

## **REXEL**

Company with limited liability (société anonyme)  
with a Management Board and Supervisory Board  
with a share capital of €1,314,018,085  
Registered office: 189-193, boulevard Malesherbes, 75017 Paris  
479 973 513 R.C.S. PARIS

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### **REPORT OF THE SUPERVISORY BOARD TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 19, 2011**

To the Shareholders,

In accordance with the provisions of article L.225-68 of the French Commercial Code, we have reviewed the annual financial statements and the consolidated financial statements of Rexel (the "**Company**" or "**Rexel**") for the financial year ended December 31, 2010 as they were presented to us by the Management Board and the report of the Management Board on the business activity of the Company and the group for which the Company is the parent (the "**Rexel Group**") in the financial year ended December 31, 2010. We have also read the findings of the Audit Committee and those of the statutory auditors concerning such financial statements and such report.

The annual financial statements of the Company for the financial year ended December 31, 2010 show a net income of €59,954,913.54. The balance sheet total at December 31, 2010 is €5,355.1 million. The consolidated financial statements of the Company for the financial year ended December 31, 2010 show sales of €11,960.1 million, a gross margin of €2,945.6 million, an operating profit of €485.4 million and net income of €229.2 million. The consolidated balance sheet total at December 31, 2010 is €9,387.2 million.

The annual financial statements and the consolidated financial statements of the Company for the financial year ended December 31, 2010 and the report of the Management Board do not necessitate any particular observations on our part.

In the financial year 2010, we were regularly informed of the course of business and business activity of the Company and of the Rexel Group and, in the context of our supervisory duties, we have carried out the verifications and controls that we have deemed necessary in accordance with the provisions of the law and the by-laws.

The Supervisory Board and the Audit Committee, the Compensation Committee, the Appointment Committee and the Strategic Committee have thus continued their in-depth work with the Management Board.

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

Furthermore, in the financial year ended December 31, 2010, the business activity of the Rexel Group was particularly influenced by the following events:

- the Rexel Group has continued its strategy aiming at developing its market shares. In particular, the Rexel Group acquired Grossauer Elektro-Handels AG (Switzerland), LuckyWell Int'l Investment Limited (China), Yantra Automation Private Ltd. (India), of Wuhan Rockcenter Automation (China) and Nortel Suprimentos Industriais S.A. and its subsidiary MRO Importacoes Ltda (Brazil). Moreover, the Rexel Group has sold

businesses that were not part of its core business (Haagtechno in The Netherlands, Hagemeyer Cosa Lieberman in Hong-Kong, the SMEG household appliances distribution business in Australia);

- in the context of the issuance of senior unsecured notes, Rexel carried out an additional issuance of fungible bonds for an amount of €75 million on January 20, 2010.

In addition, we have reviewed the draft resolutions which are submitted to your approval at the ordinary and extraordinary shareholders' meeting of May 19, 2011. It will thus be suggested that you:

- approve the annual and consolidated financial statements for the financial year ended December 31, 2010 and the allocation of income for the financial year. In this respect it is suggested that you grant to the shareholders of the Company an option for the payment of all of the dividend in new shares. It is also suggested that you acknowledge the absence of non-deductible costs and expenses;
- approve the related-party agreements entered into in the financial year ended December 31, 2010;
- acknowledge the expiration by anticipation of the duties as members of the Supervisory Board of Mr. David Novak, Mr. Luis Marini-Portugal and Mr. Matthew Turner, effective as of the end of the shareholders' meeting in order to allow for a gradual renewal of the terms of office of the members of the Supervisory Board and, therefore, to renew the term of office of Mr. David Novak, Mr. Luis Marini-Portugal and Mr. Matthew Turner as members of the Supervisory Board for four years;
- authorize the Management Board to carry out transactions in the share capital of the Company and reduce the share capital of the Company by cancelling shares acquired in the context of the implementation of a share repurchase plan;
- authorize the Management Board to allot free new or existing shares to the managers and employees of the Company and of the Rexel Group;
- authorize the Management Board to grant options to subscribe for new shares of the Company or options to purchase existing shares of the Company;
- authorize the Management Board to carry out share capital increases reserved to the benefit of the employees of the Rexel Group;
- modify article 14.1 of the by-laws of the Company relating to the Management Board in order to increase the maximum number of members of the Management Board from 4 to 5; and
- modify article 30.2 of the by-laws of the Company in order to take into consideration the modifications made by Ordinance n°2010-1511 of December 9, 2010 to Article L.225-106 of the French commercial code in respect of the representation of shareholders at shareholders' meeting.

These draft resolutions do not necessitate any particular observations on our part.

signed in Paris  
on April 12, 2011

The Supervisory Board