation of the Swedish krona, Norwegian krone and pound sterling against the euro. On a constant basis and same number of working days, sales increased by 1.0% in the first nine months of 2010, benefiting from an increased in copper-based cable prices compared with 2009. In the third quarter of 2010, sales increased by 2.7% on a constant basis and same number of working days.

In France, sales amounted to €1,703.5 million in the first nine months of 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 sales remained low. Rexel implemented initiatives, which contributed to sales growth from large accounts, governmental and institutional customers. The Group estimates that it gained market share. In the third quarter of 2010, sales increased by 4.6% on a constant basis and same number of working days.

In the United Kingdom, sales amounted to €685.6 million in the first nine months of 2010, a 3.5% decrease on a constant basis and same number of working days. The economic outlook remains fragile ahead of the government's spending review. The level of project business in the market place has fallen while day-to-day business has stabilized. The Group estimates that it outperformed the market. In the third quarter of 2010, sales decreased by 4.1% on a constant basis and same number of working days.

In Germany sales amounted to €683.0 million in the first nine months of 2010, a 16.9% increase on a constant basis and same number of working days. This performance was driven by booming photovoltaic sales before the anticipated decrease of subsidies during the course of 2010 as well as the copper-based cable price increase. The construction market remained stable at a low level. Sales improved in the industrial end-market, especially in the automotive sector, chemicals and other manufacturers. The Group estimates that it outperformed the market. In the third quarter of 2010, sales increased by 7.6% on a constant basis and same number of working days.

In Scandinavia sales amounted to €598.8 million in the first nine months of 2010, a 0.2% decrease on a constant basis and same number of working days. The business in Finland recorded a 7.0% rise in sales driven by the recovery in Utilities and large nationwide contractors. The company estimated it outperformed the market. In Sweden, sales decreased by 1.6% mainly in the Utilities and Installers segments, mitigated by project sales to industrial customers. Sales in Norway posted a 2.9% decrease, mainly due to the Utilities segment, mitigated by industry. In the third quarter of 2010, sales increased by 3.3% on a constant basis and same number of working days.

In the first nine months of 2010, gross profit amounted to €1,325.4 million, a 3.6% increase compared with 2009. On a constant basis, the adjusted gross margin was 25.8% of sales in the first nine months of 2010, a 20 basis point improvement from 25.6% in the same period of 2009. This performance was mainly due to better purchasing terms, including synergies from the Hagemeyer integration. In the third quarter of 2010, the adjusted gross margin improved by 10 basis points from 25.3% to 25.4% on a constant basis.

On a constant basis, adjusted distribution and administrative expenses decreased by 5.1% versus a 1.7% increase in sales. Specific actions were implemented in 2009 and continued in 2010 in some countries in order to adjust the cost structure to the level of demand, while synergies resulting from the integration of Hagemeyer are progressing in line with expectations. Adjusted personnel expenses were reduced by 4.0% compared with the first nine months of 2009. The number of employees was reduced by 6.8% compared with September 30, 2009 on a constant basis, to 16,536 at September 30, 2010. Lease and maintenance expenses decreased compared with the first nine months of 2009 with branch network (closing of 73 branches over the last twelve months) and real estate rationalization offsetting increases due to inflation. Transportation costs also decreased due to lower sales volumes. In the third quarter of 2010, adjusted distribution and administrative expenses decreased by 3.2% on a constant basis compared with a 2.7% increase in sales.

EBITA amounted to €309.8 million, a 35.9% increase compared with the first nine months of 2009. On a constant basis, adjusted EBITA increased by 38.2% and the adjusted EBITA margin increased by 160 basis points to 5.9% in the first nine months of 2010. In the third quarter of 2010, adjusted EBITA increased by 26.9% on a constant basis and the adjusted EBITA margin increased by 120 basis points to 6.5% of sales.

1.3.3 | North America (30% of Group sales)

REPORTED	Quarter ended September 30,			9 months ended September 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**931.2**	**811.6**	**14.7%**	**2,596.6**	**2,542.0**	**2.1%**
Gross profit	201.1	170.3	18.1%	563.8	540.7	4.3%
Distribution and administrative expenses	(164.3)	(146.9)	11.8%	(485.7)	(483.4)	0.5%
EBITA	**36.7**	**23.3**	**57.3%**	**78.1**	**57.3**	**36.3%**
as a % of sales	*3.9%*	*2.9%*		*3.0%*	*2.3%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended September 30,			9 months ended September 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**931.2**	**919.3**	**1.3%**	**2,596.6**	**2,727.2**	**(4.8)%**
Same number of working days			*1.3%*			*(4.4)%*
Gross profit	200.9	192.3	4.4%	560.7	581.8	(3.6)%
as a % of sales	*21.6%*	*20.9%*		*21.6%*	*21.3%*	
Distribution and administrative expenses	(164.3)	(166.4)	(1.3)%	(485.3)	(515.2)	(5.8)%
as a % of sales	*(17.6)%*	*(18.1)%*		*(18.7)%*	*(18.9)%*	
EBITA	**36.6**	**25.9**	**41.3%**	**75.4**	**66.5**	**13.4%**
as a % of sales	***3.9%***	***2.8%***		***2.9%***	***2.4%***	

In the first nine months of 2010, sales in North America amounted to €2,596.6 million, a 2.1% increase compared with 2009. This increase includes an exchange rate gain of €185.2 million due to the appreciation of the Canadian dollar and US dollar against the euro. On a constant basis and same number of working days, sales decreased by 4.4% in 2010 compared with 2009, despite higher copper-based cable prices than in 2009. In the third quarter of 2010, sales turned positive and increased by 1.3% on a constant basis and same number of working days, for the first time after nine consecutive quarters of decline.

In the United States, sales amounted to €1,831.8 million in 2010, a 6.5% decrease on a constant basis and same number of working days. The prior closing of branch locations accounted for 3.0 percentage points of the decline. The industrial market was positive quarter after quarter compared with the previous year but the pace of growth was slower. The construction market showed some positive signs compared with prior periods through an increasing number of bids, especially in the public sector, and backlogs continued to grow. Despite the economic environment, Rexel invested in growth initiatives in targeted applications and segments such as energy efficiency, transportation, infrastructure, education and healthcare, which mitigated the drop in sales. Sales to national retailers have continued to pick up. In the third quarter of 2010, sales turned positive and increased by 0.5% on a constant basis and same number of working days, for the first time after nine consecutive quarters of decline.

In Canada, sales amounted to €764.8 million in 2010, a 0.9% increase on a constant basis and same number of working days. Commercial market and manufacturing sectors were picking up, in particular in Quebec and Ontario partly offset by low but improving activity in Western Canada. Quoting remained active and the backlog is increasing. In the third quarter of 2010, sales increased by 3.3% on a constant basis and same number of working days.

In the first nine months of 2010, gross profit amounted to €563.8 million, a 4.3% increase compared with 2009. On a constant basis, the adjusted gross margin increased by 30 basis points compared with 2009 at 21.6% of sales. This increase mainly resulted from a change in the channel mix (a greater share of warehouse sales vs. direct sales), despite lower rebates. In the third quarter of 2010, on a constant basis, the adjusted gross margin increased by 70 basis points compared with the third quarter of 2009, at 21.6% of sales.

On a constant basis, adjusted distribution and administrative expenses decreased by 5.8% compared with a 4.8% decrease in sales. Adjusted personnel costs decreased by 5.6% on a constant basis due to staff adaptation and benefits measures initiated in 2009. The headcount was reduced by 3.1% compared with September 30, 2009 on a constant basis, to 7,538 at September 30, 2010. Building costs benefited from network reorganization (closing of 29 branches over the last twelve months) and lease renegotiations. Transportation costs also decreased due to lower sales. In the third quarter of 2010, adjusted distribution and administrative expenses decreased by 1.3% on a constant basis compared with a 1.3% increase in sales.

EBITA amounted to €78.1 million in 2010, a 36.3% increase compared with 2009. On a constant basis, adjusted EBITA posted a 13.4% improvement and the adjusted EBITA margin increased by 50 basis points to 2.9% in the first nine months of 2010. In the third quarter of 2010, adjusted EBITA increased by 41.3% on a constant basis and the adjusted EBITA margin increased by 110 basis points to 3.9% of sales.

1.3.4 | Asia-Pacific (9% of Group sales)

REPORTED	Quarter ended September 30,			9 months ended September 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**297.3**	**224.9**	**32.2%**	**820.5**	**624.2**	**31.4%**
Gross profit	65.0	49.9	30.2%	179.1	139.7	28.2%
Distribution and administrative expenses	(47.1)	(36.8)	27.9%	(133.1)	(105.4)	26.3%
EBITA	**17.9**	**13.1**	**36.6%**	**46.0**	**34.3**	**34.2%**
as a % of sales	*6.0%*	*5.8%*		*5.6%*	*5.5%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended September 30,			9 months ended September 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**297.3**	**265.3**	**12.1%**	**820.5**	**747.1**	**9.8%**
Same number of working days			*12.5%*			*10.1%*
Gross profit	65.2	59.4	9.6%	179.2	169.9	5.4%
as a % of sales	*21.9%*	*22.4%*		*21.8%*	*22.7%*	
Distribution and administrative expenses	(47.1)	(43.8)	7.7%	(133.1)	(128.6)	3.6%
as a % of sales	*15.9%*	*(16.5)%*		*(16.2)%*	*(17.2)%*	
EBITA	**18.0**	**15.7**	**15.1%**	**46.0**	**41.4**	**11.3%**
as a % of sales	***6.1%***	***5.9%***		***5.6%***	***5.5%***	

In the first nine months of 2010, sales in the Asia-Pacific region increased by 31.4% compared with 2009 to €820.5 million, and 10.1% on a constant basis and same number of working days. Acquisitions accounted for a €2.1 million of the increase, following the Suzhou Xidian acquisition in February 2009, while exchange rate gains accounted for €120.8 million increase, mostly due to the appreciation of the Australian dollar against the euro. For the third quarter of 2010, sales were up 12.5% on a constant basis and same number of working days compared with last year.

In Australia, sales amounted to €521.4 million, a 7.3% increase compared with 2009 on a constant basis and same number of working days. The growth was driven by projects, in particular in the public sector. Queensland was still affected by a slow economy. In the third quarter of 2010, sales increased by 12.8% on a constant basis and same number of working days.

In New Zealand, sales amounted to €99.9 million in 2010, a 2.4% decrease compared with 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 the third quarter of 2010, sales decreased by 2.6% on a constant basis and same number of working days.

In Asia, sales amounted to €199.2 million in 2010, a 26.8% increase on a constant basis and same number of working days compared with 2009, with a strong performance in automation. In the third quarter of 2010, sales increased by 21.2% on a constant basis and same number of working days.

In the first nine months of 2010, gross profit increased by 28.2% to €179.1 million. On a constant basis, the adjusted gross margin decreased by 90 basis points to 21.8% in 2010. This was mainly due to a change in the regional mix (increase in share in Asia where gross margin is lower) together with a decrease in the gross margin in China (driven by a business mix with a higher share of wholesale and industry) and in Australia (increased share of projects, pressure on projects and cable margins). In the third quarter of 2010, the adjusted gross margin deteriorated by 50 basis points from 22.4% to 21.9% on a constant basis.

On a constant basis, adjusted distribution and administrative expenses increased by 3.6% compared with 2009, while sales increased by 9.8%. Adjusted personnel costs increased by 1.4% on a constant basis. On a constant basis, the headcount increased by 1.2% compared with September 30, 2009 to 2,664 at September 30, 2010. In the third quarter of 2010, adjusted distribution and administrative expenses increased by 7.7% on a constant basis, compared with a 12.1% increase in sales.

EBITA amounted to €46.0 million in 2010, a 34.2% increase compared with 2009. On a constant basis, adjusted EBITA increased by 11.3%, from 5.5% of sales in 2009 to 5.6% in 2010. In the third quarter of 2010, adjusted EBITA increased by 15.1% on a constant basis and the adjusted EBITA margin increased by 20 basis points from 5.9% in 2009 to 6.1% in 2010.

1.3.5 | Other operations (3% of Group sales)

REPORTED	Quarter ended September 30,			9 months ended September 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**75.8**	**102.1**	**(25.8)%**	**266.6**	**308.7**	**(13.6)%**
Gross profit	28.4	31.4	(9.3)%	90.6	95.0	(4.7)%
Distribution and administrative expenses	(33.0)	(32.9)	0.3%	(103.1)	(95.5)	8.1%
EBITA	**(4.6)**	**(1.6)**	**-**	**(12.6)**	**(0.4)**	**-**
as a % of sales	*(6.1)%*	*(1.5)%*		*(4.7)%*	*(0.1)%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended September 30,			9 months ended September 30,		
(in millions of euros)	2010	2009	Change in %	2010	2009	Change in %
Sales	**75.8**	**72.1**	**5.0%**	**266.6**	**272.2**	**(2.0)%**
Same number of working days			*4.0%*			*(1.9)%*
Gross profit	28.5	26.5	7.8%	90.7	89.1	1.8%
as a % of sales	*37.7%*	*36.7%*		*34.0%*	*32.7%*	
Distribution and administrative expenses	(33.0)	(27.9)	18.5%	(103.1)	(87.8)	17.5%
as a % of sales	*43.6%*	*(38.6)%*		*(38.7)%*	*(32.3)%*	
EBITA	**(4.5)**	**(1.4)**	**-**	**(12.4)**	**1.3**	**-**
as a % of sales	***(5.9)%***	***(1.9)%***		***(4.7)%***	***0.5%***	

The Other Operations segment comprises the Agencies/Consumer Electronics activity acquired in 2008 as part of the Hagemeyer acquisition.

In the first nine months of 2010, sales of the Agencies/Consumer Electronics activity (72% of other operations) posted a 8.0% decrease on a constant basis and same number of working days. Chile (22% of other operations) recorded a 21.4% increase on a constant basis and same number of working days. Disposals accounted for a €69.6 million decrease, mainly due to H.C.L. Asia and Haagtechno B.V. disposal, while changes in exchange rates accounted for a €33.0 million increase,

mostly due to the appreciation of the Australian dollar against the euro. In the third quarter of 2010, sales increased by 4.0% on a constant basis and same number of working days.

On a constant basis, most of the adjusted EBITA decline was linked to both a lower performance in Agencies / Consumer Electronics and Chile, as well as corporate costs related to the free share plan and employee share purchase plan.

1.4 | Outlook

Rexel's Q3 performance combined with the implementation of its strategy aimed at developing markets in key growth segments such as energy efficiency, renewable energies and major projects, reinforce the Group's confidence that it will achieve its full-year targets, which were revised upwards on July 28:

- Slight increase in sales on a constant and same-day basis,
- Adjusted EBITA margin above 4.5%,
- Free cash-flow before interest and tax above €400 million.

2. | LIQUIDITY AND CAPITAL RESOURCES OF THE GROUP

2.1 | Cash flow at September 30, 2010 and 2009

The following table sets out Rexel's cash flow for the third quarters and nine months ended September 30, 2010 and 2009.

(in millions of euros)		Quarter ended September 30, 2010	Quarter ended September 30, 2009	9 months ended September 30, 2010	9 months ended September 30, 2009
Operating cash flow[1]		165.7	134.0	386.5	312.2
Interest	(a)	(32.8)	(44.5)	(119.8)	(104.0)
Taxes	(a)	(20.8)	(4.2)	(48.7)	(48.1)
Changes in working capital requirement		(71.8)	68.0	(92.2)	306.0
Net cash flow from operating activities	(b)	40.3	153.3	125.8	466.1
Net cash flow from investing activities		(13.3)	(13.1)	(19.5)	(66.2)
Including operating capital expenditures[2]	*(c)*	*(12.8)*	*(8.8)*	*(30.3)*	*(28.7)*
Net cash flow from financing activities		(64.4)	(222.5)	(231.7)	(626.1)
Net cash flow		(37.4)	(82.3)	(125.4)	(226.2)
Free cash flow:					
- before interest and taxes (b)-(a)+(c)		**81.1**	**193.2**	**264.0**	**589.5**
- after interest and taxes (b)+(c)		**27.5**	**144.5**	**95.5**	**437.4**
Working Capital Requirement as a % of sales[3]:				**September 30, 2010**	**September 30, 2009**
Reported				11.2%	11.5%
On a constant basis				12.0%	11.5%

[1] Before interest, taxes and changes in working capital requirement.

[2] Net of disposals.

[3] Working capital requirement, end of period, divided by last 12-month sales.

2.1.1 | Cash flow from operating activities

Operating cash flow

The €74.3 million increase mainly resulted from higher EBITDA (operating income before depreciation, other income and other expenses) which improved from €380.4 million in 2009 to €478.8 million in 2010 partially offset by the settlement of Ceteco litigation resulting in a €29.8 million payment in March 2010.

Interest and taxes

In the first nine months of 2010, interest paid amounted to €119.8 million compared with €104.0 million in the first nine months of 2009. The increase is mainly due to higher credit margins in 2010 compared with 2009 as a result of the refinancing of the group in 2009.

In the first nine months of 2010, income tax paid was €48.7 million compared with €48.1 million in the first nine months of 2009.

Changes in working capital requirement

Changes in the working capital requirement amounted to an outflow of €92.2 million in the first nine months of 2010 compared with an inflow of €306.0 million in the first nine months of 2009, which recorded the effect of initiatives taken to adjust working capital to the sharp drop in sales in the first nine months of 2009.

As a percentage of the last 12 month's sales, the working capital requirement increased slightly from 11.5% at September 30, 2009 on a constant basis to 11.9% at September 30, 2010 excluding the effect of the derecognition of receivables under the off-balance sheet securitization program in the

United States. At September 30, 2010, the working capital requirement included a €84.5 million positive effect of derecognized receivables under this program, which represented 80 basis points.

2.1.2 | Cash flow from investing activities

Rexel's cash flow from investing activities consists of acquisitions and disposals of fixed assets and financial investments. Cash flow from investing activities was a €19.5 million outflow in the first nine months of 2010 compared with €66.2 million in the first nine months of 2009. In the third quarter of 2010, cash flow from investing activities amounted to a €13.3 million outflow compared with a €13.1 million outflow in the third quarter of 2009.

	Quarter ended September 30,		9 months ended September 30,	
(in millions of euros)	2010	2009	2010	2009
Acquisitions of operating fixed assets	(13.3)	(10.2)	(34.8)	(30.9)
Proceeds from disposal of operating fixed assets	0.2	1.0	6.2	3.4
Net change in payables & receivables on assets	0.3	0.4	(1.7)	(1.2)
Operating capital expenditures	(12.8)	(8.8)	(30.3)	(28.7)
Acquisition of subsidiaries, net of cash acquired	-	(4.4)	(0.9)	(37.8)
Proceeds from disposal of subsidiaries, net of cash disposed of	(0.2)	-	12.7	-
Acquisition of subsidiaries, net of disposal	(0.2)	(4.4)	11.8	(37.8)
Net change in long-term investments	(0.2)	0.1	(0.9)	0.3
Net cash flow from investing activities	**(13.3)**	**(13.1)**	**(19.5)**	**(66.2)**

Acquisitions and disposal of tangible fixed assets

Acquisitions of operating fixed assets, net of disposals, saw a €30.4 million outflow in the first nine months of 2010 compared with €28.7 million in the first nine months of 2009.

In the first nine months of 2010, gross capital expenditures amounted to €34.8 million, i.e. 0.4% of the sales of the period, of which €14.3 million related to IT systems, €10.4 million to the renovation of existing branches and the opening of new branches, €6.5 million to logistics and €3.6 million to other investments. Disposals of fixed assets in the first nine months of 2010 amounted to €6.2 million and mainly related to the disposal of buildings in Sweden, Latvia and Italy. Net changes in the related payables and receivables amounted to €1.7 million, accounting for an increase in the net capital expenditures of the period.

In the first nine months of 2009, gross capital expenditures amounted to €30.9 million, i.e. 0.4% of the sales of the period, of which €13.4 million related to IT systems, €11.2 million to the renovation of existing branches and the opening of new branches, €3.2 million to logistics and €3.1 million to other investments. Disposals of fixed assets in the first nine months of 2009 amounted to €3.4 million and mainly related to the disposal of three branches, one in the United States and two in the United Kingdom. Net changes in the related payables and receivables amounted to €1.2 million, accounting for an increase in the net capital expenditures of the period. This included a €2.6 million advance payment received on the disposal of a building in China pending local administrative authorization.

Financial investments

Rexel's net financial investments represented a net resource of €11.8 million in the first nine months of 2010 compared with a disbursement of €37.8 million in the first nine months of 2009.

In the first nine months of 2010, proceeds relate to the disposal of H.C.L. Asia and Haagtechno B.V. for €2.7 million and €10.2 million respectively net of cash disposed of. Earn-out paid on previous acquisitions amounted to €1.0 million and mainly related to the acquisition of Egley in New Zealand in 2008.

In the first nine months of 2009, outflows mainly included the acquisition of 63.5% of the shares of Suzhou Xidian Co. Ltd. in China for CNY41.0 million (€4.7 million), the increase in the Group's interest in Huazhang Electrical Automation Co. Ltd in China, from 51% to 70% through the exercise of a call option for CNY34.6 million (€3.6 million), and the acquisition of the remaining minority interests of

Hagemeyer for €27.2 million, including acquisition-related costs. Earn-out and price adjustments on previous acquisitions amounted to a net effect of €2.0 million.

2.1.3 | Cash flow from financing activities

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

In the first nine months of 2010, financing activities accounted for a €231.7 million outflow comprising of:

- a decrease in term loan facilities of €257.9 million;
- a decrease in securitization programs of €111.3 million;
- transaction costs paid in connection with the 2009 Group refinancing of €4.4 million; and
- payment of finance lease liabilities of €4.0 million;

While inflows included:

- additional subscriptions of senior unsecured notes for €75.0 million (€76.7 million including an issuance premium);
- subscription of commercial paper for €38.4 million;
- a net change in other credit facilities and bank overdraft of €21.9 million;
- proceeds of €7.5 million from the issue of share capital; and
- dividends of €1.4 million received from associates DPI.

In the first nine months of 2009, financing activities accounted for a €626.1 million outflow. Outflows comprised:

- a decrease in securitization programs for €253.8 million;
- a repayment of Facility D of the Senior Credit Agreement for €86.3 million;
- a repayment of Facility A' of the Senior Credit Agreement for €60.0 million and of part of Facility A for €150.0 million;
- changes in other credit facilities for €56.5 million;
- transaction costs paid in respect of the amendment to the Senior Credit Agreement for €22.7 million;
- repayments of finance lease liabilities for €6.5 million;

Inflows included:

- net disposals of treasury shares for €9.0 million; and
- a contribution received from non-controlling interests of €0.7 million.

2.2 | Sources of financing of the Group

In addition to cash from operations and equity, the Group's main sources of financing are multilateral credit lines, debt issuance and securitization programs. At September 30, 2010, Rexel's consolidated net debt amounted to €2,432.8 million, and consisted of the following:

(in millions of euros)	September 30, 2010			December 31, 2009		
	Current	Non current	Total	Current	Non current	Total
Senior notes	-	682.9	682.9	-	575.0	575.0
Senior credit facility	-	892.9	892.9	-	1,091.2	1,091.2
Securitization	-	972.7	972.7	-	1,056.6	1,056.6
Bank loans	10.1	1.9	12.0	3.9	2.3	6.2
Commercial paper	38.4	-	38.4	-	-	-
Bank overdrafts and other credit facilities	99.0	-	99.0	83.5	-	83.5
Finance lease obligations	5.8	8.3	14.1	6.9	11.0	17.9
Accrued interests[1]	16.1	-	16.1	5.7	-	5.7
Less transaction costs	(18.9)	(48.4)	(67.3)	(16.5)	(58.8)	(75.3)
Total financial debt and accrued interest	**150.5**	**2,510.3**	**2,660.8**	**83.5**	**2,677.3**	**2,760.8**
Cash and cash equivalents			(214.2)			(359.6)
Fair value hedge derivatives			(13.8)			-
Net financial debt			**2,432.8**			**2,401.2**

[1] including accrued interests on Senior Notes for €16,1 million as of September 30, 2010 (€1.5 million as of December 31, 2009)

Net financial debt is detailed in Note 12 "Financial liabilities" to Rexel's Condensed Consolidated Interim Financial Statements as of September 30, 2010.

On January 20, 2010, Rexel issued €75 million of senior unsecured notes in addition to the notes issued on December 21, 2009 in an amount of €575 million. These additional notes fully assimilated to the notes issued on December 21, 2009 bear interest at a rate of 8.25% and are redeemable on December 15, 2016.

The issue price was 102.33% of the principal amount corresponding to €76.7 million. Interest is due semi-annually on June 15 and December 15 each year, beginning on June 15, 2010.

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 enlarge the investor base and to optimize the cost of financing.

As of September 30, 2010, the Group's liquidity amounted to €927 million including €120 million of cash net of overdrafts and €807 million of undrawn revolving credit.

The indebtedness ratio (adjusted consolidated net debt/adjusted consolidated EBITDA for the last 12 months) is compared with the covenant every six months. Commitments as defined by the Senior Credit Agreement signed on December 21, 2009 are as follows:

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

At September 30, 2010, the indebtedness ratio (net debt/EBITDA) calculation was:

(in millions of euros)	September 30, 2010
Net debt at closing currency exchange rates	2,432.8
Net debt at average currency exchange rates (A)	2,396.1
LTM Adjusted EBITDA (B)	651.8
Indebtedness ratio (A)/(B)	**3.68**

The indebtedness ratio, as calculated under the Senior Credit Agreement terms, stood at 3.68x at the end of September (vs. 4.43x at the end of September 2009), well below the next covenant limit (4.90x at December 2010).

2.3 | Events after the reporting period

At the presentation date of the activity report, no events expected to have a significant impact on Rexel's financial situation have taken place.

II. Condensed consolidated interim financial statements

This document is a free translation from French to English of Rexel's original condensed consolidated interim financial statements for the period ended September 30, 2010 and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the original condensed consolidated interim financial statements for the period ended September 30, 2010, the French version will prevail.

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Consolidated income statement

(in millions of euros)	***Note***	**For the period ended September 30, 2010**	**2009**
Sales	***3***	8,786.2	8,402.5
Cost of goods sold		(6,627.3)	(6,348.2)
Gross profit		**2,158.9**	**2,054.3**
Distribution and administrative expenses	***4***	(1,756.0)	(1,749.6)
Operating income before other income and expenses		**402.9**	**304.7**
Other income	***5***	12.9	4.7
Other expenses	***5***	(56.5)	(112.6)
Operating income		**359.3**	**196.8**
Financial income		36.8	37.5
Interest expense on borrowings		(143.6)	(124.0)
Other financial expenses		(46.7)	(41.1)
Financial expenses (net)	***6***	*(153.5)*	*(127.6)*
Share of profit of associates		*3.2*	-
Net income before income tax		**209.0**	**69.2**
Income tax	***7***	(41.3)	(22.6)
Net income		**167.7**	**46.6**
Attributable to:			
Equity holders of the parent		167.2	46.2
Non-controlling interests		0.5	0.4
Earnings per share:			
Basic earnings per share (*in euros*)	***10***	0.64	0.18
Fully diluted earnings per share (*in euros*)	***10***	0.64	0.18

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

Consolidated statement of comprehensive income

(in millions of euros)	Note	For the period ended September 30, 2010	2009
Net income		**167.7**	**46.6**
Foreign currency translation		98.2	68.6
Gain (Loss) on cash flow hedges	***13.1***	6.9	(17.2)
Income tax		(3.5)	4.2
		3.4	(13.0)
Other comprehensive income for the period, net of tax		*101.6*	*55.6*
Total comprehensive income for the period, net of tax		**269.3**	**102.2**
Attributable to:			
Equity holders of the parent		268.3	102.3
Non-controlling interests		1.0	(0.1)

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

Consolidated balance sheet

(in millions of euros)	*Note*	As of September 30, 2010	As of December 31, 2009
Assets			
Goodwill		3,892.7	3,759.4
Intangible assets		921.6	927.8
Property, plant and equipment		245.9	261.6
Long-term investments		66.2	53.3
Investments in associates		7.7	5.9
Deferred tax assets		214.1	230.0
Total non-current assets		**5,348.2**	**5,238.0**
Inventories		1,200.8	1,141.4
Trade accounts receivable		2,062.1	1,901.5
Income tax receivable		46.7	32.0
Other accounts receivable		363.2	371.9
Assets classified as held for sale	*8*	25.2	10.5
Cash and cash equivalents	*12.1*	214.2	359.6
Total current assets		**3,912.2**	**3,816.9**
Total assets		**9,260.4**	**9,054.9**
Equity			
Share capital	*9*	1,299.1	1,291.1
Share premium	*9*	1,384.1	1,392.2
Reserves and retained earnings		1,003.4	720.9
Total equity attributable to equity holders of the parent		**3,686.6**	**3,404.2**
Non-controlling interests		8.8	7.8
Total equity		**3,695.4**	**3,412.0**
Liabilities			
Interest-bearing debt	*12.1*	2,509.3	2,677.3
Employee benefits		176.8	173.8
Deferred tax liabilities		206.3	221.7
Provision and other non-current liabilities	*16*	158.6	235.4
Total non-current liabilities		**3,051.0**	**3,308.2**
Interest-bearing debt	*12.1*	135.4	77.8
Accrued interest	*12.1*	16.1	5.7
Trade accounts payable		1,781.2	1,676.0
Income tax payable		31.4	22.9
Other current liabilities		547.0	552.3
Liabilities classified as held for sale		2.9	-
Total current liabilities		**2,514.0**	**2,334.7**
Total liabilities		**5,565.0**	**5,642.9**
Total equity and liabilities		**9,260.4**	**9,054.9**

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

Consolidated statement of cash flows

(in millions of euros)	***Note***	**For the period ended September 30, 2010**	**2009**
Cash flows from operating activities			
Operating income		359.3	196.8
Depreciation, amortization and impairment of assets	***4&5***	81.0	93.3
Employee benefits		(8.7)	(11.3)
Change in other provisions		(55.7)	16.5
Other non-cash operating items		10.6	16.9
Interest paid		(119.8)	(104.0)
Income tax paid		(48.7)	(48.1)
Operating cash flows before change in working capital requirements		*218.0*	*160.1*
Change in inventories		(48.2)	181.0
Change in trade receivables		(120.2)	354.0
Change in trade payables		66.2	(287.6)
Changes in other working capital items		10.0	58.6
Change in working capital		*(92.2)*	*306.0*
Net cash from operating activities		**125.8**	**466.1**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(36.8)	(30.9)
Proceeds from disposal of property, plant and equipment		6.4	2.2
Acquisition of subsidiaries, net of cash acquired		(0.9)	(37.8)
Proceeds from disposal of subsidiaries, net of cash disposed of		12.7	-
Change in long-term investments		(0.9)	0.3
Net cash from investing activities		**(19.5)**	**(66.2)**
Cash flows from financing activities			
Proceeds from the issue of share capital	***9***	7.5	-
Dividends received from associates		1.4	-
Contribution received from non-controlling interests		-	0.7
Disposal of treasury shares		-	9.0
Net change in credit facilities and other financial borrowings	***12.3***	(125.3)	(375.5)
Net change in securitization	***12.3***	(111.3)	(253.8)
Payment of finance lease liabilities	***12.3***	(4.0)	(6.5)
Net cash from financing activities		**(231.7)**	**(626.1)**
Net decrease in cash and cash equivalents		(125.4)	(226.2)
Cash and cash equivalents at the beginning of the period		359.6	807.0
Effect of exchange rate changes on cash and cash equivalents		(20.0)	9.2
Cash and cash equivalents at the end of the period		**214.2**	**590.0**

The accompanying notes are an integral part of these condensed consolidated interim 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 interests	**Total**
For the period ended September 30, 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		-	-	-	69.1	-	-	69.1	(0.5)	68.6
Cash flow hedges		-	-	-	-	(13.0)	-	(13.0)	-	(13.0)
Income and expenses recognized directly in equity		**-**	**-**	**-**	**69.1**	**(13.0)**	**-**	**56.1**	**(0.5)**	**55.6**
Net income		-	-	46.2	-	-	-	46.2	0.4	46.6
Total comprehensive income for the period		**-**	**-**	**46.2**	**69.1**	**(13.0)**	**-**	**102.3**	**(0.1)**	**102.2**
Issue of share capital		10.7	(17.6)	6.9	-	-	-	(0.0)	-	(0.0)
Share-based payments		-	-	4.0	-	-	-	4.0	-	4.0
Treasury shares		-	-	-	-	-	8.7	8.7	-	8.7
Transactions with non-controlling shareholders		-	-	(12.6)	-	-	-	(12.6)	(16.2)	(28.8)
At September 30, 2009		**1,290.7**	**1,392.3**	**755.7**	**(72.7)**	**(37.5)**	**(1.8)**	**3,326.7**	**7.8**	**3,334.5**
For the period ended September 30, 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		-	-	-	97.7	-	-	97.7	0.5	98.2
Cash flow hedges		-	-	-	-	3.4	-	3.4	-	3.4
Income and expenses recognized directly in equity		**-**	**-**	**-**	**97.7**	**3.4**	**-**	**101.1**	**0.5**	**101.6**
Net income		-	-	167.2	-	-	-	167.2	0.5	167.7
Total comprehensive income for the period		**-**	**-**	**167.2**	**97.7**	**3.4**	**-**	**268.3**	**1.0**	**269.3**
Issue of share capital	***9***	8.0	(8.1)	7.6	-	-	-	7.5	-	7.5
Share-based payments	***11.3***	-	-	7.2	-	-	-	7.2	-	7.2
Treasury shares		-	-	-	-	-	(0.6)	(0.6)	-	(0.6)
At September 30, 2010		**1,299.1**	**1,384.1**	**973.4**	**58.5**	**(25.7)**	**(2.8)**	**3,686.6**	**8.8**	**3,695.4**

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

Notes

1. | GENERAL INFORMATION

Rexel was incorporated on December 16, 2004. Its shares were admitted to trading on the Eurolist market of "Euronext Paris" on April 4, 2007. The Group consists of Rexel and its subsidiaries (hereinafter referred to as "the Group" or "Rexel").

The Group operates in the distribution of low and ultra low voltage electrical products to professional customers and serves the needs of a large variety of customers and markets in the fields of construction, industry and services. The product offer covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown products. The principal markets in which the Group operates are Europe, North America (United States and Canada) and Asia-Pacific (mainly in Australia, New Zealand and China). Additionally, the Group also operates the Agencies-Consumer Electronics division (hereinafter referred to as ACE) as part of the assets acquired from Hagemeyer in 2008.

These condensed consolidated interim financial statements cover the period from January 1, 2010 to September 30, 2010, and were authorized for issue by the Management Board on November 2, 2010.

2. | SIGNIFICANT ACCOUNTING POLICIES

2.1 | Statement of compliance

These condensed consolidated interim financial statements (hereinafter referred to as "the condensed financial statements") for the period ended September 30, 2010 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of September 30, 2010. IFRSs such as adopted by the European Union can be consulted on the website of the European commission (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm). In particular, the condensed financial statements have been prepared in accordance with IAS 34, relating to Interim Financial Reporting. Pursuant to IAS 34, they do not include all the information required in the annual financial statements, but only selected explanatory notes, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2009 included in the Document de référence registered by the Autorité des Marchés Financiers on April 21, 2010 under number R.10-024.

2.2 | Basis of preparation

The accounting policies used in the condensed financial statements for the period ended September 30, 2010 are identical to those used and described in the consolidated financial statements for the year ended December 31, 2009, with the exception of new standards and interpretations disclosed in Note 2.2.1. New standards and interpretations applicable starting January 1, 2010 did not have any significant impact on the Group's financial situation or condensed financial statements for the period ended September 30, 2010.

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

2.2.1 *New accounting standards and interpretations in effect 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 for 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 for 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 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.
- 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 15 "Agreements for Construction of Real Estate", IFRIC 17 "Distribution of Non-cash Assets to Owners" and IFRIC 18 "Transfer 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 IFRSs for oil and gas assets and 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 produced 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 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 Concession 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 Issues addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. However, 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 1st, 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 "Prepayment 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.

3. | 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 separately. The Group's financial reporting is regularly reviewed by the Management Board acting as the chief operating decision maker.

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

Geographical segment information for the periods ended September 30, 2010 and September 30, 2009

2010

(in millions of euros)	Europe	North America	Asia-Pacific	Other segments	Total operating segments	Corporate holdings	Total Group
For the period ended September 30							
Sales to external customers.................	5,102.5	2,596.6	820.5	266.6	**8,786.2**	-	**8,786.2**
EBITA [(1)]..	309.8	78.1	46.0	8.6	**442.5**	(21.2)	**421.3**
Working capital....................................	776.3	351.5	134.9	57.7	**1,320.4**	(7.8)	**1,312.6**
Goodwill...	2,650.0	991.0	242.7	9.0	**3,892.7**	-	**3,892.7**

2009

(in millions of euros)	Europe	North America	Asia-Pacific	Other segments	Total operating segments	Corporate holdings	Total Group
For the period ended September 30							
Sales to external customers................	4,927.6	2,542.0	624.2	308.7	**8,402.5**	-	**8,402.5**
EBITA [(1)]..	228.0	57.3	34.3	9.1	**328.7**	(9.6)	**319.1**
For the period ended December 31							
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 operating income before other income, other expenses and amortization of intangible assets recognized following allocation of the acquisition price of acquired entities.

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

(in millions of euros)	For the period ended September 30,	
	2010	**2009**
EBITA - Total Group………………………………………	**421.3**	**319.1**
Amortization of intangible assets recognized following allocation of acquisition price of acquired entities…	(18.4)	(14.4)
Other income and other expenses………………………..	(43.6)	(107.9)
Net financial expenses……………………………………..	(153.5)	(127.6)
Share of profit of associates………………………………	3.2	-
Group consolidated income before income tax…...	**209.0**	**69.2**

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

(in millions of euros)	As of September 30,	As of December 31,
	2010	**2009**
Working capital………………………………………………	1,312.6	1,199.3
Goodwill………………………………………………………	3,892.7	3,759.4
Total allocated assets & liabilities ……………………	**5,205.3**	**4,958.7**
Liabilities included in allocated working capital……………	2,311.0	2,214.3
Other non-current assets……………………………………	1,241.4	1,248.6
Deferred tax assets…………………………………………	214.1	230.0
Income tax receivable………………………………………..	46.7	32.0
Assets classified as held for sale…………………………	25.2	10.5
Derivatives……………………………………………………	2.5	1.2
Cash and cash equivalents………………………………..	214.2	359.6
Group consolidated total assets…………………………	**9,260.4**	**9,054.9**

4. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the period ended September 30,	
	2010	**2009**
Personnel costs (salaries & benefits) …………………………	1,017.6	1,005.4
Building and occupancy costs …………………………………	198.7	213.8
Other external costs ……………………………………………	419.7	413.8
Depreciation expense …………………………………………	57.5	61.3
Amortization of intangible assets recognized following the allocation of the acquisition price of acquired entities ..	18.4	14.4
Bad debt expense ………………………………………………	44.1	40.9
Total distribution and administrative expenses	**1,756.0**	**1,749.6**

5. | OTHER INCOME & OTHER EXPENSES

(in millions of euros)	For the period ended September 30, 2010	2009
Capital gains	2.9	2.0
Release of unused provisions	4.3	0.7
Other operating income	5.7	2.0
Total other income	**12.9**	**4.7**
Restructuring costs	(39.3)	(73.3)
Loss on non-current assets disposed of	(9.7)	(11.4)
Goodwill & intangible assets impairment	(4.2)	(17.6)
Tangible assets impairment	(0.9)	-
Other operating expenses	(2.4)	(10.3)
Total other expenses	**(56.5)**	**(112.6)**

5.1 | Other income

Capital gains

For the period ended September 30, 2010, capital gains mainly included proceeds from the disposal of two branches in Sweden and one in Italy for respectively €1.7 million and €0.7 million.

For the period ended September 30, 2009 the proceeds from disposals came from three branches, one in the United States for €1.3 million and two in the United Kingdom for €0.2 million.

Release of unused provisions

For the period ended September 30, 2010, this line item included releases of unused provisions for restructuring. In particular, they comprised write-backs of reserves for empty buildings following settlements executed in 2010 with lessors in France and in the Netherlands for €1.2 million and €0.6 million respectively, and a €1.0 million release of provisions relating to the redeployment of employees in France.

Other operating income

For the period ended September 30, 2010, other operating income included (i) the effect of a €1.9 million curtailment gain relating to the Sagittarius pension plan in the Netherlands, and (ii) a €3.6 million indemnification relating to a tax claim to be received from PPR as a result of a warranty granted to Rexel in 2005 in connection with the disposal of its ownership interest in the company.

For the period ended September 30, 2009, other operating income mainly included €0.9 million in respect of the positive outcome on a claim related to leased-property in the UK, and a €0.7 million price adjustment on the disposal of Eastern Electrical (Ireland) to Edmundson to comply with European Union antitrust authority's requirements.

5.2 | Other expenses

Restructuring costs

For the period ended September 30, 2010, restructuring costs were mainly related to restructuring plans implemented since 2009 to adapt the group structure to current trading conditions. These costs mainly included the effect of workforce adaptation, downsizing the distribution network and Hagemeyer integration

related costs. In Europe these costs amounted to €30.0 million (of which €12.7 million in France and €4.2 million in Sweden) and to €8.5 million in North America (of which €7.9 million in the United States).

For the period ended September 30, 2009, these costs amounted to €73.3 million and mainly included restructuring expenses due to the slowdown of activity and integration costs following the Hagemeyer acquisition in Europe for € 57.8 million (of which €15.3 million related to France, €14.0 million to Spain, €5.9 million to Germany, €5.6 million to the Netherlands, €4.8 million to Sweden and €3.9 million to the United Kingdom) and in North America for €13.0 million (of which €11.4 in the United States).

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

For the period ended September 30, 2010, loss on non-current assets disposed of was related to the sale of two legacy non-core businesses from Hagemeyer:

- Hagemeyer Cosa Liebermann in Asia (HCL Asia), operating as a wholesaler and duty free 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 provisional consideration of USD 13.7 million (€9.9 million), of which USD 11.6 million was paid at the completion date. The remaining amount is subject to a USD 1.0 million price adjustment based on the determination of the net asset value at the completion date. The capital loss on this disposal amounted to €6.2 million with 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 on this disposal amounted to €2.7 million with no tax effect on this transaction.

In addition, assets written-off for the period ended September 30, 2010 amounted to €0.8 million.

For the period ended September 30, 2009, this line item included €4.0 million relating to the loss on disposals of assets in Hungary on April 2009, €4.1 million for the write-off of IT licences in France and the impact of branch closures in Spain for €2.0 million.

Goodwill and intangible assets impairment

For the period ended September 30, 2010, goodwill impairment on the operations in Slovenia was €4.2 million due to the market downturn.

For the period ended September 30, 2009, goodwill impairment for operations in Slovakia was €8.0 million and €4.6 million with regard to the operations in Finland. In addition, impairments on buildings were recognized for €1.4 million in Belgium and €3.5 million in Latvia to bring their carrying value to fair value less costs to sell upon classification as Asset Held For Sale. Buildings in Belgium were sold in the second half of 2009.

Other operating expenses

For the period ended September 30, 2010, other operating expenses comprised €1.9 million in depreciation of assets held for sale in connection with the Smeg branded kitchen appliances business in Australia (see note 8).

For the period ended September 30, 2009, this line-item mainly included the effect of VAT reassessment for €6.5 million costs incurred in connection with the disposal of certain assets to Sonepar for €1.0 million and costs related to the free share scheme implemented at the time of the IPO in 2007 for €2.3 million. This non-cash expense has been determined according to the provisions of IFRS 2 “Share-based payments”.

6. | FINANCIAL EXPENSES (NET)

Net financial expenses comprised the following items:

(in millions of euros)	For the period ended September 30, 2010	2009
Expected return on employee benefit plan assets	34.9	30.5
Interest income on cash and cash equivalents	0.6	3.0
Interest income on receivables and loans	1.3	2.2
Gain on financial instruments held for trading	-	1.8
Financial income	**36.8**	**37.5**
Interest expense on financial debt	(114.0)	(99.7)
- Senior credit facilities	*(39.6)*	*(57.0)*
- Senior notes	*(40.0)*	*(0.1)*
- Securitization	*(16.2)*	*(16.9)*
- Other financing	*(4.4)*	*(9.4)*
- Finance leases	*(1.1)*	*(1.5)*
- Amortization of transaction costs	*(12.7)*	*(14.8)*
Gains and losses on derivative instruments previously deferred in equity and recycled in the income statement	(28.9)	(23.9)
Change in fair value through profit and loss (foreign exchange rate)	4.3	(3.0)
Ineffectiveness of interest rate derivatives	(1.1)	-
Foreign exchange gain (loss) on financial liabilities	(3.9)	2.6
Interest expense on borrowings	**(143.6)**	**(124.0)**
Interest cost of employee benefit obligations and other long-term liabilities	(42.2)	(40.4)
Financial expenses (other)	(4.5)	(0.7)
Other financial expenses	**(46.7)**	**(41.1)**
Financial expenses (net)	**(153.5)**	**(127.6)**

7. | INCOME TAX

Income tax expense for an interim period is calculated based on the expected year-end tax rate, i.e. by applying the average estimated tax rate for the year to the interim income before taxes.

The effective tax rate for the period ended September 30, 2010 was 20.1%, compared with 32.7% for the period ended September 30, 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 accounted for a decrease in the tax rate of 12.3%. As disclosed in the consolidated financial statements as of December 31, 2009, the Group elected to consider 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 €5.3 million for the first nine months of 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 September 30, 2010.

8. | ASSETS HELD FOR SALE

On September 23, 2010, Hagemeyer Brands Australia Pty Ltd, a subsidiary of Rexel engaged in the distribution of Smeg branded kitchen appliances by virtue of 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 transaction will cause the termination of the distribution agreement with Smeg Spa.

Subject to the execution by the parties of a business sale and purchase agreement and a transitional services agreement, the transaction is expected to be completed in January 2011. Hagemeyer Brands Australia assets and liabilities related to this business were reclassified as "Assets and liabilities held for sale" and concerned mainly the net carrying value of the Smeg Distribution Agreement as well as related assets and liabilities for an aggregate amount of €12.6 million. Prior to being reclassified as assets held for sale, the disposal group of assets was measured at fair value less costs to sell resulting in a €1.9 million impairment charged in the income statement in the line item "Other operating expenses" (see note 5.2).

9. | SHARE CAPITAL AND ISSUANCE PREMIUM

Since January 1, 2010, the Group has registered the followings movements in shareholders' equity following the issuance of ordinary shares, with a notional amount of €5 per share:

	Number of Shares	Share capital	Issuance premium
		(in millions of euros)	
On January 1, 2010 ……………………………………..…….	**258,220,018**	**1,291.1**	**1,392.2**
Exercise of share subscription options [(1)]……………………	1,459,552	7.3	0.2
Issuance of shares in connection with free share plan [(2)]…..	146,031	0.7	(0.7)
Allocation of free shares [(3)]…………………………………….	-	-	(7.6)
On September 30, 2010 …………………………………….....	**259,825,601**	**1,299.1**	**1,384.1**

[(1)] *Exercise of share subscription options*

On October and November 2005, Rexel established share option programs that entitle key management personnel and senior employees to subscribe for Rexel shares. Options granted under these plans are vested in full following the initial public offering of Rexel in April 2007 and are exercisable until October and November 2016. During the period ended September 30, 2010, 1459552 options were exercised under these plans.

[(2)] *Issuance of shares in connection with free share plan*

On June 23, 2008, Rexel implemented several free share plans for its top executives and key employees under which these employees and executives will either be eligible to receive Rexel shares two years after the granting date, known as the "2+2 Plan" or four years after the granting date, known as the "4+0 Plan". The issuance of these free shares was subject to service and performance conditions.

On June 24, 2010, under the "2+2 Plan", 146,031 free shares were fully vested and therefore the company issued these new shares to be remitted to the beneficiaries by deduction from the issuance premium and incorporation to share capital.

[(3)] *Allocation of free shares attributed*

Pursuant to the authorization granted by the shareholders' meeting held on May 20, 2009 and by the Supervisory Board on May 11, 2010, the Management Board meeting held on May 11, 2010 decided to allocate a maximum of 1519862 free shares to top managers and key employees subject to certain conditions (see note 11). The Management Board decided that the free shares to be remitted to the

beneficiaries when vested, will be created by issuance of new shares and therefore decided to constitute an undistributable reserve by deduction of the issuance premium.

10. | EARNINGS PER SHARE

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

	For the period ended September 30,	
	2010	**2009**
Net income attributed to ordinary shareholders (in millions of euros)......	***167.2***	***46.2***
Weighted average number of ordinary shares outstanding (*in thousands*)......	259,101	256,536
Potentially ordinary shares (*in thousands*)...	2,758	3,007
Weighted average number of ordinary shares (in thousands)................	***261,858***	***259,543***
Basic earnings per share (*in euros*)	**0.64**	**0.18**
Net income attributed to ordinary shareholders (in millions of euros).....	***167.2***	***46.2***
Weighted average number of ordinary shares (in thousands).....................	261,858	259,543
Potentially dilutive ordinary shares (*in thousands*)..................................	*1,282*	*1,153*
- of which share options (in thousands)	*258*	*360*
- of which free shares (in thousands) .... [(1)]	*1,024*	*793*
Weighted average number of ordinary shares used for the calculation of fully diluted earnings per share (in thousands)	***263,141***	***260,697***
Fully diluted earnings per share (*in euros*)	**0.64**	**0.18**

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

11. | SHARE-BASED PAYMENTS

11.1 | Free share plan

On May 11, 2010, Rexel implemented free share plans for its top executives and key managers amounting to a maximum 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), with these shares being restricted during an additional two year period (May 12, 2014), the “2+2 Plan”, or four years after the granting date with no subsequent restrictions under the “4+0 Plan”. The delivery of these shares is subject to the service and performance conditions of the schemes as described below:

Beneficiaries ……………………………….	Members of Group Executive Committee and top managers		Other key employees		Total
Vesting conditions ……………………..	Two year service condition from grant date and performance conditions based on: (i) 2010 adjusted EBITDA, (ii) 2009/2011 adjusted EBITDA margin increase and (iii) 2010 ratio net debt to adjusted EBITDA		20% of the shares vested based on a two year service condition from grant date and 80% based on additional performance conditions relative to: (i) 2010 adjusted EBITDA, (ii) 2009/2011 adjusted EBITDA margin increase and (iii) 2010 ratio net debt to adjusted EBITDA		
Plan ……………………………………….	2+2	4+0	2+2	4+0	
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**

The fair value of Rexel's shares granted to employees is estimated at €10.80 per share, based on the stock price at grant date. The restrictions attached to the dividends until the date of delivery of the shares to the beneficiaries are computed as a reduction of the fair value.

11.2 | 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 in favour of employees 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 are granted two matching shares for each of the first ten whole shares subscribed and for subsequent shares up to €750 invested one matching share is allocated for each share subscribed. Matching shares are subject to a five-year service condition within the Group.

The settlement and delivery of the shares subscribed for pursuant to this plan is expected to take place before the end of the year 2010.

As of September 30, 2010, benefits granted to employees resulted in personnel costs of €1.1 million before tax of which €0.8 million related to the discount granted to employees and €0.3 million related to the employer matching contribution offered to French beneficiaries.

11.3 | Share based-payment expenses

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

(in millions of euros)	For the period ended September 30,	
	2010	**2009**
Plans issued in 2007	-	2.3
Plans issued in 2008	1.1	0.5
Plans issued in 2009	2.6	1.2
Plans issued in 2010	2.7	-
Discount related to employee share purchase plan	0.8	-
Total share-based payment expense	**7.2**	**4.0**

12. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of September 30, 2010. Financial liabilities include interest-bearing loans, borrowings and accrued interest less transaction costs.

12.1 | Net financial debt

(in millions of euros)	**As of September 30, 2010**			**As of December 31, 2009**		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Senior notes	-	682.9	682.9	-	575.0	575.0
Senior credit facilities	-	892.9	892.9	-	1,091.2	1,091.2
Securitization	-	971.7	971.7	-	1,056.6	1,056.6
Bank loans	10.1	1.9	12.0	3.9	2.3	6.2
Commercial paper	38.4	-	38.4	-	-	-
Bank overdrafts and other credit facilities	100.0	-	100.0	83.5	-	83.5
Finance lease obligations	5.8	8.3	14.1	6.9	11.0	17.9
Accrued interest [(1)]	16.1	-	16.1	5.7	-	5.7
Less transaction costs	(18.9)	(48.4)	(67.3)	(16.5)	(58.8)	(75.3)
Total financial debt and accrued interest	**151.5**	**2,509.3**	**2,660.8**	**83.5**	**2,677.3**	**2,760.8**
Cash and cash equivalents			(214.2)			(359.6)
Fair value hedge derivatives			(13.8)			-
Net financial debt			**2,432.8**			**2,401.2**

[(1)] Including accrued interests on Senior Notes for €16.1 million as of September 30, 2010 (€1.5 million as of December 31, 2009)

12.1.1 Senior Credit Agreement

As of September 30, 2010, facilities under the Senior Credit Agreement and other senior term loan agreements were as follows:

Credit Facility	Commitment (1) (in millions of euros)	Borrower	Balance due as of September 30, 2010 (in millions of local currency)	Currency	Balance due as of September 30, 2010 (in millions of euros)
			201,0	CAD	142,8
Facility A	586,0	Rexel SA	569,6	USD	417,3
			90,0	CHF	67,7
Facility B	1 074,0	Rexel SA	500,0	SEK	54,7
			232,4	USD	170,3
Sub-total 2009 Senior Credit Agreement	***1 660,0***				***852,9***
Term Loan Agreement [(1)]	40,0	Rexel SA	40,0	EUR	40,0
TOTAL	**1 700,0**				**892,9**

(1) The commitment of Facilities A and B under the 2009 Senior Credit Agreement was reduced by €40 million (from €600 million to €586 million for Facility A and from €1,100 to €1,074 million for Facility B) following execution of a bilateral €40 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).

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 September 30, 2010 the applicable margin stood at 2.50% for Facility A and 2.75% for Facility B.

12.1.2 Securitization programs

The Group has several on-balance sheet securitization programs, which enable the Group to obtain financing at a lower cost than bonds or bank loans.

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

Securitization programs are subject to certain covenants concerning the quality of the receivables portfolio including dilution (ratio of credit notes to eligible receivables), delinquency and default criteria (aging ratios measured respectively as overdue and doubtful receivables to eligible receivables). As of September 30, 2010, Rexel had satisfied all of these covenants.

The features of the securitization program are summarized in the table below:

		(in millions of currency)		(in millions of euros)		
Program	**Commitment**	**Amount of receivables pledged on September 30, 2010**	**Amount drawn on September 30, 2010**	**Outstanding amount on September 30, 2010**	**on December 31, 2009**	**Maturity date**
2005 - Europe and Australia [(1)]	EUR 500	EUR 496.4	EUR 369.5	369.5	478.6	11/02/2012
United States	USD 250	USD 250.0	USD 248.8	182.3	155.8	23/12/2014
Canada [(2)]	CAD 140	CAD 219.0	CAD 140.0	99.5	107.1	13/12/2012
2008 - Europe	EUR 450	EUR 387.9	EUR 320.4	320.4	315.1	17/12/2013
TOTAL				**971.7**	**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. This program pays interest based on commercial paper rates.

(2) Commitment reduced from CAD175 million to CAD140 million in April 2010.

At September 30, 2010, the total commitment of the on-balance-sheet securitization program amounted to €1,232.7 million of which €971.7 million was used.

In addition to the on-balance sheet securitization programs, Rexel also operates an off-balance sheet program restricted to its US operations. Under this program, all risks and rewards attached to the receivables are transferred to the purchaser and such receivables are derecognized from the balance sheet.

The maximum funding amount is limited to USD220 million. As of September 30, 2010, the amount of derecognized receivables was €100.4 million (USD137.1 million) and the resulting loss recorded as financial expense was €4.0 million. Collections received from derecognized receivables that have not yet been remitted to the purchaser amounted to €15.9 million (USD21.7 million) and were recorded as financial liabilities.

12.1.3 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 enlarge the investor base and optimize the cost of financing.

12.2 | Repayment schedule

The contractual repayment schedule of financial debt net of transaction costs is as follows:

(in millions of euros)	**As of September 30,**	**As of December 31,**
Due within	**2010**	**2009**
One year	169.5	99.9
Two years	373.1	4.0
Three years	97.2	584.7
Four years	320.7	314.6
Five years	1,077.0	1,248.8
Thereafter	690.6	584.1
Sub-total financial debt	**2,728.1**	**2,836.1**
Less transaction costs	(67.3)	(75.3)
Financial debt	**2,660.8**	**2,760.8**

12.3 | Change in net financial debt

As of September 30, 2010 and September 30, 2009, the change in net financial debt is as follows:

(in millions of euros)	**2010**	**2009**
At January 1	**2,401.2**	**2,932.0**
Reimbursement of 2008 Senior Credit Agreement	-	(296.3)
Transaction costs related to the 2008 Senior credit agreement	-	(22.7)
Subscription of Senior notes	76.7	-
Net change in term loan facilities	(257.9)	-
Subscription of commercial paper	38.4	-
Transaction costs related to the refinancing	(4.4)	-
Net change in other credit facilities and bank overdrafts	21.9	(56.5)
Net change in credit facilities	**(125.3)**	**(375.5)**
Net change in securitization	(111.3)	(253.8)
Payment of finance lease liabilities	(4.0)	(6.5)
Net change in financial liabilities	***(240.6)***	***(635.8)***
Change in cash and cash equivalents	125.4	226.2
Foreign currency exchange discrepancies	115.5	43.8
Change in consolidation scope	(0.2)	5.5
Amortization of transaction costs	12.7	14.8
Fair value hedge adjustment and other	18.8	(2.5)
At September 30	**2,432.8**	**2,584.0**

On January 20, 2010, Rexel issued €75 million of senior unsecured notes in addition to the notes issued on December 21, 2009 in 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. Interest payments are due semi-annually on June 15 and December 15 each year, from June 15, 2010.

13. | MARKET RISKS AND FINANCIAL INSTRUMENTS

13.1 | Interest rate risk

In order to hedge its exposure to floating rates, the Group has adopted an interest rate hedging strategy aimed at maintaining a hedging ratio on a one-year rolling basis (including fixed and capped interest rates) for close to 80% of its net financial debt with the remainder at variable interest rates.

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

(in millions of euros)	As of September 30, 2010	As of December 31, 2009
Senior notes and other fixed rate debt [(1)]	668.7	585.5
Fixed rate debt before hedging	*668.7*	*585.5*
Variable to fixed rate swaps	1,260.0	1,047.8
Fixed to variable rate swaps	(475.0)	(225.0)
Interest rate options - Collars	716.3	1,057.6
Sub total fixed or capped rate debt after hedging	***2,170.0***	***2,465.9***
Variable rate debt before hedging	1,978.3	2,175.3
Variable to fixed rate swaps	(1,260.0)	(1,047.8)
Fixed to variable rate swaps	475.0	225.0
Active interest rate options - Collars [(2)]	(716.3)	(1,057.6)
Cash and cash equivalents	(214.2)	(359.6)
Sub total current variable rate debt after hedging	***262.8***	***(64.7)***
Total net financial debt	**2,432.8**	**2,401.2**

(1) After deduction of a €13.8 million fair value adjustment relating to the Senior Notes in respect of fair value hedging

(2) Interest options for which one of the strike prices (for caps or floors) is in the money

Fair value hedge derivatives

As of September 30, 2010, the portfolio associated with derivative financial instruments that qualify as fair value hedges was as follows:

	Notional amount *(in millions of euros)*	**Maturity**	**Weighted average fixed rate paid (received)**	**Variable rate paid (received)**	**Fair value** *(in millions of euros)*
Swaps paying variable rate					
Euro	375.0	December 2016	(2,84)%	3M Euribor	**18.2**
Euro	100.0	Mars 2011	(2,99)%	3M Euribor	**0.9**
Swaps paying fixed rate					
Euro	(100.0)	March 2011	2.67%	(3M Euribor)	**(0.8)**
Euro	(150.0)	March 2012	2.19%	(3M Euribor)	**(2.2)**
Euro	(100.0)	March 2013	2.29%	(3M Euribor)	**(2.3)**
Total					**13.8**

The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in profit or loss as interest expenses on borrowings. The changes in fair value of the fair value hedge derivatives and of the hedged item are recognized in profit or loss to match each other. The change in fair value of these swaps for the period ended September 30, 2010 was a gain of €18.7 million, matched against a loss of €20.2 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.

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 floating interest debt in accordance with its policy. The allocation of hedging instruments among currencies hinges on the Group's expectations concerning the evolution of the interest rates linked to those currencies. These instruments are classified as cash flow hedges and are measured at fair value.

As of September 30, 2010, derivative instruments classified as cash flow hedges are as follows:

	Notional amount		Maturity	Floating rate received	Weighted average fixed rate paid	Fair value
	(in millions of local currency)	*(in millions of euros)*				*(in millions of euros)*
Swaps paying fixed rate						
Swiss franc	50.0	37.6	March 2011	3M Libor	0.35%	-
Swiss franc	40.0	30.1	March 2013	3M Libor	0.94%	(0.3)
Canadian dollar	100.0	71.1	September 2013	3M Libor	1.57%	(1.3)
Canadian dollar	70.0	49.7	March 2013	3M Libor	2.72%	0.3
Swedish krona	500.0	54.7	September 2012	3M Stibor	2.59%	(0.7)
US dollar	200.0	146.5	September 2011	3M Libor	3.35%	(4.2)
US dollar	230.0	168.5	December 2011	3M Libor	3.50%	(6.3)
US dollar	200.0	146.5	September 2012	3M Libor	3.18%	(7.5)
US dollar	280.0	205.2	March 2013	3M Libor	2.82%	(10.8)
Pound sterling [(1)]	25.0	29.1	March 2012	3M Libor	1.97%	(0.2)
Total		**939.1**				**(31.0)**

(1) Beginning in March 2011

	Notional amount		Maturity	Floating rate received	Weighted average fixed rate paid	Fair value
	(in millions of local currency)	*(in millions of euros)*				*(in millions of euros)*
Collars						
Euro [(1)].................	550.0	550.0	March 2011	3M Euribor	2,65%-4,50%	(4.2)
Pound sterling.......	66.0	76.7	March 2011	3M Libor	3,75%-5,75%	(1.1)
Canadian dollar	126.0	89.5	March 2011	3M C-Dor	2,75%-5,00%	(0.6)
Total		**716.3**				**(5.9)**

(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).

The change in fair value of the cash flow hedge instruments for the period ended September 30, 2010 was recognized as an increase in shareholders' equity for an amount of €6.9 million (before tax).

Sensitivity to interest rate variation

As of September 30, 2010 an immediate rise of 1% in short-term interest rates on variable debt including hedging effective in the twelve months following the 1% rise would lead to an increase in interest expense estimated at €2.1 million on a yearly basis.

13.2 | Currency risk exposure

Forward contracts

Exchange exposure arises principally from external financing in currencies other than the euro and in financing of/by Group entities by/of the parent company in their local currency. In order to neutralize the exposure to the exchange rate risk, the positions denominated in currencies other than the euro are hedged using forward contracts with a duration generally ranging from one to three months. The hedge contracts are renewed as necessary while exposure exists.

Put options

In addition, since the presentation of the financial statements is in euro, the Group is required to translate into euro income and expenses denominated in other currencies in preparing its financial statements at average rates applicable to the period. Therefore, the Group entered into several foreign exchange options to partially hedge the effect of its exposure to the translation risk related to the results of foreign operations. These instruments are qualified as held for trading under IAS 39. Details of hedge transactions entered into by the Group and outstanding as of September 30, 2010 are set out below:

	Notional amount		**Maturity**	**Fair value**
	(in millions of currency)	*(in millions of euros)*		*(in millions of euros)*
Put options				
Canadian dollar……………	36.0	25.6	January 2011	-
Australian dollar……………	46.0	32.7	January 2011	-
Swiss franc…………………	17.0	12.8	January 2011	-
Yen...................................	3,600.0	31.7	February 2011	0.3
Total		**102.7**		**0.3**

The notional amount and the fair value of financial instruments hedging foreign exchange risk as of September 30, 2010 were €128 million (€448 million forward sales and €320 million forward purchases) and €(4.8) million respectively. The change in fair value of foreign exchange rate derivatives amounted to €4.2 million as of September 30, 2010 and is recognized in profit or loss as net financial income for €4.3 million (see Note 6) and as operating income for €(0.2) million and through equity in the cash flow hedge reserve for €0.1 million before tax.

Financial debt per currency of repayment

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

(in millions of euros)	Euro	US dollar	Canadian dollar	Australian dollar	Norwegian krone	Swedish krona	Pound sterling	Other currency	Total
Financial liabilities	1,246.4	788.4	251.8	87.8	1.3	56.2	143.9	85.0	2,660.8
Fair value hedge derivatives	(13.8)	-	-	-	-	-	-	-	(13.8)
Cash and cash equivalents..................	(69.3)	(66.2)	(6.9)	(19.0)	(10.8)	(2.2)	(17.8)	(22.0)	(214.2)
Net financial position before hedging	**1,163.3**	**722.2**	**244.9**	**68.8**	**(9.5)**	**54.0**	**126.1**	**63.0**	**2,432.8**
Impact of hedge.................	(162.8)	(125.8)	2.9	27.9	(22.9)	144.6	(105.0)	241.1	-
Net financial position after hedging	**1,000.5**	**596.4**	**247.8**	**96.7**	**(32.4)**	**198.6**	**21.1**	**304.1**	**2,432.8**
Impact of a 5% increase in exchange rate...........	-	29.8	12.4	4.8	(1.6)	9.9	1.1	15.2	71.6

14. | SEASONALITY

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

15. | RELATED PARTY TRANSACTIONS

For the period ended September 30, 2010 no significant transactions were entered into with related parties except for the allocation to the members of the Executive Committee of a maximum number of 450,015 free shares in connection with the issuance of the free share plan in May 2010 these shares are subject to service and performance conditions (see note 11).

16. | LITIGATION

Settlement of litigation regarding bankruptcy of Ceteco

On February 8, 2010, Hagemeyer N.V., the Management Board of Ceteco N.V., 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 that provides for certain provisions in relation to the allocation of the losses, if any, suffered as a result of this litigation proceeding, and by other parties. Provision had been recorded for this litigation as of December 31, 2009.

For the period ended September 30, 2010, there was no significant change relating to other litigation disclosed in the consolidated financial statements as of December 31, 2009.

17. | OTHER POTENTIAL LIABILITIES

In the context of the disposal of certain of its businesses, the Group has granted the following guarantees to the purchasers:

Warranties given in connection with the sale of HCL Asia

In connection with the disposal of HCL Asia (see Note 5.2), the Group granted to the purchaser a warranty for liabilities amounting to USD 2.5 million excluding taxation and pension claims (USD 7.0 million including taxation and pensions liabilities). The warranty expires in September 2011 except for taxation liabilities for which the relevant statue of limitation as applicable in the respective jurisdiction applies.

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 5.2), the Group granted to the purchaser a warranty for liabilities limited to €1.6 million excluding taxation claims. The warranty is effective for an aggregate amount of damages that exceeds €0.5 million in which case the full amount is recovered by the purchaser. The agreement also provides for a time limitation of the sellers' liability of twelve months starting from the closing of the transaction (June 30, 2010) except for tax liabilities for which the applicable statutory limitation period applies.

For the period ended September 30, 2010 guarantees disclosed in the consolidated financial statements as of December 31, 2009 had not been triggered.

18. | EVENTS AFTER THE REPORTING PERIOD

At the presentation date of the condensed consolidated interim financial statements, no events with a significant impact on Rexel's financial situation have taken place.

19. | QUARTERLY INFORMATION

Consolidated income statement

(in millions of euros)	For the quarter ended September 30, 2010	2009
Sales	3,041.6	2,793.6
Cost of goods sold	(2,305.5)	(2,115.3)
Gross profit	**736.1**	**678.3**
Distribution and administrative expenses	(578.3)	(552.6)
Operating income before other income and expenses	**157.8**	**125.7**
Other income	0.5	1.4
Other expenses	(13.0)	(31.5)
Operating income	**145.3**	**95.6**
Financial income	12.6	12.0
Interest expense on borrowings	(47.2)	(51.1)
Other financial expenses	(15.4)	(13.8)
Financial expenses (net)	*(50.0)*	*(52.9)*
Share of profit of associates	*2.8*	-
Net income before income tax	**98.1**	**42.7**
Income tax	(22.8)	(14.1)
Net income	**75.3**	**28.6**
Attributable to:		
Equity holders of the parent	75.2	28.3
Non-controlling interests	0.1	0.3
Weighted average number of ordinary shares (*in thousands*)	262,359	260.685
Average number of shares used for the diluted earnings per share calculation (*in thousands*)	263,877	261.870
Earnings per share:		
Basic earnings per share (*in euros*)	0.29	0.11
Fully diluted earnings per share (*in euros*)	0.29	0.11

Consolidated statement of comprehensive income

(in millions of euros)	For the quarter ended September 30, 2010	2009
Net income	**75.3**	**28.6**
Foreign currency translation	(77.6)	0.4
Gain (Loss) on cash flow hedges	7.5	(4.8)
Income tax	(2.6)	1.7
	4.9	(3.1)
Other comprehensive income for the period, net of tax	*(72.7)*	*(2.7)*
Total comprehensive income for the period, net of tax	**2.6**	**25.9**
Attributable to:		
Equity holders of the parent	3.5	25.9
Non-controlling interests	(0.9)	-

Consolidated statement of cash flows

(in millions of euros)	For the quarter ended September 30, 2010	2009
Cash flows from operating activities		
Operating income	145.3	95.6
Depreciation, amortization and impairment of assets	26.3	27.8
Employee benefits	(2.9)	(3.9)
Change in other provisions	(6.9)	11.3
Other non-cash operating items	3.9	3.2
Interest paid	(32.8)	(44.5)
Income tax paid	(20.8)	(4.2)
Operating cash flows before change in working capital requirements	*112.1*	*85.3*
Change in inventories	(20.4)	29.6
Change in trade receivables	(19.6)	(0.1)
Change in trade payables	(29.1)	25.5
Change in other working capital items	(2.7)	13.0
Change in working capital	*(71.8)*	*68.0*
Net cash from operating activities	**40.3**	**153.3**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(13.1)	(8.5)
Proceeds from disposal of property, plant and equipment	0.2	(0.3)
Acquisition of subsidiaries, net of cash acquired	-	(4.4)
Proceeds from disposal of subsidiaries, net of cash disposed	(0.2)	-
Change in long-term investments	(0.2)	0.1
Net cash from investing activities	**(13.3)**	**(13.1)**
Cash flows from financing activities		
Proceeds from the issue of share capital	1.1	-
Dividends received from associates	1.4	-
Disposal of treasury shares	(0.5)	0.4
Net change in credit facilities and other financial borrowings	(89.7)	(247.0)
Net change in securitization	24.3	26.0
Payment of finance lease liabilities	(1.0)	(1.9)
Net cash from financing activities	**(64.4)**	**(222.5)**
Net decrease in cash and cash equivalents	(37.4)	(82.3)
Cash and cash equivalents at the beginning of the period	285.2	674.0
Effect of exchange rate changes on cash and cash equivalents	(33.6)	(1.7)
Cash and cash equivalents at the end of the period	**214.2**	**590.0**

Segment information for the quarter ended September 30, 2010 and September 30, 2009

2010

(in millions of euros)	Europe	North America	Asia-Pacific	Other segments	Total operating segments	Corporate holdings	Total Group
For the quarter ended September 30							
Sales to external customers………………	1,737.3	931.2	297.3	75.8	**3,041.6**	-	**3,041.6**
EBITA [(1)]……………………………………	113.9	36.8	17.9	3.7	**172.3**	(8.4)	**163.9**

2009

(in millions of euros)	Europe	North America	Asia-Pacific	Other segments	Total operating segments	Corporate holdings	Total Group
For the quarter ended September 30							
Sales to external customers……………..	1,655.0	811.6	224.9	102.1	**2,793.6**	-	**2,793.6**
EBITA [(1)]……………………………………	95.6	23.3	13.1	2.6	**134.6**	(4.1)	**130.5**

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

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

(in millions of euros)	For the quarter ended September 30, 2010	2009
EBITA - Total Group………………………………………	**163.9**	**130.5**
Amortization of intangible assets recognized following allocation of the acquisition price of acquired entities…	(6.1)	(4.8)
Other income and other expenses………………………..	(12.5)	(30.1)
Net financial expenses……………………………………..	(50.0)	(52.9)
Share of profit of associates………………………………	2.8	-
Group consolidated income before income tax…...	**98.1**	**42.7**