Document de référence 2009

(ENGLISH VERSION)

REXEL
ELECTRICAL SUPPLIES

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Company with limited liability *(société anonyme)*
with a Management Board and Supervisory Board
with a share capital of €1,297,178,380
Registered office: 189-193, boulevard Malesherbes – 75017 Paris
479 973 513 R.C.S. Paris

2009

ANNUAL REPORT

DOCUMENT DE REFERENCE

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

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*In this Document de Référence, **"Rexel"** refers to the company Rexel. References to **"Rexel Développement"** are to Rexel Développement S.A.S, a direct subsidiary of Rexel. References to **"Rexel Distribution"** are to Rexel Distribution, an indirect subsidiary of Rexel. References to **"Kelium"** are to Kelium, a direct subsidiary of Rexel Distribution, that merged into Rexel Distribution as of January 1, 2009. References to **"Hagemeyer"** are to the Dutch corporation Hagemeyer N.V., an indirect subsidiary of Rexel. The **"Rexel Group"** refers to Rexel and its subsidiaries and, before 2005, to Rexel Distribution and its subsidiaries.*

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

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

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

1. Overview of the Rexel Group

1.1 SELECTED CONSOLIDATED FINANCIAL DATA

The selected financial data set forth below has been prepared on the basis of the consolidated financial statements of Rexel for the years ended December 31, 2009, 2008 and 2007.

Rexel's consolidated income statement highlights

(in millions of euros)	Reported		
	2009	2008[2]	2007
Sales	11,307.3	12,864.5	10,704.4
Gross profit	2,769.5	3,059.4	2,615.6
As a % of sales	*24.5%*	*23.8%*	*24.4%*
EBITA[1]	469.4	647.1	655.6
Adjusted EBITA[1]	449.9	708.0	665.1
As a % of sales	*4.0%*	*5.5%*	*6.2%*
Operating income	315.8	553.4	570.5
Net income	81.0	231.5	143.5
Net income attributable to the Rexel Group	80.6	230.2	143.0

(1) EBITA is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses. Adjusted EBITA **("Adjusted EBITA")** is defined as EBITA excluding the estimated non-recurring net impact from changes in copper-based cable prices (see paragraphs 2.4.1 "Risks relating to changes in prices of certain raw materials" and 4.1.3 "Effects of changes in copper price"of this *Document de Référence*). EBITA and Adjusted EBITA are not accepted accounting measures with standard and generally accepted definitions. They should not be considered as an alternative to operating income, net income, cash flow from operating activities or as a measure of liquidity. Companies with similar or different activities may calculate EBITA and Adjusted EBITA differently than Rexel.

(2) The income statement published on December 31, 2008 was restated to account for modifications relative to the interpretation of IFRIC 13 (see note 2.2.1 to Rexel's consolidated financial statements for the year ended December 31, 2009 set forth in Chapter 5 "Consolidated financial statements" of this *Document de Référence*).

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

(in millions of euros)	Reported		
	2009	2008	2007
Operating income	315.8	553.4	570.5
(–) Other income[1]	33.1	124.4	6.9
(–) Other expenses[1]	(167.5)	(201.0)	(84.8)
(–) Amortization of intangible assets recognized on the occasion of purchase price allocations	(19.2)	(17.1)	(7.2)
= EBITA	**469.4**	**647.1**	**655.6**
(–) Non-recurring effect resulting from changes in copper-based cable prices[2]	19.5	(60.9)	(9.5)
= Adjusted EBITA	**449.9**	**708.0**	**665.1**
Adjusted EBITA margin	4.0%	5.5%	6.2%

(1) See note 7 to Rexel's consolidated financial statements for the year ended December 31, 2009, set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*.

(2) See paragraphs 2.4.1 "Risks relating to changes in prices of certain raw materials" and 4.1.3 "Effects of changes in copper price" of this *Document de Référence.*

Rexel's consolidated cash flow statement highlights

(in millions of euros)	Reported		
	2009	2008	2007
Operating cash flow[1]	446.8	664.1	704.0
Changes in working capital requirements	471.6	133.7	(13.0)
Cash generated from operating activities before net interest and income taxes	918.4	797.8	691.0
Net capital expenditure	(38.5)	(8.7)	(20.6)
Free cash flow before net interest and income taxes[2]	879.9	789.1	670.4

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

Rexel's consolidated balance sheet highlights

(in millions of euros)	Reported December 31,		
	2009	2008[1]	2007
Non-current assets	5,238.0	5,203.9	3,770.6
Working capital requirements	1,206.1	1,602.8	1,403.2
Shareholders' equity	3,412.0	3,248.4	3,227.3
Net indebtedness	2,401.2	2,932.0	1,606.6
Other non-current liabilities	630.9	626.3	339.9

(1) In accordance with IFRS 3, the balance sheet as at December 31, 2008 was restated retrospectively to reflect changes in the Hagemeyer purchase price allocation (see note 3.1 to Rexel's consolidated financial statements for the year ended December 31, 2009 set forth in Chapter 5 "Consolidated financial statements" of this *Document de Référence*).

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

1.2 HISTORY AND DEVELOPMENT

1.2.1 Company name

Rexel's company name is "Rexel".

1.2.2 Place of registration and registration number

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

1.2.3 Date and term of incorporation

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

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

1.2.4 Registered office, legal form and applicable law

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

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

1.2.5 Rexel Group history

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

Rexel Distribution was first listed on the Second Marché of Euronext Paris on December 8, 1983 and was admitted to trading on the Premier Marché of Euronext Paris in 1990. In 1990, Pinault-Printemps-Redoute **("PPR")** became Rexel Distribution's majority shareholder following the acquisition of Compagnie Française de l'Afrique Occidentale (C.F.A.O.), of which CDME, renamed Rexel and then Rexel Distribution, was a subsidiary.

Pursuant to a purchase agreement signed on December 10, 2004, PPR, acting through its subsidiary Saprodis S.A.S., transferred a controlling stake of 73.45% of Rexel Distribution's share capital to a consortium of private equity funds comprising Clayton Dubilier & Rice, Eurazeo S.A. and Merrill Lynch Global Private Equity (renamed BAML Capital Partners) (the **"Rexel Acquisition"**). This sale was followed by a standing offer, a public buyout offer followed by a compulsory squeeze-out, following which Rexel Distribution's shares were delisted from the Euronext Paris market on April 25, 2005. Rexel's shares were admitted for trading on the Euronext Paris market on April 4, 2007.

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

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

Organic growth has been coupled with a selective acquisitions strategy. The Rexel Group has acquired companies with a regional, national or international presence, allowing it to strengthen its position in targeted regions, as well as companies established in emerging markets offering strong growth potential. Between 2005 and 2009, the Rexel Group carried out 31 consolidating acquisitions, representing approximately €875 million in sales, as well as two transforming acquisitions:

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

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

All of the business activities related to the acquisition of the Hagemeyer group have been integrated into the Rexel network and the Group's financial processes since June 30, 2008.

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

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

Rexel expects a ramp-up in synergies and believes that these synergies may amount, before tax, to approximately €50 million per year as from 2011, *i.e.,* approximately 1.5% of 2007 sales of the business activities related to the acquisition of the Hagemeyer Group. These synergies would concern the administrative services (approximately 47%), purchases (approximately 31%), logistics (approximately 11%), information systems (approximately 3%) and the impact on sales of the sharing of specific commercial know-how (approximately 8%). Rexel also believes that the non-recurring expenses deriving from the integration of the entities linked to the acquisition of the Hagemeyer Group will account for approximately €60 million between 2008 and 2011, of which approximately €40 million cumulated in 2008 and 2009.

Over the year 2009, Rexel believes that the achieved synergies amounted to approximately €34 million, of which half concerned administrative services and slightly more than one-third concerned purchases.

1.3 RECENT ACQUISITIONS AND DISPOSALS

The acquisitions and divestitures carried out by the Rexel Group during the financial year ended December 31, 2007, are described in the *Document de Référence* filed with the *Autorité des marchés financiers* on April 30, 2008 under number R.08-046. The acquisitions and divestitures carried out by the Rexel Group during the financial year ended December 31, 2008, are described in the *Document de Référence* filed with the *Autorité des marchés financiers* on April 20, 2009 under number R.09-022.

The divestures and acquisitions carried out during the financial year ended December 31, 2009 are described below.

1.3.1 Europe

1.3.1.1 Hagemeyer N.V. (The Netherlands)

Further to the public offering on the shares of Hagemeyer N.V. in 2008, the Rexel Group initiated a compulsory squeeze-out procedure in accordance with Dutch regulations in order to purchase the shares not held by Kelium or Hagemeyer N.V. For such purposes, the chamber of commerce of Amsterdam authorized Kelium to purchase as of right the outstanding shares of Hagemeyer N.V. The purchase price determined was of €4.85 per share, plus interest calculated at the Dutch legal interest rate, for the period from March 14, 2008 (date of the public offering) until the date of transfer of the shares to Kelium (merged into Rexel Distribution as of January 1, 2009), resulting in a total price paid of €5.18 per share. Under these terms, the Rexel Group purchased, during the second quarter of 2009, the 5,085,965 outstanding shares for a total price of €26.3 million. Therefore, the Rexel Group, through its subsidiary Rexel Distribution, now holds all of the share capital of Hagemeyer N.V.

1.3.1.2 Mile (Hungary)

On April 17, 2009, the Rexel Group sold Mile for an amount of €1. This company held and operated the Rexel Group's distribution network in Hungary.

1.3.2 Asia-Pacific

1.3.2.1 Suzhou Xidian Co. Ltd. (China)

On February 5, 2009, the Rexel Group acquired 63.5% of the shares of Suzhou Xidian Co. Ltd., a company based in China, for a consideration of 41.0 million yuans (€4.7 million) net of cash acquired. Further to the change of control, Suzhou Xidian Co. Ltd. carried out a share capital increase of 18.0 million yuans (€2.1 million) which was subscribed by Rexel Distribution in proportion with its interest in the share capital of the company.

1.3.2.2 Huazhang Electrical Automation Co. Ltd. (China)

In accordance with the sale and purchase agreement entered into with Huazhang Overseas Holding Inc. on March 2, 2007, Rexel Distribution has exercised its call option, thus increasing its interest in the share capital of Huazhang Electrical Automation Co. Ltd. from 51% to 70%. This company, based in Hong Kong, operates a business of distribution of automated and industrial control devices in Hong Kong and in western China. The amount of this transaction, completed on July 10, 2009, was of 34.6 million yuans, *i.e.,* a paid amount of US$ 5.1 million (€3.6 million).

1.3.2.3 Hagemeyer Cosa Liebermann (Hong Kong)

On February 25, 2010, the Rexel Group sold a group of six companies located in Hong Kong, South Korea, Taiwan, the United States and Micronesia for a consideration of US$8.3 million, net of transferred cash (see paragraph 1.4.2.4 "The Consumer Electronics and Luxury Products Distribution (ACE) division" of this *Document de Référence*).

1.4 BUSINESS AND STRATEGY

The Rexel Group believes that it is one of the leading low- and ultra-low voltage electrical products distributors worldwide based on its 2009 sales and number of branches. At December 31, 2009, the Rexel Group is established in 34 countries across three areas: Europe, North America and Asia-Pacific. Based on 2009 financial information, the Rexel Group believes that it is the first distributor in North America and in the Asia-Pacific region, and the number two in Europe.

The Rexel Group serves a wide range of contractors and of end-users, which it divides into four customer categories: contractors (60% of its 2009 sales), industrial companies (18% of its 2009 sales), commercial market companies (8% of its 2009 sales), as well as an "other customers" category, which includes municipalities, public entities, resellers and large do-it-yourself stores (14% of its 2009 sales). The Rexel Group's customers install the electrical products that it distributes in three end-markets: the industrial, commercial building and residential building markets. Its products are used in new installations and construction, as well as in the maintenance or renovation of existing installations and buildings.

The Rexel Group distributes a broad range of technical solutions and services aimed at responding to all of the needs of electrical contractors, as well as direct industrial and commercial customers. The Rexel Group's product offering is composed of seven product families indicated below with their respective percentage of 2009 sales: electrical installation equipment (43% of sales); cables and conduits (24% of sales); lighting (19% of sales); security and communication (5% of sales); climate control (5% of sales); tools (2% of sales); and white and brown products (2% of sales). The Rexel Group adds value to its offering by providing related services, including logistics, technical assistance and training services. In addition, the ACE division (3% of 2009 sales) distributes consumer electronics in The Netherlands and consumer electronics and residential equipments in Australia as well as luxury products in various Asian countries.

As at December 31, 2009, the Rexel Group's branch network consisted of 2,269 branches organized around various commercial banners and had 28,688 employees.

The consolidated sales of the Rexel Group for 2009 amounts to €11.3 billion, 59% of which were carried out in Europe, 29% in North America, 8% in Asia-Pacific and 4% for the other operations. The Rexel Group made an Adjusted EBITA in 2009, representing 4.0% of the 2009 consolidated sales.

In particularily difficult circumstances, the Rexel Group carried out in 2009 a cost reduction plan, that allowed it to preserve its profitability, and continued the implementation of the integration of the Activities related to the purchase of the Hagemeyer Group in 2008. The Rexel Group also demonstrated its capacity to reduce its debt by optimizing its working capital requirement while strengthening the development of new markets, in particular markets linked to energy savings, renewable energy and global service offerings allowing to accompany international customers.

The operating sectors on which the consolidated financial statements of the Rexel Group are based are presented in note 4 to the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2009, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence.*

1.4.1 The Rexel Group's markets

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

Characteristics of the professional distribution market

Significant market size

Based on its estimates, the Rexel Group believes that the market for professional distribution of low- and ultra-low voltage electrical products amounted to approximately €130 billion worldwide in 2009 .

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

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

A growing market

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

- demographic growth and distribution;
- economic development;
- increasing urbanization;

– increased demand for comfort, energy conservation and security; and

– growing access to electricity.

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

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

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

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

A more developed market in countries with mature economies

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

The development of new markets

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

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

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

Renewal of product offering that strengthens price increases

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

A fragmented market

At the worldwide level, the market for the professional distribution of low- and ultra-low voltage electrical products is characterized by a large number of players. The Rexel Group believes that it holds a market share of approximately 8 to 9% and a network of 2,215 branches based on 2009 financial data, excluding the 54 branches of the ACE division.

The consolidation level of the market is extremely varied from country to country. More specifically, in the United States, the market may be divided in two categories of actors: seven distributors of a national scope (including the Rexel Group) which the Rexel Group believes represent approximately 40% of all sales made in 2009, and an extremely fragmented distribution of smaller-range distributors, as the first 200 distributors, including the first 7, only represent 60% of the market. This results, in particular, from the geographic breadth of the market and the historical presence of local market players. By contrast, in certain countries such as France, The Netherlands, Australia, the United Kingdom or Canada, a large portion of the market is occupied by a limited number of distributors, due to the strong historical presence of players who have consolidated and structured these markets.

The Rexel Group estimates that, in 2009, approximately 30% of worldwide sales in the market for the professional distribution of low- and ultra-low voltage electrical products were made by eight major distributors: the Rexel and Sonepar groups, acting on the main world markets, Consolidated Electrical Distributors, W.W. Grainger, Graybar Electric Company, Anixter and WESCO International, which principally operate in North America, and Solar, which principally operates in Europe.

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

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

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

Various competitive positions

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

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

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

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

The competition risks are described in paragraph 2.1.3 “Competition risks” of this *Document de Référence.*

Breakdown of the professional distribution market

Geographic breakdown of the professional distribution market

Based on the Rexel Group’s estimates, North America constitutes the largest market for professional distribution of low- and ultra-low voltage electrical products worldwide, representing approximately 31% of the market in 2009 (€41 billion). In 2009, Europe represented approximately 29% of the market (€37 billion) and the Asia-Pacific region (excluding Japan) represented approximately 15% of the market (€20 billion). The Rexel Group estimates that the Japanese market was worth approximately €9 billion in 2009, while the other geographic zones (Latin America, Africa and the Middle-East) would be worth approximately €23 billion.

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

Country	Size (billions of euros)
United States	38
Germany	7
Italy	6
France	6
United Kingdom	3
Canada	3
China	0

(1) Source: Rexel estimates.

End-markets for the installation of electrical products

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

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

Rexel believes that the breakdown of Rexel Group sales in 2009 by end-markets would be as follows:

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

1.4.1.2 The Rexel Group's customers and their markets

The Rexel Group offers products and services to a large variety of customers, including contractors, end-users with internal installation departments, parts manufacturers and panel builders. The diversity of the Rexel Group's customer base allows it to not be dependent on a given customer, although the concentration of the Rexel Group's customers can be higher in certain countries or for certain product ranges. The Rexel Group's ten most significant customers accounted for approximately 6% of the Rexel Group's sales in 2009.

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

Contractors

General and specialty contractors represented 60% of the Rexel Group's 2009 sales (of which 20% were generated through large contractors and 40% by small- and medium-sized contractors). The Rexel Group's customer base includes, depending on the type and size of a given project, electricians and small contractors, medium-sized contractors and large contracting companies. These customers are present in each of the Rexel Group's three markets: industrial, commercial and residential.

Industrial companies

Industrial companies, which are the end-users in the industrial market, accounted for 18% of the Rexel Group's 2009 sales. These customers include manufacturers, parts manufacturers, panel builders, the professionals who provide maintenance services for such machines and industrial end-users.

Commercial companies

Commercial companies consist of end-users in the commercial market and represented 8% of the Rexel Group's 2009 sales. These customers include companies that operate in the commercial and retail industry, commercial services, public services and housing and transportation infrastructures.

Other customers

The Rexel Group also sells its products to municipalities, public entities, resellers and large do-it-yourself stores. These customers generated 14% of the Rexel Group's 2009 sales.

1.4.1.3 Geographic breakdown of the Rexel Group's markets

The Rexel Group's operations are organized around three principal geographic areas (Europe, North America and Asia-Pacific), as well as the segment "Other Operations" which includes the Rexel Group's other geographic markets. 2009 sales amounted to €11,307.3 million. Its breakdown per region was as follows:

	In millions of euros	In percentage
Europe	**6,705.1**	**59.3%**
– France	2,258.6	20.0%
– United Kingdom	895.2	7.9%
– Germany	813.6	7.2%
– Scandinavia	765.9	6.8%
– Benelux	598.9	5.3%
– Others	1,372.9	12.1%
North America	**3,315.4**	**29.3%**
– United States	2,443.4	21.6%
– Canada	871.9	7.7%
Asia-Pacific	**847.7**	**7.5%**
Other Operations	**439.1**	**3.9%**
Total	**11,307.3**	**100.0%**

Europe

Based on its estimates, the Rexel Group was the number two player in the market for the professional distribution of low- and ultra-low voltage electrical products in Europe and held a market share of 18% in 2009. The Rexel Group believes that the industrial, commercial and residential markets, respectively, represented 25%, 41% and 34% of its 2009 sales.

At December 31, 2009, the Rexel Group was established in 24 European countries. The Rexel Group believes that it is the number one or number two player in 19 of these countries, which account for approximately 93% of the total European market.

North America

According to its estimates and based on its 2009 sales, the Rexel Group's market share in 2009 amounted to approximately 8% of the North American market for the professional distribution of low- and ultra-low voltage electrical products. The Rexel Group believes that it is the market leader in this area, with market shares of 7% in the United States and 26% in Canada.

In North America, the Rexel Group operates essentially in the industrial and commercial markets, and to a lesser extent in the residential market, which, since the beginning of 2007, has experienced a significant downturn. The Rexel Group believes that the industrial, commercial and residential markets respectively represented 46%, 48% and 6% of its 2009 sales in North America.

Asia-Pacific

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

In China, the Group has strengthened its activity within the last few years, and is now one of the main international players, with €159.3 million in sales in 2009, in a country where the portion of products distributed by structured groups is still low due to the maturity of the market. In addition, the Rexel Group has sales offices in India, Indonesia, Malaysia, Singapore, Thailand and Vietnam.

Based on its estimates, the industrial, commercial and residential markets respectively represented 33%, 36% and 31% of the Rexel Group's 2009 sales in the Asia-Pacific region.

Other Operations

The Other Operations segment accounts for 4% of the 2009 sales. It mainly includes distribution of consumer electronics and luxury products (ACE) resulting from the acquisition of Hagemeyer (approximately €400 million). It also includes the distribution of electrical equipment in Chile (where the Rexel Group believes that it has the leading position), as well as some of Rexel Group's activities coordinated at Group level (such as BizLine and Conectis whose activities are mostly based in Europe).

The Group's strategy is described in paragraph 1.4.4 "The Rexel Group's strategy" of this *Document de Référence.*

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

1.4.2 Professional distribution of low- and ultra-low voltage products

1.4.2.1 A distributor of services and technical solutions

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

Broad product and technical solutions offering

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

- **electrical installation equipment** (43% of 2009 sales), which includes coupling and circuit protection equipment (such as switches, circuit breakers, meters and fuses); energy conversion and storage equipment (such as transformers, storage batteries, chargers and generators); control equipment (such as industrial automated devices and network control devices); and sensors, actuators and consumption devices (such as pumps, fans, ventilators and compressors). All of these equipments are key in the electric power consumption control and optimization;
- **cables and conduits** (24% of 2009 sales), which allow for the distribution of electricity and include raceways, moldings and cable trays;
- **lighting** (19% of 2009 sales), which includes lighting sources, such as incandescent or halogen bulbs, low energy consumption light bulbs and fluorescent bulbs, and LED on the one hand, and lighting equipment, such as interior and exterior lighting systems, as well as decorative accessories;
- **security and communication** (5% of 2009 sales), which principally includes voice, data and image (VDI) transmission equipment, intruder and fire detection equipment, and monitoring and access control equipment;
- **climate control** (5% of 2009 sales), which includes ventilation, air conditioning, heating equipment, and renewable energy equipment;
- **tools** (2% of 2009 sales), which include hand tools, electrical tools and measuring instruments; and
- **white and brown products** (2% of 2009 sales), which includes household appliances and consumer electronics products.

The product families and percentages above solely relate to the professional distribution of low- and ultra-low voltage electrical products. This activity does not include the Consumer Electronics Agencies (ACE) division, which are described in paragraph 1.4.2.4 "The Consumer Electronics and Luxury Products Distribution (ACE) division" of this *Document de Référence.*

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

Within these product families, the "green" products (energy-saving products) family represents approximately 3% of 2009 sales.

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

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

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

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

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

A service offering adapted to customers' needs

Technical solutions services

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

The Rexel Group's services include:

- **Technical assistance:** The Rexel Group assists its customers in choosing adapted product solutions amid the large range of products offered. The Rexel Group also prepares technical bids and offers assistance, designing electrical installations and cabling schematics and drafting specifications. The Rexel Group also provides electrical product inventory management for certain of its industrial and commercial customers. These services enhance the Rexel Group's knowledge of its customers' businesses, notably by allowing it to anticipate their needs. The Rexel Group provides these services through teams of experts that are based in its branches and who help sales personnel promote high value-added product families (such as VDI, security, lighting and industrial automation). In some situations, these teams work directly on the customers' premises.
- **Training:** In most of its branches, the Rexel Group regularly schedules training sessions led by its employees, manufacturers and third parties in order to familiarize its customers with innovative or complex products. Since 2006, the Rexel Group has also offered continuous broadcasting of programs in its French branches presenting new products and training through its "Inexel TV."

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

Complementary logistics and distribution services

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

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

- inventory management and provision of products on customers' production assembly lines (Production Services); and

– distribution services and spare parts in the field of electrical equipment (Parts Super Center).

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

1.4.2.2 The Rexel Group's commercial and marketing organization

A multi-network organization

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

Commercial organization

At the end of 2009, the Rexel Group's customer-facing employees represented 61% of its total employees, compared to 58% at the end of 2003.

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

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

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

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

– technical/commercial sales representatives, organized in competence centers, who provide technical support for traveling sales personnel and customers and who are specialized by product family or customer type; and

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

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

Pricing and terms of sale

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

Furthermore, the Rexel Group has entered into framework agreements with "key account" customers, including companies operating in the industrial or commercial markets. The Rexel Group defines "key accounts" as those customers that operate multiple sites on a national and international level and generate potential annual sales of €0.5 million or more per customer. Based on 2009 sales, "key accounts" generated approximately €2 billion in sales, *i.e.,* approximately 15% of the Rexel Group's consolidated sales. The framework agreements entered into with "key accounts" provide for specific sales conditions based on volumes purchased, product availability and delivery timeframes. These agreements are generally entered into in the context of bids and last for two to three years.

Marketing organization

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

Their role includes:

– the preparation of competition studies, which allows them to adapt their choice of suppliers and products accordingly;

– regional market analysis;

– the analysis of their markets in order to ensure that product ranges evolve in partnership with suppliers;

– the development of products and customers nomenclatures;

– assistance and advice to sales personnel;

– assistance in the drafting and design of catalogues;

– the implementation of customer loyalty programs; and

– the design and launch of advertising campaigns at the branch level in partnership with suppliers and in line with national or international product promotions.

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

Development of e-commerce

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

– Electronic Data Interchange (EDI), through which customers (principally industrial and commercial customers) benefit from a dedicated service provided through an extranet (consultation of available inventory, on-line purchasing, order status, billing, etc); and

– on-line purchasing through the Rexel Group branches, which is reserved for professional customers.

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

The Rexel Group's e-commerce 2009 sales amounted to €997.8 million, *i.e.,* 9% of the consolidated sales of the Rexel Group.

1.4.2.3 Logistic organization of the Rexel Group

Purchases and supply

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

– at a worldwide level, the Rexel Group maintains privileged relationships with approximately forty international suppliers which it considers its "strategic suppliers". These suppliers operate in different countries on one or more continents and have joined with the Rexel Group in international development programs;

– at each country's level, the Rexel Group's subsidiaries negotiate specific purchasing terms with national suppliers; and

– at a local level, the Rexel Group's branches may also negotiate specific commercial terms with individual suppliers.

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

In 2009, on a reported basis, the Rexel Group made approximately 50% of its purchases from its 25 leading suppliers.

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

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

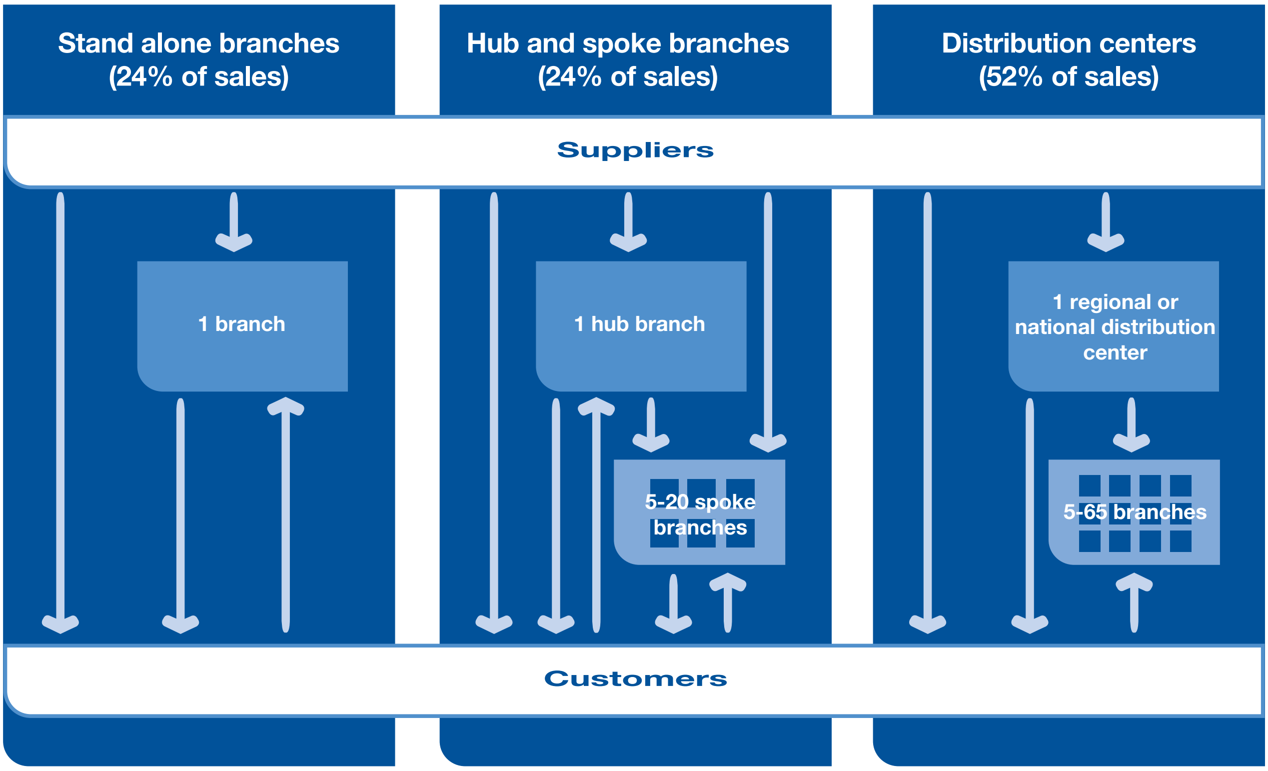
The risks related to commercial dependence are described in paragraph 2.1.6 "Risks relating to commercial dependence" of this *Document de Référence.*

Distribution network

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

In 2009, the Rexel Group streamlined its logistics network, particularly through the closing of five distribution centers in the United Kingdom and three in France, Belgium and Spain.

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



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

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

In each of these three models, the Rexel Group makes sales through two distribution types: Rexel network sales and direct sales which represented 80% and 20%, respectively, of the Rexel Group's sales in 2009. Direct sales are not significant except in North America, where they represented approximately 40% of the Rexel Group's 2009 sales in this area.

Regional or national distribution centers

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

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

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

As at December 31, 2009, the Rexel Group had 39 distribution centers in Europe. These centers were located in France, Germany, Austria, Belgium, Finland, The Netherlands, Norway, Portugal, Slovenia, Spain, Sweden and the United Kingdom. The 10 distribution centers in France are on average 17,000 square meters in size and each supplies between 25 and 65 branches. The 29 distribution centers in the rest of Europe are on average 8,000 square meters in size and each supplies between 5 and 45 branches.

In North America, the Rexel Group has 9 regional distribution centers in the United States with each supplying between 5 and 45 branches. In Asia-Pacific, the Rexel Group has 2 regional distribution centers in New Zealand, supplying a total of 70 branches. There is no regional distribution center in Australia due to the country's geography and to the resulting low-density network. The Rexel Group also has a national distribution center in Chile supplying 18 branches.

Hub and spoke distribution model

In areas with lower customer concentration (notably in North America), the Rexel Group has developed through the implementation of a hub and spoke distribution model. In this model, each hub branch supplies logistics support to satellite branches in addition to carrying out its own commercial activities. The Rexel Group has 82 hub branches worldwide (of which 34 were located in North America, 45 in Europe and 3 in Asia-Pacific) which serve generally between 5 and 20 satellite branches. In North America, the Rexel Group had as at December 31, 2009 19 hub branches in the United States and 15 in Canada which supply 69 spoke branches in the United States and 195 in Canada.

Stand-alone branches

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

Extensive branch network

As at December 31, 2009, the Rexel Group had 2,269 branches. The following table sets forth the change in the number of the Rexel Group branches between December 31, 2007 and December 31, 2009 by geographic area:

	As at December 31,		
(number of branches)	2009	2008	2007
Europe	**1,314**	**1,432**	**930**
– France	439	456	453
– Outside of France	875	976	477
North America	**584**	**649**	**696**
– United States	374	424	466
– Canada	210	225	230
Asia-Pacific	**293**	**308**	**325**
Other Operations	**78**	**83**	**17**
Total	**2,269**	**2,472**	**1,968**

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

Transportation

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

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

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

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

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

- Haagtechno, which represents the Panasonic brand in The Netherlands and distributes, on an exclusive basis, products of this brand and other related consumer electronics in The Netherlands;
- Hagemeyer Brand (HBA), headquartered in Australia, which distributes electronics, residential equipments and other branded video products in Australia and New Zealand; and
- Hagemeyer Cosa Liebermann (HCL), headquartered in Hong Kong, which distributes, on an exclusive basis, luxury products such as watches, cosmetics and other fashion-related products in certain countries in Asia (Hong Kong, Taiwan, South Korea, Micronesia) through a network of 54 sales outlets as a wholesaler and duty-free agent. The relevant companies were sold on February 25, 2010, for an amount of US$ 8.3 million, net of transferred cash.

1.4.2.5 Digital Products International

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

1.4.3 The Rexel Groups' competitive advantages

1.4.3.1 A world leadership position

The Rexel Group recorded 2009 sales of approximately €11.3 billion, has 2,215 branches (plus the 54 branches of the HCL division, sold in February 2010), has 28,688 employees and is established in 34 countries (plus the three countries in which only the HCL division was established: South Korea, Taiwan and Micronesia).

Based on its estimates, the Rexel Group is the one of the leaders in the market of the professional distribution of low- and ultra-low voltage electrical products in terms of both 2009 sales and number of branches. Based on 2009 sales, the Rexel Group also believes that it is the only distributor to be among the top two players in its three principal geographic areas: North America, Europe and Asia-Pacific. Also, the European countries in which the Rexel Group believes that it holds a market share exceeding 10% account for over 55% of sales. Furthermore, the Rexel Group believes that it is the number one or number two player in 19 European countries, accounting for approximately 93% of the total European market.

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

The Rexel Group's position allows it to:

– respond to customers operating in several different regions and offer a consistent standard of advice and services throughout the world;

– identify and apply best practices relating to management and development within the Rexel Group's network, due to the implementation of a lateral communication process covering the Rexel Group's most important business functions (purchasing, logistics, sales and training);

– benefit from a common logistics model and, at the regional level, IT systems that are shared by several operational platforms;

– take advantage of purchasing conditions that are equal to or better than those of its smaller competitors through the implementation of partnership agreements with its strategic suppliers; and

– better identify external growth opportunities in the countries targeted by the Rexel Group and integrate acquired businesses using a defined process based on its experience.

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

1.4.3.2 Diversified geographic and end-market presence

The Rexel Group estimates its 2009 sales breakdown by end-market and principal geographic area as follows:

	North America	Europe	Asia-Pacific	Rexel Group
Industrial	46%	25%	33%	32%
Commercial	48%	41%	36%	43%
Residential	6%	34%	31%	25%

The Rexel Group's presence in a range of different countries on several continents limits its exposure to local economic cycles. Europe, North America and Asia-Pacific accounted for approximately 59%, 29% and 8% of 2009 sales respectively.

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

1.4.3.3 A strong local leadership

The Rexel Group generated over 50% of its 2009 sales in countries where it believes that it is the leader in terms of market share. The Rexel Group also believes that it holds a market share exceeding 20% in 19 out of the 34 countries where it is established (plus the three countries in which only the ACE division is established: South Korea, Taiwan and Micronesia). This strong local presence tends to support growth in profitability, in so far as the Rexel Group estimates that its operating margins are generally higher in those countries where it holds significant market shares. The Rexel Group also believes that it has developed the industry's largest worldwide branch network.

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

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

1.4.3.4 An offering of high value-added products and services

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

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

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

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

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

1.4.3.5 Experienced and skilled personnel

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

The Rexel Group's employees benefit from an active training policy in the technical and commercial fields, which is performance-oriented. In order to ensure the constant improvement of the quality of its services, the Rexel Group is continually increasing the number of its employees who regularly interact with customers. These employees represent about 61% of all employees at the end of 2009, compared with 58% at the end of 2008. In addition, the Rexel Group seeks to improve the productivity of its support functions, particularly in the administrative services areas, in order to optimize operating costs.

The Rexel Group also seeks to build customer loyalty and develop its market share. As a result, its gross profit per employee has increased between 2004 and 2009, from €81,200 in 2004 to €90,900 in 2009.

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

1.4.3.6 Privileged relationships with suppliers

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

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

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

	Supplier share of Rexel Group's purchases	Rexel Group's share of supplier sales
Average of the 25 leading suppliers	~2%	~7%

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

1.4.3.7 An efficient logistical model

The Rexel Group's distribution operations are based on a logistic model that includes distribution centers, "hub and spoke" branches and stand-alone branches. The choice of one of these methods of distribution in a given region depends on a number of factors. As soon as the commercial density allows it, the objective will be the centralization of flows through logistic centers.

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

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

1.4.3.8 An economic model generating high cash flow

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

Management's variable compensation depends in part on the optimization of working capital needs, with a view to reduce inventories and customer payment delays through the continuous optimization of logistics and *credit management*. Working capital requirements have gradually decreased as a percentage of sales between 2004 and 2009. The launch of a Rexel Group logistic model based on a hub and spoke system of satellite branches and regional distribution centers, as well as the implementation of software designed to follow-up the collection of receivables, are examples of initiatives that have reduced the Rexel Group's working capital requirements relative to its overall sales.

The Rexel Group has also maintained gross capital expenditures over the last three years at an annual level between 0.5% and 0.8% of consolidated sales. This investment strategy illustrates the low capital intensity of the professional distribution of low- and ultra-low voltage electrical products.

1.4.3.9 A flexible cost structure

The Rexel Group believes that its adaptability allows it to limit adverse effects on its operating margins arising from a reduction in sales. Moreover, this capacity results in a profitability structure that delivers improvements in operating margins during periods of growth, since the fixed elements of its cost base may grow more slowly than its sales.

Based on 2009 financial information, the Rexel Group estimates that its operating cost structure before depreciation comprises:

- variable costs based on the activity level amounting to 22% (transportation, commissions, etc.);
- fixed costs, flexible in the very short-term amounting to 31% (wages in certain countries, advertising, various fees, etc.);
- fixed, short- or medium-term flexible costs amounting to 47% (wages, rents, IT system costs, etc.).

1.4.3.10 The ability to integrate acquisitions

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

Thus, between 2005 and 2009, the Rexel Group carried out 31 acquisitions, including 15 acquisitions in Europe, 8 in North America and 8 in Asia-Pacific, as well as the acquisitions of GE Supply (renamed Gexpro) and of Hagemeyer.

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

1.4.4 The Rexel Group's strategy

The Rexel Group's strategy is based on four major trends which will impact its activity at a structural level in the medium-term:

- global electricity demand is expected to double within the next twenty years due to population growth, increased urbanization in emerging countries as well as increased demand for comfort in mature countries, partly linked to an ageing population;
- the scarcity of energy and the increased environmental awareness open new markets, driven by innovation and high added-value services;

– the emergence of increasingly sophisticated products (home automation, climate control, connection, security), the dematerialization of transactions, the immediate access to information, the need to work in networks, change Rexel Group's customers' core business on a structural level, who show an increasing demand for specific services and targeted solutions to support them in the creation of value;

– exchanges will continue to globalize, giving a competitive advantage to the Rexel Group, which thanks to its leadership and coverage of the various markets, demonstrated its capacity to offer a "global" response while keeping, through its branch network, targeted and original local services.

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

– seize market opportunities (by organic or external growth);

– improve its business model in order to continue its reorganization towards high added-value services;

– strengthen its structural profitability on specific markets.

1.4.4.1 Seize market opportunities

Organic growth

The Rexel Group intends to ramp up its growth by relying on three targeted growth levers, *i.e.,* energetic efficiency, renewable energy and high added value services, for major projects. These markets should allow the Rexel Group to further increase its sales by approximately €400 million by 2012.

The Rexel Group therefore successfully developed its product offering of heat pumps and photovoltaic equipment, windmill turbine kits as well as its product and services offering related to the replacement of lighting sources by more energy-efficient products.

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

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

External growth

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

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

Also, the Rexel Group will continue to give priority to the development of its presence in markets of emerging countries (China, South-East Asia, India and Latin America) along with the development of the professional distribution of electrical materials in such countries.

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

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

1.4.4.2 Improving the business model

Levers in relation to sales

Develop "key accounts"

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

Based on 2009 sales, the Rexel Group believes that it has generated sales of €2 billion on the "key accounts" segment, representing a decrease slightly below 20% compared to 2008. The Rexel Group believes that this segment represents a substantial portion of the world market of professional distribution of low- and ultra-low voltage electrical products (approximately €16 billion).

Develop e-commerce

E-commerce continues being a medium for growth and for a substantial decrease in distribution costs for the Rexel Group. E-commerce has decreased by 7% in 2009, representing 9% of sales compared to 8% in 2008. The Rexel Group aims at improving this rate by 1.5 point per year.

Implement a multi-network commercial structure

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

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

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

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

Develop specialized teams

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

Levers in relation to gross margin

Optimize relationships with suppliers

With purchase volumes of €8.5 billion in 2009, the Rexel Group has structured its relationships with its suppliers around a limited number of strategic partners of global scale, along with several national suppliers and local suppliers that allow it to shape its product offering to fit local needs and to perpetuate its profitable development.

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

The Rexel Group intends to continue to optimize its supplier portfolio with the objective of improving its gross margin. In 2009, the Rexel Group made approximately 50% of its purchases from its 25 leading suppliers. The optimization of logistics structures and the EDI should contribute to the improvement of the gross margin.

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

Develop the Rexel Group's own-brands

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

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

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

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

Sales of own-brand products accounted for approximately 4% of Rexel Group sales in 2009, a slight increase compared to 2008, thus contributing to the increase of its gross margin. The Rexel Group intends to continue a targeted development of its own brands.

Optimize sales prices

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

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

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

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

Levers in relation to costs

Optimize logistic systems

The Rexel Group intends to continue to adapt its logistics and distribution systems based on the density of its branch network and the expectations of its customers. In particular, further to the acquisition of the Hagemeyer Group and to the deterioration of the economic conditions, Rexel increased the scope of activity of certain distribution centers and hub branches, thus allowing the closing of a number of branches.

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

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

Rationalize information technology systems

The Rexel Group's historic development by external growth has led to the coexistence within the Rexel Group of multiple different information system platforms. The acquisition of part of the Hagemeyer Group thus resulted in a proportional increase in the number of IT systems.

In 2009, the Rexel Group continued the development, rationalization and conforming of its information technology systems locally and in all regions, and has initiated a selective consolidation program for its infrastructure. As a part of this initiative, the Rexel Group has entered into global agreements with business partners renowned in the fields of telecom and office equipment.

During 2009, Rexel also reviewed the existing application landscapes and techniques at Hagemeyer and established, in accordance with the relevant countries, IT integration plans in order to achieve the synergies announced.

Rexel's objective is to have generally a maximum of one information system per country, capable of being adapted to customers' needs, and to pool selected infrastructures or platforms, where possible. In 2009, the information technology systems costs decreased compared to 2008 and accounted for approximately 1% of sales.

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

1.4.4.3 Improve profitability in targeted markets

By taking advantage of its double network in the United States and by improving the performance of certain European entities from the acquisition of part of the Hagemeyer Group, the Rexel Group may capitalize on its leadership position to improve its profitability.

The Rexel Group intends, among other things, to improve its profitability by 2012 on three major markets:

- in the United Kingdom, by aligning its profitability with the average Group level through the development of its market shares and by optimizing its logistic structures;
- in Spain, the Rexel Group aims at recovering sustainable profitability thanks to the operations resizing carried out in 2009 (see note 7.2 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2009, which are set out in chapter 5 "Consolidated financial statements" of this *Document de Référence*);
- in the United States, the Rexel Group aims at achieving profitability close to the average Group level by fully taking advantage of the market recovery and using its double network (Rexel and Gexpro).

1.4.5 Research and development, patents and licenses

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

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

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

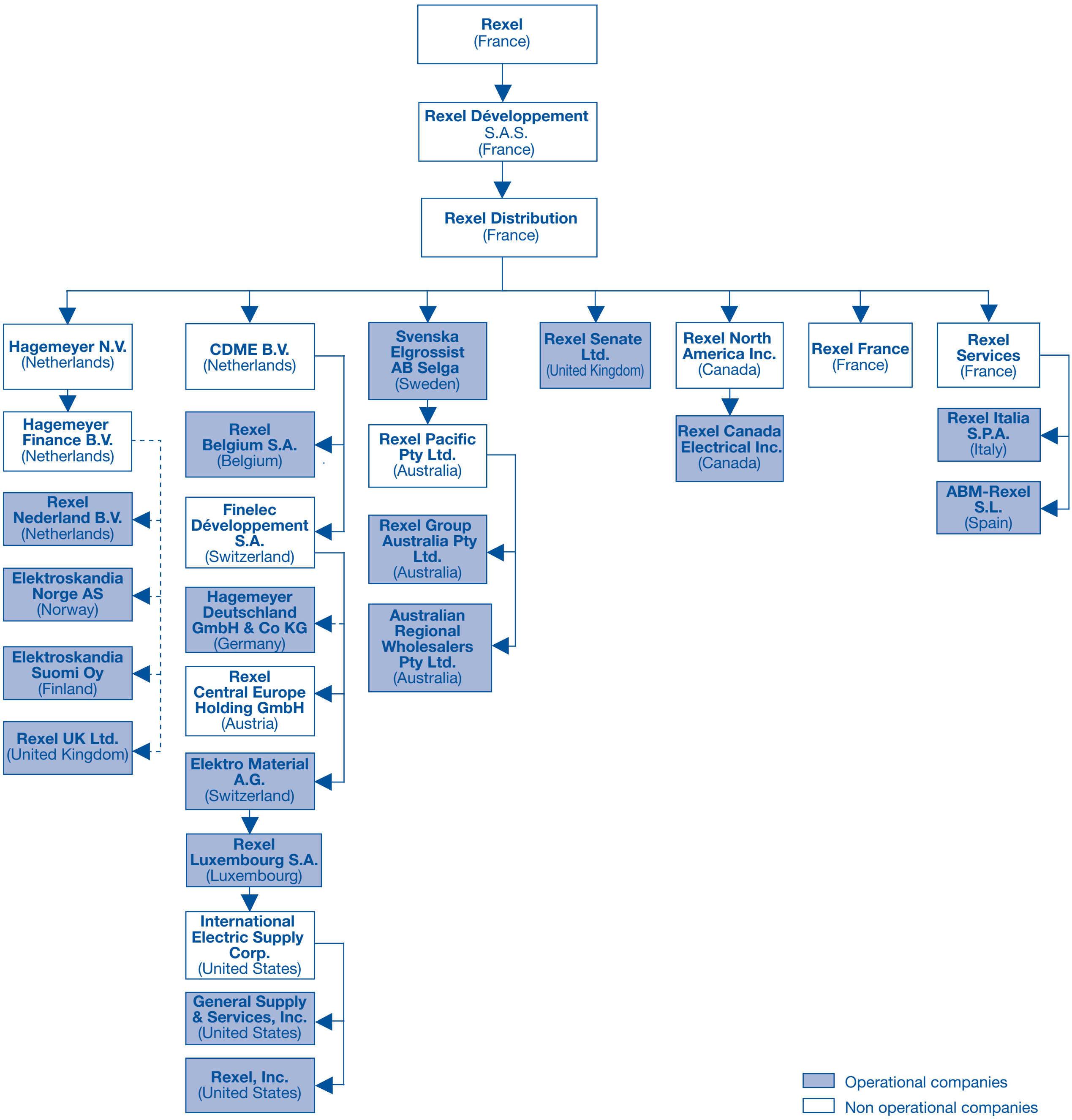
The Rexel Group also uses intellectual property rights (in particular names, brands, logos, designs, models and creations) that are not necessarily registered, either because they are used only temporarily, for example for a promotional campaign, or because they are difficult to protect. However, this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

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

1.5 ORGANIZATION

1.5.1 Organizational chart

The organizational chart below is a simplified organizational chart of the Rexel Group as at December 31, 2009. The list of all of the companies consolidated by Rexel as at December 31, 2009 is detailed in note 26 to Rexel's consolidated financial statements for the year ended December 31, 2009 which are set out in chapter 5 "Consolidated financial statements" of this *Document de Référence.*



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

1.5.2 Main subsidiaries

The Rexel Group comprises Rexel and its subsidiaries.

Rexel is the parent company of the Rexel Group and the head of the tax consolidation group implemented as of January 1, 2005. Rexel determines the orientation and strategy of the Rexel Group. Rexel has entered into loan agreements with Rexel Development, Rexel Distribution and certain of its subsidiaries within the terms set out in paragraph 7.5 "Related party transactions" of this *Document de Référence.*

Rexel Développement is an operational holding company *(holding d'animation)*. It centralizes the functional and operating management teams of the Rexel Group. It employs the staff dedicated to the management of the Rexel Group. Rexel Développement has entered into service agreements with certain of its subsidiaries in the financial, cash management, legal, accounting, human resources, activities (purchases, logistics) or IT systems fields.

Rexel Distribution holds the operating companies of the Rexel Group. It has entered into cash management agreements and/or loan agreements with certain of its subsidiaries in order to allow for their financing.

The consolidated subsidiaries, listed by region, are set out in the notes to the consolidated financial statements of Rexel for the financial period ended December 31, 2009, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence.* Rexel's main direct or indirect subsidiaries are described below. With the exception of the securities of the Rexel Group's companies and certain intellectual property rights, held, *inter alia,* by Rexel Développement and Rexel Distribution, such subsidiaries do not hold any strategic economic assets.

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

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

Europe

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

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

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

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

Elektroskandia Norge AS is a company governed by the laws of Norway with a share capital of NOK 82,150,000. Its registered office is in Alfasetv11, Oslo, Norway. Its main activity is the supply and distribution of electrical products. Elektroskandia AS is indirectly fully held by Hagemeyer Finance B.V.

Elektroskandia Suomi Oy is a company governed by the laws of Finland with a share capital of €1,000,000. Its registered office is at Varastokatu 9, 05800 Hyvinkää, Finland. It is registered under number 0980994-9. Its main activity is the supply and distribution of electrical products. Elektroskandia Suomi Oy is fully held by the Finnish branch of Hagemeyer Finance B.V.

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

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

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

North America

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

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

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

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

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

Contributions from subsidiaries or significant sub-groups as at December 31, 2009 are as follows. In certain cases, they correspond to the consolidation of direct or indirect subsidiaries of the relevant company exercising business activities in the same country as such company.

Consolidation Value (excluding dividends) (in million of euros)	Fixed Assets (including goodwill)	Gross Debt (non-Rexel Group)	Cash and Cash Equivalents	Cash from operations	Dividends paid and due to Rexel
Rexel (France)	–	1,628.4	(19.2)	79.3	–
Rexel Distribution (France)	0.8	(349.7)	141.6	(91.6)	–
Rexel France (France)	1,180.8	507.1	10.3	204.2	–
International Electric Supply Corp. (USA)	654.6	185.0	62.5	207.1	–
Rexel North America, Inc. (Canada)	501.2	108.3	1.2	47.3	–
Rexel UK Ltd. (United Kingdom)	277.4	159.4	11.5	9.4	–
Hagemeyer Deutschland GmbH & Co KG (Germany)	250.6	128.2	18.6	33.3	–
Elektro-Material A.G. (Switzerland)	185.0	–	2.5	11.1	–
Rexel Nederland B.V. (The Netherlands)	222.9	46.5	0.8	22.7	–
Rexel Belgium (Belgium)	63.7	52.9	1.3	19.9	–
Svenska Elgrossist AB Selga (Sweden)	202.3	0.1	11.6	8.8	–
Elektroskandia Suomi Oy (Finland)	75.8	1.9	4.2	5.7	–
Other	1,333.7	292.7	112.7	159.2	–
Total consolidated	**4,948.8**	**2,760.8**	**359.6**	**716.4**	**–**

The Rexel Group analyses its sales based on geographic areas, to which the legal entities referred to above belong based on their localization. Therefore, an analysis of sales with a breakdown by legal entity would not be relevant. Breakdown of sales by geographic area is detailed in Chapter 4 "Results of operations and financial position of the Rexel group" of this *Document de Référence.*

1.6 PROPERTY AND EQUIPMENT

The Rexel Group's real estate strategy consists in giving priority to ordinary rental as its main method of occupation of its commercial and logistic premises, in order to benefit from increased operational flexibility allowing to permanently adapt to market evolutions. The Rexel Group therefore sold or transferred the lease of most of its real estate assets within the last fifteen years.

The last major sale occurred in the first half of 2008 between Rexel France and the Gecina Group in the scope of a lease transfer agreement for seven logistic centers.

As at December 31, 2009, the properties used by the Rexel Group mainly included:

- the registered office of Rexel, located in Paris (France), which is leased and has a surface area of 6,186 sq. meters, and the administrative buildings of the operational entities, located in Europe, North America and Asia-Pacific, which are mainly leased. The registered office of Rexel and the administrative buildings of the operational entities house the management and operational functions of the Rexel Group;
- 51 distribution centers located in Europe (France, Germany, Austria, Belgium, Spain, Norway, The Netherlands, Portugal, the United Kingdom, Slovenia and Sweden), North America (United States), Asia-Pacific (New Zealand) and Chile. Distribution centers are mainly leased and have an average surface area which varies from 8,000 sq. meters for those located in Europe (excluding France) and 17,000 sq. meters for those located in France (see paragraph 1.4.2.3 "Logistic organization of the Rexel Group" of this *Document de Référence*); and
- 2,269 branches located in Europe, North America, Asia-Pacific and in the countries relating to the other operations segment. Branches are mixed-usage selling and storage premises located in areas of handicraft or industrial activity, with an average surface area of approximately 800 sq. meters to 1,500 sq. meters. Branches are mainly leased (see paragraph 1.4.2.3 "Logistic organization of the Rexel Group" of this *Document de Référence*).

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

1.7 INVESTMENTS

1.7.1 Completed investments

The table below provides details by line item at the Rexel Group level of capital expenditures, acquisitions and disposals for each of the financial years ended December 31, 2009, 2008 and 2007.

(in millions of euros)	2009	2008	2007	2007-2009 Total
Capital expenditure				
IT systems	25.1	28.7	29.3	83.1
Branch renovations and openings	19.1	36.3	26.6	82.0
Logistics	5.7	20.3	24.9	51.2
Others	1.2	3.0	1.7	5.9
Total gross capital expenditure	**51.1**	**88.6**	**82.5**	**222.2**
Change in fixed assets suppliers payable	0.7	8.2	(9.8)	(0.9)
Disposals of fixed assets	(13.3)	(88.1)	(52.1)	(153.5)
Total net capital expenditure	**38.5**	**8.7**	**20.6**	**67.8**
Acquisitions and disposals of subsidiaries				
Acquisitions	46.5	3,226.2	116.8	3,389.5
Disposals	–	(905.2)	(4.9)	(910.1)
Total acquisitions and disposals of subsidiaries	**46.5**	**2,321.0**	**111.9**	**2,479.4**

Gross capital expenditure in 2009, 2008 and 2007 represented 0.5%, 0.7% and 0.8% of Rexel Group's consolidated sales, respectively.

Capital expenditures carried out in 2009 are described in paragraph 4.4 "Cash flow" of this *Document de Référence* and were financed by the Rexel Group in cash.

1.7.2 Main investments in progress

In the United States, the rationalization of the IT systems continues with the set-up at Rexel Inc. of a commercial and logistic platform that will be rolled-out progressively as of the second quarter of 2010. In France, the renewal of the back-office tools started in 2009 will continue in 2010. In New Zealand, a new information system will be set up within the first half of 2010. All of these investments should amount to approximately €15 million and will be financed with the Rexel Group's shareholders' equity.

1.7.3 Main planned investments

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

The Group's operating investments, which are mainly linked to its IT systems, logistical resources and branch network, generally account for between 0.7% and 0.9% of its sales, on a yearly basis. Taking into account the global economic environment, the Group implemented a selective investment policy for 2009, for a total amount accounting for less than 0.7% of its sales which it will continue for 2010.

1.8 REGULATIONS

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

1.8.1 Product liability

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

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

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

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

As an importer into the European Union, the U.S. territory or Canada, among other territories, the Rexel Group may be held liable for any defects of the products that it imports and distributes. In all cases of import, the Rexel Group applies, to the extent possible, its contractual strategy in relation to product liability.

1.8.2 Environmental regulations

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

The directive known as "RoHS"

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

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

The directive known as "WEEE"

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

The regulations known as "REACH"

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

1.8.3 French law for the modernization of economy

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

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

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

The implementation of the reduction in the payment delays in accordance with the LME had a negative impact on the working capital requirement of Rexel in France, which was reduced by the implementation of the inter-professional agreement and the various measures set up with the suppliers. The Rexel Group estimates that this impact for 2009 was about 0.2% of its sales. As from 2010, no material impact is expected.

2. Risk Factors

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

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

2.1 RISKS RELATING TO THE REXEL GROUP'S INDUSTRY

2.1.1 Risks relating to the general economic environment

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

The impact of changes in macroeconomic conditions varies depending on the end-markets and geographic areas in which the Rexel Group operates. Europe, North America, Asia-Pacific and Other Operations accounted for approximately 59%, 29%, 8%, and 4% of the Rexel Group's 2009 sales respectively. Moreover, the Rexel Group believes that the industrial, commercial and residential markets, respectively, represented 32%, 43% and 25% of its 2009 sales. However, this distribution varies depending on geographical areas (see paragraph 1.4.1 "The Rexel Group's markets" of this *Document de Référence*). In particular, in North America, the residential market accounts for approximately 6% of 2009 sales in this area. In each geographical area, construction, renovation, and maintenance activities evolve differently. For example, renovation, which is less sensitive to economic cycles, is more significant in the residential building and commercial building markets in Europe than is the case in North America.

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

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

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

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

2.1.2 Risks relating to acquisitions

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

However, the Rexel Group may be unable to identify appropriate companies, complete acquisitions under satisfactory terms and ensure compliance with the terms of the sale/purchase agreement. The Rexel Group may also have difficulties in retaining the key skills identified during the acquisition process, or achieve expected synergies within planned timeframes. Lastly, the Group may bear charges or liabilities undisclosed in its acquisition and due diligence processes.

The Rexel Group ensures the proper integration of acquired entities. However, it cannot guarantee that the integration of these entities will occur within the planned timeframes. In addition, integration costs could be higher than initially anticipated and expected synergies may not be fully achieved.

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

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

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

2.1.3 Competition risks

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

Although the Rexel Group believes that, based on 2009 sales, it is the leading distributor in North America and in the Asia-Pacific region and number two in Europe, some of the Rexel Group's competitors may have a larger market share than the Rexel Group in certain geographic areas. In addition, the Rexel Group's competitors may develop strategic relationships with its suppliers or maintain long-term contractual relationships with present or potential customers, in particular in markets where the Rexel Group is seeking to expand.

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

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

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

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

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

2.1.4 Risks relating to information technology systems

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

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

In 2009, the Rexel Group continued the rationalization and modernization and selective convergence plan of its information technology systems. However, the Rexel Group cannot provide assurances that this plan will be completed on satisfactory terms or within the expected timeframes, or that the results will be as expected. The Rexel Group may also be required to make unforeseen expenditures or may experience temporary or extended disturbances with respect to its personnel, operations or information flow.

In order to limit the risks related to information systems evolution projects, the Rexel Group has created a project Quality Check function, which is in charge, in particular, of ensuring that project management best practice guidelines are implemented and that critical IT projects are adequately managed, and that may, if appropriate, support local teams in their project management. Furthermore, the Rexel Group favors a progressive evolution of IT systems with short-term and limited-scope projects.

2.1.5 Risks relating to the logistical structure

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

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

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

2.1.6 Risks relating to commercial dependence

For a given scope of implementation, in order to rationalize its purchasing and strengthen its relationships with a smaller number of manufacturers, the Rexel Group is continuing a policy of reducing the number of its suppliers. In 2009, the Rexel Group's purchases from its 25 leading suppliers accounted for approximately 50% of its total purchases, and approximately 70% from its 200 leading suppliers.

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

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

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

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

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

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

2.2 LEGAL AND REGULATORY RISKS

2.2.1 Risks relating to pending litigation

Risks related to pending litigation are described in detail in note 22 of the Notes to the consolidated financial statements of Rexel for the year ended December 31, 2009, which are set out in chapter 5 "Consolidated financial statements" of this *Document de Référence.* The recent developments concerning ongoing litigation are described in paragraph 4.7 "Significant changes in the issuer's financial or commercial position" of this *Document de Référence.*

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

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

2.2.2 Risks relating to the legal and tax regulations

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

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

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

2.2.3 Risks relating to legal and regulatory developments

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

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

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

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

2.2.4 Risks relating to pension plans

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

As at December 31, 2009, Rexel's liabilities in respect of the pension plans and similar defined-benefit advantages amounted to €1,040.3 million (present value of the projected obligation as at December 31, 2009). Hedging assets assessed at market value as at December 31, 2009 amounted to €845.7 million.

The calculation of the present value of the obligation is based on a number of financial and demographic assumptions, which are set out in note 18 to the consolidated financial statements of Rexel for the year ended December 31, 2009, as set out in paragraph 5 "Consolidated financial statements" of this *Document de Référence.* This note presents the sensitivity to changes in the discount rate, in the expected return on plan assets and in the rate of change in medical expenses.

Hedging assets mainly include shares and bonds. Therefore, they are subject to changes in these markets. As at December 31, 2009, hedging assets where allocated, on average, as follows:

– 37% in shares;

– 48% in bonds;

– 15% in money market and other investments.

A downturn in financial markets results in a reduced funding ratio, and, therefore, a larger anticipated net financial expense with respect to future financial years for the Rexel Group. Moreover, depending of financing rules specific to each country and each plan, the Rexel Group may be forced to carry out additional contributions, potentially spread over time, in order to comply with minimum funding ratios. Based on current assumptions, expected contributions in 2010 should be of approximately €30 million. Taking into account the conjectures referred to above, in addition to the uncertainties in connection with the development of the Rexel Group's activity, and thus of its headcount, as well as in connection with the development in the exchange rates used to convert contributions paid locally into euros, it is impossible to estimate on a sufficiently reliable basis the expected contributions for future years.

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

In order to identify and deal with the risks in relation to the management of pension plans, a committee made up by representatives of the finance and human resources departments, including two members of the Management Board, meets on a quarterly basis. This committee reviews, in particular, the levels of financing of current or closed pension plans, the investment strategies and the performance of the investment policies implemented for the pension plans. It is informed by the entities or by advisors of any material event in relation to the benefits granted to employees, the costs in relation to the pension plans, or changes in the regulations in force in the countries where the Rexel Group operates. A summary of the work carried out by this committee is presented on an annual basis to the Audit Committee of the Supervisory Board. The Audit Committee has not found any risks, amendments or material obligations under the pension plans, except as set out above.

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

2.3.1 Risks relating to indebtedness

At December 31, 2009, the Rexel Group's gross indebtedness amounted to €2,760.8 million and its net indebtedness amounted to €2,401.2 million. In particular, the senior credit agreement had been drawn for €1,091.2 million as at December 31, 2009 (*i.e.,* €606.6 million under facility A and €484.6 million under facility B). Moreover, Rexel has issued bonds for a total amount of €650 million, including €75 million after December 31, 2009.

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

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

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

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

Furthermore, the Rexel Group's ability to comply with restrictions and contractual obligations contained in certain of its credit agreements (in particular the senior credit agreement, the bonds and the securitization programs, as described in note 19 to the Rexel Group's consolidated financial statements for the year ended December 31, 2009 set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*), or to refinance or repay its loans in accordance with the terms of its debt agreements will depend on the Rexel Group's future operating performance, which may be affected by a number of factors beyond its control (general economic conditions, conditions in the debt market, legal and regulatory changes, etc.).

The Group's ability to meet its obligations under its debt, *inter alia,* to pay interest or debt service or, as the case may be, to refinance its its debt will depend on its operating performance as well as on various financial, operational or other factors, some of which are beyond Rexel's control.

Rexel's ability to make scheduled payments or, as the case may be, to refinance its obligations regarding its debt will depend on the Rexel Group's financial and operating performance which, in turn, is subject to prevailing economic and competitive conditions and to financial and business factors, some of which may be beyond the Group's control, including decreased demand for the Group's products, market cyclicality, regulatory developments, the development or exploitation of advantages held by the Group's competitors, operating difficulties, increased operating costs, product price, failure to integrate acquisitions successfully and delays in implementing strategic projects.

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

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

2.3.2 Risks relating to bank financing (excluding securitizations)

Certain bank loans, including the senior credit agreement and the bonds (as described in note 19 to the Rexel Group’s consolidated financial statements for the year ended December 31, 2009 set forth in chapter 5 “Consolidated financial statements” of this *Document de Référence*), contain customary restrictions limiting the Rexel Group’s operations. The senior credit agreement had been drawn for €1,091.2 million as at December 31, 2009 (*i.e.,* €606.6 million under facility A and €484.6 million under facility B). Moreover, Rexel has issued bonds for a total amount of €650 million, including €75 million after December 31, 2009. In particular, these restrictions limit its capacity to grant guarantees on assets, to dispose of certain assets, carry out acquisitions, merger or restructuring transactions, borrow or lend money, provide collateral and make certain investments, set up joint ventures, or amend the business activity of the Rexel Group.

Furthermore, the senior credit agreement and the bonds also contain provisions concerning acquisitions, full or partial early repayment upon the occurrence of certain events and changes of control. These restrictions could impact the Rexel Group’s ability to modify its activities and respond to competitive pressures, downturns in its markets or, in general, overall economic conditions.

The Rexel Group’s various financial commitments are described in note 19 to the Rexel Group’s consolidated financial statements for the year ended December 31, 2009 set forth in chapter 5 “Consolidated financial statements” of this *Document de Référence.* As at December 31, 2009, the Rexel Group was in compliance with all of its applicable financial commitments. The Rexel Group must provide, for each of the relevant dates, a certificate of compliance with the relevant undertakings and of calculation of the items based on which compliance with such undertakings is assessed, including the pro forma indebtedness ratio (*i.e.,* adjusted consolidated net debt compared to adjusted consolidated EBITDA). This certificate is the subject of a confirmation granted by the statutory auditors of Rexel.

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

In addition, certain agreements, including the senior credit agreement and the bonds, contain provisions under which the Rexel Group’s creditors could demand full or partial early repayment of borrowings, particularly in the event of the disposal of certain assets or the issuance of debt securities on regulated markets.

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

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

In order to monitor compliance with the financial ratios and contractual clauses, monthly cash flow committees are set up. During the meetings of such committees, the current and forecasted situation are considered, and the implementation of corrective action is proposed to the Management Board.

2.3.3 Risks related to securitization programs

Certain Rexel Group companies are engaged in securitization programs. Such programs are subject to customary terms and impose certain obligations with respect to service levels and collection of assigned accounts receivable (within the terms described in note 19 to the Rexel Group’s consolidated financial statements for the year ended December 31, 2009 set forth in chapter 5 “Consolidated financial statements” of this *Document de Référence*).

As at December 31, 2009, the Rexel Group was in compliance with all of its applicable financial commitments in the scope of these securitization programs.

If the relevant Rexel Group companies do not comply with their obligations as established by the credit institutions or the investors, such programs could be terminated. Furthermore, the quality of the receivables assigned has an impact on the cost and amount of the financing obtained, which could affect the Rexel Group’s financial position in the event of a deterioration of the quality of the receivables. Finally, the Rexel Group’s receivables are transferred to special-purpose entities that are financed through the issuance of short-term debt instruments subscribed by investors. In the event of exceptional events, the Rexel Group cannot guarantee that the special-purpose entities could continue to issue such instruments, or to do so under similar terms (within the terms described in note 19 to the Rexel Group’s consolidated financial statements for the year ended December 31, 2009 set forth in chapter 5

"Consolidated financial statements" of this *Document de Référence*). In such circumstances, the Rexel Group may be forced to refinance all or part of the programs affected by such events under less favorable terms.

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

A monthly follow-up of the contractual obligations to by complied with (within the terms described in note 19 to the Rexel Group's consolidated financial statements for the year ended December 31, 2009 set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*), is carried out. For pan-European plans, a simulation of the various ratios' sensitivity to the evolution of sales forecasts (which determines the amount of liabilities) and the evolution of certain parts of the aged trial balance, is carried out on a monthly basis by the cash management department of the Rexel Group with the help of the financial management of the relevant countries. In respect of the other programs, subject to lower risk, a monthly review of the ratios is carried out.

The accounting processing of the securitization programs is described in notes 11.2 and 19.1.3 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2009, which are set out in chapter 5 "Consolidated financial statements" of this *Document de Référence.*

2.4 MARKET RISKS

2.4.1 Risks relating to changes in prices of certain raw materials

In connection with the distribution of cable products, which account for approximately 15% of its sales, the Rexel Group is exposed to fluctuations in cable prices. As copper accounts for 60% of the composition of cables, cable prices change in accordance to copper prices. These changes are not, however, solely and directly linked to copper price fluctuations to the extent that cable prices also depend on suppliers' commercial policy, on the competitive environment of the Rexel Group and on exchange rate developments. The Rexel Group's exposure to copper price variations is therefore indirect, and the Rexel Group is unable to provide a relevant sensitivity analysis in connection with copper-based cable price variations.

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

- a negative recurring impact linked to a decrease in sales, in so far as the Rexel Group passes-on through lower sales prices, most of the price decreases in the purchase prices of these cables; and
- a negative non-recurring impact on gross margin corresponding to the impact of copper-based cable price decreases between the time they were purchased and the time they were sold, until complete turnover of inventory.

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

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

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

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

In 2009, the Rexel Group estimates that variations in cable prices have contributed to recurring decreases in its sales by approximately 2.8% on a constant basis and same number of working days (as defined in Chapter 4 "Results of operations and financial position of the Rexel group" of this *Document de Référence*). Furthermore, the variation in cable prices in 2009 resulted in a favorable non-recurring impact on EBITA estimated at €19.5 million.

In comparison, in 2008, variations in cable prices had contributed to recurring decreases in the Rexel Group's sales of approximately 0.3% on a constant basis and same number of working days. Furthermore, the decrease in cable prices during 2008 had resulted in a negative non-recurring impact on EBITA estimated at €61 million in 2008.

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

The Rexel Group is also exposed to variations in prices of other commodities which are part of the components of distributed products such as metals (steel, aluminium or nickel) or oil. Oil also impacts transportation costs for products distributed by the Rexel Group. In 2009, transportation costs accounted for 2.2% of the Rexel Group's sales, of which approximately 0.4% of sales related to oil prices.

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

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

2.4.2 Interest rate risk

The interest rate risk and the system in place to manage this risk are detailed in note 20.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2009 set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence.*

The applicable margin to the senior credit agreement (as described in note 19 to the Rexel Group's consolidated financial statements for the year ended December 31, 2009 set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*) is determined based on the Indebtedness Ratio (as defined in the senior credit agreement), in accordance with the mechanism described in note 19 to the Rexel Group's consolidated financial statements for the year ended December 31, 2009 set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence.* Thus, depending on the Indebtedness Ratio (as defined in the senior credit agreement), the margin applicable to the senior credit agreement may vary between 1.50% and 4.50% (*i.e.,* a 3% difference), which may result in an increase in the financial expenses. At December 31, 2009, the margin applicable to the senior credit agreement amounted to 3.50% or 3.75% depending on the credit line used. For the first half of 2010, applicable margin will be decreased by 50 base points.

Furthermore, a use fee and/or a no-use fee may apply depending on the amounts drawn:

- if any amounts are drawn, the applicable margin is subject to a use fee amounting to (i) 0.25% per year on a pro rata basis in respect of the period when the draw-downs occur, for an amount ranging between 33% and 66% of the authorized amount, and (ii) 0.50% per year on a pro rata basis in respect of the period when the draw-downs occur, for an amount exceeding 66% of the authorized amount; and
- if no amount is drawn, a no-use fee applies on the unused authorized amounts equal to 40% of the applicable margin for each tranche.

2.4.3 Exchange rate risk

The exchange rate risk and the system in place to manage this risk are detailed in note 20.2 to the Rexel Group's consolidated financial statements for the year ended December 31, 2008, set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence.*

2.4.4 Liquidity risk

The liquidity risk and the system in place to manage this risk are detailed in note 20.3 to the Rexel Group's consolidated financial statements for the year ended December 31, 2009, set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence.*

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

2.4.5 Counterparty risk

The counterparty risk and the system in place to manage this risk are detailed in note 20.4 to the Rexel Group's consolidated financial statements for the year ended December 31, 2009, set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence.*

2.4.6 Share risk

With the exception of Rexel's treasury shares, Rexel does not hold, as at the registration date of this *Document de Référence,* any interests in listed companies. Therefore, Rexel believes that it is not subject to any risk in relation to shares of listed companies, other than the risk relating to the hedging assets of the pension obligations referred to in paragraph 2.2.4 "Risks relating to pension plans" of this *Document de Référence.*

As at December 31, 2009, Rexel held 86,700 of its own shares. These shares have been acquired at an average price of €9.53 in the scope of a liquidity agreement entered into with the Calyon Chevreux bank. In the event of a sale, a 10% change in the Rexel share price in respect of the average acquisition price would have an impact net of income tax of approximately €0.1 million on shareholders' equity.

2.5 INSURANCE

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

As concerns the risk management procedure described above, the Rexel Group implements training policies for branch managers relating to safety and site protection in order to limit the risk of the occurrence of accidents and the extent of damages.

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

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

– property damage and operating losses (*i.e.,* damages suffered by the Rexel Group and caused by an external event, such as fire, explosion, water damage, lightning, storms, flooding, hurricane, natural events, machine breakage, acts of terrorism, theft);

– general civil liability relating to damages caused to third parties by the Rexel Group. This includes operations and product liability coverage for bodily injury, property damage and related financial damages;

– fraud and wrongdoing, including by means of information systems, covering direct damages, additional expenses, operating losses, and legal fees relating to fraudulent acts or wrongdoing affecting in particular personal property or data.

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

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

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

3. Corporate Responsibility

Rexel favors a sustainable approach of its responsibilities by the implementation of sound fundamentals. In 2009, this long-term strategic vision allowed its business model to resist to a significantly deteriorated economic context. Relying on its leadership and its closeness to all stakeholders, this will to perpetuate its undertakings also governs its orientations in relation to social, community and environmental responsibility.

3.1 EMPLOYEES OF THE REXEL GROUP

The acquisition of Hagemeyer by Rexel in the course of 2008 had substantially modified the corporate profile of the Rexel Group.

Therefore, the historic comparison of the social indicators with the years prior to 2008 is therefore to be analyzed based on this information.

In addition, the Rexel Group used 4 key indicators or groups of indicators in 2009. This data was attentively tracked and illustrates topics that are considered priorities. These indicators are:

- Employee Turnover,
- The frequency rate of workplace accidents,
- Indicators pertaining to the Performance Evaluation, and
- Indicators pertaining to the Economic Reorganizations.

This data is detailed in the following paragraphs and is identified with the sign (!).

3.1.1 Number of employees and analysis of workforce

Total number of employees (number of persons registered at December 31, 2009)

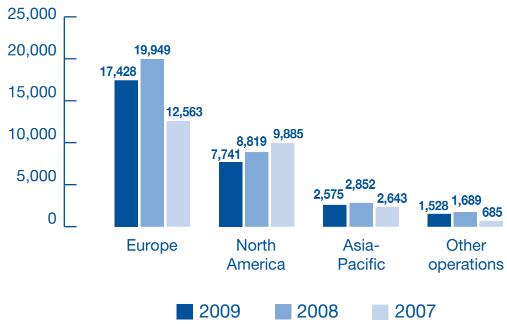
At December 31, 2009, the Rexel Group employed 29,272 persons, compared to 33,309 at December 31, 2008 and 25,776 at December 31, 2007.

The significant reduction in staff is the result of two principal factors: the global economic slowdown and to a lesser degree the synergies achieved between the former-Hagemeyer and Rexel teams.

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

Number of employees	Registered employees (Number of persons) at December 31		
	2009 including external growth operations*	2008*	2007
Total number of employees	29,272	33,309	25,776
By geographic zone			
Europe	17,428	19,949	12,563
North America	7,741	8,819	9,885
Asia-Pacific	2,575	2,852	2,643
Other Markets	1,528	1,689	685

* As in 2008, the total number of registered employees including external growth operations is considered as the total number of employees for all of the calculations.



Headcount by type of contract and by position

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

In 2009, the average monthly number of temporary workers in full-time equivalent was 797, *i.e.,* 2.6% of the average monthly total number of employees. This percentage has been decreasing constantly since 2007 (3.1% in 2008 and 3.3% in 2007).

At December 31, 2009, 28,325 persons had open-ended contracts and 947 had fixed-term contracts (3.2% of the number of employees, a proportion that remained constant compared to 2008).

Finally, the Rexel Group had, at December 31, 2009, 5,397 managers (defined as persons having at least one employee under their responsibility, or all employees with "executive" status for France), *i.e.,* 18.4% of the total number of employees. This rate was 16.7% in 2008 and 15.4% in 2007.

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

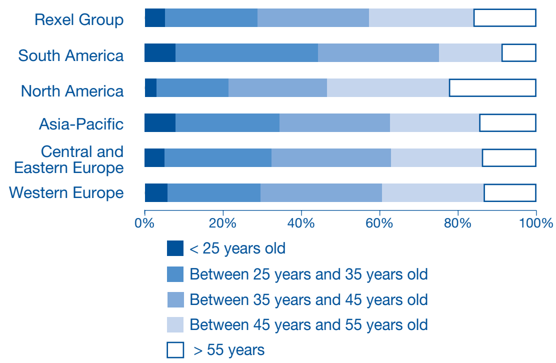
As of December 31, 2009, the average age of all of the employees of the Rexel Group was 39.9 years old, against 39.3 years old as at December 31, 2008.

As in 2008, the most represented age range is 35-45 years old (8,433 persons), after which comes the 45-55 year-old range (7,704 persons). Seniors (defined as the employees over 50 years old) represent 25.9% of the total number of employees that are registered under open-ended contracts, and employees under 25 years old represent 5.5%.

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

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

HEADCOUNT BY AGE RANGE (OPEN-ENDED CONTRACTS) AS AT DECEMBER 31, 2009



Headcount by gender

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

At December 31, 2009, women represented 23.6% of the total number of employees (*i.e.,* 6,909 female employees), compared to 24.2% in 2008.

Among the 6,909 female employees of the Rexel Group, 860 occupied managerial positions, representing 15.9% of all managers. This proportion has remained constant (16.1% in 2008).

Headcount by gender (open-ended contracts) as at December 31, 2009

	2009			
	Managers		Non-managers	
	Female	Male	Female	Male
Rexel Group	**860** (15.9%)*	**4,537** (84.1%)*	**6,049** (25.3%)**	**17,826** (74.7%)**
South America	4 (9.3%)*	39 (90.7%)*	54 (16.5%)**	273 (83.5%)**
North America	341 (23.9%)*	1,088 (76.1%)*	1,561 (24.7%)**	4,751 (75.3%)**
Asia-Pacific	121 (19.1%)*	511 (80.9%)*	951 (36.3%)**	1,671 (63.7%)**
Central and Eastern Europe	66 (11.7%)*	499 (88.3%)*	782 (25.2%)**	2,320 (74.8%)**
Western Europe	328 (12%)*	2,400 (88%)*	2,701 (23.5%)**	8,811 (76.5%)**

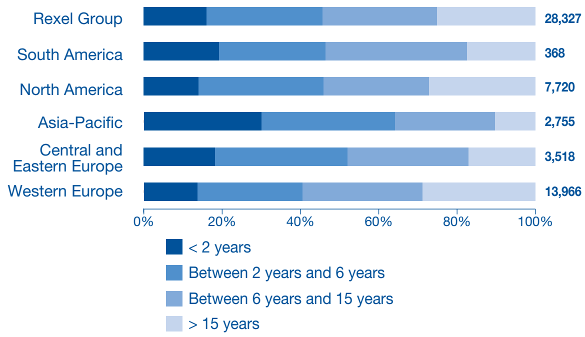
* In % of managers.
** In % of non-managers.

Headcount by seniority

At December 31, 2009, median seniority of the Rexel Group's employees was approximately 6 years.

The median seniority within the Rexel Group slightly increased compared to 2008, where 50.5% of the employees have been within the enterprise for more than 6 years, in comparison with 54.4% in 2009.

HEADCOUNT BY SENIORITY (OPEN-ENDED CONTRACTS) AS AT DECEMBER 31, 2009



Traditionally, substantial variations are noted, with respect to seniority, based on geographic zones: the renewal of employees is much more rapid in the Asia-Pacific region (only 35.9% of the employees of the Rexel Group have more than 6 years of seniority in this zone) whereas in Western Europe, employees with more than 15 years of seniority represent approximately one third of the total number of employees in this zone.

3.1.2 Recruitments

During 2009, the Rexel Group hired 2,812 employees, irrespective of their type of contract and status, compared to 5,684 employees in 2008.

The number of hires in 2009 compared to 2008 decreased at a much higher rate than the number of employees of the Rexel Group. A significant cut in new hires was indeed one of the measures adopted by the Rexel Group in order to resist the deterioration of the global economic environment.

The total number of hires represents 9.6% of the Rexel Group's total number of employees (compared to 17.1% in 2008).

Number and characteristics of recruitments

	2009
Number of recruitments	**2,812**
Including	
– Open-ended contracts	2,325
– Fixed-term contracts	487
– Managers	325
– Non-managers	2,487

Of these 2,812 new employees, 2,325 were hired with open-ended contracts (*i.e.,* 82.7% of recruitments). Employees having joined the Rexel Group in 2009 hold, for the major part, non-managerial positions: 88.4% of recruitments (*i.e.,* 2,487 persons).

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

- 9.6% of the hires were young graduate employees just out of school;
- 13.9% of the hires were senior employees;
- 0.3% of the hires were employees having reporting a handicap.

Finally, the estimate of the average time necessary to fill a vacant position remained constant in 2009 with 36.3 days compared to 35.4 days in 2008.

3.1.3 Turnover of employees

The turnover rates of employees (open-ended contracts) at December 31, 2009 (!)

The turnover rates include:

- the entry rate: defined as the total number of hires with open-ended contracts divided by the total number of employees with open-ended contracts;
- the departure rate: defined as the total number of departures of employees with open-ended contracts divided by the total number of employees with open-ended contracts;
- the turnover: defined as the average of the entry rate and the departure rate.

In 2009, the entry rate within the Rexel Group was 8.2%.

The departure rate of the employees of the Rexel Group was 21.4%.

Thus, for 2009, the Rexel Group's turnover was 14.8%.

Rexel Group turnover at December 31, 2009

	2009	2008
Rexel Group Turnover	14.8%	17.4%

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

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

Departures of employees (with open-ended contracts)

During 2009, 6,052 employees with open-ended contracts left the Rexel Group (compared to 7,021 in 2008).

The reasons for the departures are set out below.

Reasons for departures of employees (with open-ended contracts) in 2009

	Number	Percentage
Number of departures	**6,052**	**21.4% of the total staff with open-ended contracts**
Including:		
– Resignations	1,868	30.9%
– Redundancies (Economic layoffs)	2,690	44.4%
– Layoffs for other reasons	609	10.1%
– Departures by retirement or pre-retirement	265	4.4%
– Mutual agreement	365	6.0%
– Other reasons	255	4.2%

Rate of stability and rate of integration

The rate of integration of new hires (defined as the number of employees newly hired who are still in the Group three months after their recruitment) increased in 2009 and was 91.1%, compared to 85.5% in 2008 and 87.7% in 2007.

The medium term rate of integration (defined as the number of employees newly hired who are still with the Group one year after their recruitment) improved and increased from 70.4% in 2008 to 78.9% in 2009.

This growth reflects a less dynamic employment market but also the measures taken in different countries to help improve the integration of new employees and reduce turnover within this staff category (mentorship and coaching, integration sessions, welcome booklet, general and/or position-specific trainings, regular assessments and interviews, attractive compensation and career opportunities, etc.).

Collective Procedures (!)

In 2009, the number of redundancies within the Rexel Group involved 2,690 employees compared to 1,568 in 2008.

In 2009, almost all of economic layoffs directly resulted from the deterioration of the global economic environment.

These reorganizations were carried out in the majority of the countries in which the Rexel Group is established. The major reorganizations took place in the United States, Spain, France, the United Kingdom, Canada, Germany, Austria, Finland, the Czech Republic, Russia and Latvia.

In this context, the Rexel Group approved a declaration aimed at applying a set of reorganization principles in the event that reorganization is decided upon in any given country. This statement, which was presented to the European works council, concerns communications and the individual and collective labor consequences of reorganization.

Alternatives to layoffs were set up within the Rexel Group entities such as short-time working (Italy, Finland), unpaid leave (the United States, Canada) and early retirement (Canada, Sweden).

These measures limited the number of employee layoffs.

In addition, and to the extent possible, redundancy plans were implemented with employee representatives, or in the absence of employee representatives, with the representative of the European works council (Estonia) allowing those employees implicated in the plans to have access to support measures, in particular outplacement, financial compensation, assistance in creating businesses, training, recognition of experience skills.

3.1.4 Organization and management of working hours

Length and allocation of working hours

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

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

Use of part-timers

	2009	2008	2007
% of part-time employees	4.2%	3.8%	3.1%

The number of persons employed on a part-time basis with the Rexel Group was 1,243 at December 31, 2009, *i.e.,* 4.2% of the total number of employees.

Of these 1,243 part-time employees, the proportion of women is the substantial majority: there were 826 women at December 31, 2009, representing 66.5% of the employees having part-time positions within the Rexel Group (compared to 73.7% in 2008).

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

Overtime

In its management of its employees' working hours, the Rexel Group makes little use of overtime: nearly 700,000 overtime hours were worked during 2009 by all of the employees of the Rexel Group, *i.e.,* 1.1% of the annual number of hours worked (a significant decrease from 2008 in which about 2 million overtime hours were worked representing 3% of the total number of hours worked for the year).

Absenteeism

	2009	2008	2007
Absenteeism rate	3.0%	2.6%	2.7%

The average absenteeism rate of the Rexel Group was 3.0% in 2009, a slight increase compared to the rates of the preceding years.

The 2009 absenteeism rate is structurally variable depending on geographic zones: high in Europe (more than 3.5%) and smaller in Asia-Pacific and North America (approximately 1.3%).

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

3.1.5 Compensation and benefits

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

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

Employees shareholding

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

The intention of Management is to continue associating the employees to the performance of the Group with the objective of increasing their shareholding in Rexel.

Benefits

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

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

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

3.1.6 Labor relations

Employee representation

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

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

Employee representation at the Rexel Group is such that:

- slightly less than half of the entities have at least one employee representative in the broadest sense of the term and excluding Committees on Health, Safety and Work Conditions (CHSCT);
- 61% of the Rexel Group's entities have a committee on health, safety and work conditions;
- a works council represents about 48% of the employees of the Rexel Group;
- 523 employees are involved with representative bodies, which represents 1.8% of the Rexel Group's total headcount with an open-ended contract;
- 312 employees have been appointed as representatives to a trade union, which represents about 1.1% of the Rexel Group's total workforce with open-ended contracts.

European works council

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

In accordance with its mission, the European works council has been informed of the Hagemeyer acquisition and integration process and its declination within certain countries in 2009 (Belgium, Spain, The Netherlands, Sweden). The various locally directed reorganizations and projects related to the economic situation were regularly presented to the council. In this context, a statement was shared with the representatives of the council on Rexel's principles on eventual restructuring during its plenary meeting.

Other topics were introduced and discussed including the setting-up of activities relating to ethics that materialize the Ethics Guide of the Rexel Group.

In order to improve the operation of the council, its members signed an amendment on June 17, 2009 which included the establishment of its office and the distribution of staff.

Collective bargaining agreements

The number of collective agreements entered into between employee representatives and the Rexel Group is decreasing: 57 agreements were negotiated in 2009.

These agreements were entered into in the following countries: Portugal, Norway, Spain, Germany, France, Canada, Belgium and Austria. Among other things, the collective bargaining agreements concerned redundancy plans, incentives and profit-sharing, work conditions, overtime hours, the *Gestion Prévisionnelle des Emplois et Compétences* (GPEC), organization, flexible working hours and employee representatives' mandates.

	2009	2008	2007
Number of agreements signed	57	76	36

Profit-sharing and incentive agreements in France

The employees of Rexel France, Rexel Développement, Conectis, Dismo and Appro 5 benefit from an incentive agreement the calculation criteria of which are specific to each of these subsidiaries.

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

Industrial actions

In 2009, the total number of strike hours was 645; the countries concerned were France (477 hours) and Italy (168 hours).

3.1.7 Health and safety

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

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

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

	2009	2008	2007
Number of accidents resulting in death	0	1	0
Number of accidents resulting in medical leave	482	630	440
Number of accidents not resulting in medical leave	522*	524*	383

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

The number of working days lost as a result of workplace accidents was 8,694 in 2009 (*i.e.,* 65,639 hours).

Commuting accidents were the origin of the 13.3% of accidents which resulted in medical leave in 2009.

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

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

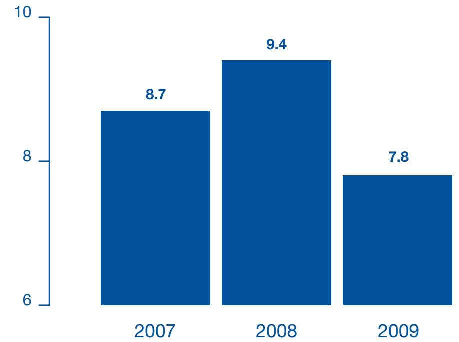
In addition, in the context of the global H1N1 Flu pandemic, the Rexel Group anticipated potential risks using a concerted process and applied such process at all Group entities.

The management of the risks and consequences of the pandemic was carried out in two phases:

- **June/July:** establishment of a "Central Committee for the Management of the Swine Flu" comprised of representatives of the human resources and communications departments. This Committee was charged with the following missions: tracking of the information being communicated from health organizations, collecting and analyzing reports from different countries and being a permanent interface with "local Swine Flu correspondents" within the entities.
- **August 2009:** the Central Committee requested each of the Group Rexel organizations to establish a Business Activity Continuity Plan. These plans were structured around the following principal axes: crisis organization, an operational division (distribution, suppliers, legal, governance, public relations), a human resources division (internal communications, employees, absences, catering, procedures) and a logistics division (masks, other sanitary measures, access, methods).

As such, as of the beginning of September, all Rexel Group entities had an operational Business Activity Continuity Plan approved by expert agents.

Frequency rate (!)

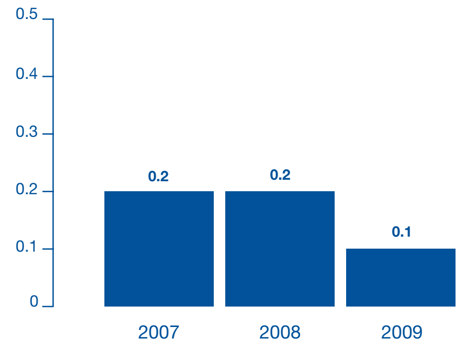


The frequency rate of working accidents within the Rexel Group, calculated as the number of working accidents which resulted in a medical leave per one million working hours, was 7.8 in 2009.

This rate decreased compared to the two preceding years, for which the frequency rate was 8.7 in 2007 and 9.4 in 2008.

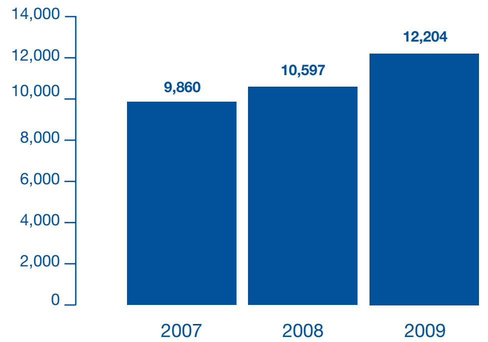
In 2009, the majority of employees that were involved in workplace accidents belonged to the logistics department (59% of working accidents) and the sales department (22% of working accidents).

Severity rate



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

Number of employees trained in safety (headcount)



	2007	2008	2009
Number of training hours	14,528	27,561	31,228

The number of persons trained in safety increased: 12,204 persons in 2009 (42% of the total headcount). Similarly, the number of training hours increased (31,228 hours compared to 27,561 hours in 2008) illustrating the increasing importance placed on these awareness programs.

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

In 2009, there were 66 Hygiene, Safety and Working conditions Committees ("CHSCT") within the Rexel Group (with 61% of Rexel's entities having at least 1). 391 employees were involved, representing just over 1.4% of the total workforce with open-ended contracts.

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

This also involved exchanges with the members of the European Works Council.

3.1.8 Training and skills management

In 2009, the overall number of people trained was 14,328 compared to 14,449 in 2008. The number of training hours decreased from 257,777 to 171,315 at December 31, 2009.

In proportion with the decrease in the total headcount of the Rexel Group, the number of employees trained in 2009 increased. However, the number of training hours has materially decreased.

The average number of training hours per employee trained in 2009 amounted to 12 hours (compared to 17.8 hours in 2008).

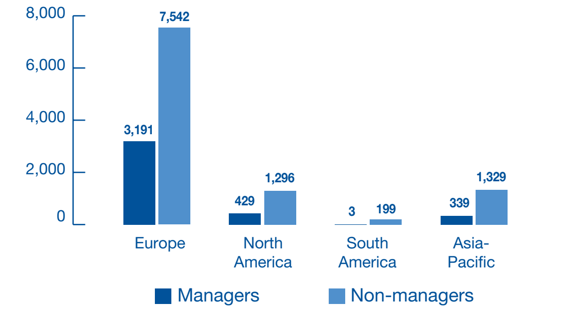
Total number of training hours and training expenses

	2009	
	Total number of training hours	Overall training expenses (in thousands of euros)
Western Europe	95,452	7,458.9
Central and Eastern Europe	32,401	1,354.3
North America	18,541	627.0
South America	5,125	83.7
Asia-Pacific	19,796	403.9

The Rexel Group's overall training expenses for 2009 amounted to €9.9 million.

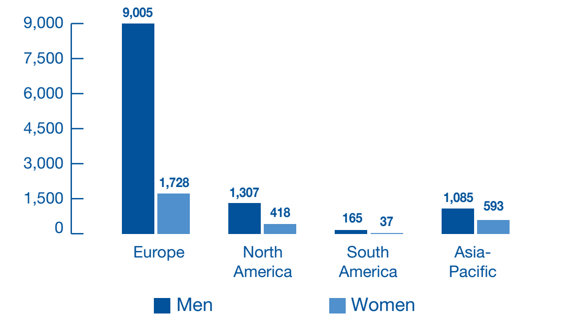
Training primarily covered sales and product knowledge in fields such as customer presentations, proactive sales, customer satisfaction and commercial negotiation. Significant time was also spent on specific training in the area of logistics (handling of materials, sanitary rules, driving of vehicles, first aid). In addition, certain sessions covered the development of managerial skills (in particular situational leadership, strategic planning, motivation and conflict and performance management) as well as administrative and functional skills (such as languages, law, finance, human resources IT and office automation).

Training by position (headcount)



In 2009, 27.7% out of the 14,328 people trained were managers and 72.3% were non-managerial employees.

Training by gender (headcount)



In 2009, 19.3% out of the 14,328 people trained were women and 80.7% were men.

Performance evaluation and skills development (!)

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

The managers have once again entered their targets and managed their evaluations in the "SuccessFactors" career management software.

The review of the compensation in the United States and the 250 top managers of the Rexel Group was carried out directly using the SuccessFactors tool using performance and compensation modules. This tool will be progressively expanded to include other categories of employees.

In 2009, almost every country organized an annual session of formalized individual performance evaluations.

	2009	2008*	2007
Number of employees having received a performance assessment	18,365	18,105	17,563
% of employees assessed as compared to eligible employees	71.4%	65.2%	81.1%
% of employees assessed as compared to total workforce	62.7%	55.2%	67.8%

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

In 2009, particular attention was given to the evaluation of the performance assessments of Rexel Group employees as exemplified by their amounts which were up significantly over 2008.

Continuing to integrate the ex-Hagemeyer entities has thus reduced the differences that historically existed between the two networks.

Promotions

In 2009, 1,144 employees with open-ended contracts had been promoted to a higher position, *i.e.,* approximately 4% of the total number of employees of the Rexel Group.

Amongst these 1,144 employees, 24.5% were managers and 75.5% were non-managers.

3.1.9 Diversity / Equal opportunities

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

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

Male-female equality

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

At December 31, 2009, women represented 23.6% of the total headcount compared to 24.2% in 2008. This percentage is in line with the reality of the market and the low level of female employees in the specialized distribution sector.

2009 labor indicators show non-material differences in relation to the following aspects:

– ***Promotion***

In 2009, 3.4% of female employees with open-ended contracts were promoted. The promotion rate of male employees was comparable (4.1%).

45 non-manager female employees were promoted to manager (*i.e.,* 0.7% of non-manager female employees) compared to 218 non-manager male employees (*i.e.,* 1.2% of non-manager male employees).

– ***Salary increases***

41.1% of male Rexel Group employees had their base salary increased in 2009, compared to 42.5% of female Rexel Group employees who received a salary increase.

– ***Training***

In 2009, 19.3% of employees receiving training were female whereas they represent 23.6% of the total workforce, and 80.7% were male whereas they represent 76.4% of the total workforce of the Rexel Group.

As in 2008, there is still room for improvement in relation to gender equality within the Rexel Group. Nevertheless there is no material difference at the date hereof.

Handicapped employees

In 2009, the Rexel Group employed 207 people reporting a handicap, *i.e.,* about 0.7% of its total headcount, a slight increase compared to 2008 (0.6%).

Handicapped employees accounted for 0.3% of total hires with open-ended contracts at December 31, 2009.

Senior employees

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

- represented 25.9% of the total headcount with open-ended contracts in 2009;
- represented 13.9% of new hires in 2009;
- had, in 2009, their base salary increased for 29.5% of them, compared to an average for the Rexel Group of 41.4%.

3.1.10 Rexel's ethical commitment

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

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

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

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

The chart below sets out the requests received by the ethics correspondents in 2009 according to type, author, subject and geographic area where these questions were asked.

		Number of requests made to the ethics correspondent
Type of request	Information	10
	Complaint	7
	Litigation	4
	Others	6
Author of the request	Customers	1
	Rexel employees	17
	Suppliers	2
	Local authorities	0
	Employee representatives, unions	1
	Anonymous	3
	Others	3
Subject matter of the request	Relationships with customers	1
	Relationships with suppliers	1
	Relationships between employees	5
	Working conditions	7
	Fight against corruption	2
	Fight against fraud and theft	10
	Environmental protection	1
Actions taken	Preventative	17
	Corrective	13
Geographic area	Western Europe	10
	Northern and Eastern Europe	8
	North America	8
	South America	0
	Asia-Pacific	1
	Others	0

27 ethics cases were thus brought to the attention of a Rexel Group ethics correspondent in 2009: the majority were identified in Europe and North America, and over one third was linked to fighting against fraud and theft.

All cases were processed, verified (by audits or investigations undertaken by Management in the country in question) and treated with preventative action (17 cases) and/or corrective action (13 cases) depending on the situation (1 case is still being investigated).

Finally, about 50% of the cases resulted in disciplinary penalties for Rexel Group employees.

In 2009, all former Hagemeyer entities were integrated into the Group's ethics approach, including by way of the appointment of a local correspondent and the distribution of the Ethics Guide to all employees.

3.2 REXEL'S RELATIONS WITH CIVIL SOCIETY

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

Value creation is core to Rexel's model; it is the basis for the Group's economic responsibility towards all of the stakeholders, customers, business partners, shareholders and employees, all along the distribution chain.

Rexel implements an innovation strategy directly related to community and environmental issues. The Group's entities create and distribute innovative and economically efficient electrical solution, thus contributing to sustainable progress in housing, the service sector and the industry throughout the world (see paragraph 3.3.3 "The "eco-efficient offer"" of this *Document de Référence*).

The Rexel Group is thus a player in the reduction of energy consumption and therefore, in so doing, of environmental impacts related to energy challenges.

3.2.2 Impact on regional development

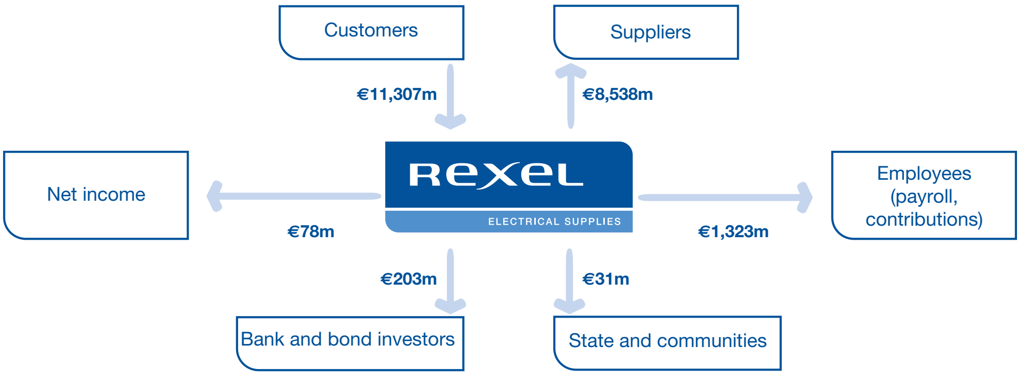
As an international Group who is a leader on its market, Rexel contributes to structuring its business sector in order to always bring higher value to its stakeholders. This approach relies on a constant pursuit of efficiency in organization, in the development of key areas such as energy savings or large infrastructure projects, as well as in the optimization of the means used.

Thanks to its local presence (a network of over 2,200 branches in 34 countries), the Group contributes to the development and economic activity in regions where it operates, including:

- by contributing to the direct activity of its professional clients,
- by contributing to the economy of regions and countries where it is established through direct and indirect taxes,
- by employing almost entirely local labor (the Rexel Group employs approximately 30,000 employees in total),
- by participating in the training of young people in partnership with local schools.

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

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



3.2.3 Charity and patronage

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

The following are examples of local patronage and charity initiatives in 2009:

- *Fundraising in Canada:* In response to the global increase in the price of food, fuel and other necessities, the managers of the Electro-Federation Canada (EFC), of which the Rexel Group is a member, creates a permanent campaign called “Hungry for Change” with the aim of raising funds for feeding needy children worldwide. Under the leadership of a Rexel Group employee, the president of the campaign, numerous companies, customers, suppliers and employees within the sector organized festive fundraising events. The results of this campaign were stellar: the goal of CAD400,000 for 2009 was reached.
- *Learning partnership in Italy:* In partnership with a professor at the University La Sapienza in Rome, the Rexel Group opened two showrooms-laboratories specialized in lighting. The exchanges between the Specialized Masters in Lighting and the Rexel Group increased exponentially and resulted in professors and students using the company’s premises for workshops and specialized training.
- *Support for the victims of the wildfires in Australia:* after the violent Australian forest fires of February 2009, the Rexel Group’s Australian entity proceeded with a special donation to the local Red Cross with the aim of supporting the local population. The Asia-Pacific Zone and Rexel headquarters joined in for a total amount of over AUD 200,000.

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

For 2009, the total amount of Rexel Group donations was €382,600. These donations were mainly made to support medical research, charitable organizations for the underprivileged (children in difficulty, the handicapped, victims of natural disasters, etc.) or educational programs or sporting events in which employees sometimes participate.

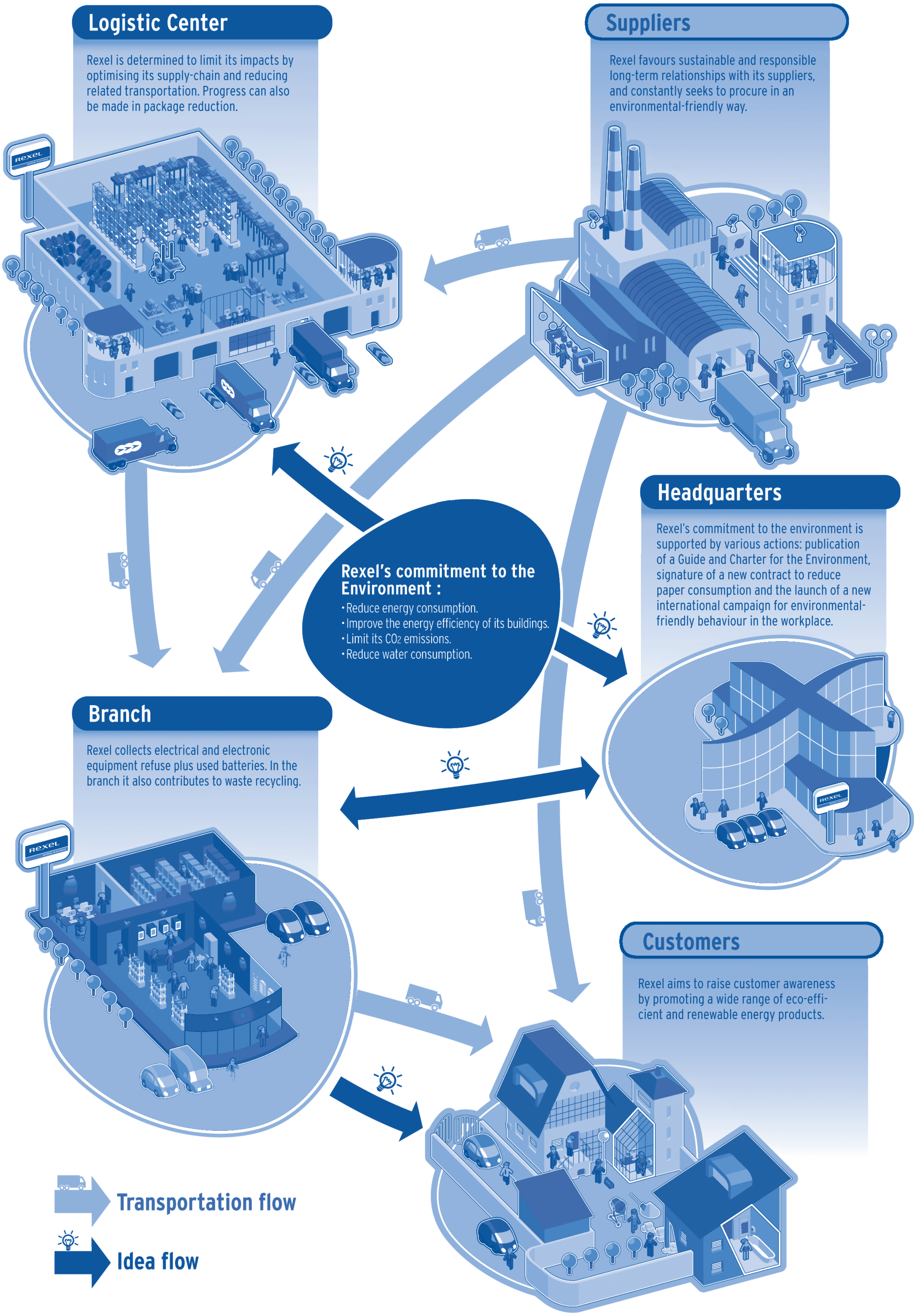
3.3 ENVIRONMENTAL INFORMATION

In 2009, the Rexel Group’s environmental reporting gained on reliability thanks to an improvement of existing indicators, the creation of new indicators and the steering of the reporting process throughout its full period (reporting assistance, data review, etc.). Thus, for a large number of indicators, the quality and representativity of replies increased between 2008 and 2009, entailing changes in the perimeter. This leads to put into perspective, in certain cases, the interpretation of certain changes between these two years.

3.3.1 Environmental strategy and issues for the Rexel Group

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

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


Logistic Center
Rexel is determined to limit its impacts by optimising its supply-chain and reducing related transportation. Progress can also be made in package reduction.
Suppliers
Rexel favours sustainable and responsible long-term relationships with its suppliers, and constantly seeks to procure in an environmental-friendly way.
Headquarters
Rexel's commitment to the environment is supported by various actions: publication of a Guide and Charter for the Environment, signature of a new contract to reduce paper consumption and the launch of a new international campaign for environmental-friendly behaviour in the workplace.
Rexel's commitment to the Environment :
• Reduce energy consumption.
• Improve the energy efficiency of its buildings.
• Limit its CO_2 emissions.
• Reduce water consumption.
Branch
Rexel collects electrical and electronic equipment refuse plus used batteries. In the branch it also contributes to waste recycling.
Customers
Rexel aims to raise customer awareness by promoting a wide range of eco-efficient and renewable energy products.
Transportation flow
Idea flow

3.3.1.1 The main lines of the Environmental policy

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

The "distribution channel" line

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

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

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

These include:

- the reduction of its CO_2 impact by acting, *inter alia,* on upstream and downstream transportation;
- the reduction, collection and recycling of its own waste as well as customers' waste;
- the energy performance of its premises (administrative headquarters, branches, logistical centers, etc.).

The "eco-efficient offer"

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

Through its global network of 2,269 branches and its poles of responsibility, the Rexel Group is a "one-stop shop" of energy efficiency and new energy. In each of the 34 countries where it operates, it creates product and solution offers that reduce energy consumption and contribute to the production of clean energy through:

- a "green" product offering;
- customer training and awareness raising actions;
- internal training for its employees aiming at improving their skills in relation to eco-efficient solutions;
- internal work groups to share best practice and speed up the spreading of this expertise.

The "regulations" line

This line aims at ensuring compliance and management of the risks associated with the business of the Rexel Group and with the distributed products.

3.3.1.2 Improvement of the environmental reporting process

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

- provide date for Rexel's Department of Sustainable Development indicators table, in order to guide the implementation of this approach through the tracking of quantifiable indicators;
- facilitate the sharing of information and the implementation of best practices at the Rexel Group;
- comply with external reporting requirements, in particular the regulatory obligations of French law known as the 2001 "NRE" laws *(Nouvelles Régulations Economiques)* and also to reply to the requests of stakeholders (customers, investors, ratings agencies, etc.).

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

- consistency: ensure that the information is not contradictory;
- exhaustively and accuracy: the reported data fairly reflect the reality;
- materiality: the data is significant;
- transparency and control: the data sources, calculation and assessment methods are available and of easy access.

The indicators are collected on an annual basis in all entities held by the Rexel Group. Since 2008, a secure internet platform, rolled-out in all of its entities, allows Rexel to rationalize and optimize data collection.

In 2009, after a first year of operation of the platform, the Sustainable Development Management wished that this process be further improved by strengthening the reliability of this tool, on the one hand, further to the suggestions of the Statutory Auditors (Ernst&Young), appointed to control the data of the 2008 campaign, and on the other hand to take into account user comments further to interviews carried out with a panel of contributors at country level.

The scope for 2009 indicators has therefore been determined again (new indicators, grouped or deleted indicators) and their definition improved with the implementation of a new version of the reporting protocol.

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

- procedures in relation to information collection and reporting;
- the indicators used, so as to ensure correct and homogeneous understanding by all contributors; and

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

3.3.1.3 Environment Guide and Charter

In order to support the operational implementation of its strategy the Rexel Group also updated in 2009 the publication of its Environmental Guide and Charter.

This Charter, displayed in all sites and distributed to all of the employees, summarizes the Rexel Group's commitment for the environment in 10 concrete actions.

Each site manager must implement the 10 actions both to reduce the impact of the site's activities on the environment and to develop commercial action in order to increase "green" sales.

It was distributed in 20 languages during the summer of 2009 at all sites and in all countries of the Rexel Group, in particular in the companies that joined the Rexel Group after the acquisition of Hagemeyer.

The Guide is an informational and teaching support tool that gives practical advice to better implement these 10 Group commitments. The follow-up of the implementation of the actions is part of the annual reporting.

Has the Rexel Sustainable Development Charter been implemented in your country? (In percentage of branches in which such action has been implemented)	2009	2008
Action 1: We separate boxes so that they can be recycled	73%	49%
Action 2: We separate all office papers, catalogues and magazines so that they can be recycled	68%	40%
Action 3: We take part in the return of fluorescent tubes for recycling	72%	52%
Action 4: We take part in the return of batteries for recycling	61%	52%
Action 5: We return ink and toner cartridges to the manufacturers	73%	57%
Action 6: All of the branch's equipment and lighting are low-energy consumption devices	29%	24%
Action 7: During the year organized at least one "commercial day" for our customers promoting energy-saving lighting equipment	59%	50%
Action 8: All branch employees have reviewed the ethics guide during the year	69%	63%
Action 9: All employees have been informed about the implementation of this charter at least once during the year	88%	61%
Action 10: We inform our customers, partners and suppliers about our sustainable development policy	80%	55%
Average number of actions taken per branch	7	5

In addition to the 2009 Environment charter, the Sustainable Development Management, with the help of the Communication Management, initiated at the end of 2009 an awareness campaign in relation to daily eco-responsible gestures with all of the Rexel Group's employees.

As the aim is to modify daily behavior of employees with gestures accessible to all, an electronic agenda of eco-responsible best gestures will be distributed in Group companies in order to explain what reflexes should be adopted.

This campaign will also translate in the course of 2010 by targeted action during an "eco-days" week.

Each day will be dedicated to a specific matter (paper, electricity, temperature, transport). A "collection" of best practice will also allow to pool responsible initiatives.

3.3.1.4 Rexel Group's priorities for 2009

In 2009, Rexel had set 5 key objectives:

- Raise awareness internally to Rexel's environmental commitments with the distribution of a new version of the Environment Charter;
- Improve its environmental reporting process;
- Improve the collection and recycling of its own waste as well as customers' waste;
- Reduce its Transportation impact;
- Increase customers' awareness in respect of eco-efficient electrical products.

Most of these targets have been met, as shown by the following data:

- the average number of actions of the former environment Charter implemented per branch increased from 5 to 7;

the new Charter has been distributed and will be taken into account in 2010 reporting;

- Rexel Group's environmental reporting gained on reliability thanks to an improvement of existing indicators, the creation of new indicators and the steering of the reporting process throughout its full period (reporting assistance, data review, etc.);
- the collection and recycling of waste have increased:
  - on a constant basis, the volumes of recycled cardboard and plastic increased by 30% and 43% respectively;
  - on a constant basis, the percentage of sites having implemented a WEEE management system increased from 49% in 2008 to 59% in 2009;
- sales of low-consumption light bulbs increased from €118.7 million in 2008 to €167.2 million in 2009, amid deteriorated economic conditions. These figures have been calculated on the basis of an answering perimeter representing 95% of sales;
- CO_2 emissions related to transportation have increased from 89,056 CO_2 eq. tons in 2008 to 104,546 CO_2 eq. tons in 2009. This data concerns own fleet and leased fleet on a constant basis between 2008 and 2009[1].

3.3.2 Impact relating to the distribution network

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

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

3.3.2.1 Impact relating to the commercial activity

The impact of commercial activity includes, in particular, the optimization of transportation carried out for deliveries or visits to customers and associated CO_2 emissions, direct or indirect waste management and consumables reduction (packaging, commercial paper) used in the operation of the activity of distribution of electrical materials.

Transport

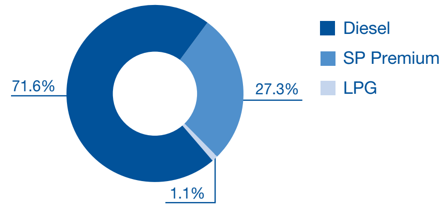
Rexel's activities imply the transportation of equipment and goods that may be carried out either directly by Rexel or by sub-contractors.

The main environmental impact relating to transport consists in the consumption of non-renewable fossil resources and associated greenhouse gas emissions.

Fuel consumption

The breakdown of fuel consumption of the vehicle fleet of the Rexel Group (excluding subcontractors) in 2009 is as follows. These figures have been calculated on the basis of an answering perimeter representing 58% of sales.

BREAKDOWN OF FUEL CONSUMPTION BY TYPE IN 2009



Transportation optimization

In the context of the Rexel Group's transportation optimization policy, in each of the countries where it operates, the Rexel Group takes measures, both directly and in partnership with sub-contractors, in order to reduce the number of kilometers driven, while at the same time meeting the service expectations of customers. This reduces fuel consumption and related CO_2 emissions. This impact may be limited in particular by optimizing delivery itineraries and loads, choice of vehicle type and use of alternative means of transport (hybrid vehicles, employee car-pooling).

Thus, in the first half of 2009, the Supply-Chain management of the Rexel Group launched a transport model change plan, in order to optimize costs, increase flexibility and service and reduce environmental impact. This strategy aims, on the one hand, at optimizing the operation of the fleets owned directly (deliveries, packaging, follow-up) and increasing sub-contracting with carriers by pooling the flows of the Rexel Group with their other customers. Eight carriers have been selected in particular based on their capacity to better use the means of transport and accompany the Rexel Group's environmental strategy, and to produce accurate indicators allowing us to measure CO_2 consumption. This program was operational as early as in the second half of 2009 in 6 countries and is expected to help reduce our vehicle fleet in operation, decrease fuel consumption, optimize volumes transported while reducing packaging, and lastly, giving priority to electronic exchanges as opposed to paper for all transactions. This program will be rolled-out to 5 other countries in the course of 2010.

(1) Applying a constant basis between 2008 and 2009 is equivalent to excluding those countries that did not feed the indicator in 2008 or 2009.

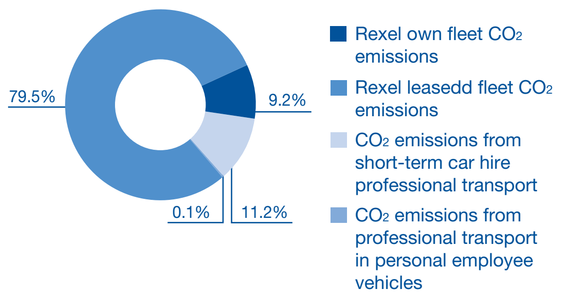
In addition, since 2008, the management of Group Rexel's Indirect Purchasing has entered into framework agreements in the countries to standardize vehicle fleets and set up environmental indicators concerning CO_2 levels and average fuel efficiency. The Rexel Group has thus signed an agreement with two long-term car rental agencies, currently covering 50% of the European automotive fleet. It has also signed agreements with 4 groups of automobile manufacturers to help each country implement local policies on the fleets of company vehicles focusing on the energy efficiency of various models. Since 2009, these countries thus have indicators allowing them to establish a catalog of vehicles best suited to reducing the carbon footprint of their fleet. As to short-term rentals, the rental agencies furnish an annual carbon report. In France, the SNCF also publishes a report for all the routes making up the train system. Generally, the Rexel Group encourages the attendance of meetings by internet or telephone in order to limit travel, the level of CO_2 is indicated on the online reservation page for each trip (train/airplane).

These optimization processes are regularly monitored (verification and follow-up measures).

Emissions of CO_2 due to transportation

The emissions of CO_2 of the vehicle fleet of the Rexel Group (excluding subcontractors) in 2009 amounted to approximately 131,000 tons of CO_2. These figures reflect own fleet, leased fleet, professional transport in short-term car hire, and professional transport in personal employee vehicles indicators and have been calculated on the basis of an answering perimeter representing 98% of sales.

BREAKDOWN OF CO_2 EMISSIONS BY MEANS OF TRANSPORTATION IN 2009



Waste management

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

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

Total quantity of waste

The total volume of waste processed by the Rexel Group was at least of 18,800 tons in 2009, all materials combined (excluding tubes and bulbs). These figures have been calculated on the basis of an answering perimeter representing 62% of the personnel.

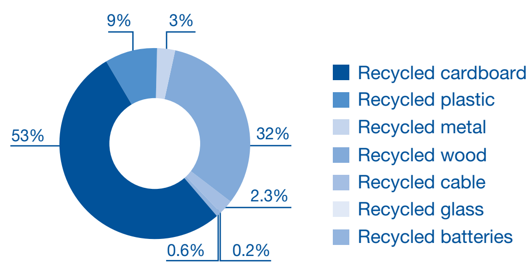
Collection and recovery

Recovery of ordinary waste

Nearly three quarters of the branches of the Rexel Group use a sorting process of ordinary waste (including cardboard, plastic and wood) for recycling or re-use; the total volume of waste recycled by Rexel, all materials combined (excluding tubes and bulbs), exceeded 11,200 tons in 2009. These figures have been calculated on the basis of an answering perimeter representing 62% of the personnel.

On a constant basis, the volumes of recycled cardboard increased by 30% between 2008 and 2009 and the volumes of recycled plastic have increased by 43%.

BREAKDOWN BY TYPE OF RECYCLING IN 2009



Specific waste

In most European countries, the implementation of European regulations in relation to Waste from Electrical and Electronic Equipment (WEEE) has caused the Rexel Group to collect the WEEE for recycling. Over 93% of branches in Europe have established a process for the management and recovery of WEEE; throughout the Rexel Group, half of the branches established a process of management and recovery of WEEE.

In 2009, the Rexel Group contributed to the recycling of:

- over 3.8 million fluorescent tubes and bulbs; and
- approximately 258 tons of cables.

These figures have been calculated on the basis of an answering perimeter representing 62% of sales.

Hazardous substances

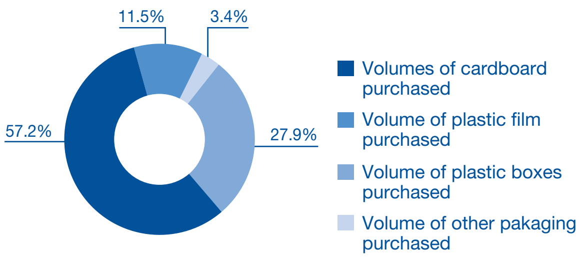
The Rexel Group's business activities do not produce hazardous waste. The last site having a Pyralene/PCB transformer, located in the United Kingdom, is no longer a Rexel Group site since 2009.

Use of consumables

Packaging

The total amount of packaging (cardboard, plastic and other packaging) consumed by Rexel in 2009 was approximately 2,989 tons, distributed as follows. These figures have been calculated on the basis of an answering perimeter representing 100% of sales.

BREAKDOWN OF VOLUME BY TYPE OF PACKAGING IN 2009



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

On a constant basis, total cardboard consumption has increased by approximately 11% and total plastic consumption decreased by approximately 5%.

Paper consumption for commercial purposes

For the printing of its commercial brochures, order forms, etc., the Rexel Group consumed 2,400 tons of paper in 2009. These figures have been calculated on the basis of an answering perimeter representing 96% of sales.

3.3.2.2 Impact related to our infrastructure

The impact of infrastructure, agencies and logistics and administrative centers essentially includes the consumption of energy and natural resources necessary to their proper operation as well as auxiliary materials.

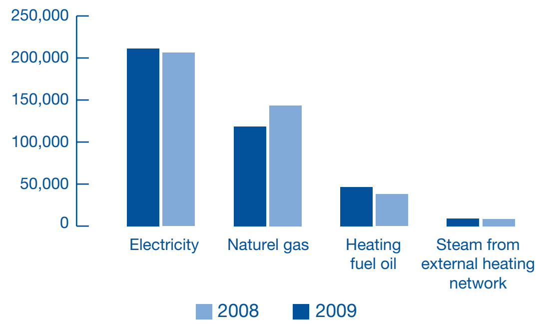
Energy

The consumption of energy at a Group such as Rexel is a great challenge as to the reduction of costs and the emission of CO_2. The finite nature of energy resources (coal, petrol, natural gas, etc.) will inevitably lead to an increase in prices. In this context, a voluntary reduction plan for Group consumption should allow for the contribution to the collective effort to economize natural resources and reduce greenhouse gas emissions.

Rexel Group's energy consumption

The graphs below show the energy consumption of the Rexel Group; on a constant basis, energy consumption remained stable between 2008 and 2009.

ENERGY CONSUMPTION (CONSTANT BASIS) MWH IN 2009



This energy consumption data does not include the Czech Republic, Spain and China, which have been removed from the scope of this indicator.

Measures taken to improve energy efficiency

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

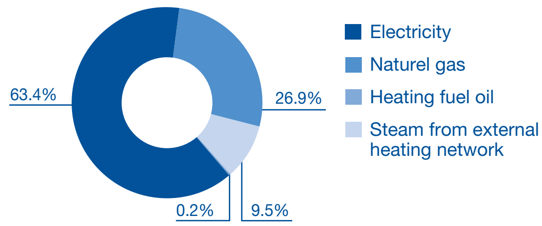
– the set-up of motion detectors, especially in restrooms;

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

CO_2 emissions due to energy consumption

The emissions of CO_2 due to the energy consumption of the Rexel Group in 2009 amounted to approximately 115,000 tons of CO_2.

BREAKDOWN OF CO_2 EMISSIONS BY TYPE OF ENERGY IN 2009



This energy consumption data does not include the Czech Republic, Spain and China, which have been removed from the scope of this indicator.

Water consumption

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

Total water consumption for the Rexel Group was of approximately 404,400 m^3 in 2009, a 14% decrease compared to 2008 on a constant basis. These figures have been calculated on the basis of an answering perimeter representing 98% of sales.

Non-commercial consumption of paper

The international scale of the Rexel Group is a strong lever by which to optimize and standardize our indirect purchasing policy by integrating it with steps to reduce our environmental impact. As concerns office supplies, paper and computer equipment, in 2009 the Rexel Group entered into an agreement with an international supplier working in 16 countries allowing for – in addition to the streamlining of costs – the optimization of combined orders, significantly reducing the impact of transportation.

This indicator will be put in place and monitored in 2010. In addition, in the fourth quarter of 2009, the Rexel Group entered into a 5-year management agreement concerning its printing services in the 34 countries in Europe, Asia-Pacific and North America. The printing and recycling solutions proposed by the new Group service provider, especially as concerns the collection and recycling of outdated products, allow for the generalization of good practice within the Rexel Group and are focused on diminishing the impact of office printing through a minimum 10% reduction in the volume of paper used (on a constant basis) for the duration of the agreement. For example, the reduction of installed printers in the computing system and default two-sided printing will be supported to reduce paper consumption.

The Rexel Group's total consumption of paper amounted to approximately 5,000 tons in 2009. These figures have been calculated on the basis of an answering perimeter representing 96% of sales.

3.3.2.3 Pollution

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

3.3.3 The "eco-efficient offer"

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

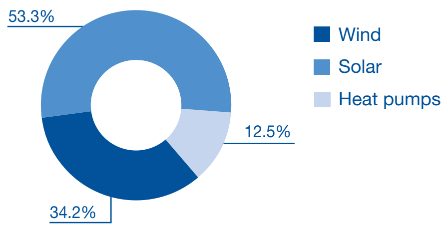
Therefore, the offering of solution and services selected by Rexel's experts among the leading brands, aims at:

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

As an example, the Group sold over 55.8 million energy-saving lamps in 2009, *i.e.,* a 40% increase compared to 2008. These figures have been calculated on the basis of an answering perimeter representing 95% of sales.

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

BREAKDOWN OF ENERGY-SAVING PRODUCTS SALES BY CATEGORY (EXCLUDING LAMPS) IN 2009



3.3.4 Regulations

3.3.4.1 Assessment and conformity process

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

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

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

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

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

3.3.4.2 Environmental risk management and prevention

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

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

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

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

3.3.4.4 Methods for reducing environment risks

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

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

Not applicable.

3.3.4.6 Amount of provisions and guarantees for risks

As at the registration date of this *Document de Référence,* and except as set out in Chapter 5 “Consolidated financial statements” of this *Document de Référence*, the Rexel Group has no knowledge of:

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

In 2009, no provision for environmental risks was recorded in the consolidated financial statements of the Rexel Group.

3.3.4.7 Pending proceedings that are not the subject of a provision

Not applicable.

3.3.4.8 Indemnities paid pursuant to a court decision

In 2009, no indemnities were paid pursuant to a court decision with respect to environmental matters or claims filed for the reparation of damages caused to the environment.

3.3.4.9 Asbestos

See paragraph 3.3.4.1 "Assessment and conformity process".

3.3.5 Summary table

Indicator (!: reviewed by external auditor)		Unit	2009	Answering perimeter (headcount) (vi)	2009 (constant basis)	2008 (constant basis)	Change	
Consumption								
Electricity consumption	!	GWh	217	98%	205	208	–2%	(i)
Gas consumption:	!	GWh	142	98%	142	117	+21%	(i)
Fuel consumption	!	Millions of liters	3.8	98%	3.5	4.3	–18%	(i)
Consumption of raw materials		Tons	2,989	99%	–	–	–	
Cardboard consumption		Tons	1,710	99%	1,686	1,513	+11%	(ii)
Plastic consumption		Tons	446	99%	343	360	–5%	(ii)
Paper consumption		Tons	7,389	97%	1,690	1,608	+5%	(ii)
Fuel consumption	!	Millions of liters	40	99% (v)	21	17	+22%	(iii) (vii)
Waste								
Total quantity of waste processed	!	Tons	18,871	62%	15,014	14,729	+2%	(ii)
% of branches implementing WEEE recycling			63%	–	59%	49%	+20%	(iv)
Carbon report – CO_2 emissions								
Total emissions	!	CO_2 eq. tons	245,576	98%	210,026	202,163	+4%	(ii)
Of which CO_2 emissions resulting from energy	!	*CO_2 eq. tons*	*114,563*	*98%*	*109,677*	*113,107*	*–3%*	(i)
Of which CO_2 emissions resulting from transportation	!	*CO_2 eq. tons*	*131,013*	*99% (v)*	*104,546*	*89,056*	*+13%*	(iii) (vii)
Sales of environment-friendly products								
Sales from energy-saving lamps	!	€ million	167.2	94%	167.2	118.7	+41%	(ii)
Sales from wind renewable energy products	!	€ million	74.7	94%	74.7	–	–	(ii)
Sales from solar renewable energy products	!	€ million	116.4	94%	116.4	66.4	+75%	(ii)
Sales from heat pumps renewable energy products	!	€ million	27.4	94%	27.4	12.1	+127%	(ii)

(i) Pro-forma taking into account area change 2008-2009.
(ii) Pro-forma taking into account sales change 2008-2009.
(iii) Pro-forma taking into account sales change 2008-2009 – The indicators relating to fuel consumption and CO_2 emissions from transportation do not include transportation sub-contracted by Rexel and professional transportation with employee personal vehicles, as these indicators were not followed up in 2008. These figures therefore reflect Rexel's own fleet and leased fleet fuel consumption and CO_2 emissions from transportation.
(iv) Pro-forma taking into account branch number change 2008-2009.
(v) In relation to transportation indicators, contributors could choose between indicating distances made and fuel consumption. 61% of reporting scope has indicated fuel consumption. Total consumption was estimated by calculating CO_2 emissions based on distance when fuel consumption was not indicated. We then calculated a "fuel" emissions factor based on the breakdown of the various fuel types in Rexel's consumption. It allows calculating an estimate of fuel consumption corresponding to indicated distances. Total estimates + actual reflects a scope of reply of 99% for fuel and distance.
(vi) Scopes of reply correspond to the percentage of staff effectively covered by the entities having replied to the relevant indicator.
(vii) The comparison of 2008 and 2009 data with respect to the indicators relating to transportation (fuel consumption and CO_2 emissions resulting from transportation) is not relevant because of a change in the methodology between 2008 and 2009. In particular, the increase in the reported fuel consumption between 2008 and 2009 is mainly due to reporting perimeters and methodology that have been enhanced in 2009, allowing the collection of further data.

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

Rexel

Year ended December 31, 2009

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

Rexel, we have performed a limited review on a selection of environmental and human resources indicators(1) for the year ended December 31, 2009 presented in table from page 99 to 100 and in paragraph page 69 and following of this reference document and identified by the ! symbol (the "Indicators").

These Indicators were prepared under the responsibility of the management of sustainable development and the management of human resources of Rexel, in accordance with the reporting criteria applicable in 2009 (the Reporting Criteria), comprised of the online help text provided in the data collection information system and, for environmental indicators, of the Rexel group reporting protocol (PRE-GR01), a summary of which is provided on page 85 of this report. It is our responsibility to express a conclusion on these Indicators, on the basis of our review.

Nature and scope of our work

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

– We have assessed the Reporting Criteria with respect to its relevance, completeness, neutrality and understandability.

– At group level, we have conducted interviews with persons responsible for reporting in order to assess the application of the Reporting Criteria. At this level, we have implemented analytical procedures and verified, on a test basis, the calculations and the consolidation of the data.

– We have selected a sample of four operational entities(2) that are representative of Rexel activities and of one site per entity. At the level of the selected sites and entities, we have verified the understanding and application of the Reporting Criteria, and verified, on a test basis, calculations and reconciliation with supporting documents.

On average, our tests covered 25% of the turnover and 22% of total headcount.

Information about the Reporting Criteria

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

– *Relevance of the Reporting Criteria:* the themes addressed by the Reporting Criteria cover the key social and environmental stakes of the business sector. The calculated ratios allow the measurement of the performance of the Group and the comparison with companies of the same sector. Some ratios could be subject to quantified targets.

– *Understandability of the Reporting Criteria:* the Reporting Criteria are available in English and French, and for the social part in Spanish, Italian and German. Overall, the requested Indicators are defined precisely enough for a consistent understanding within the group. However, definitions of Indicators relating to sales of environmentally friendly products should be clarified to include unequivocally the same families of products in different countries. Concerning the social Indicators, the group could better explain to the reader the rules of reporting as regards covered scope and replacement of unavailable data.

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

– *Internal control:*

  • In 2009, new automatic consistency checks have been configured in the reporting tool of social data, allowing an improvement of the quality of data collected.

  • The consistency of environmental Indicators has been reviewed by the group during the reporting campaign

(1) *10 environmental indicators:* consumption of electricity, natural gas, fuel oil and fuel for vehicules; total amount of discarded waste; total CO_2 emissions and sales of the environmentally friendly products (light bulbs, products of the "solar" category, products of the "wind" category, products of the "heat pump" category). *4 human ressources indicators:* employees' turnover, frequency rate of work accidents, % of employees eligible to an annual interview, reorganizations.

(2) Storel AB (Sweden), Selga (Sweden), Rexel Belgium and Rexel France.

using ratios of consistency. Some errors were thus identified and corrected. However the quality of audits performed by the managers in charge of validating the data at local level could be strengthened by improving their knowledge of the data they have to validate. Increasing the frequency of data collection could facilitate their management.

– *Consolidation and calculation of the Indicators:*

- In 2009, Rexel introduced the possibility to specify data as “not available” in the reporting tool, which improved the recording of data that could previously be considered null. However, the group will have to keep on educating the contributors to the usefulness of this feature.
- The methodology for calculating CO_2 emissions from fuel was revised in 2009, it provides a consolidated data based on fuel consumption or, failing that, miles traveled.

Conclusion

During our work, our controls revealed that the definition of the “solar” category of the Indicator relating to the sales of environmentally friendly products could be differently interpreted from one business unit to another, due to the lack of a common nomenclature on this product category. Different interpretations of the Reporting Criteria have been identified in two countries, and our work does not allow us to exclude that such mistakes would have been made by other entities.

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

Paris-La Défense, March 25, 2010

ERNST & YOUNG Audit
The statutory auditors

Pierre Bourgeois

Assisted by ERNST & YOUNG
Climate Change and Sustainability Services

Eric Duvaud

4. Results of operations and financial position of the Rexel Group

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

– the operating and financial review for the year ended December 31, 2008 which is included in pages 68 to 79 of the *Document de Référence* filed by Rexel with the *Autorité des marchés financiers* on April 20, 2009, under number R.09-022; and

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

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

4.1 GENERAL OVERVIEW

The business activities related to the acquisition of Hagemeyer were consolidated from March 31, 2008. The former business of the Rexel Group in Germany, transferred to Sonepar in the second quarter of 2008, has been excluded from the scope of consolidation from March 31, 2008. The business acquired from Sonepar in Sweden was consolidated from July 1, 2008.

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 thousand euro 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, numbers may not sum precisely due to rounding.

4.1.1 Rexel Group overview

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

In 2009, the Rexel Group recorded consolidated sales of €11,307.3 million, of which €6,705.1 million were generated in Europe (59% of sales), €3,315.4 million in North America (29% of sales), €847.7 million in the Asia-Pacific zone (8% of sales), and €439.1 million related to Other Operations (4% of sales).

The Europe zone consists of France (which accounts for approximately 34% of Rexel Group consolidated sales in this zone), Germany, the United Kingdom, Ireland, Austria, Switzerland, The Netherlands, Belgium, Luxembourg, Sweden, Finland, Norway, Italy, Spain, and Portugal, as well as several other Central and Northern European countries (Slovenia, Hungary, Slovakia, the Czech Republic, Poland, Russia and the Baltic States). In 2009, the Rexel Group disposed of its distribution network in Hungary.

The North America zone consists of the United States and Canada. The United States represents approximately 74% of the Rexel Group's consolidated sales in this zone and Canada the remaining 26%.

The Asia-Pacific zone consists of Australia, New Zealand and China, as well as certain countries in Southeast Asia (Indonesia, Malaysia, Singapore and Thailand). Australia accounts for approximately 63% of the Rexel Group's consolidated sales in this zone and New Zealand close to 13%.

The Other Operations segment includes ACE, the Agencies /Consumer Electronics division acquired from Hagemeyer from the beginning of the second quarter of 2008, which represented approximately 3% of the Rexel Group's sales over the period. It also includes Chile, which represented less than 0.5% of the Rexel Group's sales in 2009 and certain businesses managed at Rexel Group level. Unallocated corporate overheads (mainly occupancy and personnel costs of the headquarters) are also included in this segment, as well as elimination of inter-segments operations.

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

4.1.2 Seasonality

Notwithstanding the relatively low degree of seasonality within the Rexel Group's sales, there is seasonality in cash flows due to variations in working capital requirements, with, generally, about half of annual free cash flow generated in the first half 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.

4.1.3 Effects of changes in copper price

The Rexel Group is indirectly exposed to fluctuations in copper price in connection with the distribution of cable products. Cables accounted for approximately 15% of the Rexel Group's sales, and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cable prices also depend on suppliers' commercial policies and on the competitive environment in the Rexel Group's markets. Changes in copper price have an estimated so-called "recurring" effect and an estimated so called "non-recurring" effect on the Rexel Group's performance, 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 part included in the selling price of cables from one period to another. This effect mainly relates to sales;
- **The non-recurring effect** related to the change in copper-based 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). Practically, 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 the distribution and administrative expenses (essentially, the variable portion of compensation of sales personnel, which accounts for approximately 10% of the variation in gross profit).

These two effects are assessed, where possible, on all of the cable sales of the period, with the countries in this situation representing over two thirds of the Rexel Group's consolidated sales (excluding activities other than the distribution of electrical products, such as the ACE division). Internal Rexel Group procedures stipulate that entities that do not have the information systems that allow such exhaustive calculation 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. Considering the sales covered, the Rexel Group deems the effects thus measured a reasonable estimate.

4.1.4 Comparability of the Rexel Group's operating results

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

In addition, the Rexel Group implemented IFRIC 13, Customers Loyalty Programmes, retrospectively from January 1, 2008. As a consequence, the figures presented for 2008 have been restated in accordance with this interpretation. The impacts are however not material and do not affect EBITA. They are presented in the note 2.2.1 of Rexel's Consolidated Financial Statements at December 31, 2009.

Exclude the effects of acquisitions and disposals

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

Exclude the effects of fluctuations in exchange rates

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

Exclude the non-recurring effect related to changes in copper 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 4.1.3 "Rexel's consolidated financial results" of this *Document de Référence,* is excluded from the information presented for both the current and the previous periods. Such information is referred to as "Adjusted" in the rest of this document.

Exclude the effects of different numbers of working days in each period to analyze sales

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

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

- **On a constant basis,** meaning excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison on sales and headcounts;
- **On a constant basis and same number of working days,** meaning on a constant basis and restated for the effect of different numbers of working days in each period. Such information is used only for comparison related to sales;
- **On a constant basis, Adjusted,** meaning on a constant basis and adjusted for the estimated non-recurring effect related to changes in copper-based cable prices. Such information is used for comparison related to gross profit, distribution and administrative expenses and EBITA.

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

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

	Year ended December 31,	
(in millions of euros)	2009	2008
Operating income before other income and other expenses	**450.2**	**630.0**
Changes in scope effects	–	12.7
Foreign exchange effects	–	5.0
Non-recurring effect related to copper	(19.5)	62.0
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	19.2	17.1
Adjusted EBITA on a constant basis	**449.9**	**726.8**

4.2 MAJOR EVENTS THAT OCCURRED IN 2009

In a challenging environment, Rexel initiated in 2009 a cost reduction plan in order to maintain its profitability and carried on the integration of Hagemeyer entities. Rexel also demonstrated its ability to reduce net indebtedness through working capital improvement and new market development, especially those relating to energy saving, renewal energies and global offer in order to meet international customers needs.

In order to enhance its financial flexibility, Rexel has refinanced its financial structure through the issuance on December 21, 2009 of a €575 million senior unsecured notes due 2016, the proceeds of which were applied to partially refinance the previous senior credit agreement. The Notes bear interest annually at 8.25% and are listed on the Luxembourg Stock Exchange.

In connection with the issuance of the bonds, Rexel entered into, as borrower, a €1.7 billion credit facilities agreement with BNP Paribas, CALYON, Crédit Industriel et Commercial, HSBC France, Natixis, ING Belgium SA, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking and Bank of America Securities Limited as Mandated Lead Arrangers, and CALYON as Facilities Agent. Proceeds from draw-downs have been used to partially refinance the previous senior credit agreement, finance working capital needs and for general corporate purposes of the Rexel Group, including the financing or refinancing of acquisitions. This refinancing has generated a €16.4 million write-off, in addition to €4.8 million write-off generated in July 2009 for the previous amendment to the senior credit agreement.

4.3 CONSOLIDATED RESULTS

The 2008 figures were restated in accordance with IFRIC 13, Customers Loyalty Programmes, as disclosed in paragraph 4.1.4 "Comparability of the Rexel Group's operating results" of this *Document de Référence.* The reported figures include the effect of the Hagemeyer transaction in the first quarter of 2009 but not in the first quarter of 2008. On a constant basis, both periods include such effect.

4.3.1 Rexel's consolidated financial results

The following table sets out Rexel's consolidated income statement for the years 2009 and 2008, in millions of euros and as a percentage of sales.

	Year ended December 31,		
(in millions of euros)	2009	2008	Change in %
REPORTED			
Sales	**11,307.3**	**12,864.5**	**(12.1)%**
Gross profit	2,769.5	3,059.4	(9.5)%
Distribution and administrative expenses(1)	(2,300.0)	(2,412.3)	(4,7)%
EBITA	**469.4**	**647.1**	**(27.5)%**
Amortization(2)	(19.2)	(17.1)	12.9%
Other income and expenses	(134.3)	(76.6)	
Operating income	315.9	553.4	
Financial expenses	(203.1)	(210.2)	
Income tax	(31.7)	(111.7)	
Net income	81.0	231.5	
as a % of sales	*0.7%*	*1.8%*	
(1) Including depreciation.	(83.5)	(85.5)	(2.2)%

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

	Year ended December 31,		
(in millions of euros)	2009	2008	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**11,307.3**	**13,743.4**	**(17.7)%**
Same number of working days			*(17.2)%*
Gross profit	2,749.7	3,311.9	(17.0)%
as a % of sales	*24.3%*	*24.1%*	
Distribution and administrative expenses	(2,299.8)	(2,585.1)	(11.0)%
as a % of sales	*(20.3)%*	*(18.8)%*	
EBITA	**449.9**	**726.8**	**(38.1)%**
as a % of sales	***4.0%***	***5.3%***	

Sales

In 2009, Rexel's consolidated sales decreased by 12.1% to €11,307.3 million, a 17.2% decrease on a constant basis and same number of working days. Acquisitions, net of divestitures, accounted for an increase of €851.8 million, mainly related to the Hagemeyer transaction, while the positive effect of changes in exchange rates amounted to €27.2 million, due to the appreciation of the US dollar against the euro, though mitigated by the depreciation of other currencies, especially the Pound Sterling and the Swedish Krona.

The following table analyzes the changes in sales growth between the year 2009 and 2008, on a reported basis and on a constant basis and same number of working days:

	Growth 2009 vs. 2008					
	Q1	Q2	H1	Q3	Q4	Year
Growth on a constant basis and same number of working days	(15.4)%	(20.2)%	(17.9)%	(19.4)%	(13.7)%	(17.2)%
Number of working days effect	(0.7)%	(1.7)%	(1.2)%	0.4%	0.1%	(0.5)%
Organic growth (a)	***(16.1)%***	***(21.9)%***	***(19.1)%***	***(19.0)%***	***(13.6)%***	***(17.7)%***
Changes in scope effects	30.7%	1.7%	13.9%	0.4%	0.2%	6.6%
Foreign exchange effects	2.4%	1.4%	1.9%	(0.4)%	(2.1)%	0.2%
Total scope and currency effects (b)	***33.1%***	***3.2%***	***15.8%***	***(0.0)%***	***(1.9)%***	***6.8%***
Effective growth (a) x (b) (1)	**11.7%**	**(19.5)%**	**(6.4)%**	**(19.0)%**	**(15.2)%**	**(12.1)%**

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

In 2009, the effect of lower copper-based cable prices compared to the year 2008 was estimated to 2.8 percentage points of the 17.2% Rexel Group's sales decrease on a constant basis and same number of working days. In the fourth quarter of 2009, sales decreased by 13.7% on constant basis and same number of working days, 13.6% at constant copper price, benefiting from lower sales last year as the economic environment started deteriorating. The effect of branches closures was estimated to account for 2.8 percentage points in the sales variation of the year 2009 and 4.3 percentage points in the United States.

Gross profit

In 2009, gross profit amounted to €2,769.5 million, a 9.5% decrease compared to 2008. On a constant basis, Adjusted gross margin improved by 20 basis points compared to 2008 from 24.1% in 2008 to 24.3% in 2009. This improvement reflects purchasing synergies with Hagemeyer, together with a favorable product mix, notably cables (reduction in the share of cables in the overall sales, cables being sold with a lower gross margin than the Rexel Group average one) and a favorable country mix. In the fourth quarter of 2009, Adjusted gross margin improved by 10 basis points from 24.3% to 24.4% on a constant basis.

Distribution and administrative expenses

Rexel pursued the downsizing of its costs structure over the period to adapt to the current market trends. On a constant basis, Adjusted distribution and administrative expenses decreased by 11.0% between 2008 and 2009 compared to a 17.7% decrease in sales. In the fourth quarter of 2009, this decrease in distribution and administrative expenses was 11.2%. Adjusted personnel expenses decreased by 12.2% on a constant basis as a result of the headcount reductions implemented in all the countries, with the major effects in North America and in Europe. At December 31, 2009, the number of employees was 28,688, down 13.1% compared to December 31, 2008, on a constant basis. In addition, temporary part-time measures have been implemented where legally authorized to reduce costs and protect employment. Transportation costs also significantly decreased due to lower sales and petrol price decrease. Bad debt expenses, including credit insurance costs, increased from 0.3% to 0.5% of sales compared to the year 2008, especially in Europe, as a result of the downturn in economy.

EBITA

EBITA reached €469.4 million in 2009, a 27.5% decrease compared to the year 2008 on a reported basis. On a constant basis, Adjusted EBITA decreased by 38.1% and Adjusted EBITA margin decreased by 130 basis points from 5.3% in 2008 to 4.0% in 2009 as a result of the drop in sales. The effect of the decrease in sales was mitigated by the improvement of gross margin, and the costs saving actions taken to reduce distribution and administrative expenses. The 4.9% Adjusted EBITA margin in the fourth quarter of 2009 compares with 4.4% in the third quarter, 3.6% in the second quarter and 3.0% in the first quarter.

Other income and other expenses

In 2009, other income and other expenses were a net expense of €134.3 million and included €115.3 million restructuring and Hagemeyer's integration expenses, incurred in Europe for €90.6 million (mainly in France and in Spain), in North America for €19.5 million (mainly in the United States) and in Asia-Pacific for €2.5 million (mainly in Australia), €18.1 million goodwill impairment charge in respect of the operations of the Rexel Group in Slovakia, Ireland and Finland, €17.5 million related to asset impairment and loss on assets disposals, €4.0 million related to the disposal of Rexel's operations in Hungary, offset by €13.8 million income related to partial release of Ceteco reserve following the settlement of the litigation with the receivers executed on the 8th of February 2010 and €5.5 million income related to the remeasurement of financial assets in relation with the investment in D.P.I. (US consumer electronic distributor), following the restructuration of D.P.I. financial structure.

Financial expenses

In 2009, net financial expenses were €203.1 million compared to €210.2 million in 2008, due to the decrease in both interest rates and the Rexel Group's average net debt between both periods. The 2009 expenses included €12.0 million with regard to defined employee benefit obligations because of the reduced funding resulting from the negative return on plan assets in 2008, whereas the net impact was only €1.4 million in 2008. Financial expenses were also comprised of €21.2 million non-recurring costs following the 2009 Rexel Group's refinancing, in 2009 and €11.0 million non-recurring costs in 2008.

In 2009, the effective interest rate was 6.1% compared to 6.6% in 2008 and 7.7% in the fourth quarter of 2009. The increase quarter-on-quarter mainly resulted from the amendment to the senior credit agreement entered into on July 2009 and December 2009 (see paragraph 4.2 "Major events that occurred in 2009" of this *Document de Référence*).

Tax expenses

The effective tax rate was 28.1% at December 31, 2009 compared to 32.6% at December 31, 2008. In 2008, the effective tax rate included the effect of the low taxation of the gain relating to the transfer to Sonepar of Rexel's operations in Germany. Excluding the effect of this non recurring transaction, the effective tax rate would have been 34% in 2008. The effective tax rate was lower in 2009 due to financial restructuring and legal reorganisation within the Group, partially offset by non-recognition of deferred tax assets as a result of the deterioration of the economic environment.

Net income

Net income amounted to €81.0 million in 2009 compared to €231.5 million in 2008.

4.3.2 Europe (59% of Rexel Group consolidated sales)

	Year ended December 31,		
(in millions of euros)	2009	2008	Change in %
REPORTED			
Sales	**6,705.1**	**7,168.5**	**(6.5)%**
Gross profit	1,739.5	1,770.8	(1.8)%
Distribution and administrative expenses	(1,399.8)	(1,411.0)	(0.8)%
EBITA	**339.7**	**359.8**	**(5.6)%**
as a % of sales	*5.1%*	*5.0%*	

	Year ended December 31,		
(in millions of euros)	2009	2008	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**6,705.1**	**7,737.1**	**(13.3)%**
Same number of working days			*(12.8)%*
Gross profit	1,719.1	1,947.0	(11.7)%
as a % of sales	*25.6%*	*25.2%*	
Distribution and administrative expenses	(1,399.6)	(1,526.3)	(8.3)%
as a % of sales	*(20.9)%*	*(19.7)%*	
EBITA	**319.5**	**420.7**	**(24.0)%**
as a % of sales	***4.8%***	***5.4%***	

In 2009, sales decreased by 6.5% in Europe compared to the year 2008 and reached €6,705.1 million. Acquisitions, net of disposals, accounted for a €700.9 million increase, essentially due to the Hagemeyer transaction, while changes in exchange rates accounted for a €132.3 million decrease, mostly due to the depreciation of the Pound Sterling against the euro. The disposal of the Rexel Group's distribution network in Hungary resulted in a reduction of sales in an amount of €17.0 million. On a constant basis and same number of working days, sales decreased by 12.8% in 2009 as a result of the deterioration in economics, copper-based cable prices decrease versus 2008 and branch closures. In the fourth quarter of 2009, sales decreased by 8.4% on a constant basis and same number of working days.

In France, sales amounted to €2,258.6 million in 2009, an 8.3% decrease on a constant basis and same number of working days. This sales evolution was particularly driven by the downturn in the industrial sales, although commercial and residential end-markets were also weak. Despite market conditions, Rexel implemented initiatives which contributed to the sales growth with governmental and institutional customers, and also specific product families such as climate control and security. The Rexel Group estimates that it outperformed the market. In the fourth quarter of 2009, sales decreased by 4.9% on a constant basis and same number of working days.

In the United Kingdom, sales amounted to €895.2 million in 2009, a 14.2% decrease on a constant basis and same number of working days. Sales were impacted by branch closures and projects on hold. Sales to large contractors decreased strongly while small contractors were resisting better. The Rexel Group estimates that it outperformed the market. In the fourth quarter of 2009, sales decreased by 9.4% on a constant basis and same number of working days.

In Germany sales amounted to €813.6 million in 2009, a 6.2% decrease on a constant basis and same number of working days. Construction remained weak but the main driver to the sales evolution was the decrease in industrial end-market as a result of the depressed economic environment. The Rexel Group estimates it outperformed the market. In the fourth quarter of 2009, sales increased by 0.6% on a constant basis and same number of working days with increase in sales of solar panels and some improvements in the industrial end-market, especially in the public sector and manufacturing industry.

In Scandinavia sales amounted to €765.9 million in 2009, a 12.5% decrease on a constant basis and same number of working days. The activities in Finland recorded a 21.9% drop in sales driven by the business with large national and industrial companies. In Sweden, sales decreased by 10.7% due to projects delayed or cancelled, especially in the utilities and industrial sectors, but estimated better than the market. Sales in Norway posted a 7.1% decrease, estimated to be gaining market share. Sales to customers in the utilities sector recorded a positive growth in 2009. In the fourth quarter of 2009, sales decreased by 9.8% in Scandinavia on a constant basis and same number of working days.

In 2009, gross profit amounted to €1,739.5 million, a 1.8% decrease compared to 2008. On a constant basis, Adjusted gross margin was 25.6% of sales in 2009, a 40 basis points improvement from 25.2% in 2008. This performance was mainly due to favorable changes in product mix, notably cables, to favorable country mix and to better purchasing terms, including synergies from the Hagemeyer integration. In the fourth quarter of 2009, Adjusted gross margin was 20 basis points higher than in fourth quarter of 2008, at 25.6% of sales.

On a constant basis, Adjusted distribution and administrative expenses decreased by 8.3% compared to a 13.3% decrease in sales. In order to adjust the costs structure to the current level of demand, specific actions were implemented and synergies resulting from the integration of Hagemeyer are progressing in line with expectations. Adjusted personnel expenses were reduced by 9.7%. The number of employees was reduced by 14.1% compared to December 31, 2008 on a constant basis, to 16,937 at December 31, 2009. Lease and maintenance expenses decreased compared to the year 2008 with branch network and real estate rationalization, offsetting increases due to inflation and commercial and logistic initiatives. In the logistics area, rental expenses rose following the transfer and improvement of several logistic centers in France as well as the sale and partial leaseback of several logistics platforms representing 125,000 sqm in the course of 2008. Bad debt expenses increased compared to the year 2008 due to reduced coverage from credit insurance in a depressed economic environment. In the fourth quarter of 2009, Adjusted distribution and administrative expenses decreased by 9.4% on a constant basis.

EBITA amounted to €339.7 million, a 5.6% decrease compared to the year 2008. On a constant basis, Adjusted EBITA decreased by 24.0% and Adjusted EBITA margin decreased by 60 basis points to 4.8% in 2009 for a sales decrease of 13.3%. In the fourth quarter of 2009, Adjusted EBITA increased by 0.4% on a constant basis and Adjusted EBITA margin increased by 50 basis points to 6.0% of sales.

4.3.3 North America (29% of Rexel Group consolidated sales)

(in millions of euros)	Year ended December 31, 2009	2008	Change in %
REPORTED			
Sales	**3,315.4**	**4,404.8**	**(24.7)%**
Gross profit	709.2	946.8	(25.1)%
Distribution and administrative expenses	(626.2)	(729.6)	(14.2)%
EBITA	**83.0**	**217.1**	**(61.8)%**
as a % of sales	*2.5%*	*4.9%*	

(in millions of euros)	Year ended December 31, 2009	2008	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**3,315.4**	**4,573.5**	**(27.5)%**
Same number of working days			*(27.0)%*
Gross profit	710.1	995.8	(28.7)%
as a % of sales	*21.4%*	*21.8%*	
Distribution and administrative expenses	(626.2)	(759.4)	(17.5)%
as a % of sales	*(18.9)%*	*(16.6)%*	
EBITA	**83.9**	**236.4**	**(64.5)%**
as a % of sales	***2.5%***	***5.2%***	

In 2009, sales in North America amounted to €3,315.4 million, a 24.7% decrease compared to 2008. This decrease includes a €168.8 million favorable effect from changes in foreign exchange rates due to the appreciation of the US dollar against the Euro reduced by the depreciation of the Canadian dollar. On a constant basis and same number of working days, sales decreased by 27.0% in 2009 compared to 2008 because of the economic situation, the lower copper-based cable and other commodities prices compared to 2008 and branch closures. In the fourth quarter of 2009, sales decreased by 26.2% on a constant basis and same number of working days.

In the United States, sales amounted to €2,443.4 million in 2009, a 31.4% decrease on a constant basis and same number of working days. The deep slide in residential construction continued but showed signs of "bottoming" near the end of the year. Commercial end-markets weakened as the recession spread to a downturn in larger projects. Most industrial segments also declined as consumer spending dropped and unemployment rates rose. 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. The impact of branches closures was estimated to 4.3 percentage points in the 31.4% sales decrease. In the fourth quarter of 2009, sales decreased by 30.1% on a constant basis and same number of working days.

In Canada, sales amounted to €871.9 million in 2009, a 11.3% decrease on a constant basis and same number of working days. This evolution was mainly due to the performance in Ontario, where manufacturing activity continued to be depressed as a result of the global economic downturn, low United States demand and a strong Canadian dollar versus US dollar. Sales in Alberta with oil sands related projects slowed down compared to last year with both very strong sales in 2008 and slower project activity due to dropping commodity prices and reduced investment activity in the energy sector in 2009 leading to delayed or cancelled projects. Focus on energy conservation markets, renewable energy and lighting retrofit opportunities resulted in an increase in market share. In the fourth quarter of 2009, sales decreased by 14.6% on a constant basis and same number of working days.

In 2009, gross profit amounted to €709.2 million, a 25.1% decrease compared to 2008. On a constant basis, Adjusted gross margin decreased by 40 basis points compared to 2008 at 21.4% of sales in 2009. This change mainly resulted from a change in the channel mix (a greater share of direct sales vs. warehouse sales), lower rebates and some price pressure notably in commodity prices. In the fourth quarter of 2009, Adjusted gross margin was in line with the fourth quarter of 2008, at 21.6% of sales.

On a constant basis, Adjusted distribution and administrative expenses decreased by 17.5% compared to a 27.5% decrease in sales. Adjusted personnel costs decreased by 17.3% on a constant basis due to continuous staff adaptation and part time measures in order to adapt to current sales trends. Headcount was reduced by 12.9% compared to December 31, 2008 on a constant basis, to 7,683 at December 31, 2009. Transportation costs also significantly decreased due to lower sales and petrol price. In the fourth quarter of 2009, Adjusted distribution and administrative expenses decreased by 16.2% on a constant basis.

EBITA thus amounted to €83.0 million in 2009, a 61.8% decrease compared to 2008. On a constant basis, Adjusted EBITA posted a 64.5% reduction, and decreased as a percentage of sales from 5.2% to 2.5% for a sales decrease of 27.5%. In the fourth quarter of 2009, Adjusted EBITA decreased by 56.2% on a constant basis to 3.2% of sales.

4.3.4 Asia-Pacific (8% of Rexel Group consolidated sales)

	Year ended December 31,		
(in millions of euros)	2009	2008	Change in %
REPORTED			
Sales	**847.7**	**882.9**	**(4.0)%**
Gross profit	188.7	214.7	(12.1)%
Distribution and administrative expenses	(142.6)	(152.2)	(6.3)%
EBITA	**46.1**	**62.5**	**(26.3)%**
as a % of sales	*5.4%*	*7.1%*	

	Year ended December 31,		
(in millions of euros)	2009	2008	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**847.7**	**914.3**	**(7.3)%**
Same number of working days			*(7.0)%*
Gross profit	188.6	214.6	(12.1)%
as a % of sales	*22.3%*	*23.5%*	
Distribution and administrative expenses	(142.6)	(151.5)	(5.9)%
as a % of sales	*(16.8)%*	*(16.6)%*	
EBITA	**46.0**	**63.0**	**(27.0)%**
as a % of sales	***5.4%***	**6.9%**	

In 2009, sales in Asia-Pacific decreased by 4.0% compared to 2008 to €847.7 million, and 7.0% on a constant basis and same number of working days. The contribution from the acquisition of Suzhou Xidian in China early 2009 (€41.3 million) was partially off-set by unfavorable changes in exchange rates, which accounted for €9.9 million. In the fourth quarter of 2009, sales decreased by 5.0% on a constant basis and same number of working days.

In 2009, sales in Australia amounted to €533.3 million, an 11.0% decrease compared to 2008 on a constant basis and same number of working days. Sales were impacted by branch closures and economic conditions, particularly the lack of projects and the slowdown of the residential, industry and mining markets. Rexel estimates it gained market share in a depressed market. In the fourth quarter of 2009, sales decreased by 10.5% on a constant basis and same number of working days.

In New Zealand, sales amounted to €111.8 million in 2009, an 8.3% decrease compared to 2008 on a constant basis and same number of working days. Sales were affected by the downturn of the residential and commercial construction markets. Rexel estimates it gained market share in a depressed market. In the fourth quarter of 2009, sales decreased by 7.7% on a constant basis and same number of working days.

In Asia, sales amounted to €202.5 million in 2009, a 6.6% increase on a constant basis and same number of working days compared to 2008, which benefited from the Olympics. Rexel recorded a good performance in the automation, energy and rail sectors, although the activity was impacted by the general economic slowdown and customers' credit constraints. In the fourth quarter of 2009, sales increased by 16.1% on a constant basis and same number of working days benefiting from lower sales base effect last year partly due to the Olympics disruptions.

In 2009, gross profit decreased by 12.1% to €188.7 million. On a constant basis, Adjusted gross margin decreased by 120 basis points, to 22.3% In 2009. This was mainly due to a decrease in Australia (increased mix of key accounts, pressure on projects margin and decrease in rebates) and to change in the regional mix (increase of the share of Asia where gross margin is lower). In the fourth quarter of 2009, Adjusted gross margin was 180 basis points lower than in fourth quarter of 2008, at 21.7% of sales.

On a constant basis, Adjusted distribution and administrative expenses decreased by 5.9% compared to 2008, while sales decreased by 7.3%. Adjusted personnel costs decreased by 6.3% on a constant basis. On a constant basis, headcount was reduced by 9.7% compared to December 31, 2008 to 2,592 at December 31, 2009. In the fourth quarter of 2009, distribution and administrative expenses decreased by 7.8% on a constant basis, reflecting the continuation of costs reduction actions.

EBITA amounted to €46.1 million in 2009, a 26.3% decrease compared to 2008. On a constant basis, Adjusted EBITA decreased by 27.0%, from 6.9% of sales in 2008 to 5.4% in 2009. In the fourth quarter of 2009, Adjusted EBITA decreased by 26.3% on a constant basis, *i.e.* 140 basis points to 5.0% of sales.

4.3.5 Other operations (4% of Rexel Group consolidated sales)

	Year ended December 31,		
(in millions of euros)	2009	2008	Change in %
REPORTED			
Sales	**439.1**	**408.3**	**7.6%**
Gross profit	132.0	127.1	3.9%
Distribution and administrative expenses	(131.4)	(119.5)	9.9%
EBITA	**0.7**	**7.6**	**(91.3)%**
as a % of sales	*0.2%*	*1.9%*	

	Year ended December 31,		
(in millions of euros)	2009	2008	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**439.1**	**518.5**	**(15.3)%**
Same number of working days			*(15.2)%*
Gross profit	131.8	154.5	(14.7)%
as a % of sales	*30.0%*	*29.8%*	
Distribution and administrative expenses	(131.4)	(147.8)	(11.1)%
as a % of sales	*(29.9)%*	*(28.5)%*	
EBITA	**0.4**	**6.7**	
as a % of sales	***0.1%***	***1.3%***	

Most of the Other operations segment's business is comprised of the Agencies / Consumer Electronics activity acquired in 2008 as part of the Hagemeyer acquisition.

In 2009, sales of the Agencies / Consumer Electronics activity posted a 16.9% decrease on a constant basis and same number of working days driven by The Netherlands. Compared with 2008 which benefited from the European football championship, sales in The Netherlands were impacted not only by a decreasing market in volume but also by strong deflation due to high price competition from Korean manufacturers. In Australia, sales decreased as a consequence of the discontinuation of some non-core product lines as well as tough market conditions and competition. The Asian agencies business was impacted by outlet closures and the economic environment, as the recent recovery does not benefit yet to consumer spendings towards luxuary brands. In the fourth quarter of 2009, sales decreased by 8.4% on a constant basis and same number of working days.

On a constant basis, most of the Adjusted EBITA decline was linked to the Agencies / Consumer Electronics decrease in sales.

4.4 CASH FLOW

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

- the description of the Rexel Group liquidity and capital resources for the year ended December 31, 2008 which is included in pages 81 to 89 of the *Document de Référence* filed by Rexel with the *Autorité des marchés financiers* on April 20, 2009, under number R.09-022; and
- the description of the Rexel Group liquidity and capital resources for the year ended December 31, 2007 which is included in pages 88 to 100 of the *Document de Référence* filed by Rexel with the *Autorité des marchés financiers* on April 30, 2008, under number R.08-046.

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

The following table sets out Rexel's cash flow for the financial years ended December 31, 2009 and December 31, 2008.

(in millions of euros)		Year ended December 31, 2009	Year ended December 31, 2008
Operating cash flow[1]		446.8	664.1
Interest	(a)	(149.3)	(186.7)
Taxes	(a)	(52.7)	(109.8)
Changes in working capital requirements		471.6	133.7
Net cash flow from operating activities	(b)	716.4	501.3
Net cash flow from investing activities		(84.5)	(1,476.1)
Including operating capital expenditures[2]	*(c)*	*(38.5)*	*(8.7)*
Net cash flow from financing activities		(1,038.2)	1,220.8
Net cash flow		(406.3)	246.0
Free cash flow			
– before interest and taxes (b) – (a) + (c)		**879.9**	**789.1**
– after interest and taxes (b) + (c)		**677.9**	**492.6**
WCR, as a % of sales[3] at:		**December 31, 2009**	**December 31, 2008**
Reported		10.5%	11.9%
On a constant basis		11.0%	11.9%

(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.

These figures include the Hagemeyer businesses in the first quarter of 2009 but not in the first quarter of 2008.

4.4.1 Cash flow from operating activities

Rexel's net cash flow from operating activities was a €716.4 million inflow in 2009 compared to €501.3 million in 2008.

Operating cash flow

The decrease in the operating cash flow before interest, income tax and changes in working capital requirements (from €664.1 million in 2008 to €446.8 million in 2009) mainly resulted from lower operating income before depreciation, other income and other expenses (EBITDA, from €732.5 million In 2008 to €553.0 million in 2009) and higher restructuring costs (€99.2 million compared to €55.5 million in 2008). The decrease in EBITDA mainly reflected the lower activity in 2009 compared to 2008 as a result of the deteriorated economic environment.

Interest and taxes

In 2009, interest paid amounted to €149.3 million compared to €186.7 million in 2008. From the second quarter of 2008, interest paid reflects the terms of the 2008 senior credit agreement entered into for the Hagemeyer transaction. From the third quarter of 2009, they reflect the amendment to the senior credit agreement entered into on July 30, 2009.

In 2009, €52.7 million income taxes were paid compared to €109.8 million paid in 2008, reflecting the lower level of activity resulting in lower taxable profits.

Changes in working capital requirement

Changes in working capital requirement amounted to an inflow of €471.6 million in 2009 compared to €133.7 million in 2008. At December 31, 2009, working capital requirement included a €52.6 million positive effect of derecognized receivables under an off-balance sheet securitized program implemented in the US in December 2009, which is estimated at 50 basis points. As a percentage of the last twelve month sales, the working capital requirement decreased from 11.9% at December 31, 2008 on a constant basis to 11.0% at December 31, 2009 (excluding the effect of the derecognition of receivables).

4.4.2 Cash flow from investing activities

Rexel's cash flow from investing activities consists of acquisitions and disposals of fixed assets, as well as financial investments. Cash flow from investing activities amounted to a €84.5 million outflow in 2009 compared to a €1,476.1 million outflow in 2008.

(in millions of euros)	Year ended December 31, 2009	Year ended December 31, 2008
Acquisitions of operating fixed assets(1)	(38.5)	(8.7)
Acquisitions of financial fixed assets(1)	(46.5)	(2,321.0)
Net change in long-term investments	0.5	853.6
Net cash flow from investment activities	(84.5)	(1,476.1)

(1) Net of disposals.

Acquisitions and disposal of tangible fixed assets

Acquisitions of operating fixed assets, net of disposals, were a €38.5 million outflow in 2009 compared to a €8.7 million outflow in 2008.

In 2009, gross capital expenditures amounted to €51.1 million, *i.e.* 0.5% of the sales of the period, of which €25.1 million related to IT systems, €19.1 million to the renovation of existing branches and the opening of new branches, €5.7 million to logistics and €1.2 million to other investments. Disposals of fixed assets in 2009 amounted to €13.3 million and mainly related to the disposal of three branches, one in the United States and two in the United Kingdom, and one building in China. Net changes in the related payables and receivables amounted to €0.7 million, accounting for an increase in the net capital expenditures of the period.

In 2008, gross capital expenditures amounted to €88.6 million, *i.e.,* 0.7% of the sales of the period, of which €28.7 million related to IT systems, €36.3 million to the renovation of existing branches and the opening of new branches, €20.6 million to logistics and €3.0 million to other investments. Disposals of fixed assets in 2008 amounted to €88.1 million and mainly related to a sale and leaseback transaction in 2008, on 7 logistic centres in France for an amount of €62.9 million, to company cars in the United Kingdom for an amount of €10.1 million and a building in The Netherlands for an amount of €3.1 million. Net changes in the related payables and receivables amounted to €8.2 million, accounting for an increase in the capital expenditures of the period.

Financial investments

Rexel's net financial investments represented a net outflow of €46.5 million in 2009 compared to €2,321.0 million in 2008.

In 2009, outflows in respect of financial investments mainly included the acquisition of 63.5% of the shares of Suzhou Xidian Co. Ltd. in China for CNY41.0 million (€4.7 million), the increase in the Rexel Group's interest in Huazhang Electrical Automation Co. Ltd in China, from 51% to 70% through the exercise of a call option for CNY34.6 million (€3.6 million) and the acquisition of the remaining Hagemeyer shares not tendered and acquired as part of the squeeze-out procedure initiated by Rexel to buy-out the minority interest of Hagemeyer for €27.2 million, including acquisitions related costs. Earn-out and price adjustments on previous acquisitions amounted to a net effect of €10.7 million, of which €6.9 million on EIW in Australia.

In 2008, outflows in respect of financial investments mainly included the completion of the Hagemeyer offer for an amount of €3,082.2 million net of cash acquired. The disposal of the non retained Hagemeyer entities to Sonepar in June 2008 resulted in an inflow of €732.0 million. The net proceeds resulting from the transaction with Sonepar are comprised of a €177.0 million cash inflow in respect of the disposal of Rexel's historical business in Germany and a €83.8 million cash outflow in respect of the acquisition of Sonepar's business in Sweden. The other investments are comprised of the acquisition of Beacon in the United States for US $19.3 million (€12.6 million), ABK Electric Wholesale Pty.Ltd Company in Australia for AUD 3.3 million (€1.8 million), Egley in New Zealand for NZD 11.5 million (€6.3 million), Espace Elec and NFM SA in France for €6.6 million and €4.4 million respectively, and B.V. Electrotechnische Groothandel J.K. Busbroek in The Netherlands for €4.3 million. They also included earn-out relating to the acquisition of Huazhang in China for €7.3 million, of ElettroBergamo for €2.0 million and of ABM, a former Hagemeyer entity, for €11.2 million, and a €2.5 million price adjustment related to the EIW company in Australia. Financial investments also included the acquisition of the Rexel Distribution subsidiary shares in accordance with liquidity agreements on share option plans from 2002 to 2003, in an amount of €1.2 million.

Changes in long-term investments

Net cash from changes in long term investments represents a net inflow of €0.5 million in 2009 compared to a net inflow of €853.6 million in 2008.

Net cash recorded in 2008 mainly reflected the intercompany loan repayment from the Sonepar entities for an amount of €852.6 million.

4.4.3 Cash flow from financing activities

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

In 2009, financing activities accounted for a €1,038.2 million outflow. Outflows were comprised of:

- Repayment of 2008 senior credit agreement for €2,401.0 million;
- Transaction costs paid in connection with Rexel Group refinancing for €64.1 million;
- Decrease in securitization programs for €236.2 million;
- Payment of finance lease liabilities for €7.7 million;

While inflows included:

- Subscription of 2009 senior credit agreement for €1,082.0 million;
- Subscription of senior unsecured notes for €575.0 million;
- Net disposals of treasury shares for €8.6 million; and
- Net change in other credit facilities and bank overdrafts for €4.5 million.

In 2008, financing activities accounted for a €1,220.8 million inflow. Inflows were comprised of:

- The net change in credit facilities accounted for €1,030.8 million and was comprised of the drawing under the new senior credit agreement for €4,256.3 million, net of transaction fees. This amount was used to acquire the Hagemeyer shares and bonds for €3,153.1 million, as well as to repay the 2007 senior credit agreement for €947.5 million and refinance Hagemeyer pre-acquisition debt for €260.0 million. Following the sale to Sonepar of non-retained Hagemeyer entities in June 2008 and the implementation of a European securitization programme in December 2008, Rexel repaid €1,927.6 million of the senior credit agreement. In May 2008, Rexel redeemed the bonds issued in 1998 for a net amount of €45.7 million corresponding to the par value of the bond issuance;
- Securitization programmes increased by €354.0 million, including the implementation of the new programme in December;

While outflows included:

- Repayments of finance lease liabilities amounted to €66.3 million;
- The €0.37 dividend paid in June 2008 to the shareholders for a total of €94.4 million.

4.5 SOURCES OF FINANCING

In addition to the cash from operations and equity, the Rexel Group's main sources of financing are multilateral credit lines, debt issuances and the assignment of trade receivables. At December 31, 2009, Rexel's consolidated net indebtedness was €2,401.2 million.

During the financial year ended December 31, 2009, Rexel refinanced part of its indebtedness. Thus, on December 21, 2009, Rexel refinanced its existing senior credit agreement of an amount of €2.7 billion, entered into on December 19, 2007 and amended on September 22, 2008 and July 30, 2009.

The refinancing of the existing senior credit agreement was made through:

– the issuance of senior unsecured notes for an amount of €575 million. The senior notes bear interest at a rate of 8.25% and mature on December 15, 2016. Rexel's obligations under the senior notes are guaranteed by certain subsidiaries of Rexel. An additional issuance of fungible bonds for an amount of €75 million was carried out on January 20, 2010;

– the setting up of a new senior credit agreement for an amount of €1.7 billion, 1.1 billion of which was drawn on December 21, 2009; and

– part of the available cash flow of the Rexel Group.

At December 31, 2009, Rexel's consolidated net debt amounted to €2,401.2 million, and was made up as follows:

(in millions of euros)	As at December 31, 2009			As at December 31, 2008		
	Current	Non-current	Total	Current	Non-current	Total
Senior Notes [1]	1.5	575.0	576.5	–	–	–
Senior credit facility	–	1,091.2	1,091.2	178.2	2,225.9	2,404.1
Securitization	–	1,056.6	1,056.6	–	1,255.0	1,255.0
Bank loans	3.9	2.3	6.2	5.2	3.7	8.9
Bank overdrafts and other credit facilities [2]	87.7	–	87.7	91.4	–	91.4
Finance lease obligations	6.9	11.0	17.9	9.6	17.4	27.0
Less transaction costs	(16.5)	(58.8)	(75.3)	–	(47.4)	(47.4)
Other financial debt and accrued interest	***83.5***	***2,677.3***	***2,760.8***	***284.4***	***3,454.6***	***3,739.0***
Cash and cash equivalents			(359.6)			(807.0)
Net financial debt			**2,401.2**			**2,932.0**

(1) Including accrued interest of €1.5 million as at December 31, 2009.
(2) Including accrued interest of €4.2 million as at December 31, 2009 (€8.3 million as at December 31, 2008).

See note 19 to the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2009, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence.*

In December 2009, the Rexel Group and the senior unsecured notes obtained the following ratings, which have not been updated as at the date of this *Document de Référence:*

Rating Agency	Rating		Outlook
Moody's	Corporate family rating and probability of default rating	B1	Stable
	Senior unsecured notes	B1	Stable
Standard & Poor's	Long term corporate credit rating	B+	Stable
	Senior unsecured notes	B+	Stable
Fitch Ratings	Long term issuer default rating	BB-	Stable
	Senior unsecured notes	BB-	Stable

Other Group Rexel commitments are detailed in note 24 to the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2009, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence.*

4.6 TRENDS, TARGETS AND FORECASTS

4.6.1 Business trends

In the year 2009, Rexel recorded annual sales of €11,307.3 million, a 12.1% decrease on a reported basis. 2009 sales are down 17.2% on a constant basis and same number of working days.

The table below details the evolution of quarterly sales between the financial years 2008 and 2009 on a constant basis and same number of working days:

	2009 organic growth vs. 2008				
	Q1	Q2	Q3	Q4	YTD
Rexel Group	(15,4)%	(20,2)%	(19,4)%	(13,7)%	(17,2)%
of which Europe	*(13,0)%*	*(15,7)%*	*(14,2)%*	*(8,4)%*	*(12,8)%*
of which North America	*(21,5)%*	*(29,9)%*	*(30,0)%*	*(26,2)%*	*(27,0)%*
of which Asia-Pacific	*(4,0)%*	*(8,5)%*	*(9,6)%*	*(5,0)%*	*(7,0)%*

In 2010, Rexel expects the following developments in the macroeconomic context:

- in Europe, a difficult context on the three markets, residential, industrial and commercial, with emerging recovery signs in the second half of the year;
- in North America, emerging recovery signs are expected in 2010 on the residential and industrial markets, with a still very low demand on the commercial market;
- in Asia-Pacific, a gradual growth recovery on the three markets in Australia and an always steady growth in China.

4.6.2 Outlook

The objectives presented in this chapter have been determined on the basis of data and assumptions considered reasonable by the Rexel Group's management. These data and assumptions may change as a result of uncertainties relating to, among other things, the economic, financial, accounting, competitive and regulatory environment. In addition, the occurrence of certain of the risks described in Chapter 2 "Risk Factors" of this Document de Référence could have an impact on the activity, the financial situation, and the results of the Rexel Group and its ability to achieve these objectives. The Rexel Group can give no assurances and provide no guarantee that the following objectives will be met.

4.6.2.1 Rexel Group middle-term outlook

Due to the strong deterioration of the economy, the Rexel Group recorded a significant decrease in its sales in 2009, reflecting both decreased volumes and a decrease in the price of copper-based cables. Continued efforts in cost reduction, which resulted in a net decrease in operating expenses of €285 million for the whole of 2009, have limited the impact of economic downturn on the Rexel Group's margins. The Rexel Group also continued its debt reduction and improved its financial flexibility thanks to the recent bond issuance and renegotiation of its senior credit agreement.

By relying on this process, the Management's priority is still to protect the margins, continue to reduce the Rexel Group's debt and anticipate on growth opportunities. Therefore, the Management will continue in 2010 its actions aiming at:

- optimizing net cash flow, by still focusing on the working capital requirement and maintaining a high selectivity of gross operational capital expenditures;
- ramping up its growth by relying on targeted growth levers, *i.e.,* energetic efficiency, renewable energy and high added value services for major projects. These markets should allow the Rexel Group to further increase its sales by approximately €400 million by 2012; and
- pursuing bolt-on acquisitions of regional distributors in order to strengthen its market share in regions where it is already present, focus on the Group's development on emerging markets (China, South-East Asia, India, Latin America) along with the ramp-up of the professional distribution of electrical equipment in these countries and strengthen its presence on high added value market niches.

4.6.2.2 Rexel Group 2010 outlook

In a still difficult context, 2010 is expected to bring about:

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

4.6.3 Profit forecasts or estimates

The following forecasts were established on the basis of EC Regulation N° 809/2004 of April 29, 2004 and CESR recommendations relating to forecasts. They are based on data, assumptions and estimates that are considered reasonable by the Rexel Group's management. These data, assumptions and estimates may change as a result of uncertainties relating to, among other things, the economic, financial, accounting, competitive and regulatory environment, or other factors that are currently unknown by the Rexel Group as at the registration date of this Document de Référence. In addition, the occurrence of certain of the risks described in Chapter 2 "Risk Factors" of this Document could have an impact on the activity, the financial situation, and the results of the Rexel Group and its ability to achieve these objectives. The Rexel Group can give no assurances and provide no guarantee that the forecasts discussed below will be achieved.

These forecasts were prepared on the basis of accounting principles adopted by the Rexel Group to prepare its consolidated financial statements for the financial year ended December 31, 2009 and of the adjustments set forth in paragraph 4.1.4 "Comparability of the Rexel Group's operating results" of this Document de Référence aiming at ensuring the comparability of the operating results of the Rexel Group from one year to another.

In its presentation of its strategic focus, on December 4, 2009, Rexel indicated that for 2009 it expects:

- Sales of between €11.2 and 11.3 billion,
- Adjusted EBITA margin of almost 4.0%,
- Net financial debt at the end of the year less than €2.5 billion, for a drop of more than €400 million over the preceding year.

Based on Rexel's consolidated financial statements for the financial year ended December 31, 2009, Rexel's consolidated sales reached €11,307.3 million, a 17.2% decrease on a constant basis and same number of working days. The Adjusted EBITA margin decreased from 5.3% during the 2008 financial year to 4.0% during the 2009 financial year on a constant adjusted basis, net financial debt amounted to €2.4 billion and the net indebtedness ratio calculated in accordance with the terms of the senior credit agreement, amounted to 4.32x, compared to 3.60x at December 31, 2008. Therefore, Rexel is in line with the updated forecasts issued during the 2009 financial year.

Due to the continuing uncertainty in relation to the economic developments, Rexel does not provide a profit forecast, as defined by EC Regulation N° 809/2004 of April 29, 2004 and CESR recommendations relating to forecasts.

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

The Ceteco litigation was settled on March 1, 2010 (see note 22-1 of the Notes to the Group's consolidated financial statements for the financial year ended December 31, 2009, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence*) and resulted in a net cash outflow of €29.8 million. The settlement resulted in the termination of all ongoing proceedings in connection with the Ceteco bankruptcy in The Netherlands and in the termination of all claims filed with and accepted by the Dutch bankruptcy judge.

To Rexel's knowledge, and with the exception of the items described in this *Document de Référence,* there has been no other significant change in the Rexel Group's financial or commercial position since the end of the financial year ended December 31, 2009.

5. Consolidated financial statements

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

- *the consolidated financial statements and the relevant audit report for the year ended December 31, 2008 which is included in pages 156 to 215 of the Document de Référence filed by Rexel with the Autorité des marchés financiers on April 20, 2009, under number R.09-022; and*
- *the consolidated financial statements and the relevant audit report for the year ended December 31, 2007 which is included in pages 172 to 241 of the Document de Référence filed by Rexel with the Autorité des marchés financiers on April 30, 2008, under number R.08-046.*

In the Document de Référence filed with the Financial Markets Authority on April 20, 2009 under number R.09-022, Rexel presented financial pro forma information for the financial year ending December 31, 2008. This information has not been included for comparative purposes in this Document de Référence as the analysis of the Rexel Group's results presented in Chapter 4 "Results of operations and financial position of the Rexel group" of this document de reference is based on comparable figures as set forth in such chapter.

5.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2009

Consolidated income statement

(in millions of euros)	Note	For the year ended December 31,	
		2009	2008 (1) (2)
Sales	4	11,307.3	12,864.5
Cost of goods sold		(8,537.8)	(9,805.1)
Gross profit		**2,769.5**	**3,059.4**
Distribution and administrative expenses	5	(2,319.3)	(2,429.4)
Operating income before other income and expenses		**450.2**	**630.0**
Other income	7	33.1	124.4
Other expenses	7	(167.5)	(201.0)
Operating income		**315.8**	**553.4**
Financial income		47.7	74.7
Interest expenses on borrowings		(173.2)	(224.8)
Refinancing related expenses		(21.2)	(11.0)
Other financial expenses		(56.4)	(49.1)
Financial expenses (net)	*8*	*(203.1)*	*(210.2)*
Net income before income tax		**112.7**	**343.2**
Income tax	9	(31.7)	(111.7)
Net income		**81.0**	**231.5**
Attributable to:			
Equity holders of the parent		80.6	230.2
Minority interests		0.4	1.3
Earnings per share:			
Basic earnings per share (in euros)	16	0.31	0.90
Fully diluted earnings per share (en euros)	16	0.31	0.88

(1) Reported income statement as of December 31, 2008 was restated retrospectively to reflect changes according to IFRIC 13 (see note 2.2.1).
(2) Hagemeyer retained entities were consolidated from April 1, 2008.

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

Consolidated statement of comprehensive income

(in millions of euros)	For the year ended December 31, 2009	2008
Net income	**81.0**	**231.5**
Foreign currency translation	102.3	(122.3)
Net loss on cash flow hedges	(5.8)	(47.3)
Income tax	0.6	17.4
	(5.2)	**(29.9)**
Net gain on available for sale financial assets	0.6	0.5
Income tax	–	(0.2)
	0.6	**0.3**
Other comprehensive income/(loss) for the period, net of tax	*97.7*	*(151.9)*
Total comprehensive income for the period, net of tax	**178.7**	**79.6**
Attributable to:		
Equity holders of the parent	178.6	77.6
Minority interest	0.1	2.0

Consolidated balance sheet

(in millions of euros)	Note	As of December 31, 2009	2008 (1)
Assets			
Goodwill	10.1	3,759.4	3,654.1
Intangible assets	10.1	927.8	927.3
Property, plant & equipment	10.2	261.6	317.1
Long-term investments	10.3	53.3	53.7
Investments in associate	10.4	5.9	
Deferred tax assets	9.2	230.0	251.7
Total non-current assets		**5,238.0**	**5,203.9**
Inventories	11.1	1,141.4	1,329.0
Trade accounts receivable	11.2	1,901.5	2,363.3
Income tax receivable		32.0	4.0
Other accounts receivable	11.3	371.9	477.9
Assets classified as held for sale		10.5	4.6
Cash and cash equivalents	12	359.6	807.0
Total current assets		**3,816.9**	**4,985.8**
Total assets		**9,054.9**	**10,189.7**
Equity			
Share capital	14	1,291.1	1,280.0
Share premium	14	1,392.2	1,409.9
Reserves and retained earnings		720.9	534.4
Total equity attributable to equity holders of the parent		**3,404.2**	**3,224.3**
Minority interests		7.8	24.1
Total equity		**3,412.0**	**3,248.4**
Liabilities			
Interest bearing debt	19	2,677.3	3,454.6
Employee benefits	18	173.8	175.4
Deferred tax liabilities	9.2	221.7	221.7
Provision and other non-current liabilities	17	235.4	229.2
Total non-current liabilities		**3,308.2**	**4,080.9**
Interest bearing debt	19	77.8	276.1
Accrued interest	19	5.7	8.3
Trade accounts payable		1,676.0	1,930.0
Income tax payable		22.9	21.5
Other current liabilities	21	552.3	624.5
Total current liabilities		**2,334.7**	**2,860.4**
Total liabilities		**5,642.9**	**6,941.3**
Total equity and liabilities		**9,054.9**	**10,189.7**

(1) Reported balance sheet as of December 31, 2008 was restated retrospectively to reflect changes in the Hagemeyer purchase price allocation according to IFRS 3 provisions (see note 3.1).

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

Consolidated statement of cash flows

(in millions of euros)	Note	For the year ended December 31, 2009	2008
Cash flows from operating activities			
Operating income		315.8	553.4
Depreciation, amortization and impairment of assets		129.5	196.6
Employee benefits		(17.8)	(15.1)
Change in other provisions		7.3	25.3
Other non-cash operating items		12.0	(96.1)
Interest paid		(149.3)	(186.7)
Income tax paid		(52.7)	(109.8)
Operating cash flows before change in working capital requirements		*244.8*	*367.6*
Change in inventories		232.9	139.0
Change in trade receivables		521.8	185.1
Change in trade payables		(305.5)	(187.4)
Change in other working capital items		22.4	(3.0)
Change in working capital		*471.6*	*133.7*
Net cash from operating activities		**716.4**	**501.3**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(51.9)	(96.8)
Proceeds from disposal of property, plant and equipment	7.1	13.4	88.1
Acquisition of subsidiaries, net of cash acquired	3.2	(46.5)	(3,226.2)
Proceeds from disposal of subsidiaries, net of cash disposed		–	905.2
Change in long-term investment		0.5	853.6
Net cash from investing activities		**(84.5)**	**(1,476.1)**
Cash flows from financing activities			
Proceeds from the issue of share capital		0.3	–
Contribution received from minority shareholders		0.7	–
Disposal / (Repurchase) of treasury shares		8.6	(3.3)
Net change in credit facilities and other financial borrowings	19.2	(803.6)	1,030.8
Net change in securitization	19.2	(236.2)	354.0
Payment of finance and lease liabilities	19.2	(7.7)	(66.3)
Dividends paid to shareholders and minority interests	14.2	(0.3)	(94.4)
Net cash from financing activities		**(1,038.2)**	**1,220.8**
Net (decrease) / increase in cash and cash equivalents		(406.3)	246.0
Cash and cash equivalents at the beginning of the period	12	807.0	515.2
Effect of exchange rate changes on cash and cash equivalents		(41.1)	45.8
Cash and cash equivalents at the end of the period	**12**	**359.6**	**807.0**

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

Consolidated statement of changes in shareholders' equity

(in millions of euros)	Share capital	Share premium	Retained earnings and other reserves	Foreign currency translation	Fair value	Treasury shares	Total attributable to the Group	Minority interests	TOTAL
At January 1, 2008	**1,280.0**	**1,409.9**	**553.4**	**(18.8)**	**5.1**	**(8.3)**	**3,221.3**	**6.0**	**3,227.3**
Foreign currency translation	–	–	–	(123.0)	–	–	(123.0)	0.7	(122.3)
Cash flow hedges	–	–	–	–	(29.9)	–	(29.9)	–	(29.9)
Available for sale financial assets	–	–	–	–	0.3	–	0.3	–	0.3
Income and expenses recognized directly in equity	**–**	**–**	**–**	**(123.0)**	**(29.6)**	**–**	**(152.6)**	**0.7**	**(151.9)**
Net income	–	–	230.2	–	–	–	230.2	1.3	231.5
Total comprehensive income for the period	**–**	**–**	**230.2**	**(123.0)**	**(29.6)**	**–**	**77.6**	**2.0**	**79.6**
Share-based payments	–	–	22.0	–	–	–	22.0	–	22.0
Treasury shares	–	–	–	–	–	(2.2)	(2.2)	–	(2.2)
Dividends paid	–	–	(94.4)	–	–	–	(94.4)	–	(94.4)
Minority interests in companies acquired or sold	–	–	–	–	–	–	–	16.1	16.1
At December 31, 2008	**1,280.0**	**1,409.9**	**711.2**	**(141.8)**	**(24.5)**	**(10.5)**	**3,224.3**	**24.1**	**3,248.4**
Foreign currency translation	–	–	–	102.6	–	–	102.6	(0.3)	102.3
Cash flow hedges	–	–	–	–	(5.2)	–	(5.2)	–	(5.2)
Available for sale financial assets					0.6		0.6		0.6
Income and expenses recognized directly in equity	**–**	**–**	**–**	**102.6**	**(4.6)**	**–**	**98.0**	**(0.3)**	**97.7**
Net income	–	–	80.6	–	–	–	80.6	0.4	81.0
Total comprehensive income for the period	**–**	**–**	**80.6**	**102.6**	**(4.6)**	**–**	**178.6**	**0.1**	**178.7**
Issue of share capital (1)	10.8	(17.7)	6.9	–	–	–	0.0	–	0.0
Share-based payments	0.3	–	5.3	–	–	–	5.6	–	5.6
Treasury shares	–	–	–	–	–	8.4	8.4	–	8.4
Transactions with minority shareholders (see note 3)	–	–	(12,6)	–	–	–	(12,6)	(16,4)	(29,0)
At December 31, 2009	**1,291.1**	**1,392.2**	**791.4**	**(39.2)**	**(29.1)**	**(2.1)**	**3,404.3**	**7.8**	**3,412.1**

(1) Increase in capital relating to free shares issuance.

Notes

1. GENERAL INFORMATION

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

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

The present consolidated financial statements cover the period from January 1, 2009 to December 31, 2009, have been authorized for issue by the Management Board on February 3, 2010 and have been modified by the Management board on February 9, 2010 to include the effect of the settlement with the Ceteco's receivers entered into on February 8, 2010 (see note 22.1). The company acquired Hagemeyer retained entities end of March 2008. Comparative information provided for the year 2008 does include Hagemeyer operations only as from April 1, 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These consolidated financial statements (hereafter referred to as "the financial statements") for the period ended December 31, 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of December 31, 2009.

2.2 Basis of preparation

The consolidated financial statements are presented in euro and all values are rounded to the nearest tenth of million except when otherwise stated. Total amounts and sub-totals presented in the consolidated financial statements are computed in thousand euro then rounded to the nearest tenth of a million. Thus, numbers may not sum precisely due to rounding.

They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading and financial instruments classified as available-for-sale.

Non-current assets and disposal groups held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed frequently. The effect of changes in accounting estimates is accounted for from the date of revision.

Information related to the main estimates and judgments made on the application of accounting policies which have the most significant effect on the financial statements are described in the following notes:

- business combinations (notes 2.5 and 3),
- impairment of intangible assets and goodwill (notes 2.5, 2.7 and 10.1),
- employee benefits (notes 2.13 and 18),
- provisions and contingent liabilities (notes 2.15, 17 and 22),
- measurement of financial instruments (notes 2.9.4 and 20),
- recognition of deferred tax assets (notes 2.19 and 9),
- measurement of share-based payments (notes 2.14 and 15).

2.2.1 New accounting standards and interpretations in effect starting from 2009

The accounting policies adopted for the year ended December 31, 2009 are consistent with those used in the consolidated financial statements for the financial year ended December 31, 2008, the new standards and interpretations applicable in 2009 and described below having no material impact.

The following new and amended standards and interpretations previously endorsed by the EU were applied for the first time in the financial statements for 2009:

- IFRS 8 "Operating Segments" supersedes IAS 14 "Segment Reporting" and adopts a full management approach to identifying and measuring the result of reportable operating segments. The information presented in Note 4 in respect of the year 2008 has been restated to comply with this new standard. The only material change is that non operating segments, such as corporate holdings, are now presented as reconciling items between the total of operating segments and the Group consolidated figures whereas they were included in the "Other operations" segment in accordance with IAS 14.

- IFRIC 13 "Customer Loyalty Programs" requires customer loyalty programs to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. This portion is then recognized as revenue over the period the award credits are redeemed. Until 2008, the Group used to provide for the estimated future costs of supplying the awards as marketing expenses presented in the line item "distribution and administrative expenses". The effect of this change on the 2008 income statement is detailed in the table below:

(in millions of euros)	For the year ended December 31, 2008
Sales	2.9
Cost of goods sold	(5.8)
Gross profit	**(2.9)**
Distribution and administrative expenses	2.9
Operating income	**–**

The change had no material effect on the balance sheet as of January 1, 2008 or December 31, 2008.

The following amended standards and interpretations endorsed by the EU are also applicable for the first time in the financial statements for 2009 but their adoption had no material effect on the Group's reporting:

- IAS 1 "Presentation of Financial Statements" has been amended to enhance the usefulness of information presented in the financial statements. The key change is the introduction of a new statement of comprehensive income that combines all items of income and expense recognized in profit or loss together with other comprehensive income.

- IAS 23 "Borrowing Costs" has been revised to eliminate the option of expensing all borrowing costs and requires these costs to be capitalized if they are directly attributable to the acquisition, construction, or production of a qualifying asset.

- Amendment to IFRS 2 "Share-based Payment" – Vesting Conditions and Cancellations clarifies the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled.

- Amendment to IAS 32 "Financial Instruments: Presentation" and IAS 1 "Presentation of Financial Statements" – Puttable Financial Instruments and Obligation Arising on Liquidation allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfil a number of specified features.

- Amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" and amendment to IAS 27 "Consolidated and Separate Financial Statements" – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate that states the valuation principles for such investments in separate financial statements.

- Amendments to IFRS 7 "Financial Instruments – Disclosures" – Improving Disclosures about Financial Instruments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of the inputs used. In addition, the amendments enhance disclosure requirements on the nature and extent of liquidity risk arising from financial instruments to which the entity is exposed.

- Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" and IAS 39 "Financial Instruments: Recognition and Measurement" – Embedded derivatives clarifies the treatment of these derivatives on reclassification of a financial asset out of the "at fair value through profit and loss" category.

- Improvements to IFRSs, issued in May 2008, introducing changes to several standards.

The Group elected to apply by anticipation the interpretation IFRIC 16 "Hedges of a Net Investment in a Foreign Operation", including the amendment of §14 from improvement to IFRS issued by the IASB in April 2009, which clarifies such use of hedge accounting. It became effective for financial years beginning on or after October 1, 2008 and had no material effect on the Group's financial statements.

2.2.2 Accounting standards and interpretations approved by the European Union not yet in effect

The Group elected not to apply by anticipation the following new and amended standards and interpretations endorsed by the EU:

- Improvements to IFRSs issued in May 2008 in respect of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" will be effective for financial years beginning on or after July 1, 2009. The amendment will have to be applied on a prospective basis only.

- Revised IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements" issued in January 2008 change some of the accounting principles for business combinations. They will be effective for financial years beginning on or after July 1, 2009 and mainly apply to new business combinations on a prospective basis.

- Amendment to IAS 39 "Financial instruments: recognition and measurement – Eligible hedged items" issued in July 2008 and will be effective for financial years beginning on or after July 1, 2009. 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 and is not expected to have a material impact on the Group's financial statements.

- 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, the amendment issued today 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, does not apply to Rexel and is not expected to have a material impact on the Group's financial statements.
- 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" will be effective for financial years beginning on or after January 1, 2010, November 1, 2009 and November 1, 2009 respectively and are not expected to have a material impact on the Group's financial statements

2.3 Basis of consolidation

Subsidiaries and associates

Subsidiaries (including special purpose entities) are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, presently or potentially, exercisable voting rights are taken into account.

Entities over which the Group has a significant influence are accounted for using the equity method.

The financial statements of subsidiaries are included in the financial statements from the date control is obtained until the date control ceases.

Inter-company transactions

Inter-company balances, unrealized gains and losses, and income and expenses arising from inter-company transactions, are eliminated in preparing the financial statements.

Minority interests

Minority interests represent the portion of profit and loss and net assets not held by the Group. They are presented separately in the income statement and separately from equity attributable to equity holders of the parent.

2.4 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The functional currency of Rexel and the presentation currency of the Group's financial statements are the Euro.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate prevailing at that date. Exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the closing date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except where hedge accounting is applied (see note 2.9.5). Non-monetary assets and liabilities that are measured at cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation are translated into euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated into euro at rates approximating the foreign exchange rates ruling at the dates of the transactions. All resulting translation differences are recognized as a separate component of equity (foreign currency translation reserve).

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to the translation reserve. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on disposal.

Hedge of net investment in foreign operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognized directly in equity. The ineffective portion is recognized immediately in profit or loss. Gains and losses accumulated in equity are recognized in the income statement when the foreign operation is disposed of.

2.5 Intangible assets

Goodwill

All business combinations are accounted for by applying the purchase method. Under this method, the purchase price is allocated to assets acquired, liabilities and contingent liabilities assumed based on their estimated fair values as of the acquisition date. Any excess of the purchase price over the estimated fair value of the net assets acquired is allocated to goodwill. The estimate of the fair value of the net assets acquired is subject to revision as additional information becomes available within a twelve-month period starting from the acquisition date.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortized but is tested annually for impairment or as soon as there is an indication that the cash-generating unit may be impaired (the impairment testing policy is described in note 2.7).

When goodwill is allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other intangible assets

Intangible assets other than goodwill are stated at cost less accumulated amortization (see below) and impairment losses (see note 2.7).

Identifiable intangible assets existing at the date of acquisition in a business combination are recognized as part of the purchase accounting and measured at fair value. Intangible assets are considered identifiable if they arise from contractual or legal rights or are separable.

Strategic partnerships acquired in business combinations arise from contractual rights. Their valuation is determined on the basis of a discounted cash flow model.

Distribution networks are considered separable assets as they could be franchised. They correspond to the value added to each branch through the existence of a network, and include notably banners and catalogues. Their measurement is performed using the royalty relief method based on royalty rates used for franchise contracts, taking their profitability into account. The royalty rate ranges from 0.4% to 0.8% of sales depending on each country.

Strategic partnerships and distribution networks are regarded as having an indefinite useful life when there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group. They are not amortized and are tested for impairment annually or as soon as there is an indication that these assets may be impaired.

Customer relationships are recognized when the acquired entity establishes relationships with key customers through contracts. Customer relationships are measured using an excess profit method and are amortized over their useful lives based on historical attrition.

Computer software purchased for routine processing operations is recognized as an intangible asset. Internally developed software which enhances productivity is capitalized.

Amortization

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are tested for impairment at each annual balance sheet date, at least. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the assessment of indefinite useful life for this asset continues to be justified. If not, a change in the useful life assessment from indefinite to finite is made on a prospective basis. Other intangible assets are amortized from the date that they are available for use. Estimated useful lives of capitalized software development costs range from five to ten years.

2.6 Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see note 2.7).

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Leased assets

Lease contracts which substantially transfer to the Group all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Assets held under finance leases are stated at an amount equal to the lower of fair value and present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see note 2.7). Minimum lease payments are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The capital gains arising from the sale and leaseback of assets are recognized in full upon sale when the lease qualifies as an operating lease and the transaction is realized at fair value. They are spread on a straight-line basis over the lease term in case of a finance lease.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, when shorter, the term of the finance lease.

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized in the income statement on a straight-line basis as an integral part of the total lease expense.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives are as follows:

– Commercial and office buildings	20 to 35 years
– Building improvements and operating equipment	5 to 10 years
– Transportation equipment	3 to 8 years
– Computers and hardware	3 to 5 years

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each balance sheet date.

2.7 Impairment

The carrying amounts of the Group's assets, other than inventories (see note 2.8), trade and other accounts receivable (see note 2.9.3), and deferred tax assets (see note 2.19), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

The recoverable amount of intangible assets that have an indefinite useful life and of intangible assets that are not yet available for use is estimated annually or as soon as there is an indication of impairment.

Goodwill is not amortized but subject to an impairment test, as soon as there is an indication that it may be impaired, and at least once a year. Indications that goodwill may be impaired include material adverse changes of a lasting nature affecting the economic environment or the assumptions and objectives made at the time of acquisition.

An impairment loss is recognized whenever the carrying amount of an asset or of its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement (in "Other expenses").

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

Calculation of the recoverable amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (*i.e.,* the effective interest rate computed at initial recognition of these financial assets) when the effect is material.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate before tax that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The Group performs impairment tests of goodwill at the country level, which represents the lowest level within the entity at which operations are monitored by management for the purpose of measuring return on investment.

Reversal of impairment losses

An impairment loss in respect of a held-to-maturity security or receivable carried at amortized cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

Impairment losses in respect of goodwill may not be reversed.

With respect to other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.8 Inventories

Inventories are mainly composed of goods held for resale. Inventories are stated at the lower of cost and net realizable value. Cost is calculated by reference to a first-in first-out basis, including freight in costs, net of any purchase rebates. Net realizable value is the estimated selling price at balance sheet date, less the estimated selling expenses, taking into account technical or marketing obsolescence and risks related to slow moving inventory.

2.9 Investments

2.9.1 Long-term investments

Long-term investments principally include investments in non-consolidated companies and other shareholdings, deposits required for operating purposes, and loans.

Investments in non-consolidated companies and other shareholdings are classified as assets available-for-sale and measured at fair value. When fair value is not reliably measurable, investments are stated at cost less impairment losses when necessary. Changes in fair value are recognized in equity and transferred to profit or loss when the asset is sold or permanently impaired.

2.9.2 Held for trading instruments

Financial instruments held for trading mainly include marketable securities and are stated at fair value, with any resulting gain or loss recognized in profit or loss.

The fair value of financial instruments classified as held for trading is their quoted bid price at the balance sheet date. Change in fair value is recognized in profit or loss.

2.9.3 Trade and other accounts receivable

Trade and other accounts receivable are measured initially at fair value and subsequently measured at amortized cost using the effective interest rate method (see note 2.12) less impairment losses.

Impairment losses from estimated irrecoverable amounts are recognized in the income statement when there is objective evidence that the asset is impaired. The principal factors considered in recognizing these potential impairments include actual financial difficulties or aging of overdue receivables in excess of 30 days.

2.9.4 Derivative financial instruments

Derivative financial instruments that qualify for hedge accounting according to IAS 39 are classified as hedges. The derivative financial instruments that do not qualify for hedge accounting, although set up for the purpose of managing risk (the Group's policy does not authorize speculative transactions), are designated as and accounted for as trading instruments.

Derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss. However, when derivatives qualify for hedge accounting, the recognition of any resulting gain or loss is dependent on the nature of the item being hedged (see note 2.9.5). They are counted as assets or liabilities depending on their fair value.

Interest rate & foreign exchange risks

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks.

In accordance with Group procedures, derivative financial instruments are not used for speculative purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Fair value estimates

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. This valuation method is referred to as Level 1 in the hierarchy established by IFRS 7.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The assumptions used are observable either directly (*i.e.* as prices) or indirectly (*i.e.* derived from prices). This valuation method is referred to as Level 2 in the hierarchy established by IFRS 7.

Whether a financial instrument is valued using one or the other of these methods is indicated in the summary of financial assets (note 13) and the summary of financial liabilities (note 21).

2.9.5 Hedge accounting

Cash flow hedges

When a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized directly in equity. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognized directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (*i.e.,* when interest income or expense is recognized).

For cash flow hedges, other than those covered by the two preceding policy statements, the associated cumulative gain or loss is removed from equity and recognized in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognized immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes the designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point is retained in equity and is recognized in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealized gain or loss recognized in equity is recognized immediately in profit or loss.

Fair value hedges

Fair value hedge accounting is used when a derivative financial instrument is designated as a hedge of the variability of the fair value of a recognized asset or liability (or firm commitment), including fixed rate indebtedness such as indexed bonds and other fixed rate borrowings.

The hedging instrument is measured at fair value with changes in fair value recognized in the income statement.

The hedged item is remeasured to fair value in respect of the hedged risk. Any resulting adjustment to the carrying amount of the hedged item related to the hedged risk is recognized in the income statement.

Hedge of monetary assets and liabilities denominated in foreign currency

When a derivative financial instrument is used as an economic hedge of the foreign exchange exposure of a recognized monetary asset or liability, hedge accounting is not applied and any gain or loss on the hedging instrument is recognized in profit or loss ("natural hedge").

2.9.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits with banks and other short-term highly liquid investments subject to an insignificant risk of changes in value.

2.10 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The Group must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up to date in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of their carrying amount and fair value less costs to sell.

2.11 Share capital

Repurchase of equity instruments

When an equity instrument is repurchased by the entity, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and presented as a deduction from total equity.

Dividends

Dividends are recognized as a liability in the period in which the distribution has been approved by the shareholders.

2.12 Financial liabilities

Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the proceeds (net of the transaction costs) and redemption value being recognized in the income statement over the period of the borrowings on an effective interest rate basis.

Effective interest rate

The effective interest rate is the rate that exactly discounts the expected stream of future cash flows through to maturity to the current net carrying amount of the liability on initial recognition. When calculating the effective interest rate of a financial liability, future cash flows are determined on the basis of contractual commitments.

Transaction costs

Transaction costs are incremental costs that are directly attributable to the issue of the financial liability. Transaction costs include fees and commissions paid to agents and advisers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums, or allocations of internal administrative or overhead expenses.

For financial liabilities that are carried at amortized cost, transaction costs are included in the calculation of amortized cost using the effective interest rate method and, in effect, amortized through the income statement over the life of the instrument.

Net financial debt

Net financial debt includes interest-bearing borrowings and accrued interest less cash and cash equivalents.

2.13 Employee benefits

Group companies operate various pension schemes. Some of these schemes are funded by insurance companies or trustee-administered funds in accordance with local regulation.

Pension and other long-term benefits include two categories of benefit:

- post-employment benefits including pensions, medical benefits after retirement and severance payments,
- other long-term benefits (during employment) mainly including jubilees and long service leaves.

These benefits are classified as either:

- defined contribution plans when the employer pays fixed contributions into a separate entity recognized as an expense in profit and loss and will have no legal or constructive obligation to pay further contributions, or
- defined benefit plans when the employer guarantees a future level of benefits.

The Group's net obligation in respect of defined post-employment benefit plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed periodically by an independent actuary using the projected unit credit method.

The liability recognized in the balance sheet in respect of defined benefit schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains and losses and past service costs.

When the benefits of a plan are improved (reduced), the portion of the increased (decreased) benefit relating to past service by employees is recognized as an expense (income) in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense (income) is recognized immediately in profit or loss.

The Group recognizes actuarial gains and losses (resulting from changes in actuarial assumptions) using the corridor method. Under the corridor method, to the extent that any cumulative unrecognized actuarial gain or loss exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognized in profit or loss over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognized.

When the calculation results in plan assets exceeding Group's liabilities, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any currently available future refunds from the plan or reductions in future contributions to the plan when refunds arise from unconditional rights.

The current and past service costs are presented in the income statement as part of the personnel expense.

The interest expenses (income) relating to the unwinding of the discounting of the defined benefit obligation and the expected return on plan assets are presented in financial income and expenses.

Other long-term benefits

Long-term benefits mainly include jubilees or long service leaves. The Group's net obligation in respect of long-term benefits, other than post-employment plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted at a rate equal to the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating to the terms of the Group's obligations.

Actuarial gains and losses are immediately recognized in the income statement.

2.14 Share-based payment transactions

Free shares and stock-option programs allow the Group employees to acquire shares of the Group entities. The fair value of options granted is recognized as a personnel expense with a corresponding increase in other reserves in equity (when the plan qualifies as equity-settled) over the period during which the employees become unconditionally entitled to the options (the vesting period). The expense is based on Group's estimates of the acquired equity instruments in accordance with conditions of granting.

The fair value is measured at grant date using a Black & Scholes model or a binomial model in accordance with the characteristics of the plans.

The proceeds received net of any directly attributable costs are recognized as an increase in share capital (for the nominal value) and share premium when equity instruments are exercised.

2.15 Provisions

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and when the amount can be estimated reliably.

If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Restructuring

A restructuring is a program that is planned and controlled by management that materially changes either the scope of the business or the manner in which that business is conducted.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for. Certain restructuring expenses are presented in "Other expenses". Restructuring costs principally include personnel costs (severance payments, early retirement costs, notice time not worked), branch closure costs, and indemnities for the breach of non-cancellable agreements.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Provisions for disputes and litigations

Provisions for disputes and litigation include estimated costs for risks, disputes, litigation and third party claims, and the probable costs associated with warranties given by the Group in the context of the disposal of non-current assets or subsidiaries.

These provisions also include costs of personnel disputes and tax litigation. A provision is not made for tax assessments received or in course of preparation when it is considered that the assessment is not justified or when there is a reasonable probability that the Group will succeed in convincing the tax authority of its position.

Any accepted assessment is recorded as a liability when the amount can be reasonably estimated.

2.16 Sales

Revenue arising from the sale of goods is presented in sales in the income statement. Sales are recognized when the significant risks and rewards of ownership have been transferred to the buyer, which usually occurs with the delivery or shipment of the product.

Sales are recognized net of customer rebates and discounts.

The Group may enter into direct sales (as opposed to warehouse sales) whereby the product is sent directly from the supplier to the customer without any physical transfer to and from the group's warehouse. The Group is acting as principal and therefore recognizes the gross amount of the sale transaction.

2.17 Financial expenses (net)

Financial expenses (net) comprise interest payable on borrowings calculated using the effective interest rate method, dividends on preference shares classified as liabilities, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognized in profit or loss (see note 2.9.5).

Interest income is recognized in profit or loss as it accrues, using the effective interest rate method. Dividend income is recognized in profit or loss on the date the entity's right to receive payment is established which in the case of quoted securities is the ex-dividend date. The interest expense component of finance lease payments is recognized in profit or loss using the effective interest rate method.

2.18 Other income and other expenses

Operating items which significantly affect the current operating performance before financial items and taxation are presented as separate line items "Other income" and "Other expenses". Income and expenses arising from abnormal or unusual events are included in these line items. They comprise capital gains and losses, significant impairment losses, certain restructuring expenses, separation costs and other items such as significant provisions for litigation.

2.19 Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A net deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income tax levied by the same tax jurisdiction and the Group intends to settle its current tax assets and liabilities on a net basis.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Information as to the calculation of income tax on the profit for the periods presented is included in note 9.

2.20 Segment reporting

A segment is a group of assets and operations that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group operates in the single business segment of the distribution of electrical products so that the Group only discloses segment reporting information for geographical segments.

Operations that are substantially similar are combined as a single segment. Factors considered in identifying such segments include the similarity of economic and political conditions, the proximity of operations, and the absence of special risks associated with operations in the various areas where the group operates. Segments are also determined to be similar when they exhibit similar long-term financial performance. In addition, operations, which are deemed non-material, non-specific, unallocated, or non-core are presented under the segment "Other operations".

2.21 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic earning per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertibles notes and share options granted to employees.

3. BUSINESS COMBINATIONS

3.1 Hagemeyer Acquisition

Completion of the purchase price allocation

In the first quarter of 2009, Rexel completed the purchase price allocation to the identifiable assets and liabilities acquired from Hagemeyer and recorded certain adjustments to goodwill as determined on a provisional basis as of December 31, 2008. Thus, the balance-sheet as of December 31, 2008 was adjusted retrospectively for comparison purposes.

As of December 31, 2009, the final allocation of the Hagemeyer purchase price is as follows:

(in millions of euros)	
Preliminary goodwill on acquisition as at December 31, 2008	**1,189.1**
Adjustment on provision and other non-current liabilities	5.8
Deferred tax adjustment	(14.3)
Others	0.1
Final goodwill on acquisition as at December 31, 2009	**1,180.7**

Acquisition of non-controlling interests in Hagemeyer

Following completion of the public take over on the Hagemeyer securities in 2008, Rexel initiated a squeeze-out procedure in accordance with the Dutch Civil Code in order to acquire the remaining shares not tendered to the public take-over and not held by Kelium or Hagemeyer. The Enterprise Chamber of Amsterdam (in The Netherlands) awarded Kelium the right to compulsorily acquire all remaining Hagemeyer shares. The Enterprise Chamber set the acquisition price at €4.85 per remaining share (the take-over price) plus accrued interest computed as per Dutch statutory interest for the period from March 14, 2008 (the settlement date under the Offer), until the day on which the shares are transferred to Kelium resulting in a payment of €5.18 per share. In this respect, Rexel acquired in the second quarter of 2009, the remaining outstanding 5,085,965 shares for a total consideration of €26.3 million. Thus, as of December 31, 2009, Rexel, through Rexel Distribution, holds the full ownership of Hagemeyer NV, following the merger with Kelium, the entity which initiated the public offer, effective on July 31, 2009.

This transaction was accounted for as an equity transaction. As a result, the difference between the carrying amount of the minority interests acquired and the fair value of the consideration paid was recognized directly as a decrease of the Group shareholders' equity for €9.2 million.

3.2 Other acquisitions

Xidian

In the first half of 2009, Rexel completed the acquisition of 63.5% of the shares of Xidian (China) for a total consideration of CNY41.0 million (€4.7 million) net of cash acquired. Following the take-over, Xidian proceeded to a share capital increase of CNY18.0 million (€2.1 million) that was subscribed by Rexel proportionally to its ownership interest in the company. Goodwill arising on this acquisition was €4.2 million.

Huazhang

Pursuant to a share purchase agreement entered into on March 2, 2007 with Huazhang Overseas Holding Inc. as seller, Rexel exercised its call option and increased from 51% to 70% its shareholding interest in Huazhang Electrical Automation Co.Ltd, a Hong Kong based company that distributes automatisms and industrial equipment controls in Hong Kong and Western China. The transaction was executed on July 10, 2009 for a consideration of CNY 34.6 million which was settled for USD 5.1 million (€3.6 million).

This transaction was accounted for as an equity transaction. As a result, the difference between the carrying amount of the minority interests acquired and the fair value of the consideration paid was recognized directly as a decrease of the Group shareholders' equity for €3.4 million.

The above transactions are not deemed to be material on the financial situation of the Group. As a result, neither sales nor profit and loss have been provided for the combined entities, had these acquisitions been effective on January 1, 2009.

4. 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 organised into geographical areas for its electrical equipment distribution business while non-core operations and certain businesses managed directly at Group level are reported independently. The Group 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 and businesses managed at Group level.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical segment information for the periods ended December 31, 2009 and December 31, 2008

	2009						
(in millions of euros)	Europe	North America	Asia-Pacific	Other segments	Total Operating Segments	Corporate Holdings	Total Group
Income statement items							
Sales to external customers	6,705.1	3,315.4	847.7	439.1	**11,307.3**	–	**11,307.3**
Depreciation	(50.9)	(23.5)	(3.4)	(3.9)	**(81.7)**	(1.9)	**(83.6)**
EBITA [(1)]	339.7	83.0	46.1	15.6	**484.4**	(15.0)	**469.4**
Goodwill impairment	(18.1)	–	–	–	**(18.1)**	–	**(18.1)**
Cash flow statement item							
Capital expenditures net of disposals	(20.3)	(12.2)	(1.8)	(2.8)	**(37.1)**	(1.3)	**(38.4)**
Balance sheet items							
Working capital	730.8	320.2	101.5	57.5	**1,210.0**	(10.7)	**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 upon allocation of the acquisition price of acquired entities.

(in millions of euros)	2008						
	Europe	North America	Asia-Pacific	Other segments	Total Operating Segments	Corporate Holdings	Total Group
Income statement items							
Sales to external customers	7,168.5	4,404.8	882.9	408.3	**12,864.5**	–	**12,864.5**
Depreciation	(51.0)	(23.9)	(3.2)	(3.0)	**(81.1)**	(4.3)	**(85.4)**
EBITA (1)	359.8	217.1	62.5	25.1	**664.5**	(17.4)	**647.1**
Goodwill impairment	(76.2)	–	(11.2)	–	**(87.4)**	–	**(87.4)**
Cash flow statement item							
Capital expenditures net of disposals	14.2	(15.6)	(4.5)	(4.2)	**(10.1)**	1.4	**(8.7)**
Balance sheet tiems							
Working capital	942.2	530.1	85.2	71.8	**1,629.3**	(11.2)	**1,618.1**
Goodwill	2,575.0	902.2	174.0	2.9	**3,654.1**	–	**3,654.1**

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

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

(in millions of euros)	For the year ended December 31, 2009	2008
EBITA – Total Group	**469.4**	**647.1**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(19.2)	(17.1)
Other income and other expenses	(134.4)	(76.6)
Net financial expenses	(203.1)	(210.2)
Group consolidated income before income tax	**112.7**	**343.2**

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

(in millions of euros)	For the year ended December 31, 2009	2008
Working capital	1,199.3	1,618.1
Goodwill	3,759.4	3,654.1
Total allocated assets & liabilities	**4,958.7**	**5,272.2**
Liabilities included in allocated working capital	2,214.3	2,546.2
Fixed assets	1,248.6	1,298.1
Deferred tax assets	230.0	251.7
Income tax receivable	32.0	4.0
Assets classified as held for sale	10.5	4.6
Derivatives	1.2	5.9
Cash and cash equivalents	359.6	807.0
Group consolidated total assets	**9,054.9**	**10,189.7**

5. DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the year ended December 31, 2009	2008
Personnel costs (salaries & benefits)	1,322.5	1,395.7
Building and occupancy costs	281.1	275.7
Other external costs	555.7	616.1
Depreciation expense	83.7	85.4
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	19.2	17.1
Bad debt expense	57.1	39.4
Total distribution and administration expenses	**2,319.3**	**2,429.4**

6. SALARIES & BENEFITS

(in millions of euros)	For the year ended December 31, 2009	2008
Salaries and social security charges	1,278.2	1,345.5
Share-based payments	3.0	2.7
Pension and other post-retirement benefits-defined benefit plans	15.7	14.8
Other employee benefits	25.6	32.7
Total employee expenses	**1,322.5**	**1,395.7**

7. OTHER INCOME & OTHER EXPENSES

(in millions of euros)	For the year ended December 31, 2009	2008
Capital gains	4.7	119.9
Write-back asset impairment	0.1	3.0
Release of unused provisions	15.3	1.4
Other operating income	13.0	0.1
Total other income	**33.1**	**124.4**
Restructuring costs	(115.3)	(75.6)
Loss on non-current assets disposed of	(13.0)	(3.6)
Costs related to transactions following the IPO	(2.3)	(19.7)
Goodwill & intangible assets impairment	(18.1)	(87.4)
Tangible assets impairment	(8.4)	(9.7)
Other operating expenses	(10.4)	(5.0)
Total other expenses	**(167.5)**	**(201.0)**

7.1 Other income

Capital gains

In 2009, capital gains include proceeds from disposal of a building in China for €1.5 million and four branches, two in the United-States for €1.9 million and two in the United Kingdom for €0.2 million.

In 2008, capital gains mainly included a €104.9 million gain related to the disposal of Rexel historical business in Germany to Sonepar as part of the Hagemeyer transaction. Capital gains also included for an amount of €10.1 million the disposal of finance lease contracts relating to seven logistic centers in France.

Write-back of asset impairment

In 2009, there was no material write-back of asset impairment. In 2008, the €3.0 million write-back of asset impairment was related to the national distribution center in Portugal which recoverable amount became higher than its carrying value before impairment.

Release of unused provisions

In 2009, this line-item mainly includes a release of €13.8 million of the unused portion of the reserve relating to the bankruptcy of Ceteco, a subsidiary of Hagemeyer N.V, as a result of a settlement entered into by Hagemeyer N.V. with among several parties, the receivers of Ceteco on February 8, 2010 (see note 22.1 Ceteco litigation).

Other operating income

In 2009, other operating income includes : (i) the effect of a €2.6 million curtailment gain relating to the retirement indemnity plan in France, and recorded as part of the restructuring of operations and the departure of a significant number of employees, (ii) €5.5 million due to the measurement at fair value of financial assets in relation with the investment in DPI Inc (see note 10.4) accounted for as an associate, (iii) €3.4 million repayment to be received from Sonepar in relation to the sale of the 6 Hagemeyer German branches in 2008, and (iv) a €0.7 million price adjustment on the disposal of Eastern Electrical (Ireland), a former subsidiary of Hagemeyer, to Edmundson following the decision rendered by the European Union antitrust authority as part of the conditions precedent to the acquisition of Hagemeyer by Rexel.

7.2 Other expenses

Restructuring costs

In 2009, this line-item includes €115.3 million relating to integration costs following Hagemeyer acquisition and restructuring costs to adapt to current trading. These costs are mainly relating to downsizing of distribution network and workforce adaptation, and are detailed by geographical area as follows:

- Europe:
  €90.6 million, of which €24.6 million in France, €23.7 million in Spain, €6.7 million in the United Kingdom, €6.4 million in The Netherlands, €6.3 million in Germany and €6.3 million in Sweden,

- North America:
  €19.5 million, of which €17.5 million in USA,
- Asia Pacific:
  €2.5 million,
- Corporate holdings:
  €2.7 million.

In 2008, restructuring and implementation costs have reached €75.6 million and were mainly related to the integration of Hagemeyer for €40.0 million, reorganization costs in France for €13.2 million, in the United States for €13.0 million and integration costs of Gexpro for €6.1 million.

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

In 2009, loss on non-current assets disposed of and written-off is comprised of the loss on disposal, in April 2009, of operations in Hungary for €4.0 million, the write-off of IT licenses in France for €4.1 million and the write-off of branches in Spain for €3.4 million as a result of the downsizing of the business.

Costs related to transactions following the IPO

Costs related to transactions following IPO concerns the free shares scheme implemented at the time of the IPO for €2.3 million in 2009 (€19.7 million in 2008). This non-cash expense has been determined according to provisions of IFRS 2 ("Share-based payments").

Goodwill and intangible assets impairment

In 2009, goodwill impairment was €18.1 million, of which €10.0 million in Slovakia, €4.6 million in Finland and €3.7 million in Ireland pursuant to the results of impairment testing carried-out in 2009 (see note 10.1).

In 2008, goodwill and intangible assets impairment amounted to €87.4 million and concerned Spain for €29.0 million, Czech Republic for €20.8 million, Italy for €17.8 million, New Zealand for €11.2 million, Finland for €4.8 million and Poland for €3.8 million.

Tangible assets impairment

In 2009, impairments on buildings and fixed assets were recognized for €3.5 million in Latvia, €1.7 million in Belgium, €1.6 million in Spain, €0.6 million in Italy and €0.4 million in the USA to bring the carrying value of the related assets to fair value less costs to sell before being classified as assets held for sale.

In 2008, further to goodwill impairment, tangible assets were written-down to their recoverable amount for €9.7 million, mainly in Italy, Czech Republic, Poland and Latvia.

Other operating expenses

For the year ended December 31, 2009, this line-item mainly includes the effect of a VAT reassessment for €6.5 million, a payroll tax exposure in France for €2.5 million and costs incurred in connection with the disposal of certain assets to Sonepar for €1.0 million.

For the year ended December 31, 2008, other costs reached €5.0 million and were mainly related to direct costs incurred in connection with the Employee Share Purchase Plan which had to be cancelled due to unfavorable stock market conditions.

8. FINANCIAL EXPENSES (NET)

Net financial expenses are comprised of the following items:

(in millions of euros)	For the year ended December 31,	
	2009	2008
Expected return on employee benefit plan assets	39.8	43.8
Interest income on cash and cash equivalents	3.2	4.1
Interest income on receivables and loans	2,6	2,7
Gain on financial instruments held for trading	2.1	11.8
Other financial income (1)	–	12.3
Financial income	**47.7**	**74.7**
Interest expense on financial debt (stated at amortized costs)	(136.0)	(224.3)
– Senior debt	*(82.7)*	*(157.2)*
– Senior Subordinated Notes and indexed Bonds	*(1.5)*	*(0.6)*
– Securitization	*(23.1)*	*(47.0)*
– Other financing	*(11.2)*	*(16.1)*
– Financial leases	*(2.1)*	*(3.1)*
– Amortization of transaction costs	*(15.4)*	*(28.6)*
– Less arrangement fees and interests recharged to Sonepar (2)	–	*28,3*
Gains and losses on derivative instruments previously deferred in equity and recycled in the income statement	(36.8)	(3.5)
Change in fair value through profit and loss (foreign exchange rate)	(8.2)	(6.0)
Ineffectiveness of cash flow hedge derivatives	–	(0.1)
Foreign exchange gain (loss) on financial liabilities	7.8	9.1
Interest expense on borrowings	**(173.2)**	**(224.8)**
Write-off transaction costs (3)	(21.2)	(11.0)
Refinancing costs	**(21.2)**	**(11.0)**
Interest cost of employee benefit obligation and other long-term liabilities	(51.8)	(45.2)
Financial expenses (other)	(4.6)	(3.9)
Other financial expenses	**(56.4)**	**(49.1)**
Financial expenses (net)	**(203.1)**	**(210.2)**

(1) In 2008, interest received on loans granted to the Sonepar entities until their effective date of disposal to Sonepar.
(2) Fees and interests for respectively €18.3 and €10.0 million before tax (€18.6 million net of tax) incurred by Rexel for the acquisition of Hagemeyer and recharged to Sonepar according to the October 23, 2007 Agreement.
(3) In 2009, write-off following December 2009 refinancing (for €16.4 million) and following July 2009 amendment to the 2008 Senior Credit Agreement (for €4.8 million). In 2008, the €11 million write-off related to March 2008 refinancing following Hagemeyer acquisition.

9. INCOME TAX

Rexel and its French subsidiaries have formed a tax group from January 1, 2006. Rexel uses tax consolidation in other countries where similar options exist.

9.1 Income tax expense

(in millions of euros)	For the year ended December 31,	
	2009	2008
Current tax	(11.4)	(97.1)
Deferred tax	(20.3)	(14.6)
Total income tax expense	**(31.7)**	**(111.7)**

9.2 Deferred tax assets and liabilities

Changes in net deferred tax assets are as follows:

(in millions of euros)	2009	2008
At the beginning of the period	**30.0**	**(34.1)**
Net income	(20.3)	(14.6)
Change in consolidation scope	(0.2)	59.2
Translation differences	(1.8)	2.7
Other changes	0.6	16.8
At the end of the period	**8.3**	**30.0**

For the year ended December 31, 2008, change in consolidation scope were essentially related to Hagemeyer's acquisition. Other changes consisted essentially of tax effect on fair value of derivative instruments recognized directly as equity (€17.4 million) in 2008.

Deferred tax assets and liabilities are broken down as follows:

	As of December 31,	
(in millions of euros)	2009	2008
Intangible assets	(249.4)	(253.7)
Property, plant and equipment	14.8	15.8
Financial assets	3.7	1.7
Trade accounts receivable	14.3	9.7
Inventories	2.7	2.9
Employee benefits	44.1	44.8
Provisions	29.5	21.8
Financing fees	(10.1)	0.4
Other items	20.9	19.5
Tax losses carried forward	365.1	268.4
Deferred tax assets / (liabilities), net	**235.6**	**131.3**
Valuation allowance on deferred tax assets	(227.3)	(101.3)
Net deferred tax assets / (liabilities)	**8.3**	**30.0**
of which "Deferred Tax Assets"	230.0	251.7
of which "Deferred Tax Liabilities"	(221.7)	(221.7)

The valuation allowance on deferred tax assets totalling €227.3 million as of December 31, 2009 (€101.3 million as of December 31, 2008) results from the recoverable amount of net deferred tax assets assessed by tax entity over the next 5 years. Valuation allowance at December 31, 2009 is mainly related to tax losses carried in France, in the United Kingdom and in Spain.

In France, according to 2010 French Finance Law, the French local business tax *("taxe professionnelle")* was replaced by a tax on companies' value added (*Cotisation sur la Valeur Ajoutée des Entreprises* "CVAE"). The Group elected to consider this tax, calculated on a net amount of incomes and expenses, as income tax as defined in IAS 12 "Income tax" and the related expense will be presented on the line-item "income tax" beginning on January 1, 2010. The Group considers that the CVAE has similar characteristics with other taxes abroad, like the IRAP in Italy, already included in the scope of IAS 12. In addition, since assets depreciation expense is not included in the value added calculation (which is the tax basis of this new tax), a deferred tax liability on net assets of the relevant entities should be recognized. As the related deferred tax liability is not material at December 31, 2009, this amount was not recognized.

9.3 Effective tax rate

(in millions of euros)	2009	2008
Income before tax	112.7	343.2
Theoretical tax rate	*34.4%*	*34.4%*
Income tax calculated at the theoretical tax rate	(38.8)	(118.2)
Effect of tax rates in foreign jurisdictions	13.0	16.8
Effect of tax rate variations	4.0	0.1
Effect of current year losses unrecognized	(53.5)	(16.7)
Effect of non-deductible expenses, tax exempt revenues	43.6	6.3
Actual income tax expense	**(31.7)**	**(111.7)**
Effective tax rate	***28.1%***	***32.5%***

In 2009, non deductible expenses and tax exempt revenues mainly included tax gain resulting from financial restructuring and legal reorganisation within the group for an amount of €76.7 million partially offset by tax reassessment in France (see note 22.2) for an amount of €18.8 million.

In 2008, non deductible expenses and tax exempt revenues essentially included the favourable effects of the non-taxable gain on disposal of Rexel's business in Germany for an amount of €30.3 million partially compensated by the effect of non-deductible goodwill impairment and free shares expense for respectively €14.0 million and €7.6 million.

10. LONG-TERM ASSETS

10.1 Goodwill and intangible assets

(in millions of euros)	Strategic partnerships	Distribution networks and banners	Software and intangible assets with finite useful lives (1)	Total intangible assets	*Goodwill*
Gross carrying amount as of January 1, 2008	**185.6**	**403.8**	**260.5**	**849.9**	**2,641.1**
Effect of acquisitions and divestitures	–	171.3	150.6	**321.9**	**1,221.8**
Additions	–	–	21.2	**21.2**	**–**
Disposals	–	–	(4.1)	**(4.1)**	**–**
Exchange differences	–	(25.4)	(15.8)	**(41.2)**	**(152.1)**
Other changes(2)	–	–	(85.1)	**(85.1)**	**56.6**
Gross carrying amount as of December 31, 2008	**185.6**	**549.7**	**327.2**	**1,062.5**	**3,767.4**
Effect of acquisitions and divestitures	–	–	(0.4)	**(0.4)**	**(5.9)**
Additions	–	–	20.4	**20.4**	**–**
Disposals	–	–	(8.2)	**(8.2)**	**–**
Exchange differences	–	18,8	11.6	**30.4**	**119.5**
Other changes	–	–	(1.7)	**(1.7)**	**(11.7)**
Gross carrying amount as of December 31, 2009	**185.6**	**568.5**	**348.9**	**1,103.0**	**3,869.3**
Accumulated amortization and depreciation as of January 1, 2008	**–**	**–**	**(163.9)**	**(163.9)**	**(32.8)**
Change in consolidation scope	–	–	(13.4)	**(13.4)**	**–**
Amortization expense	–	–	(42.1)	**(42.1)**	**–**
Impairment losses	–	–	(4.1)	**(4.1)**	**(85.0)**
Decrease of amortization	–	–	2.0	**2.0**	**–**
Exchange differences	–	–	2.3	**2.3**	**4.5**
Other changes (2)	–	–	84.0	**84.0**	**–**
Accumulated amortization and depreciation as of December 31, 2008	**–**	**–**	**(135.2)**	**(135.2)**	**(113.3)**
Change in consolidated scope	–	–	0.9	**0.9**	**11.0**
Amortization expense	–	–	(42.4)	**(42.4)**	**–**
Impairment losses (3)	–	–	(0.3)	**(0.3)**	**(18.1)**
Decrease of amortization	–	–	3.6	**3.6**	**–**
Exchange differences	–	–	(2.3)	**(2.3)**	**(0.8)**
Other changes	–	–	0.5	**0.5**	**11.3**
Accumulated amortization and depreciation as of December 31, 2009	**–**	**–**	**(175.2)**	**(175.2)**	**(109.9)**
Carrying amount at January 1, 2008	**185.6**	**403.8**	**96.6**	**686.0**	**2,608.3**
Carrying amount at December 31, 2008	**185.6**	**549.7**	**192.0**	**927.3**	**3,654.1**
Carrying amount at December 31, 2009	**185.6**	**568.5**	**173.7**	**927.8**	**3,759.4**

(1) Including customer relationships for a net book value of €46.1 million as of December 31, 2009.
(2) Other charges relate to write-off of softwares and consist of a transfer of accumulated amortization that was eliminated against gross carrying amount for €85.0 million.
(3) Goodwill impairment in Ireland, Slovakia and Finland (see note 7.2).

Goodwill arising in a business combination represents future economic benefits arising from assets that are not capable of being identified individually according to IFRS, such as market shares, the assembled work force, the potential to develop existing businesses and synergies anticipated from the combination. In the wholesale business, such synergies notably include those expected in terms of purchasing, logistics, network density and administration. For impairment testing, goodwill and other intangible assets (strategic partnerships, distribution network and banners) with indefinite useful life have been allocated to the following cash-generating units:

(in millions of euros)		As of December 31, 2009			As of December 31, 2008		
Cash-generating units	Reportable segment	*Goodwill*	Other intangible assets (1)	Total	*Goodwill*	Other intangible assets (1)	Total
France	Europe	945.6	169.4	1,115.0	945.0	169.4	1,114.4
United States of America	North America	511.6	73.0	584.6	528.9	75.5	604.4
Canada	North America	419.5	67.0	486.5	373.3	59.6	432.9
The Netherlands	Europe	196.7	17.3	214.0	196.7	17.3	214.0
Sweden	Europe	174.5	18.3	192.8	164.5	17.3	181.8
Germany	Europe	171.3	51.7	223.0	171.3	51.7	223.0
United Kingdom	Europe	174.7	57.6	232.3	163.6	53.7	217.3
Norway	Europe	180.7	14.9	195.6	153.8	12.7	166.5
Australia	Asia-Pacific	152.0	24.2	176.2	120.6	19.1	139.7
Switzerland	Europe	152.2	28.4	180.6	152.1	28.4	180.5
Others		680.6	232.3	912.9	684.3	230.6	914.9
Total		**3,759.4**	**754.1**	**4,513.5**	**3,654.1**	**735.3**	**4,389.4**

(1) Intangible assets with indefinite useful lives.

Key assumptions used in value-in-use computations

Cash-flow projections used to calculate the value-in-use of each cash-generating unit are based on the three-year strategic plan reviewed by Senior Management in June 2009 and updated where necessary in December 2009. Cash-flows are extrapolated over a period of five years and take into account a terminal value. A single perpetual growth rate of 2.0% was used to calculate the terminal value, identical to the rate used in 2008. This rate extrapolates the expected long term inflation on mature markets and is not subject to short term variations.

The calculation of value-in-use of cash generating units is mostly sensitive to the discount rate used. The discount rate was determined on the basis of the weighted average cost of capital after tax calculated for each country. The weighted average cost of capital reflects the time value of the money and the risk specific to the asset for which cash flow projections have not already been adjusted, considering the financial structure and financing conditions of an average market participant.

The following discount rates were used to assess the value-in-use:

	2009	2008
France	7.5%	7.8%
United States of America	6.9%	7.6%
Canada	6.9%	7.3%
The Netherlands	8.1%	8.3%
Sweden	7.8%	8.5%
Germany	7.4%	7.8%
United Kingdom	8.2%	8.8%
Norway	8.4%	8.8%
Australia	8.9%	9.8%
Switzerland	6.8%	7.2%
Others	7.6% to 14.0%	7.9% to 12.2%

As a result of the test, an impairment loss of €18.1 million was recognized in 2009 (€85.0 million in 2008) with regard to the goodwill in Slovakia (€10.0 million), in Finland (€4.6 million), and in Ireland (€3.7 million) due to the deterioration of market conditions.

Sensitivity analysis

With regard to the assessment of value-in-use of goodwill and other intangible assets, the Group believes that no reasonably possible changes in the discount rate (lesser or equal to 50 basis points) would cause the carrying value of the above cash-generating units to materially exceed its recoverable amount except for Norway. For this cash-generating unit, an increase in the discount rate by 20 basis points would cause the estimated recoverable amount to equal the carrying value of the cash-generating-unit including goodwill and other intangible assets with indefinite useful life.

In addition, a 50 basis points increase in the discount rate applied to the value-in-use of the overall cash-generating units would translate in an €28 million additional impairment expense.

10.2 Property, plant and equipment

(in millions of euros)	Land and Buildings	Plant and Equipment	Other tangible assets	Total property, plant and equipment
Gross carrying amount as of January 1, 2008	**195.8**	**519.8**	**27.2**	**742.8**
Effect of acquisitions and divestitures	122.4	169.6	2.5	**294.5**
Additions	9.7	50.6	6.6	**66.9**
Disposals	(100.7)	(52.5)	(1.8)	**(155.0)**
Exchange differences	(9.8)	(19.5)	(3.6)	**(32.9)**
Other changes	(3.1)	(30.0)	(2.8)	**(35.9)**
Gross carrying amount as of December 31, 2008	**214.3**	**638.0**	**28.1**	**880.4**
Effect of acquisitions and divestitures	(0.1)	(0.7)	–	**(0.8)**
Additions	2.6	24.3	3.7	**30.6**
Disposals	(16.9)	(39.3)	(2.0)	**(58.2)**
Exchange differences	2.9	17.1	2.0	**22.0**
Other changes	(18.7)	(2.6)	(2.0)	**(23.3)**
Gross carrying amount as of December 31, 2009	**184.1**	**636.8**	**29.8**	**850.7**
Accumulated depreciation and amortization as of January 1, 2008	**(66.9)**	**(383.7)**	**(20.1)**	**(470.7)**
Amortization expense	(44.3)	(118.1)	(0.3)	**(162.7)**
Depreciation expense	(8.8)	(48.8)	(2.8)	**(60.4)**
Impairment losses	0.7	(4.3)	(1.4)	**(5.0)**
Release	39.3	39.8	1.5	**80.6**
Exchange differences	3.9	15.2	2.7	**21.8**
Other changes	0.5	31.2	1.4	**33.1**
Accumulated depreciation and amortization as of December 31, 2008	**(75.6)**	**(468.7)**	**(19.0)**	**(563.3)**
Change in consolidation scope	–	0.6	0.2	**0.8**
Depreciation expense	(9.5)	(48.1)	(3.2)	**(60.8)**
Impairment losses	(7.2)	(0.3)	(0.4)	**(7.9)**
Release	7.2	34.6	1.9	**43.7**
Exchange differences	(1.2)	(13.4)	(1.2)	**(15.8)**
Other charges	8.9	5.2	0.1	**14.2**
Accumulated depreciation and amortization as of December 31, 2009	**(77.4)**	**(490.1)**	**(21.6)**	**(589.1)**
Carrying amount at January 1, 2008	**128.9**	**136.1**	**7.1**	**272.1**
Carrying amount at December 31, 2008	**138.7**	**169.3**	**9.1**	**317.1**
Carrying amount at December 31, 2009	**106.7**	**146.7**	**8.2**	**261.6**

Impairment of property, plant and equipment

In 2009, impairment losses represented the write down of certain property, plant and equipment to bring the net book value to the recoverable amount which was recognized in the income statement in the line "other expense – asset impairment" (see notes 2.18 and 7.2). The recoverable amount was based on value in use and was determined at the level of the cash generating unit, mainly Latvia, Belgium, Spain and Italy. In 2008, the cash generating units concerned by impairment losses were Italy, Czech Republic and Poland.

Assumptions used to measure the value in use of tangible assets were identical to those factored for goodwill impairment purposes.

10.3 Long-term investments

(in millions of euros)	As of December 31, 2009	As of December 31, 2008
Loans	0.1	2.3
Deposits	7.5	5.8
Other financial assets	45.7	45.6
Long-term investments	**53.3**	**53.7**

As at December 31, 2009, other financial assets mainly included the surplus of the defined benefit plan assets over liabilities in the Hagemeyer post-employment scheme in The Netherlands for €41.4 million as of December 31, 2009 and €41.9 million as of December 31, 2008 (see note 18). Other financial assets also included fair value hedge for €2.7 million and cash flow hedge derivatives for €0.5 million.

10.4 Investment in an associate

Prior to its acquisition by Rexel, Hagemeyer owned a 15% ownership interest in the share capital of DPI, Inc., a Missouri corporation that distributes to retailers consumer audio and video electronic products throughout the Americas. In addition, Hagemeyer Finance B.V., a direct subsidiary of Hagemeyer, held subordinated promissory notes for a principal amount of US$ 11.8 maturing on June 15, 2011 and bearing interest at 11% per year (accrued interest being payable at maturity date). As part of the purchase accounting of Hagemeyer, the investment in DPI, Inc., classified in the IAS 39 category available for sale, and the subordinated notes, classified in the IAS 39 category loan and receivables, were recognized at fair value in the Group consolidated financial statements.

On December 16, 2009, Hagemeyer Finance B.V. entered into a share purchase agreement and a shareholders' agreement with DPI, Inc. aiming at restructuring the finance structure of DPI, Inc. Hagemeyer Finance B.V. waived its subordinated promissory notes in exchange of newly issued preferred shares of DPI, Inc. with no voting rights but a preferred dividend. The shareholders' agreement provides for certain contractual rights in favour of Hagemeyer Finance B.V., including veto rights over significant decisions, that result in a significant influence exercised by Hagemeyer Finance B.V. over DPI, Inc..

After completion of this transaction, the Group holds 66.67% of the shares of the company, of which 59.52% through preferred shares with no voting rights but a preferred dividend. The investment in DPI, Inc. was accounted for under the equity method as at December 31, 2009.

At the date of the transaction, the investment in DPI, Inc. was remeasured at fair value such as evidenced by the transaction, resulting in a positive adjustment of €0.6 million recorded in other comprehensive income (available for sale financial assets). The derecognition of the subordinated promissory notes, classified as loan and receivables, resulted in a gain of €5.5 million recognized in the income statement under the line item "Other income".

The following table illustrates financial information of DPI, Inc.:

(in millions of euros) – Unaudited	As of December 31, 2009	As of December 31, 2008
DPI, Inc. balance sheet information		
Total assets	32.6	37.1
Total liabilities	(21.9)	(38.9)
Equity	10.7	(1.8)
	For the year ended December 31, 2009	**For the year ended December 31, 2008**
DPI, Inc. sales and net income		
Sales	98.5	105.8
Net income	5.8	3.8

11. CURRENT ASSETS

11.1 Inventories

(in millions of euros)	As of December 31, 2009	As of December 31, 2008
Cost	1,240.0	1,431.9
Allowance	(98.6)	(102.9)
Net inventories	**1,141.4**	**1,329.0**

Changes in allowance for inventories

(in millions of euros)	2009	2008
Allowance for inventories as of January 1	**(102.9)**	**(85.1)**
Change in consolidation scope	0.4	(27.1)
Net change in allowance	7.7	(3.8)
Translation difference	(3.5)	5.9
Other changes	(0.3)	7.2
Allowance for inventories as of December 31	**(98.6)**	**(102.9)**

11.2 Trade accounts receivable

(in millions of euros)	As of December 31,	
	2009	2008
Nominal value	2,020.7	2,470.5
Impairment losses	(119.2)	(107.2)
Trade accounts receivable	**1,901.5**	**2,363.3**

Trade accounts receivable include taxes collected on behalf of the fiscal authorities that, in certain circumstances, may be recovered when the client goes into default. These recoverable taxes amounted to €202.6 million as of December 31, 2009 (€263.8 million as of December 31, 2008).

The Group has enacted credit assurance programs in most major countries. Trade accounts receivable covered by these programs amounted to €677.3 million as of December 31, 2009 (€1,017.8 million as of December 31, 2008).

In addition, in certain countries, the Group benefits from supplementary guarantees in specific local jurisdictions, notably in the United States. Trade accounts receivable covered by these guarantees represented €173.9 million as of December 31, 2009 (€225.9 million as of December 31, 2008).

On December 23, 2009, the Group entered into an agreement with Ester Finance Titrisation (the purchaser), a French subsidiary of Calyon, to sell a participation interest in eligible trade receivables of Rexel's US subsidiaries under a Receivables Participation Agreement ("RPA"). This agreement allows the Group to sell eligible receivables and receive cash consideration up to a maximum amount of US$220 million. This securitization program matures in December 2014.

The purchase price of the receivables is equal to the face value of the receivables sold less a discount including notably a credit risk premium and the funding cost. Under the RPA, the Group is liable for collecting the receivables on behalf of the purchaser and receives servicing fees in remuneration of this obligation. As part of this transaction, the Group entered into a Collateral and Intercreditor Agreement to secure the performance of its obligations under the RPA. The Group's obligations under the RPA cover remittance of cash collections to the purchaser, indemnification payments and fees. However, secured obligations do not include any obligation, in respect of the receivables, to pay such receivables or recourse for receivables which are not collected.

Therefore, as all risks and rewards attached to the assigned receivables under the RPA are transferred to the purchaser, such receivables are derecognized from the balance sheet. The difference between the purchase price and the carrying amount of the receivables is recorded in the income statement as a financial expense.

At December 31, 2009, the amount of derecognized receivables was €52.6 million (US$75.8 million) and the resulting loss recorded as a financial expense was €0.7 million.

In addition, the Group manages other on-balance sheet securitization programs such as described in note 19.1.3.

Changes in impairment losses

(in millions of euros)	2009	2008
Impairment losses on trade accounts receivable as of January 1	**(107.2)**	**(85.6)**
Change in consolidation scope	0.7	(18.9)
Net depreciation	(25.4)	(13.4)
Translation differences	(1.2)	2,2
Other changes	13.9	8.5
Impairment losses on trade accounts receivable as of December 31	**(119.2)**	**(107.2)**

Impairment losses resulting from an individual assessment of default risk amounted to €75.3 million (€73.6 million as of December 31, 2008).

The remaining impairment loss recorded corresponds to the risks estimated on the basis of overdue payments.

The repayment schedule for outstanding trade accounts not subject to depreciation is as follows:

(in millions of euros)	As of December 31,	
	2009	2008
From 1 to 30 days	187.5	272.4

All trade accounts receivable past due 30 days are impaired in accordance with the principle described in note 2.9.3.

11.3 Other accounts receivable

(in millions of euros)	As of December 31,	
	2009	2008
Purchase rebates	268.1	365.2
VAT receivable and other sales taxes	25.9	28.1
Prepaid expenses	29.9	26.9
Derivatives	1.2	5.9
Other receivables	46.8	51.8
Total accounts receivable	**371.9**	**477.9**

12. CASH & CASH EQUIVALENTS

(in millions of euros)	As of December 31, 2009	2008
Short-term investments	179.4	586.4
Cash at band	178.8	219.1
Cash in hand	1.4	1.5
Cash and cash equivalents	**359.6**	**807.0**

As of December 31, 2009, short-term investments, included treasury investment funds (Sicavs HSBC Monetaire, CAAM Treso Corporate, BNP Paribas Cash Invest) which were stated at their fair value amounting to €141.4 million.

These investments are in compliance with the Group's policy which requires funds to be highly liquid, easily convertible to a known amount of cash and subject to a negligible risk of loss.

13. SUMMARY OF FINANCIAL ASSETS

(in millions of euros)	IAS 39 category	Hierarchy	As of December 31, 2009 Carrying amount	2009 Fair value	2008 Carrying amount	2008 Fair value
Loans	L&R		0.1	0.1	2.3	2.3
Deposits	L&R		7.5	7.5	5.8	5.8
Assets available for sale	AFS		0.2	0.2	1.2	1.2
Hedging derivatives (1)	N/A	2	2.7	2.7	2.0	2.0
Others (2)	N/A		42.8	N/A	43.0	N/A
Trade accounts receivable			**53.3**	**–**	**54.3**	**–**
Trade accounts receivable	**L&R**		**1,901.5**	**1,901.5**	**2,363.3**	**2,363.3**
Supplier rebates receivable	L&R		268.1	268.1	365.2	365.2
VAT and other sales taxes receivable (2)	N/A		25.9	N/A	28.1	N/A
Other accounts receivables	L&R		46.8	46.8	51.8	51.8
Hedging derivatives (1)	N/A		–	–	–	–
Other derivative instruments	TR	2	1.2	1.2	5.9	5.9
Prepaid expenses (2)	N/A	2	29.9	N/A	26.9	N/A
Total non-current assets			**371.9**	**–**	**477.9**	**–**
Short-term investments	FV	1	179.4	179.4	586.4	586.4
Cash	L&R		180.2	180.2	220.6	220.6
Cash and cash equivalents			**359.6**	**–**	**807.0**	**–**

(1) Specific accounting treatment for hedging.

(2) Not a financial asset under IAS 39.

Loans receivable	L&R
Assets available for sale	AFS
Investments held for trading	TR
Fair value through profit or loss	FV
Not applicable	N/A

14. SHARE CAPITAL AND ISSUANCE PREMIUM

14.1 Changes in share capital and issuance premium

Since January 1, 2008, the Group has registered the following movements in shareholders' equity following the issuance of ordinary shares, with a nominal amount of €5 per share:

	Number of shares	Share capital	Issuance premium
		(in millions of euros)	
On January 1, 2008	**255,993,827**	**1,280.0**	**1,409.9**
	–	–	–
	–	–	–
On December 31, 2008	**255,993,827**	**1,280.0**	**1,409.9**
Issuance of shares in connection with free shares plan	2,159,291	10.8	(10.8)
Issuance of share options	66,900	0.3	–
Free shares attributed			(6.9)
On December 31, 2009	**258,220,018**	**1,291.1**	**1,392.2**

Treasury shares

The Shareholders' Meeting of May 20, 2009 authorized the Company's Management Board with subdelegatation power, to buy shares of the company amounting to a maximum of 10% of the share capital at a maximum price of €20 per share. This program is capped to €200 million and has duration of 18 months from the date of the Shareholders' Meeting (ending November 20, 2010).

The objectives of this program in order of priority are as follows:

- to ensure the liquidity and foster the stock market by having an intermediary investment services provider acting independently, under a liquidity agreement compliant with the code of ethics recognized by the AMF;
- to implement share purchase option plans of the company, in accordance with the provisions of Article L. 225-177 and following of the French Code of Commerce, any attribution of free shares within the framework of any savings plan undertaken in accordance with the provisions of articles L. 3332-1 and following of the French Code of Labor, any attribution of free shares in accordance with the provisions of articles L. 255-197-1 and following of the French Code of Commerce, any attribution of shares in the context of profit sharing and the operations to hedge these schemes, under the conditions set by the market authorities and at the time the Management Board or the individual acting on behalf of the Management Board will act;
- to conserve and to provide shares in exchanges or payments concerning external growth, with a limit of 5% of the company's share capital;
- to provide shares in the occasion of rights attached to securities giving access to capital being exercised, immediate or long term;
- to cancel all or part of the shares repurchased, subject to the 25th decision of the Shareholders' Meeting of May 20, 2008;
- and any other objective compliant with regulation in force.

In connection with this share buy-back program, Rexel entered into a mandate in compliance with the French AMF requirements with Calyon Cheuvreux to promote independently the liquidity of its shares for an amount of €12.8 million. This amount may be adjusted either up or down as required to ensure the effectiveness of the contract.

On December 31, 2009, Rexel held 86,700 treasury shares acquired at an average price of €9.53 per share, recorded as a reduction in shareholders' equity for an amount of €0.8 million.

In addition, losses on treasury shares disposed of in 2009 amounted to €1.3 million net of tax and were recognized as a reduction of equity.

14.2 Capital Management

Since April 4, 2007, Rexel's shares have been admitted to the Eurolist market of Euronext Paris. The principal indirect stakeholders of Rexel – investment funds managed by Clayton, Dubilier & Rice, Inc., Ray France Investment S.A.S. (a subsidiary of Eurazeo S.A.), investment funds managed by Merrill Lynch Global Private Equity (collectively, the "Main Investors"), and Caisse de Dépôt et de Placement du Québec (together with the Main Investors, the "Investors") agreed to organize the sale of part or all of the shares they hold in Rexel, directly or indirectly, in accordance with certain terms. Each of the Investors may thus:

- sell his Rexel shares into the market subject to a maximum of €10.0 million per 30-day rolling period;
- initiate (i) the sale of Rexel's shares through a block trade with estimated proceeds of at least €75 million; or (ii) an

underwritten secondary public offering of Rexel's shares with estimated proceeds of at least €150 million, provided that the other Investors may participate in such block trades or offerings and that no underwritten secondary offering has occurred in the preceding six months.

This agreement will terminate on April 12, 2012, or at the date on which the Main Investors cease to collectively hold, directly or indirectly, 40% of Rexel's share capital. In addition, this agreement will cease to be applicable to any party when such party's direct or indirect shareholding in Rexel falls below 5%.

Dividend paid

	For the year ended December 31,	
(in millions of euros)	2009	2008
Declared and paid during the year	–	94.4
Dividends on ordinary shares corresponding to	–	€0.37 per share
Proposed distribution	–	–

Under the new Senior Credit Agreement executed on December 21, 2009, Rexel has limitations to dividend distribution (see note 19.1.2 Senior Credit Agreement).

15. SHARE-BASED PAYMENTS

15.1 Free share schemes

As part of its long term incentive policy, Rexel initiated free share schemes with the following characteristics:

Plans issued in 2009

On May 11, 2009, Rexel entered into several free share plans for its top executives and key managers amounting to a total of 1,372,166 shares. Depending on local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (May 12, 2011), these being restricted during an additional two-year period (May 12, 2013), or four years after the grant date (May 12, 2013) with no restrictions subsequently.

The issuance of these free shares is subject to the service and performance conditions of the schemes.

Vesting conditions are presented in the following table:

Beneficiaries	Members of Group executive committee		Other key managers		Total
Vesting conditions	Two year service condition from grant date and performance conditions based on : (i) 2009 adjusted EBIDA, (ii) 2008/2010 adjusted EBITDA margin variation and (iii) 2009 ratio Net Debt to adjusted EBITDA		40% of the shares vested based on a two year service condition from grant date and 60% based on performance conditions relative to : (i) 2009 adjusted EBITDA, (ii) 2008/2010 adjusted ABITDA margin variation and (iii) 2009 ratio Net Debt to adjusted EBITDA		
Date of delivery	May 12, 2011	May 12, 2013	May 12, 2011	May 12, 2013	
Maximum number of shares granted on May 11, 2009	107,934	218,884	259,282	786,066	**1,372,166**
Cancelled in 2009 due to presence not satisfied	–	–	(8,511)	(19,006)	**(27,517)**
Cancelled in 2009 due to performance not satisfied	(17,558)	(35,603)	(35,151)	(107,364)	**(195,676)**
Maximum number of shares alived on December 31, 2009	90,376	183,281	215,620	659,696	**1,148,973**

The fair value of Rexel's shares granted to employees was estimated to €6.42 per share, based upon the stock price at grant date. The restrictions attached to the dividends until the delivery date of the shares to the beneficiaries have no impact on the fair value, as no dividends have been considered on this period.

Plans issued in 2008

Rexel entered into several free share plans for its top executives and key managers amounting to a total of initially 1,541,720 shares on June 23, 2008 and with a further increase of 66,241 shares granted on October 1, 2008. Depending on local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (June 24, 2010 or October 2, 2010), these being restricted during an additional two year period (June 24, 2012 or October 2, 2012), so called "2+2 Plan", or four years after the granting date with no restrictions subsequently, so called "4+0 Plan". The issuance of these free shares is subject to the service and performance conditions of the schemes.

Vesting conditions are presented in the following table:

Beneficiaries	**Members of Group executive committee**				**Other key managers**			**Total**
Vesting conditions	Two years service condition from grant date and performance conditions based on : (i) 2008 EBITDA, (ii) 2007/2009 EBITDA margin increase and (iii) 2009 ratio Net Debt to EBITDA				Two years service condition from grant date and performance conditions based on : (i) 2008 EBITDA and (ii) 2007/2009 EBITDA margin increase			
Plan	2+2 Plan	4+0 Plan		2+2 Plan		4+0 Plan		
Date of delivery	June 24, 10	June 24, 12	Oct. 2, 12	June 24, 10	Oct. 2, 10	June 24, 12	Oct. 2, 12	
Maximum number of shares attributed on grant date	241,211	217,920	28,436	280,698	3,456	801,891	34,349	**1,607,961**
Cancelled in 2008 due to presence not satisfied	–	–	–	(13,218)	–	(18,848)	(2,853)	**(34,919)**
Maximum number of shares alived on December 31, 2008	241,211	217,920	28,436	267,480	3,456	783,043	31,496	**1,573,042**
Cancelled in 2009 due to presence not satisfied	(53,371)	–	–	(35,603)	–	(95,371)	(7,507)	**(191,852)**
Cancelled in 2009 due to performance not satisfied	(155,179)	(180,031)	(23,492)	(115,697)	(1,724)	(343,193)	(11,975)	**(831,291)**
Maximum number of shares alived on December 31, 2209	32,661	37,889	4,944	116,180	1,732	344,479	12,014	**549,899**

The fair value of Rexel's shares granted to employees was estimated to €7.88 per share, based upon the stock price at grant date. The restrictions attached to the dividends until the delivery date of the shares to the beneficiaries were computed as a reduction of the fair value.

Plans issued in 2007

Concurrently with the admission of the Company's shares to trading, Rexel entered into several free share plans for its top executives and key employees amounting to a total of 5,022,190 shares on April 11, 2007 and 33,991 shares on October 29, 2007. Depending on local regulations, these employees and executives were either be eligible to receive Rexel shares two years after the granting dates (April 12, 2009 or October 30, 2009), these being restricted during an additional two year period (April 12, 2011 or October 30, 2011), or four years after the granting date with no restrictions.

The issuance of these free shares is subject to the service and performance conditions of the scheme.

The vesting conditions are presented in the following table:

Beneficiaries	Top executives and managers		Key employees		Total
Vesting conditions	One year service condition from grant date	Performance conditions based on the consolidated 2007 EBITDA and one year service condition from grant date	Half of the shares will be attributed based on 2007 EBITDA and a one-year service condition from the installation of the plan, and the other half based on 2008 EBITDA and a two-year service condition from grant date		
Date of delivery	April 11, 2007	April 11, 2007	April 11, 2007	October 29, 2007	
Maximum number of shares attributed on grant date	2,556,576	1,193,055	1,272,559	33,991	**5,056,181**
Cancelled in 2007 due to presence not satisfied	–	–	(74,726)	–	**(74,726)**
Number of shares alived on December 31, 2007	2,556,576	1,193,055	1,197,833	33,991	**4,981,455**
Cancelled in 2008 due to presence not satisfied	–	(88,254)	(96,171)	–	**(184,425)**
Number of shares alived on December 31, 2008	2,556,576	1,104,801	1,101,662	33,991	**4,797,030**
Cancelled in 2009 due to presence not satisfied	–	–	(13,968)	(2,050)	**(16,018)**
Issued in 2009	(1,302,133)	(562,702)	(286,982)	(7,474)	**(2,159,291)**
Number of shares alived on December 31, 2009	1,254,443	542,099	800,712	24,467	**2,621,721**

After taking into account assumptions concerning the turnover of beneficiaries and achievement of performance conditions, the expense relating to these equity settled plans, amounts to €74.4 million (without tax effect) based on the offering price of €16.50 per share, and has been spread over the vesting period.

The related expense for these plans are accounted for in "distribution and administrative expenses" (except 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 year ended December 31, 2009	2008
Plans issued in 2007	2.3	19.7
Plans issued in 2008	1.2	2.3
Plans issued in 2009	2.0	–
Total free share plans expense	**5.5**	**22.0**

15.2 Stock option plans

Plans issued by Rexel in 2005

On October 28, 2005, Rexel established a share option subscription program (Plan No.1) that entitles key management personnel to purchase shares of Rexel. On May 31, 2006 and October 4, 2006, further options were granted to new entrants.

On November 30, 2005, a share option subscription arrangement was set up for a broader circle of senior employees of the group (Plan No.2) with vesting conditions based on a four-year service period or the occurrence of certain events including in particular admission of the Company's shares to trading on a regulated market. On May 31, 2006, this plan was extended to new entrants.

Options granted under the Plan No.1 and the Plan No.2 vested in full upon the Initial Public Offering of Rexel shares in April 2007.

These options are exercisable by the beneficiaries at the fair value of the shares at the date of grant for a period of 10 years from grant date. These plans qualified as equity-settled transactions.

Plans issued in 2003 and 2004 by Rexel Distribution S.A. prior to its acquisition

Prior to its acquisition by Rexel Développement S.A.S. (formerly Ray Acquisition S.C.A.), share options arrangements were granted annually by Rexel Distribution S.A. (formerly Rexel S.A.) to management personnel.

The terms and conditions of the options, which are settled exclusively by physical delivery of shares, are as follows:

Date of delivery / Beneficiaries	Number of instruments originally delivered	Number of options active as of December 31, 2009	Options term
Options granted to management prior to November 7, 2002	933,943	133,060	2012
Options granted to management in 2003	623,413	545	2013
Options granted to management in 2004	782,790	1,549	2014
Total options granted by Rexel Distribution S.A.	**2,340,146**	**135,154**	
Options granted to key manager ("Plan No.1")			
– on October 28, 2005	2,711,000	1,231,002	2015
– on May 31, 2006	169,236	140,944	
– on October 4, 2006	164,460	267,452	
Options granted to key employees ("Plan No.2")			
– on November 30, 2005	259,050	406,056	2015
– on May 31, 2006	34,550	65,976	
Total options granted by Rexel	**3,338,296**	**2,111,430**	

Number of stock options

The number of stock options is detailed below:

(Number of option)	Rexel S.A.		Rexel Distribution S.A.		
	2005 Plans		2004 Plans	2003 Plans	Plans prior to November 7, 2002
	Executives	Key employees			
Option existing January 1, 2008	**1,639,398**	**542,432**	**491,014**	**1,134**	**208,154**
Cancelled during this period	–	(3,500)	–	(589)	(39,543)
Exercised during this period	–	–	(488,969)	–	–
Options existing December 31, 2008	**1,639,398**	**538,932**	**2,045**	**545**	**168,611**
Options existing January 1, 2009	**1,639,398**	**538,932**	**2,045**	**545**	**168,611**
Cancelled during this period	–	–	(496)	–	(35,551)
Exercised during this period	–	(66,900)	–	–	–
Options existing December 31, 2009	**1,639,398**	**472,032**	**1,549**	**545**	**133,060**
Exercisable options at the end of exercise	1,639,398	472,032	1,549	545	133,060
Exercise price	5 € / 6.5 € / 9.5 €	5 € / 6.5 €	28.49 €	21.61 €	68.38 € / 55.02 € / 59.68 € / 51.99 €

16. EARNINGS PER SHARE

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

	For the year ended December 31,	
	2009	2008
Net income attributed to ordinary shareholders *(in millions of euros)*	80.6	230.2
Weighted average number of ordinary shares *(in thousands)*	259,786	255,460
Basic earnings per share *(in euros)*	**0.31**	**0.90**
Net income attributed to ordinary shareholders *(in millions of euros)*	80.6	230.2
Average number of balanced shares in circulation *(in thousands)*	259,786	255,460
Potential dilutive ordinary shares *(in thousands)*	1,460	6,365
– out of which are share options *(in thousands)*	*517*	*826*
– out of which are free shares *(in thousands)* (1)	*943*	*5,539*
Weighted average number of ordinary shares used for the calculation *(in thousands)*	261,246	261,825
Fully diluted earnings per share *(in euros)*	**0.31**	**0.88**

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

17. PROVISIONS AND OTHER NON-CURRENT LIABILITIES

	As of December 31,	
(in millions of euros)	2009	2008
Provisions	181.2	174.0
Other non-current liabilities	54.2	55.2
Total	**235.4**	**229.2**

Other non-current liabilities are comprised essentially of fair value of derivatives instruments for €43.7 million (see note 20.1) and debts related to the profit sharing schemes for French employees in the amount of €10.5 million (€10.3 million as of December 31, 2008).

The variation in provisions is detailed below:

(in millions of euros)	Provision for restructuring	Provisions for tax litigation	Provisions for other litigation	Provisions for vacant properties	Total provisions
At January 1, 2008	**7.6**	**23.4**	**8.6**	**1.8**	**41.4**
Change in consolidation scope	1.8	5.6	54.0	55.9	**117.3**
Increase	22.9	9.5	7.6	11.4	**51.4**
Use	(6.0)	(1.2)	(3.0)	(6.0)	**(16.2)**
Release	(0.1)	(1.3)	(0.6)	(1.0)	**(3.0)**
Translation differencies	(0.8)	(0.6)	(1.5)	(13.5)	**(16.4)**
Other changes	(1.9)	(0.2)	(0.3)	1.9	**(0.5)**
At December 31, 2008	**23.5**	**35.2**	**64.8**	**50.5**	**174.0**
Change in consolidation scope	–	–	–	–	**–**
Increase	34.8	9.9	7.1	17.0	**68.8**
Use	(19.6)	(3.5)	(6.6)	(14.8)	**(44.5)**
Release	(0.6)	(0.9)	(14.9)	–	**(16.4)**
Translation differencies	0.6	0.5	1.7	8.0	**10.8**
Other changes	(1.0)	(11.5)	(0.4)	1.4	**(11.5)**
At December 31, 2009	**37.7**	**29.7**	**51.7**	**62.1**	**181.2**

As of December 31, 2009, provisions consist mainly of:

- accrued expenses for social and voluntary departure plans to adapt Group's structure to current trading. These restructuring plans resulted in closure of branches, of distribution centres and administrative headquarters. As at December 31, 2009, accrued expenses mainly concerns France (for €12.2 million), the United States (for €7.2 million), Sweden (for €3.3 million) Canada (for €2.9 million) and Spain (for €2.8 million). Change in provisions for year ended 2009 mainly relates to restructuring plans in France (increase of €12.1 million and release of €7.3 million) and in the United States (increase of €6.8 million and release of €2.3 million);
- litigation concerning fiscal matters of €19.2 million in France (see note 22.2) and of €4.4 million in Canada. Increase in provisions during year ended 2009 mainly concerns a tax reassessment relating to services invoiced by Rexel Développement shareholders in France for €6.6 million. Other changes concern provision for tax reassessments in France accrued in 2008 for an amount of €11.5 million and presented in 2009 following notifications received from French tax authorities as an allowance for deferred tax assets on tax losses carried forward;
- other litigation including in particular claims related to the bankruptcy of Ceteco, subsidiary of Hagemeyer for €31.0 million (see note 22), personnel-related litigation of €2.6 million and claims for warranties granted to customers. Change in provisions mainly relates to the unused portion of the provision related to Ceteco for €13.8 million, following settlement entered into on February 8, 2010;
- provision for vacant properties accrued in the UK for €43.1 million (of which reserve for onerous contract relating to the national distribution centre acquired as part of the business combination with Hagemeyer for €26.6 million and other onerous leases for €8.3 million), in France for €5.8 million and in the USA for €5.6 million. Change in provision for year ended 2009 concerns mainly increase and use of provision in these three countries.

As of December 31, 2008, provisions consist mainly of:

- accrued expenses of €8.4 million for restructuring in France (branch closures and termination of non core business), €3.5 million in the United States (reorganization of regional divisions), €2.9 million in Canada (reorganization and separation of non strategic activities), and €1.9 million in Spain (integration of ABM, subsidiary of Hagemeyer). Increase in provisions for the year ended 2008 mainly concerns France (for €8.4 million) and the United States (for €3.7 million);
- litigation reserves concerning fiscal matters (see note 22.2) of €25.2 million in France (including an additional increase of €6.1 million during year ended 2008), and of €3.7 million in Canada;
- other reserves for claims included the one related to Ceteco bankruptcy for €45.2 million (this litigation related to Hagemeyer was presented in change in consolidation scope in 2008), personnel-related litigation of €4.1 million and claims for warranties granted to customers ;
- provision for vacant properties including a reserve for onerous contract relating to the national distribution centre in the UK acquired as part of the business combination with Hagemeyer for €51.9 million and presented for the year ended 2008 in change in consolidation scope.

18. EMPLOYEE BENEFITS

The Group provides employee benefits under various arrangements, including defined benefit and defined contribution plans. The specific conditions of these plans vary according to the rules applying in each country concerned. These plans include pensions, lump-sum payments on retirement, jubilees, early retirement benefits, and health care and life insurance benefits in favor of former employees, including retired employees. The most significant funded retirement plans are in Canada, the United Kingdom, the United States, The Netherlands and Switzerland, and are managed through vehicles independent of the Group. In France and Italy, the obligations principally concern lump-sum payments on retirement and long service awards (jubilees), and are usually unfunded.

The change in the present value of the obligation in respect of defined benefit plans is as follows:

(in millions of euros)	Defined benefit obligations 2009	Defined benefit obligations 2008
At the beginning of the period	**924.1**	**461.6**
Service cost	14.3	14.9
Interest cost	51.8	45.2
Benefit payments	(47.1)	(43.6)
Employee contributions	3.6	3.1
Actuarial (gain) loss	58.2	(51.0)
Change in consolidation scope	–	560.0
Translation differencies	38.2	(65.9)
Curtailment/settlement and other	(2.8)	(0.2)
At the end of the period	**1,040.3**	**924.1**

The change in the fair value of the defined benefit plan assets breaks down as follows:

(in millions of euros)	Plan assets 2009	Plan assets 2008
At the beginning of the period	**728.7**	**353.1**
Employer contributions	33.5	27.7
Employer contributions	3.6	3.2
Return on plan assets	99.1	(91.4)
Benefit payments	(47.1)	(43.7)
Change in consolidation scope	–	525.8
Translation differencies	27.9	(45.0)
Other changes	–	(1.0)
At the end of the period	**845.7**	**728.7**

The reconciliation of the liability recognized on the balance sheet with the present value of the obligation in respect of defined benefit plans is as follows:

	As of December 31,				
(in millions of euros)	2009	2008	2007	2006	2005
Defined benefit obligations	**1,040.3**	**924.1**	**461.6**	**482.0**	**390.4**
Of which funded schemes	*951.1*	*842.1*	*370.6*	*385.6*	*321.5*
Of which unfunded schemes	*89.2*	*82.0*	*91.0*	*96.4*	*68.9*
Fair value of plan assets	(845.7)	(728.7)	(353.1)	(343.6)	(253.0)
Funded status	**194.6**	**195.4**	**108.5**	**138.4**	**137.4**
Unrecognized actuarial gains and losses	(62.2)	(61.9)	14.4	(4.7)	(23.4)
Effect of the asset ceiling	–	–	2.7	–	–
Recognized net liability for defined benefit obligations	**132.4**	**133.5**	**125.6**	**133.7**	**114.0**
Of which "Employee benefits"	*173.8*	*175.4*	*125.6*	*133.7*	*114.0*
Of which "Other financial assets" (1)	*(41.4)*	*(41.9)*	–	–	–

(1) The excess of €41.4 million in assets relative to debt primarily concerns Hagemeyer's defined benefits plan in The Netherlands which was the subject of minimum financing conditions. Under this plan, the company is exempted from contributions if the coverage ratio is greater than 150% and is reimbursed if this ratio is greater than 200% or at the expiry of the plan for the amount of the surplus. As a result, this surplus was not the subject of a limit at December 31, 2009.

The expense recognized in the income statement breaks down as follows:

(in millions of euros)	As of December 31, 2009	2008
Service costs [1]	14.3	14.9
Interest costs [2]	51.8	45.2
Expected return on plan assets [2]	(39.8)	(43.8)
Curtailment and settlement [3]	(2.9)	–
Amortization of actuarial gains / losses [1]	1.4	2.5
Other [1]	–	(2.6)
Expense recognized	**24.8**	**16.2**

(1) Included in personnel expenses (see note 6).
(2) Included in net financial expenses (see note 8).
(3) _ncluded in other income and expenses (see note 7).

The main actuarial assumptions at the date of the most recent actuarial valuation are as follows:

(in %)	Euro Zone		United Kingdom		Canada		United States		Switzerland	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Discount rate [1]	5.25	5.75	5.75	6.00	6.00	6.50	5.75	6.00	3.00	3.00
Expected return on plan assets [2]	4.90	5.75	6.70	7.15	6.75	6.75	7.75	7.75	2.30	3.50
Future salary increases	2.50	2.50	3.50	3.50	3.00	3.00	N/A	N/A	2.00	2.00
Future pension increases	2.00	2.00	2.55	2.25	2.00	2.00	N/A	N/A	1.00	1.00

(1) The discount rates have been determined by reference to the yield on first class bonds with a term identical to the plans concerned. They were taken from a database developed by Rexel's actuary and include several hundred AA+ rated bonds with maturities ranging from one to 30 years. The expected benefits of each plan are updated with the rate corresponding to the term of the plan. Then, a single discount rate is calculated in the database which, when applied to the cash flows of all the plans, determines the present value of all cash flows from each plan.
(2) The expected rate of return on assets were calculated besed on the weighted average of expected rates of return for bonds and shares. By assumption, the expected rate of return on bonds is identical to the discount rate described above. The expected rate of return on shares was determined based on the discount rate plus a risk premium of 3%.

Sensitivity analysis

As of December 31, 2009, a 25 basis points decrease in discount rates would result in a €39.1 million increase in the defined benefit obligation. A 25 basis points decrease applied to the expected return on assets would result in €2.1 million increase in the expense.

As of December 31, 2009, a 1% inflation rate increase in medical costs would translate to a €4.0 million increase in the present value of health care plans.

As of December 31, 2009, the average allocation of Group funds invested for retirement plans by type of investment is as follows: 37% in stocks, 48% in bonds and 15% in other investment categories. This allocation was used to assess the expected return on assets in force in 2010.

19. FINANCIAL LIABILITIES

This note provides information about financial liabilities as of December 31, 2009. Financial liabilities include interest-bearing loans, borrowings and accrued interest less transaction costs.

19.1 Net financial debt

(in millions of euros)	As of December 31, 2009			As of December 31, 2008		
	Current	Non-current	Total	Current	Non-current	Total
Senior Notes [1]	1.5	575.0	576.5	–	–	–
Senior credit facility	–	1,091.2	1,091.2	178.2	2,225.9	2,404.1
Securitization	–	1,056.6	1,056.6	–	1,255.0	1,255.0
Bank loans	3.9	2.3	6.2	5.2	3.7	8.9
Bank overdrafts and other credit facilities [2]	87.7	–	87.7	91.4	–	91.4
Finance lease obligations	6.9	11.0	17.9	9.6	17.4	27.0
Less transaction costs	(16.5)	(58.8)	(75.3)	–	(47.4)	(47.4)
Total financial debt and accrued interest	***83.5***	***2,677.3***	***2,760.8***	***284.4***	***3,454.6***	***3,739.0***
Cash and cash equivalents			(359.6)			(807.0)
Net financial debt			**2,401.2**			**2,932.0**

(1) Including accrued interest of €1.5 million as of December 31, 2009.
(2) Including accrued interest of €4.2 million as of December 31, 2009 (€8.3 million as of December 31, 2008).

19.1.1 Senior Notes

On December 21, 2009, Rexel issued €575 million senior unsecured notes (the "Notes"), the proceeds of which were applied to partially refinance the previous Senior Credit Agreement. The Notes bear interest annually at 8.25% and are listed on the Luxembourg Stock Exchange. Rexel will pay interest on the Notes semi-annually in arrears on June 15 and December 15, commencing on June 15, 2010. Rexel will make the first payment on June 15, 2010. The notes will mature on December 15, 2016.

The Notes are senior unsecured obligations of Rexel and are guaranteed on a senior unsecured basis by certain of Rexel's subsidiaries. The notes and all of Rexel's existing and future unsecured senior debt rank *pari passu* and senior to all its existing and future subordinated debt.

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

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

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

19.1.2 Senior Credit Agreement

On December 21, 2009, in connection with the refinancing transactions, Rexel entered into a €1,700 million credit facilities agreement with BNP Paribas, CALYON, Crédit Industriel et Commercial, HSBC France, Natixis, ING Belgium S.A., The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking and Bank of America Securities Limited as Mandated Lead Arrangers, and CALYON as Facilities Agent.

The New Senior Credit Agreement provides for two facilities:

- Facility A, which is a three-year multi-currency revolving credit facility. The maximum initial amount of Facility A is €600 million, which will be reduced to €400 million on the first anniversary of the New Senior Credit Agreement and €200 million on the second anniversary of the New Senior Credit Agreement; and
- Facility B, which is a five-year multi-currency revolving credit facility. The maximum initial amount of Facility B is €1,100 million.

Proceeds from draw-downs under Facility A and Facility B have been used to partially refinance the previous Senior Credit Agreement, finance working capital needs and for general corporate purposes of the Rexel Group, including the financing or refinancing of acquisitions.

As of December 31, 2009, facilities under the Senior Credit Agreement are as follows:

Credit facility (term loan)	Commitment (in millions of euros)	Borrower	Balance due as of December 31, 2009 (in millions of local currency)	Currency	Balance due as of December 31, 2009 (in millions of euros)
Facility A	600.0	Rexel SA	198.0	CHF	133.5
			577.0	USD	400.5
			72.6	EUR	72.6
Facility B	1,100.0	Rexel SA	201.0	CAD	132.9
			351.7	EUR	351.7
TOTAL	**1,700.0**				**1,091.2**

Interests and margin

Amounts drawn bear interest at a rate determined in reference to (i) the NIBOR rate where funds are made available in Norwegian Krone, the EURIBOR rate when funds are made available in Euro or the LIBOR rate when funds are made available in currencies other than the Norwegian Krone or the Euro, plus (ii) the cost relating to lending banks' reserve requirements and fee payments and (iii) the applicable margin.

The applicable margin for Facilities A and B until December 31, 2009 was 3.50% and 3.75%, respectively, and will be reduced to 3.00% and 3.25%, respectively in early 2010 in accordance with the Pro Forma Leverage Ratio.

From December 31, 2009 margin applicable will vary in accordance with the ranges in which the Pro Forma Leverage Ratio (as defined below) falls at the end of each semester as set out below:

Leverage ratio	Facility A margin	Facility B margin
Greater than or equal to 5.00 :1	4.25%	4.50%
Less than 5.00:1 but greater than or equal to 4.50:1	3.50%	3.75%
Less than 4.50:1 but greater than or equal to 4.00:1	3.00%	3.25%
Less than 4.00:1 but greater than or equal to 3.50:1	2.50%	2.75%
Less than 3.50:1 but greater than or equal to 3.00:1	2.00%	2.25%
Less than 3.00:1 but greater than or equal to 2.50:1	1.75%	2.00%
Less than 2.50:1	1.50%	1.75%

In addition, the applicable margin shall be increased by an utilization fee equal to:

- 0.25% per annum pro rata temporis for the period during which the facilities are drawn down for an amount less than or equal to 66% but greater than 33% of the total commitments; and
- 0.50% per annum pro rata temporis for the period during which the facilities are drawn down for an amount greater than 66% of the total commitments.

Rexel shall also pay a commitment fee in the base currency computed at the rate of 40% of the then applicable margin on that lender's available commitment under each facility for the available period applicable to it.

Covenant (Pro Forma Leverage Ratio)

The Pro Forma Leverage Ratio corresponds to the adjusted consolidated net debt relative to the adjusted consolidated EBITDA, as such terms are defined below:

Adjusted Consolidated EBITDA means operating income before other income and other expenses, plus depreciation and amortization as set forth in the Group's financial statements and:

- Includes adjusted EBITDA over the last 12 months of all of the companies acquired during the relevant period, pro rata to the Group's participation;
- Includes proceeds relating to commodity price derivatives to hedge exposure to the price fluctuations of certain commodities which do not qualify for cash flow hedge accounting under IFRS;
- Excludes expenses relating to employee profit sharing and any share based payments or the grant of share subscription options;
- Excludes restructuring costs relating to the integration of Hagemeyer and any other restructuring and/or acquisition costs relating to any permitted acquisition; and
- Adjusted to exclude the non-recurring impact on the Group's consolidated EBITDA related to the price of copper in cables.

Adjusted consolidated net debt means all financial debt (whether the interest with respect to such debt is paid or capitalized) converted to the average rate of the last 12 months when the debt is in a currency other than the euro:

- Less intra-group loans and transaction costs, as well as the financial charges accounted for as a result of the repayment of the debt outstanding under the previous facilities agreement;

- Plus all indebtedness relating to the issuance of securities that are not mandatorily redeemable into shares and any other amount relating to a loan under international accounting standards;
- Plus accrued interest, including capitalized interest but excluding interest accrued on intra-group loans;
- Minus cash and cash equivalents.

Commitments

Under the terms of the Senior Credit Agreement, Rexel must maintain the Pro Forma Leverage Ratio below the following levels:

Date	Indebtedness Ratio
December 31, 2009	5.15:1
June 30, 2010	5.15:1
December 31, 2010	4.90:1
June 30, 2011	4.50:1
December 31, 2011	4.00:1
June 30, 2012	3.75:1
December 31, 2012	3.50:1
June 30, 2013	3.50:1
December 31, 2013	3.50:1
June 30, 2014	3.50:1

As of December 31, 2009, this ratio was 4.32, thus satisfying the covenant with 19.3% headroom.

Other undertakings

The Senior Credit Agreement includes certain undertakings relating to limitations of the level of capital expenditures and restrictions of the payment of dividends. So long as the ratio Adjusted Consolidated Net Debt relative to adjusted consolidated EBITDA is above 4.00:1, the aggregate capital expenditure (other than Capital Expenditure paid for from shareholders new equity injections proceeds) shall not exceed 0.75% of the sales of the Group. In addition, Rexel shall not declare, make or pay any dividend during the fiscal year ended December 31, 2010. Thereafter, so long as the ratio Adjusted Total Debt to Adjusted EBITDA exceeds 4.00:1, this undertaking shall remain applicable.

Other covenants

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

Prepayment

The Senior Credit Facilities must be prepaid, subject to certain agreed circumstances and exceptions and in varying amounts, in the event of a change of control of Rexel, the sale of all or substantially all of the Group's assets, the issuance of certain debt securities or the disposal of certain assets. Voluntary prepayments and cancellations are also permitted under the Senior Credit Agreement, subject to minimum amounts.

19.1.3 Securitization programs

The Rexel Group has several securitization programs presented in the table below, with the exception of the US off balance sheet program such as disclosed in note 11.2, which enable it to obtain financing at a lower cost than issuing bonds or bank loans.

The specific characteristics of the Rexel Group's securitization programs vary depending on the country. The relevant subsidiaries remain responsible for the collection of receivables once assigned. These receivables are assigned to special-purpose entities, with no other action required by the subsidiaries. The special purpose vehicles obtain the financing required to purchase these receivables, notably through the issuance of short-term debt instruments such as French commercial paper or US or Canadian commercial paper, which is rated by rating agencies.

Once receivables have been assigned, the subsidiaries receive a cash payment from the special purpose vehicle, the amount of which represents the value of the receivables minus an amount committed to guarantee the receivables, which latter amount is only paid, in whole or in part, after complete payment of the receivables. However, in the context of the US securitization program, the relevant subsidiaries also have the option of transferring their receivables in exchange for an issuance of subordinated notes.

Considering 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 presented as assets on the Group's balance sheet on the line "trade accounts receivable" whereas the amount due is considered 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 December 31, 2009, Rexel had satisfied all of these covenants.

Securitization programs features are summarized in the table below:

Program	(in millions of currency)			(in millions of euros)		Maturity date	On-going cost of funding
				Outstanding amount			
	Commitment	Amount of receivables pledged on December 31, 2009	Amount drawn on December 31, 2009	As of December 31, 2009	As of December 31, 2008		
2005 – Europe – Australia	600.0 EUR	616.3 EUR	478.6 EUR	478.6	589.7	20/11/2012	BT & Euro/US Commercial paper + 0,48%
United States (1)	250.0 USD	304.6 USD	224.4 USD	155.8	326.7	23/12/2014	US commercial paper + 2,0% (4)
Canada (2)	175.0 CAD	205.5 CAD	162.0 CAD	107.1	73.8	13/12/2012	Canadian commercial paper + 0,45%
Europe 2008 (3)	450.0 EUR	340.8 EUR 130.9 GBP	221.9 EUR 79.6 GBP	315.1	264.8	17/12/2013	BT & Euro/US Commercial paper + 1,27% (5)
TOTAL				**1,056.6**	**1,255.0**		

(1) Commitment amended on December 23, 2009 concurrently with Ester program (see note 11.2).
(2) Commitment increased from CAD140 million in December 2008 to CAD175 million since March 2009.
(3) Commitment decreased from €600 million in December 2008 to €450 million on December 17, 2009.
(4) According to margin grid depending on the leverage ratio.
(5) As amended in December 2009.

At December 31, 2009, the total commitment amounts to an equivalent of €1,339.2 million and was utilized up to €1,056.6 million.

19.2 Change in net financial debt

As of December 31, 2009 and December 31, 2008, change in net financial debt is as follows:

(in millions of euros)	2009	2008
At January 1,	**2,932.0**	**1,606.6**
Reimbursement of Senior Credit Agreement 2007	–	(947.5)
Re-financing of Hagemeyer pre-acquisition debt	–	(260.0)
Subscription of Senior Credit Agreement 2008	–	4,323.1
Reimbursement of 2008 Senior Credit Agreement	(2,401.0)	(1,927.6)
Transaction costs related to the 2008 Senior Credit Agreement	–	(66.6)
Transaction costs of European securitization program 2008	–	(4.6)
Subscription of Senior Credit Agreement 2009	1,082.0	–
Subscription of Senior Notes	575.0	–
Transaction costs related to the 2009 refinancing (1)	(64.1)	–
Repayment of the 1998 indexed bond	–	(45.7)
Net change in other credit facilities and bank overdrafts	4.5	(40.3)
Net change in credit facilities	**(803.6)**	**1,030.8**
Net change in securitization (2)	(236.2)	354.0
Payment of finance lease liabilities	(7,7)	(66.3)
Net change in financial liabilitiess	***(1,047.5)***	***1,318.5***
Change in cash and cash equivalents	406.3	(246.0)
Foreign currency exchange discrepancies	70.2	(85.2)
Change in consolidation scope	5.5	314.6
Amortization of transaction costs (3)	36.6	39.6
Other changes	(1.9)	(16.1)
At December 31,	**2,401.2**	**2,932.0**

(1) Including financing fees on Senior Notes for €13.0 million, new Senior Credit Agreement for €27.9 million and financing fees related to amendment to the previous Senior Credit Agreement incurred in July 2009 for €22.8 million.
(2) Including decrease of United States programme following implementation of the Ester programme (see note 11.2).
(3) Including a write-off for an amount of €16.4 million following December 2009 refinancing and €4.8 million following July 2009 amendment to the previous Senior Credit Agreement (see note 8).

In the year ended December 31, 2009, change in credit facilities included the following transactions:

Refinancing of the 2008 Senior Credit Agreement and issuance of Senior Notes on December 2009

On December 21, 2009 the remaining amount due under Facility A of the 2008 Senior Credit Agreement has been entirely redeemed for an amount of €2,104.7 million. This Credit Agreement was refinanced simultaneously by drawings under the new Senior Credit Agreement for an amount of €1,082 million and the issuance of the €575 million senior unsecured notes. The balance was paid with available cash at the date of the transaction. Financing fees related to this transaction amounted to €13.0 million for the issuance of Senior Notes and €27.9 million for new Senior Credit Agreement.

Amendment of the 2008 Senior Credit Agreement on July 2009

As part of the execution of the amendment to the 2008 Senior Credit Agreement signed on July 30, 2009, Rexel paid off by anticipation €150.0 million under Facility A and €60.0 million under Facility A'. Financing fees related to this transaction amounted to €22.8 million.

Repayment of Facility D under the 2008 Senior Credit Agreement on March 2009

On March 26, 2009, the remaining amount due under Facility D of the 2008 Senior Credit Agreement was fully repaid for an amount of €86.7 million. This two-year-term facility was repaid with part of the proceeds of new securitization programs set up by Rexel in December 2008 following the acquisition of Hagmeyer.

In year ended December 31, 2008, change in net financial debt includes the following operations:

Refinancing of the 2007 Senior Credit Agreement and pre-acquisition debt of Hagemeyer

As of March 14, 2008, following the acquisition of Hagemeyer, the remaining amount due under Facility A of the 2007 Senior Credit Agreement, was entirely redeemed in advance for an amount of €947.5 million. At the same time, the multicurrency line of credit of the Hagemeyer Group, amounted to €281.1 million as of March 14, 2008, was entirely repaid and refinanced by an advance of treasury for an amount of €260 million.

These credit agreements were refinanced by drawings under the Senior Credit Agreement for an amount of €4,312.0 million (€4,323.1 million converted at average rates as at December 31, 2008 originally composed of a multicurrency credit facility A for an amount of €3,092.2 million, and two others credit facilities, C and D, for respectively €737 million and €493.9 million).

Reimbursement of facilities under the 2008 Senior Credit Agreement

Following the sale to Sonepar of non-retained Hagemeyer entities in June 2008 and the implementation of a European securitization program in December 2008, Rexel repaid €1,927.6 million of the Senior Credit Agreement, including the paying off of the Facility C for €737.0 million and partial reimbursement of Facility A and D for respectively €783 million and €407.6 million.

Transaction costs

Transaction costs related to the Senior Credit Agreement and the European securitization program are presented in net change in credit facilities for an amount of respectively €65.8 million and €4.6 million.

Payment of finance lease liabilities

Change in finance lease liabilities mainly includes for an amount of €26.9 million repayment of finance lease debt related to the disposal of seven lease contracts in France (see note 7.1).

Net change in securitization

Net change in securitization includes drawings under the European securitization program set up in December 2008 for an amount of €292.4 million.

Change in consolidation scope

Change in consolidation scope includes the take over of Hagemeyer indebtedness and Sonepar indebtedness in Sweden at the acquisition date for an amount of €320.0 million less Germany debt for €6.0 million following the disposal of Rexel historical business in Germany.

20. MARKET RISKS AND FINANCIAL INSTRUMENTS

20.1 Interest rate hedging

In order to hedge its exposure to floating rates, the Group has adopted an interest rate hedging strategy aimed at maintaining a hedging ratio (including fixed and capped interest rates) close to 80% of the net financial debt and the remaining at variable interest rates.

Every month the Group monitors the interest rate risk through a group treasury committee, which involves the top management. This process enables the Group to assess the efficiency of the hedges and to adapt them to the underlying indebtedness when necessary.

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

	As of December 31,	
(in millions of euros)	2009	2008
Senior notes and other fixed rate debt	585.5	35.0
Fixed rate debt before hedging	*585.5*	*35.0*
Variable to fixed rate swaps	1,047.8	1,183.0
Fixed to variable rate swaps	(225.0)	–
Interest rate options – Caps and Collars	1,057.6	1,087.9
Sub-total fixed or capped rate debt after hedging	**2,465.9**	**2,305.9**
Variable rate debt before hedging	2,175.3	3,704.0
Variable to fixed rate swaps	(1,047.8)	(1,183.0)
Fixed to variable rate swaps	225.0	–
Active Interest rate options – Caps and Collars (1)	(1,057.6)	(69.3)
Cash and cash equivalents	(359.6)	(807.0)
Sub-total variable rate debt after hedging	**(64.7)**	**1,644.7**
Inactive Interest rate options – Caps and Collars	–	(1,018.6)
Sub-total variable rate debt	**(64.7)**	**626.1**
Total financial debt and accrued interests	**2 401,2**	**2 932,0**

(1) Interest rate options for which one of the strikes (cap or floor) is in the money.

In accordance with the policy laid down above, the Group has entered into euro-, US dollar-, Canadian dollar-, Australian dollar- and Swedish krona- denominated interest-rate swap contracts, exchanging floating rates for fixed rates. It has also entered into euros, pound sterling, and Canadian dollar- denominated collars contracts.

These derivatives mature between March 2010 and March 2013. It is the Group's intention to renew a material part of these swaps in order to hedge the variability of future interest expense related to its floating interest debt according to its policy. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning the evolution of the interest rates linked to those currencies. Those instruments are classified as cash flow hedges and are measured at fair value. The Group nevertheless also changed its high yield bond fixed debt into floating debt to balance the ratio fixed/floating for €325.0 million. Those instruments are classified as fair value hedge.

Fair value hedge derivatives

	Total notional amount (in millions of euros)	Maturity	Weighted average fixed rate received	Variable rate paid	Fair value (in millions of euros)
Swaps paying variable rate					
Euro	325,0[(1)]	December 2016	2.92%	3M Euribor	(2.7)
Total					**(2.7)**

(1) Of which €100 million beginning in January 2010.

Changes in fair value of the derivatives designated as hedges to the variability of the fair value of liabilities are recognized in profit or loss. The changes in fair value of the fair value hedge derivatives and of the underlying liabilities are recognized as interest expense on borrowings. The change in fair value of these swaps for the period ended December 31, 2009 was a loss of €2.7 million, matched against a gain of €2.7 million resulting from the change in the fair value of the hedged item attributable to the hedged risk.

Cash flow hedge derivatives

As of December 31, 2009, derivative instruments classified as cash flow hedges are as follows:

	Total notional amount currency (in millions of currency)	Maturity	Floating rate received	Weighted average fixed rate paid	Fair value (in millions of euros)
Swaps paying fixed rate					
Euro	281.2	March 2010	1M Euribor	3.15%	(1.7)
Canadian $	80.0	March 2010	3M Libor	4.02%	(0.4)
	70.0	March 2013[(1)]	3M Libor	2.72%	(0.5)
Swedish Krona	430.0	March 2010	3M Stibor	3.36%	(0.2)
	500.0	September 2012[(1)]	3M Stibor	2.59%	(0.6)
Australian $	41.5	March 2010	3M Libor	6.10%	(0.1)
US $	269.0	March 2010	3M Libor	4.64%	(1.7)
	200.0	September 2011	3M Libor	3.35%	(5.2)
	230.0	December 2011	3M Libor	3.50%	(6.7)
	200.0	September 2012	3M Libor	3.18%	(4.9)
	276.2	March 2013[(1)]	3M Libor	2.82%	(3.0)
Total					**(25.0)**

(1) Beginning on March 16, 2010.

	Total notional amount currency (in millions of currency)	Maturity	Premium paid (in millions of euros)	Floating rate received	Weighted average fixed rate paid	Fair value (in millions of euros)
Collars						
Euro	900.0	March 2011	0.8	3M Euribor	2.65% – 4.50%	(16.1)
Pound Sterling	66.0	March 2011	0.02	3M Libor	3.75% – 5.75%	(2.3)
Canadian $	126.0	March 2011	0.1	3M C-Dor	2.75% – 5.00%	(1.8)
Total			**0.92**			**(20.2)**

On December 31, 2009, the total notional amount of cash flow hedge swaps and cash flow hedge options were €1,337.2 million and €1,057.6 million, respectively.

The change in fair value of the cash flow hedge instruments for the period ended December 31, 2009 was recognized as a reduction in shareholders' equity for an amount of €3.6 million (before tax).

The following table indicates the periods in which the Group expects the cash flow associated with derivative instruments qualified as cash flow hedges. They will be recognized in profit and loss account following the same schedule:

(in millions of euros)	Fair value	One year	Two years	Three years	Thereafter
Derivative assets	–	–	–	–	–
Derivative liabilities	45.2	39.8	7.6	(1.6)	(0.6)
Derivatives	45.2	39.8	7.6	(1.6)	(0.6)
Cash flow hedged	45.2	39.8	7.6	(1.6)	(0.6)

Sensitivity to interest rate variation

As of December 31, 2009 an instantaneous rise of 1% in short-term interest rates on variable debt including hedging effective in 2010 after the 1% rise, would lead to an increase in interest expense estimated to €5.3 million on a yearly basis.

20.2 Hedging of fluctuations in foreign currency

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

Fair value

The notional amount and the fair value of financial instruments hedging foreign exchange risk as of December 31, 2009 were respectively €403.6 million (€669.1 million forward sales and €265.5 million forward purchases) and €(8.6) million. Change in fair value of foreign exchange rate derivatives amounted to €(10.5) million as of December 31, 2009 and is accounted for in net financial expenses for €8.2 million (see note 7) and through equity in the cash flow hedge reserve for €2.3 million before tax.

Sensitivity to variation in the exchange rate

In 2009, 60% of the Group's sales on a pro-forma basis were in currencies other than euro, including nearly 20% in US dollars and 10% in Canadian dollars.

Also, around half of the Group's net debts was originally denominated in currencies other than the euro, of which nearly 27% in US dollars and 9% in Canadian dollars. The presentation currency of the financial statements being the euro, the Group is required to translate into euro those assets, liabilities, revenues and expenses denominated in other currencies in preparing its financial statements.

The results of these operations are included in the Group's consolidated income statement after conversion at the average rate applicable to the period. A 5% increase (or decrease) of the euro against the US dollar and the Canadian dollar would have led to a decrease (increase) in sales of €171.7 million and a decrease (increase) in operating income before other income and other expenses of respectively €5.8 million.

The Group's financial liabilities and shareholders' equity are likewise included on its consolidated balance sheet after conversion at the exchange rate at the close of the fiscal year. Thus, a 5% variation in the exchange rate of the US or Canadian dollar considered at the close of the fiscal year on December 31, 2009, would result in a corresponding decrease or increase in financial debt and shareholders' equity of, respectively, €42.3 million and €2.0 million for an appreciation of the euro.

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

(in millions of euros)	Euro	US dollar	Canadian dollar	Australian dollar	Norwegian crown	Swedish kronor	Pound sterling	Other currency	Total
Financial liabilities	1,576.9	585.8	241.1	73.7	7.1	0.7	132.4	142.9	**2,760.8**
Cash and cash equivalents	(185.7)	(70.9)	(1.2)	(37.9)	(12.9)	(11.6)	(11.5)	(27.9)	**(359.6)**
Net financial position before hedging	**1,391.3**	**514.9**	**239.9**	**35.8**	**(5.7)**	**(10.9)**	**120.9**	**115.0**	**2,401.2**
Impact of hedge	(443.7)	87.2	4.6	25.3	203.0	163.2	(76.0)	36.4	–
Net financial position after hedging	**947.6**	**602.1**	**244.5**	**61.1**	**197.3**	**152.4**	**44.8**	**151.4**	**2,401.2**
Impact of a 5% increase of exchange rate	–	30.1	12.2	3.1	9.9	7.6	2.2	7.6	**72.7**

20.3 Liquidity risk

Rexel has extended its financial structure with the issuance of the €575 million Senior Notes with a 7 year maturity, and with a new €1,700 million senior credit agreement maturing in December 2014.

The Group may be required to repay amounts due under the Senior Credit Agreement early in the case of the occurrence of certain events or as a result of non-compliance with covenants set out in note 19.1.2.

Lastly, securitization programs mature in 2012, 2013 and 2014. The financing arising from these programs directly depends on the amounts and quality of transferred receivables. In the event that the relevant companies do not comply with certain obligations, these securitization programs may have to be repaid early, which could have an adverse effect on the Group's liquidity and financial situation. In addition, if the special purpose entities to which the receivables have been transferred were unable to issue short term debt (commercial paper, *billets de trésorerie*) under conditions that are equal to those available up to now, the Group's liquidity and financial situation could be affected.

The contractual repayment schedule of financial debt is as follows:

(in millions of euros)	As of December 31, 2009	2008
Due within:		
One year	83.4	272.3
Two years	(20.8)	328.9
Three years	571.6	264.5
Four years	300.1	2,598.0
Five years	1,246.8	266.2
Thereafter	579.7	9.1
Total financial debt	**2,760.8**	**3,739.0**

As of December 31, 2009, the remaining contractual due dates, including interest owed, are as follows:

(in millions of euros)	Financial debt & interests	Derivatives	Total
Due within :			
One year	206.8	35.6	**242.4**
Two years	105.4	7.5	**112.9**
Three years	685.9	(1.4)	**684.5**
Four years	402.9	0.6	**403.5**
Five years	1,342.1	2.6	**1,344.7**
Thereafter	674.6	8.3	**682.9**
Total financial debt	**3,417.8**	**53.2**	**3,471.0**

20.4 Credit risk

The financial instruments that could expose the Group to a concentration of credit risk are principally trade accounts receivable, cash and cash equivalents and derivative instruments.

Credit risk in respect of trade accounts receivable is limited due to the large number of customers, the diversity of their activities (contractors, industries, municipalities), and their geographical spread in France and abroad. In addition, credit insurance programs have been implemented in the majority of the significant countries in which the Group operates. The outstanding amount of the accounts receivable after impairment amounted to €1,901.5 million and is detailed in this document (see 11.2).

The credit risk concerning cash, cash equivalents and hedging instruments is likewise limited by the quality of the relevant counter-parties, which are the Group's historical banking partners for its financing, and are quite-exclusively major European establishments. Outstanding amount was €364.0 million as of December 31, 2009 (€814.9 million as of December 31, 2008), corresponding to the net book value of the mentioned elements.

The maximum credit risk on the Group's other financial assets was €370.7 million as of December 31, 2009 (€472.0 million as of December 31, 2008) and essentially corresponds to supplier discounts receivable.

21. SUMMARY OF FINANCIAL LIABILITIES

(in millions of euros)	Category IAS 39	Hierarchy	As of December 31,			
			2009		2008	
			Carrying amount	Fair value	Carrying amount	Fair value
Bonds	AC		575.0	579.3	–	–
Other financial debts, including accrued interest	AC		2,185.8	2,185.8	3,739.0	3,739.0
Total financial liabilities			**2,760.8**	**–**	**3,739.0**	**–**
Hedging derivatives (1)	N/A	2	43.7	43.7	45.0	45.0
Other liabilities (2)	N/A		10.5	N/A	10.2	N/A
Total other non-current liabilities			**54.2**	**–**	**55.2**	**–**
Trade accounts payable	AC		1,676.0	1,676.0	1,930.0	1,930.0
Vendor rebates receivable	AC		102.4	102.4	107.8	107.8
Personnel and social obligations (2)	N/A		216.7	N/A	263.2	N/A
VAT receivable and other sales taxes (2)	N/A		65.8	N/A	69.1	N/A
Hedging dérivatives (1)	N/A		4.1	4.1	3.9	N/A
Other derivatives	TR	2	9.9	9.9	4.0	4.0
Other liabilities	AC	2	149.7	149.7	169.0	169.0
Deferred income (2)	N/A		3.7	N/A	7.5	N/A
Total other debts			**552.3**	**–**	**624.5**	**–**

(1) Specific accounting measurements for hedging.

(2) Not classified as a financial liability under IAS 39.

Financial liabilities – stated at amortized cost	AC
Held for trading	TR
Fair value through profit or loss	FV
Not applicable	N/A

22. LITIGATION

22.1 Litigation

The Group is subject to legal, administrative and regulatory proceedings in the normal course of its business. A provision is recognized in the balance sheet when it is probable that an outflow of economic benefits will be required to settle the obligation and when the amount can be estimated reliably. The principal proceedings are set out below.

Litigation regarding bankruptcy of Ceteco

Since 1995, Hagemeyer N.V. has held, directly and indirectly, approximately 65% of the shares in Ceteco N.V., which was declared bankrupt in May 2000. In October 2003, Ceteco's bankruptcy receivers filed a lawsuit against Hagemeyer N.V. and the management board and supervisory board members of Ceteco in a Dutch court for the entire deficit in bankruptcy, currently estimated by the bankruptcy receivers at €190 million, which includes a subordinated loan of Hagemeyer N.V. to Ceteco of €42 million, fully depreciated by Hagemeyer N.V.

This claim is based on the allegation that the non-executive directors improperly supervised the executive directors while they mismanaged Ceteco, leading to its demise. The basis of the alleged liability is that three of these non-executive directors were members of Hagemeyer N.V.'s supervisory board during the period of the alleged mismanagement. In addition, and alternatively, the bankruptcy receivers allege that Hagemeyer N.V., as a majority shareholder of Ceteco, breached a duty of care it owed to Ceteco and its creditors by, among other things, failing to intervene in time to prevent mismanagement at Ceteco. The bankruptcy receivers also claim that Hagemeyer has unfairly dismissed Ceteco's supervisory board and management board.

The damages in this tort claim are based on the losses suffered by Ceteco in certain countries. Any damages so recoverable in the tort claim will reduce the deficit in bankruptcy and therefore will reduce the amount of the first claim. Taking into account the full depreciation of Hagemeyer N.V.'s subordinated loan, the aggregate claim of the bankruptcy receivers is not expected to exceed €148 million, although the Group cannot give any assurances in this respect.

One of Ceteco's creditors, Dresdner Bank Lateinamerika AG, claims damages from Hagemeyer N.V. in the amount of €14.5 million based on tort and alleging that Hagemeyer breached a duty of care to Dresdner Bank by failing to intervene in time to prevent mismanagement at Ceteco. The amount claimed forms part of the deficit in Ceteco's bankruptcy. Dresdner Bank has not commenced any formal court proceedings.

Pursuant to a judgment rendered on December 12, 2007, the Utrecht district court allowed the claim of the bankruptcy receivers of Ceteco and ordered Hagemeyer N.V., as well as the former members of the management board and supervisory board of Ceteco to pay a still to be determined amount of damages and referred the parties to a separate proceeding to determine the amount of the damages. In addition Hagemeyer N.V. and the former members of Ceteco's management board and supervisory board were jointly and severally sentenced to make an advance payment on damages of €50 million. Hagemeyer N.V. and some of the former members of Ceteco's management board and supervisory board have appealed this judgment, with a suspensive effect thereon including on the payment of the advance on damages and on the separate proceeding which is to determine the amount of damages. Hagemeyer N.V. filed its memorandum in response on June 24, 2008. On February 8, 2008, the bankruptcy receivers seized the shares of certain of Hagemeyer N.V.'s directly-held Dutch subsidiaries and intragroup receivables, for an amount of €190 million that were due on February 8, 2008 by these Dutch subsidiaries to Hagemeyer N.V. Hagemeyer appealed this decision. By a ruling dated May 22, 2008, the Appeal Court dismissed the appeal of Hagemeyer N.V. without giving any decision in respect of the validity of these seizures. Hagemeyer N.V. has appealed this ruling before the Dutch Supreme Court.

Hagemeyer N.V., as member of the supervisory board, the management board of Ceteco NV, the auditors of Ceteco and one of its insurance companies, entered into a settlement with Ceteco's receivers on February 8, 2010, under which all legal actions and claims pursuant to Ceteco's bankruptcy will be withdrawn and finally waived. The financial impact for Hagemeyer N.V. of such settlement will be circa €31 million net of all payments by Sonepar (pursuant to the October 23, 2007 agreement 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 all other parties. Closing of this transaction is expected to take place on March 1, 2010 at the latest.

Litigation relating to Elettroveneta

During 2007, Rexel Italia, an indirect subsidiary of Rexel, considered the acquisition of Elettroveneta, an Italian corporation operating mainly in the region of Veneto. In 2007, further to a disagreement on the price, the execution of the agreement was cancelled. On July 31, 2008, the shareholders of Elettroveneta filed a claim with the Court of Monza against Rexel Italia, Rexel SA and its manager based on the allegation that an agreement on the price had been reached and therefore, there is an agreement between the parties in spite of the lack of signature.

Elettroveneta's shareholders have filed a claim with the Court of Monza for an indemnification for the losses suffered of a minimum amount of €24.8 million excluding interest. Elettroveneta's shareholders consider that the losses suffered are between €24.5 million and €29.5 million. The Court of Monza having recognized that it was not competent, dismissed itself; the proceedings are now reinstated before the Court of Milan.

The Group believes that it has sound legal grounds to defeat this claim, but cannot give assurances that its defence will ultimately prevail.

Asbestos litigation and product liability

The Group is party to several proceedings relating to exposure to asbestos-containing materials in North America. The Group believes that its exposure to having to pay significant amounts in connection with these proceedings is limited and that these lawsuits will not have, individually or in the aggregate, a material adverse effect on its financial condition or results of operations as these claims may be rejected or will be settled for amounts covered partially or totally by Rexel's insurance policies. Considering the wide range of these claims, the number of defendants and the absence of claim against the group, the Group cannot give any assurances in this respect, nor can it predict with certainty what the outcome of these lawsuits will be. The amounts the Group may pay, as the case may be, are difficult to quantify.

22.2 Tax litigation

As of December 31, 2009, the principal tax proceedings involving Group companies are described below:

Manudax Belgium

Manudax Belgium N.V., one of Hagemeyer's Belgian subsidiaries, entered into voluntary liquidation on November 27, 2000. During 1999 and 2000, Manudax Belgium was subject to a tax reassessment for VAT in connection with fraudulent transactions allegedly entered into by former employees during the period beginning late 1996 until early 1998. The amount of this tax reassessment, including penalties and excluding interest, is €78.2 million. The interest accrued until December 31, 2007 amounts to

€52.1 million. All reassessments have been challenged by Manudax Belgium.

The time allowed for recourse against Manudax's shareholder is statute barred. The Group considers that the risk of recovery by the Belgian tax authorities is limited to the amount available on Manudax's current account with Hagemeyer, *i.e.* €14 million, without any impact on the Group's financial situation.

Rexel Développement S.A.S.

In 2008, Rexel Développement S.A.S. was subject to a tax audit for the fiscal years 2005 and 2006.

In December 2008, French tax authorities notified a tax reassessment relating to services invoiced in 2005 by Clayton Dubilier & Rice Inc., Eurazeo and Merrill Lynch Global Private Equity Partner Inc. at the time of the buy-out of Rexel Distribution in an amount of €33.6 million. These services are alleged not to be rendered in the business interest of the company and are qualified as constructive dividends. This results in a proposed tax reassessment of approximately €22 million, including penalties and interest for late payment.

Tax authorities maintain their position at the end of 2009 and a provision for the related tax reassessment has been recognized. The Group contests the argumentation developed by the tax authorities.

Rexel Distribution

In 2008, Rexel Distribution was notified a proposed tax reassessment by the French tax authorities which alleged that the selling price of its shareholding in Rexel, Inc. (Rexel's US subsidiary), transferred in 2005 to its Luxembourg subsidiary Mexel, was lower by €346 million than its fair value. This reassessment at year-end 2009 amounts to €46,2 million, resulting in a maximum income tax expense of circa €18 million excluding interest for late payment. This amount was reserved through an allowance on tax losses carried forward. The Group contests the argumentation of the tax authorities.

22.3 Other Potential Liabilities

In the scope of the disposal of certain of its subsidiaries, the Group has granted the following guarantees to the acquirers. As at the date of closing of the financial statements, these guarantees have not been triggered.

Environmental warranty

Under an agreement signed on February 28, 2003 with Ashtenne, a real estate company, concerning a sale and leaseback transaction relating to 45 sites in Europe, the Group agreed to indemnify the acquirer for any environmental liabilities with respect to third party claims and governmental injunctions. This warranty covers a maximum of €4 million before taxes for all of the properties sold, with a minimum threshold of €30,000. This commitment expires five years after the expiration of the lease.

Warranties given in connection with the sale of the Gardiner group companies

In connection with the disposal of Gardiner to Electra Partners, an investment fund, the Group granted a tax liability warranty which expires on June 30, 2010. This warranty was granted for a maximum amount of €60 million, with a minimum threshold of €1 million.

Warranties given in connection with the sale of Kontakt System

In the context of the sale of assets of the connection and telematics branch of Kontakt System, which occurred on June 4, 2007 and August 24, 2007, the Group granted the acquirer a warranty limited to CHF 2.3 million for a period of 18 months, starting from the date of the disposal, extended till the end of the limitation period for disputes relating to tax and employment matters.

Warranties given in connection with the sale of the non-core business of Westburne in Canada

Effective June 30, 2001, the Group sold the non-electrical portion of its business, namely Plumbing and Waterworks, Refrigeration & HVAC and Industrial Products, operated by various wholly-owned subsidiaries in Canada for CAD$550,000. As part of the purchase and sale agreement, the Company retained certain liabilities of the businesses which relate to events occurring prior to their sale, such as taxes, acquisition earn-outs to prior owners, litigation and employment matters. The Company indemnified the purchaser in the event that a third party asserts a claim against the purchaser that relates to liabilities retained by the Company. According to the purchase and sale agreement, the Company will be released from its obligations under these guarantees, over a 15-year period with the final obligations being released in 2016.

Over the last financial year, to the knowledge of the Rexel's Group, there was no other legal or arbitration proceedings that might have or recently had a material impact on the financial situation or profitability of Rexel.

23. RELATED PARTY TRANSACTIONS

Executive compensation

Expenses relating to compensation of the executive committee members of the Group are as follows:

(in millions of euros)	For the year ended December 31, 2009	2008
Salaries and other short-term benefits	10.3	11.8
Post-employment benefits (service costs)	1.9	1.8
Indemnities at termination of contract	–	1.1
Free shares and stocks options [1]	0.3	13.6

(1) Share-based payment expense is detailed in note 15.1 – Free shares schemes.

Salaries and other short-term benefits comprise the social security contributions and payroll taxes paid by the Group.

As of December 31, 2009, the executive committee members may receive, subject to presence and performance conditions, 988,421 shares of Rexel under the Free Share Scheme (2,143,799 at December 31, 2008) and 94,570 shares under the stock options program (50,376 at December 31, 2008) (see 15.1).

Finally, in case of a breach of employment contract, the Group could have to compensate the executive committee members a total amount of €11.9 million.

Transactions with Bank of America

Under the refinancing transactions entered into on December 21, 2009 (see note 19.1), Bank of America, parent company of Merrill Lynch Global Private Equity (one of the three main shareholders of Rexel) has invoiced upfront fees for an amount of €1.4 million as underwriter of the Senior Notes, and for an amount of €0.7 million as mandated lead arranger of the new Senior Credit Agreement.

24. CONTRACTUAL OBLIGATIONS

24.1 Contractual obligations

The following table details the due dates of the Group's financial debts, lease contracts and service agreements:

(in millions of euros)	Payments due as at December 31, 2009					
	Total	**2010**	**2011**	**2012**	**2013**	**> 2013**
Gross Financial Debt	**2,760.8**	83.4	–20.8	571.6	300.1	1,826.5
Lease Contracts	**720.2**	190.6	139.3	105.3	78.1	206.9
Service Agreements	**85.5**	22.7	22.6	22.6	8.8	8.8

Commitments to lease contracts

The above table presents the minimum lease for uncancellable contracts for buildings and installations for which the due date is more than one year from December 31, 2009.

The total expense for lease contracts was €223.6 million for the year ended December 31, 2009 (€133.7 million as of December 31, 2008).

Non-cancellable service agreements

As part of its policy of outsourcing IT resources, the Group has concluded service contracts in the United States, France and Canada. The French service contract expires in 2012. In Canada and the United States, Rexel renegotiated the contracts which were set to expire in 2012 and 2008. The new contracts will expire in 2014. They include commitments to pay and penalties for early termination. Fees remaining due in respect to these IT service agreements come to €87.7 million as of December 31, 2009.

25. EVENTS AFTER THE REPORTING PERIOD

On January 20, 2010, as a supplement of the issuance effective on December 21, 2009 of €575.0 million of its Senior Notes due 2016 (see note 19.1.1), Rexel issued an additional amount of €75.0 million at 8.25%. The additional notes have identical terms and conditions as, and upon completion of a 40-day distribution compliance period will be fully fungible with, the original Notes. The issue price was 102.33% of the principal amount of the additional notes plus accrued interest for the period from December 21, 2009 to January 20, 2010 of €0.5 million, or €77.2 million.

26. CONSOLIDATED ENTITIES AS OF DECEMBER 31, 2009

	Registered office	%	
		Interest	Control
FRANCE			
Holdings and Group services companies			
Rexel S.A.	Paris	Parent company	
Rexel Développement S.A.S.	Paris	100.00	100.00
Rexel Distribution S.A.	Paris	100.00	100.00
Rexel Services S.A.S.	Paris	100.00	100.00
Société Immobilière d'Investissement Parisienne S.N.C.	Paris	100.00	100.00
Société Logistique Appliquée S.N.C.	Paris	100.00	100.00
Rexel Financement S.N.C.	Paris	100.00	100.00
Rexel Amérique Latine S.A.S.	Paris	100.00	100.00
DL Systemes E.U.R.L.	Saint-Laurent-du-Var	100.00	100.00
SCI Adour Bastillac	Paris	70.00	100.00
SCI CM Immobilier	Paris	100.00	100.00
Operating companies			
Rexel France S.A.S.	Paris	100.00	100.00
Dismo France S.A.S.	St-Ouen l'Aumône	100.00	100.00
Appro 5S.A.S.	St-Apollinaire	100.00	100.00
Espace Elec S.A.S.	Bastia	100.00	100.00
BizLine S.A.S.	Paris	100.00	100.00
Citadel S.A.S.	Paris	100.00	100.00
Conectis S.A.S.	Paris	100.00	100.00
NFM S.A.S.	Rosny-sous-Bois	100.00	100.00
Francofa Nord S.A.S.	Lomme	100.00	100.00
Francofa S.A.S.	Rosny-sous-Bois	100.00	100.00
Francofa Sud Est S.A.S.	Vénissieux	100.00	100.00
EUROPE			
Germany			
Rexel GmbH	Munich	100.00	100.00
Simple System GmbH & Co KG	Munich	20.00	20.00
Euro Marketing & Dienstleistungs GmbH	Munich	100.00	100.00
Hagemeyer Deutschland GmbH & Co KG	Munich	100.00	100.00
Hagemeyer Deutschland Verwaltungs GmbH	Munich	100.00	100.00
Hagemeyer Beteiligungs GmbH	Munich	100.00	100.00
Silstar Deuthschland GmbH	Emmerich	100.00	100.00
Hagemeyer Holding Deutschland GmbH	Munich	100.00	100.00
United Kingdom			
CDME UK Ltd	Potters Bar	100.00	100.00
Rexel Senate Ltd	Potters Bar	100.00	100.00
Denmans Electrical Wholesalers Ltd	Potters Bar	100.00	100.00
Martines Ltd	Potters Bar	100.00	100.00

	Registered office	%	
		Interest	Control
Power Industries Ltd	Erdington	100.00	100.00
Clearlight Electrical Ltd	Erdington	100.00	100.00
Rexel Senate Pension Trustees Ltd.	Potters Bar	100.00	100.00
Withworth Electric Co. Ltd	Potters Bar	100.00	100.00
Senate Group Ltd	Potters Bar	100.00	100.00
John Godden Ltd	Potters Bar	100.00	100.00
Sunbridge Trading Co. Ltd	Potters Bar	100.00	100.00
Sunbridge Electrical Wholesales Ltd	Potters Bar	100.00	100.00
Rexel (UK) Holdings Ltd.	Birmingham	100.00	100.00
Hagemeyer TCI Ltd.	Grand Cayman	100.00	100.00
Rexel (UK) Ltd	Birmingham	100.00	100.00
Newey & Eyre (Jersey) Ltd.	Birmingham	100.00	100.00
Newey & Eyre Export Ltd.	Birmingham	100.00	100.00
Parker Merchanting Limited	Birmingham	100.00	100.00
WF Electrical Plc	Dagenham	100.00	100.00
Newey & Eyre (C.I.) Ltd.	Birmingham	100.00	100.00
Neilco Ltd.	Birmingham	100.00	100.00
Warrior (1979) Ltd.	Birmingham	100.00	100.00
Total Security Supplies Limited	Birmingham	100.00	100.00
Newey & Eyre International Ltd.	Birmingham	100.00	100.00
N. & E. (Overseas) Ltd.	Guernsey	100.00	100.00
Dunlop & Hamilton Ltd.	Belfast	100.00	100.00
H.A. Wills (Southampton) Ltd.	Birmingham	100.00	100.00
Rexel (UK) Pension Trustees Ltd.	Birmingham	100.00	100.00
Pollard Ray & Sampson Ltd.	Birmingham	100.00	100.00
A&A Security Technologies Limited	Birmingham	100.00	100.00
Barron Control Group Limited	Birmingham	100.00	100.00
Defiance Contractor Tools Limited	Birmingham	100.00	100.00
J&N Wade Limited	Dagenham	100.00	100.00
Blackstone Holdings Limited	Dagenham	100.00	100.00
OLC Limited	Dagenham	100.00	100.00
Grants Electrical Supplies Ltd.	Dagenham	100.00	100.00
Ross Industrial Controls Ltd.	West Lothian	100.00	100.00
WF Electrical Quest Trustees Ltd.	Dagenham	100.00	100.00
OLC (Holdings) Ltd.	Dagenham	100.00	100.00
Rexel Financial Corporation (BVI)	Tortola	100.00	100.00
HCL Limited	Hamilton	100.00	100.00
Sweden			
Svenska Elecktroengros AB	Alvsjô	100.00	100.00
Svenska Elgrossist Aktiebolaget Selga	Alvsjô	100.00	100.00
EL Materiel AB	Alvsjô	100.00	100.00

	Registered office	%	
		Interest	Control
Electriska Standardkatalogen AB	Alvsjô	100.00	100.00
John Martensson Elmaterial AB	Alvsjô	100.00	100.00
Mellansvenka Electriska AB	Alvsjô	100.00	100.00
Storel AB	Lila edet	100.00	100.00
Moel AB	Bredaryd	100.00	100.00
Austria			
Rexel Central Europe Holding GmbH	Vienna	100.00	100.00
Rexel Austria GmbH	Vienna	100.00	100.00
Schäcke GmbH	Vienna	100.00	100.00
Regro Elektro-Grosshandel GmbH	Vienna	100.00	100.00
Beli Vermogensverwaltungs GmbH	Vienna	100.00	100.00
Nederlands			
CDME BV	Amsterdam	100.00	100.00
BV Electrotechnische Groothandetl JK Busbroek	Zwolle	100.00	100.00
Rexel Nederland B.V.	Capelle A/D Ijssel	100.00	100.00
Cosa Liebermann B.V.	Hoofddorp	100.00	100.00
Haagtechno B.V.	Hertogenbosch	100.00	100.00
Kompro B.V.	Hertogenbosch	100.00	100.00
Hagemeyer Electronics Holding B.V.	Hoofddorp	100.00	100.00
Servicom B.V.	Den Bosch	100.00	100.00
Hagemeyer NV	Hoofddorp	100.00	100.00
Rexel NCE Supply Solutions B.V. (formerly Hagemeyer Global Supply Solutions B.V.)	Hoofddorp	100.00	100.00
Hagemeyer Finance B.V.	Hoofddorp	100.00	100.00
Advaldis B.V.	Hoofddorp	100.00	100.00
Hagemeyer Vast Goed B.V.	Hoofddorp	100.00	100.00
Union Holding B.V.	Hoofddorp	100.00	100.00
Fodor B.V.	Hoofddorp	100.00	100.00
Fodor Holding B.V.	Hoofddorp	100.00	100.00
Fodor Nederland B.V.	Hoofddorp	100.00	100.00
Borint B.V.	Hoofddorp	100.00	100.00
Borsu International B.V.	Hoofddorp	100.00	100.00
Freetime Group B.V.	Hoofddorp	100.00	100.00
Rexel NCE B.V. (formerly Hagemeyer Services B.V.)	Hoofddorp	100.00	100.00
Computerij Onderwijs BV	Hoofddorp	100.00	100.00
Italy			
Rexel Italia SpA	Agrate Brianza	100.00	100.00
Spain			
ABM-Rexel SL	Madrid	100.00	100.00
Belgium			
Rexel Belgium S.A.	Brussels	100.00	100.00

	Registered office	%	
		Interest	Control
Portugal			
Rexel Distribuição de Material Elecrico S.A.	Alfragide	100.00	100.00
Ireland			
Rexel Electrical Supply & Services Holding Ltd.	Dublin	100.00	100.00
M Kelliher 1998 Ltd.	Dublin	100.00	100.00
Hagemeyer Ireland Ltd.	Dublin	100.00	100.00
Hagemeyer Ireland Investments Ltd.	Dublin	100.00	100.00
Hagemeyer Industrial Ireland Ltd	Co. Louth	100.00	100.00
Athlone Electrical Wholesale Ltd	Dundalk	100.00	100.00
Portlaoise Electrical Wholesale Ltd	Count Laois	100.00	100.00
Gen-Weld safety EquipementCy Ltd	Limerick	100.00	100.00
Newey & Eyre (Ireland) Ltd.	Dublin	100.00	100.00
Switzerland			
Finelec Developpement S.A.	Sion	100.00	100.00
Elektro Material AG	Zurich	100.00	100.00
Luxembourg			
Rexel Luxembourg S.A.	Luxembourg	100.00	100.00
Czech Republic			
Rexel CZ s.r.o.	Prostejov	100.00	100.00
Hagemeyer Czech Republic s.r.o.	Hostivice	100.00	100.00
Slovakia			
Hagard Hal AS	Nitra	100.00	100.00
Hagemeyer Slovak Republic s.r.o.	Bratislava	100.00	100.00
Hungary			
Rexel Hungary General Supply & Services LLC	Budapest	100.00	100.00
Slovenia			
Elektronabava d.o.o.	Ljubljana	100.00	100.00
Poland			
Elektroskandia Polska S.A.	Poznań	100.00	100.00
Russia			
Est-Elec Ltd.	Moscow	100.00	100.00
ZAO Elektroskandia	St. Petersbourg	100.00	100.00
Latvia			
Elektroskandia SIA	Riga	100.00	100.00
Estonia			
Elektroskandia AS	Tallinn	100.00	100.00
Republic of Lithuania			
UAB Elektroskandia	Vilnius	100.00	100.00
Finland			
Elektroskandia Suomi Oy	Hyvinkää	100.00	100.00
Kiinteistöosakeyhtiö Lahden Voimakatu 4	Lahti	100.00	100.00

	Registered office	%	
		Interest	Control
Kiinteistöosakeyhtiö Lappeenrannan Teoliisuuskatu 11	Lappeenranta	100.00	100.00
Norway			
Elektroskandia Norge AS	Oslo	100.00	100.00
Elektroskandia Norway Holding AS	Oslo	100.00	100.00
SOUTH AMERICA			
Chile			
Rexel Chile SA	Santiago	100.00	100.00
Rexel Electra SA	Santiago	100.00	100.00
Flores y Kersting SA	Santiago	100.00	100.00
Brazil			
Elektroskandia Indústria E Commércio Lta.	São Paulo	100.00	100.00
NORTH AMERICA			
United States			
Beacon Electric Supply Inc.	San Diego	100.00	100.00
Lenorac Incorporated	Wilmington	100.00	100.00
International Electrical Supply Corp.	Wilmington	100.00	100.00
Rexel Inc.	Dallas	100.00	100.00
Rexel USA Inc.	Dallas	100.00	100.00
SKRLA LLC	Dallas	100.00	100.00
SPT Holdings Inc.	Dallas	100.00	100.00
Summers Group Inc.	Dallas	100.00	100.00
Rexel of America LLC	Dallas	100.00	100.00
Branch Group Inc.	Dallas	100.00	100.00
Southern Electric Supply Company Inc.	Dallas	100.00	100.00
Vantage Electric Group Inc.	Crystal Lake	50.00	100.00
CES Bahamas Ltd	Dallas	99.80	99.80
General Supply & Services Inc.	Shelton	100.00	100.00
GE Supply Logistics LLC	Irving	100.00	100.00
Gesco General Supply & Services Puerto Rico LLC	Porto Rico	100.00	100.00
General Supply & Services Malaysia LLC	Shelton	100.00	100.00
General Supply & Services Macau LLC	Shelton	100.00	100.00
General Supply & Services Indonesia LLC	Shelton	100.00	100.00
General Supply & Services SA Holding LLC	Shelton	100.00	100.00
Caronel Inc.	Guam	100.00	100.00
Caronel Saipan Inc.	Saipan	100.00	100.00
Canada			
Rexel North America Inc.	St Laurent	100.00	100.00
Rexel Canada Electrical Inc.	St Laurent	100.00	100.00
Kesco Electric Supply Limited	Petersborough	100.00	100.00
Mexico			
Gexpro Mexico S de RL de CV	Nuevo Leon	100.00	100.00

	Registered office	%	
		Interest	Control
Supply Priority Services, S. de R.L. de C.V.	Nuevo Leon	100.00	100.00
ASIA-PACIFIC			
China			
Rexel Hailongxing Electrical Equipment Co Ltd	Beijing	65.00	65.00
Comrex International Trading Shanghai Co Ltd	Shanghai	100.00	100.00
Rexel Hualian Electric Equipment Commercial Co Ltd	Shanghai	65.00	65.00
Comrex Hong Kong Ltd	Hong Kong	100.00	100.00
Huazhang Electric Automation Holding Co Ltd	Hong Kong	70.00	70.00
Zhejiang Huazhang Electric Trading Co Ltd	Huanzhou	70.00	100.00
Gexpro Supply (Schangai) Co Ltd	Shanghai	100.00	100.00
Rexel China Management Co Ltd	Shanghai	100.00	100.00
Suzhou Xidian Co Ltd	Suzhou	63.50	63.50
Cosa Liebermann Limited	Hong Kong	100.00	100.00
HCL Group (Hong Kong) Ltd.	Hong Kong	100.00	100.00
QI-YI General Supply & Services Macau Ltd	Macau	100.00	100.00
Liebermann Waelchli & Co. Ltd	Hong Kong	100.00	100.00
Korea			
Cosa Liebermann Korea Co. Ltd.	Séoul	100.00	100.00
Indonesia			
P.T. Sutra Hacelindo	Jakarta	100.00	100.00
P.T. Hagemeyer Cosa Liebermann	Jakarta	100.00	100.00
Pt General Supply & Services Indonesia	Jakarta	100.00	100.00
Malaysia			
General Supply & Services (M) SND BHD	Kuala Lumpur	100.00	100.00
Japan			
Cosa Liebermann KK	Tokyo	100.00	100.00
Singapore			
Gexpro Supply Asia Pty Ltd	Singapore	100.00	100.00
Thailand			
Rexel General Supply and Services Co Ltd	Bangkok	100.00	100.00
Australia			
Rexel Pacific Pty Ltd	Sydney	100.00	100.00
Rexel Australia Pty Ltd	Sydney	100.00	100.00
Australian Regional Wholesalers Pty Ltd	Milton	100.00	100.00
EIW Holding Pty Ltd	Perth	100.00	100.00
Lear & Smith Group Pty Ltd	Perth	100.00	100.00
Lear & Smith Holding Pty Ltd	Perth	100.00	100.00
Lear & Smith Investment Pty Ltd	Perth	100.00	100.00
Lear & Smith Electrical Wholesalers Pty Ltd	Perth	100.00	100.00
EIW Wangara Pty Ltd	Perth	100.00	100.00
EIW Kewdale Pty Ltd	Perth	100.00	100.00

	Registered office	%	
		Interest	Control
EIW Malaga Pty Ltd	Perth	100.00	100.00
EIW Metro Pty Ltd	Perth	100.00	100.00
EIW O'Connor Pty Ltd	Perth	100.00	100.00
EIW Osborne Park Pty Ltd	Perth	100.00	100.00
EIW Bunbary Pty Ltd	Perth	100.00	100.00
EIW Geraldton Pty Ltd	Perth	100.00	100.00
EIW Kalgoorlie Pty Ltd	Perth	100.00	100.00
Hagemeyer Holdings (Australia) Pty Ltd	Kingsgrove	100.00	100.00
Hagemeyer Brands Australia Pty Ltd	Kingsgrove	100.00	100.00
New Zealand			
Hagemeyer (NZ) Ltd	Auckland	100.00	100.00
Redeal Ltd	Auckland	100.00	100.00
Redeal Pensions Ltd	Auckland	100.00	100.00

5.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2009

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.
This report also includes information relating to the specific verification of information given in the group's management report.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

KPMG Audit
Département de KPMG S.A.
1, cours Valmy
92923 Paris-La Défense Cedex

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG Audit
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Rexel

For the year ended December 31, 2009

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' decision and articles of association, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying consolidated financial statements of Rexel;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by your management board *(directoire)*. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in note 2.2.1 to the consolidated financial statements regarding the changes in accounting policy relating to the first application of IFRS 8 "Operating segments" and IFRIC 13 interpretation "Customer loyalty programs".

II. Justification of our assessments

Accounting estimates related to the preparation of the financial statements at December 31, 2009 have been performed in a specific context, which already existed as of December 31, 2008, where economic perspectives are hardly predictable. In that context, and in accordance with the requirements of article L.823-9 of the French commercial code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

As disclosed in note 2.2 to the consolidated financial statements, the group makes estimates and assumptions, particularly in respect of the measurement of financial instruments (notes 2.9.4 and 20), goodwill and intangible assets (notes 2.5 and 3), employees' benefits (notes 2.13 and 18), share-based payments (notes 2.14 and 15), provisions (notes 2.15, 17 and 22) and deferred taxation (notes 2.19 and 9). We have examined the data and assumptions used as well as the procedure for approving these estimates by management. We have also reviewed the calculations made by the group and verified that the notes to the consolidated financial statements provide appropriate disclosure.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense, February 10, 2010

The statutory auditors

French original signed by

KPMG Audit

A Department of KPMG S.A.

Hervé Chopin

ERNST & YOUNG Audit

Pierre Bourgeois

6. Company financial statements

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

- the company financial statements and the relevant audit report for the year ended December 31, 2008 which is included in pages 216 to 228 of the *Document de Référence* filed by Rexel with the *Autorité des marchés financiers* on April 20, 2009, under number R.09-022; and
- the company financial statements and the relevant audit report for the year ended December 31, 2007 which is included in pages 230 to 241 of the *Document de Référence* filed by Rexel with the *Autorité des marchés financiers* on April 30, 2008, under number R.08-046.

6.1 COMPANY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2009

Income statement

(in millions of euros)	Note	Year ended December 31, 2009	2008
Operating revenues		**1.9**	**2.6**
Other purchases and outside revenues		(6.5)	(11.6)
Taxes other than income taxes		(0.3)	(0.1)
Other expenses		(3.4)	(5.5)
Depreciation, amortization and increases in provisions		(0.9)	(0.1)
Loss from operations	(3.1)	**(9.2)**	**(14.7)**
Dividend income			34.7
Other financial revenues (from short-term investments, loans and exchange gains)		44.9	101.1
Decrease in financial provisions, transfer of expenses		3.2	–
Total financial revenues		**48.1**	**135.8**
Interest and related expenses and exchange losses		(2.8)	(2.7)
Increase in financial provisions			(2.0)
Total financial expenses		**(2.8)**	**(4.7)**
Net financial income	(3.2)	**45.3**	**131.1**
Income from ordinary activities		**36.1**	**116.4**
Non-recurring income (expense), net	(3.3)		**(0.2)**
Profit before tax		**36.1**	**116.2**
Income taxes	(3.5)	**52.4**	**63.9**
Net income		**88.5**	**180.1**

Balance sheet

(in millions of euros)	Note	Year ended December 31, 2009	2008
ASSETS			
Intangible fixed assets		**–**	**–**
Tangible fixed assets		**–**	**–**
Land		–	–
Buildings		–	–
Long-term financial assets		**2,879.2**	**2,879.2**
Investments in related companies		1,483.2	1,483.2
Other securities		–	–
Loans and other long-term financial assets		1,396.0	1,396.0
Fixed assets	(4.1)	**2,879.2**	**2,879.2**
Trade accounts receivable	(4.2)	2.2	2.5
Other accounts receivable	(4.2)	1.941.8	214.7
Short-term investments, cash and bank	(4.2)	13.2	9.5
Adjustment accounts			
Prepayments		–	–
Deferred charges	(4.2)	40.9	1.0
Unrealized exchange rate losses		9.2	–
Current assets		**2,007.3**	**227.7**
TOTAL ASSETS		**4,886.5**	**3,106.9**

(in millions of euros)	Note	Year ended December 31, 2009	2008
LIABILITIES AND STOCKHOLDERS' EQUITY			
Share capital		1,291.1	1,280.0
Share premiums		1,392.2	1,409.9
Legal reserves		22.0	13.0
Regulated reserves		–	–
Statutory and contractual reserves		–	–
Other reserves		6.9	–
Retained earnings		324.9	153.8
Net income for the period		88.5	180.1
Stockholders' equity	(4.3)	**3,125.6**	**3,036.8**
Provisions			
Bonds		576.5	–
Borrowings from financial institutions		1,092.5	–
Other financial debt		–	–
Trade accounts payable		32.0	1.4
Other operating liabilities		50.7	68.7
Deferred income		–	–
Unrealized exchange rate gains		9.2	–
Liabilities	(4.4)	**1,760.9**	**70.1**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**4,886.5**	**3,106.9**

Five-year record
(as required by articles 133, 135 and 148 of the French commercial Code)

In Euros	From January 1 to December 31, 2005	From January 1 to December 31, 2006	From January 1 to December 31, 2007	From January 1 to December 31, 2008	From January 1 to December 31, 2009
SHARE CAPITAL AT YEAR END					
a) Share capital	630,457,740	630,457,740	1,279,969,135	1,279,969,135	1,291,100,090
b) Number of issued shares	63,045,774	63,045,774	255,993,827	255,993,827	258,220,018
c) Number of convertible bonds	–	–	–	–	–
INCOME STATEMENT INFORMATION					
a) Sales, excluding sales taxes	–	–	–	2,604,595	1,849,311
b) Net income before taxes, depreciation and provisions	29,412,684	36,297,780	70,685,207	118,400,447	33,837,296
c) Income taxes	–	(55,346,349)	(70,633,285)	(63,936,902)	(52,412,705)
d) Net income	29,412,684	91,644,129	140,202,897	180,143,870	88,487,825
e) Earnings distributed [1]	–	–	94,717,716	–	–
EARNINGS PER SHARE					
a) Earnings per share after taxes but before depreciation and provisions	0.47	1.45	0.55	0.71	0.33
b) Earnings per share after taxes, depreciation and provisions	0.47	1.45	0.55	0.70	0.34
c) Dividend paid per share	–	–	0.37	–	–
PERSONNEL:					
a) Number of employees	–	–	–	–	–
b) Total remuneration	–	–	–	–	–
c) Total social charges and other personnel related expenses	–	–	–	–	–

(1) Proposal to the May 20, 2010 shareholders' meeting.

Principal subsidiaries and other investments

Corporate name	Registered office	Capital	Reserves and retained earnings (excluding current year results)	Percentage share capital held	Carrying of value shareholding		Outstanding loans	Guarantees granted by Rexel S.A.	Current year results	Dividends received	Sales
December 31, 2009 (in millions of euros)											
					Cost	NBV					
A/ FRENCH SUBSIDIARIES											
REXEL Développement SAS	Paris	1,010.3	116.5	100.00%	1,474.9	1,474.9	1,396.0		–51.3	–	43.0
REXEL Distribution	Paris	83.7	1 029.9	0.19%	8.3	8.3	1,886.6		126.6	–	3.6
		1,094.0	**1,146.4**		**1,483.2**	**1,483.2**	**3,282.6**		**75.3**	**-**	**46.6**
B/ FOREIGN SUBSIDIARIES											
TOTAL		**1,094.0**	**1,146.4**		**1,483.2**	**1,483.2**	**3,282.6**		**75.3**	**-**	**46.6**

Notes to the Company's financial statements

1. DESCRIPTION OF BUSINESS

Rexel was incorporated in December 2004. Its business is the management of its investments which comprise Rexel Developpement SAS and Rexel Distribution shares and the financing of its subsidiaries.

2. ACCOUNTING PRINCIPLES

The financial statements for the year ended December 31, 2009 are presented with comparative amounts for the year ended December 31, 2008 and have been prepared in accordance with French law and with accounting principles generally accepted in France.

The accounting principles set out below have been applied in a prudent manner, and in conformity with the following basic concepts:

- going concern,
- consistency,
- cut-off.

Significant accounting principles used are as follows:

2.1 Long-term financial assets

Long-term investments are initially measured at acquisition cost. A valuation allowance is recorded when carrying value exceeds value in use. Rexel determines the value in use of long-term investments in subsidiaries on the basis of forecast future cash flows less net debt. When the carrying amount exceeds value in use, an impairment write-down is made in an amount equal to the difference.

2.2 Receivables and payables

Receivables and payables are recorded at historical cost. When considered necessary, receivables are subject to an allowance to cover the risk of non-recovery.

2.3 Short-term investments

Short-term investments are recorded at acquisition cost, with a provision to cover any unrealized losses.

2.4 Bonds

Bond issue costs are amortized over the life of bonds.

2.5 Essential events of the period

To improve its financial flexibility and lengthen the maturity of its debt, Rexel realised on December 21, 2009 the refinancing of its existing €2.7 billion senior credit facility of which €2.1 billion were drawn at this date.

This refinancing was implemented through the following transactions:

1/ Issuance of €575 million senior unsecured notes, repayable in 2016. REXEL will pay interests on the notes semi-annually with an interest rate of 8.25% (see § 4.4).

2/ The implementation of a new senior credit agreement for a total amount of €1.7 billion, of which €1.1 billion were drawn on December 21, 2009 (see § 4.4).

3. NOTES TO THE INCOME STATEMENT

3.1 Operating revenues and expenses

Operating income amounts to €1.9 million (€2.6 million in 2008) and relate principally to services provided to subsidiaries.

Operating expenses amount to €11.1 million (€17.3 million in 2008) and mainly comprised the fees, and other expenses for €6.2 million (€8.8 million in 2008), personnel costs for €3.1 million (€5.3 million in 2008), bank charges for €0.9 million related in part to the non use of the Facility B Senior Credit 2008 (€3.2 million in 2008), and depreciation for €0.9 million.

3.2 Net financial income

Net financial income amounts to €45.3 million (€131.1 million in 2008), comprising the following:

- Financial income representing interest on loans to its subsidiaries, Rexel Developpement for an amount of €36.5 million (€66.6 million in 2008) and Rexel Distribution for an amount of €8.0 million (€34.4 million in 2008) and the result of sales of Rexel's shares for €0.4 million, these shares are held in accordance with the share repurchase programme and the write-back of provisions for €3.2 million about this programme (see § 4.2).
- Financial expenses amount to €2.8 million (€4.7 million in 2008) and relate principally to the interests of the senior unsecured notes and new senior credit agreement implemented on December 21, 2009.

3.3 Non-recurring income and expenses

There are no non-recurring income and expenses during the year 2009 (€0.2 million in 2008).

3.4 Compensation of company officers

Board attendance fees paid to company officers during 2009 amounts to €0.2 million (€0.3 million in 2008).

Compensation paid to Officers Company in 2009, amounts to €3.0 million (€3.2 million in 2008).

3.5 Income taxes

Under the group tax consolidation agreement, Rexel is liable for the payment of all tax due by the tax group. Each subsidiary records its individual tax charge calculated on its own taxable income, and any tax benefits arising are recognised by Rexel as the head of the tax group. Rexel has recognized an income of €52.6 million for 2009 (€63.9 million in 2008). The tax losses carried forward by the tax consolidation group amount to €501.8 million as of December 31, 2009 (€275.1 million in 2008).

4. NOTES TO THE BALANCE SHEET

4.1 Changes in fixed assets

(in millions of euros)	Cost or valuation, January 1, 2009	Increase	Decrease	Cost or valuation, December 31, 2009
Intangible fixed assets	–	–	–	–
Tangible fixed assets	–	–	–	–
Long-term financial assets:				
– Investments in related companies	1,483.2	–	–	1,483.2
– Loans and other long-term financial assets	1,396.0	–	–	1,396.0
Sub-total	2,879.2	–	–	2,879.2
TOTAL	**2,879.2**	**–**	**–**	**2,879.2**

Long-term financial assets

Investments in related companies

No operation has been recorded during the year 2009.

Loans and others long-term financial assets

Rexel granted on June 25, 2007, a loan to its subsidiary Rexel Developpement S.A.S for €1,346.0 million. This loan bears interests at EURIBOR +140 BPS and is repayable on or before April 16, 2012. During 2008, these receivables have been incorporated into the capital of Rexel Developpement S.A.S for €300 million and €350 million have increased the existing loan. On December 31, 2008 this loan amounting to €1,396 million. The amount remains unchanged at December 31, 2009.

4.2 Other information relating to assets

Currents assets

(in millions of euros)	Total December 31, 2009	Due within one year	Due between 1 and 5 years	Due after more than 5 years
Trade accounts receivable	2.6	2.6	–	–
Current accounts receivable	1,888.8	1,888.8	–	–
Income tax receivable	52.6	52.6	–	–
TOTAL	**1,944.0**	**1,944.0**	**–**	**–**

Short-term investments, cash and bank

This item is mainly composed by the liquidity contract assets. In the frame of share repurchase programme, in June 22, 2009 Rexel entered into a contract with the Credit Agricole Cheuvreux Bank (after termination of the previous contract with Rothschild bank) to promote the liquidity of Rexel shares in an initial amount of €12.8 million.

As of December 31, 2009, 86,700 shares were held and allocated to price stabilization of stock exchange value, amount to €0.9 million. The balance of this contract consists of €12.3 million cash and cash equivalent.

Deferred charges

Deferred charges amount to €40.9 million and relate to the issuing costs of the notes (€13.0 million) and new senior credit agreement implemented on December 21, 2009 (€27.9 million). From the year 2010 these costs will be amortized over the life of financing.

4.3 Stockholders' equity

(in millions of euros)	Net amount January 1, 2009	Changes to reserves	Other changes	Increase in share capital	2009 net income	Net amount December 31, 2009
Share capital	1,280.0	–	–	11.1	–	1,291.1
Share premiums	1,409.9	(6.9)	–	(10.8)	–	1,392.2
Legal reserve	13.0	–	9.0	–	–	22.0
Other reserves	–	6.9	–	–	–	6.9
Retained earnings	153.8	–	171.1	–	–	324.9
Net income for the year	180.1	–	(180.1)	–	88.5	88.5
TOTAL	**3,036.8**	**0.0**	**0.0**	**0.3**	**88.5**	**3,125.6**

Changes in equity during 2009 concern:

1/ On April 14, 2009, the company's Management Board executed a capital increase of €10.8 million with an issuance of 2,151,817 shares with a par value of €5 each. This increase results of the definitive acquisition of 2007 free share plan for 2,151,817 shares, and has been recorded by offsetting the share premium account.

2/ On May 11, 2009, the company's Management Board decided to allocate an amount of €6.9 million to the other reserves regarding 1,372,166 free shares granted in the frame of the 2009 free share plan, with a par value of €5 each.

3/ The Annual General meeting held on May 20, 2009, approved a resolution appropriating the 2008 result of €180.1 million as follows: €9.0 million to the Legal reserve and €171.1 million to the retained earnings.

4/ On October 30, 2009, the capital was increased to €0.04 million with an issuance of 7,474 shares with a par value of €5 each. This increase results of the definitive acquisition of 2007 free share plan for 7,474 shares, and has been recorded by offsetting the share premium account.

5/ On December 2009, 66,900 options regarding the 2005 stock option plan were exercised with issuance of 66,900 shares and an increase of capital of €0.3 million.

6/ The net profit for the year 2009 amounts to €88.5 million.

At the end of December 2009, the company's share capital amounts to €1,291,100,090 represented by 258,220,018 shares each with a par value of €5.

4.4 Other information relating to liabilities

(in millions of euros)	Total December 31, 2009	Due within one year	Due between 1 and 5 years	Due after more than 5 years
Debenture loan	576.5	1.5	–	575.0
Borrowings from financial institutions	1092.5	201.3	891.2	–
Other borrowings and financial debt	–	–	–	–
Trade accounts payable	32.0	32.0	–	–
Other operating liabilities	50.7	50.7	–	–
Liabilities conversion rate adjustment	9.2	9.2	–	–
TOTAL	**1,760.9**	**294.7**	**891.2**	**575.0**

Bonds

On December 21, 2009, Rexel issued €575 million senior unsecured notes (the "Notes"), the proceeds of which were applied to partially refinance the previous Senior Credit Agreement initially borne by other group subsidiaries. The Notes bear interest annually at 8.25% and are listed on the Luxembourg Stock Exchange. Rexel will pay interest on the Notes semi-annually in arrears on June 15 and December 15, commencing on June 15, 2010. Rexel will make the first payment on June 15, 2010.The notes will mature on December 15, 2016.

The Notes are senior unsecured obligations of Rexel and are guaranteed on a senior unsecured basis by certain of Rexel's subsidiaries. The Notes are rank pari passu with all of Rexel's existing and future unsecured senior debt and senior to all its existing and future subordinated debt.

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

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

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

Refinancing of the 2008 Credit agreement and 2009 Credit Agreement

On December 21, 2009, in connection with the refinancing transactions, Rexel entered into, as borrower, a €1,700 million credit facilities agreement with BNP Paribas, Calyon, Crédit Industriel et Commercial, HSBC France, Natixis, ING Belgium SA, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking and Bank of America Securities Limited as Mandated Lead Arrangers, and Calyon as Facilities Agent.

The New Senior Credit Agreement provides for two facilities:

- Facility A, which is a three-year multi-currency revolving credit facility. The maximum initial amount of Facility A is €600 million, which will be reduced to €400 million on the first anniversary of the New Senior Credit Agreement and to €200 million on the second anniversary of the New Senior Credit Agreement; and
- Facility B, which is a five-year multi-currency revolving credit facility. The maximum initial amount of Facility B is €1,100 million.

Proceeds from draw-downs under Facility A and Facility B have been used to partially refinance the previous Senior Credit Agreement, finance working capital needs and for general corporate purposes of the Rexel Group, including the financing or refinancing of acquisitions.

As of December 31, 2009, facilities and their use under the Senior Credit Agreement are as follows:

Credit facility (term loan)	Commitment (in millions of euros)	Borrower	Balance due as of December 31, 2009 (in millions of local currency)	Currency	Balance due as of December 31, 2009 (in millions of euros)
Facility A	600.0	Rexel SA	198.0	CHF	133.5
			577.0	USD	400.5
			72.6	EUR	72.6
Facility B	1,100.0	Rexel SA	201.0	CAD	132.9
			351.7	EUR	351.7
TOTAL	**1,700.0**				**1,091.2**

Interests and margin

Amounts drawn bear interest at a rate determined in reference to (i) the NIBOR rate where funds are made available in Norwegian Krone, the LIBOR rate when funds are made available in currencies other than the Norwegian Krone or Euro, or the EURIBOR rate when funds are made available in Euro, plus (ii) the cost relating to lending banks' reserve requirements and fee payments and (iii) the applicable margin.

The applicable margin for Facilities A and B until December 31, 2009 was 3.50% and 3.75%, respectively, and will be reduced to 3.00% and 3.25%, respectively in early 2010 in accordance with the Pro Forma Leverage Ratio.

From December 31, 2009 margin applicable will vary in accordance with the ranges in which the Pro Forma Leverage Ratio (as defined below) falls at the end of each semester as set out below:

Leverage ratio	Facility A margin	Facility B margin
Greater than or equal to 5.00:1	4.25%	4.50%
Less than 5.00:1 but greater than or equal to 4.50:1	3.50%	3.75%
Less than 4.50:1 but greater than or equal to 4.00:1	3.00%	3.25%
Less than 4.00:1 but greater than or equal to 3.50:1	2.50%	2.75%
Less than 3.50:1 but greater than or equal to 3.00:1	2.00%	2.25%
Less than 3.00:1 but greater than or equal to 2.50:1	1.75%	2.00%
Less than 2.50:1	1.50%	1.75%

In addition, the applicable margin shall be increased by an utilisation fee equal to:

– 0.25% per annum pro rata temporis for the period during which the facilities are drawn down for an amount less than or equal to 66% but greater than 33% of the total commitments; and

– 0.50% per annum pro rata temporis for the period during which the facilities are drawn down for an amount greater than 66% of the total commitments.

Rexel shall also pay a commitment fee in the base currency computed at the rate of 40% of the then applicable margin on that lender's available commitment under each facility for the available period applicable to it.

Commitments

Under the terms of the Senior Credit Agreement, Rexel must maintain the Pro Forma Leverage Ratio below the following levels:

Date	Indebtedness Ratio
December 31, 2009	5.15:1
June 30, 2010	5.15:1
December 31, 2010	4.90:1
June 30, 2011	4.50:1
December 31, 2011	4.00:1
June 30, 2012	3.75:1
December 31, 2012	3.50:1
June 30, 2013	3.50:1
December 31, 2013	3.50:1
June 30, 2014	3.50:1

As of December 31, 2009, this ratio was 4.32, thus satisfying the covenant.

Other undertakings

The Senior Credit Agreement includes certain undertakings relating to limitations of the level of capital expenditures and restrictions of the payment of dividends. So long as the ratio Adjusted Consolidated Net Debt relative to adjusted consolidated EBITDA is above 4.00:1, the aggregate capital expenditure (other than Capital Expenditure paid for from shareholders new equity injections proceeds) shall not exceed 0.75% of the sales of the Group. In addition, Rexel shall not declare, make or pay any dividend during the fiscal year ended December 31, 2010. Thereafter, so long as the ratio Adjusted Total Debt to Adjusted Ebitda exceeds 4.00:1, this undertaking shall remain applicable.

4.5 Amounts due to and from related parties

As of December 31, 2009, balances with related parties were as follows:

(in millions of euros)			
Assets		**Liabilities**	
Investments in related companies	1,483.2	Other financial debt	–
Loans and other long term financial assets	1,396.0	Trade accounts payable	–
Trade accounts receivable	2.2	Other liabilities	47.3
Other accounts receivable	1,889.2		
Charges		**Proceeds**	
Financial charges	–	Financial proceeds	44.5

5. ADDITIONAL INFORMATION

5.1 Commitments

The Senior Credit Agreement 2009 contains standard clauses for this type of agreement. These include clauses restricting the ability of Group companies which are parties to the New Senior Credit Agreement, as well as certain subsidiaries, to pledge their assets, carry out mergers or restructuring programs, borrow or lend money, provide guarantees.

The Senior Credit Agreement 2009 allows partial or total acceleration of repayment upon the occurrence of certain events, including in the case of a payment default under the New Senior Credit Agreement, failure to comply with the Indebtedness.

The notes rank *pari passu* with Rexel's new senior credit facility and is guaranteed by certain of Rexel's subsidiaries which also guarantee the obligations of Rexel under the new senior credit facilities.

A Trust Deed, entered into on December 21, 2009 between Rexel, certain of Rexel's material subsidiaries and BNP Paribas Trust Corporation UK Limited. The agreement was entered into in the context of a notes issuance by Rexel in an amount of €575 million, it provides for the terms under which BNP Paribas Trust Corporation undertook to act in the capacity of Trustee in the scope of the issuance of such notes. This agreement was authorized by the Supervisory Board upon its meetings of December 2 and December 10, 2009.

5.2 Employees

The staff of the company is composed by four corporate officers.

5.3 Information on stock-options and free share plans

The extraordinary general meeting held on October 28, 2005 approved the implementation of a stock option plan, by authorizing the president to grant options to certain company officers and employees of Rexel group companies in France or abroad, to a maximum of 2,882,000 "Cercle 2" options and 289,300 "Cercle 3" options, exercise terms of the options are governed by the provisions of articles L.225-177 and following of the French Commercial Code.

Plan No.1 – cercle 2:

Date of shareholders decision:	October 28, 2005		
Maximum number of options granted from the start:	2,882,000		
	1st attribution	**2nd attribution**	**3rd attribution**
Date of granting:	October 28, 2005	May 31, 2006	October 4, 2006
Number of options granted:	2,775,120	169,236	164,460
Number of beneficiaries from the start:	47	5	7
Type of plan:	Subscription	Subscription	Subscription
Exercise price:	€5 / option	€6.5 / option	€9.5 / option
Unavailability period:	From Oct. 28, 2005 to Oct. 28, 2009 included	From May 31, 2006 to May 31, 2010 included	From Oct. 04, 2006 to Oct. 4, 2010 included
Expiration date:	October 28, 2016	October 28, 2016	October 28, 2016
Follow up of the plan:			
Number of options to be exercised as of December 31, 2005:	2,711,000		
Options cancelled or reallocated:	162,696		
Number of options to be exercised as of December 31, 2006:	2,548,304	169,236	164,460
Number of beneficiaries as of December 31, 2006:	44	5	7
Number of options to be exercised as of December 31, 2007 (after division by 2):	1,231,002	140,944	267,452
Number of options to be exercised as of December 31, 2008:	1,231,002	140,944	267,452
Number of options to be exercised as of December 31, 2009:	1,231,002	140,944	267,452

Plan No.2 – cercle 3:

Date of shareholders decision:	October 28, 2005	
Maximum number of options to be granted:	289 300	
	1st attribution	**2nd attribution**
Date of granting:	November 30, 2005	May 31, 2006
Number of options granted:	265,700	35,550
Number of beneficiaries from the start:	205	35
Type of plan:	Subscription	Subscription
Exercise price:	€5 / option	€6.5 / option
Unavailability period:	From Nov. 30, 05 to Nov. 30, 09 included	From May 31, 06 to May 31, 10 included
Expiration date of options:	November 30, 2016	November 30, 2016
Follow up of the plan:		
Number of options to be exercised as of December 31, 2005:	259,050	
Options cancelled or reallocated:	17,111	
Number of options to be exercised as of December 31, 2006:	241,939	34,550
Number of beneficiaries as at December 31, 2006:	197	34
Number of options cancelled as from January 1, 2007:	4,711	562
Number of options to be exercised as of December 31, 2007 (after division by 2):	474,456	67,976
Number of options cancelled as from January 1, 2008:	1,500	2,000
Number of options to be exercised as of December 31, 2008:	472,956	65,976
Number of options exercised in 2009:	66,900	–
Number of options to be exercised as of December 31, 2009:	406,056	65,976

Concurrently with the IPO, Rexel entered into several free share plans for its top executives, and key employees amounting to a total of 5,022,190 shares on April 11, 2007.

According to local regulations, these employees and executives will either be eligible to receive Rexel shares:

1/ two years after the granting date (April 12, 2009), these being restricted during an additional two years period (April 12, 2011). All of these shares were allocated in 2009;

2/ or four years after granting date with no restrictions. The issuance of these free shares is subject to service and performance conditions. The vesting conditions are presented in the following table:

Beneficiaries	Vesting conditions	Number of shares on December 31, 2009
Top executives and managers	One year service condition from the implementation of the plan	1,254,443
Top executives and managers	Performance conditions based on the consolidated 2007 EBITDA and one year service condition from the implementation of the plan	542,099
Key employees	Half of the shares will be attributed based on 2007 EBITDA and a one year service condition from the implementation of the plan, and the other half based on 2008 EBITDA and a two year service condition from the implementation	800,712
TOTAL at December 31, 2009		**2,597,254**

On October 29, 2007, Rexel entered into a second free share plan for key employees which have the same characteristics as the plan dated April 11, 2007.

Beneficiaries	Vesting conditions	Number of shares on December 31, 2009
Key employees	Half of the shares will be attributed based on 2007 EBITDA and a one year service condition from the implementation of the plan, and the other half based on 2008 EBITDA and a two year service condition from the implementation	24,467
TOTAL at December 31, 2009		**24,467**

On June 23, 2008, Rexel entered into several free share plans for its top executives and key managers amounting to a total of 1,541,720 shares.

According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (June 24, 2010), these being restricted during an additional two year period (June 24, 2012), or four years after the granting date with no restrictions subsequently.

The issuance of these free shares is subject to the service and performance conditions of the schemes.

Beneficiaries	Vesting conditions	Number of shares on December 31, 2009
Members of Group Executive Committee	Performance conditions based on: 1/ the consolidated 2008 EBITDA, 2/ the 2007/2009 EBITDA margin increase, 3/ the 2009 ratio Net Debt to EBITDA, and a two year service condition from the implementation	70,550
Other key managers	Performance conditions based on: 1/ the consolidated 2008 EBITDA, 2/ the 2007/2009 EBITDA margin increase, and a two year service condition from the implementation	460,659
TOTAL at December 31, 2009		**531,209**

On October 1, 2008, Rexel entered into a second free share plan for its top executives, and key employees to a maximum of 66,241 shares.

According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (October 2, 2010), these being restricted during an additional two year period (October 2, 2012), or four years after the granting date with no restrictions subsequently.

Beneficiaries	Vesting conditions	Number of shares on December 31, 2009
Members of Group Executive Committee	Performance conditions based on: 1/ the consolidated 2008 EBITDA, 2/ the 2007/2009 EBITDA margin increase, 3/ the 2009 ratio Net Debt to EBITDA, and a two year service condition from the implementation	4,944
Other key managers	Performance conditions based on: 1/ the consolidated 2008 EBITDA, 2/ the 2007/2009 EBITDA margin increase, and a two year service condition from the implementation	13,746
TOTAL at December 31, 2009		**18,690**

On May 11, 2009, Rexel entered into several free share plans for its top executives and key managers amounting to a total of 1,372,166 shares.

According to local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (May 12, 2011), these being restricted during an additional two year period (May 12, 2013), or four years after the granting date with no restrictions subsequently.

The issuance of these free shares is subject to the service and performance conditions of the schemes.

Beneficiaries:	Vesting conditions	Number of shares on December 31, 2009
Top executives and managers	Performance conditions based on: 1/ the adjusted 2009 EBITDA, 2/ the 2008/2010 adjusted EBITDA margin increase, 3/ the 2009 ratio Net Debt to adjusted EBITDA, and a two year service condition from the implementation.	273,657
Key employees	Performance conditions based on: 1/ the adjusted 2009 EBITDA, 2/ the 2008/2010 adjusted EBITDA margin increase, 3/ the 2009 ratio Net Debt to adjusted EBITDA for 60% of the shares, and a two year service condition from the implementation for 40% of the shares.	875,316
TOTAL at December 31, 2009		**1,148,973**

The unit value used as the basis of social contribution of 10% amounts to €6.42.

5.4 Auditors' fees

The auditors' fees amount to €1.3 million for 2009 compared with €1.2 million in 2008.

5.5 Other information

Rexel is consolidated in the scope of Ray Investment Sàrl's financial statements.

5.6 Subsequent events as of December 31, 2009

On January 20, 2010, as a supplement of the issuance effective on December 21, 2009 of €575.0 million of its Senior Notes due 2016 (see note 4.4), Rexel issued an additional amount of €75.0 million at 8.25%. The additional notes have identical terms and conditions as, and upon completion of a 40-day distribution compliance period will be fully fungible with, the original Notes. The issue price was 102.33% of the principal amount of the additional notes plus accrued interest for the period from December 21, 2009 to January 20, 2010 of €0.5 million, or €77.2 million.

6.2 STATUTORY AUDITORS' REPORT ON THE COMPANY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2009

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.
This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

KPMG Audit
Département de KPMG S.A.
1, cours Valmy
92923 Paris-La Défense Cedex

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG Audit
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Rexel

For the year ended December 31, 2009

Statutory auditors' report on the financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' decision and articles of association, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying financial statements of Rexel;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the management board *(directoire)*. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2009 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French commercial code *(Code de Commerce)* relating to the justification of our assessments, we bring to your attention the following matter:

Accounting estimates related to the preparation of the financial statements at December 31, 2009 have been performed in a specific context, which already existed as of December 31, 2008, where economic perspectives are hardly predictable. As disclosed in note 2.1 to the financial statements, the utility value valuation of financial investments is based on net cash-flows of subsidiaries' indebtedness. Within the framework of the justification of our assessments, we reviewed the assumptions of budgeted cash-flows on which these assumptions were based, and their computation.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the management board *(directoire)* and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French commercial code *(Code de Commerce)* relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders has been properly disclosed in the management report.

Paris-La Défense, March 22, 2010

The statutory auditors
French original signed by

KPMG Audit

A Department of KPMG S.A.

Hervé Chopin

ERNST & YOUNG Audit

Pierre Bourgeois

7. Corporate governance

Rexel is a company with limited liability *(société anonyme)* with a Management Board and Supervisory Board.

7.1 MANAGEMENT AND SUPERVISORY BODIES

7.1.1 Management Board

7.1.1.1 Composition of the Management Board

In accordance with the provisions of the by-laws (article 14 of the by-laws), the Management Board is made up of a minimum of two members and a maximum of four members. Its members are appointed by the Supervisory Board for a term of office of four years. The age limit for serving as Management Board member is 65.

As of the date of this *Document de Référence,* the Management Board comprised the following four members:

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Jean-Charles Pauze 189-193, boulevard Malesherbes 75017 Paris 62 years old	Chairman of the Management Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	<u>Current titles and duties:</u> – Chairman and Chief Executive Officer of Rexel Distribution – Director of Rexel France – Chairman of Rexel North America, Inc. – *Geschäftsführer* (manager) of Rexel GmbH – Director and Chairman of International Electric Supply Corp. – Director of Rexel Senate Limited <u>Titles and duties exercised over the course of the five last financial years:</u> – Chairman of the Supervisory Board of Hagemeyer – *Geschäftsführer* (manager) of Rexel Deutschland Elektrofachgrosshandel GmbH – Geschäftsführer of Galatea Einhundertvierzigste Vermögensverwaltungs GmbH – Director of Rexel Inc. – Director of General Supply & Services, Inc. – Director of Rexel Belgium S.A. – Chairman of Rexdir S.A.S. – *Geschäftsführer* (manager) of Rexel Central Europe Holding GmbH	<u>Current titles and duties:</u> – Director of Redcats – Director of Discodis
Michel Favre 189-193, boulevard Malesherbes 75017 Paris 51 years old	Member of the Management Board	From May 20, 2009 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	<u>Current titles and duties:</u> – Director of Rexel Distribution – Director of Svenska Elgrossist AB SELGA – Director of Rexel UK Ltd	<u>Titles and duties exercised over the course of the five last financial years:</u> – Director of Mercialys – Director of Companhia Brasileira de Distribuicao Brésil – Chairman of Casino Restauration – Chairman of Banque Casino – General manager of the SEITA

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Pascal Martin 189-193, boulevard Malesherbes 75017 Paris 52 years old	Member of the Management Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Current titles and duties: – Chairman of Citadel S.A.S. – Chairman of Bizline S.A.S. – Director of Rexel Distribution Titles and duties exercised over the course of the five last financial years: – Director of Rexel Inc. – Member of the Management Board of Hagemeyer – Chairman of Comrex Ouest S.A. – Chairman of Rexel Latin America S.A.S. – Director of General Supply & Services, Inc. – Director of International Electric Supply Corp – Director of Kelliher 1998, Ltd – Director of Comrex International Trading (Shanghai) Co. Ltd. – Director of Rexel Electra S.A. – Director of Rexel Chile S.A. – Director of Flores y Kersting	
Jean-Dominique Perret 189-193, boulevard Malesherbes 75017 Paris 62 years old	Member of the Management Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Current titles and duties: – Director of Rexel Senate Limited – Director of Rexel Chile S.A. – Director of Rexel Electra S.A. – Director of Flores y Kersting – Chairman of Rexel Latin America S.A.S. Titles and duties exercised over the course of the five last financial years: – Member of the Management Board of Hagemeyer – Director of Rexel Material Electrico	

Jean-Charles Pauze has served as a Member of the Management Board of Rexel since February 13, 2007. He began his career with Total in 1971. In 1974, he joined the Alfa Laval group. He was appointed CEO of that company in France in 1981 and CEO of its subsidiary Brand & Luebbe in Germany in 1984. He then moved to the Strafor Facom group as Chairman and CEO of Clestra-Hauserman in 1986 and Chairman and CEO of Steelcase Strafor in 1991. In 1998, Jean-Charles Pauze was appointed Chairman of the Management Board of Guilbert (PPR Group). From 2002 until 2004, he served as Chairman and CEO of the Rexel Group. Since 2005, he has acted as Chairman and CEO of Rexel Distribution. Jean-Charles Pauze graduated from IDN-EC Lille with an engineering degree. He holds a Masters of Science in Economics and a Master of Business Administration from INSEAD.

Michel Favre has been a member of the Management Board of Rexel since May 20, 2009. He began his career in 1983 with Banques Populaires as an inspector. In 1988, after two years in consulting, he joined the Valeo Group where he acted as Director of Financial Control for several successive divisions before becoming CFO for several branches between 1991 and 1997. Promoted to CEO of the Climate Control Division France in 1997, he became CEO of the Lighting-Signal Systems division in 1999. In 2001 he joined Altadis Group as Chief Financial and Administrative Officer. Since 2006, Michel Favre had been Chief Financial and Administrative Officer of Groupe Casino. Michel Favre is a graduate of HEC. He was appointed Group Senior Vice-President, Finance, Control and Legal Affairs, and joined the Rexel Group in April 2009.

Pascal Martin has been a member of the Management Board of Rexel since February 13, 2007. He started his career in 1980 with Société Vosgienne de Coton Hydrophile. In 1981, he joined the Renault group in Orléans (France) as Head of the Methods Department. He was appointed Production Manager in 1983, Head of a Production Site Expansion Project in 1985 and Head of Technical Services in 1989. From 1992 to 2000, he served as Chief of International Operations (1992-2000), Group Human Resources Director (1993-1999) and Chairman and CEO of Steelcase S.A. International. Pascal Martin also held positions as Chairman and CEO of Airborne France (1994-2001) and CEO France of Steelcase Strafor France (1999-

2000). He was appointed France CEO of Guilbert France (PPR Group) in 2001 and Chairman of the Management Board of that company in 2002. He was named CEO of the Rexel Group Business Sector in 2003, Director of the Latin America region in 2004 and Senior Vice President, Business Development and Corporate Operations of Rexel Distribution in 2005. Since 2007, Pascal Martin has been a member of the Management Board and Business Development and Corporate Operations Manager of the Rexel Group. Pascal Martin holds an engineering degree from ENSAM and is a graduate of ICG.

Jean-Dominique Perret has been a member of the Management Board of Rexel since February 13, 2007. He began his career with Asea Brown Boveri in 1973. In 1975, he joined Schlumberger Services Pétroliers, where he held operational positions in the Middle East, Asia, Africa and South America as Profit Center Manager, Country or Regional Director and lastly, in January 1991, as Regional Director for Latin America. In 1993, he became Sales Engineering Director for Eastern Europe at Air Liquide. In 1994, he was promoted to Human Resources Director of several entities of the Air Liquide group. In 2001, Jean-Dominique Perret was appointed Senior Vice President, Group Human Resources within Rexel Développement. Since January 1, 2008, Jean-Dominique Perret carries out, in addition to his officership, the duties of Group Delegate for Latin America. Jean-Dominique Perret holds an engineering degree from ESIM and is a graduate of the *Institut de l'Administration des Entreprises* (IAE).

Nicolas Lwoff, member of the Management Board and Group Senior Vice-President, Finance, Control and Legal Affairs, left the Rexel Group on February 12, 2009.

7.1.1.2 Operation of the Management Board

The Management Board has broad powers to act in the name of Rexel in all circumstances within the scope of Rexel's corporate purpose and subject to those powers that have been expressly granted by law or the by-laws to the shareholders' meeting and the Supervisory Board or otherwise require prior authorization from the Supervisory Board. The Management Board is also vested with the following specific powers under applicable law and the by-laws:

- to convene general meetings;
- to carry out capital increases and/or to determine the terms and conditions of capital increases pursuant to a delegation of authority from the extraordinary general meeting;
- to carry out capital reductions pursuant to a delegation of authority from the extraordinary general meeting;
- to grant to employees of Rexel options to subscribe for or to purchase shares or to award free shares pursuant to the authorization of the extraordinary shareholders' meeting;
- to issue bonds with the option to delegate such power to the Chairman or to another member of the Management Board; and
- to modify the share capital of Rexel following the conversion of convertible bonds at any time, subscriptions to shares by tendering rights detached from compound securities giving the right to receive shares, the exercise of stock options or the payment of dividends in shares.

On February 13, 2007, the Management Board of Rexel adopted its own Rules of Procedure of which the purpose is, in accordance with applicable law, regulations and by-laws, to assign certain Management Board responsibilities between the Management Board members, to determine the organization and operation of the Management Board and to set out the rights and responsibilities of its members. It is not enforceable vis-à-vis third parties and may not be invoked by such parties against members of the Management Board.

The main provisions of the Rules of Procedure are reproduced or summarized below.

Members of the Management Board

The Management Board is made up of at least two members and no more than four members, who are appointed by the Supervisory Board. The term of their appointment is four years.

Duties and powers of the Management Board

The Management Board is vested with the most extensive powers to act in all circumstances on behalf of Rexel, within the scope of the corporate purpose and subject to those powers expressly assigned by law and by the by-laws to shareholders' meetings and to the Supervisory Board.

In its relationships with third parties, Rexel is responsible for all actions of the Management Board, including those that do not fall within the corporate purpose, unless it can demonstrate that the third party was aware that the action went beyond the scope of such purpose or that it could not be unaware of this under the circumstances, it being specified that publication of the by-laws does not in itself constitute such proof.

The Management Board submits to the Supervisory Board a report summarizing the main actions or events that have occurred concerning the management of Rexel at least once each quarter. The Supervisory Board may also at any time request that the Management Board submit a report on Rexel's management and ongoing operations. This report may be supplemented by interim financial information on Rexel.

Within three months as from the end of each financial year, the Management Board approves and submits to the Supervisory Board, for purposes of verification and control, the year-end financial statements and, if any, the consolidated financial statements together with the report submitted to the annual shareholders' meeting. It proposes the allocation of income from the previous financial year to the Supervisory Board.

The Management Board reviews quarterly and half-yearly financial statements and submits them to the Supervisory Board.

The Management Board convenes shareholders' meetings, sets the agenda of the meetings and carries out the shareholders' decisions.

Management Board members are liable to Rexel or to third parties, as the case may be, for violations of the provisions of the laws governing French *sociétés anonymes,* the by-laws or for negligence in their management, under the conditions and subject to the penalties provided by law.

The Management Board's Rules of Procedure sets forth those Management Board decisions that are subject to prior approval by the Supervisory Board under the terms of Rexel's by-laws. A list of such decisions is set out in paragraph 8.3.2.2 "Supervisory Board (articles 19 to 25 of the by-laws)" of this *Document de Référence.*

Division of responsibilities among Management Board members

Management Board members are responsible to Rexel or third parties, as the case may be, for any negligence in the performance of their duties. However, Management Board members may, with the Supervisory Board's authorization, divide management responsibilities amongst themselves. However, such allocation shall not in any event deprive the Management Board of its status as a collegiate body that is responsible for the management of Rexel.

Jean-Charles Pauze is the Chairman of the Management Board. As such, he is responsible for the administration and management of the Rexel Group, as well as its strategy and orientation. His mission also includes: developing the Rexel Group's business internationally and exercising hierarchical control over the employees of Rexel.

As a member of the Management Board, Michel Favre is in charge of the following duties and/or departments: treasury, financing and credit management; management controls; financial communications; internal audit/control; consolidation and accounting; legal and political affairs in insurance; tax; transactions on fixed assets and/or property.

As a member of the Management Board, Pascal Martin is in charge of the following departments: marketing and commercial development; relationships with suppliers; IT systems; logistics and *supply chain;* large key international accounts; indirect purchases; strategic development; and mergers and acquisitions.

As a member of the Management Board, Jean-Dominique Perret is in charge of the following departments: human resources development; employee affairs; ongoing training and development; developing recruitment best practices; general services for the holding companies of the Rexel Group and the headquarters; general Rexel Group policies with respect to general services.

Also, as it deems appropriate, the Management Board may assign to one or more of its members, or to any person who is not a member, special missions, on a permanent or temporary basis, to achieve one or more specified goals, with or without the ability further to delegate such powers.

Meetings of the Management Board

Whenever required for the best interests of Rexel, the Management Board meets when convened by its Chairman within a reasonable delay, at Rexel's registered office or at any other place specified in the meeting notice. If specified in the meeting notice, Management Board meetings may be held by videoconference or other forms of telecommunication.

The meetings are chaired by the Chairman of the Management Board or, in his absence, by a member of the Management Board who is selected by the Management Board at the beginning of the meeting. The Management Board appoints a secretary who is not required to be a Board member.

In order for resolutions to be valid, there must be a quorum of more than one half of Management Board members in attendance. Resolutions are adopted by a simple majority of Management Board members present and represented. Each Management Board member may represent one other Management Board member at each Management Board meeting. In the event of a tie, the Chairman of the meeting has a casting vote.

Deliberations are recorded in minutes that are entered in a special register and are signed by the Chairman of the meeting.

Assessment of the Management Board

An assessment of the Management Board's operations is included as a separate item on the agenda at least once every year.

Information provided to the Management Board

The Chairman of the Management Board ascertains that a file containing all documents and information needed to review the items on the agenda of the Management Board meeting is sent to each member of the Management Board in a timely manner. In addition, members of the Management Board have the right to request any documents they deem necessary for a meeting, provided that they submit such requests within a reasonable time frame.

Furthermore, between meetings, members receive all appropriate information on events and transactions having a material impact on Rexel.

Charter for Management Board members

In the interest of good corporate governance, the Management Board's Rules of Procedure, to which each member of the Management Board is subject, contain a charter setting out the rights and responsibilities of the members of the Management Board.

7.1.2 Supervisory Board

7.1.2.1 Composition of the Supervisory Board

In accordance with the provisions of Rexel's by-laws (article 19 of the by-laws), the Supervisory Board is made up of a minimum of five members and a maximum of 15 members.

Its members are appointed by the Ordinary Shareholders' meeting for a term of office of five years. In this respect, draft resolutions aiming at reducing the term of office of the members of the Supervisory Board from 5 years to 4 years and at providing for a gradual renewal of the terms of office of the members of the Supervisory Board, will be submitted to the shareholders of the Company at the Shareholders' Meeting of May 20, 2010. No individual exceeding the age of 70 may be appointed as member of the Supervisory Board if such appointment raises the number of Supervisory Board members who are over this age to more than one-third.

As of the date of this *Document de Référence,* the Supervisory Board was comprised of the following 11 members:

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Roberto Quarta Cleveland House 33, King Street London SWIY 6RJ United Kingdom 60 years old	Chairman of the Supervisory Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Member of the Appointments Committee of Rexel – Member of the Compensation Committee of Rexel Titles and duties exercised over the course of the five last financial years: – President and member of the Board of Directors of Ray Holding S.A.S. (which became Rexel) – Member of the Board of Directors of Ray Acquisition S.A.S. – Director of Rexel Distribution – President of Ray Acquisition S.C.A. (which became Rexel Développement)	Current titles and duties: – Partner of CD&R LLP – Chief Executive Officer of Clayton, Dubilier & Rice Limited – Chairman of Italtel S.p.A – Non-executive Director of BAE Systems Plc Titles and duties exercised over the course of the five last financial years: – Chairman of BBA Group Plc – Non-executive director of Equant NV – Non-executive director of PowerGen Plc – Non-executive director of Azure Dynamic Corp
Patrick Sayer 32, rue de Monceau 75008 Paris 52 years old	Deputy Chairman of the Supervisory Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Chairman of the Appointments Committee of Rexel – Member of the Strategic Committee of Rexel Titles and duties exercised over the course of the five last financial years: – Director of Rexel Distribution – Member of the Board of Directors of Ray Holding SAS (which became Rexel) – Member of the Board of Directors of Ray Acquisition S.A.S.	Current titles and duties: – Chairman of the Management Board of Eurazeo – Deputy Chairman of the Management Board of ANF – Director of Paris Saint-Germain Football SASP – Director of Accor – General Manager of Immobilière Bingen – General Manager of Legendre Holding 8 – Chairman of the Advisory Board of APCOA Parking Holdings GmbH (Germany) – Chief Executive Officer of Legendre Holding 19 – Director of Europcar Groupe SA – Director of Colyzeo Investment Advisors (UK) – Chairman of Eurazeo Capital Investissement (formerly Eurazeo Partners) – Manager of Investco 3d Bingen – Member of the Board of Directors of Gruppo Banca Leonardo (Italy) – Manager *(gérant)* of Euraleo – Member of the Board of Directors of Holdelis – Member of the Steering Committee of France Investissement

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
				Titles and duties exercised over the course of the five last financial years: – Permanent representative of ColAce at the Supervisory Board of Groupe Lucien Barrière – Managing director of Legendre Holding 11 – Chairman, Deputy Chairman and member of the Supervisory Board of Groupe B&B Hotels – Director of Eutelsat SA – Director of Satbirds SAS (renamed Eutelsat Communications) – Director of Eutelsat Communications – Directore of Ipsos – President of the Association Française des Investisseurs en Capital (AFIC) – Member of the Board of Directors of Lazard LLC – Chairman of the Board of Legendre Holding 18 – Chairman of the Board of BlueBirds Participations SA – Managing Partner of Partena – Director of IRR Capital – Director of RedBirds Participations S.A. – Manager of Investco 1 Bingen – Chairman of the Supervisory Board of Fraikin Groupe – Permanent Representative of Lux Tiles SARL on the Management Board of Clay Tiles Sponsors – Deputy Chairman of the Supervisory Board of Financière Galaxie SAS – Deputy Chairman of the Supervisory Board of Galaxie SA – Member of the Supervisory Board of *Presses Universitaires de France* – Chairman of the Advisory Board of Perpetuum Beteiligungsgesellschaft GmbH (renamed APCOA Parking Holdings GmbH) – Chairman of the Supervisory Board of APCOA Parking AG
Eurazeo (1) 32, rue de Monceau 75008 Paris Represented by **Marc Frappier** 32, rue de Monceau 75008 Paris 36 years old	Member of the Supervisory Board	From August 1, 2007 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011		Current titles and duties: – Manager of the investment team of Eurazeo – Deputy Chairman of the Advisory Board of Apcoa Parking Holdings GmbH (Germany) – Member of the Supervisory Board of Apcoa Parking AG (Germany)

(1) Eurazeo was co-opted by the Supervisory Board to replace Xavier Marin, who resigned from his duties of member of the Supervisory Board in July 2007. The co-option of Eurazeo as a member of the Supervisory Board was confirmed by Rexel's general shareholders' meeting held on May 20, 2008.

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Luis Marini-Portugal 32, rue de Monceau 75008 Paris 39 years old	Member of the Supervisory Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Member of the Audit Committee of Rexel – Member of the Compensation Committee of Rexel	Current titles and duties: – Member of the Management Board of Eurazeo – Chairman of the Supervisory Board of Groupe B&B Hotels – Member of the Management Board of Ray Investment – Manager of Investco 4i Bingen *(société civile)* – Manager of Investico 5i Bingen *(société civile)* – Director of Passerelles & Compétences *(association)* – General Manager of Ray France Investment Titles and duties exercised over the course of the five last financial years: – Permanent representative of BlueBirds II Participations on the Board of Directors of Eutelsat S.A. – Permanent representative of BlueBirds II Participations on the Board of Directors of Eutelsat Communications S.A. – Permanent representative of BlueBirds II Participations on the Board of Directors of SatBirds S.A.S. – Permanent representative of Whitebirds S.A.S., Director of Eutelsat S.A. – Director of Legendre Holding 17 – Director of Arabelle – Director of RedBirds Participations – Manager of Eurazeo Entertainment Lux Sarl
David Novak Cleveland House 33, King Street London SWIY 6RJ United Kingdom 41 years old	Member of the Supervisory Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Member of the Audit Committee of Rexel – Chairman of the Strategic Committee of Rexel Titles and duties exercised over the course of the five last financial years: – Director of Rexel Distribution – Member of the Board of Directors of Ray Acquisition S.A.S.	Current titles and duties: – Director of Italtel S.p.A. – Member of the management committee of Ray Investment – Director of HD Supply – Director and Company secretary of Clayton, Dubilier & Rice
Guido Padovano Rua Franca, 83 São Paulo SP CEP 01146-010 Brazil 54 years old	Member of the Supervisory Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Member of the Appointments Committee of Rexel – Chairman of the Compensation Committee of Rexel Titles and duties exercised over the course of the five last financial years: – Member of the Board of Directors of Ray Holding S.A.S. – Member of the Board of Directors of Ray Acquisition S.A.S. – Director of Rexel Distribution	Current titles and duties: – Chairman of the Board of Directors of Grupo Convermex S.A. de C.V. – Member of the management committee of Ray Investment – Partner of Ivrea Participacoes Ltda Titles and duties exercised over the course of the five last financial years: – Former member of the Board of Directors of Debenhams Plc – Former Chairman of the Board of Directors of Cremer S.A. – Former Chairman of the Board of Directors of Despegar.com, Inc.

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Manfred Kindle (1) Cleveland House 33, King Street London SWIY 6RJ United Kingdom 51 years old	Member of the Supervisory Board	From December 2, 2009, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011		Current titles and duties: – Chairman of the Board of Directors of Exova – Director Zurich Financial Services – Director of Stadler Rail AG – Director of VermögensZentrum Holding AG
Matthew Turner (2) 2, King Edward Street London, EC1A 1HQ United Kingdom 46 years old	Member of the Supervisory Board	From March 30, 2009 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Member of the Audit Committee of Rexel – Member of the Strategic Committee of Rexel	Current titles and duties: – Managing Director and Head of International of BAML Capital Partners – Director of Euromedic International Group BV ("EIG") – Director of Integrated Dental Holdings Group Ltd. – Director of Partnership Education – Director of NSPCC Helpline Titles and duties exercised over the course of the five last financial years: – Director of Loyalty Partners – Director of Retail Decisions – Director of Upperpoint Group – Director of Pharmacia Diagnostics (Phadia) – Director of Astron Group – Director of RAL Group – Director of Moliflor Group
Fritz Fröhlich* Saschsenstr 25 42287 Wuppertal Germany 66 years old	Member of the Supervisory Board	From April 4, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Chairman of the Audit Committee of Rexel – Member of the Appointments Committee of Rexel	Current titles and duties: – Chairman of the Supervisory Board of Draka N.V. – Chairman of the Supervisory Board of Randstad Holding N.V. – Chairman of the Supervisory Board of Altana A.G. – Member of the Supervisory Board of Allianz Nederland Groep N.V. – Member of the Supervisory Board of AON Jauch & Hübener Holdings GmbH – Member of the Supervisory Board of ASML N.V. Titles and duties exercised over the course of the five last financial years: – Member of the Supervisory Board of Kempen & Co N.V. – Member of the Supervisory Board of Gamma Holdings N.V.

(1) Manfred Kindle was co-opted by the Supervisory Board on December 2, 2009 to replace Joseph L. Rice, III. The co-option of Manfred Kindle as a member of the Supervisory Board will be submitted for approval to Rexel's general shareholders' meeting to be held on May 20, 2010.
(2) Matthew Turner was co-opted by the Supervisory Board to replace Djamal Moussaoui, who resigned from his duties of member of the Supervisory Board on February 5, 2009. The co-option of Matthew Turner as a member of the Supervisory Board has been approved by Rexel's general shareholders' meeting to be held of May 20, 2009.

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
François David* 6, rue Auguste Bartholdi 75015 Paris 68 years old	Member of the Supervisory Board	From April 4, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Member of the Compensation Committee of Rexel – Member of the Strategic Committee of Rexel Titles and duties exercised over the course of the five last financial years: – Observer *(censeur)* of Rexel Distribution	Current titles and duties: – Chairman and Chief Executive Office of Coface – Chairman of the Board of Directors de Coface Services – Chairman of the Board of Directors of CofaceAssicurazioni (Italia) – Chairman of the Supervisory Board of Coface Kreditversicherung AG (Germany) – Member of the Board of Directors of Vinci – Member of the Supervisory Board of AREVA – Member of the Supervisory Board of Lagardère SCA – Director of the association Coface Trade Aid – President of Coface ORT – President of La Librairie Electronique (LLE) – President of *Centre d'études financières* – Chairman of Or Informatique – Member of the *Conseil de l'Ordre National de la Légion d'Honneur* Titles and duties exercised over the course of the five last financial years: – Member of the Board of Directors of EADS
Joe Adorjan* 230 South Bemiston Suite 1470 Clayton MO 63105 United States 71 years old	Member of the Supervisory Board	From May 20, 2008 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2012	Current titles and duties: – Member of the Audit Committee of Rexel – Member of the Compensation Committee of Rexel – Member of the Strategic Committee of Rexel	Current titles and duties: – Chairman of Adven Capital Partners, Inc. – Partner of Stonington Partners, Inc. – Director of Patriot Coal Corporation – Director of Thermadyne Holdings Corporation – Chairman of Bates Holding Corporation – Member of the Board of Directors of Saint Louis University – Member of the Board of Directors of Ranken Technical College – Chairman of the Hungarian-Missouri Educational Partnership

* Independent members of the Supervisory Board.

Roberto Quarta has served as Chairman of the Supervisory Board of Rexel since February 13, 2007. He joined Clayton Dubilier & Rice in 2001. He is a Partner of CD&R LLP. Roberto Quarta is Chairman of Italtel S.p.A. and a Non-Executive Director of BAE Systems Plc, the premier global defense and aerospace company. He served as Non-Executive Director of PowerGen Plc, a U.K. oil and gas company, and Non-Executive Director of Azure Dynamic Corp., which specializes in developing and manufacturing electric commercial vehicles. He has held a number of executive positions at BTR Plc, a U.K.-based holding company. Roberto Quarta was CEO of BBA Group PLC from 1993 to March 2001 and was Chairman of that group from 2001 to January 2007. Roberto Quarta graduated from the *College of the Holy Cross* and also served as a *trustee* of that institution.

Patrick Sayer has served as Deputy Chairman of the Supervisory Board of Rexel since February 13, 2007. He has also served as the Chairman of the Management Board of Eurazeo, one of the major European listed investment companies. Previously, he was a General Partner of Lazard Frères & Cie in Paris and Managing Director of Lazard Frères & Co in New York. He participated in the creation of Fonds Partenaires that he supported from 1989 to 1993. He subsequently helped implement the investment strategy of Gaz et Eaux, renamed Eurazeo. Patrick Sayer is a Director or member of the Supervisory Board of several companies, including Accor, ANF, Apcoa, Elis Euraleo, Europcar, Gruppo Banca Leonardo and the Paris Saint-Germain (PSG). He is a member of the Streaming Committee of France Investissement. Patrick Sayer is a graduate of Ecole Polytechnique (1980) and Ecole des Mines de Paris (1982), as well as of the *Centre de formation des Analystes Financiers.*

François David has served on the Supervisory Board of Rexel since April 4, 2007. François David was a civil administrator at the Department of External Economic Relations at the French Ministry of Finance (1969-1973), Trade Advisor at the French Embassy in London (1974-1976), Agricultural Policy Bureau Chief at the Department of External Economic Relations (1976-1978), Technical Advisor to Jean-François Deniau (Minister of Foreign Trade) (1978-1980), Junior Director (1981-1984), Assistant Director (1984-1986) at the Economics, Finance and Budget Ministry, Bureau Director to Michel Noir (Minister Delegate to the Minister of State, Minister of Economics, Finance and Privatization, Foreign Trade Representative) (1986-1987), Director of the Department of External Economic Relations (1987-1989), General Director of International Affairs of Aerospatiale (1990-1994). François David has been the chairman of Coface since July 1994 and since: Chairman of the Supervisory Board of Coface Deutschland (1996), Chairman of the Board of Directors of Coface Assicurazioni (1997), Chairman of the Union of Berne (1997-1999), Chairman of the Global Economy Information and Reflection Club (CIREM) of CEPII, the French research center of international economics (1999-2002), Chairman of the International Credit Insurance & Surety Association (ICISA) (2004-2006), Chairman of the Board of directors of Coface Services (since 2006). François David sits on the Board of Directors of Vinci and on the Supervisory Board of Lagardère SCA and AREVA. He was an observer (censeur) at Rexel until 2007. François David is also a member of the *Conseil de l'Ordre de la Légion d'Honneur* (November 2009).

Fritz Fröhlich has been a member of the Supervisory Board of Rexel since April 4, 2007. Previously, Fritz Fröhlich served as deputy chairman and chief financial officer of AKZO Nobel from 1998 to 2004 and member of the executive board in charge of fibers from 1991 to 1998. Prior to joining AKZO Nobel, Fritz Fröhlich was CEO of Krupp Widia from 1984 to 1991 and CEO of Sachs Dolmar from 1976 to 1984. He began his career in working in the fields of Marketing and Economic studies. Fritz Fröhlich is a member of the supervisory boards of Allianz Nederland Groep N.V., AON Jauch & Hübener Holdings GmbH, ASML N.V., and is chairman of the supervisory boards of Randstad Holding N.V, Draka NV and Altana AG. He holds a doctorate in economics from Cologne University and a Master of Business Administration (MBA).

Luis Marini-Portugal has served on the Supervisory Board of Rexel since February 13, 2007. Luis Marini-Portugal has been a member of the Executive Board of Eurazeo since 2008. He joined Eurazeo in 1999 and participated in a number of investments, including B&B Hotels, Eutelsat S.A., Ipsos, Rexel and Terreal. Before joining Eurazeo, Luis Marini-Portugal worked at JP Morgan in London and Paris in corporate advice and capital market transactions. Luis Marini-Portugal is a member of the Management Board of Ray Investment and also serves as Chairman of the supervisory board of Groupe B&B Hotels. Luis Marini-Portugal is a graduate of *Hautes Etudes Commerciales* (HEC) in Paris.

David Novak has served on the Supervisory Board of Rexel since February 13, 2007. He is a Senior Partner of CD&R LLP. He joined Clayton Dubilier & Rice in 1997 after working in the Private Equity and Investment Banking divisions of Morgan Stanley & Co., Inc. and for the Central European Development Corporation, a Private Equity firm. David Novak is a Director of Italtel S.p.A and of HD Supply. He is a graduate of Amherst College and the Harvard Business School.

Guido Padovano has served as a member of the Supervisory Board of Rexel since February 13, 2007. Guido Padovano is a Partner of Ivrea Participacoes Ltda in São Paulo, Brazil. He was the Managing Director and head of the Latin America region with Merrill Lynch Global Private Equity until March 2009, where he was previously in charge of the Europe region. He joined Merrill Lynch Investment Banking in 1996 and the private equity department in 1998. Before joining Merrill Lynch, he was a Partner in Brasilpar Serviços Financeiros, a financial services company based in São Paulo. He is Chairman of the board of Grupo Convermex S.A. and was a member of the boards of Cremer S.A. and Debenhams. Guido Padovano holds an engineering degree from the University of Sao Paulo and a Master of Business Administration from Stanford University.

Manfred Kindle, has been a member of the Supervisory Board of Rexel since December 2, 2009. He graduated from the Swiss Federal Institute of Technology (ETH) in Zurich with a master's degree in engineering. He worked for Hilti AG in Liechtenstein from 1984 until 1986, and then enrolled at Northwestern University, Evanston, Illinois, where he earned an MBA. From 1988 until 1992 he was a consultant with McKinsey & Company in New York and Zurich. He then joined Sulzer AG in Switzerland where he held several senior management positions. In 1999 he was appointed CEO of Sulzer Industries and in 2001 CEO of Sulzer AG, where he also served as a board member. After joining ABB in 2004, Manfred Kindle was appointed CEO of ABB Group, a position he held until February 2008. He then became a partner of Clayton, Dubilier & Rice, a private equity firm based in New York and London. In his function as a partner of that firm Manfred Kindle serves as Chairman of Exova Ltd. and as a member of the Supervisory Board of Rexel SA. He also is on the board of Zurich Financial Services, VZ Holding AG and Stadler Rail AG. Manfred Kindle was appointed in replacement of Joseph Rice III, who resigned from his duties as member of the Supervisory Board on November 30, 2009. Until his resignation, **Joseph L Rice, III** actively participated in all of the meetings and operations of the Supervisory Board and took part in the vote on all of the decisions submitted to the Supervisory Board in the financial year ended December 31, 2009.

Marc Frappier has served on the Supervisory Board of Rexel as a permanent representative of Eurazeo since July 20, 2008. Marc Frappier is a Manager within the investment team of Eurazeo. He joined Eurazeo in 2006 and participated in a number of investment projects. Before joining Eurazeo, Marc Frappier worked for The Boston Consulting Group in Paris and Singapore between 1999 and 2006 and for Deloitte & Touche between 1996 and 1999. Marc Frappier is an *Ingénieur Civil des Mines* and holds the *Diplôme d'Etudes Comptables et Financières.*

Joe Adorjan has served on the Supervisory Board of Rexel since May 20, 2008. Joe Adorjan is President of the Adven Capital investment fund and is a partner of Stonington Partners Inc. From 1995 to 2000, he was Chairman and CEO of Borg-Warner Security Corporation. Previously, Joe Adorjan was President of Emerson Electric, where he supervised the integration of Fisher Controls Company into the group's control companies, creating Fisher-Rosemount, the world leader in process controls and instruments. From 1990 to 1992, Joe Adorjan was President of ESCO Electronics Corporation. From 1968 to 1990, he held various management positions within Emerson Electric Company. In 1978, he was named Director of Corporate Development, responsible for finance, international, planning, acquisitions and technologies activities. In 1988, Joe Adorjan became Vice President of the Management Committee, where he also was responsible for government and defense operations. Joe Adorjan is a director of Thermadyne Holdings Corporation, Patriot Coal Corporation and Bates Holding Corporation. He is also a member of the Board of Directors of Saint Louis University and Ranken Technical College. He is the founder and President of the Hungarian-Missouri Educational Partnership. At the beginning of his career, Joe Adorjan has been a director of a number of public and private companies and played a very active role in civic affairs.

Matthew Turner has been a member of the Supervisory Board of Rexel since March 30, 2009. Matthew Turner joined Merrill Lynch in 2007. He is Managing Director and Head of International in Merrill Lynch Global Private Equity. Prior to joining Merrill Lynch, Matthew Turner has worked in the Private Equity sector for twenty years. Matthew Turner was a member of the boards of various companies, including Phadia, Gala, Moliflor, Retail Decisions, Loyalty Partners, Upperpoint Group, RAL Group and Astron. Matthew Turner is currently a member of the Boards of Euromedic, a pan-European provider of medical services, of Integrated Dental Holdings Group Ltd., and of Partnership Education. Matthew Turner is particularly involved in strategic decision-making and in the determination of current guidelines for all activities. Matthew Turner holds a law degree with honors from Guildford Law College (United Kingdom) and has worked as a business lawyer.

In order to allow for a gradual renewal of the terms of office of the members of the Supervisory Board in an effective manner and to anticipate the implementation of the mechanism to be submitted to the approval of the shareholders' meeting on May 20, 2010, Patrick Sayer and Guido Padovano have resigned from their duties as members of the Supervisory Board effective as of the end of the said shareholders' meeting. Resolutions seeking the renewal of the terms of office of Patrick Sayer and the appointment of Amaury Hendrickx, in replacement of Guido Padovano, as members of the Supervisory Board will therefore be submitted to the approval of the shareholders' meeting to take place on May 20, 2010.

Amaury Hendrickx joined Merrill Lynch in 2004 and is a Director of Merrill Lynch Global Private Equity. Prior to joining Merrill Lynch, Amaury Hendrickx worked at Alpinvest Partners focusing on private equity transactions in the Benelux countries and Germany and participated in a number of investments, including Taminco and Krauthammer. Previously, Amaury Hendrickx co-founded a financial software company and spent three years in the investment banking division of Bankers Trust/Deutsche Bank in London. Amaury Hendrickx holds a business degree from the KUL University of Belgium and an MBA from the University of Chicago.

Amaury Hendrickx is, as of the date of this *Document de Référence,* a director of of Merrill Lynch Global Private Equity, a director of Ktesios, a director of ML Infrastructure Holdings Sarl and a member of the Management Board of Ray Investment.

In addition, a resolution aiming at appointing Françoise Gri as member of the Supervisory Board will be submitted to the shareholders' meeting to take place on May 20, 2010. Based on the criteria applied by Rexel to review the independence of the members of the Supervisory Board, Françoise Gri would qualify as an independent member of the Supervisory Board, thus increasing the number of independent members to four out of a total of twelve members, or one third of the Supervisory Board, in accordance with the code of corporate governance of the AFEP-MEDEF.

Françoise Gri is, since 2007, president of Manpower France and a member of Manpower's Executive Management Team. Before joining Manpower, Françoise Gri worked at the IBM group where she successively held the positions of Sales Representative, Account Manager and Sales Manager (1982-1989), Executive Assistant to the IBM France CGM (1990), Government and Public Sector Executive at IBM France (1991-1997), e-Business Solutions Executive, Sales Support and Operations Executive and VP Marketing and Channels at IBM EMEA (1996-2000), Sales Operations Executive at IBM EMEA (2000-2001) and President of IBM France (2001-2007). In 2007-2008, Françoise Gri also acted as a member of the Board of Directors of Aker Yards (renamed STX Europe, a South Korean shipbuilding company). Françoise Gri is a member of the Board of Directors of *Ecole Centrale*, Paris, a member of the Ethics Committee of the MEDEF, a member of the Board of Directors of *Institut de l'Entreprise* and the Vice President of FACE Foundation (Foundation for Action to combat exclusion). Françoise Gri received the title of *Chevalier de l'Ordre National de la Légion d'Honneur* and the title of *Chevalier de l'Ordre National du Mérite.* In 2009, for the sixth consecutive year, Françoise Gri was selected by Fortune Magazine for its 2009 list of the "50 Most Powerful Women in Business - International". Françoise Gri earned a Master of Science in Computer Engineering from *Ecole Nationale Supérieure d'Informatique et Mathématiques Appliquées* (ENSIMAG) in Grenoble, France.

7.1.2.2 Operation of the Supervisory Board

The Supervisory Board exercises ongoing control over Rexel's management by the Management Board under the conditions provided by law. It performs the controls and verifications that it deems appropriate and has the right to request any document it deems necessary for the performance of its duties. In particular, the Supervisory Board has the following specific duties:

- it appoints and dismisses Management Board members and determines their compensation (including benefits in kind and special pension arrangements);
- it appoints and dismisses the Chairman of the Management Board;
- if permitted by the by-laws, it may grant powers to one or more Management Board members to represent Rexel;
- it co-opts Supervisory Board members;
- it authorizes agreements that are subject to article L.225-86 of the French commercial code;
- it creates the Supervisory Board Committees, defines their powers, appoints committee members and determines their compensation;
- it authorizes the sale of real properties and the disposal of equity investments, in whole or in part, and grants security interests;
- it allocates attendance fees;
- it approves securities, endorsements and guarantees.

The Supervisory Board of Rexel adopted its own Rules of Procedure on February 13, 2007 pursuant to Rexel's by-laws, and updated them in April 2007, for the purpose of setting forth the provisions governing the organization and operation of the Supervisory Board and the rights and responsibilities of its members. These Rules of Procedure are not enforceable vis-à-vis third parties and may not be invoked by such parties against members of the Supervisory Board.

The main stipulations of the Rules of Procedure are reproduced or summarized below.

Members of the Supervisory Board

The Supervisory Board is made up of five to fifteen members, subject to exemptions provided for by law in the case of a merger. Supervisory Board members are appointed or reappointed by the ordinary shareholders' meeting. The term of their appointment is five years. In this respect, draft resolutions seeking to reduce the term of office of the members of the Supervisory Board from 5 years to 4 years, and to provide for a gradual renewal of the terms of office of the members of the Supervisory Board will be submitted to the shareholders of Rexel upon the shareholders' meeting of May 20, 2010.

Powers of the Supervisory Board

Throughout the year, the Supervisory Board carries out those verifications and controls that it deems appropriate and receives all documents that it deems necessary for the performance of its duties.

It has the following powers:

(i) Powers in the area of control:

- it reviews the financial condition, cash position and commitments of Rexel and its subsidiaries;
- it reviews the financial statement auditing process and information provided to the shareholders and to the market;
- it authorizes related-party agreements.

(ii) Powers in the area of appointments and compensation:

- it appoints and dismisses Management Board members (including the Chairman), determines their number within the limits provided by the by-laws and their compensation;
- it appoints and dismisses the Chairman of the Management Board, including in his capacity as member of the Management Board;
- it co-opts the members of the Supervisory Board;
- it allocates attendance fees.

(iii) Preparation of reports to be submitted to general meetings of shareholders:

Each year, the Supervisory Board submits to the ordinary annual general meeting its comments on the Management Board's report and on the financial statements for the financial year.

The Chairman of the Supervisory Board must append to this report a report on how the Supervisory Board prepares and organizes its work, and on the internal control procedures implemented by Rexel.

The Supervisory Board submits recommendations on the reappointment of Supervisory Board members.

(iv) Powers to grant prior authorization to the Management Board to make certain decisions:

The Supervisory Board grants to the Management Board the authorizations required by law or by a provision of the by-laws of Rexel.

In addition, a list of decisions made by the Management Board, which are subject to prior authorization by the Supervisory Board under the terms of Rexel's by-laws, is mentioned in paragraph 8.3.2.2 "Supervisory Board (articles 19 to 25 of the by-laws)" of this *Document de Référence.*

Meetings of the Supervisory Board

Insofar as possible and depending on the circumstances, any deliberation of the Supervisory Board on a matter falling within the scope of a committee shall be preceded by referring such matter to the relevant committee and may be made only after the relevant committee has submitted its recommendations or proposals.

The Supervisory Board meets whenever the best interests of Rexel so require, and at least once every quarter, at meetings convened by its Chairman or Deputy Chairman. Meetings may be held by videoconference or any other form of telecommunication. Meetings are held at the registered office or at any other place specified in the notice of meeting.

The Chairman of the Supervisory Board may invite some or all members of the Management Board to attend Supervisory Board meetings, without the right to participate in the vote.

The Supervisory Board is duly convened only if a quorum consisting of at least half of its members is in attendance. Decisions are approved by a majority of votes of the members present or represented; each Supervisory Board member has one vote and may not represent more than one of his colleagues. In the event of a tie, the Chairman of the meeting shall cast the tie-breaking vote, if and only if the Supervisory Board consists of an even number of Supervisory Board members and only at meetings chaired by the Chairman of the Supervisory Board.

An attendance record is kept, and signed by those members of the Supervisory Board participating in each meeting.

The deliberations of the Supervisory Board are recorded in minutes, which are drawn up in accordance with applicable law and signed by the Chairman of the meeting and by at least one Supervisory Board member or, in the event the Chairman is unavailable, by two Supervisory Board members. The copies or extracts of these minutes are certified by the chairman or Deputy Chairman of the Supervisory Board, or a duly empowered proxy.

Code of Conduct of the Supervisory Board

The Supervisory Board, a collegiate body, is required to act in Rexel's corporate interests under all circumstances. Therefore, the Supervisory Board members carry out their duties with loyalty, in good faith, and with professionalism and independence. Also, they ensure that any conflict of interest that might exist between their personal interests and those of Rexel is avoided.

Compensation of Supervisory Board members

The ordinary general meeting may allocate attendance fees to Supervisory Board members. The Supervisory Board allocates this remuneration among its members as it deems appropriate.

The compensation of the Chairman and of the Deputy Chairman of the Supervisory Board are determined by the Supervisory Board. Such compensation may be both fixed and proportional.

The Supervisory Board may allot exceptional compensation for special missions or functions assigned to Supervisory Board members. Any such compensation is recorded in operating expenses and is subject to approval by the ordinary shareholders' meeting.

The Supervisory Board may authorize the reimbursement of travel and other expenses incurred by its members in the best interest of Rexel.

No other compensation, whether permanent or temporary, may be allotted to Supervisory Board members unless they are bound to Rexel by an employment agreement under the conditions allowed by applicable law and regulations.

Independent Members of the Supervisory Board

In accordance with the good corporate governance principles and practices set out in its Rules of Procedure, the Supervisory Board and each of the committees comprise independent members who are elected or appointed as such.

Definition of independence and related criteria

In accordance with the AFEP and MEDEF corporate governance principles, an independent member may not:

- be an employee or corporate officer of Rexel or of the Rexel Group, an employee or director of a shareholder that controls Rexel alone or in concert with others, (within the meaning of the law) or a company consolidated thereby, and must not have held such capacity within the five previous years;
- be a corporate officer of a company in which Rexel directly or indirectly holds an office as a director or in which an employee designated as such or a corporate officer of Rexel (incumbent or having held such position within less than five years) holds the office of director;
- be a customer (or have direct or indirect ties to a customer), supplier, corporate banker or investment banker (i) significant for Rexel or the Rexel Group; or (ii) for whom Rexel or the Rexel Group represents a significant portion of its business;
- have any family ties with any corporate officer of Rexel or the Rexel Group;
- have been an auditor of Rexel or of any Rexel Group company within the last five years;
- have served as a corporate officer of Rexel for more than 12 years; and
- receive or have received material additional compensation from Rexel or the Rexel Group, other than attendance fees, including participation in any stock option plan or any other type of performance-related compensation.

Supervisory Board members who represent significant direct or indirect shareholders of Rexel may be deemed to be independent if such shareholders do not control Rexel within the meaning of article L.233-3 of the French commercial code. However, when a member of the Supervisory Board represents a shareholder of Rexel that directly or indirectly owns more than 10% of Rexel's share capital or voting rights, the Supervisory Board, acting on a report of the Appointments Committee, shall systematically review the qualification of independence by taking into account the share ownership of Rexel and the existence of a potential conflict of interest.

The Supervisory Board may find that while one of its members fulfils the aforesaid criteria, he may not be designated as independent owing to his individual situation or to the situation of Rexel, in light of its shareholder base or for any other reason.

Qualification procedure for independent members

The Appointments Committee reviews the designation of independent members each year and draws up a report to the Supervisory Board on the matter. Each year, in light of this report, the Supervisory Board reviews the situation of each Supervisory Board member with respect to independence criteria. The Supervisory Board submits the findings of its review to the shareholders in the annual report.

Based on this review for the year ended December 31, 2009, three Supervisory Board members are independent: François David, Fritz Fröhlich and Joe Adorjan.

It also results from this review that two members of the Audit Committee are independent: (Fritz Fröhlich and Joe Adorjan). The Appointments Committee includes one independent member (Fritz Fröhlich). The Compensation Committee includes two independent members (François David and Joe Adorjan). The Strategic Committee includes two independent members (François David and Joe Adorjan).

Lastly, a resolution aiming at appointing Françoise Gri as member of the Supervisory Board will be submitted to the Shareholders' meeting to take place on May 20, 2010. Based on the above-mentioned criteria, Françoise Gri would qualify as an independent member of the Supervisory Board.

Supervisory Board observer *(censeur)*

The Supervisory Board may appoint one or more observers *(censeurs)*, who may be but are not required to be shareholders, and who shall be asked to attend Supervisory Board meetings, exclusively for purposes of information.

Supervisory Board Committees

The Supervisory Board may create committees to assist it in carrying out its functions. The Supervisory Board Rules of Procedure set the rules that apply to each committee, in particular the rules relating to their composition and operational procedures. In addition, the Supervisory Board Rules of Procedure set certain rules that are specific to the audit committee, appointments committee, compensation committee and strategic committee.

Assessment of organization and operation of the Supervisory Board

In accordance with its Rules of Procedure, Rexel's Supervisory Board assesses its own organization and operation.

In accordance with the AFEP MEDEF guidelines, the Supervisory Board decided, upon recommendation of the Audit Committee, at its meeting of November 10, 2009, to entrust the assessment of its operation and organization to an independent consulting firm, Ricol Lasteyrie. In order to carry out its assessment, Ricol Lasteyrie has conducted a document review and interviewed each member of the Supervisory Board based on a questionnaire drafted by Ricol Lasteyrie and approved by the chairman of the Supervisory Board.

The report of Ricol Lasteyrie, presented to the Supervisory Board at its meeting of February 9, 2010, underlines the high quality of the organization, secretaryship and minutes of the meetings of the Supervisory Board as well as the information communicated. It expresses the satisfaction of the members of the Supervisory Board in respect of the operation and membership of the Supervisory Board. Ricol Lasteyrie has also summarized certain improvement goals, some of which have already been discussed by the Supervisory Board.

Thus, upon its meeting of February 9, 2010, the Supervisory Board decided, *inter alia,* further to the recommendation of the Appointments Committee, to submit to a future shareholders' meeting the appointment of a fourth independent member and to reduce the terms of office of the members of the Supervisory Board to four years, the appointment of which would be submitted to a future shareholders' meeting. Furthermore, upon its meeting of March 16, 2010, the Supervisory Board decided to organize a gradual renewal of the terms of office of the members of the Supervisory Board.

Moreover, the Supervisory Board has decided (i) that a presentation of the risk management strategy and a risk mapping be made to it during 2010, (ii) that a joint meeting of the Compensation Committee and of the Appointments Committee be held on a yearly basis in relation to the succession plan, (iii) that the scope of review of the Strategic Committee be refocused by including a more prospective vision, in particular in respect of the strategic risks, and (iv) that new members of the Supervisory Board be trained in relation to the activities and key challenges of the Group.

7.1.3 Supervisory Board Committees

The Supervisory Board has created four special committees and determined their composition and responsibilities: the Audit Committee, the Compensation Committee, the Appointments Committee and the Strategic Committee.

Each of the Supervisory Board's special committees has drawn up rules of procedure that have been approved by the Supervisory Board and set out the applicable stipulations of the Supervisory Board Rules of Procedure.

7.1.3.1 Audit Committee

The Audit Committee is made up of the following persons:

- Fritz Fröhlich (chairman);
- David Novak;
- Luis Marini-Portugal;
- Matthew Turner; and
- Joe Adorjan.

The main provisions of the Rules of Procedure of the Audit Committee are set out below.

Members

The Audit Committee is made up of a maximum of five members, at least one of whom must be independent, who are appointed by the Supervisory Committee for their expertise in accounting and finance.

The Chairman of the Supervisory Board shall not be a member of the Audit Committee.

Powers

The Audit Committee assists the Supervisory Board in ascertaining the accuracy and faithfulness of the parent company and consolidated financial statements of Rexel and the quality of the information provided. Its mission, as assigned by the Supervisory Board when preparing the parent company and consolidated financial statements, which are drawn up annually, half-yearly and quarterly in accordance with applicable regulations, and when preparing any deliberations with respect to the financial statements of Rexel, is to make recommendations and submit proposals to the Supervisory Board in all areas listed below:

- review and control of the financial statements, for the ultimate purpose of assisting the Management Board in reviewing and approving the year-end and interim accounts;
  - knowledge of the scope of consolidation, accounting methods and auditing procedures;
  - review of the quarterly, half-yearly and annual financial statements, and in particular analysis of provisions and of material risks and off-balance sheet liabilities;
  - knowledge of accounting positions taken in recognizing material transactions;
  - submission of recommendations to the Supervisory Board on all proposed adoption of material changes in accounting methods;
  - review of the Rexel Group's financial position;
- control of the statutory auditors' mission:
  - oversight of the selection procedure applicable to the statutory auditors;
  - submission of recommendations to the Supervisory Board on the Management Board's proposals to replace and reappoint statutory auditors to the shareholders' meeting;
  - knowledge of the amount of fees paid to the statutory auditors and recommendation thereon to the Management Board;
  - ascertaining that the statutory auditors comply with the rules governing their independence;
- oversight of internal audit procedures:
  - submission of recommendations on the mission and organization of the Rexel Group's internal audit department and its action plan;
  - review of work carried out by Internal Audit, followed by a report to the Supervisory Board.

In addition to the aforesaid responsibilities, the duties described below also fall within the scope of the Audit Committee:

- review of the procedures for preparing information provided to shareholders and to the market;
- review of the organization and application of internal control procedures within the Rexel Group;
- providing assistance to the Strategic Committee in reviewing the Rexel Group's financial position.

Operations

The Audit Committee meets at least four times per year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Audit Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Committee's scope.

The Committee must report on its activities to the Supervisory Committee on a regular basis, and at least at the time at which the Management Board adopts the financial statements for the year, semester and trimester.

The Committee is duly convened only if a quorum consisting of at least half of its members is present. A committee member may not be represented by proxy.

The Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

7.1.3.2 Appointments Committee

The Appointments Committee is made up of the following persons:

- Patrick Sayer (chairman);
- Roberto Quarta;
- Guido Padovano; and
- Fritz Fröhlich.

The main provisions of the rules of procedure of the Appointments Committee are set out below.

Members

The Appointments Committee is made up of a maximum of four members, at least one of whom is independent.

Powers

The Appointments Committee has the following responsibilities:

- issue recommendations on the appropriateness of appointments, dismissals of appointments, dismissals and renewals of appointments of members and the Chairman of the Supervisory Board, members and the chairman of the Audit, Strategic and Compensation Committees, members and the Chairman of the Management Board and members of the Executive Committee, and to issue recommendations on the candidates considered, in terms of expertise, availability, appropriateness and complementaritiy with other Supervisory Board, Management Board or Executive Committee members;
- propose independence criteria for members of the Supervisory Board;
- verify compliance with independence criteria and issue opinions thereon, as required, and advise the Chairman of the Supervisory Board on the number of independent members;
- be in a position at any time to formulate a proposal on a potential successor to the Chairman of the Management Board or of the Supervisory Board;
- issue a recommendation, on the Management Board's proposal, on the acceptance and resignation by Rexel from any office as member of the board of directors or any equivalent body and on the appointment and dismissal of permanent representatives of Rexel on the said board of directors or equivalent bodies.

Operations

The Appointments Committee meets at least once each year and, in any case, prior to those Supervisory Board or Management Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Appointments Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Committee's scope.

The Committee is duly convened only if a quorum consisting of at least half of its members is present. A committee member may not be represented by proxy.

The Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

7.1.3.3 Compensation Committee

The Compensation Committee is made up of the following persons:

- Guido Padovano (chairman);
- Luis Marini-Portugal;
- Roberto Quarta;
- François David; and
- Joe Adorjan.

The main provisions of the rules of procedure of the Compensation Committee are set out below.

Members

The Compensation Committee is made up of a maximum of five members, at least two of whom must be independent.

The Chairman and Deputy Chairman of the Supervisory Board may serve on the Compensation Committee but may not participate in Committee work concerning their own compensation.

Powers

The responsibilities of the Compensation Committee are the following:

- to make all recommendations to the Supervisory Board on the compensation of Management Board and Executive Committee members, on the rules for determining the variable components and any supplemental components such as pension schemes and benefits in kind;
- to be informed of planned compensation in the event of the breach of an employment agreement of a Management Board or Executive Committee member and to render an opinion in this respect to the Chairman of the Supervisory Board;
- to render an opinion on the stock option and bonus share award policy, for all categories of beneficiaries, and more particularly for Rexel Management Board and Executive Committee members; to make recommendations on the frequency of such awards and the terms and conditions of award.

Operations

The Compensation Committee meets at least once each year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Compensation Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Committee's scope.

The Committee is duly convened only if a quorum consisting of at least half of its members is present. A committee member may not be represented by proxy.

The Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

On an annual basis, pursuant to the exercise of its advisory functions on the setting of compensation for the members of the Management Board, the Compensation Committee may hear the members of the Management Board, notably in order to prepare the performance evaluations of the latter by the Supervisory Committee.

7.1.3.4 Strategic Committee

The Strategic Committee is made up of the following persons:

- David Novak (chairman);
- Patrick Sayer;
- François David;
- Matthew Turner; and
- Joe Adorjan

The main provisions of the rules of procedure of the Strategic Committee are set out below.

Members

The Strategic Committee is made up of a maximum of five members, at least two of whom must be independent, who are appointed by the Supervisory Committee.

Powers

The Strategic Committee's responsibilities are:

- review and issue recommendations to the Supervisory Board on projects for the strategic plans and annual budgets of Rexel drawn up by the Management Board. In this respect, the Committee may interview Management Board members on the assumptions applied in drawing up the said plans;
- review and issue recommendations to the Supervisory Board on planned acquisitions or disposals of business divisions or assets, and on investments, whenever the enterprise value exceeds the threshold above which such transactions are subject to prior approval by the Supervisory Board;
- review and issue recommendations to the Supervisory Board on the creation of any business division or subsidiary, on investments in any business division or on the acquisition of any equity interest in a country in which Rexel does not operate;
- review and issue recommendations to the Supervisory Board on any borrowing or assumption of liabilities by Rexel in an amount exceeding the threshold above which such transactions are subject to prior approval by the Supervisory Board;
- review and issue recommendations to the Supervisory Board on all proposed mergers, spin-offs or asset transfers in connection with Rexel;
- review and issue recommendations to the Supervisory Board on any proposal for the admission to trading on an organized exchange of tradable securities issued by Rexel or any of its subsidiaries;
- review and issue recommendations to the Supervisory Board on any transaction entailing a significant alteration in the scope of the business activities of Rexel and its subsidiaries;
- review the Rexel Group's financial position, in conjunction with the Audit Committee.

Operations

The Strategic Committee meets at least once each year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Strategic Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Committee's scope.

The Committee is duly convened only if a quorum consisting of at least half of its members is present. A committee member may not be represented by proxy.

The Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

7.1.4 Executive Committee

Rexel's operational organization is structured around an Executive Committee.

The Executive Committee includes the members of the Management Board, CEOs of the Rexel Group's geographic areas and the Communication management. The Committee serves as a forum for the consolidation of strategy, initiative coordination and the monitoring of performance and Rexel Group-wide projects.

As of the registration date of this *Document de Référence,* the Executive Committee is comprised of the following persons: Jean-Charles Pauze (Chairman of the Management Board); Pascal Martin (Member of the Management Board, Group Senior Vice President, Operations and Development); Jean-Dominique Perret (Member of the Management Board, Group Senior Vice President, Human Resources, Latin America Group Delegate); Michel Favre (Member of the Management Board, Group Senior Vice President, Finance, Control and Legal Affairs); Laetitia Olivier (Senior Vice President, Group Communication and Sustainable Development); Patrick Bérard (CEO France and South Continental Europe); Jeff Hall (CEO Canada); Werner Hardt (CEO Northern Europe); Henri-Paul Laschkar (CEO United Kingdom and Ireland); Jérémy de Brabant (CEO Rexel Inc.); Mitch Williams (CEO Gexpro); Christopher Hartmann (CEO IESC (Rexel USA)); Hubert Salmon (CEO Asia Pacific); and Michel Klein (CEO Central and Eastern Europe).

The Executive Committee meets at least every two months to define the Rexel Group's strategy, coordinate initiatives (particularly with respect to operations), monitor Rexel Group performance and ensure the implementation of horizontal projects for the Rexel Group.

7.1.5 Statements concerning the Management Board and Supervisory Board

To Rexel's knowledge:

- there are no family ties among members of the Management Board and Supervisory Board of Rexel;
- no member of the Management Board or Supervisory Board of Rexel has been convicted of fraud within the last five years;
- no member of the Management Board or Supervisory Board of Rexel has been associated with any "bankruptcy", receivership or liquidation within the last five years;
- no member of the Management Board or Supervisory Board of Rexel has been the subject of any official public incrimination or sanctions by statutory or regulatory authorities within the last five years; and
- no member of the Management Board or Supervisory Board of Rexel has been disqualified by a court from acting as a member of an administrative, management or supervisory body of any issuer or from participating in the management or conduct of the business of any issuer within the last five years.

7.1.6 Conflicts of interest

David Novak, Matthew Turner and Luis Marini-Portugal are members of the Management Board of Ray Investment, the main shareholder of Rexel.

Patrick Sayer, Luis Marini-Portugal and Marc Frappier are corporate officers of Eurazeo, an indirect shareholder of Rexel S.A.

Guido Padovano is Managing Director and Matthew Turner is Managing Director and Head of International of BAML Capital Partners, an indirect shareholder of Rexel.

David Novak, Roberto Quarta and Manfred Kindle hold various offices within Clayton Dubilier & Rice, an indirect shareholder of Rexel.

On April, 4, 2007, Ray Investment and its shareholders entered into an agreement with Rexel in order to structure their relationships in the event of sales of Rexel's shares by Ray Investment or its shareholders.

To the knowledge of Rexel, Patrick Sayer, Luis-Marini Portugal, Marc Frappier, Guido Padovano, David Novak, Roberto Quarta and Manfred Kindle are not in a situation of conflict of interest with respect to the performance of their corporate duties within Rexel.

As of the registration date of this *Document de Référence* and to Rexel's knowledge, there exists no other situation that could give rise to a conflict between the private interests of members of the Management Board or Supervisory Board and Rexel's interests.

For information regarding the appointment of members of the Supervisory Board, see paragraph 7.1.2.2 "Operation of the Supervisory Board" (section "Membership of the Supervisory Board") of this *Document de Référence* as well as paragraph 8.1.5 "Agreements potentially leading to a change of control" of this *Document de Référence.*

7.1.7 Service agreements between Management Board and Supervisory Board members and Rexel or one of its subsidiaries

There are no service agreements between Management Board and Supervisory Board members and Rexel or one of its subsidiaries and that award any benefits.

7.2 IMPLEMENTATION OF THE AFEP MEDEF CORPORATE GOVERNANCE CODE OF LISTED COMPANIES

Following the admission of its shares to trading on the Euronext Paris market, Rexel has initiated a general review in order to comply with corporate governance practices as defined by the corporate governance code of the *Association Française des Entreprises Privées* (AFEP) and the *Mouvement des Entreprises de France* (MEDEF) as amended by the guidelines of the AFEP and of the MEDEF dated October 2008.

Rexel believes to be in compliance with the corporate governance principles as set forth in the corporate governance code of the AFEP and the MEDEF, to the extent that such principles are compatible with the organization, size and means of the Rexel Group, subject to the following items:

- taking into account Rexel's shareholding structure and the provisions of the agreements between shareholders, the number of independent members is three out of eleven for the Supervisory Board, two out of five for the Audit Committee, the Strategic Committee, and the Compensation Committee, and one out of four for the Appointments Committee. The appointment of a fourth independent member of the Supervisory Board will be submitted to the following shareholders' meeting. The term of office for a member of the Supervisory Board was fixed at 5 years. Lastly, the renewal of the terms of office of the members of the Supervisory Board is not gradual. In this respect, draft resolutions aiming at reducing the term of office of the members of the Supervisory Board from 5 years to 4 years and at providing for a gradual renewal of the terms of office of the members of the Supervisory Board will be submitted to the shareholders of Rexel at the Shareholders' Meeting of May 20, 2010;
- the severance packages of the members of the Management Board are not submitted to the following cumulative conditions: (i) forced dismissal and (ii) change in control or strategy. Rexel wished that the severance packages (including legal or conventional redundancy payment *(indemnité de licenciement légale ou conventionnelle)*) that benefit to the members of the Management Board would be paid in cases of termination of the employment contract (which is suspended during the term of the corporate office) at the Company's initiative, except in cases of serious misconduct *(faute grave)*, gross misconduct *(faute lourde)* or retirement, which excludes any payment in the event of termination at the initiative of the corporate officer or in case of a change in his duties within the Group. The compensation in lieu of notice is not included in the calculation basis of the severance package nor it is submitted to the cumulative conditions referred to above (see paragraph 7.3 "Compensation of corporate officers" of this *Document de Référence*);
- in case of voluntary or compulsory retirement, in order to protect the interests of Rexel and the Rexel Group taken as a whole, the non-compete provisions may be applicable;
- the additional defined-benefit retirement plan (article 39) is open to a limited number of beneficiaries and, among these beneficiaries, the number of corporate officers exceeds the number of beneficiaries which are not corporate officers (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*); and
- the share subscription options and free shares allocated by Rexel do not comply with some of the AFEP and MEDEF guidelines. These allocations were carried out prior to the publication of the AFEP and MEDEF's guidelines and the amendment of the plans would raise major practical issues considering the number of beneficiaries.

7.3 COMPENSATION OF CORPORATE OFFICERS

7.3.1 Compensation and benefits in kind

7.3.1.1 Members of the Management Board

Compensation of the members of the Management Board is set by the Supervisory Board following the advice of the Compensation Committee.

In accordance with Rexel's policy on compensation, the members of the Management Board are paid a fixed annual amount which is determined according to criteria specific to each member (experience, seniority, responsibilities) and criteria based on the sector of business activity and the general economic situation. Members of the Management Board also receive a variable compensation. This variable compensation is paid in order to correlate the compensation of the members of the Management Board with the results of the business activity of Rexel and of the Rexel Group. The variable compensation is calculated on the basis of the attainment of personal goals and other criteria relative to Rexel. The personal goals are qualitative criteria determined based on the person in question, the duties carried out within Rexel or the Rexel Group and the objectives pursued by such person. Rexel- or Group-based criteria are quantitative criteria based on the results of Rexel and the aggregates that it normally uses in the context of the analysis of its financial situation.

In addition, the members of the Management Board may receive bonuses for which the amount depends on constraints relative to the exercise of their duties and the realization of objectives or outstanding work.

The members of the Management Board also are awarded benefits in kind in respect of their duties carried out within the Rexel Group.

Finally, in order to bind the members to the growth of the Rexel Group and its financial results, Rexel may grant shares, subscription options or purchase options to members of the Management Board.

Upon its meetings of February 10, March 30, May 20 and July 30, 2009, the Supervisory Board determined the compensation of the Chairman and of the members of the Management Board for the financial year ended December 31, 2009.

Compensation and other benefits received by Jean-Charles Pauze

Compensation for the financial year ending December 31, 2010

Upon its meeting of March 16, 2010, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Jean-Charles Pauze for the financial year 2010:

- gross fixed compensation amounting to €795,600;
- an annual variable target-based portion which may reach 120% of the gross annual fixed compensation; if 100% of the targets are met. If achievements exceed 100% of the targets, the variable bonus may exceed 120%, capped at 130% of the annual fixed base compensation; and
- a hardship allowance for travel in France and abroad in a gross amount of €170,000.

Compensation for the financial year ended December 31, 2009

At its meetings of February 10, 2009, March 30, 2009 and July 30, 2009, the Supervisory Board, following the recommendation of the Compensation Committee, set Jean-Charles Pauze's compensation for the financial year ended December 31, 2009, for his corporate duties as Chairman of the Management Board of Rexel, as follows:

- gross fixed compensation in the amount of €780,000;
- an annual variable target-based bonus that may reach 120% of his gross annual compensation if 100% of his set targets are reached, it being noted that if the Chairman exceeds 100% of his set target, his variable portion could exceed 120% of his gross base annual compensation, limited to 130% of his gross annual base compensation. This variable annual bonus was based for 75% on financial criteria relating to the Rexel Group's results and for 25% on qualitative criteria. The financial criteria for 2009 were EBITDA, WCR, Free Cash Flow and the synergies concerning the Hagemeyer acquisition. Qualitative criteria are based on items relating to the activity of Jean-Charles Pauze in his own fields of responsibility;
- a hardship allowance for travel in France and abroad in a gross amount of €170,000; and
- benefits in kind in the amount of €6,660, consisting of a company car and a gas card.

In the financial year ending December 31, 2010, Jean-Charles Pauze will be paid a variable compensation for the financial year ending December 31, 2009 in the gross amount of €682,200.

Compensation for the financial year ended December 31, 2008

In the financial year ending December 31, 2008, Jean-Charles Pauze was paid:

- gross fixed compensation in the amount of €780,000;
- a hardship allowance for travel in France and abroad in a gross amount of €170,000;
- gross variable compensation based on 2007 objectives amounting to €678,690;
- benefits in kind in the amount of €6,660, consisting of: a company car, and a gas card.

In the financial year ending December 31, 2009, Jean-Charles Pauze was paid a gross amount of €700,452 based on his variable compensation for the financial year ending December 31, 2008. The annual variable compensation is based on financial criteria relating to the Rexel Group's results (75%) and on qualitative criteria (25%). The financial criteria for 2008 were EBITDA, ROCE and WCR. Qualitative criteria were based on items relating to the activity of Jean-Charles Pauze in his own fields of responsibility.

Attendance fees

Jean-Charles Pauze was paid attendance fees in his capacities as corporate officer of Rexel Senate, an English subsidiary of Rexel, and of IESC, a U.S. subsidiary of Rexel:

- in an amount of €90,000, paid in 2009, for the financial year ended December 31, 2008; and
- in an amount of €90,000, paid in 2008, for the financial year ended December 31, 2007.

Other benefits

Jean-Charles Pauze receives the following benefits:

- a supplemental health insurance *(mutuelle)*;
- a welfare insurance *(contrat de prévoyance)*;
- a basic and supplementary pension;
- a defined benefit plan, which takes into account his length of service;
- the use of a company car;
- a health check-up; and
- compensation for tax and retirement advisors' fees.

Compensation and other benefits received by Michel Favre

Michel Favre was named to replace Nicolas Lwoff, member of the Management Board and Rexel Group Senior Vice-President, Finance, Control and Legal Affairs, who left the Rexel Group on February 12, 2009.

Compensation for the financial year ending December 31, 2010

Upon its meeting of February 9, 2010, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Michel Favre for the financial year 2010:

- gross fixed compensation amounting to €439,890; and
- an annual variable target-based portion which may reach 60% of the gross annual fixed compensation.

Compensation for the financial year ended December 31, 2009

Based on the recommendation of the Compensation Committee, the February 10, 2009 meeting of the Supervisory Board approved the compensation of Michel Favre for the financial year ending December 31, 2009 based on his role as Financial, Audits and Legal Director of the Group and as an employee with Rexel Développement SAS as follows:

- gross fixed compensation in the amount of €430,000;
- an annual variable target-based portion which may reach 60% of his gross annual base salary if he achieves set individual and collective targets established each year. This variable annual bonus is based on financial criteria relating to the Rexel Group's results (60%) and on qualitative criteria (40%). The financial criteria for 2009 were EBITDA, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Michel Favre in his own fields of responsibility.

Based on the recommendation of the Compensation Committee, the May 20, 2009 meeting of the Supervisory Board approved the compensation of Michel Favre for the financial year ended December 31, 2009 based on his role as an executive of the Group and as member of the Management Board of Rexel as follows:

- gross fixed compensation in the amount of €430,000;
- an annual variable target-based portion which may reach 60% of his gross annual base salary if he achieves set individual and collective targets established each year. This variable annual bonus is based on financial criteria relating to the Rexel Group's results (60%) and on qualitative criteria (40%). The financial criteria for 2009 were EBITDA, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Michel Favre in his own fields of responsibility; and
- for 2009, benefits in kind in the amount of €4,572, consisting of a company car, a gas card, and of €5,112, in connection with joining an executive social security plan (GSC).

As of the date of his appointment as a member of the Management Board of Rexel, Michel Favre's employment contract was suspended.

In the financial year ending December 31, 2010, Michel Favre will be paid a variable compensation based on the financial year ending December 31, 2009 in the gross amount of €155,380, with €28,774 coming from his employment contract and €126,606 from his executive position as a member of the Management Board of Rexel.

Other benefits

Michel Favre also has the following benefits:

- supplemental health insurance *(mutuelle)*;
- welfare insurance *(contrat de prévoyance)*;
- a basic and supplementary pension;
- a defined benefit plan, which takes into account his seniority;
- a company car;
- a health check-up;
- professional fees of a tax and retirement advisor.

Compensation and other benefits received by Nicolas Lwoff

Nicolas Lwoff left the Group on February 12, 2009.

Compensation for the financial year ended December 31, 2009

At the time of its departure from the Rexel Group, Nicolas Lwoff did not receive any severance indemnity due to the fact that he has resigned. Only the non-compete clause stipulated in its employment contract was applied. As such, Nicolas Lwoff received during a twelve-month period, *i.e.,* from February 14, 2009 to February 13, 2010 a gross monthly indemnity amounting to €29,230.77.

In addition to a monthly payment based on his non-competition clause, Nicolas Lwoff also received, on January 1, 2009 and February 13, 2009:

- gross fixed compensation, amounting to €47,500,
- benefits in kind in the amount of €958.52, consisting of a company car and a gas card.

In the financial year ending December 31, 2010, Nicolas Lwoff will be paid a variable compensation based on the financial year ending December 31, 2009 in the gross pro-rata amount of €19,152.

Compensation for the financial year ended December 31, 2008

At its February 12, 2008 meeting, the Supervisory Board, following the recommendation of the Compensation Committee, set Nicolas Lwoff's compensation, for the financial year ended December 31, 2008, for his corporate duties as member of the Management Board of Rexel, as follows:

- gross fixed compensation in the amount of €380,000;
- variable compensation based on 2007 objectives in the gross amount of €200,000;
- a special bonus in the gross amount of €150,000 based in the success of the Hagemeyer Transaction.

During the financial year ended December 31, 2008, Nicolas Lwoff also received benefits in kind in the amount of €5,751, comprising a company car and a gas card.

During the financial year ending December 31, 2009, a gross amount of €203,604 as variable compensation will be paid to Nicolas Lwoff for the financial year ended December 31, 2008. This variable annual bonus was based for 70% on financial criteria relating to the Rexel Group's results and for 30% on qualitative criteria. The financial criteria for 2008 were EBITDA, ROCE and WCR. Qualitative criteria are based on items relating to the activity of Nicolas Lwoff in his own fields of responsibility.

Other benefits

Nicolas Lwoff received the following benefits:

- a supplemental health insurance *(mutuelle)*;
- a welfare insurance *(contrat de prévoyance)*;
- a basic and supplementary pension;
- a defined benefit plan, which takes into account his length of service;
- the use of a company car;
- a health check-up; and
- compensation for tax and retirement advisors' fees.

Compensation and other benefits received by Pascal Martin

Compensation for the financial year ending December 31, 2010

Upon its meeting of February 9, 2010, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Pascal Martin for the financial year 2010:

- gross fixed compensation, amounting to €435,120; and
- an annual variable target-based portion which may reach 60% of the gross annual fixed compensation.

Compensation for the financial year ended December 31, 2009

At its February 10, 2009 meeting, the Supervisory Board, following the recommendation of the Compensation Committee, set Pascal Martin's compensation, for the financial year ended December 31, 2009, for his corporate duties as member of the Management Board of Rexel, as follows:

- gross fixed compensation in the amount of €420,000;
- an annual variable target-based compensation that may reach 60% of gross annual fixed compensation, subject to the achievement of fixed individual and collective objectives in accordance with the principles established each year. This variable annual bonus was based for 65% on financial criteria relating to the Rexel Group's results and for 35% on qualitative criteria. The financial criteria for 2009 were EBITDA, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Pascal Martin in his own fields of responsibility; and
- benefits in kind in the amount of €5,783, consisting of a company car, a gas card, and of €7,634 in connection with joining an executive social security plan (GSC).

In the financial year ending December 31, 2010, Pascal Martin will be paid a variable compensation based on the financial year ending December 31, 2009 in the gross amount of €184,968.

Compensation for the financial year ended December 31, 2008

In the financial year ending December 31, 2008, Pascal Martin was paid the following based on his executive position as a member of the Management Board of Rexel:

- gross fixed compensation in the amount of €420,000;
- variable compensation based on 2007 objectives in the gross amount of €201,200;
- an extraordinary bonus of €75,000 was paid to Pascal Martin for the success of the Hagemeyer Transaction.

Benefits in kind awarded to Pascal Martin amounted to €5,783 and consisted of the use of a company car and a gas card.

In the financial year ended December 31, 2009, Pascal Martin was paid a gross amount of €220,475 based on his variable compensation for the financial year ending December 31, 2008. The annual variable compensation is based on financial criteria relating to the Rexel Group's results (65%) and on qualitative criteria (35%). The financial criteria for 2008 were EBITDA, ROCE and WCR. Qualitative criteria were based on items relating to the activity of Pascal Martin in his own fields of responsibility.

Other benefits

Pascal Martin receives the following benefits:

- a supplemental health insurance *(mutuelle)*;
- a welfare insurance *(contrat de prévoyance)*;
- a basic and supplementary pension;
- a defined benefit plan, which takes into account his length of service;
- the use of a company car;
- a health check-up; and
- compensation for tax and retirement advisors' fees.

Compensation and other benefits received by Jean-Dominique Perret

Compensation for the financial year ending December 31, 2010

Upon its meeting of February 9, 2010, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Jean-Dominique Perret for the financial year 2010:

- gross fixed compensation pursuant to his duties as corporate officer and to his employment contract amounting to €279,840; and
- an annual variable target-based portion which may reach 55% of the gross annual fixed compensation.

Compensation for the financial year ended December 31, 2009

Based on the recommendation of the Compensation Committee, the February 10, 2009 meeting of the Supervisory Board approved the compensation of Jean-Dominique Perret for the financial year ending December 31, 2009 Rexel as follows:

- in his capacity as a member of the Management Board of Rexel:
  - gross fixed compensation in the amount of €164,900;
  - an annual variable target-based portion which may reach 50% of his gross annual base salary if he achieves set individual and collective targets established each year. This variable annual bonus is based on financial criteria relating to the Rexel Group's results (65%) and on qualitative criteria (35%). The financial criteria for 2009 were EBITDA, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility.
- in his capacity as Latin America Group Delegate:
  - gross fixed compensation in the amount of €100,100;
  - an annual variable target-based portion which may reach 50% of his gross annual base salary if he achieves set individual and collective targets established each year. This variable annual bonus is based on financial criteria relating to the Rexel Group's results (65%) and on qualitative criteria (35%). The financial criteria for 2009 were EBITDA, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility; and
  - benefits in kind in the amount of €7,714, consisting of a company car and a fuel card.

In the financial year ending December 31, 2010, Jean-Dominique Perret will be paid a variable compensation based on the financial year ending December 31, 2009 in the gross amount of €97,255.

Lastly, under the profit-sharing plan, Jean-Dominique Perret will receive in 2010 a net amount of €3,228.39 in respect of the financial year ended December 31, 2009.

Compensation for the financial year ended December 31, 2008

In the financial year ending December 31, 2008, Jean-Dominique Perret was paid:

- in his capacity as member of the Management Board:
  - a gross fixed compensation in the amount of €164,900;
- in his capacity as the salaried Latin America Group Delegate:
  - a gross fixed compensation in the amount of €100,100;
  - benefits in kind in the amount of €7,714, consisting of a company car and a gas card;
  - a variable compensation based on 2007 objectives in the gross amount of €101,187.

In the financial year ending December 31, 2009, Jean-Dominique Perret was paid a gross amount of €117,475 based on his variable compensation for the financial year ending December 31, 2008, of which €44,359 was in compensation for his operational responsibilities as Group Latin America Supervisor. This variable annual compensation was based on financial criteria relating to the Rexel Group's results (65%) and on qualitative criteria (35%). The financial criteria for 2008 were EBITDA, ROCE and WCR. Qualitative criteria were based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility.

Lastly, under the profit-sharing plan, Jean-Dominique Perret received in 2009 a net amount of €3,228.39 in respect of the financial year ended December 31, 2008.

Other benefits

Jean-Dominique Perret receives the following benefits:

- in his capacity as member of the Management Board:
  - a supplemental health insurance *(mutuelle)*;
  - a welfare insurance *(contrat de prévoyance)*;
  - a basic and supplementary pension;
  - a defined benefit plan, which takes into account his seniority, as of January 1, 2009;
  - a health check-up; and
  - compensation for tax and retirement advisors' fees;
- in his capacity as the salaried Latin America Group Delegate:
  - a supplemental health insurance *(mutuelle)*;
  - a welfare insurance *(contrat de prévoyance)*;
  - a basic and supplementary pension;
  - a defined benefit plan, which takes into account his seniority, as of January 1, 2009;
  - the use of a company car; and
  - compensation for tax and retirement advisors' fees.

Summary of the compensation and benefits in kind of the members of the Management Board

A summary of the compensation and benefits in kind of the members of the Management Board for the years ended December 31, 2009 and December 31, 2008 is set forth in the table below, it being specified that their fixed compensation and the percentage of target variable bonus have not been increased between these two financial years:

	Financial year ended			
	December 31, 2009		December 31, 2008	
	Due	Paid	Due	Paid
Jean-Charles Pauze				
Fixed compensation	€780,000	€780,000	€780,000	€780,000
Variable compensation	€682,200(3)	€700,452(2)	€700,452(2)	€678,690(1)
Hardship allowance	€170,000	€170,000	€170,000	€170,000
Extraordinary compensation	–	–	–	–
Attendance fees	€90,000(6)	€90,000(5)	€90,000(5)	€90,000(4)
Benefits in kind	€6,660	€6,660	€6,660	€6,660
Total	**€1,728,860**	**€1,747,112**	**€1,747,112**	**€1,725,350**
Nicolas Lwoff(7)				
Fixed compensation	€47,500	€47,500	€380,000	€380,000
Variable compensation	€19,152(3)	€203,604(2)	€203,604(2)	€200,000(1)
Non compete indemnity	€306,923	€306,923	–	–
Extraordinary compensation	–	–	€150,000	€150,000
Attendance fees	–	–	–	–
Benefits in kind	€958.52	€958.52	€5,751	€5,751
Total	**€374,533.52**	**€558,985.52**	**€739,355**	**€735,751**
Michel Favre(8)				
Fixed compensation	€328,013	€328,013	–	–
Variable compensation	€155,380(3)	–	–	–
Extraordinary compensation	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	€9,684	€9,684	–	–
Total	**€493,077**	**€337,697**	**–**	**–**
Pascal Martin				
Fixed compensation	€420,000	€420,000	€420,000	€420,000
Variable compensation	€184,968(3)	€220,475(2)	€220,475(2)	€201,200(1)
Extraordinary compensation	–	–	€75,000	€75,000
Attendance fees	–	–	–	–
Benefits in kind	€13,417	€13,417	€5,783	€5,783
Total	**€618,385**	**€653,892**	**€721,258**	**€701,983**
Jean-Dominique Perret				
Fixed compensation	€265,000	€265,000	€265,000	€265,000
Variable compensation	€97,255(3)	€117,435(2)	€117,435(2)	€101,187(1)
Extraordinary compensation	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	€7,714	€7,714	€7,714	€7,714
Total	**€369,969**	**€390,149**	**€390,149**	**€373,901**

(1) Variable compensation due for the financial year ended December 31, 2007 and paid during the financial year ended December 31, 2008.
(2) Variable compensation due for the financial year ended December 31, 2008 and paid during the financial year ended December 31, 2009.
(3) Variable compensation due for the financial year ended December 31, 2009 and paid during the financial year ending December 31, 2010.
(4) Attendance fees due for the financial year ended December 31, 2007 and paid during the financial year ended December 31, 2008.
(5) Attendance fees due for the financial year ended December 31, 2008 and paid during the financial year ended December 31, 2009.
(6) Attendance fees due for the financial year ended December 31, 2009 and paid during the financial year ending December 31, 2010.
(7) Nicolas Lwoff left the Group as of February 12, 2009.
(8) Michel Favre joined the Group on April 1, 2009 and was appointed as member of the Management Board of Rexel on May 20, 2009.

Summary of the employment agreements, the specific pension plans, the severance indemnities and the non-compete clauses

A summary of the employment agreements, the specific pension plans, the severance indemnities and the non-compete clauses is set forth in the table below:

Corporate officer	Employment agreement	Specific pension plan	Severance indemnities	Non-compete clause
Jean-Charles Pauze Chairman of the Management Board From February 13, 2007 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Yes Employment agreement suspended since March 1, 2007, taking into account the fact that the AFEP-MEDEF recommendations are not applicable to the current duties	Yes (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*)	Yes (see paragraph 7.3.2 "Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers" of this *Document de Référence*)	Yes Duration : 12 months Indemnities : 1/12th of the annual gross fixed compensation per month
Michel Favre Member of the Management Board From May 20, 2009 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Yes Employment agreement suspended since May 20, 2009	Yes (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*)	Yes (see paragraph 7.3.2 "Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers" of this *Document de Référence*)	Yes Duration : 12 months Indemnities : 1/12th of the annual gross fixed compensation per month
Pascal Martin Member of the Management Board From February 13, 2007 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Yes Employment agreement suspended since January 1, 2008	Yes (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*)	Yes (see paragraph 7.3.2 "Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers" of this *Document de Référence*	Yes Duration : 12 months Indemnities : 1/12th of the annual gross fixed compensation per month
Jean-Dominique Perret Member of the Management Board From February 13, 2007 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Yes	Yes, since January 1, 2009 (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*)	Yes (see paragraph 7.3.2 "Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers" of this *Document de Référence*)	Yes Duration : 12 months Indemnities : 1/12th of the annual gross fixed compensation per month

Free shares and share subscription or share purchase options

The members of the Management Board are holders of free shares and subscription options as described in paragraphs 8.1.2.5 "Subscription or purchase options for Rexel shares" and 8.1.2.6 "Allotment of free shares" of this *Document de Référence*.

The summary tables in relation to the purchase option, share subscription and free share allocation plans as well as to the options allocated and exercised, the shares allocated free of charge and the shares irrevocably acquired are set out in paragraphs 8.1.2.5 "Subscription or purchase options for Rexel shares" and 8.1.2.6 "Allotment of free shares" of this *Document de Référence*.

Summary of all of the compensation of the members of the Management Board

A summary of all of the compensation due to the members of the Management Board by the Rexel Group companies for the years ended December 31, 2009 and December 31, 2008 is set forth in the table below:

	Financial year ended	
	December 31, 2009	December 31, 2008
Jean-Charles Pauze		
Compensation due for the financial year(1)	€1,728,860	€1,747,112
Valuation of options granted during the financial year(2)	–	–
Valuation of free shares granted during the financial year(3)	–	€604,553
Total	**€1,728,860**	**€2,351,665**
Nicolas Lwoff(4)		
Compensation due for the financial year(1)	€374,533.52	€739,355
Valuation of options granted during the financial year(2)	–	–
Valuation of free shares granted during the financial year(3)	–	€304,218
Total	**€374,533.52**	**€1,043,573**
Michel Favre(5)		
Compensation due for the financial year(1)	€493,077	–
Valuation of options granted during the financial year(2)	–	–
Valuation of free shares granted during the financial year(3)	€375,570	–
Total	**€868,647**	**–**
Pascal Martin		
Compensation due for the financial year(1)	€618,385	€721,258
Valuation of options granted during the financial year(2)	–	–
Valuation of free shares granted during the financial year(3)	–	€304,218
Total	**€618,385**	**€1,025,476**
Jean-Dominique Perret		
Compensation due for the financial year(1)	€369,969	€390,149
Valuation of options granted during the financial year(2)	–	–
Valuation of free shares granted during the financial year(3)	–	€304,218
Total	**€369,969**	**€694,367**

(1) See paragraph 7.3.1.1 "Members of the Management Board" of this *Document de Référence*.
(2) As at the date of allocation, see paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence*.
(3) As at the grant date, on the basis of the value of the free shares granted pursuant to the 2+2 plans, see paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*. During the financial year ended December 31, 2009, Jean-Charles Pauze, Pascal Martin and Jean-Dominique Perret have not benefited from any allotment of free shares. Michel Favre has been appointed as corporate officer subsequently to the allotment of free shares and has benefited from such allotment in his capacity as an employee.
(4) Nicolas Lwoff left the Group as of February 12, 2009.
(5) Michel Favre joined the Group on April 1, 2009.

7.3.1.2 Members of the Supervisory Board

The Rexel shareholders' meeting held on May 20, 2008 allocated to the Supervisory Board a global amount of €300,000 for the payment of attendance fees.

Following the recommendations of the Compensation Committee, the Supervisory Board meeting of February 10, 2009 decided, within the scope of the allocated global amount, to allocate compensation to the independent members of the Supervisory Board in the gross amount including (i) a fixed portion in the amount of €30,000 and (ii) a variable portion of up to €30,000 that may be allocated to each independent member to the extent of their attendance to the meetings of the Supervisory Board and the Committees of which they are members. Moreover, a gross compensation of €10,000 is allocated for each chairman of a Committee of the Supervisory Board who is an independent member thereof.

Following the recommendations of the Compensation Committee, the Supervisory Board of March 16, 2010 decided, in accordance with the decisions of the Supervisory Board of February 10, 2009, that the variable portion would amount to €28,900 for Fritz Fröhlich, €23,600 for François David and €17,100 for Joe Adorjan.

Thus, Fritz Fröhlich, François David and Joe Adorjan, as independent members, received the following compensation in respect of the financial year ended December 31, 2009:

	Financial year ended December 31, 2009		Financial year ended December 31, 2008	
Member	Compensation	Total	Compensation	Total
Fritz Fröhlich		€68,900		€70,000
As committee Chairman	€10,000		€10,000	
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€28,900		€30,000	
François David		€53,600		€60,000
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€23,600		€30,000	
Joe Adorjan		€47,100		€60,000
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€17,100		€30,000	
Total		**€169,600**		**€190,000**

Rexel has paid no other compensation to the members of the Supervisory Board for the years ended December 31, 2008 and December 31, 2009.

7.3.2 Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers

No senior executive is entitled to compensation, indemnification or benefits due or that may become due as a result of the assumption, termination or change in his duties as a corporate officer of Rexel or thereafter.

Moreover, the employment agreements of Jean-Charles Pauze, Michel Favre, Pascal Martin and Jean-Dominique Perret provide, under certain conditions, for payment undertakings in the event of a termination, subject to performance criteria that have been decided upon (i) in the case of Jean-Charles Pauze, Pascal Martin and Jean-Dominique Perret, by the Supervisory Board meeting of May 13, 2008 and approved by the General shareholders' meeting of May 20, 2008, and (ii) in the case of Michel Favre, by the Supervisory Board meeting of May 20, 2009, and that will be submitted for approval at the shareholders' meeting of Rexel to be held on May 20, 2010.

Upon proposal of the Compensation Committee, the Supervisory Board of March 30, 2009 approved the modification of the compensation of Jean-Charles Pauze, Pascal Martin and Jean-Dominique Perret in order to ensure that they are consistent with the AFEP-MEDEF recommendations of October 2008.

Severance payments for Jean-Charles Pauze

Jean-Charles Pauze's employment contract with Rexel Développement SAS was suspended on March 1, 2007.

In the event that he should no longer hold his corporate office at Rexel, his employment contract with Rexel Développement SAS would once again come into effect with the same compensation conditions as those that he was granted as a corporate officer.

In the event that the employment contract is terminated at the employer's initiative, unless resulting from serious misconduct or gross negligence, Jean-Charles Pauze shall be granted a severance payment equal to 24 months of his monthly reference compensation.

The monthly reference compensation is understood as the amount of the fixed gross monthly salary received, including as an agent, for the 12 months prior to the notice of the termination of the contract, plus the gross amount of the most recent bonus, excluding any exceptional bonus, with this sum being divided by 12.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

In the event of the termination of contractual relations, the notice period is 8 months.

In accordance with the provisions of article L.225-90-1 of the French Commercial Code, these contractual indemnities of notice and employment contract termination are subject to the following performance conditions:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;
- the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ATWC (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, regardless of the cause of his departure from Rexel, a non-competition clause is stipulated in Jean-Charles Pauze's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Severance payments for Michel Favre

Michel Favre's employment contract with Rexel Développement S.A.S. was suspended on May 20, 2009.

In the event that his corporate duties within Rexel should end, Michel Favre's employment agreement with Rexel Développement S.A.S. would re-enter into effect subject to compensation conditions equivalent to those from which he benefits as a corporate officer.

The employment agreement of Michel Favre provides, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, that Michel Favre will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation.

The monthly reference compensation is defined as the gross annual compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

Under these same circumstances, Michel Favre would also benefit from compensation in lieu of notice equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, upon the approval by the Supervisory Board on May 20, 2009, and subject to approval at the next Shareholders' Meeting, such contractual indemnities in lieu of notice and for termination of the employment agreement are subject to the following performance criteria:

– the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;

– the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ATWC (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and

– the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Michel Favre's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Severance payments for Pascal Martin

Pascal Martin's employment contract with Rexel Développement SAS was suspended on January 1, 2008.

In the event that his corporate duties within Rexel should end, Pascal Martin's employment agreement with Rexel Développement SAS would re-enter into effect subject to compensation conditions equivalent to those from which he benefits as a corporate officer.

The employment agreement of Pascal Martin provides, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, that Pascal Martin will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation.

The monthly reference compensation is defined as the gross annual fixed compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

Under these same circumstances, Pascal Martin would also benefit from compensation in lieu of notice equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

Pursuant to the provisions of article L.225-90-1 of the French commercial code, such contractual indemnities in lieu of notice and for termination of the employment agreement are subject to the following performance criteria:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;
- the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ATWC (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Pascal Martin's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Severance payments for Jean-Dominique Perret

Jean-Dominique Perret, in addition to his duties as corporate officer, is acting as salaried Latin America Group Delegate since January 1, 2008.

His employment contract with Rexel Développement SAS provides, in the event of the termination of the employment agreement at the option of the employer, for whatever reason and except in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave, Jean-Dominique Perret will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation in his capacities as corporate officer and as an employee of the company.

The monthly reference compensation is defined as the gross annual fixed compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

Under these same circumstances, Jean-Dominique Perret would also benefit from compensation in lieu of notice equal to 8 months of the last paid compensation, in his capacity as officer and as employee of the company.

Pursuant to the provisions of article L.225-90-1 of the French commercial code, such contractual indemnities for prior notice and termination of the employment agreement are subject to the following performance criteria:

– the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;

– the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ATWC (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of ATWC, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and

– the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Jean-Dominique Perret's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

7.3.3 Other benefits

During the financial period ended December 31, 2009, Rexel did not grant any loans, advances or guarantees to any of its corporate officers.

7.3.4 Pension, retirement or similar benefits

A supplementary defined-benefit pension plan is in force within Rexel Développement and Rexel.

This new pension plan was implemented as of July 1, 2009 replacing the former plan which was closed on June 30, 2009 in order for Rexel to comply with the AFEP-MEDEF recommendations.

Are beneficiaries of the supplementary pension scheme, officers with the status of employee and/or corporate officer whose status and activity are defined in Article L.3111-2 of the French labor code and whom Global Grade is 20 or above under the Global Grading system defined for Rexel by Hewitt.

At January 1, 2010, six managing directors including four corporate officers met these eligibility criteria: Jean-Charles Pauze, Michel Favre, Pascal Martin, Jean-Dominique Perret, Patrick Bérard and Henri-Paul Laschkar.

The additional pension under this new plan is equal to the sum of the years of seniority multiplied by a yearly acquisition factor ranging between 0% and 1% according to the level of reference compensation.

The reference compensation used in the calculation of the additional pension is equal to the average of the three best calendar years of gross compensation received for the period in which the potential beneficiary can justify seniority and eligibility.

This compensation includes:

- Salary and/or compensation as a corporate officer,
- Exclusively contractual annual bonuses classified as "annual variable compensation" not including any special bonuses, hardship allowances or other similar bonuses. These annual bonuses are taken into account at up to 80% of the fixed base salary.

The reference compensation does not include the amount or nature of special bonuses, especially payments made at retirement and/or redundancy and/or entered into amicably, judicially, through arbitration or by a transaction. It also does not include benefits in kind.

The reference compensation is globally capped up to 40 times of the yearly French Social Security ceiling.

A certain number of limits have been put in place on the amount of the benefit:

- the amount of the additional retirement pension under the new rules is limited to 20% of the reference compensation;
- the amount of the additional retirement pension under all the supplemental pension schemes of Rexel (defined benefits or defined contributions) may not exceed 25% of the reference compensation;
- the total amount of mandatory pension schemes and all supplementary plans in force within Rexel may not exceed 50% of the reference compensation.

The total provision booked by the Company for all employees covered by this supplementary defined-benefit retirement plan corresponded to a commitment of €6.6 million as at December 31, 2009 reduced by the value of a hedge asset established with an insurance company. As at December 31, 2009, the value of this hedge asset was estimated at €6.5 million.

Following the implementation of this new retirement plan, Rexel complies with five out of six of the recommendations issued by the AFEP and the MEDEF:

AFEP-MEDEF Recommendations	New Retirement Plan (as at July 1, 2009)
Eligibility criteria / Seniority	Compliant
Number of corporate officers compared to the total number of beneficiaries	Not compliant*
Yearly accrual percentage	Compliant
Period of maximum accrual attainment	Compliant
Reference compensation	Compliant
Maximum level of benefits	Compliant

* As at January 1, 2010, the total number of beneficiaries was six, including four corporate officers.

The provision recorded in respect of the defined benefit pension plans is referred to in note 18 to the Notes to the consolidated financial statements of Rexel for the financial year ended December 31, 2009, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence.* As at December 31, 2009, it amounts to €173.8 million, less the value of a hedging asset appraised at €41.4 million, *i.e.,* €132.4 million.

7.4 MARKET ETHICS CHARTER

specify the applicable regulations in respect of share On April 4, 2007, Rexel adopted a market ethics charter the objective of which is to specify the applicable regulations in respect of share transactions by permanent and/or occasional insiders and interested persons, including in particular corporate officers and employees of the Rexel Group who have constant or occasional access to inside information as well as outsiders to the Rexel Group who can, in the context of their role or position, have access to inside information in relation to Rexel or the Rexel Group.

The market ethics charter provides for the creation of the position of a market ethics manager within the Rexel Group. The market ethics manager oversees compliance with the market ethics charter, in particular by informing those persons concerned of the periods during which they must abstain from transactions involving Rexel's shares, informing the Management Board and the Supervisory Board of any finding of violations of the applicable regulations within the Rexel Group, or by establishing and updating a list, to be provided upon request to the AMF, of persons considered to be insiders, and informing such persons of their inclusion in such list.

The market ethics charter mentions the applicable obligations with respect to the holding, disclosure and use of inside information as well as the applicable sanctions in the event of a violation of such obligations. The market ethics charter thus specifies the confidentiality and abstention obligations or the obligation to hold shares in registered form that applies to permanent or occasional insiders and interested persons. The market ethics charter also lays out the definition of inside information as well as the applicable rules in the case of, for example, an offence and breach by an insider, or a market manipulation. It also provides for periods of abstention linked, in particular, to the publication of Rexel's financial accounts.

7.5 RELATED PARTY TRANSACTIONS

7.5.1 Principal related party transactions

The material agreements that were entered into between Rexel and related parties, or the members of the Management Board of Rexel, the members of the Supervisory Board of Rexel, the shareholders of Rexel and the subsidiaries of Rexel, within the meaning of Articles L.225-86 *et seq.* of the French commercial code, during the financial year ended December 31, 2009 are:

Agreements referred to in article L.225-86 of the French commercial code, entered into by Rexel during the financial year ended December 31, 2009 and authorized by anticipation by Rexel's Supervisory Board:

- A defined benefits retirement plan agreement effective as of July 1, 2009 authorized by the Supervisory Board on March 30, 2009;

- Amendment n° 2 to the 2007 Senior Credit Agreement (as defined below) includes the modification of leverage ratio limits for the test dates as from December 31, 2009, the authorization of the merger between Rexel Distribution and Kelium and the authorization to finance certain acquisitions with the implementation of temporary bank financing. This agreement was authorized by the Supervisory Board on July 30, 2009 and is no longer applicable since December 21, 2009.

- A senior credit agreement of an amount of €1.7 billion entered into on December 17, 2009 between Rexel, on the one hand, Bank of America Securities Limited, BNP Paribas, Calyon, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, Natixis, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking, in their capacity as "Lenders", on the other hand, as well as Calyon, in its capacity as "Facilities Agent". Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium SA, Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel Inc., General Supply & Services Inc. and Rexel North America Inc. acceded to this senior credit agreement in the capacity of guarantors through accession letters dated December 21, 2009. This agreement was authorized by the Supervisory Board upon its meetings of December 2 and December 10, 2009;

- A Purchase Agreement entered into on December 11, 2009, between Rexel, on the one hand, and Calyon, the Royal Bank of Scotland plc, Merrill Lynch International, BNP Paribas, HSBC Bank plc, Natixis, Crédit Industriel et Commercial (CIC), ING Bank N.V., London Branch, Société Générale et Bayerische Landesbank (the **"Banks"**), on the other hand. Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium SA, Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc. acceded to this agreement through accession letters dated December 21, 2009. The agreement was entered into in the context of a notes issuance by Rexel in an amount of €575 million represented by unsecured senior notes bearing interest at 8.25%, redeemable on December 15, 2016. It provides for the terms under which Rexel undertook to issue, and the Banks undertook to underwrite these notes. This agreement was authorized by the Supervisory Board upon its meetings of December 2 and December 10, 2009;

- An Agency Agreement, entered into on December 21, 2009 between Rexel, Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium S.A., Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc. BNP Paribas Trust Corporation UK Limited and CACEIS Bank Luxembourg. The agreement was entered into in the context of a notes issuance by Rexel in an amount of €575 million represented by unsecured senior notes bearing interest at 8.25%, redeemable on December 15, 2016. It provides for the terms under which CACEIS Bank Luxembourg undertook to act in the capacity of Registrar and of Paying Agent in the scope of the issuance of such notes. This agreement was authorized by the Supervisory Board upon its meetings of December 2 and December 10, 2009;

- A Trust Deed, entered into on December 21, 2009 between Rexel, Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium SA, Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel Inc., General Supply & Services Inc., Rexel North America Inc., Compagnie de Distribution de Matériel Electrique B.V., Finelec Développement SA and BNP Paribas Trust Corporation UK Limited. The agreement was entered into in the context of a notes issuance by Rexel in an amount of €575 million represented by unsecured senior notes bearing interest at 8.25%, redeemable on December 15, 2016. It provides for the terms under which BNP Paribas Trust Corporation undertook to act in the capacity of Trustee in the scope of the issuance of such notes. This agreement was authorized by the Supervisory Board upon its meetings of December 2 and December 10, 2009.

Agreements referred to in article L.225-90-1 of the French commercial code, entered into by Rexel during the financial year ended December 31, 2009

- The commitments made to the benefit of Michel Favre, member of the Management Board of Rexel, stipulating the payment of compensation elements due or likely to be due from the termination of his functions and subject to performance conditions. This agreement was authorized by the Supervisory Board on May 20, 2009 and will be subject to approval at the Rexel Shareholders' Meeting on May 20, 2010.

Agreements referred to in article L.225-90-1 of the French commercial code entered into by Rexel during the financial year ended December 31, 2008 and approved by Rexel's general ordinary shareholders' meeting of May 20, 2008:

- Commitments made to the benefit of Jean-Charles Pauze, chairman of the Management Board of Rexel, stipulating the payment of contractual compensation in lieu of notice and in relation to the termination of the employment agreement subject to performance conditions. This agreement was authorized by the Supervisory Board on May 13, 2008 and approved at the Rexel Shareholders' Meeting on May 20, 2008;

- Commitments made to the benefit of Nicolas Lwoff, member of the Management Board of Rexel, stipulating the payment of contractual compensation in lieu of notice and in relation to the termination of the employment agreement subject to performance conditions. This agreement was authorized by the Supervisory Board on May 13, 2008 and approved at the Rexel Shareholders' Meeting on May 20, 2008;

- Commitments made to the benefit of Pascal Martin, member of the Management Board of Rexel, stipulating the payment of contractual compensation in lieu of notice and in relation to the termination of the employment agreement subject to performance conditions. This agreement was authorized by the Supervisory Board on May 13, 2008 and approved at the Rexel Shareholders' Meeting on May 20, 2008;

- Commitments made to the benefit of Jean-Dominique Perret, member of the Management Board of Rexel, stipulating the payment of contractual compensation in lieu of notice and in relation to the termination of the employment agreement subject to performance conditions. This agreement was authorized by the Supervisory Board on May 13, 2008 and approved at the Rexel Shareholders' Meeting on May 20, 2008.

Agreements referred to in article L.225-86 of the French commercial code entered into by Rexel during prior financial years, which were continued during the financial year ended December 31, 2009:

- The Cooperation Agreement entered into on April 4, 2007. This agreement was authorized by the Supervisory Board on April 4, 2007;

- The senior credit agreement entered into on December 19, 2007 (the "2007 Senior Credit Agreement"). This agreement was authorized by the Supervisory Board on December 16, 2007 and is no longer applicable since December 21, 2009;

- The execution by Rexel on December 12, 2005, of a tax integration agreement. Rexel opted on March 9, 2005, for the establishment of a new integrated tax group between Ray Acquisition S.A.S. (renamed Kelium and merged into Rexel Distribution), Ray Acquisition S.C.A. (which became Rexel Développement S.A.S.) and Rexel, of which Rexel is the parent company. Pursuant to this option, Rexel has become, for a period of 5 financial years as of January 1, 2005, solely liable for corporate tax *(impôt sur les sociétés)*, for the additional contribution based on corporate tax pursuant to article 235 ter ZA of the French general tax code, for the social contribution on corporate profits pursuant to article 235 ter ZC of the French general tax code and for the yearly flat-rate tax *(imposition forfaitaire annuelle)*, owed by the group formed by Rexel and the subsidiaries held directly or indirectly at least at 95%, pursuant to articles 223 A et seq. of the French general tax code. This agreement was authorized by the Board of Directors on March 9, 2005;

- Amendment n°1 to the 2007 Senior Credit Agreement, intended to include a new line of credit known as Facility A' (dated September 22, 2008) and providing for the following amendments to the 2007 Senior Credit Agreement: (i) the maximum total amount of the banks' undertaking was reduced by €5.4 billion, down to €3.3 billion and (ii) a new Facility A' was created, for a maximum amount of €60 million, with the same terms and conditions as Facility A, with the exception of the compulsory repayment in priority of Facility A' with the proceeds of the securitization program to be set up with certain subsidiaries of the Rexel Group. This agreement was authorized by the Supervisory Board on September 19, 2008 and is no longer applicable since December 21, 2009.

Ordinary agreements entered into by Rexel under customary terms during the financial year ended December 31, 2009 or entered into in previous financial years and which were continued during such financial year ended December 31, 2009:

– a loan agreement between Rexel (as lender) and Rexel Développement (as borrower) in the amount of €1,395,999,997. This loan agreement was the subject of an amendment made to bring the initial amount from €746,000,000 to €1,346,000,000. In addition, this loan agreement was subject to an addendum entered into on April 1, 2008, the purpose of which was to amend the amount of the applicable interest rate.

7.5.2 Special reports of the Statutory Auditors in relation to related party agreements

7.5.2.1 Special report of the Statutory Auditors in relation to the related party agreements for 2009

KPMG Audit
1, cours Valmy
92923 Paris-La Défense Cedex
France

ERNST & YOUNG Audit
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex
France

Rexel S.A.

Registered office:
189-193, boulevard Malesherbes, 75017 Paris

Share capital:
€1,291,100,090

Statutory Auditor's report on related party agreements and commitments

Financial year ended December 31, 2009

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby present our report on related party agreements and commitments.

Related party agreements and commitments authorized during the financial year

Pursuant to Article L.225-88 of the French commercial code, we have been informed of the agreements and commitments that have been previously authorized by your supervisory board.

We are not required to ascertain whether any other agreements or commitments exist but to inform you, on the basis of the information provided to us, of the main terms and conditions of the agreements and commitments of which we have been informed. It is not our role to determine whether these agreements and commitments are beneficial or appropriate. It is your responsibility, pursuant to Article R.225-58 of the French commercial code, to assess the benefits arising from the entry into these agreements and commitments in view of their approval.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes). These procedures have consisted in verifying that the information provided to us is in agreement with the underlying documentation from which it was extracted.

Additional defined-benefit retirement plan

Related parties

Jean-Charles Pauze, Michel Favre, Pascal Martin, Jean-Dominique Perret, in their capacity as members of the Management Board of Rexel S.A.

Description, terms and conditions

Your Supervisory Board authorized, on March 30, 2009, your Company to enter into a new additional defined-benefit pension plan as of July 1, 2009 for the members of the Management Board.

Terms and conditions

This agreement had no impact on the financial statements of your Company in the financial year ended December 31, 2009.

Amendment No. 2 to the Senior Credit Agreement

Related parties

Jean-Charles Pauze, in his capacity as Chairman of the Management Board of your Company, of CEO of Rexel Distribution S.A., which is a party to the Amendment No. 2 to the Senior Credit Agreement; of President and director of Rexel North America Inc., which is a party to the Amendment No. 2 to the Senior Credit Agreement; and of President and director of International Electrical Supply Corp., which is a party to the Amendment No. 2 to the Senior Credit Agreement.

Pascal Martin, in his capacity as member of the Management Board of your Company and member of the board of directors of Rexel Distribution S.A., which is a party to the Amendment No. 2 to the Senior Credit Agreement.

Description, terms and conditions

Your Supervisory Board authorized, on July 30, 2009, your Company to enter into an "Amendment No. 2" to the Senior Credit Agreement entered into on December 16, 2007. The Amendment No. 2 to the Senior Credit Agreement introduces, *inter alia,* the following amendments:

- the modification of the leverage ratio limits for test dates as of December 31, 2009,
- the authorization, subject to certain conditions, of the merger between Kelium S.A.S. and Rexel Distribution S.A.,
- the authorization to finance acquisitions responding to certain criteria by entering into a short-term bank financing,
- in consideration of the above, your Company and/or the other Obligors (as defined in the Senior Credit Agreement), as the case may be, agree to (i) grant, subject to certain conditions, new undertakings (such as the absence of payment by your Company of dividends during the financial years ended December 31, 2009 and ending December 31, 2010 and subsequently for as long as the leverage ratio exceeds 4.00:1, the limitation of the amount of capital expenditure and acquisitions, the reduction of the authorized debt amount); (ii) provide the lenders with additional information and (iii) increase the applicable margin in relation to the loans granted in connection with the Credit Agreement and introduce a new no-use fee applicable only to the revolving credit line (Facility B);
- the cancellation of the ability to use the revolving credit line (Facility B) in currencies other than the Euro, and to elect interest periods of one and two months for term credit lines, the minimum interest period being therefore increased to 3 months.

Your company remains joint guarantor *(caution solidaire)* for the payment obligations of the companies that it controls within the meaning of article L.233-3 of the French commercial code in their capacity as Borrower under the Senior Credit Agreement.

Terms and conditions

This agreement had no impact on the financial statements of your Company in the financial year ended December 31, 2009.

This agreement expired upon the entry into a new Credit Agreement on December 21, 2009.

2009 Senior Credit Agreement

Related parties

Jean-Charles Pauze, in his capacity as Chairman of the Management Board of your Company, CEO of Rexel Développement S.A.S., Chairman and CEO of Rexel Distribution S.A., President and director of Rexel North America Inc., President and director of International Electrical Supply Corp., and member of the board of directors of Rexel France S.A.S.

Pascal Martin, in his capacity as member of the Management Board of your Company and member of the board of directors of Rexel Distribution S.A.

Michel Favre, in his capacity as member of the Management Board of your Company, member of the board of directors of Rexel Distribution S.A., member of the board of directors of Rexel France S.A.S. and member of the board of directors of Svenska Elgrossist AB Selga.

Description, terms and conditions

Your Supervisory Board authorized, on December 2, 2009 and December 10, 2009, the entry by your Company into a new Senior Credit Agreement for a principal amount of €1,700 million between Rexel, firstly, Banc of America Securities Limited, BNP Paribas, Calyon, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, Natixis, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking as "Lenders", secondly, and Calyon, as "Facilities Agent", thirdly.

The agreement provides that Rexel's subsidiaries (Rexel Développement S.A.S., Rexel Distribution S.A., Rexel France S.A.S., Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium S.A., Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel Inc., General Supply & Services Inc. and Rexel North America Inc.) will guarantee the obligations of the Company in their capacity as guarantors.

Terms and conditions

At December 31, 2009, the amount of indebtedness recorded in the balance sheet of your Company under the Senior Credit Agreement amounted to €1,091.2 million. Your Company recorded, under this Agreement, loan issuance expenses for an amount of €27.9 million as at December 31, 2009.

Bond issuance (Underwriting Agreement, Trust Agreement, Service Agreement)

Related parties

Jean-Charles Pauze, in his capacity as Chairman of the Management Board of your Company, CEO of Rexel Développement S.A.S., Chairman and CEO of Rexel Distribution S.A., President and director of Rexel North America Inc., President and director of International Electrical Supply Corp., and member of the board of directors of Rexel France S.A.S.

Pascal Martin, in his capacity as member of the Management Board of your Company and member of the board of directors of Rexel Distribution S.A.

Michel Favre, in his capacity as member of the Management Board of your Company, member of the board of directors of Rexel Distribution S.A., member of the board of directors of Rexel France S.A.S. and member of the board of directors of Svenska Elgrossist AB Selga.

Description, terms and conditions

Your Supervisory Board authorized, on December 2, 2009 and December 10, 2009, a bond issuance of a minimum nominal amount of €500 million and of a maximum of €700 million, represented by senior high-yield notes of your Company. In the context of the bond issuance by your Company, several agreements have been entered into, in accordance with the following terms and conditions:

Purchase Agreement

The Purchase Agreement was entered into on December 11, 2009, between your Company and the Guarantors, on the one hand, and the Banks, on the other hand. The Purchase Agreement provides the terms and conditions under which your Company has undertaken to issue the Bonds and the Banks have undertaken to underwrite the Bonds, and in the event of a lack of sufficient subscribers, to subscribe to the Bonds not underwritten.

The Purchase Agreement includes customary clauses for this type of agreement, *inter alia* a set of representations and guarantees granted to by the Company and the Guarantors, the terms of completion of the Bonds issuance, the payment of the Bank's fees for their services, an indemnification undertaking by your Company and each of the Guarantors at the benefit of the Banks and a termination clause that allows the Banks to terminate the transaction in the event of the occurrence of significant events.

Trust agreement

The Trust Agreement was entered into on December 21, 2009 between your Company, the Guarantors and BNP Paribas Trust Corporation UK Limited. It provides for the terms and conditions under which BNP Paribas Trust Corporation UK Limited will guarantee the undertakings of the Company in connection with the Bonds. The Trust Agreement includes customary clauses for this type of agreement, *inter alia* a set of representations and guarantees granted by your Company and the Guarantors, an indemnification undertaking by your Company and each of the Guarantors at the benefit of BNP Paribas Trust Corporation UK Limited and a termination clause that allows BNP Paribas Trust Corporation UK Limited to terminate the Trust Agreement in the event of the occurrence of certain events.

Service agreement

The Service Agreement was entered into on December 21, 2009 between your Company, the Guarantors and CACEIS Bank Luxembourg. It provides for the terms and conditions under which CACEIS Bank Luxembourg will act as Issuing and Paying Agent in the name and on behalf of yours Company and of the Guarantors in connection with the Bond issuance. Thus, CACEIS Bank Luxembourg is in charge of the effective completion of the Bonds issuance and their admission to trading on the regulated market of the Luxembourg stock exchange and, following such admission, carry out the various payments due by your Company and/or the Guarantors under the Bonds (including the payment of interest, redemption or early redemption). The Service Agreement includes customary clauses for this type of agreement, including the description of services to be carried out by CACEIS Bank Luxembourg as well as an indemnification undertaking of your Company and the Guarantors at the benefit of CACEIS Bank Luxembourg and the terms of completion of the Service Agreement.

The Purchase Agreement, the Trust Agreement and the Service Agreement are executed by the following Guarantors: Rexel Développement S.A.S., Rexel Distribution S.A., Rexel France S.A.S., Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium S.A., Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel Inc., General Supply & Services Inc. and Rexel North America Inc.

Compagnie de Distribution de Matériel Electrique B.V. and Finelec Développement S.A. are also parties to the Trust Agreement.

Terms and conditions

During the financial year ended December 31, 2009, your Company carried out a bond issuance of a nominal amount of €575 million. Your Company recorded, under this bond issuance, issuance expenses for an amount of €13 million as at December 31, 2009.

Commitments at the benefit of a member of the Management Board of the Company in case of termination of his duties

Related party

Michel Favre, Member of the Management Board of your Company.

Description, terms and conditions

Your Supervisory Board approved, on May 20, 2009 the financial terms and conditions that would apply in the event of termination or change of the duties of a member of the Management Board and the performance targets in relation to the deferred compensation items, in accordance with Article L.225-90 -1 of the French commercial code and pursuant to the "TEPA" law dated August 21, 2007.

Terms and conditions

1. In the event of the termination of the employment agreement at the option of the employer following the end of Michel Favre's duties as a corporate officer, and except in case of serious misconduct *(faute grave)* or gross misconduct *(faute lourde)*, Michel Favre would benefit from a contractual indemnity corresponding to 18 months of his Monthly Reference Compensation. Monthly Reference Compensation is defined as the sum of gross fixed monthly compensation received, including in the capacity as corporate officer, during the twelve months preceding the month in which severance of contractual relations would be served, plus the average gross amount of the last two bonuses received, but excluding any exceptional bonus, divided by twelve.

This indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, as well as the indemnity corresponding to the non-compete clause, if any. This contractual indemnity shall not apply in the event of a retirement leave or compulsory retirement leave. In these cases, only the severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* will be due, as well as the indemnity corresponding to the non-compete clause, if any.

He would also benefit, in these circumstances, of compensation in lieu of notice equal to eight months of his last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

2. The payment of the indemnity in lieu of notice and in relation to the termination of employment agreement to Michel Favre would be subject to the following performance targets (in addition to the conventional minimum that may apply), and would be determined as follows:

a) Payment of 50% of the contractual indemnity in lieu of notice and in relation to the termination of the employment agreement would be subject to the EBITDA (operating income before other income and other expenses, plus depreciation and amortization) level of the Rexel Group. This payment would be due up to 100% if the level of EBITDA, calculated on the basis of the audited consolidated financial statements of the Company for the financial year preceding the date of termination of the employment agreement (reference year), reaches at least 60% of the budgeted value for this financial year. If, during the reference year, the economic situation and financial condition of the Company and / or the economic and financial conditions of the market deteriorate, this level may be adjusted by the Supervisory Board upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation;

b) Payment of 35% of the contractual indemnity in lieu of notice and in relation to the termination of the employment agreement would be subject to the ATWC (Average Trade Working Capital) level of the Rexel Group. This payment would be due up to 100% if the level of ATWC, calculated on the basis of the audited consolidated financial statements of the Company for the financial year preceding the date of termination of the employment agreement (reference year), reaches at least 125% of the budgeted performance for this financial year. If, during the reference year, the economic situation and financial condition of the Company and / or the economic and financial conditions of the market deteriorate, this level may be adjusted by the Supervisory Board upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation;

c) Payment of 15% of the contractual indemnity in lieu of notice and in relation to the termination of the employment agreement would be subject to the ROCE (Return On Capital Employed) level of the Rexel Group. This payment would be due up to 100% if the level of ROCE, calculated on the basis of the audited consolidated financial statements of the Company for the financial year preceding the date of termination of the employment agreement (reference year), reaches at least 75% of the budgeted performance for this financial year. If, during the financial year, the economic and financial situation of the Company and / or the economic and financial conditions of the market deteriorate, this level may be adjusted by the Supervisory Board upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation.

Terms and conditions

This agreement had no impact on the financial statements of your Company in the financial year ended December 31, 2009.

Related party agreements and commitments authorized in previous years with continuing effect

Furthermore, pursuant to the French commercial code, we have been informed that the performance of the following agreements and commitments approved in prior years, continued during the last financial year.

Tax consolidation agreement

Description, terms and conditions

On March 9, 2005, your Board of Directors authorized the Company to sign the tax consolidation agreement in connection with the new tax group between Ray Acquisition S.A.S. (renamed Kelium S.A.S. and merged into Rexel Distribution S.A. on January 1, 2009), Ray Acquisition S.C.A. (renamed Rexel Développement S.A.S) and Rexel, with your Company as top holding company. Pursuant to this option, your Company has become, for a period of 5 financial years as of January 1, 2005, solely liable for corporate tax *(impôt sur les sociétés)*, for the social contribution on corporate profits pursuant to article 235 ter ZC of the French general tax code and for the yearly flat-rate tax *(imposition forfaitaire annuelle)*, owed by the group formed by your Company and the subsidiaries held directly or indirectly at least at 95%, pursuant to articles 223A *et seq.* of the French general tax code.

Terms and conditions

During the financial year ended December 31, 2009, your Company has recorded income arising from the operation of such tax consolidation agreement of K€52,638. An asset of an equivalent amount is shown on the balance sheet at December 31, 2009.

Secondary Offering Cooperation Agreement

Description, terms and conditions

On April 4, 2007, your Supervisory Board authorized your Company to enter into an agreement to regulate the relations between the parties in the event of any sale by Ray Investment S.a.r.l. or its shareholders of the shares of your Company for a consideration of at least K€100,000.

Terms and conditions

This agreement had no impact on the financial statements of your Company in the financial year ended December 31, 2009.

Senior Credit Agreement

Description, terms and conditions

On December 16, 2007, your Supervisory Board authorized the entry into a multi-currency syndicated facility agreement (the "Facility Agreement") between your Company, in its capacity as Borrower and Guarantor, Kelium S.A.S. (merged into Rexel Distribution S.A. as of January 1, 2009), in its capacity as Borrower, and Calyon, Crédit Industriel et Commercial (CIC), HSBC France, HSBC Bank Plc, ING Bank NV, Natixis and The Royal Bank of Scotland, in their capacity of Mandated Lead Arrangers, and with Calyon in its capacity as Facility Agent and Security Agent, in a total amount of K€5,400,000, in order to finance a public takeover bid for the shares of Hagemeyer and to refinance Rexel's 2007 Senior Credit Agreement and Hagemeyer's existing credit lines.

Terms and conditions

This agreement had no impact on the financial statements of your Company in the financial year ended December 31, 2009.

This agreement expired upon the entry into a new Credit Agreement on December 21, 2009.

Amendment No. 1 to the Senior Credit Agreement

Description, terms and conditions

Your Supervisory Board authorized your Company, on September 19, 2008, to execute the Amendment N°1 to the Senior Credit Agreement, intended to include a new line of credit referred to as Facility A' (dated September 22, 2008) and providing for the following amendments to the Senior Credit Agreement: (i) the maximum total commitment of the banks was reduced from K€5,400,000 to K€3,300,000 and (ii) a new credit line was created, known as Facility A', of a maximum amount of K€60,000, with the same terms and conditions as the credit line known as Facility A, with the exception of a priority mandatory early repayment of the credit line known as Facility A' using the proceeds of the securitization program which will be set up with certain subsidiaries of the Rexel Group.

Terms and conditions

This agreement had no impact on the financial statements of your Company in the financial year ended December 31, 2009.

This agreement was amended by Amendment No. 2 dated July 30, 2009 and expired on December 21, 2009, upon the entry into a new Credit Agreement.

Commitments at the benefit of the members of the Management Board of your Company in case of termination or change of their duties

Description, terms and conditions

Your Supervisory Board approved, on May 13, 2008 the financial terms and conditions that would apply in the event of termination or change of the duties of the members of the Management Board and the performance targets in relation to the deferred compensation items, in accordance with Article L.225-90-1 of the French commercial code and pursuant to the "TEPA" law dated August 21, 2007.

Terms and conditions

1. In the event of the termination of the employment agreement at the option of the employer following the end of his duties as a corporate officer, and except in case of serious misconduct *(faute grave)* or gross misconduct *(faute lourde)*,

a) Jean-Charles Pauze would benefit of a contractual indemnity equal to 24 months of his Monthly Reference Compensation in his capacity as corporate officer or as an employee of the company. Monthly Reference Compensation is defined as the sum of gross fixed monthly compensation received, including in his capacity as corporate officer, during the twelve months preceding the month in which severance of contractual relations would be served, plus the gross amount of the last bonus received in any capacity whatsoever, but excluding any exceptional bonus, divided by twelve.

   This indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, as well as any indemnity due pursuant to the employment agreement.

   This indemnity shall not apply in the event of a retirement leave or compulsory retirement leave at the option of the employer, with the exception of the severance indemnity applicable pursuant to the collective bargaining agreement in such case. Jean-Charles Pauze would also benefit, in these circumstances, of compensation in lieu of notice equal to the compensation normally paid at the usual dates corresponding to the amount of his contractual compensation in his capacity as officer or as employee of the Company, depending on the date of such termination of the employment agreement.

b) Nicolas Lwoff, Pascal Martin and Jean-Dominique Perret would benefit of a contractual indemnity equal to 18 months of their Monthly Reference Compensation in their capacity as corporate officers or as employees of the company. Monthly Reference Compensation is defined as the sum of gross fixed monthly compensation received, including in their capacity as corporate officers, during the twelve months preceding the month in which severance of contractual relations would be served, plus the average gross amount of the last two bonuses received in any capacity whatsoever, but excluding any exceptional bonus, divided by twelve.

This indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, as well as any indemnity due pursuant to the employment agreement. It also includes the gross amount of the financial consideration for any non-compete clause that may apply.

Nicolas Lwoff, Pascal Martin and Jean-Dominique Perret would also benefit, in these circumstances, of compensation in lieu of notice equal to the compensation normally paid at the usual dates corresponding to the amount of their contractual compensation in their capacity as corporate officers or as employees of the Company, depending on the date of such termination of the employment agreement.

2. The indemnity in lieu of notice and in relation to the termination of employment agreement which would be paid to Jean-Charles Pauze, Nicolas Lwoff, Pascal Martin and Jean-Dominique Perret, would be subject to the following performance targets (in addition to the conventional minimum that may apply), and would be determined as follows:

a) Payment of 50% of the contractual indemnity in lieu of notice and in relation to the termination of the employment agreement would be subject to the EBITDA (operating income before other income and other expenses, plus depreciation and amortization) level of the Rexel Group. This payment would be due up to 100% if the level of EBITDA, calculated on the basis of the audited consolidated financial statements of the Company for the financial year preceding the date of termination of the employment agreement (reference year), reaches at least 60% of the budgeted value for this financial year. If, during the reference year, the economic situation and financial condition of the Company and / or the economic and financial conditions of the market deteriorate, this level may be adjusted by the Supervisory Board upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation;

b) Payment of 35% of the contractual indemnity in lieu of notice and in relation to the termination of the employment agreement would be subject to the ATWC (Average Trade Working Capital) level of the Rexel Group. This payment would be due up to 100% if the level of ATWC (in percentage of sales), calculated on the basis of the audited consolidated financial statements of the Company for the financial year preceding the date of termination of the employment agreement (reference year), reaches at least 125% of the budgeted performance for this financial year. If, during the reference year, the economic situation and financial condition of the Company and / or the economic and financial conditions of the market deteriorate, this level may be adjusted by the Supervisory Board upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation;

c) Payment of 15% of the contractual indemnity in lieu of notice and in relation to the termination of the employment agreement would be subject to the ROCE (Return On Capital Employed) level of the Rexel Group. This payment would be due up to 100% if the level of ROCE, calculated on the basis of the audited consolidated financial statements of the Company for the financial year preceding the date of termination of the employment agreement (reference year), reaches at least 75% of the budgeted performance for this financial year. If, during the financial year, the economic and financial situation of the Company and / or the economic and financial conditions of the market deteriorate, this level may be adjusted by the Supervisory Board upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation.

This agreement had no impact on the financial statements of your Company in the financial year ended December 31, 2009.

Paris-La Défense, March 22, 2010

The statutory auditors
French original signed by

KPMG Audit	ERNST & YOUNG Audit
A Department of KPMG S.A.	
Hervé Chopin	Pierre Bourgeois
Partner	*Partner*

7.5.2.2 Special reports of the statutory auditors in relation to the related party agreements for 2008 and 2007

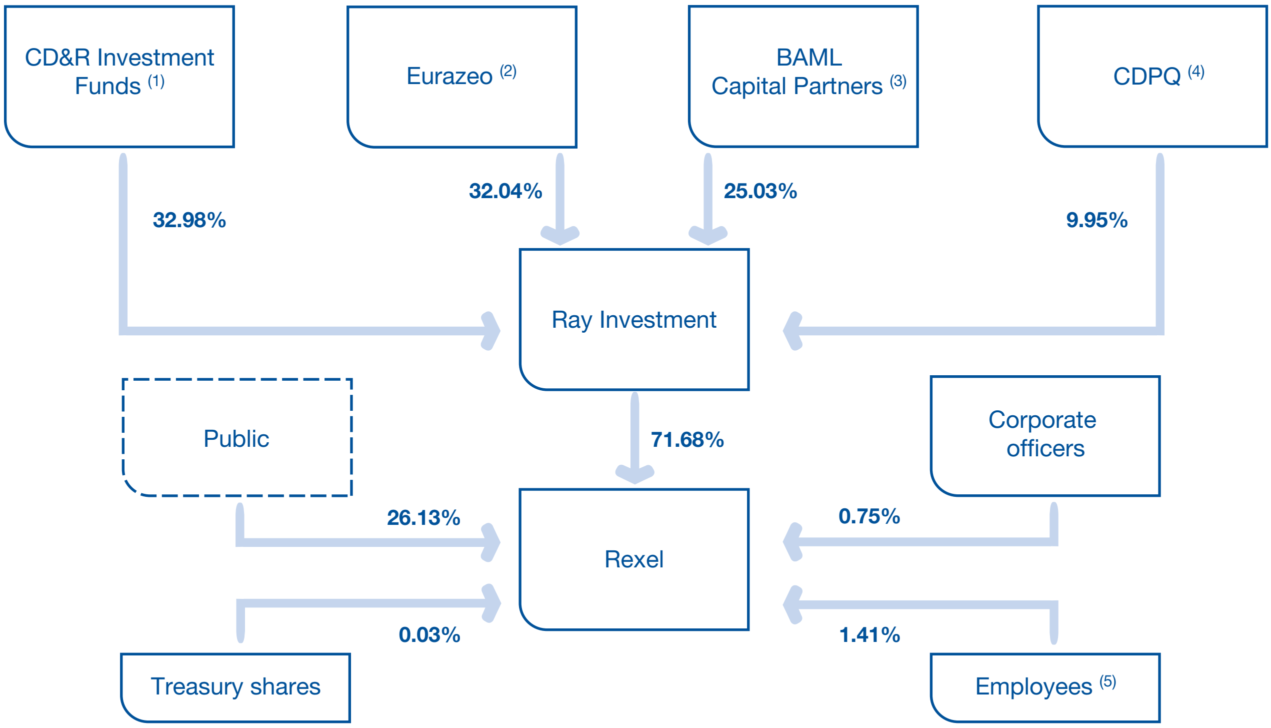
The special reports of the statutory auditors of Rexel in relation to the related party agreements for the financial year ended December 31, 2007 and December 31, 2008 are set out in the *Document de Référence* that was granted visa number R.08-046 on April 30, 2008, and in the *Document de Référence* that was granted visa number R. 09-022 on April 20, 2009 by the French *Autorité des marchés financiers,* respectively.

8. Additional information

8.1 SHAREHOLDERS

8.1.1 Principal shareholders

The chart below shows the simplified shareholding structure of Rexel as at December 31, 2009:



(1) CD&R Investment Funds: Clayton, Dubilier & Rice Fund VI Limited Partnership and Clayton, Dubilier & Rice Fund VII Limited Partnership, private equity funds managed by CD&R, indirectly own approximately 19.68% and 4.92%, respectively, of Ray Investment S.à r.l.. In addition, a co-investment vehicle controlled by a subsidiary of CD&R indirectly owns approximately 8.38% of Ray Investment.

(2) Eurazeo: Ray France Investment S.A.S., a 95%-owned subsidiary of Eurazeo, owns approximately 32.04% of Ray Investment.

(3) BAML Capital Partners: the private equity funds and other entities managed by BAML Capital Partners and associated entities own approximately 19.51% of Ray Investment S.à r.l. In addition, a co-investment vehicle managed by BAML Capital Partners and associated entities indirectly owns approximately 5.52% of Ray Investment.

(4) CDPQ: Caisse de Dépôt et Placement du Québec owns 9.95% of Ray Investment.

(5) Empoyees: the employees include the managers and the other employees as well as the Rexel FCPEs.

Clayton, Dubilier & Rice, Inc. (“CD&R”)

CD&R is a private equity firm that invests in global businesses, primarily divisions of large multi-national corporations, and works closely with management teams to pursue long-term value enhancement strategies. Since 1978, CD&R has invested approximately US $12 billion in 43 U.S. and European companies. The firm is comprised of seasoned corporate executives and investment professionals. The integration of these disciplines has enabled CD&R to build significant value through business improvements in its portfolio companies.

Eurazeo S.A. (“Eurazeo”)

With substantial diversified assets, considerable investment capacity and a long-term investment horizon line, Eurazeo is one of the foremost listed investment companies in Europe.

Eurazeo is, as such, a majority or reference shareholder of Accor, ANF, APCOA, B&B Hotels, ELIS, Europcar and Rexel.

In partnership with its investments, due notably to the expertise and values shared by an investment team of approximately 20 people, Eurazeo pursues a strategy that is resolutely oriented toward creating value, without ever losing sight of strategic and financial rigor that made the Group successful throughout the years.

Eurazeo has solid attributes to ensure the sustainable development of its activities and its investments by acting as a responsible professional shareholder.

BAML Capital Partners ("BAMLCP")

BAML Capital Partners is a private equity and mezzanine capital investment group within the Global Principal Investments group of Bank of America Merrill Lynch. The team has more than fifteen years of success in providing junior capital for growth financings, buyouts, acquisitions and recapitalizations. The investment team focuses on profitable middle market and large capitalization companies with valuations from $50 million to more than $5 billion.

Additional information on BAML Capital Partners: www.bankofamerica.com/bamlcp

Ray Investment S.à r.l. ("Ray Investment")

Ray Investment is a *société à responsabilité limitée* established under Luxembourg law, with registered offices at 10, avenue de la Liberté, L-1930 Luxembourg, registered with the Luxembourg companies registry under number B 104.766. Its share capital is €1,527,230,850, divided into 30,544,617 shares with a par value of €50 each. Ray Investment is owned by CD&R, Eurazeo and BAMLCP as well as Caisse de Dépôt et Placement du Québec.

8.1.2 Share capital and voting rights

8.1.2.1 Breakdown of shares and voting rights by shareholder

The table below shows the breakdown of the shareholding and of the voting rights of Rexel as of December 31, 2009, 2008 and 2007:

Shareholders	December 31, 2009				December 31, 2008				December 31, 2007			
	Number of shares	Number of voting rights	% of shares	% of voting rights	Number of shares	Number of voting rights	% of shares	% of voting rights	Number of shares	Number of voting rights	% of shares	% of voting rights
Ray Investment	185,082,257	185,082,257	71.68	71.68	194,896,524	194,896,524	76.13	76.13	188,778,562	188,778,562	73.74	73.74
Corporate officers(1)	1,926,697	1,926,697	0.75	0.75	1,018,790	1,018,790	0.40	0.40	1,286,565	1,286,565	0.50	0.50
Managers and other employees	2,507,466	2,507,466	0.97	0.97	1,806,147	1,806,147	0.71	0.71	1,784,344	1,784,344	0.70	0.70
Rexel FCPE	1,126,312	1,126,312	0.44	0.44	1,158,482	1,158,482	0.45	0.45	1,186,692	1,186,692	0.46	0.46
Public	67,490,586	67,490,586	26.13	26.13	55,898,869	55,898,869	21.84	21.84	62,372,664	62,372,664	24.37	24.37
Treasury shares	86,700	86,700(2)	0.03	0.03(2)	1,215,015	1,215,015(2)	0.47	0.47(2)	585,000	585,000(2)	0.23	0.23(2)
TOTAL	**258,220,018**	**258,220,018**	**100**	**100**	**255,993,827**	**255,993,827**	**100**	**100**	**255,993,827**	**255,993,827**	**100**	**100**

(1) Members of the Management Board and of the Supervisory Board.
(2) Theoretical voting rights. For the purpose of shareholders' meetings, no voting right is actually attached to these shares.

To the best knowledge of Rexel and based on the declarations of crossing of thresholds that it has received, no shareholder other than those referred to above holds, as at December 31, 2009, more than 5% of the share capital and/or voting rights of Rexel.

8.1.2.2 Shareholding threshold disclosures

On October 23, 2009, Rexel was informed by a letter from Ray Investment of their repurchase of the entirety of the participation of CVC Ray Investor S.à r.l. in Rexel and the granting of 8,762,177 Rexel shares to CVC Ray Investor S.à r.l in consideration. As a result, Ray Investment's participation in the share capital of Rexel was reduced from 75.4986% (or 194,896,524 Rexel shares) to 72.1043% (or 186,134,347 Rexel shares) on October 21, 2009. In such letter, Ray Investment declared that it held 72.4125% of the exercisable voting rights as of October 21, 2009 and informed Rexel of the crossing downward by Ray Investment of the threshold of 75% of the share capital and voting rights of Rexel.

On November 2, 2009, Rexel was informed by letter from CVC Ray Investor S.à r.l. of the holding by CVC Delco of 8,299,474 Rexel shares, or 3.22% of the share capital of Rexel, and the holding by CVC Luxco of 462,703 Rexel shares, or 0.18% of the share capital and voting rights of Rexel.

On December 22, 2009, Rexel was informed by letter from CVC Ray Investor S.à r.l. of (i) the liquidation of CVC Luxco and the transfer of shares it held in Rexel to CVC Delco and (ii) that due to the sale of some of the Rexel shares it had previously held, the number of Rexel shares held by CVC Delco was less than 6,453,825 shares representing less than 2.50% of Rexel's shares and voting rights (it being specified that on such date, CVC Delco benefited from the right to receive 8,166 Rexel shares held by Ray Investment in order to guarantee the coverage of certain of Ray Investment's potential debts).

CVC Ray Investor S.à.r.l. is a previous shareholder of Ray Investment which requested the exchange of its shares in

Ray Investment against the corresponding proportion of Rexel shares held by Ray Investment, in accordance with the provisions of the agreements entered into between shareholders (see paragraph 8.1.5 "Agreements potentially leading to a change of control" of this *Document de Référence*). As a consequence, the shareholding held by Ray Investment and CVC Ray Investor S.à.r.l. are not aggregated.

8.1.2.3 Interests held by managers in the share capital of Rexel

Rexel interests held by Management Board and Supervisory Board members

At December 31, 2009, the members of Rexel's Management Board and Supervisory Board held the following ownership interests in Rexel's share capital:

	Number of shares	% of the share capital and voting rights
Members of the Management Board		
Jean-Charles Pauze	1,075,181	0.42
Michel Favre	–	–
Pascal Martin	498,429	0.20
Jean-Dominique Perret	351,569	0.14
Members of the Supervisory Board		
Roberto Quarta	2	NS
Patrick Sayer	2	NS
Joe Adorjan	1,501	NS
François David	1	NS
Fritz Fröhlich	1	NS
Matthew Turner	2	NS
Luis Marini-Portugal	2	NS
David Novak	2	NS
Guido Padovano	2	NS
Joe Rice	2	NS
Eurazeo[(1)]	1	NS

(1) This shareholding does not take into account the Rexel shares held by Ray Investment, 32.04% of the share capital of which is held by Ray France Investment S.A.S., a 95%-owned subsidiary of Eurazeo.

Transactions on Rexel securities carried out by Management Board and Supervisory Board members

Pascal Martin, a member of the Management Board, sold on the Euronext Paris market Rexel shares (i) on February 18, 2009, at a nominal price of €4.12 for a total amount of €77,958.64, (ii) on February 19, 2009, at a nominal price of €4.48 for a total amount of €44,800.

8.1.2.4 Employees shareholding

In accordance with the eleventh resolution of the Ordinary and Extraordinary Shareholders' Meeting held on February 13, 2007, the Management Board has decided, on March 20, 2007 and April 4, 2007, to implement an increase in Rexel's share capital reserved for the employees of the Rexel Group companies which have adhered to the PEG and the PEGI in the following countries: Germany, Australia, Austria, Belgium, Canada, Chile, Spain, United Sates, France, Hungary, Ireland, Italy, New Zealand, The Netherlands, Portugal, Czech Republic, United Kingdom, Slovakia, Slovenia, Sweden and Switzerland.

The total number of shares that have been issued pursuant to the decisions of the Management Board of March 20, 2007 and April 4, 2007, implementing the increase in Rexel's share capital reserved for the employees of the Rexel Group companies which have adhered to the PEG and the PEGI plan amounts to 1,436,874 shares, and the total amount of the capital increase reserved to such employees amounts to €19,266,448 (including an issuance premium of €12,082,078), taking into account a par value of €5 per share. This capital increase was carried out and recorded by the Management Board meeting of April 18, 2007. On April 18, 2007, the Management Board also carried out the issuance of 40,594 warrants to subscribe for shares (BSAs) attached to the 40,594 shares subscribed by the "Rexel Germany Levier 2012" compartment of the

"Rexel Actionnariat International" employee investment fund (FCPE).

As of December 31, 2009, the number of shares held by employees in the context of the employee shareholding plan, directly or through employee investment funds (FCPE), as part of the employee shareholding plan, was 1,349,474 shares, *i.e.,* 0.53% of the share capital and voting rights of Rexel.

8.1.2.5 Subscription or purchase options for Rexel shares

This paragraph describes the share subscription or purchase option plans of Rexel and Rexel Distribution in order to present an information on the share subscription or purchase options issued and the related liquidity mechanisms.

Rexel's share purchase option plans

On October 28, 2005, the Extraordinary Shareholders' Meeting authorized the Chairman of Rexel (then a *société par actions simplifiée*) to grant certain employees or corporate officers of the Rexel Group's French or foreign companies, under two share subscription options plans, on one or more occasions, a maximum total of 3,171,300 options to subscribe for Rexel shares giving the right to subscribe for a maximum total of 3,171,300 of the Rexel shares, in the event of exercise of all the options, at a subscription price of €10 per share (before division of the par value of the Rexel's share which took place during 2007) and subject to certain conditions.

Pursuant to the delegation of powers granted to him by the Shareholders' Meeting, the Chairman:

1. on October 28, 2005, fixed the terms and conditions of a first share subscription option plan for certain of Rexel's employees or corporate officers of the Rexel Group's French or foreign companies (the "**Plan No. 1**"). Plan No. 1 concerned 2,882,000 options to subscribe for shares at the maximum, representing 2,882,000 new shares to be issued by Rexel at the maximum. The subscription price was €10 (before division of the par value of the Rexel's share which took place during 2007). Plan No. 1 has a duration of ten (10) years as from (i) October 28, 2005, if all the options have been granted on this date, or (ii) October 28, 2006. Under Plan No.1, the Chairman of Rexel granted 2,775,120 options to subscribe for shares, of which 2,711,000 were effectively granted to 46 beneficiaries; and

2. on November 30, 2005, fixed the terms and conditions of a second share subscription option plan for certain other employees and corporate officers of the Rexel Group's French or foreign companies (the "**Plan No. 2**"). Plan No. 2 concerned 289,300 options to subscribe for shares at the maximum, representing 289,300 new shares to be issued by Rexel at the maximum. The subscription price was €10 (before division of the par value of the Rexel's share which took place during 2007). Plan No. 2 has a duration of 10 years as from (i) November 30, 2005, if all the options have been granted on this date, or (ii) November 30, 2006. Under Plan No. 2, the Chairman of Rexel granted 265,700 options to subscribe for shares, of which 259,050 were effectively granted to 198 beneficiaries.

On May 31, 2006, the Shareholders' Meeting, duly noting that there remained a certain number of options to be granted under Plan No. 1 and Plan No. 2 and that other options had become available after certain beneficiaries had left the Rexel Group, authorized the Chairman of Rexel to carry out (i) a new grant of options up to a maximum of 171,000 options under Plan No. 1, and (ii) a new grant of options up to a maximum of 35,586 options under Plan No. 2. Furthermore, on the basis of a multi-criteria analysis, the Shareholders' Meeting fixed at €13 the subscription price for one share of Rexel upon the exercise of one option to subscribe for shares (before division of the par value of Rexel's shares which took place during 2007).

On the same day, the Chairman, using the delegation of powers he had been granted, decided to award (i) 169,236 options to subscribe for shares to 5 beneficiaries under Plan No. 1 and (ii) 35,550 options to subscribe for shares to 35 beneficiaries under Plan No. 2, 34,550 options having been effectively granted to 34 beneficiaries.

On October 4, 2006, the Shareholders' Meeting, duly noting that there remained a number of options to be granted under Plan No. 1 and that other options had become available after certain beneficiaries had left the Rexel Group, authorized the Chairman of Rexel, under Plan No. 1, to carry out a new stock option grant up to a maximum of 164,460 options. Furthermore, on the basis of a multi-criteria analysis, the Shareholders' Meeting fixed the stock option subscription price at €19 per Rexel share upon the exercise of an option to subscribe for shares (before division of the par value of Rexel's shares which took place during 2007).

On the same day, the Chairman, using the delegation of powers he had been granted, decided to grant 164,460 options to 7 beneficiaries under Plan No. 1.

The beneficiaries of options granted under Plan No. 1 and Plan No. 2 may exercise their option only upon expiry of a period of non-availability of 4 years as from the time they are granted.

Consequently, the table below sets forth the number of share subscription options definitively vested as at December 31, 2009 and which can be exercised at the term of the periods of non-availability.

Plan	Plan No.1			Plan No.2	
Date of shareholders' meeting	October 28, 2005	May 31, 2006	October 4, 2006	October 28, 2005	May 31, 2006
Option grant date	October 28, 2005	May 31, 2006	October 4, 2006	November 30, 2005	May 31, 2006
Number of options to subscribe for shares granted	2,711,000	169,236	164,460	259,050	34,550
Maximum total number of options that can be exercised[(1)]	1,231,002	140,944	267,452	472,956	65,976
Total number of shares that can be subscribed for[(1)]	1,231,002	140,944	267,452	472,956	65,976
Total number of shares that can be subscribed by[(1)]:					
– Rexel's corporate officers	–	–	–	–	–
– Rexel's ten first employees	860,750	169,236	164,460	35,500	17,600
Start of option exercise period	October 29, 2009	June 1, 2010	October 5, 2010	December 1, 2009	June 1, 2010
Option expiry date	October 28, 2016	October 28, 2016	October 28, 2016	November 30, 2016	November 30, 2016
Exercise price of the option [(1)]	€5.00	€6.50	€9.50	€5.00	€6.50
Number of options that have been subscribed for as at December 31, 2009	–	–	–	66,900	–
Aggregate number of options that have been cancelled or lapsed	–	–	–	–	–
Outstanding options at the end of the financial year	1,231,002	140,944	267,452	406,056	65,976

(1) After the division of the par value of the Rexel share which occurred in 2007.

During the financial year ended December 31, 2009, no option to subscribe for or to purchase shares was granted to Rexel's corporate officers or any other employee. Furthermore, during the financial year ended December 31, 2009, only the beneficiaries of Plan No. 2 exercised their options, and the ten largest exercises carried out by employees were as follows:

Beneficiaries	Number of options exercised	Number of shares subscribed	Exercise price
Damian Barrett	11,200	11,200	€5.00
Michael Power	4,000	4,000	€5.00
Neil Croxson	3,600	3,600	€5.00
Richard Janssen	3,000	3,000	€5.00
Andre Kerdoncuff	3,000	3,000	€5.00
Michael Chauvin	2,600	2,600	€5.00
François Gilardin	2,600	2,600	€5.00
José Lopes	2,600	2,600	€5.00
Daniel Moreau	2,600	2,600	€5.00
Stefano Perego	2,600	2,600	€5.00

Plans instituted by Rexel Distribution

Rexel Distribution share subscription option plans established in 2001

At the extraordinary general meeting held on May 16, 2001, the shareholders of Rexel Distribution authorized the Board of Directors of Rexel Distribution to grant to certain employees of Rexel Distribution, on one or more occasions, options to subscribe for Rexel Distribution shares, giving the right to subscribe for a maximum of 1,000,000 Rexel Distribution shares, subject to certain conditions and to the exercise of all options. The subscription price was equal to the average of the closing prices on the stock exchange during the 20 trading days preceding the option grant date.

On May 16, 2001, the Board of Directors of Rexel Distribution set up the plan relating to these options to subscribe for shares and awarded 299,300 options to subscribe for Rexel Distribution shares, giving the right to subscribe for 299,300 shares of Rexel Distribution at the price of €81 per Rexel Distribution share. These options could not be exercised for a period of four years following the date of allocation. The beneficiaries of these options could subsequently exercise them only during a period of six years following the expiration of this four-year period, that is, until May 15, 2011 inclusive.

Following the Rexel Distribution capital increase effected in June 2003 and the exceptional distribution of reserves on March 4, 2005, the subscription price of the Rexel Distribution shares when exercising the options was adjusted. As at December 31, 2009, the subscription price for the Rexel Distribution shares that may be subscribed for after exercising the options to subscribe for shares granted under the 2001 plan is €59.68 per share.

Rexel Distribution share subscription option plans established in 2002

On May 13, 2002, under the authorization granted by the shareholders of Rexel Distribution at the aforesaid extraordinary general meeting held on May 16, 2001, the Board of Directors of Rexel Distribution granted 360,543 options to subscribe for 360,543 Rexel Distribution shares at the price of €70.57 per Rexel Distribution share. These options could not be exercised for a period of four years following the date of allocation. The beneficiaries of these options could subsequently exercise them only during a period of six years following the expiration of this four-year period, that is, until May 12, 2012 inclusive.

Following the Rexel Distribution capital increase effected in June 2003 and the exceptional distribution of reserves on March 4, 2005, the subscription price for the Rexel Distribution shares was adjusted. As at December 31, 2009, the subscription price for the Rexel Distribution shares that may be subscribed for after exercising the options to subscribe for shares granted under the 2002 plan is €51.99 per share.

Rexel Distribution share subscription option plans established in 2003

At the extraordinary general meeting held on May 14, 2003, the shareholders of Rexel Distribution authorized the Board of Directors of Rexel Distribution to grant to certain employees and corporate officers of Rexel Distribution, on one or more occasions, options to subscribe for Rexel Distribution shares, giving the right to subscribe for a maximum of 1,000,000 Rexel Distribution shares, subject to certain conditions and to the exercise of all options. The subscription price could not be lower than 80% of the average of the opening prices on the stock exchange during the 20 trading days preceding the option grant date.

On July 7, 2003, the Board of Directors of Rexel Distribution set up the plans relating to these options and granted 623,413 options to subscribe for a maximum of 623,413 Rexel Distribution shares at the price of €26.75 per Rexel Distribution share, it being specified that 173,488 of the 623,413 options granted were exercisable only if certain performance criteria tied to the results of Rexel Distribution were met in 2004 and 2005. Following the exceptional distribution of reserves on March 4, 2005, the subscription price for Rexel Distribution shares was adjusted. As at December 31, 2009, the subscription price is €21.61 per Rexel Distribution share. Options to subscribe for shares under the 2003 plan that are not covered by the liquidity agreement described below are exercisable between July 8, 2007 and July 6, 2013 inclusive.

Rexel Distribution share subscription option plans established in 2004

At the extraordinary general meeting held on May 24, 2004, the shareholders of Rexel Distribution authorized the Board of Directors of Rexel Distribution to grant to certain employees and corporate officers of Rexel Distribution, on one or more occasions, a maximum number of options to subscribe for Rexel Distribution shares, giving the right to subscribe for a maximum of 1,300,000 Rexel Distribution shares, subject to certain conditions and to the exercise of all options. The subscription price was equal to the average of the opening prices on the stock exchange during the 20 trading days preceding the date of grant of the options.

On July 5, 2004, the Board of Directors of Rexel Distribution set up the plans relating to these options and awarded 782,790 options to subscribe for Rexel Distribution shares, giving the right to subscribe for 782,790 Rexel Distribution shares at the price of €35.26 per Rexel Distribution share, here being specified that 179,550 of the 782,790 options granted were exercisable only if certain performance criteria tied to the results of Rexel Distribution were met in 2005 and 2006. Following the exceptional distribution of reserves on March 4, 2005, the subscription price for share subscription options was adjusted. As at December 31, 2009, the subscription price is €28.49 per Rexel Distribution share. Options to subscribe for shares under the 2004 plan that are not covered by the liquidity agreement described below are exercisable between July 6, 2008 and July 4, 2014 inclusive.

The table below summarizes the status of the share purchase and subscription option plans established by Rexel Distribution as of December 31, 2009:

Date of shareholders' meeting	Option type	Number of options initially granted	Option grant date	Purchase or subscription price as of grant date (in euros)	Options potentially exercisable as at December 31, 2009	Purchase or subscription price as at December 31, 2009 (€)	Number of options covered by liquidity agreement as at December 31, 2009	Number of Rexel shares to which the options give a right
May 16, 2001	Share subscription options	299,300	May 16, 2001	81	83,626	59.68	N/A	83,629
May 16, 2002	Share subscription options	360,543	May 13, 2002	70.57	49,434	51.99	–	49,434
May 14, 2003	Ordinary share subscription options	449,925	July 7, 2003	26.75	545	21.61	–	545
May 14, 2003	Share subscription options tied to performance criteria	173,488	July 7, 2003	26.75	–	21.61	–	–
May 24, 2004	Ordinary share subscription options	603,240	July 5, 2004	35.26	1,549	28.49	–	1,549
May 24, 2004	Share subscription options tied to performance criteria	179,550	July 5, 2004	35.26	–	28.49	–	–

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the acquisition period (see note 15.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2009).

No subscription options for shares of Rexel Distribution were exercised in 2009. Moreover, during the financial year ended December 31, 2009, no subscription options for shares of Rexel Distribution were granted.

Liquidity agreement

Under the terms of the standing offer and public buyout offer followed by a compulsory squeeze-out initiated after Rexel Distribution was acquired by Ray Investment on December 10, 2004, Rexel Développement had set up a liquidity mechanism for the beneficiaries of stock options granted under the 2003 and 2004 plans (see paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence*). Rexel Développement had entered into an agreement with certain beneficiaries under the terms of which such beneficiaries had undertaken to sell to Rexel Développement, if Rexel Développement wished to purchase them (the **"Call"**) and Rexel Développement had undertaken to purchase from the relevant beneficiaries, if they wished to sell them (the **"Put"**) all Rexel Distribution shares held by beneficiaries of options under the 2003 and 2004 plan and obtained by exercising their 2003 and 2004 options at the end of a four-year lock-up period. In consideration for this liquidity undertaking, the beneficiaries of 2003 and 2004 options to subscribe for shares had waived their right to exercise their options in advance under the public buyout offer followed by the compulsory squeeze-out and had also irrevocably waived their right to any options that may have been granted to them under the 1998, 1999, 2001 and 2002 plans.

With respect to the 2003 options, 360,667 Rexel Distribution shares issued as a result of the exercise of the 2003 options were purchased by Rexel Développement. As for the 2003 options, 488,969 Rexel Distribution shares issued as a result of the exercise of the 2004 options were purchased by Rexel Développement.

Supplemental liquidity mechanism

As part of its initial public offering plan, Rexel offered the beneficiaries of options to purchase or to subscribe for Rexel Distribution shares, a liquidity mechanism (the **"Supplemental Liquidity Mechanism"**) for the beneficiaries of Rexel Distribution options that are not covered by the liquidity mechanism set up following the acquisition of Rexel Distribution by Ray Investment.

The Supplemental Liquidity Mechanism currently only cover the options under the 2001 and 2002 plans (see paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence*), for which the tax lock-up period (four or five years depending on the date of grant of these options) had expired, and entailed granting to each beneficiary a put option that may be exercised during a period of 20 trading days as from the settlement/delivery date following admission of the Rexel shares to trading on the Euronext Paris market. Rexel undertook to purchase the Rexel Distribution shares resulting from the exercise of options under the 2001 to 2002 plans at a price per share equal to the product of (i) Rexel's shareholders' equity at the date of Rexel's initial public offering (*i.e.,* the number of shares that make up the share capital of Rexel at that date, multiplied by the initial offering price), increased by the amount of the net indebtedness of Rexel and Rexel Développement at the date of Rexel's initial public offering, (ii) divided by the number of Rexel Distribution shares issued and to be issued, and (iii) if applicable, multiplied by a coefficient of less than 1 to take into account the lack of liquidity of the Rexel Distribution shares. The net indebtedness of Rexel and Rexel Développement are defined as the total indebtedness less the current assets of each company at the date of Rexel's initial public offering (after elimination of any inter-company assets and liabilities). The number of Rexel Distribution shares taken into account included the shares that make up that company's share capital immediately before implementation of the Supplemental Liquidity Mechanism, plus any shares that may be issued following the exercise, conversion or subscription of any rights or securities issued by the company and giving rights to its share capital.

In this context, 154,587 Rexel Distribution shares were purchased at a price of €53.06 per share. Among the share purchase or subscription options put in place by Rexel Distribution, only the 2002 plan, considering its exercise price of €51.99, was covered by the Supplemental Liquidity Mechanism proposed in 2007.

With respect to Rexel Distribution options under the 2003 and 2004 plans, for which the tax lock-up periods expired on July 8, 2007 and July 6, 2008, respectively, the Supplemental Liquidity Mechanism consisted in entering into a liquidity agreement (put and call options) with the relevant option beneficiaries, who did not wish to benefit from the liquidity mechanism proposed in 2005. Only certain option beneficiaries executed the 2007 liquidity agreement concerning their 2003 and/or 2004 options.

In this respect, Rexel benefited of a call option on the shares resulting from the exercise of the options granted by the option beneficiaries, which was exercisable during a period of 10 trading days as from the end of the tax lock-up period under the 2003 plan, at a price per share identical to the price offered to the beneficiaries of options under the 1998-2002 plans under the liquidity arrangement described above. At the end of each call exercise period, if such call option had not been exercised, the relevant option beneficiaries had a period of 20 trading days to exercise a put option granted by Rexel on the shares created as a result of the exercise of the relevant options at a price per share determined based on a multiple of Rexel's last consolidated EBITDA, plus the net indebtedness of Rexel and Rexel Développement, divided by the number of Rexel Distribution shares issued and to be issued. In this context, in 2007 the call option was exercised by Rexel for 991 Rexel Distribution shares and in 2008 for 1,747 Rexel Distribution shares at a price of €53.06 per share.

8.1.2.6 Allotment of free shares

Allotment of free shares carried out during the financial year ended December 31, 2007

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on March 20, 2007 and by the Supervisory Board on April 4, 2007, the Management Board decided on April 11, 2007:

- to grant 5,022,190 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French commercial code;
- to set (i) the criteria and conditions for granting the free shares, and in particular the conditions of performance, and (ii) the duration of the period of acquisition and, as the case may be, the holding period, as included in the regulations of plans for granting shares free set out by the Management Board (the **"Plans"**). The regulations of the Plans are designated in function of their specific terms and conditions by the letters A, B, C, D, E, and F;
- to establish (i) the list of the names of the beneficiaries of the free share awards (collectively, the **"Beneficiaries of Free Shares"**), (ii) the number of free shares granted to each of the Beneficiaries of Free Shares, and (iii) the conditions applicable to each of the Beneficiaries of Free Shares according to Plans A, B, C, D, E and/or F under which, as the case may be, they are granted free shares.

On April 4, 2007, in the context of the authorization granted to the Management Board to carry out the allocation of free shares, the Supervisory Board decided that the members of the Management Board who are allocated free shares shall hold 10% of such shares in the registered form until the end of their term of office.

Following these awards of free shares, certain Beneficiaries of Free Shares left the Rexel Group, thus liberating 45,949 shares that could be granted for free to new employees. Consequently, on October 5, 2007, the Supervisory Board authorized the Management Board to proceed with distributing the liberated shares to new employees who entered the Rexel Group between April 11, 2007 and October 29, 2007. On October 29, 2007, the Management Board decided:

- to grant 33,991 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French commercial code;

– to amend the two plans, E and F, that were implicated in the granting of the liberated shares, designated by the titles “Plan for Granting Free Shares 2+2 with conditions of performance 2007/2008” and “Plan for Granting Free Shares 4+0 with conditions of performance 2007/2008”;

– to establish (i) the list of the names of the new beneficiaries of awards of free shares, (ii) the number of free shares granted to each of them, and (iii) the conditions applicable to each of the beneficiaries according to amended plans E and F under which, as the case may be, they have been granted the free shares.

The table below summarizes the free shares allocations carried out in 2007.

Plan	A	B	C	D	E		F	
Shareholders’ Meeting	March 20, 2007							
Management Board	April 11, 2007	April 11, 2007	April 11, 2007	April 11, 2007	April 11, 2007	October 29, 2007	April 11, 2007	October 29, 2007
Number of beneficiaries	22	36	22	36	134	6	372	5
Initial number of free shares allocated	1,302,133	1,254,443	607,655	585,400	333,435	7,474	939,124	26,517
Corporate officers								
Jean-Charles Pauze	353,810	–	165,111	–	–	–	–	–
Nicolas Lwoff (1)	180,203	–	84,094	–	–	–	–	–
Pascal Martin	180,203	–	84,094	–	–	–	–	–
Jean-Dominique Perret	120,136	–	56,063	–	–	–	–	–
Ten first employees (2)	1,520,263							
Date of final allocation	April 11, 2009	April 11, 2011	April 11, 2009	April 11, 2011	April 11, 2009	October 29, 2009	April 11, 2011	October 29, 2011
Date of transferability of shares	April 12, 2011	April 12, 2011	April 12, 2011	April 12, 2011	April 12, 2011	October 30, 2011	April 12, 2011	October 30, 2011
Number of free shares irrevocably allocated as at December 31, 2009	1,302,133	–	562,702	–	286,982	7,474	–	–
Number of free shares that have been cancelled or lapsed	–	–	44,953	43,301	46,453	–	138,412	2,050
Number of free shares allocated and effective as at December 31, 2009	0	1,254,443	0	542,099	0	0	800,712	24,467

(1) Nicolas Lwoff left the Group as of February 12, 2009.
(2) The first ten grants have been indicated, independently from the number of beneficiaries.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the acquisition period (see note 15.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2009).

During the financial year ended December 31, 2009, the corporate officers and the ten first beneficiary employees of the Rexel Group acquired permanently the following shares:

Beneficiaries	Number of shares irrevocably acquired [1]		
	Plan A	Plan C	Plan E
Corporate officers			
Jean-Charles Pauze	353,810	152,893	–
Nicolas Lwoff [2]	180,203	77,872	–
Pascal Martin	180,203	77,872	–
Jean-Dominique Perret	120,136	51,915	–
Employees			
Patrick Bérard	180,203	77,872	–
Laetitia Olivier	60,071	25,959	–
Laurent Delabarre	21,266	9,190	–
Matthieu Hauw	10,209	4,412	–
Benoit Devictor	9,114	3,939	–
José Prétot	9,114	3,939	–
Patrick Rayet	9,114	3,939	–
Christian Roche	9,114	3,939	–
Patrice Thibaudon	9,114	3,939	–
Olivier Baldassari	–	–	10,735
Franck Guyomard	–	–	10,735
Marie-Pierre Marchand	–	–	10,735
Hélène Margat	–	–	10,735

(1) Terms of acquisition of the shares of plans A, C and E:
Plan A: condition of presence of the employee or corporate officer at the date of first anniversary of the date of allocation.
Plan C: Double condition in relation to 100% of the shares:
- condition of presence of the employee or corporate officer at the date of first anniversary of the date of allocation,
- performance conditions Achieved 2007 EBITDA / target 2007 EBITDA.

Plan E:
- Double condition in relation to 50% of the shares:
  - condition of presence of the employee at the date of first anniversary of the date of allocation,
  - performance conditions Achieved 2007 EBITDA / target 2007 EBITDA.
- Double condition in relation to 50% of the shares:
  - condition of presence of the employee at the date of second anniversary of the date of allocation,
  - performance conditions Achieved 2008 EBITDA / target 2008 EBITDA.

(2) Nicolas Lwoff left the Group on February 12, 2009.

Allotment of free shares carried out during the financial year ended December 31, 2008

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2008 and by the Supervisory Board on May 20, 2008, the Management Board decided on the principle of granting free shares and, during its meeting on June 23, 2008, decided:

- to confirm and definitively set the list of beneficiaries of free shares under the June 23, 2008 Plans;
- to definitively establish (i) the criteria and conditions for allocating free shares, in particular the conditions of performance, and (ii) the term of the period of acquisition and, as the case may be, of the holding period for the shares, as they appear in the regulations for plans granting free shares established by the Management Board (the **"Plans"**). The regulations of the Plans are designated, in accordance with their specific terms and conditions, by the denominations "COMEX Rexel 4+0", "COMEX Rexel 2+2", "MANAGERS Rexel 4+0" and "MANAGERS Rexel 2+2";
- to grant 1,541,720 free Rexel shares under the provisions of articles L.225 197-1 *et seq.* of the French Commercial Code.

On May 20, 2008, in the context of the authorization granted to the Management Board to carry out the allocation of free shares, the Supervisory Board decided that the members of the Management Board who are allocated free shares shall hold 10% of such shares in the registered form until the end of their term of office.

Following these allocations of free shares, 21,784 Rexel shares were liberated because certain beneficiaries left the Rexel Group.

In accordance with the twenty-seventh resolution of Rexel's Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2008, the Management Board has decided, on October 1, 2008, to proceed with a second allocation of free shares and:

– to modify the maturity dates of the periods of acquisition and transfer of the Plans, the performance criteria being identical to those established for the grant on June 23, 2008;

– to proceed with a free grant of 66,241 Rexel shares, pursuant to the provisions of articles L.225 197-1 *et seq.* of the French Commercial Code;

– to confirm and definitively set the list of beneficiaries of grants of free shares under the Plans.

The table below summarizes the free share allocations carried out during the financial year ended December 31, 2008:

Plan	COMEX Rexel 2+2	COMEX Rexel 4+0	MANAGERS Rexel 2+2	MANAGERS Rexel 4+0	COMEX Rexel 2+2	COMEX Rexel 4+0	MANAGERS Rexel 2+2	MANAGERS Rexel 4+0
Shareholders' Meeting	May 20, 2008							
Management Board	June 23, 2008				October 1, 2008			
Number of Beneficiaries	7	6	130	279	–	1	3	10
Initial number of free shares allocated	241,211	217,920	280,698	801,891	–	28,436	3,456	34,349
Corporate officers								
Jean-Charles Pauze	70,708	–	–	–	–	–	–	–
Nicolas Lwoff (1)	35,581	–	–	–	–	–	–	–
Pascal Martin	35,581	–	–	–	–	–	–	–
Jean-Dominique Perret	35,581	–	–	–	–	–	–	–
Ten first employees (2)	328 021							
Date of final allocation	June 23, 2010	June 23, 2012	June 23, 2010	June 23, 2012	October 1, 2010	October 1, 2012	October 1, 2010	October 1, 2012
Date of transferability of shares	June 24, 2012	June 24, 2012	June 24, 2012	June 24, 2012	October 2, 2012	October 2, 2012	October 2, 2012	October 2, 2012
Number of free shares irrevocably allocated at December 31, 2008	–	–	–	–	–	–	–	–
Number of free shares that have been cancelled or lapsed, including:	208,550	180,031	164,518	457,412	–	23,492	1,724	22,335
– Number of free shares that have lapsed as a result of the condition of presence	53,371	–	48,821	114,219	–	–	–	10,360
– Number of free shares that have lapsed as a result of the performance condition (3)	155,179	180,031	115,697	343,193	–	23,492	1,724	11,975
Number of free shares allocated and effective at December 31, 2008	32,661	37,889	116,180	344,479	–	4,944	1,732	12,014

(1) Nicolas Lwoff left the Group as of February 12, 2009.
(2) The first ten grants have been indicated, independently from the number of beneficiaries.
(3) Over all the COMEX plans, 82.6% of the shares initially allocated have lapsed as a result of the 2008 and 2009 performance conditions. Over all the MANAGERS plans, 49.9% of the shares initially allocated have lapsed as a result of the 2008 and 2009 performance conditions.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the acquisition period (see note 15.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2009).

During the financial year ended December 31, 2009, no free share was allocated to the corporate officers and to the ten first employees of Rexel or became available.

Allocation of free shares during the financial year ended December 31, 2009

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2008 and by the Supervisory Board on May 11, 2009, the Management Board decided on the principle of granting free shares, and, during its meeting on May 11, 2009, decided:

– to confirm and definitively set the list of beneficiaries of the granting of free shares under the May 11, 2009 plans;

– to definitively set (i) the criteria and conditions for granting the free shares, and in particular the conditions of performance, and (ii) the duration of the period of acquisition and, as the case may be, the retention period, as included in the regulations of plans for granting shares free set out by the Management Board (the "Plans"). The regulations of the Plans are designated in function of their specific terms and conditions by the codes "COMEX Rexel 4+0", "COMEX Rexel 2+2", "MANAGERS Rexel 4+0" and "MANAGERS Rexel 2+2";

– to grant 1,372,166 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French commercial code.

The table below summarizes the free share allocations carried out in the financial year ended December 31, 2009:

Plan	COMEX Rexel 2+2	COMEX Rexel 4+0	MANAGERS Rexel 2+2	MANAGERS Rexel 4+0
Shareholders' Meeting	May 20, 2008			
Management Board	May 11, 2009			
Number of beneficiaries	3	7	96	190
Initial number of free shares allocated	107,934	218,884	259,282	786,066
Corporate officers				
Michel Favre (1)	58,500	–	–	–
Eleven first employees (2)	310,754			
Date of final allocation	May 11, 2011	May 11, 2013	May 11, 2011	May 11, 2013
Date of transferability of shares	May 12, 2013	May 12, 2013	May 12, 2013	May 12, 2013
Number of free shares irrevocably allocated at December 31, 2009	–	–	–	–
Initial number of free shares cancelled or having lapsed (3), including:	17,558	35,603	43,662	126,370
– Number of free shares that have lapsed as a result of the condition of presence	–	–	8,511	19,006
– Number of free shares that have lapsed as a result of the performance condition	17,558	35,603	35,151	107,364
Initial number of free shares as at December 31, 2009	90,376	183,281	215,620	659,696

(1) Michel Favre was appointed as corporate officer further to the allocation of free shares and has received the free shares granted in his capacity as employee.
(2) Given the number of shares allocated to the employees, the eleven first grants have been indicated.
(3) Condition of presence which has not been satisfied or performance condition which has not been satisfied.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the acquisition period (see note 15.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2009).

In the financial year ending December 31, 2009, the Management Board granted free shares to the corporate officers and to the eleven top employees of Rexel as follows:

Beneficiary	Number and date of the Plan	Number of shares	Value of allocated shares	Date of acquisition	Date of availability	Performance conditions [2]
Corporate officers						
Michel Favre [1]	Comex May 11, 2009	58,500	€375,570	May 11, 2011	May 12, 2013	Comex Plan
Employees						
Chris Hartmann	Comex May 11, 2009	71,500	€459,030	May 11, 2013	May 12, 2013	Comex Plan
Mitch Williams	Comex May 11, 2009	36,261	€232,796	May 11, 2013	May 12, 2013	Comex Plan
Henri-Paul Laschkar	Comex May 11, 2009	35,581	€228,430	May 11, 2013	May 12, 2013	Comex Plan
Patrick Bérard	Comex May 11, 2009	35,581	€228,430	May 11, 2011	May 12, 2013	Comex Plan
Jérémy de Brabant	Comex May 11, 2009	27,893	€179,073	May 11, 2013	May 12, 2013	Comex Plan
Kerry Warren	Manager May 11, 2009	22,515	€144,546	May 11, 2013	May 12, 2013	Managers Plan
Brad Greene	Manager May 11, 2009	16,887	€108,415	May 11, 2013	May 12, 2013	Managers Plan
John Gschwind	Manager May 11, 2009	16,887	€108,415	May 11, 2013	May 12, 2013	Managers Plan
Jeff Hall	Comex May 11, 2009	15,883	€101,969	May 11, 2013	May 12, 2013	Comex Plan
Werner Hardt	Comex May 11, 2009	15,883	€101,969	May 11, 2013	May 12, 2013	Comex Plan
Hubert Salmon	Comex May 11, 2009	15,883	€101,969	May 11, 2013	May 12, 2013	Comex Plan

(1) Michel Favre was appointed as officer further to the granting of free shares and has benefited from this granting in his capacity as employee. Jean-Charles Pauze, Pascal Martin and Jean-Dominique Perret, members of the Management board, have not benefited from any allotment of free shares during the financial year ended December 31, 2009. No free shares were granted to the members of the Management Board for the financial year ended December 31, 2009.

(2) Performance conditions:

- Comex Plans, two-year presence condition and following performance conditions:
  - the acquisition of 50% of the free shares depends on the EBITDA margin variation between 2008 and 2010,
  - the acquisition of 25% of the free shares depends on the 2009 EBITDA,
  - the acquisition of 25% of the free shares depends on the 2009 Net Debt / 2009 EBITDA ratio.
- Managers Plan, two-year presence condition and following performance conditions:
  - the acquisition of 20% of the free shares depends on the EBITDA margin variation between 2008 and 2010,
  - the acquisition of 20% of the free shares depends on the 2009 EBITDA,
  - the acquisition of 20% of the free shares depends on the 2009 Net Debt / 2009 EBITDA ratio,
  - the 40% remainder is not subject to these performance conditions, only the condition of presence.

In the financial year ending December 31, 2009, no other freely granted shares to the corporate officers and to the first ten employees of Rexel became available.

8.1.2.7 Issuance and grating of warrants to subscribe for Rexel shares

On April 4, 2007, the Management Board decided to use the authorization granted to him by the Ordinary and Extraordinary Shareholders' Meeting of February 13, 2007 in its eleventh resolution in order to carry out an increase in Rexel's share capital reserved for the employees. In order to take into account the constraints relating to local regulation, the Management Board has decided that the subscription price of the shares reserved for the beneficiaries in Germany (the **"German Beneficiaries"**), within the context of the leverage formula, would correspond to 100% of the offer price, *i.e.* €16.50 (after the division of the par value of the Rexel share which occurred in 2007), the German Beneficiaries receiving, in lieu of the 20% discount, a warrant to subscribe for shares of Rexel (a **"Warrant"**) for each share subscribed for through the compartment "Rexel Germany Levier 2012" of the "Rexel Actionnariat International" Employee Investment Fund.

Number of Warrants issued

The number of shares subscribed for within the context of the leverage formula in Germany amounting to 40,594, 40,594 Warrants, attached to the said shares subscribed for through the "Rexel Germany Levier 2012" compartment of the "Rexel Actionnariat International" Employee Investment Fund, approved by the AMF under the number FCE20070042, on behalf of the German Beneficiaries, holders of share of the "Rexel Germany Levier 2012" Employee Investment Fund, have been issued and freely allocated.

Form of the Warrants issued

The Warrants are held in registered form. They are registered in the name of the "Rexel Germany Levier 2012" compartment of the "Rexel Actionnariat International" Employee Investment Fund, in an account maintained by BNP PARIBAS SECURITIES SERVICES, 3 rue d'Antin, 75002 Paris.

Terms of exercise of the Warrants (BSAs)

The Warrants are exercisable at any time by the holder of the Warrants until April 30, 2012, inclusive. After April 30, 2012 at midnight, the Warrants which will not have been exercised will lapse.

The "Rexel Germany Levier 2012" Compartment of the "Rexel Actionnariat International" Employee Investment Fund, holder of the Warrants, will not be able to sell the Warrants except to BNP PARIBAS, underwriter, which will act as a counterpart within the context of the swap agreement entered into between BNP PARIBAS and the "Rexel Germany Levier 2012" compartment.

Representation of the Warrants holders

In accordance with Article L.228-103 of the French Commercial Code, Warrants holders will be grouped together, to protect their common interests, in a collective group *(masse)* which shall have legal personality. The *Masse* is governed by provisions identical to those applicable to bonds, under Articles L.228-47 to L.228-64, L.228-66 and L.228-90 of the French Commercial Code. A separate Masse for each type of securities giving access to the same rights will be, as the case may be, created.

Maintenance of the rights of the Warrants holders

In the event of a transaction affecting Rexel's share capital resulting in an adjustment in accordance with the provisions of Articles L.228-98 *et seq.* of the French Commercial Code and Articles R.228-87 *et seq.* of the French Commercial Code, the rights of the Warrants holders will be maintained through an adjustment of the subscription conditions in accordance with the provisions of the French Commercial Code above mentioned.

Exercise of the subscription right

Subject to the adjustments effected, as the case may be, in accordance with the above paragraph, each Warrant gives the right to subscribe for one new share of Rexel with a par value of €5 (as of the date hereof) in consideration of a subscription price corresponding to the Offer Price as determined by the Management Board on April 2007, 16.50, *i.e.,* €16.50 (after the division of the par value of the Rexel share which occurred in 2007). The subscription price will have to be fully paid in cash by the Warrant holder in an amount corresponding to the number of Warrants exercised. The new shares subscribed upon exercise of the Warrants will be fully fungible with existing shares and shall confer to their holders the same rights.

An application will be immediately filed with respect to the listing of the new shares on the Euronext Paris market.

8.1.3 Shareholders' voting rights

Each share of Rexel entitles the holder to one vote. Consequently, as of the registration date of this *Document de Référence,* the Rexel's shareholders hold the same number of voting rights as the number of shares they own.

8.1.4 Control structure

Rexel is currently controlled directly by Ray Investment, a *société à responsabilité limitée* (limited liability company) governed by the laws of Luxembourg, which owns 71.68% of Rexel. Ray Investment is owned, directly or indirectly, by Clayton, Dubilier & Rice Inc., Eurazeo S.A., BAMLCP and Caisse de Dépôt et Placement du Québec. The remainder of Rexel's share capital is held by the principal Rexel Group senior managers and executives and the public.

The two-tier management structure (Management Board and Supervisory Board), the creation of Committees of the Supervisory Board, the appointment of independent members at the Supervisory Board and at the Committees of the Supervisory Board, the performance of reviews of the operation and work of the Supervisory Board and of its Committees, within the conditions described in chapter 7 "Corporate governance" of this *Document de Référence*, will notably enable Rexel to avoid being controlled in an "abusive manner" within the meaning of European Council Regulation N°809/2004 dated April 29, 2004.

8.1.5 Agreements potentially leading to a change of control

CD&R, Eurazeo, BAMLCP, Caisse de Dépôt et Placement du Québec and Ray Investment (either directly or through their respective investment vehicles) entered into several agreements in order to structure their relationship as direct and indirect shareholders of Rexel. These agreements are described below.

Ray Investment Shareholders' Agreement

On April 4, 2007, Ray Investment, CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et Placement du Québec amended the existing Ray Investment shareholders agreement entered into on March 26, 2005 (the **"Ray Investment Shareholders' Agreement"**). The Ray Investment Shareholders' Agreement aims at structuring the relationships between the shareholders of Ray Investment.

The Ray Investment Shareholders' Agreement notably provides that decisions to be taken by Ray Investment as a shareholder of Rexel, as well as certain decisions with respect to Ray Investment should be previously approved by the members of the Consortium or of Ray Investment partners, in accordance with particular majority requirements.

With the exception of transfers to affiliates, interests held in Ray Investment are not transferable to third-parties without the prior written consent of CD&R, Eurazeo, BAMLCP and the Caisse de Dépôt et Placement du Québec.

However, the parties to the Ray Investment Shareholders' Agreement have the option to exchange their shares in Ray Investment against the corresponding proportion of Rexel shares held by Ray Investment, in accordance with certain conditions.

The Ray Investment Shareholders' Agreement entered into force upon the admission of Rexel's shares to trading on the Euronext Paris market and will remain in effect for 10 years from the date of this admission. However, the Ray Investment Shareholders' Agreement will cease to apply to a given party at such time as such party no longer holds any interest in Ray Investment.

Rexel Shareholders' Agreement

On April 4, 2007, CD&R, Eurazeo and BAMLCP entered into a shareholders' agreement (the **"Rexel Shareholders' Agreement"**) in order to organize the corporate governance of Rexel.

The Rexel Shareholders' Agreement provides that Rexel's Supervisory Board comprises three members appointed from a list proposed by CD&R, three members appointed from a list proposed by Eurazeo, two members appointed from a list proposed by BAMLCP and three independent members, one of whom may be appointed from a list proposed by BAMLCP, so long as such person meets independence criteria and BAMLCP's direct or indirect participation in Rexel's capital remains equal to at least 5%. The number of Supervisory Board members that may be nominated by CD&R, Eurazeo and BAMLCP may be reduced if their direct or indirect ownership of Rexel is reduced below certain thresholds.

CD&R has the right to nominate the first chairman of the Supervisory Board. Subsequently, if Eurazeo or BAMLCP's shareholdings are greater by 50% than CD&R's, Eurazeo or BAMLCP, as the case may be, will be entitled to nominate the chairman of the Supervisory Board.

The Rexel Shareholders' Agreement also provides that the Supervisory Board have the following four committees: an audit committee, a compensation committee, an appointments committee and a strategic committee.

The Rexel Shareholders' Agreement will remain in effect until the later of (i) the second anniversary of the initial public offering of Rexel and (ii) the date on which CD&R, Eurazeo and BAMLCP cease to collectively hold, directly or indirectly, at least 40% of Rexel's capital or if such shareholders cease to control Rexel within the meaning of article L.233-3 of the French commercial code. In any case, the provisions of the Rexel Shareholders' Agreement will cease to be applicable after the fifth anniversary of the initial public offering of Rexel. Furthermore, the provision of the Rexel Shareholder's Agreement will cease to apply to any party whose direct or indirect shareholding in Rexel becomes less than 5%.

The Rexel Shareholder's Agreement also provides that it will automatically become void if any of the shareholders (acting alone or through one of its subsidiaries) launches a tender offer to purchase all of Rexel's existing shares.

Liquidity Agreement

On April 4, 2007, Ray Investment, CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et de Placement du Québec entered into an agreement relating to the acquisition and disposal of Rexel's shares (the **"Liquidity Agreement"**).

Since the lock-up period has expired on January 1, 2008, CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et de Placement du Québec may, under certain conditions:

- Sell, or have Ray Investment sell, Rexel shares into the market subject to a maximum of €10 million per 30-day period, subject to prior notice to the other shareholders of Ray Investment; and
- Initiate, or have Ray Investment initiate, (i) the sale of Rexel's shares through a block trade with reasonably estimated gross proceeds of at least €75 million, or (ii) an underwritten secondary public offering of Rexel's shares with reasonably estimated gross proceeds of at least €150 million (it being clarified that such an offering may not be initiated within six months of the completion of a similar offering without the prior approval of CD&R, Eurazeo and BAMLCP). The other parties to the Liquidity Agreement will have the right to participate in such block trades or offerings, pro rata to their respective shareholdings.

The transfer of Rexel's shares between affiliates of the parties to the Liquidity Agreement are authorized since January 1, 2008, at any time, subject to the transferee affiliate agreeing to adhere to the provisions of the Liquidity Agreement. In addition, the Liquidity Agreement will not apply to market transactions or asset management transactions effected by any bank or asset management company affiliated with CD&R, Eurazeo or BAMLCP.

The Liquidity Agreement also provides that any sale of Rexel shares to a competitor of the Rexel Group be subject to the prior approval of CD&R, Eurazeo and BAMLCP (with the exception of sales made in the context of a public offering covering 100% of the shares of Rexel).

The Liquidity Agreement will remain in effect until the later of (i) the second anniversary of the initial public offering of Rexel and (ii) the date on which CD&R, Eurazeo and BAMLCP cease to collectively hold, directly or indirectly, at least 40% of Rexel's capital. In any case, the provisions of the Liquidity Agreement will cease to be applicable after the fifth anniversary of the initial public offering of Rexel. Furthermore, the provision of the Liquidity Agreement will cease to apply to any party whose direct or indirect shareholding in Rexel becomes less than 5%.

Public Offering Rights Agreement

On February 13, 2007, Ray Investment, CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et de Placement du Québec entered into an agreement in order to structure their relationship in the context of the proposed initial public offering (the **"Public Offering Rights Agreement"**).

Each of the partners of Ray Investment is able to request that, starting January 1, 2008, Ray Investment proceeds with the repurchase of all of such partner's current interests in Ray Investment in exchange for the corresponding amount of Rexel' shares held by Ray Investment.

In addition, in the event that Ray Investment effects a capital decrease through the repurchase of ownership interests using proceeds from the sale of shares in the proposed initial public offering of Rexel, each of the partners of Ray Investment will be entitled to participate in this capital decrease, pro rata to their interest in Ray Investment Payment for such interests will be made through cash or shares of Rexel held by Ray Investment. This foregoing will remain true, even if such a capital decrease occurs before January 1, 2008.

Cooperation Agreement

On April 4, 2007, Ray Investment and its partners entered into an agreement (the **"Cooperation Agreement"**) in order to structure their relationships in case of sale of Rexel's shares by Ray Investment or its partners in the context of a public offering or a private placement and to the extent that the proceeds of such offering would exceed €100 million (except for any public offer outside of France that would require the filing of a prospectus by a market authority).

The Cooperation Agreement notably specifies the terms and conditions of the parties' participation in the preparation of the offering documents, the memoranda to underwriters and institutional buyers as well as the due diligences to be conducted in the context of these transactions. Rexel will not have to take part to any disposal transaction carried out within the six months following any capital increase or disposal of shares, if the proceeds of the latter exceed €100 million (except for the initial public offering of Rexel's shares). Similarly, Rexel has no obligation to take part to any disposal transaction carried out within the six months following any capital increase or disposal of shares during the lock-up period, the length of which could be possibly modified upon request of the underwriters. Furthermore, Rexel has no obligation to assist Ray Investment or its partners in the context of any secondary offering if/as long as Rexel's Supervisory Board considers that taking part to the latter would go against Rexel's corporate purpose.

8.1.6 Dividend policy

After the prior authorization of the Supervisory Board, the Management Board may propose a dividend distribution to the general shareholders' meeting. Dividends that have not been claimed within five years after they have been declared are transferred to the French State.

Rexel has distributed the following dividends in respect of the last three financial years:

Year	Total dividend	Dividend per share
2007	€94,717,715.99	€0.37
2008	–	–
2009	–*	–*

* Amount submitted to the approval of the shareholders' meeting of May 20, 2010.

Furthermore, under the senior credit agreement dated December 17, 2009, Rexel undertook not to declare, distribute or pay any dividend, expenses, fee or any other distribution (or interest in respect of any unpaid dividend, expenses, fee or any other distribution) in cash or in kind, in respect of its share capital, for the financial years ended December 31, 2009 and December 31, 2010, and, thereafter, for as long as the Indebtedness Ratio is above or equal to 4.00x.

8.2 SHARE CAPITAL

8.2.1 Subscribed share capital and authorized but unissued share capital

As at December 31, 2009, Rexel's share capital amounted to €1,291,100,090 divided into 258,220,018 shares with a par value of €5 per share, all of the same class, and all of them fully paid-up and subscribed. As at December 31, 2008, Rexel's share capital amounted to €1,279,969,135 divided into 255,993,827 shares with a par value of €5 per share, all of the same class, and all of them fully paid-up and subscribed.

The ordinary and extraordinary shareholders' meeting held on May 20, 2009 granted various authorizations to the Management Board, which used such powers and authorizations as described below:

Authorization	Duration of authorization	Maximum nominal amount	Date of use	Amount used
Decrease in the share capital by cancelling shares	18 months	10% of the share capital on the date of cancellation by 24-month period	Not applicable	Not applicable
Issuance with upholding of preferential subscription rights	26 months	Shares: €800 million (*i.e.,* 160 million shares). This amount is a joint maximum limit for some of the authorizations referred to above. Debt securities: €800 million. This amount is a joint maximum limit for some of the authorizations referred to above.	Not applicable	Not applicable
Issuance by way of public offering or offering referred to in section II of article L.411-2 of the French monetary and financial code, with cancellation of the preferential subscription right	26 months	Shares: €400 million (*i.e.,* 80 million shares). This amount is a joint maximum limit for some of the authorizations referred to above. Debt securities: €500 million. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Authorization to increase the amount of the initial issuance, in the event of a share issue for which shareholders' preferential subscription rights are maintained or cancelled	26 months	15% of the initial issue. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Determination of price of issuances carried out by way of public offering or offering referred to in section II of article L.411-2 of the French monetary and financial code, with cancellation of preferential subscription rights of shareholders, up to a maximum of 10% of the share capital per year	26 months	10% of Rexel share capital at the date of the decision of the Management Board determining the offering price per 12-month period. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	26 months	1.5% of Rexel share capital at the date of the decision of the Management Board (*i.e.,* 3,891,535 shares at the date of this *Document de Référence*). This maximum nominal amount is to be deducted from the total maximum amount of €800 million and from the global maximum nominal amount of 1.5% of the draft resolution relating to the allocation of free shares.	Not applicable	Not applicable
Allocation of free shares	38 months	1.5% of Rexel share capital at the date of the decision of the Management Board (*i.e.,* 3,891,535 shares at the date of this *Document de Référence*). This maximum nominal amount is to be deducted from the total maximum nominal amount of €800 million and the total maximum amount of 1.5% referred to in the draft resolution in relation to the issuance with cancellation of the preferential subscription right at the benefit of members of a share savings plan.	Not applicable	Not applicable

Authorization	Duration of authorization	Maximum nominal amount	Date of use	Amount used
Issuance of up to 10% of the share capital in consideration for contributions in kind granted to Rexel	26 months	10% of Rexel's share capital at the date of the decision of the Management Board approving the offering (*i.e.,* 25,943,567 shares at the date of this *Document de Référence*). This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Issuance in consideration for shares contributed under a public exchange offering.	26 months	€250 million (*i.e.,* 50 million shares). This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	26 months	€200 million (*i.e.,* 40 million shares). This maximum nominal amount is not to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable

At its meeting of February 3, 2010, the Management Board submitted for the approval of the Rexel shareholders' meeting convened for May 20, 2010 the following draft authorizations:

Authorization	Duration of authorization	Maximum proposed nominal amount
Decrease in the share capital by cancelling shares	18 months	10% of the share capital on the date of cancellation by 24-month period.
Issuance with upholding of preferential subscription rights	26 months	Shares: €800 million (*i.e.,* 160 million shares). This amount is a joint maximum limit for some of the authorizations referred to above. Debt securities: €800 million. This amount is a joint maximum limit for some of the authorizations referred to above.
Issuance by way of public offering with cancellation of the preferential subscription right	26 months	Shares: €400 million (*i.e.,* 80 million shares). This maximum nominal amount is to be deducted from the total maximum amount of €800 million. Debt securities: €500 million. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.
Issuance by way of offering as described in II of Article L.411-2 of the French Monetary and Financial code with cancellation of the preferential subscription right	26 months	Shares: €400 million (*i.e.,* 80 million shares). This maximum nominal amount is to be deducted from the total maximum amount of €800 million). Debt securities: €500 million. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.
Authorization to increase the amount of the initial issuance, in the event of a share issue for which shareholders' preferential subscription rights are maintained or cancelled	26 months	15% of initial issuance. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.
Determination of price of issuances carried out by way of public offering or an offering as described in II of Article L.411-2 of the French Monetary and Financial code, with cancellation of the preferential subscription right of shareholders, up to a maximum of 10% of the share capital per year	26 months	10% of Rexel's share capital at the date of the decision of the Management Board determining the offering price per 12-month period. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	26 months	1.5% of Rexel's share capital at the date of the decision of the Management Board (*i.e.,* 3,891,535 shares as at the date of this *Document de Référence*). This maximum nominal amount is to be deducted from the total maximum amount of €800 million and from the global maximum nominal amount of 1.5% of the draft resolution relating to the allocation of free shares.
Allotment of free shares	26 months	1.5% of Rexel share capital at the date of the decision of the Management Board (*i.e.,* 3,891,535 shares as at the date of this *Document de Référence*). This maximum nominal amount is to be deducted from the total maximum amount of €800 million and from the total maximum amount of 1.5% referred to in the draft resolution in relation to the issuance with cancellation of the preferential subscription right at the benefit of members of a share savings plan.

Authorization	Duration of authorization	Maximum proposed nominal amount
Issuance of up to 10% of the share capital in consideration for contributions in kind granted to Rexel	26 months	10% of Rexel's share capital at the date of the decision of the Management Board approving the offering *(i.e.,* 25,943,567 shares at the date of this *Document de Référence*). This maximum nominal amount is to be deducted from the total maximum amount of €800 million.
Issuance in consideration for shares contributed under a public exchange offering	26 months	€250 million (*i.e.,* 50 million shares). This maximum nominal amount is to be deducted from the total maximum amount of €800 million.
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	26 months	€200 million (*i.e.,* 40 million shares). This maximum nominal amount is to be deducted from the total maximum amount of €800 million.

On April 4, 2007, in the context of the initial public offering of Rexel, a share capital increase of a total amount of €1,052,919,829.50, *i.e.,* €319,066,615 on a nominal basis and €733,853,214.50 as an issue premium, represented by the issuance of 63,813,323 shares, was carried out at the benefit of Ray Investment and paid-up by way of offsetting of receivables.

8.2.2 Securities not representative of share capital

As at the date of this *Document de Référence,* Rexel has not issued any securities not representing share capital.

8.2.3 Treasury shares and purchase by Rexel of its own shares

2009 share repurchase plan

The ordinary and extraordinary shareholders' meeting of May 20, 2009 authorized the Management Board, in accordance with the provisions of articles L.225-209 et seq. of the French commercial code and in accordance with articles 241-1 to 241-6 of the French financial markets authority (AMF) general rules, and Regulation n°2273/2003, dated December 22, 2003, of the European Commission, to purchase or have purchased a maximum number of shares of Rexel representing up to 10% of Rexel's share capital.

The acquisition of these shares may be carried out, in order of highest to lowest priority, with a view to:

- ensuring liquidity and activity in the market for the shares through an investment services provider, acting independently under a liquidity agreement in compliance with the AMF market ethics charter ;
- setting up any stock option plan for Rexel in accordance with articles L.225-117 of the French commercial code, any allocations of free shares in connection with Group or company employee saving plans *(plans d'épargne d'entreprise ou groupe)* made in accordance with articles L.3332-1 *et seq.* of the French labor code, any allocations of free shares in connection with the provisions of articles L.225-197-1 *et seq.* of the French commercial code and any allocations of shares in connection with profit sharing plans, as well as establishing hedging operations relating to such transactions, in each case, being made in accordance with the conditions set forth by the market authorities and at such times that the Management Board or person acting upon the authority of the Management Board implements such actions;
- retaining shares and delivering shares further to an exchange or as a consideration in the context of external growth transactions and within the limit of 5% of the share capital of Rexel;
- granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to Rexel shares;
- cancelling all or part of the shares so repurchased, subject to the approval of the eleventh resolution of the shareholders' meeting of May 20, 2009;
- any other action that is or will become permitted by French law or the AMF or any purpose that may comply with the regulations in force.

The acquisition, sale or transfer of the shares may be carried out by any means, on the market or over the counter, including through transactions involving blocks of securities or takeover bids, option mechanisms, derivatives, purchase of options or of securities in conformity with the applicable regulatory conditions.

The maximum purchase price per share has been set at €20, and may be adjusted in the event of transactions on the share capital, in particular by way of incorporation of reserves and allocation of free shares, division or regrouping of shares.

The maximum amount allocated for implementation of the share repurchase plan was €200 million.

The number of shares acquired by Rexel in view of holding them for subsequent payment or exchange in a merger, spin-off or contribution cannot be greater than 5% of

Rexel's share capital. In the event of a public tender offer on Rexel shares paid for in full in cash, Rexel will be able to pursue the implementation of its share repurchase plan, in compliance with the applicable legal and regulatory provisions.

This delegation of authority was granted for a term of 18 months as of the ordinary and extraordinary shareholders' meeting of Rexel held on May 20, 2009, *i.e.,* until November 20, 2010.

In accordance with the authorization granted by the ordinary and extraordinary shareholders' meeting of May 20, 2008, the Management Board decided to implement the share repurchase plan by means of the liquidity agreement effective with Rothschild et Cie Banque.

Under the successive authorizations of the Supervisory Board, Rexel entered into a liquidity agreement with Rothschild & Cie bank on April 26, 2007 (the **"Rothschild Liquidity Agreement"**), which was modified by a first amendment bringing the initial allowed amount of €6 million up to €11 million (authorization of the Supervisory Board dated November 9, 2007) and a second amendment bringing the allowed amount up to €15 million (authorization of the Supervisory Board dated February 12, 2008).

The share repurchase plan authorized by the ordinary and extraordinary shareholders' meeting held on May 20, 2009 was implemented through the Rothschild Liquidity Agreement by Rothschild et Cie Banque on May 20, 2009 in the amount of €15 million.

In accordance with the authorization of the Supervisory Board granted at its February 10, 2009 meeting, the Rothschild Liquidity Agreement was terminated by Rexel in a letter dated July 2, 2009 and a new liquidity agreement in conformity with the AMF ethics charter was entered into on June 22, 2009 between Rexel and Crédit Agricole Cheuvreux for a total maximum amount of €12,287,096.86 (the **"Cheuvreux Liquidity Agreement"**).

As at December 31, 2009, Rexel held 86,700 treasury shares acquired at an average price of €9.53.

Transactions carried out by Rexel on its own shares for the year ended December 31, 2009 mainly consisted of:

Number of shares cancelled during the last 24 months	–
Number of shares held by Rexel as treasury shares as at December 31, 2009	86,700
Percentage of capital directly or indirectly held by Rexel as at December 31, 2009	0.03%
Book value of the treasury shares	826,251
Market value of the treasury shares as of December 31, 2009	884,340

Rexel did not held open positions at purchase or at sale as at December 31, 2009.

During the financial year ended December 31, 2009, 1,664,657 shares of Rexel were acquired by Rothschild et Cie Banque and then Credit Agricole Cheuvreux pursuant to the Rothschild Liquidity Agreement and the Cheuvreux Liquidity Agreement, at an average price of €8.22, and 2,792,972 shares of Rexel were sold by Rothschild et Cie Banque and then Credit Agricole Cheuvreux pursuant to the Rothschild Liquidity Agreement and the Cheuvreux Liquidity Agreement, at an average price of €7.93.

As of December 31, 2009, Rexel held 86,700 treasury shares, with a par value of 5 euros each, acquired at an average price of €9.53, representing an aggregate purchase value of €826,251. These treasury shares have been recorded as a reduction to the shareholders' equity in an amount of €0.8 million.

No shares have been allocated for any objective other than the Rothschild Liquidity Agreement and the Cheuvreux Liquidity Agreement.

2010 share repurchase plan

The Management Board submitted a draft proposal to the Rexel shareholders' meeting concerning a new share repurchase plan with the following terms:

Authorization	Duration of authorization	Number of securities that may be repurchased	Maximum proposed nominal amount	Maximum purchase price
Stock repurchase	18 months	10% of share capital as at the completion date of the purchases	€200 million	€20

8.2.4 Other securities conferring access to the share capital

8.2.4.1 Subscription or purchase options for Rexel shares

Rexel has issued options to subscribe for shares under the terms and conditions described in paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence.*

8.2.4.2 Allocation of free shares

Rexel has granted free shares to certain employees and officers of the Rexel Group in accordance with the terms set forth in paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence.*

8.2.4.3 Warrants *(bons de souscription d'actions)*

Rexel has issued warrants *(bons de souscription d'actions)* in accordance with the terms set forth in paragraph 8.1.2.7 "Issuance and grating of warrants to subscribe for Rexel shares" of this *Document de Référence.*

8.2.5 Terms governing any right of acquisition and/or any obligation attached to the capital subscribed but not paid-up

Not applicable.

8.2.6 Share capital of Rexel Group companies subject to an option or in respect of which an agreement has been made that provides for placing such share capital subject to an option

Not applicable.

8.2.7 Changes in share capital

The table below shows changes in the share capital of Rexel from December 16, 2004, the date on which Rexel was created, until the date of this *Document de Référence.*

Transaction settlement date	Transaction	Number of shares issued	Nominal amount of capital increase (€)	Share/merger premium (€)	Cumulative share/merger premiums (€)	Cumulative nominal amount of share capital (€)	Cumulative number of shares	Nominal value per share (€)
December 16, 2004	Incorporation	8,500	–	N/A	N/A	85,000	8,500	10
March 9, 2005	Share capital increase in cash	5,490,000	54,900,000	N/A	N/A	54,985,000	5,498,500	10
March 21, 2005	Share capital increase in cash	56,980,869	569,808,690	N/A	N/A	624,793,690	62,479,369	10
June 30, 2005	Share capital increase in cash to the benefit of Rexdir S.A.S. by the issue of shares with share subscription warrants (ABSA)	304,404	3,044,040	N/A	N/A	627,837,730	62,783,773	10
October 28, 2005	Share capital increase to the benefit of Rexop S.A.S.	262,001	2,620,010	N/A	N/A	630,457,740	63,045,774	10
April 4, 2007	Exercise by Rexdir S.A.S. and Rexop S.A.S. of share subscription warrants (BSA) issued by Rexel	1,518,854	15,188,540	N/A	N/A	645,646,280	64,564,628	10

Transaction settlement date	Transaction	Number of shares issued	Nominal amount of capital increase (€)	Share/merger premium (€)	Cumulative share/merger premiums (€)	Cumulative nominal amount of share capital (€)	Cumulative number of shares	Nominal value per share (€)
April 4, 2007	Absorption of Rexdir S.A.S. and Rexop S.A.S. by Rexel	2,085,259	20,852,590	0	N/A	666,498,870	66,649,887	10
April 4, 2007	Cancellation of treasury shares in the context of the merger	2,085,259 shares cancelled	20,852,590 (amount of share capital increase cancelled)	N/A	N/A	Share capital decrease of 645,646,280	Cumulative number of shares reduced to 64,564,628	10
April 4, 2007	Division of the nominal value of shares	64,564,628	N/A	N/A	N/A	645,646,280	129,129,256	5
April 4, 2007	Share capital increase reserved for Ray Investment	63,813,323	319,066,615	733,853,214.5	733,853,214.5	964,712,895	192,942,579	5
April 11, 2007	Share capital increase in cash by public offering	60,606,060	303,030,300	696,969,690	1,430,822,904.5	1,267,743,195	253,548,639	5
April 18, 2007	Share capital increase reserved for employees	1,436,874	7,184,370	12,082,078	1,442,904,982.5	1,274,927,565	254,985,513	5
April 18, 2007	Share capital increase reserved for BNP Paribas Arbitrage SNC	1,008,314	5,041,570	8,268,174.8	1,451,173,157.3	1,279,969,135	255,993,827	5
April 14, 2009	Share capital increase following the definitive acquisition of free shares	2,151,817	10,759,085	N/A	1,451,173,157.3	1,290,728,220	258,145,644	5
October 30, 2009	Share capital increase following the definitive acquisition of free shares	7,474	37,370	N/A	1,451,173,157.3	1,290,765,590	258,153,118	5
Exercise of share subscription options in 2009 (acknowledged by a decision of the Management Board of January 8, 2010).	Share capital increase further to the exercise of share subscription options	66,900	334,500	N/A	1,451,173,157.3	1,291,100,090	258,220,018	5
Exercise of share subscription options in January and February 2009 (acknowledged by a decision of the Management Board of March 16, 2010).	Share capital increase further to the exercise of share subscription options	1,215,658	6,078,290	N/A	1,451,173,157.3	1,297,178,380	259,435,676	5

8.2.8 Pledges, guarantees and security interests

As of the date of this *Document de Référence* and to Rexel's knowledge, no Rexel shares have been pledged or are subject to a guarantee or security interest.

8.3 BY-LAWS *(STATUTS)*

The by-laws *(statuts)* have been drawn up in accordance with the provisions applicable to a French *société anonyme*. The main stipulations described below are drawn from the by-laws of Rexel as updated following the decisions of the Management Board dated January 8, 2010.

8.3.1 Corporate purpose (article 3 of the by-laws)

Rexel's main purpose is to engage in the following business activities, directly or indirectly, in France and abroad:

- to acquire, hold, manage and, if applicable, sell or assign shares, any other tradable securities and any other equity interests in any French or foreign company or group, whether publicly traded or privately held;
- to provide services to such companies or groups by detaching personnel or otherwise, in particular to provide all advice and assistance in their respective organization, investments and financing, and to coordinate their policies in the areas of development, product range, procurement and distribution;
- to acquire, hold, manage and, if applicable, sell or assign any industrial or intellectual property rights and all processes directly or indirectly related to the aforesaid purposes, and to secure or grant licenses for such rights; and

more generally, to carry out any transactions, in particular industrial, business, financial, stock market, civil, real property and other property transactions that are directly or indirectly related to the purposes of Rexel described above or to purposes that are similar or connected or likely to facilitate such purposes, in particular by way of lending or borrowing or granting guarantees and security interests covering its obligations or those of affiliated companies.

8.3.2 Management and supervisory bodies (articles 14 to 25 of the by-laws)

8.3.2.1 Management Board (articles 14 to 18 of the by-laws)

Appointment (article 14 of the by-laws)

Rexel is managed by a Management Board made up of a minimum of two members and a maximum of four members who are appointed by the Supervisory Board.

Management Board members are not required to be shareholders. They must be individuals.

No member of the Supervisory Board may sit on the Management Board. If a member of the Supervisory Board is appointed to the Management Board, his/her term of office on the Supervisory Board ends as soon as he/she assumes his/her duties on the Management Board. No person may be appointed as member of the Management Board unless he/she complies with the rules on holding multiple offices, conflicts of interest or disqualification or prohibitions as provided by law.

Management Board members are appointed for a term of four years by the Supervisory Board, which is responsible for filling any vacancies, in accordance with the law.

Management Board members may be re-elected.

No member of the Management Board may be over the age of 65. A Management Board member is deemed to have resigned automatically at the end of the last meeting of the Supervisory Board in the financial year during which he/she reaches this age.

Any member of the Management Board may be linked to Rexel by an employment agreement, which will remain effective throughout his/her term of office and after the expiration thereof.

Dismissal (article 14 of the by-laws)

Any member of the Management Board may be dismissed by a shareholders' meeting or by the Supervisory Board. If such dismissal is without due cause, it may result in the payment of damages.

Dismissal of a Management Board member shall not result in termination of any employment agreement between such member and Rexel or one of its subsidiaries.

Chairman of the Management Board – General management (article 15 of the by-laws)

The Supervisory Board appoints a member of the Management Board to serve as Chairman.

The Chairman serves in this capacity throughout his term of office as Management Board member.

The Chairman of the Management Board represents Rexel in its relationships with third parties.

The Supervisory Board may grant the same powers of representation to one or more Management Board members, who then have the title of managing directors *(directeurs généraux)*.

The Supervisory Board may dismiss the Chairman and cancel any powers of representation granted to any Management Board member.

Powers and responsibilities of the Management Board (article 16 of the by-laws)

The Management Board is vested with the most extensive powers to act in all circumstances on behalf of Rexel, within the scope of the corporate purpose and subject to those powers expressly assigned by law and by the by-laws to shareholders' meetings and to the Supervisory Board.

In its relationships with third parties, Rexel is responsible for all actions of the Management Board, including those that do not fall within the corporate purpose, unless it can demonstrate that the third party was aware that the action went beyond the scope of such purpose or that it could not be unaware of this under the circumstances, it being specified that publication of the by-laws does not in itself constitute such proof.

Management Board members may, with the Supervisory Board's authorization, divide management responsibilities among themselves. However, such allocation shall not in any even deprive the Management Board of its status as a collegiate body that is responsible for the management of Rexel.

The Management Board may assign to one or more of its members or to any person who is not a member special missions, on a permanent or temporary basis, to achieve one or more specified goals, with or without the ability further to delegate such powers as it deems appropriate.

The Management Board submits to the Supervisory Board a report summarizing the main actions or events that have occurred concerning the management of Rexel at least once each quarter. The Supervisory Board may at any time request that the Management Board submit a report on its management and on ongoing operations. This report may, at the Supervisory Board's request, be supplemented by an interim financial position of Rexel.

Within three months as from the end of each financial year, the Management Board approves and submits to the Supervisory Board, for purposes of verification and control, the year-end financial statements and, if any, the consolidated financial statements together with the report submitted to the annual shareholders' meeting. It proposes the allocation of income from the previous financial year to the Supervisory Board.

The Management Board reviews the half-yearly financial statements and submits them to the Supervisory Board.

The Management Board convenes shareholders' meetings, sets the agenda of the meetings and carries out the shareholders' decisions.

Management Board members are liable to Rexel or to third parties, for violations of the provisions of the legal provisions governing *sociétés anonymes*, for violations of the by-laws, or for negligence in their management, under the conditions and subject to the penalties provided by-law.

Deliberations of the Management Board (article 17 of the by-laws)

The Management Board's meetings are convened by its Chairman, whenever the best interests of Rexel so require, at the registered office or at any other location specified in the meeting notice. The agenda may be set at the time of the meeting if all members are present. Notices of meeting may be given in any way, including verbally.

The meetings are chaired by the Chairman of the Management Board or, in his absence, by a member selected by the Management Board at the beginning of the meeting. The Management Board appoints a secretary who is not required to be a Board member.

In order for resolutions to be valid, there must be a quorum of at least half of Management Board members in attendance.

Resolutions are adopted by a simple majority of Management Board members present and represented. Each Management Board member may represent one other Management Board member at each Management Board meeting. In the event of a tie, the Chairman of the meeting has a casting vote.

Deliberations are recorded in minutes that are entered in a special register and are signed by the Chairman of the meeting.

The Management Board members may draw up Rules of Procedure to govern all issues in relation to the operations of the Management Board that are not covered by the by-laws. These Management Board Rules of Procedure may, in particular, set out the conditions for participating and voting in Management Board meetings held by videoconferencing or other means of telecommunication. In this case, Management Board members who participate in Management Board meetings by videoconferencing or any other form of telecommunications shall be considered to be present for purposes of calculating the quorum and majority, in accordance with the Rules of Procedure.

Compensation of Management Board members (article 18 of the by-laws)

The Supervisory Board determines the method and amount of compensation paid to each Management Board member. Such remuneration may be fixed or proportionate, or both fixed and proportionate.

8.3.2.2 Supervisory Board (articles 19 to 25 of the by-laws)

Members (article 19 of the by-laws)

The Supervisory Board is made up of a minimum of five members and a maximum of fifteen members, subject to the exceptions provided for by law in the event of a merger.

During the company's lifetime, Supervisory Board members are appointed or reappointed by the ordinary shareholders' meeting.

They are appointed for a term of five years. In this respect, draft resolutions aiming at reducing the term of office of the members of the Supervisory Board from 5 years to 4 years and at providing for a gradual renewal of the terms of office of the members of the Supervisory Board will be submitted to the shareholders of Rexel at the Shareholders' Meeting of May 20, 2010.

The term of office of a Supervisory Board member expires at the end of the ordinary shareholders' meeting convened to approve the financial statements for the previous financial year and held during the year in which the term of office of such member expires.

Supervisory Board members may be re-elected.

They may be dismissed at any time by the ordinary shareholders' meeting.

No individual exceeding the age of 70 may be appointed as member of the Supervisory Board if such appointment raises the number of Supervisory Board members who are over this age to more than one-third.

Supervisory Board members may be individuals or legal entities. Any legal entities must, at the time of their appointment, appoint a Permanent Representative who is subject to the same conditions and obligations and who incurs the same liability as if he/she were a Supervisory Board member in his/her own name, without prejudice to the joint and several liability of the legal entity he/she represents. This office of Permanent Representative is concurrent with the term of office of the legal entity that he/she represents. It must be renewed each time the term of office of the legal entity comes up for renewal.

Should the legal entity dismiss its representative, it must notify Rexel thereof without delay, by registered mail, and of the identity of its new Permanent Representative. The same shall also apply in the event of the death, resignation or disability of the Permanent Representative.

Should one or more seats on the Supervisory Board become vacant between two shareholders' meetings, as a result of the death or resignation of members, the Supervisory Board may co-opt one or more persons to serve as interim members.

Any co-opted Supervisory Board members appointed by the Supervisory Board are subject to ratification by the shareholders at the next ordinary shareholders' meeting.

If the appointment of co-opted members is not ratified, the resolutions adopted and actions carried out previously shall be nonetheless valid.

Should the number of Supervisory Board members fall to less than three, the Management Board shall immediately convene an ordinary shareholders' meeting to bring the number of Supervisory Board members up to the required minimum.

A Supervisory Board member who is appointed to replace another Board member shall remain in office only for the remainder of his predecessor's term.

No person may be appointed as member of the Supervisory Board unless he complies with the rules on combining offices, conflicts of interests or disqualification or prohibitions as provided by law.

The number of Supervisory Board members who are linked to Rexel by an employment agreement may not exceed one third of the Supervisory Board members in office.

Shares held by Supervisory Board members (article 20 of the by-laws)

Supervisory Board members shall each own at least 1 share in Rexel.

If, as of the date of their appointment, the Supervisory Board members do not own one share or if, during their term of office, they cease to own such shares, they shall be deemed to have resigned automatically unless they have remedied this situation within three months.

In this respect, a draft resolution aiming at canceling the obligation to hold 1 share for members of the Supervisory Board will be submitted to Rexel's shareholders upon the shareholders' meeting of May 20, 2010.

Officers of the Supervisory Board (article 21 of the by-laws)

The Supervisory Board shall elect from among its members who are individuals a Chairman and a Deputy Chairman who shall serve in this capacity for the duration of their term of office as Supervisory Board member, unless the Supervisory Board decides to appoint a new Chairman or Deputy Chairman.

The Chairman of the Supervisory Board convenes meetings of the Supervisory Board and oversees its deliberations.

In the absence of the Chairman, the Deputy Chairman serves as Chairman and enjoys the same prerogatives.

The Supervisory Board also appoints a secretary who is not required to be a Supervisory Board member and who serves as an officer of the Board, alongside the Chairman and Deputy Chairman.

Failing this, the Supervisory Board appoints one of its members to chair the meeting.

The Chairman, Deputy Chairman and Secretary may be re-elected.

Deliberations of the Supervisory Board (article 22 of the by-laws)

The Supervisory Board meets whenever the best interests of Rexel so require, and at least once every quarter, at meetings convened by its Chairman or Deputy Chairman.

Unless otherwise agreed by all members of the Supervisory Board, meeting notices must be given in writing, including by fax or e-mail, at least three (3) days before the date of the meeting, together with the agenda of the meeting and all documents that have been prepared for submission to the Supervisory Board. However, when all Supervisory Board members are present or represented at a meeting (including if they are participating or represented during a telephone or videoconference), the meeting may be held without prior notice and without observing such three (3) day notice period.

Meetings are held at the registered office or at any other place specified in the notice of meeting.

However, the Chairman of the Supervisory Board is required to convene a meeting of the Supervisory Board to be held no later than fifteen days after the date of receipt of a detailed request from at least one member of the Management Board or at least two Supervisory Board members. If such request is not followed by action, the persons requesting the meeting may convene the meeting on their own and set the agenda of the meeting. Other than in this case, the agenda is determined by the Chairman and must be mentioned in the meeting notice.

The Supervisory Board is duly convened only if a quorum consisting of at least half of its members is in attendance.

Decisions are approved by a majority of votes of the members present or represented; each Supervisory Board member has one vote and may not represent more than one of his colleagues.

In accordance with the applicable regulations, the Supervisory Board will draw up Rules of Procedure defining the methods of participating and voting at Supervisory Board meetings held by videoconference or any other forms of telecommunication.

Provided that the Supervisory Board Rules of Procedure so allow, Supervisory Board members who attend Supervisory Board meetings by videoconference or any other forms of telecommunication shall be deemed to be present for purposes of calculating the quorum and majority, in accordance with the Rules of Procedure.

In the event of a tie, the Chairman of the meeting shall have a casting vote, if and only if the Supervisory Board consists of an even number of Supervisory Board members in office and only during meetings chaired by the Chairman of the Supervisory Board.

An attendance register is maintained and signed by the Supervisory Board members who attended the Supervisory Board meeting; it must show the name of any Supervisory Board Members who attended the meeting by videoconference or any other forms of telecommunication.

The deliberations of the Supervisory Board are recorded in minutes, which are drawn up in accordance with applicable law and signed by the Chairman of the meeting and by at least one Supervisory Board member or, in the event the Chairman is unavailable, by two Supervisory Board members.

Copies or excerpts of these minutes are certified by the Chairman of Supervisory Board, the Deputy Chairman, a Board member or an authorized representative.

Powers of the Supervisory Board (article 23 of the by-laws)

The Supervisory Board exercises ongoing control over the Management Board's management of Rexel. It carries out such verifications and controls as it deems appropriate and receives all documents that it deems necessary for the performance of its duties.

In accordance with legal requirements, the Supervisory Board gives the Management Board prior authorization to grant sureties, endorsements and other guarantees, to sell real property, to dispose of equity interests, in whole or in part, and to grant security interests.

The following decisions are subject to prior authorization by the Supervisory Board:

– adoption of the annual budget;
– adoption of the strategic plan;
– appointment and dismissal or redundancy of Executive Committee members and determination of their compensation (including benefits in kind and special pension arrangements);
– proposed resolutions to be submitted to the shareholders' meeting in relation to any distribution of dividends or reserves to the shareholders;
– proposed resolutions to be submitted to the shareholders' meeting in relation to replacement of the statutory auditors;
– approval of significant changes in accounting methods;
– acceptance of and resignation from any duties as a member of a board of directors or equivalent body by Rexel and appointment and dismissal of the appointment of Rexel permanent representatives to such board of directors or equivalent body;
– proposed resolutions to be submitted to the shareholders' meeting and use of authorizations or powers granted by the shareholders' meeting in relation to the issuance of shares or tradable securities granting immediate or future access to the share capital of Rexel, of a company that directly or indirectly owns more than half of its share capital or of a company in which it directly or indirectly owns half of the capital, or tradable securities granting rights to the award of debt securities;
– proposed resolutions to be submitted to the shareholders' meeting in relation to any share repurchase plan;
– the acquisition and disposal of any business segments, equity interests in any company, any assets and undertaking any investment, in each case, with an enterprise value exceeding a threshold determined by the Supervisory Board (by exception, this applies to the disposal of part or all of equity interests, regardless of the amount);
– the creation of any business division or subsidiary, on investments in any business division or on the acquisition of any equity interest in a country in which Rexel does not operate;
– borrowing (including by issuing bonds) or assumption of liabilities in an amount exceeding a threshold determined by the Supervisory Board in each case;

- awarding options to subscribe for or to purchase shares, awarding free shares or other plans involving equity securities of Rexel at the benefit of the employees of Rexel or its subsidiaries;
- entering into merger, spin-off or asset transfer agreements;
- admission to trading of securities issued by Rexel or one of its subsidiaries on a regulated market;
- any transaction entailing a significant change in the scope of the business of Rexel and its subsidiaries;
- any transaction or settlement in connection with any litigation in an amount exceeding a threshold determined by the Supervisory Board.

The Supervisory Board submits to the ordinary shareholders' meeting its comments on the Management Board's report and on the annual financial statements.

The Supervisory Board may appoint, from amongst its members, one or more special committees, for which it determines the members and responsibilities, and which operate under its responsibility; however, such responsibilities shall not result in delegating to a committee any powers vested in the Supervisory Board by law or by the by-laws, nor shall they reduce or limit the powers of the Management Board.

The rules of operation of such committees are determined by the Supervisory Board Rules of Procedure and set out in the Rules of Procedure, if any, drawn up by each committee and approved by the Supervisory Board.

Compensation of the Chairman, the Deputy Chairman, members and officers of the Supervisory Board (article 24 of the by-laws)

The ordinary shareholders' meeting may allocate attendance fees to the Supervisory Board members; the amount of such fees is included in the operating expenses of Rexel and remains in effect until the shareholders' meeting decides otherwise.

The Supervisory Board allocates this remuneration among its members as it deems appropriate.

The compensation of the Chairman and of the Deputy Chairman of the Supervisory Board are determined by the Supervisory Board. Such compensation may be fixed or proportionate, or both fixed and proportionate.

The Supervisory Board may allot exceptional compensation for special missions or duties assigned to Supervisory Board members; any such compensation is recorded as operating expenses and is subject to approval by the ordinary shareholders' meeting.

The Supervisory Board may authorize the reimbursement of travel and other expenses incurred by its members in the best interest of Rexel.

No compensation other than that provided herein, whether permanent or temporary, may be allocated to Supervisory Board members, unless they are linked to Rexel by an employment agreement under the conditions authorized by law.

Liability (article 25 of the by-laws)

Supervisory Board members are liable for any personal negligence in the performance of their duties. They do not incur any liability as a result of management actions and the results thereof.

8.3.3 Rights and obligations attached to shares (articles 8, 9, 11, 12 and 13 of the by-laws)

Shares subscribed for in cash are issued and paid-up under the terms and conditions provided for by law.

The Rexel shares may be in registered or bearer form, at the shareholder's discretion, notwithstanding certain legal or regulatory provisions that may in certain cases require that the shares be in registered form. They are registered on a securities account under the terms and conditions provided for by law.

The shares are freely tradable, notwithstanding any legal or regulatory provisions to the contrary. They are transferred between accounts under the terms and conditions provided for by law.

Each share grants rights to a share of ownership in the corporate assets and in the distribution of profits, which is proportional to the percentage of the share capital that it represents.

Each share also gives its holder the right to vote and to be represented at shareholders' meetings under the terms and conditions provided for by law and by the by-laws.

Shareholders are responsible for the company's liabilities only up to the amount of their contributions.

The rights and obligations attached to the shares remain attached thereto irrespective of the transferee.

Owners of shares are automatically bound by the by-laws and by any decisions of the shareholders' meetings.

Whenever more than one share is required to exercise a particular right, in the event of a share exchange, consolidation or allotment, or as a result of an increase or reduction in share capital, or in the event of a merger or other transaction involving the share capital, shareholders who own only one share or who do not own the minimum number of shares required may at their own initiative consolidate their shares for the purpose of exercising said right, or buy or sell the requisite number of shares.

The shares are indivisible with regard to Rexel.

The co-owners of split shares must be represented vis-à-vis Rexel by only one of the co-owners or by a single representative. If no agreement can be reached concerning the appointment of a representative, such representative shall be appointed by order of the President of the commercial court acting at the request of the first owner to take the initiative to refer the matter to such court.

Voting rights attached to shares belong to the beneficial owner *(usufrutier)* at ordinary meetings and to the legal owner *(nu-propriétaire)* at extraordinary meetings.

8.3.4 Changes to shareholders' rights

Insofar as the by-laws contain no specific provisions covering changes to shareholders' rights attached to shares, such changes are subject to the provisions of the law.

8.3.5 Shareholders' meetings (articles 27 to 35 of the by-laws)

Shareholders' decisions are made at shareholders' meetings, which are either ordinary, extraordinary or special meetings depending on the type of decision on which the shareholders are requested to vote.

Any duly convened shareholders' meeting represents all the shareholders.

Decisions made in shareholders' meetings are binding upon all shareholders, including those who are absent, incapacitated or dissenting.

8.3.5.1 Notices of meetings (article 28 of the by-laws)

Shareholders' meetings are convened by the Management Board, within the time periods and under the conditions set forth by law. They may also be convened by the Supervisory Board, or by any person authorized for this purpose by law.

Shareholders' meetings are held at the company's registered office or at any other location indicated in the meeting notice.

8.3.5.2 Agenda (article 29 of the by-laws)

The agenda of shareholders' meetings is set by the party that convened the meeting.

Shareholders, at a shareholders' meeting, may not deliberate on a matter that is not referred to in the agenda, which cannot be amended upon serving a second notice. They may, however, under any circumstances, dismiss one or more Supervisory Board members and appoint their replacements.

8.3.5.3 Access to shareholders' meetings (article 30 of the by-laws)

The right to participate in shareholders' meetings is subject to the following conditions:

- for holders of registered shares, the shares must be registered in the shareholder's name in Rexel's books at least three (3) business days before the date of the shareholders' meeting;
- for holders of bearer shares, a certificate of attendance from an authorized intermediary must be filed under the conditions provided for by law, within three (3) business days before the date of the shareholders' meeting.

A shareholder may be represented by his or her spouse or by any other shareholder; in this case, the representative must demonstrate that he holds a proxy form.

Any shareholder may vote by mail, by sending a ballot to Rexel under the conditions provided for by law.

This form may be on the same document as the proxy form; in this case, the single document must contain the statements and information provided for by the regulations. In order for mail ballots to be counted, Rexel must receive the ballots three (3) days before the date of the meeting. The electronic signature may take the form of a procedure compliant with the first sentence of the second subparagraph of article 1316-4 of the French civil code.

If the Management Board so decides when it convenes the meeting, shareholders may also participate and vote in the meeting by electronic or another forms of telecommunication that enables them to be identified under the conditions provided for by law.

Shareholders who participate in a meeting by video-conference or other forms of telecommunication that enable them to be identified under the conditions provided for by law are deemed to be present for purposes of calculating the quorum and majority.

8.3.5.4 Attendance sheet – officers of the meeting – minutes of meetings (article 31 of the by-laws)

An attendance sheet containing the information required by law is kept for each meeting.

This attendance sheet, which is duly initialled by shareholders present and by any proxies, and to which any proxy forms and postal ballots are attached, is certified as true and accurate by the officers of the meeting.

Shareholders' meetings are chaired by the Chairman of the Supervisory Board or, in his absence, by the Deputy Chairman of the Board, or by a Supervisory Board member specially authorized for this purpose.

If the shareholders' meeting is convened by the statutory auditor or auditors, by a representative of the court or by the receivers, the meeting is chaired by one of them.

In any event, in the absence of the person who is authorized or appointed to chair the meeting, the shareholders shall elect a chairman of the meeting.

Ballots are counted by the two shareholders in attendance who hold the largest number of shares, either personally or by proxy, and who agree to perform this task (they shall be known as officers of the meeting).

The officers of the meeting appoint a secretary who is not required to be a shareholder.

The duties of the officers of the meeting are to verify, certify and sign the attendance sheet; to ascertain that the deliberations are duly carried out; to settle any incidents arising at the meeting; to count the votes cast and to ascertain that they are valid; and to draw up the minutes of the meeting and to sign them.

Minutes of the meetings are drawn up and copies or excerpts thereof are delivered and certified in accordance with the law.

8.3.5.5 Quorum – Voting – Number of votes (article 32 of the by-laws)

The quorum for ordinary and extraordinary shareholders' meetings is calculated on the basis of the total number of shares comprising the share capital, less any shares disqualified from voting pursuant to the provisions of the law.

In the case of votes submitted by mail, only those ballots received by Rexel prior to the meeting within the time period and under the conditions set forth by law will count towards the quorum.

At ordinary and extraordinary shareholders' meetings, each shareholder shall have as many votes as shares he owns or represents, in his own name or by proxy, with no limitations of any kind.

Voting takes place and the votes are cast, as decided by the officers of the meeting, by a show of hands, by electronic means or by any form of telecommunication that enables the shareholders to be identified in accordance with the applicable regulations.

8.3.5.6 Ordinary shareholders' meetings (article 33 of the by-laws)

Ordinary shareholder's meetings are held to make all decisions that do not amend the by-laws.

Ordinary shareholders' meetings are held at least once each year, within the times specified by the applicable laws and regulations, to resolve on the financial statements and, if applicable, on the consolidated financial statements for the past financial year.

While voting in accordance with the quorum and majority requirements applicable to ordinary meetings, the ordinary shareholders' meeting exercises the powers assigned thereto by law.

8.3.5.7 Extraordinary shareholders' meetings (article 34 of the by-laws)

Only the extraordinary shareholders' meeting is authorized to amend any provision of the by-laws. However, it may not increase the obligations of shareholders, subject to transactions resulting from an exchange or consolidation of shares duly approved and carried out.

While voting in accordance with the applicable quorum and majority requirements, the extraordinary shareholders' meeting exercises the powers assigned thereto by law.

8.3.5.8 Shareholders' right to information (article 35 of the by-laws)

The shareholders have a right to receive the documents they need to take an informed decision on the management and operation of Rexel and to vote accordingly.

The type of such documents and the conditions under which they are sent or made available to shareholders are determined by law.

8.3.6 Provisions likely to have an impact on the control of Rexel

To Rexel's knowledge, there exists no provision in the by-laws that would result in delaying, deferring or preventing a change of control of Rexel.

Agreements entered into by Rexel's shareholders are described in paragraph 8.1.5 "Agreements potentially leading to a change of control" of this *Document de Référence.* Furthermore, provisions of the senior credit agreement and of the bonds likely to have an impact in case of change of control of Rexel are described in note 19 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2009, set out in Chapter 5 "Consolidated financial statements" of this *Document de Référence.*

8.3.7 Ownership threshold disclosures and identification of shareholders (articles 10 and 11 of the by-laws)

8.3.7.1 Ownership threshold disclosures (article 11 of the by-laws)

In addition to the legal obligation to notify Rexel whenever the ownership thresholds provided by law are crossed, any individual or legal entity, acting alone or in concert, coming into possession, directly or indirectly within the meaning of the law (and in particular, of article L.233-9 of the French commercial code), of a number of shares representing 2.5% of the share capital or voting rights, is required to disclose to Rexel the total number of shares and voting rights it owns by sending a notice by registered mail with acknowledgement of receipt to the registered office or, for shareholders who are not French residents, by any equivalent means, within 5 trading days from the date it has crossed one of these thresholds, stating the total number of securities held giving future access to the share capital and the number of voting rights attached thereto. This declaration of crossing of threshold shall also state whether the shares or voting rights attached thereto are held on behalf of or in concert with other individual or legal entities and shall also indicate the date on which the threshold was crossed. Such disclosure must be made for any additional multiple of 2.5% of the share capital or voting rights without any limitation, including when it exceeds 5%.

Failure to duly make such disclosure under the conditions specified above shall result in the disqualification for voting purposes of the shares that should have been disclosed under the conditions provided for by law, if so requested by one or more shareholders separately or together owning at least 2.5% of the share capital or voting rights and duly recorded in the minutes of the shareholders' meeting.

Any shareholder whose ownership interest and/or voting rights in Rexel falls below one of the aforesaid thresholds, for any reason whatsoever, is also required to disclose this fact to Rexel, under the same conditions and within the same periods of time specified above.

In calculating the aforesaid thresholds, the denominator must take into account the total number of shares making up the share capital and to which voting rights are attached, including shares that are disqualified for voting purposes, as published by Rexel as required by law (Rexel must publish the total number of shares with voting rights and the number of such shares that have been disqualified for voting purposes).

8.3.7.2 Identification of shareholders (article 10 of the by-laws)

Rexel stays informed about the composition of its shareholder base in accordance with applicable laws. In this respect, Rexel may avail itself of all legal provisions, for identification of the holders of securities conferring immediate or future voting rights at Rexel's shareholders' meetings.

Rexel may, at any time, in accordance with the applicable laws and regulations, request that the central custodian in charge of the administration of its share issue account, in exchange for consideration paid by Rexel, identify the owners of securities giving immediate or future voting rights at shareholders' meetings, as well as the number of securities held by each such owner and any restrictions that may apply to such securities.

After following the procedure described in the previous paragraph and in the light of the list transmitted by the central custodian, Rexel may also request, either through such custodian or directly from the persons registered on this list and whom Rexel believes may be registered on behalf of third parties, information regarding the owners of the securities as provided in the preceding paragraph.

If the shares are in registered form, the intermediary registered as provided by law is required to disclose the identity of the owners of such shares and the number of shares held by each owner at the request of Rexel or its authorized representative, in accordance with the applicable laws and regulations, and such request may be presented at any time.

As long as Rexel believes that certain holders of shares whose identity has been disclosed hold such shares as nominees for third parties, it has the right to ask the nominees to reveal the identity of the owners of such shares.

Upon completion of the identification procedures, and without prejudice to the disclosure of material holdings as required by law, Rexel may ask any legal entity that owns its shares and holds interests exceeding one-fortieth of the share capital or voting rights to disclose the identity of any persons that directly or indirectly control more than one third of the share capital or voting rights of such legal entity.

Failure by the holders of shares or by the intermediaries to fulfil their obligation to disclose the aforesaid information may, as provided for by law, lead to suspension or even disqualification from voting and dividend rights attached to the shares.

8.3.8 Special provisions governing changes to share capital (article 7 of the by-laws)

Rexel's share capital may be increased or reduced in all ways and by all manners authorized by law. The extraordinary shareholders' meeting may also decide to carry out stock splits or reverse splits.

8.4 OTHER ELEMENTS THAT MAY HAVE AN IMPACT IN CASE OF TENDER OFFER

8.4.1 Control mechanisms in relation to employee shareholding

In the scope of the share capital increase reserved for employees, which was carried out in the context of the initial public offering of Rexel, the employee investment funds (FCPEs) "Rexel Actionnariat France" and "Rexel Actionnariat International" were created.

The supervisory board of these FCPEs has, in particular, the following powers:

– it exercises the voting rights attached to the shares issued by Rexel and decides on the contribution of shares, and, in this respects, appoints one or several representatives of the fund at the Rexel shareholders' meetings; and

– the information provided to the works council, pursuant to articles L.2323-7 *et seq.*, L.2323-46 *et seq.* and R.2323-1 of the French labor code, as well as a copy of the report of the chartered accountant appointed pursuant to articles L.2325-35 *et seq.* of the French labor code, are also delivered to the supervisory board of the funds.

8.4.2 Agreements entered into by Rexel to be amended or terminated in case of change of control

The agreements entered into by Rexel or which may need to be amended or terminated in case of change of control are, in particular, the following:

- the senior credit agreement (see note 19 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2009, set out in Chapter 5 "Consolidated financial statements" of this *Document de Référence*);
- the unsecured senior bonds bearing interest at 8.25% and maturing on December 15, 2016 (see note 19 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2009, set out in Chapter 5 "Consolidated financial statements" of this *Document de Référence*).

8.5 MATERIAL AGREEMENTS

During the last two years, the Rexel Group's companies have been parties to the following material agreements the various loans obtained by the Rexel Group companies (see note 19 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2009, set out in Chapter 5 "Consolidated financial statements" of this *Document de Référence*).

8.6 DOCUMENTS AVAILABLE TO THE PUBLIC

8.6.1 Legal documents

During the period of validity of this *Document de Référence,* the following documents, or a copy thereof, may be consulted:

- Rexel's by-laws;
- all reports, correspondence and other documents, historical financial information, assessments and statements made by an expert at the request of Rexel, any part of which is included or referred to in this *Document de Référence;* and
- the historical financial information of Rexel and its subsidiaries for each of the three financial years prior to publication of this *Document de Référence.*

All of the above legal and financial documents in relation to Rexel and that must be made available to the shareholders in accordance with the applicable regulations may be consulted at the registered office of Rexel.

8.6.2 2009 annual financial report

A correlation table between the annual financial report and this *Document de Référence* is set out in chapter 10 "Correlation tables" of this *Document de Référence.*

8.6.3 The annual document

The list of information published or made public by Rexel in the course of the last 12 months established according to article 222-7 of the General rules of the *Autorité des marchés financiers* is as follows:

Date	Title
Press releases (available on www.rexel.com)	
February 12, 2009	Publication of 2008 annual results
March 13, 2009	Marc Maillet appointed as Vice President Investor Relations of Rexel Group
March 23, 2009	Michel Favre appointed as Group Senior Vice President Finance, Control and Legal Affairs of Rexel
April 20, 2009	Availability of 2008 *Document de Référence*
April 29, 2009	Information on shareholders' meeting of May 20, 2009
May 14, 2009	Publication of 2009 1st quarter results
July 31, 2009	Publication of 2009 1st half-year results
November 12, 2009	3rd quarter and first 9 months of 2009 results
December 4, 2009	Rexel presents its strategy

Date	Title
December 7, 2009	Rexel launches an issuance of Euro-notes
December 14, 2009	Successful completion of the Euro Notes issuance, increased to €575 million
December 21, 2009	Rexel extends the maturity of its debt and improves its financial flexibility through the full refinancing of its senior credit
Publications in the *Bulletin des annonces légales obligatoires* (available on www.journal-officiel.gouv.fr)	
April 10, 2009	Convening of shareholders' meeting
April 29, 2009	Convening of shareholders' meeting
June 24, 2009	2008 financial statements
Documents filed with the clerk of the commercial court (available from the clerk of the commercial court of Paris)	
February 10, 2009	Extract of minutes – Resignation of member of supervisory board
April 14, 2009	Extract of minutes – Share capital increase
May 20, 2009	Extract of minutes – Change of member(s) of management board
October 30, 2009	Updated by-laws
October 30, 2009	Extract of minutes – Share capital increase and amendment of by-laws

8.7 PERSON RESPONSIBLE FOR THE *DOCUMENT DE REFERENCE*

Jean-Charles Pauze, Chairman of the Management Board of Rexel.

8.7.1 Responsibility statement

I hereby certify, having taken all reasonable steps to confirm it, that the information contained in this *Document de Référence* reflects, to my knowledge, the reality and that no omissions have been made that are likely to have a bearing thereon.

I certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards, and give a true view of the assets, financial condition and results of operations of the company and of all of the companies included in the scope of consolidation and that the management report provides an accurate description of the business trends, results of operations and financial condition of the company and all of the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties that are faced by the latter.

I have obtained from the statutory auditors a letter in which they indicate that they have verified the information concerning the financial condition and financial statements presented in this document and read the entire document.

The consolidated financial statements for the year ended December 31, 2009 set forth in this document have been the subject of a report of the auditors which contains the following note:

"Without qualifying our opinion, we draw your attention to the matter set out in note 2.2.1 to the consolidated financial statements regarding the changes in accounting policy relating to the first application of IFRS 8 "Operating segments" and IFRIC 13 interpretation "Customer loyalty programs"."

Jean-Charles Pauze
Chairman of the Management Board of Rexel
Paris, April 21, 2010

8.7.2 Person responsible for financial information

Marc Maillet
Vice-President, Investors Relations

Address: 189-193, boulevard Malesherbes, 75017 Paris
Telephone: +33 (0)1 42 85 85 00
Fax: +33 (0)1 42 85 92 05

8.7.3 Indicative financial information timetable

Financial information reported to the public by Rexel will be available on the Rexel website (www.rexel.com).

For indicative purposes only, Rexel's financial information timetable up to December 31, 2010, should be as follows:

Q1 2010 results	May 12, 2010
Shareholders' meeting	May 20, 2010
H1 2010 results	July 28, 2010
Q3 2010 results	November 10, 2010

8.8 STATUTORY AUDITORS

8.8.1 Principal Statutory Auditors

Ernst & Young Audit

Represented by Pierre Bourgeois

Tour Ernst & Young
Faubourg de l'Arche
92037 Paris la Défense Cedex

Ernst & Young Audit was appointed principal statutory auditor on the date of incorporation of Rexel on December 16, 2004, for a term ending at the time of the shareholder's decision to approve the financial statements for the year ending December 31, 2009.

A resolution seeking to renew Ernst & Young Audit as statutory auditor for a term of six years will be submitted to Rexel's shareholders' meeting to be held on May 20, 2010.

Ernst & Young is a member of the regional body of statutory auditors of Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles")*.

KPMG Audit

Represented by Hervé Chopin

1, cours Valmy
92923 Paris la Défense

KPMG Audit was appointed principal statutory auditor at the shareholders' meeting of June 30, 2006, for a term of six financial years. Its appointment shall therefore expire at the end of the shareholders' meeting convened to resolve on the financial statements for the year ending December 31, 2011.

KPMG is a member of the regional body of statutory auditors in Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles")*.

8.8.2 Deputy Statutory Auditors

Gabriel Galet

Tour Ernst & Young
Faubourg de l'Arche
92037 Paris La Défense Cedex

Gabriel Galet was appointed deputy statutory auditor on the date of incorporation of Rexel on December 16, 2004, for a term ending at the time of the shareholder's decision to approve the financial statements for the year ending December 31, 2009.

A resolution seeking to appoint Auditex, 11 allée de l'Arche, 92400 Courbevoie as deputy statutory auditor for a term of six years will be submitted to Rexel's shareholders' meeting to be held on May 20, 2010.

S.C.P. de Commissaires aux comptes
Jean-Claude André et Autres

2 bis, rue de Villiers
92309 Levallois-Perret

Jean-Claude André et Autres was appointed deputy statutory auditor at the shareholders' meeting of June 30, 2006, for a term of six financial years. Its appointment shall therefore expire at the end of the shareholders' meeting convened to vote upon the financial statements for the year ending on December 31, 2011.

8.8.3 Fees paid to statutory auditors

The table below sets forth the fees paid to Ernst & Young Audit and KPMG Audit for services performed during 2009 and 2008:

	KPMG Audit				Ernst & Young Audit			
	Amount		%		Amount		%	
(in millions of euros)	2009	2008	2009	2008	2009	2008	2009	2008
Audit Services								
Auditor fees and fees for other Audit work (1)								
Issuer	0.6	0.6	17.6%	14.3%	0.6	0.6	18.8%	9.2%
Consolidated Entities	2.5	2.9	73.5%	69.8%	2.5	3.3	78.1%	50.6%
Subtotal (1)	**3.1**	**3.5**	**91.1%**	**84.1%**	**3.1**	**3.9**	**96.9%**	**59.8%**
Fees for Audit related work (2)								
Issuer	0.1	–	3%	–	0.1	–	2.5%	0.1%
Consolidated Entities	0.1	0.5	3%	12.2%	–	2.6	0.6%	39.5%
Subtotal (2)	**0.2**	**0.5**	**6%**	**12.2%**	**0.1**	**2.6**	**3.1%**	**39.7%**
Subtotal	**3.3**	**4.0**	**97.1%**	**96.3%**	**3.2**	**6.5**	**100%**	**99.4%**
Other services non Audit related (3)								
Tax	0.1	0.2	2.9%	3.7%	–	–	–	0.3%
Other	–	–	–	–	–	–	–	0.3%
Subtotal (3)	**0.1**	**0.2**	**2.9%**	**3.7%**	**–**	**–**	**–**	**0.6%**
TOTAL	**3.4**	**4.2**	**100%**	**100%**	**3.2**	**6.5**	**100%**	**100%**

9. Shareholders' meeting of May 20, 2010

9.1 REPORT OF THE MANAGEMENT BOARD

The management report of the Management Board for the financial year ended December 31, 2009, is set out in chapter 1 "Overview of the Rexel Group", 2 "Risk Factors", 3 "Corporate Responsibility", 4 "Results of operations and financial position of the Rexel Group", 7 "Corporate governance" and 8 "Additional Information" of this *Document de Référence.*

9.2 REPORT OF THE SUPERVISORY BOARD TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 20, 2010

To the Shareholders,

In accordance with the provisions of article L.225-68 of the French Commercial Code, we have examined the annual financial statements and the consolidated financial statements of Rexel (the **"Company"**) for the financial year ending December 31, 2009 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 **"Group"**) in the financial year ending December 31, 2009. We have also read the conclusions of the Audit Committee and those of the statutory auditors concerning such financial statements and such report.

The annual accounts for Rexel for the financial year ended December 31, 2009 show a net income of €88,487,825.46. The balance sheet total at December 31, 2009 is €4,886,563,799.15. The consolidated accounts of the Company for the financial year ending December 31, 2009 show a turnover of €11,307.3 million, a gross margin of €2,769.5 million, an operating profit of €315,8 million and net income of €81.0 million. The balance sheet total at December 31, 2009 was €9,054.9 million.

The annual financial statements and the consolidated financial statements of the Company for the financial year ending December 31, 2009 and the report of the Management Board do not necessitate any particular observations on our part.

In the financial year 2009, we were regularly informed of the course of business and business activity of the Company and, in the context of our supervisory duties, we have proceeded with the verifications and controls that we have deemed necessary to the respect of the provisions of the law and the by-laws.

The Supervisory Board and the Audit Committee, the Compensation Committee, the Nominations Committee and the Strategic Committee have thus worked in-depth with the Management Board.

In the financial year ending December 31, 2009, the business activity of the Group was particularly influenced by the following events:

- the Group acquired, during the second quarter of 2009, the outstanding shares of Hagemeyer N.V. for a total price of €26.3 million. Accordingly, the Group holds the totality of the share capital of Hagemeyer N.V. through its Rexel Distribution subsidiary;
- the Group continued to implement its strategy aiming at increasing its market shares. In particular, the Group carried out the acquisition of 63.5% of the shares of Suzhou Xidian Co. Ltd., a company based in China, and increased its shareholding in Electrical Automation Co. Ltd., a company based in Hong Kong, from 51% to 70% of such company's share capital;
- the senior credit agreement, entered into between the Company and certain of its subsidiaries on December 19, 2007 in the context of the acquisition of Hagemeyer N.V. and amended on September 22, 2008, was amended a second time in order *inter alia* to (i) repay early an amount of €210 million in July 2009 and revise the repayment schedule of tranches A and A', (ii) modify the indebtedness ratio, (iii) modify the margin, (iv) stipulate that the distribution of dividends will be suspended in 2010 and until the indebtedness ratio is equal to or greater than 4.00x, and (v) stipulate that operational investments shall be limited to 0.75% of turnover until the indebtedness ratio is equal or greater than 4.00x;
- on December 21, 2009, the Company refinanced its existing senior credit agreement in the amount of €2.7 billion entered into on December 19, 2007 and amended on September 22, 2008 and July 30, 2009. The refinancing of the existing senior credit agreement was carried out by:
  - (i) the issuance of senior unsecured notes in the amount of €575 million. The senior notes carry an interest rate of 8.25% and mature on December 15, 2016. Rexel's obligations under the senior notes are guaranteed by certain Rexel subsidiaries. An additional issuance of fungible bonds in the amount of €75 million was carried out on January 20, 2010;
  - (ii) the setting up of a new senior credit agreement in the amount of €1.7 billion, from which €1.1 billion was drawn on December 21, 2009; and
  - (iii) a portion of the available cash of the Group.

In addition, we have examined the draft resolutions which are subject to the approval of the ordinary and extraordinary shareholders' meeting of May 20, 2010. You will thus be asked:

- to approve the annual and consolidated financial statements for the financial year ending December 31, 2009 and the allocation of earnings for the year and acknowledge the absence of non-deductible costs and expenses;

- to approve the related-party agreements entered into in the financial year ended December 31, 2009;
- to authorize the performance criteria relative to the deferred compensation of Michel Favre;
- to approve the co-option of Manfred Kindle as a Member of the Supervisory Board;
- to acknowledge the resignation of Patrick Sayer and Guido Padovano from their duties as members of the Supervisory Board 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 Patrick Sayer and to appoint Amaury Hendrickx, in replacement of Guido Padovano, as members of the Supervisory Board for four years, or, failing the approval of the amendment of article 19.2 of the by-laws of the Company, for five years;
- to appoint Françoise Gri as member of the Supervisory Board for four years, or, failing the approval of the amendment of article 19.2 of the by-laws of the Company, for five years;
- to renew the mandate of Ernst & Young Audit as statutory auditor and to appoint Auditex as alternate statutory auditor;
- to acknowledge and approve the management acts of the members of the Management Board during the financial year and acknowledged and approved the duties carried out by the members of the Supervisory Board;
- to 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;
- to approve new financial delegations and authorizations to the Management Board, including:
  - (i) a delegation of authority to decide upon an increase in the share capital through the issuance, with upholding of the shareholders' preferential subscription right, of ordinary shares or securities conferring access to the share capital of the Company,
  - (ii) a delegation of authority to decide upon an increase in the share capital through the issuance, with the cancellation of the shareholders' preferential subscription right, of ordinary shares or securities conferring access to the share capital of the Company by way of public offering,
  - (iii) a delegation of authority to decide upon an increase in the share capital through the issuance, with the cancellation of the shareholders' preferential subscription right, of shares or securities conferring access to the share capital of the Company by way of an offer as described in article L.411-2 II of the French Monetary and Financial code (*i.e.,* by way of private placement(s) reserved to persons providing investment services consisting in portofolio management for third parties, qualified investors or a limited group of investors, to the extent that such investors are acting on their own behalf),
  - (iv) a delegation of authority to increase the amount of initial issuances, with cancellation or upholding of the shareholders' preferential subscription rights, in the event of excess demand,
  - (v) an authorization to determine the price of issuances of ordinary shares or securities by way of public offering as defined in article L.411-2 II of the French Monetary and Financial code, with cancellation of the shareholders' preferential subscription rights,
  - (vi) an authorization to increase the share capital through the issuance of shares or securities conferring access to the capital of the Company with cancellation of the shareholders' preferential subscription rights for the benefit of members of a company savings plan,
  - (vii) an authorization to allocate free shares of the Company,
  - (viii) a delegation of authority to decide upon the increase in the share capital through the issuance of ordinary shares and securities conferring access to the share capital, immediately or in the future, of the Company in consideration for contributions in kind granted to the Company and consisting of equity securities or securities conferring access to the share capital,
  - (ix) a delegation of authority to increase the share capital by the issuance of ordinary shares or securities giving access to the Company share capital in consideration for contributions of securities undertaken as part of a public exchange offer, and
  - (x) a delegation of authority to decide to increase the share capital by incorporation of premiums, reserves, profits or other items that may be capitalized;
- to modify the term for the members of the Supervisory Board from 5 years at most to 4 years at most and to provide for a gradual renewal of the terms of office of the members of the Supervisory Board and, consequently, to modify article 19.2 of the by-laws of the Company; and
- to remove the obligation of the members of the Supervisory Board to hold at least one share of the Company and, consequently, to modifty article 20 of the by-laws of the Company.

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

Signed in Paris
on March 16, 2010
The Supervisory Board

9.3 REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

9.3.1 Report of the Chairman of the Supervisory Board

Report of the Chairman of the Supervisory Board on the operation of the Supervisory Board and on internal controls for the financial year 2009

This report is being drawn up pursuant to Article L.225-68 of the French Commercial Code, in order to report on the conditions in which the work of the Supervisory Board is prepared and organized, and on internal control procedures implemented by Rexel (the **"Company"**) within the Rexel group (the **"Group"**).

This report has been drafted by the Chairman of the Supervisory Board in collaboration with the Group's Accounting Department, Internal Audit Department and Legal Department on the basis of internal control and risk management work carried out by the Group in 2009. This report of the Chairman of the Supervisory Board has been reviewed by the Audit Committee on February 9, 2010 in the presence of representatives of the Company's statutory auditors, and was approved by the Supervisory Board on February 9, 2010 in the presence of representatives of the Company's statutory auditors.

1. CONDITIONS UNDER WHICH THE WORK OF THE SUPERVISORY BOARD HAS BEEN PREPARED AND ORGANIZED

The Company is a public limited company with a Management Board and Supervisory Board, thereby separating managerial powers from supervisory powers.

1.1 Applicable rules and principles

The Supervisory Board is organized and carries out its missions in accordance with applicable statutory provisions, the Articles of Association of the Company and its Rules of Procedure.

1.1.1 The Supervisory Board's Rules of Procedure

The Supervisory Board's Rules of Procedure were approved on February 13, 2007 and modified on June 5, 2008. Their purpose is to specify the legal, regulatory and statutory provisions governing the Supervisory Board's organization and operation as well as the rights and duties of its members.

The Supervisory Board's Rules of Procedure include provisions relating to the Supervisory Board's powers, the organization of Supervisory Board meetings, the members of the Supervisory Board, the Supervisory Board's code of ethics, the remuneration of Supervisory Board members, of its independent members, of its observer(s) or those of its Committees.

The Supervisory Board's Rules of Procedure are available on the Company's website (www.rexel.com) and its principal stipulations are described in the Company's *Document de réference* (paragraph 7.1.2).

1.1.2 Corporate governance framework

The corporate governance code of the *Association Française des Entreprises Privées* (AFEP) and the *Mouvement des Entreprises de France* (MEDEF) as modified by guidelines of the AFEP and of the MEDEF dated October 2008 relative to the compensation of corporate officers of public companies is the Company's point of reference as concerns corporate governance.

The Company believes to be in compliance with the corporate governance principles as set forth in the corporate governance code of the AFEP and the MEDEF, to the extent that such principles are compatible with the organization, size and means of the Group, subject to the following items:

- taking into account the Company's shareholding structure and the provisions of the agreements between shareholders, the number of independent members is three out of eleven for the Supervisory Board, two out of five for the Audit Committee, the Strategic Committee, and the Compensation Committee, and one out of four for the Appointments Committee. The appointment of a fourth independent member of the Supervisory Board, when his/her identity is known, will be submitted to a following shareholders' meeting. The term of office for a member of the Supervisory Board was fixed at 5 years. Lastly, the renewal of the terms of office of the members of the Supervisory Board does not take place gradually. In this respect, draft resolutions aiming at reducing the term of office of the members of the Supervisory Board from 5 years to 4 years and at providing for the gradual renewal of the terms of office of the members of the Supervisory Board will be submitted to the shareholders of the Company at the Shareholders' Meeting of May 20, 2010;
- the severance packages of the members of the Management Board are not submitted to the following cumulative conditions: (i) forced dismissal and (ii) change in control or strategy. The Company wished that the severance packages (including legal or conventional redundancy payment *(indemnité de licenciement légale ou conventionnelle)*) that benefit to the members of the Management Board would be paid in cases of termination of the employment contract (which is suspended during the term of the corporate office) at the Company's initiative, except in cases of serious misconduct *(faute grave)*, gross misconduct *(faute lourde)* or retirement, which excludes any payment in the event of termination at the initiative of the corporate officer or in case of a change in his duties within the Group. The compensation in lieu of notice is not included in the calculation basis of the severance package nor it is submitted to the cumulative conditions referred to above (see paragraph 2.2.2 of this report);

- in case of voluntary or compulsory retirement, in order to protect the interests of the Company and the Group taken as a whole, the non-compete provisions may be applicable;
- the additional defined-benefit retirement plan (article 39) is open to a limited number of beneficiaries and, among these beneficiaries, the number of corporate officers exceeds the number of beneficiaries which are not corporate officers (see paragraph 2.2.4 of this report); and
- the share subscription options and free shares allocated by the Company do not comply with some of the AFEP and MEDEF guidelines. These allocations were carried out prior to the publication of the AFEP and MEDEF's guidelines and the amendment of the plans would raise major practical issues considering the number of beneficiaries.

The AFEP/MEDEF corporate governance code, as modified by the October 2008 guidelines, is available on the MEDEF's website (www.medef.fr).

1.2 Organization of the Supervisory Board

1.2.1 The Supervisory Board's missions

The Supervisory Board continuously supervises the way in which the Management Board manages the Company, as per the provisions of the law. It performs the controls and verifications that it deems appropriate and has the right to request any document it deems necessary for the performance of its duties. In particular, the Supervisory Board has the following specific duties:

- reviews of the financial condition, cash position and commitments of the Company and its subsidiaries;
- reviews of the auditing process for financial statements and information provided to the shareholders and to the market;
- approval of agreements governed by Article L.225-86 of the French commercial code;
- appointment and dismissal of members of the Management Board and determination of their remuneration (including benefits in kind and special pension provisions);
- appointment and dismissal of the Chairman of the Management Board;
- appointment of members of the Supervisory Board;
- allocation of attendance fees;
- creation of Supervisory Board Committees, determination of their duties, appointment and compensation of their members;
- approval of the disposal of real estate assets, total or partial disposals of shares, and the granting of securities;
- grants of the power of representation to one or several members of the Management Board, if authorized by the Articles of Association;
- approval of securities, endorsements and other guarantees; and
- approval of the report of the Chairman of the Supervisory Board in accordance with Article L.225-68 of the French Commercial Code on the operation of the Supervisory Board and internal control.

Moreover, pursuant to the Company's by-laws, certain decisions of the Management Board require the prior approval of the Supervisory Board:

- approval of the annual budget;
- approval of the strategic plan;
- appointment and dismissal or redundancy of Executive Committee members and determination of their compensation (including benefits in kind and special pension arrangements);
- proposed resolutions to be submitted to the shareholders' meeting in relation to any distribution (including dividends or reserves) to the shareholders;
- proposed resolutions to be submitted to the shareholders' meeting in relation to replacement of the statutory auditors;
- approval of significant changes in accounting methods;
- acceptance of and resignation from any duties as a member of a board of directors or equivalent body by the Company and appointment and dismissal of the Company's permanent representatives to such board of directors or equivalent body;
- proposed resolutions to be submitted to the shareholders' meeting and use of authorizations or powers granted by the shareholders' meeting in relation to the issuance of shares or tradable securities granting immediate or future access to the share capital of the Company, of a company that directly or indirectly owns more than half of its share capital or of a company in which it directly or indirectly owns half of the capital, or tradable securities granting rights to the award of debt securities;
- proposed resolutions to be submitted to the shareholders' meeting in relation to any share repurchase plan;
- the acquisition and disposal of any business segments, equity interests in any company, any assets and undertaking any investment, in each case, with an enterprise value exceeding a threshold determined by the Supervisory Board (by exception, this applies to the disposal of part or all of equity interests, regardless of the amount);
- the creation of any business division or subsidiary, on investments in any business division or on the acquisition of any equity interest in a country in which the Company does not operate;
- borrowing (including by issuing bonds) or assumption of liabilities in an amount exceeding a threshold determined by the Supervisory Board in each case;
- awarding options to subscribe for or to purchase shares, awarding free shares or other plans involving equity securities of the Company at the benefit of the employees of the Company or its subsidiaries;

– entering into merger, spin-off or asset transfer agreements;
– admission to trading of securities issued by the Company or one of its subsidiaries on a regulated market;
– any transaction entailing a significant change in the scope of the business of the Company and its subsidiaries; and
– any transaction or settlement in connection with any litigation in an amount exceeding a threshold determined by the Supervisory Board.

1.2.2 Information used by the Supervisory Board

Supervisory Board members receive relevant information and the documents necessary to carry out their duties and to prepare for the proceedings. Information and documents are generally sent to members of the Supervisory Board six days before the meetings of the Supervisory Board and at the latest three days before such meetings. Such information is comprised of the agenda to the meeting of the Supervisory Board, draft resolutions, draft reports and any other document necessary to the analysis of the items on the agenda.

Furthermore, the Supervisory Board carries out reviews and controls as it deems appropriate and can request all documents that it deems necessary to perform its duties.

Moreover, at least once every quarter, the Management Board submits to the Supervisory Board a report on the Company's business activity. The Supervisory Board also reviews and makes observations on the management report prepared by the Management Board.

Finally, the Management Board or the Chairman of the Management Board informs the Supervisory Board members of events or transactions that are significant for the Company and the Group.

1.2.3 Members of the Supervisory Board

The Supervisory Board's Members

In the course of the financial year ending December 31, 2009, the Supervisory Board was comprised of eleven members each with five year terms: Roberto Quarta (Chairman), Patrick Sayer (Vice-Chairman), Eurazeo represented by Marc Frappier, Luis-Marini Portugal, Matthew Turner (Matthew Turner was selected by the Supervisory Board to replace Djamal Moussaoui who resigned from his post as a member of the Supervisory Board on February 5, 2009, Matthew Turner's appointment to the Supervisory Board was approved by the Rexel Ordinary Shareholders' Meeting of May 20, 2009), David Novak, Guido Padovano, Manfred Kindle (who was co-opted by the Supervisory Board of December 2, 2009 to replace Joseph L. Rice III who resigned from the Supervisory Board; the co-option of Manfred Kindle as a member of the Supervisory Board will be submitted for the approval at the May 20, 2010 Shareholders' meeting of the Company), Fritz Fröhlich, François David and Joe Adorjan.

In order to allow for a gradual renewal of the terms of office of the members of the Supervisory Board in an effective manner and to anticipate the implementation of the mechanism to be submitted to the approval of the shareholders' meeting on May 20, 2010, Patrick Sayer and Guido Padovano have resigned from their duties as members of the Supervisory Board effective as of the end of the shareholders' meeting. Resolutions seeking the renewal of the terms of office of Patrick Sayer and the appointment of Amaury Hendrickx, in replacement of Guido Padovano, as members of the Supervisory Board will therefore be submitted to the approval of the shareholders' meeting to take place on May 20, 2010.

Independent Members of the Supervisory Board

The Supervisory Board's Rules of Procedure provide the definition of and criteria for members to be considered independent. Independent Members of the Supervisory Board must not:

– be an employee or corporate officer of the Company or of the Group, an employee or director of a shareholder that controls the Company alone or in concert with others, (within the meaning of the law) or a company consolidated thereby, and must not have held such capacity within the five previous years;
– be a corporate officer of a company in which the Company directly or indirectly holds an office as a director or in which an employee designated as such or a corporate officer of the Company (incumbent or having held such position within less than five years) holds the office of director;
– be a client (or be directly or indirectly related to a client), supplier, banker or investment banker:
– significant to the Company or the Group; or
– for whom the Company or the Group represents a significant portion of the business activity;
– have any family ties with any corporate officer of the Company or the Group;
– have been an auditor of the Company or of any Group company within the last five years;
– have served as a corporate officer of the Company for more than 12 years;
– receive or have received material additional compensation from the Company or the Group, other than directors' fees, including participation in any stock option plan or any other type of performance-related compensation.

Supervisory Board members who represent significant direct or indirect shareholders of the Company may be deemed to be independent if such shareholders do not control the Company within the meaning of article L.233-3 of the French Commercial Code *(Code de Commerce)*. However, when a member of the Supervisory Board represents a shareholder of the Company that directly or indirectly owns more than 10% of the Company's share capital or voting rights, the Supervisory Board, acting on a report of the Appointments Committee, shall systematically review the qualification of independence by taking into account the share ownership of the Company and the existence of a potential conflict of interest.

Thus, the status of independent member is discussed, on a yearly basis, by the Appointments Committee which prepares a report on this issue. Each year, in the light of this report, the Supervisory Board reviews the situation of each member of the Supervisory Board with regard to independence criteria. Based on this review for the year ended December 31, 2009, three Supervisory Board members are independent: Fritz Fröhlich, François David and Joe Adorjan.

1.2.4 Assessment of the operation of the Supervisory Board

In accordance with its Rules of Procedure, Rexel's Supervisory Board evaluates its organization and operation based on a questionnaire addressed to its members. The responses to this questionnaire are presented on an anonymous basis and debated during meetings of the Supervisory Board which defines potential avenues for new growth. The organization and methods of operation of the Supervisory Board are formally assessed every three years.

In accordance with the AFEP MEDEF guidelines, the Supervisory Board decided, upon recommendation of the Audit Committee, at its meeting of November 10, 2009, to entrust the assessment of its operation and organization to an independent consulting firm, Ricol Lasteyrie. In order to carry out its assessment, Ricol Lasteyrie has conducted a document review and interviewed each member of the Supervisory Board based on a questionnaire drafted by Ricol Lasteyrie and approved by the chairman of the Supervisory Board.

The report of Ricol Lasteyrie, presented to the Supervisory Board at its meeting of February 9, 2010, underlines the high quality of the organization, secretaryship and minutes of the meetings of the Supervisory Board as well as the information communicated. It expresses the satisfaction of the members of the Supervisory Board in respect of the operation and membership of the Supervisory Board. Ricol Lasteyrie has also summarized certain improvement goals, some of which have already been discussed by the Supervisory Board.

Thus, upon its meeting of February 9, 2010, the Supervisory Board decided, *inter alia,* further to the recommendation of the Appointments Committee, to submit to a future shareholders' meeting the appointment of a fourth independent member and to reduce the terms of office of the members of the Supervisory Board to four years, the appointment of which would be submitted to a future shareholders' meeting. Furthermore, upon its meeting of March 16, 2010, the Supervisory Board decided to organize a gradual renewal of the terms of office of the members of the Supervisory Board.

Moreover, the Supervisory Board has decided (i) that a presentation of the risk management strategy and a risk mapping be made to it during 2010, (ii) that a joint meeting of the Compensation Committee and of the Appointments Committee be held on a yearly basis in relation to the succession plan, (iii) that the scope of review of the Strategic Committee be refocused by including a more prospective vision, in particular in respect of the strategic risks, and (iv) that new members of the Supervisory Board be trained in relation to the activities and key challenges of the Group.

1.2.5 The specialized committees of the Supervisory Board

In order to carry out its duties properly and facilitate its decisions and discussions, the Supervisory Board has set up four specialized committees responsible for giving their opinion, proposals or recommendations, each in their respective field: an Audit Committee, an Appointments Committee, a Compensation Committee and a Strategic Committee.

The Committees have only advisory powers and perform their duties under the responsibility of the Supervisory Board.

Each Committee has Rules of Procedure, approved by the Supervisory Board, the principal provisions of which are available in the Company's *Document de référence* (paragraph 7.1.3).

The Audit Committee

The Audit Committee was set up on March 1, 2007 and, for the year ended December 31, 2009, it was made up of five members, of which two are independent members: Fritz Fröhlich (Chairman), David Novak, Luis Marini-Portugal, Matthew Turner and Joe Adorjan. Fritz Fröhlich, an independent member, has particular expertise in the areas of finance and accounting.

Its duties are mainly (i) to review and supervise the financial statements, with the final objective of assisting the Management Board in the review and the closing of the annual and half-yearly accounts, (ii) to supervise the Statutory Auditor's duties, (iii) to supervise internal audit work, (iv) to review the method for drawing up the information to be provided to shareholders and to the market, (v) to review the organization and the implementation of internal control procedures within the Group and (vi) to assist the Strategic Committee in the review of the Group's financial structure.

The Audit Committee met seven times during the financial year, including four times prior to the Supervisory Board meetings convened to decide on the financial statements prepared by the Management Board, and reported to the Supervisory Board on its work.

The Finance, Control and Legal Affairs Manager, the Administrative and Financial Manager, the Internal Audit Manager and the Statutory Auditors attended each of these meetings.

Its work mainly focused on the review (i) of the annual financial statements for the year ended December 31, 2008 as well as the half-yearly accounts as at June 30, 2009 and the quarterly accounts as at March 31, 2009 and September 30, 2009, (ii) of the proper application of accounting principles, (iii) of the tax situation of the Group’s subsidiaries, (iv) the Group’s financial liabilities, (v) of main off-balance-sheet items, (vi) of the main financial guidelines, and (vii) of the audit and internal control work.

The Statutory Auditors have submitted their findings in relation to the audit of the annual financial statements for the year ended December 31, 2008 and the review of the accounts as at March 31, 2009, June 30, 2009 and September 30, 2009.

The average attendance rate for the Audit Committee was 91%.

The Compensation Committee

The Compensation Committee was set up on March 1, 2007 and, for the year ended December 31, 2009, it was made up of five members, of which two are independent members: Guido Padovano (Chairman), Luis Marini-Portugal, Roberto Quarta, François David and Joe Adorjan.

Its duties are mainly as follows: (i) to make recommendations to the Supervisory Board on the remuneration of Management Board members and of Executive Committee members as well as the components of this remuneration (determining the variable components or additional components such as the pension scheme and benefits in kind), (ii) to be informed of the penalties considered in the event of the breach in the employment contract by a Management Board member or by a member of the Executive Committee, and provide an opinion in this respect to the Chairman of the Supervisory Board, and (iii) to provide an opinion on the policy for the allocation of options to subscribe for shares and/or options to purchase shares and of free shares, relating to all categories of beneficiaries, and make a recommendation on the frequency of such allocations and on the terms and conditions thereof.

During 2009, the Compensation Committee met ten times and reported to the Supervisory Board on its work. Its work, which was reported to the Supervisory Board, mainly focused on (i) compensation propositions to managers, (ii) compensation propositions and the allocation of free shares to Group executives, (iii) analysis of the compensation of the members of the Supervisory Board and (iv) the analysis of the compensation of the two new members of the Executive Committee.

The average attendance rate for the Compensation Committee was 92%.

Appointments Committee

The Appointments Committee was set up on March 1, 2007 and, for the year ended December 31, 2009, it was made up of four members, of which one is an independent members: Patrick Sayer (Chairman), Roberto Quarta, Fritz Fröhlich and Guido Padovano.

Its duties are mainly as follows: (i) to provide an opinion on the advisability of appointments, dismissals, redundancies, and renewals of the terms of office of the members and of the Chairman of the Supervisory Board, of members and of the Chairman of the Audit, Strategic and Remunerations Committees, of members and the Chairman of the Management Board and of members of the Executive Committee, and provide an opinion on the applications under consideration, in terms of skills, availability, adequacy and complementarities with other members of the Supervisory Board, of the Management Board, or of the Executive Committee, (ii) to propose the status of independent member for members of the Supervisory Board, (iii) monitor compliance with the independence criteria, provide an opinion in this respect and advise the Chairman of the Supervisory Board on the number of independent members, (iv) to be able to propose at any time a successor for the Chairman of the Management Board or of the Supervisory Board, if necessary.

During 2009, the Appointments Committee met three times and reported to the Supervisory Board on its work. In 2009, the Appointments Committee proposed *inter alia* (i) the appointment of a new Group Finance, Control and Legal Director, (ii) the appointment of two new members to the Executive Committee, (iii) the appointment of Manfred Kindle as member of the Supervisory Board in replacement of Joseph L. Rice, III, who has resigned, and (iv) the appointment of a new member to the Management Board.

The average attendance rate for the Appointments Committee was 100%.

The Strategic Committee

The Strategic Committee was set up on March 1, 2007 and, for the year ended December 31, 2009, it was made up of five members, of which two are independent members: David Novak (Chairman), Patrick Sayer, François David, Matthew Turner and Joe Adorjan.

The Committee’s duties are (i) to review and provide an opinion to the Supervisory Board on the Company’s proposed strategic plans and annual budgets prepared by the Management Board; to this effect, the Committee may hear Management Board members regarding the assumptions used in the preparation of the said plans, (ii) to review and provide an opinion to the Supervisory Board on the proposed acquisition or disposal of assets or business lines, as well as on investment expenses, in each case for an enterprise value exceeding the threshold above which these operations are subject to the prior authorization of the Supervisory Board, (iii) to review and provide an opinion to the Supervisory Board on the creation of any business line or subsidiary, investments in any business line or the acquisition of any shareholding, in a country in which the Company does not operate, (iv) to review and provide an opinion to the Supervisory Committee on any of the Company’s proposed loans or take-overs of liabilities, for an amount exceeding the limit above which these transactions are subject to the prior authorization of the Supervisory Board, (v) to review and to provide an opinion to the Supervisory Board on all proposed mergers, spin-offs or transfer of assets regarding the Company, (vi) to review and provide an opinion to the Supervisory Committee on any proposed admission for trading of the Company's (or one of its subsidiaries') shares on a regulated market, (vii) to review and provide an opinion to the Supervisory Committee on any transaction giving rise to a significant change in the scope of business of the Company and of its subsidiaries, and (viii) to review, jointly with the Audit Committee, the Group's financial structure.

During 2009, the Strategic Committee met three times and reported to the Supervisory Board on its work. The Strategic Committee especially focused its work on potential acquisitions which were then presented to the Supervisory Board.

The average attendance rate for the Strategic Committee was 80%.

1.3 The Supervisory Board's work in 2009

During the financial year ending December 31, 2009, the Supervisory Board met nine times, upon having been convened, in accordance with the Articles of Association and the Rules of Procedure. The average attendance rate was 86%.

During the year ended December 31, 2009, the Supervisory Board decided *inter alia* on the following issues:

- the review the consolidated financial statements for the financial year ended December 31, 2008;
- the review of the 2008 *Document de Référence;*
- the preparation for the Shareholders' meeting of May 20, 2009;
- the review of the quarterly accounts, the quarterly reports of the Management Board as well as related financial communications;
- the review of the half-year accounts, the half-year reports of the Management Board as well as related financial communications;
- the review of the work carried out by the Supervisory Board Committees;
- the authorization and approval of the execution of the amendment n°2 to the Facility Agreement entered into on December 19, 2007;
- the authorization of the allotment of free shares to certain Group employees;
- the refinancing of the Facility Agreement entered into on December 19, 2007;
- the issue of senior unsecured notes at the interest rate of 8.25% and maturing on December 15, 2016; and
- the entry into a new facility agreement on December 17, 2009.

Moreover, the Supervisory Board has been informed of progress on the main projects carried out by subsidiaries of the Group.

2. COMPENSATION OF CORPORATE OFFICERS

2.1 Compensation of Supervisory Board Members

The Company's shareholders meeting may approve the payment of attendance fees to members of the Supervisory Board.

The Supervisory Board:

- pays attendance fees to its members as it sees fit;
- sets the level of compensation for the Supervisory Board's Chairman and Deputy Chairman which can be both fixed and variable;
- may approve the payment of exceptional compensation for tasks or assignments entrusted to members of the Supervisory Board; and
- may approve the reimbursement of traveling costs and expenses incurred by its members for the purposes of the Company.

The Company shareholders' meeting held on May 20, 2008 allocated to the Supervisory Board a global amount of €300,000 for the payment of attendance fees.

Following the recommendations of the Compensation Committee, the Supervisory Board meeting of February 10, 2009 decided, within the scope of the allocated global amount, to allocate compensation to the independent members of the Supervisory Board in the gross amount including (i) a fixed portion in the amount of €30,000 and (ii) a variable portion of up to €30,000 that may be allocated to each independent member to the extent of their attendance to the meetings of the Supervisory Board and the Committees of which they are members. Moreover, a gross compensation of €10,000 is allocated for each chairman of a Committee of the Supervisory Board who is an independent member thereof.

Following the recommendations of the Compensation Committee, the Supervisory Board of February 9, 2010 decided, in accordance with the decisions of the Supervisory Board of February 10, 2009, that the variable portion would amount to €28,900 for Fritz Fröhlich, €23,600 for François David and €17,100 for Joe Adorjan.

2.2 Compensation of Management Board members

Compensation of the members of the Management Board is set by the Supervisory Board following the advice of the Compensation Committee.

In accordance with the Company's policy on compensation, the members of the Management Board are paid a fixed annual amount which is determined according to criteria specific to each member (experience, seniority, responsibilities) and criteria based on the sector of business activity and the general economic situation. Members of the Management Board also receive a variable compensation. This variable compensation is paid in order to correlate the compensation of the members of the Management Board with the results of the business activity of the Company and of the Group. The variable compensation is calculated on the basis of the attainment of personal goals and other criteria relative to the Company. The personal goals are qualitative criteria determined based on the person in question, the duties carried out within the Company or the Group and the objectives pursued by such person. The Company- or Group-based criteria are quantitative criteria based on the results of the Company and the aggregates that it normally uses in the context of the analysis of its financial situation.

In addition, the members of the Management Board may receive bonuses for which the amount depends on constraints relative to the exercise of their duties and the realization of objectives or outstanding work.

The members of the Management Board also are awarded benefits in kind in respect of their duties carried out within the Group.

Finally, in order to bind the members to the growth of the Group and its financial results, the Company may grant shares, subscription options or purchase options to members of the Management Board.

Upon its meetings of February 10, May 20 and July 30, 2009, the Supervisory Board determined the compensation of the Chairman and of the members of the Management Board for the financial year ended December 31, 2009.

2.2.1 Remuneration and Benefits

Jean-Charles Pauze

The remuneration of Jean-Charles Pauze from his position as Chairman of the Management Board of the Company is comprised of:

(i) a base gross amount;

(ii) an annual variable bonus based on objectives that may reach up to 120% of the gross annual compensation of the Chairman of the Management Board if 100% of the objectives are reached, with it being specified that if results are achieved by the Chairman of the Management Board that are greater than 100% of his objectives, the variable bonus may be more than 120% of the gross annual amount, but may not be more than a limit of 130% of his base gross annual amount. This annual variable bonus is comprised of financial objectives relative to Group results (75%) and qualitative objectives (25%). The financial criteria for 2009 were EBITDA, WCR, Free Cash Flow, and synergies relative to the Hagemeyer acquisition. Qualitative criteria are based on items relating to the activity of Jean-Charles Pauze in his own fields of responsibility;

(iii) a hardship allowance for travel in France and abroad; and

(iv) benefits in kind consisting of a company car and a gas card.

In addition, Jean-Charles Pauze benefits from the following advantages: a mutual insurance policy, a pension plan, a basic and complimentary retirement plan, the taking into account of his seniority in the context of a defined benefit pension plan, a company car, an annual medical check-up and the professional fees of a tax and retirement advisor.

Michel Favre

Michel Favre became a member of the Management Board on May 20, 2009.

The remuneration of Michel Favre from his position as a member of the Management Board of the Company is comprised of:

(i) a base gross amount;

(ii) an annual variable bonus based on objectives that may reach up to 60% of the gross fixed annual compensation, subject to the attainment of individual and collective objectives based on principles set each year. This annual variable bonus is comprised of financial objectives relative to Group results (60%) and qualitative objectives (40%). The financial criteria for 2009 were EBITDA, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Michel Favre in his own fields of responsibility;

(iii) benefits in kind consisting of a company car and a gas card.

In addition, Michel Favre benefits from the following advantages: a health insurance plan, a welfare benefits plan, a basic and complementary retirement plan, the taking into account of his seniority in the context of a defined benefits retirement plan, a company car, a medical check-up, an executive social security plan (GSC) and the professional fees of a tax and pension advisor.

Nicolas Lwoff

Nicolas Lwoff left the Group on February 12, 2009.

At the time of its departure from the Rexel Group, Nicolas Lwoff did not receive any severance indemnity. Only the non-compete clause stipulated in its employment contract was applied. As such, Nicolas Lwoff will receive during a twelve-month period a monthly gross indemnity amounting to €29,230.77.

In addition to a monthly payment based on his non-competition clause, Nicolas Lwoff also received, on January 1, 2009 and February 13, 2009:

(i) gross fixed compensation; and

(ii) benefits in kind consisting of a company car and a gas card.

In addition, Nicolas Lwoff benefited from the following advantages: a health insurance plan, a welfare benefits plan, a basic and complementary retirement plan, the taking into account of his seniority in the context of a defined benefit retirement plan, a company car, a medical check-up, an executive social security plan (GSC) and the professional fees of a tax and pension advisor.

Pascal Martin

The remuneration of Pascal Martin from his position as member of the Management Board of the Company is comprised of:

(i) a base annual amount;

(ii) an annual variable target-based compensation that may reach 60% of gross annual fixed compensation, subject to the achievement of fixed individual and collective objectives in accordance with the principles established each year. This variable annual bonus was based for 65% on financial criteria relating to the Rexel Group's results and for 35% on qualitative criteria. The financial criteria for 2009 were EBITDA, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Pascal Martin in his own fields of responsibility; and

(iii) benefits in kind consisting of a company car and a gas card.

In addition, Pascal Martin benefits from the following advantages: a health insurance plan, a welfare benefits plan, a basic and complementary retirement plan, the taking into account of his seniority in the context of a defined benefit retirement plan, a company car, a medical check-up, an executive social security plan (GSC) and the professional fees of a tax and pension advisor.

Jean-Dominique Perret

The remuneration of Jean-Dominique Perret from his position as member of the Management Board of the Company is comprised of:

(i) a base gross amount;

(ii) an annual variable target-based portion which may reach 50% of his gross annual base salary if he achieves set individual and collective targets established each year. This variable annual bonus is based on financial criteria relating to the Rexel Group's results (65%) and on qualitative criteria (35%). The financial criteria for 2009 were EBITDA, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility.

In addition, Jean-Dominique Perret benefits from the following advantages: a health insurance plan, a welfare benefits plan, a basic and complementary retirement plan, the taking into account of his seniority in the context of a defined benefit retirement plan, a medical check-up and the professional fees of a tax and pension advisor.

2.2.2 Severance packages

No senior executive is entitled to compensation, indemnification or benefits due or that may become due as a result of the assumption, termination or change in his duties as a corporate officer of the Company or thereafter.

Moreover, the employment agreements of Jean-Charles Pauze, Michel Favre, Pascal Martin and Jean-Dominique Perret provide, under certain conditions, for payment undertakings in the event of a termination, subject to performance criteria that have been decided upon (i) in the case of Jean-Charles Pauze, Pascal Martin and Jean-Dominique Perret, by the Supervisory Board meeting of May 13, 2008 and approved by the General shareholders' meeting of May 20, 2008, and (ii) in the case of Michel Favre, by the Supervisory Board meeting of May 20, 2009, and that will be submitted for approval at the shareholders' meeting of the Company to be held on May 20, 2010.

Upon proposal of the Compensation Committee, the Supervisory Board of March 30, 2009 approved the modification of the compensation of Jean-Charles Pauze, Pascal Martin and Jean-Dominique Perret in order to ensure that they are consistent with the AFEP-MEDEF recommendations of October 2008.

Jean-Charles Pauze

Jean-Charles Pauze's employment contract with Rexel Développement S.A.S. was suspended on March 1, 2007.

In the event that he should no longer hold his corporate office at the Company, his employment contract with Rexel Développement S.A.S. would once again come into effect with the same compensation conditions as those that he was granted as a corporate officer.

In the event that the employment contract is terminated at the employer's initiative, unless resulting from serious misconduct or gross negligence, Jean-Charles Pauze shall be granted a severance payment equal to 24 months of his monthly reference compensation.

The monthly reference compensation is understood as the amount of the fixed gross monthly salary received, including as an agent, for the 12 months prior to the notice of the termination of the contract, plus the gross amount of the most recent bonus, excluding any exceptional bonus, with this sum being divided by 12.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

In the event of the termination of contractual relations, the notice period is 8 months.

In accordance with the provisions of article L.225-90-1 of the French Commercial Code, these contractual indemnities of notice and employment contract termination are subject to the following performance conditions:

– the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Group. This payment will be 100% if the level of EBITDA, calculated on the basis of the Company's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period.

If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;

- the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ATWC (average trade operating working capital) of the Group. This payment will be 100% if the level of ATWC, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Group. This payment will be 100% if the level of ROCE, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, regardless of the cause of his departure from the Company, a non-competition clause is stipulated in Jean-Charles Pauze's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Michel Favre

Michel Favre's employment contract with Rexel Développement S.A.S. was suspended on May 20, 2009.

In the event that his corporate duties within the Company should end, Michel Favre's employment agreement with Rexel Développement S.A.S. would re-enter into effect subject to compensation conditions equivalent to those from which he benefits as a corporate officer.

The employment agreement of Michel Favre provides, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, that Michel Favre will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation.

The monthly reference compensation is defined as the gross annual compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

Under these same circumstances, Michel Favre would also benefit from compensation in lieu of notice equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, upon the approval by the Supervisory Board on May 20, 2009, and subject to approval at the next Shareholders' Meeting, such contractual indemnities in lieu of notice and for termination of the employment agreement are subject to the following performance criteria:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Group. This payment will be 100% if the level of EBITDA, calculated on the basis of the Company's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;

- the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ATWC (average trade operating working capital) of the Group. This payment will be 100% if the level of ATWC, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Group. This payment will be 100% if the level of ROCE, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Michel Favre's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Nicolas Lwoff

Upon his departure from the Rexel Group, Nicolas Lwoff received no severance pay. Only the non-compete clause included in his employment agreement has been implemented. In this regard, Nicolas Lwoff will receive for a period of twelve months a monthly allowance of a gross amount of €29,230.77.

Pascal Martin

Pascal Martin's employment contract with Rexel Développement S.A.S. was suspended on January 1, 2008.

In the event that his corporate duties within the Company should end, Pascal Martin's employment agreement with Rexel Développement S.A.S. would re-enter into effect subject to compensation conditions equivalent to those from which he benefits as a corporate officer.

The employment agreement of Pascal Martin provides, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, that Pascal Martin will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation.

The monthly reference compensation is defined as the gross annual fixed compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

Under these same circumstances, Pascal Martin would also benefit from compensation in lieu of notice equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

Pursuant to the provisions of article L.225-90-1 of the French commercial code, such contractual indemnities in lieu of notice and for termination of the employment agreement are subject to the following performance criteria:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Group. This payment will be 100% if the level of EBITDA, calculated on the basis of the Company's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, the Company's economic and financial situation and/

or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;

- the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ATWC (average trade operating working capital) of the Group. This payment will be 100% if the level of ATWC, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Group. This payment will be 100% if the level of ROCE, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Pascal Martin's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Jean-Dominique Perret

Jean-Dominique Perret, in addition to his duties as corporate officer, is acting as salaried Latin America Group Delegate since January 1, 2008.

His employment agreement with Rexel Développement S.A.S. provides, in the event of the termination of the employment contract at the option of the employer, for whatever reason and except in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave, Jean-Dominique Perret will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation in his capacities as corporate officer and as an employee of the company.

The monthly reference compensation is defined as the gross annual fixed compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

Under these same circumstances, Jean-Dominique Perret would also benefit from compensation in lieu of notice equal to 8 months of the last paid compensation, in his capacity as officer and as employee of the company.

Pursuant to the provisions of article L.225-90-1 of the French commercial code, such contractual indemnities for prior notice and termination of the employment agreement are subject to the following performance criteria:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Group. This payment will be 100% if the level of EBITDA, calculated on the basis of the Company's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;
- the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ATWC (average trade operating working capital) of the Group. This payment will be 100% if the level of ATWC,

calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and

– the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Group. This payment will be 100% if the level of ROCE, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Jean-Dominique Perret's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract.

As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

2.2.3 Free shares

Free shares allocated in 2007

In accordance with the provisions of articles L.225-197-1 *et seq.* of the French commercial code and with the authorizations conferred by the ordinary and extraordinary shareholders' meeting of March 20, 2007 and by the Supervisory Board of April 4, 2007, the Management Board allotted, on April 11, 2007, 5,022,190 free shares of the Company. In the context of this allocation, 1,223,714 free shares were allotted to members of the Management Board as follows:

Beneficiary	Number of shares allocated during the financial year ending December 31, 2007
Corporate officers	
Jean-Charles Pauze	518,921
Nicolas Lwoff	264,297
Pascal Martin	264,297
Jean-Dominique Perret	176,199

The acquisition of the free shares is in particular subject to:

– a condition of presence within the Group on April 12, 2008, subject to certain exceptions relating, in particular, to the death of the beneficiary, his invalidity or retirement; and/or

– a performance-related condition based on the EBITDA (operating result before depreciation and amortization) for the financial year ended December 31, 2007.

The following shows the acquisitions of free shares for members of the Management Board for the financial year ended December 31, 2009:

Beneficiary	Number of shares irrevocably acquired (1)	
	Plan A	Plan C
Corporate officers		
Jean-Charles Pauze	353,810	152,893
Nicolas Lwoff (2)	180,203	77,872
Pascal Martin	180,203	77,872
Jean-Dominique Perret	120,136	51,915

(1) Conditions of irrevocable acquisition of shares for Plans A and C:
Plan A: condition of presence of the employee or corporate officer at the date of first anniversary of the date of allocation.
Plan C: Double condition in relation to 100% of the shares:
– condition of presence of the employee or corporate officer at the date of first anniversary of the date of allocation,
– performance conditions Achieved 2007 EBITDA / target 2007 EBITDA.
(2) Nicolas Lwoff left the Group on February 12, 2009.

Free shares allocated in 2008

In accordance with the authorizations conferred by the extraordinary shareholders' meeting of May 20, 2008 and by the Supervisory Board of May 20, 2008, the Management Board allotted, on June 23, 2008 and October 1, 2008, 1,541,720 and 66,241 free shares of the Company. In the context of this allotment, 177,451 free shares were allotted to members of the Management Board as follows:

Beneficiary	Number of shares allocated during the financial year ended December 31, 2008
Corporate officers	
Jean-Charles Pauze	70,708
Nicolas Lwoff	35,581
Pascal Martin	35,581
Jean-Dominique Perret	35,581

The acquisition of the free shares is in particular subject to:

- a condition of presence within the Group subject to certain exceptions relating, in particular, to the death of the beneficiary, his invalidity or retirement; and
- the following performance conditions: (i) the acquisition of 50% of the free shares depends on improvement to the EBITDA level between 2007 and 2009, (ii) the acquisition of 25% of the free shares depends on the EBITDA level in 2008 and (iii) the acquisition of 25% of the free shares depends on the ratio of 2009 Net Debt / 2009 EBITDA.

Free shares allocated in 2009

Beneficiary	Number of shares allocated during the financial year ended December 31, 2009
Corporate officers	
Michel Favre (1)	58,500

(1) Michel Favre was appointed as a corporate officer after the allocation of free shares and received the free shares allocated in his former capacity as employee.

The acquisition of the free shares is subject to the following conditions:

- the free acquisition of 50% of the shares depends on the change in EBITDA margin between 2008 and 2010;
- the free acquisition of 25% of the shares depends on the 2009 EBITDA level; and
- the free acquisition of 25% of the shares depends on the ratio of 2009 net debt / 2009 EBITDA.

2.2.4 Additional retirement plan

A supplementary defined-benefit pension plan is in force within Rexel Développement S.A.S. and the Company.

This new pension plan was implemented as of July 1, 2009 replacing the former plan which was closed on June 30, 2009 in order for the Company to comply with the AFEP-MEDEF recommendations.

Are beneficiaries of the supplementary pension scheme, officers with the status of employee and/or corporate officer whose status and activity are defined in Article L.3111-2 of the French labor code and whom Global Grade is 20 or above under the Global Grading system defined for the Company by Hewitt.

At January 1, 2010, six managing directors including four corporate officers met these eligibility criteria: Jean-Charles Pauze, Michel Favre, Pascal Martin, Jean-Dominique Perret, Patrick Bérard and Henri-Paul Laschkar.

The additional pension under this new plan is equal to the sum of the years of seniority multiplied by a yearly acquisition factor ranging between 0% and 1% according to the level of reference compensation.

The reference compensation used in the calculation of the additional pension is equal to the average of the three best calendar years of gross compensation received for the period in which the potential beneficiary can justify seniority and eligibility.

This compensation includes:

- salary and/or compensation as a corporate officer;
- exclusively contractual annual bonuses classified as "annual variable compensation" not including any special bonuses, hardship allowances or other similar bonuses. These annual bonuses are taken into account at up to 80% of the fixed base salary.

The reference compensation does not include the amount or nature of special bonuses, especially payments made at retirement and/or redundancy and/or entered into amicably, judicially, through arbitration or by a transaction. It also does not include benefits in kind.

The reference compensation is globally capped up to 40 times of the yearly French Social Security ceiling.

A certain number of limits have been put in place on the amount of the benefit:

- the amount of the additional retirement pension under the new rules is limited to 20% of the reference compensation;
- the amount of the additional retirement pension under all the supplemental pension schemes of the Company (defined benefits or defined contributions) may not exceed 25% of the reference compensation;
- the total amount of mandatory pension schemes and all supplementary plans in force within the Company may not exceed 50% of the reference compensation.

The total provision booked by the Company for all employees covered by this supplementary defined-benefit retirement plan corresponded to a commitment of €6.6 million as at December 31, 2009 reduced by the value of a hedge asset established with an insurance company. As at December 31, 2009, the value of this hedge asset was estimated at €6.5 million.

Following the implementation of this new retirement plan, Rexel complies with five out of six of the recommendations issued by the AFEP and the MEDEF:

AFEP-MEDEF Guidelines	New Plan
Eligibility criteria / Seniority	Compliant
Number of corporate officers compared to the total number of beneficiaries	Non-compliant*
Yearly accrual percentage	Compliant
Period of maximum accrual attainment	Compliant
Reference compensation	Compliant
Maximum level of benefits	Compliant

* As at January 1, 2010, the total number of beneficiaries was six, including four corporate officers.

The provision recorded in respect of defined benefit schemes is mentioned in footnote 18 of the notes to consolidated financial statements of Rexel for the year ended December 31, 2009. At December 31, 2009, it amounted to €173.8 million, less the value of an asset coverage estimated at €41.4 million; *i.e.,* €132.4 million.

3. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

3.1 Group Approach

3.1.1 Definition and purposes of internal control

The methods adopted by the Group are based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) standard. In addition, the Audit Department ensured that the reference framework published by the AMF is taken into account by the Group's internal control procedures and guidelines.

The Group considers internal control as an ongoing process for the Company, which seeks to ensure:

- compliance with laws and regulations;
- implementation of the instructions and orientations set by General Management;
- the proper functioning of internal working processes, in particular those relating to the safeguarding of assets; and
- the reliability of financial information.

As such, internal controls contribute to risk management, transactional efficiency and the efficient use of Group resources. However, as well conceived and applied as they may be, these measures cannot absolutely guarantee the achievement of the Company's objectives.

3.1.2 Group structure and control of subsidiaries by the parent company

The Group is organized by geographic zones. Each of these zones is represented on the Group's Executive Committee by the President of the zone.

Each zone consolidates its subsidiaries located in one or more countries. The management within the zones monitors the subsidiaries and relays instructions and policies defined by the operational departments at the Group's headquarters.

The internal control methods described below constitute a common standard, which must be applied by the management of the respective subsidiaries. Zone management is responsible for supplementing these methods with local procedures. These internal control methods apply to all consolidated subsidiaries.

3.1.3 Internal organization contributing to internal control and risk management activities

Management bodies

The Management Board, through the Audit Committee, informs the Supervisory Board of the key characteristics of the internal control standards, their implementation within the Group and the steps taken to improve these standards.

The Executive Committee, which is made up of the members of the Management Board, certain executives of the Company and the zone Presidents, meets every five weeks, on average. The Executive Committee is responsible for the implementation of the objectives set by the Management Board and ensures their proper application by the subsidiaries. The Committee monitors budget plans and other operational action plans, develops transverse projects and determines objectives in the area of human resources policy. The Executive Committee was also instrumental in the "risk mapping" process.

The role of the group's headquarters

The functional departments at the headquarters participate in defining and updating the internal control standards as well as in documenting and managing risks identified by the company. The implementation of efficient and adequate internal controls is among their objectives.

The Finance, Control and Legal Department is organized around centers of expertise in the areas of (i) financing, liquidity, credit management and real estate, (ii) consolidation, financial control and tax planning, (iii) legal affairs and insurance, (iv) financial communications and (v) audit and internal control.

The Human Resources Department is responsible for defining human resources management policy and procedures and ethical standards, and monitors compliance with labor regulations. The Department assists subsidiaries with the allocation of resources and training (supervision of executive career development).

The Business Development Department is responsible for the Group's strategy, external growth transactions, information systems, purchasing, logistics and marketing. The Department monitors, controls and ensures the approval of the principal projects in its domain (as the case may be, by the Investment Committee).

The Group's internal audit department

The Internal Audit department is responsible for ensuring compliance with the Group's rules of procedure within its subsidiaries, and more generally evaluating the risks associated with the subjects of their audits. In addition, it coordinates an annual internal control self-assessment described in paragraph 3.3.4.

At the end of 2009, the Internal Audit Group includes 28 people, 15 of whom are outside of France (located in the United States, Canada and the United Kingdom). Based on an audit plan approved by the Audit Committee, this group performed about 50 audits of accounting, financial and operating procedures in 2009. About 450 audits on the network of branches were also carried out or supervised by this team.

Following each audit, action plans are prepared by the relevant subsidiaries to address the weaknesses revealed in the auditing report.

Each quarter, the Director of Group Audit presents to the Audit Committee a report on the activity of the teams and the main conclusions of their audits.

3.2 Presentation of risk management procedures and the internal control system

3.2.1 Risk identification, assessment and management

The Audit Committee examines all Group risks. It is kept informed by the Director of Group Audit, who provides it with the risk map, and by the operations directors at the headquarters on various risks that are specific to their sector. The major risks identified are presented regularly to the Audit Committee.

The Group's Audit Department leads the risk mapping and management processes based on interviews with the Group's Executive Committee.

Used both as an identification and monitoring tool, this "mapping" has been improved by meetings with General Management, to which the headquarters' operational management has participated. In addition, zone management provides insight into the more technical risks and those relating to changes in the economy. It also allows the vision of risks to be shared among executive management, provides an understanding of the interaction of different factors and improves the risk awareness of the Group.

At the end of 2009, the Management Board decided to create a risk committee with the objectives of:

– establishing risk management policy;

– conducting the risk mapping process; and

– ensuring the monitoring of risks and recommending risk control measures to the Management Board.

The risk identification and evaluation processes are carried out as such. Following a risk inventory, an assessment of the potential severity of risks allows for the ranking of risks. Risks are then categorized by level of acceptability and measures existing to limit these risks are identified.

This risk analysis covers four strategic areas and includes approximately fifty separate risks including:

– strategy: the economic environment, the price of commodities, the Company's capacity to adapt to changes in the market, relations with customers and suppliers, acquisitions and external growth;

– operations: diversification and adaption of the Company's product line, the efficiency of control procedures, the continuity of operations in the event of a crisis; project management performance, adapting information systems to operations, legal protection and disputes; employee retention; continuity of operations;

– financial markets: interest rates, exchange rates, the performance of stock markets;

– conformity with laws and regulations relative to labor, commercial and environmental law and the respect of contractual obligations (financing agreements);

From amongst all of these risks, five major risks were identified: the integration of acquired companies, the warranties relating to the products sold, crisis management, employee turnover (salespeople and branch managers) and dependence on suppliers. These five risks are the responsibility of a sponsor who leads a working group. This process has resulted in the creation of action plans aimed at reducing the Group's exposure to these risks ("risk control mechanism").

Strategic risks and certain transversal risks are monitored by the Group's Executive Committee which is aided by working groups which provide it with a detailed analysis of each risk, identifying measures to be taken to manage these risks. Financial market risk and compliance risk are monitored principally by the operational management at headquarters. It defines plans of action to be implemented by subsidiaries using processes which it has established.

The internal control mechanism and the plans of action defined by the subsidiaries allow for the management of operational risks. Internal Audit teams are responsible for monitoring the implementation of these action plans.

In 2009, the Group undertook an inventory of risk control mechanism relative to the risk factors detailed in paragraph 2 of the *Document de Référence*. Documentation of each risk was carried out by the various Departments within the

Group. A report on the work carried out regarding each risk was approved by the members of the Management Board and the main conclusions have been presented to the Audit Committee.

The documentation of risks carried out in 2009 shows that the Group's management of risks ensures an acceptable level of risk considering its activity and structure. However, efforts must be made in the monitoring of legal and tax related risks.

A description of these risks and risk control mechanism as well as potentially necessary efforts are presented in paragraph 2 of the *Document de Référence* ("Risk Factors").

A presentation of the Group's policy on insurance (one of the measures involved in risk control) is detailed in paragraph 2 of the *Document de Référence.*

3.2.2 Control environment

The control environment is considered as the keystone of the internal control system. This is expressed through the importance given to the principle of "responsibility" in the definition of the roles and responsibilities of each person, and in particular, management.

The control environment is augmented by the implication of management in promoting ethical conduct. The Group's ethical guidelines, which have been translated into 22 languages, were distributed to all employees in 2007. These guidelines were updated in 2009 and distributed to all new employees of Rexel, including within the entities acquired since 2008.

On April 4, 2007, the Management Board approved a market ethics charter in accordance with the recommendations of the French Financial Markets Authority ("AMF"). This charter reiterates the applicable regulations relative to the risks of having, disclosing or potentially using inside information (it being specified that inside information is a "precise non-public information relating, directly or indirectly, to one or several issuers of financial instruments, or one or several financial instruments, which would be likely to have a significant influence on the price of such financial instruments or on the price of related financial instruments if it were to be made public").

Finally, this principle of "responsibility" also covers a commitment by the Group for the promotion of social and environmental responsibility. This commitment is exemplified in a sustainable development charter, the promotion of actions to protect the environment and raising the awareness of the Group's customers and suppliers.

3.2.3 Internal control framework: Book of Rexel Guidelines

The Group's branch network and subsidiaries form a part of a decentralized structure that rests on the responsibility of local managers.

To ensure a high level of expertise regarding the processes within all of its subsidiaries, the Group has compiled a book of internal control guidelines which has been distributed to the management of its operating subsidiaries. For each of the principal processes, the manual presents the fundamental risks, control objectives and related controls. This manual must be integrated into the operating procedures of the subsidiaries.

For example, the manual contains 800 controls conceived for an operational subsidiary, divided into the following activities:

- strategic procedures: external growth and development, governance and communication;
- operating procedures: sales, purchases and logistics;
- support procedures: information systems, human resources, financial and accounting information, tax, legal, real estate and insurance.

For certain activities (human resources, legal, information systems, consolidation and reporting, liquidity and customer credit management), this manual refers to additional procedures established by operations management at Rexel headquarters.

As to management reporting and the preparation of financial statements, the Financial and Administrative division has defined a set of procedures, tools and guidelines that give it the means to ensure the quality and consistency of distributed information. These guidelines are discussed in further detail in paragraph 3.3 of this report.

In accordance with the recommendations made by the French Financial Markets Authority in January 2007, the Group ensured that its standards and procedures take into account the "Reference Context" *(Cadre de Référence)* and its implementation guide.

3.2.4 Internal control steering

Internal control self-assessment

The Group is engaged in a process to improve its internal control. To carry out this task, it has made available to the management of the subsidiaries a self-assessment tool measuring compliance with the procedure manual. This also ensures the monitoring of action plans implemented to ensure this compliance. This self-assessment is shared with the Executive Committee, operations management and the functional divisions. As such, it is a tool for the awareness of internal control as well as a measuring stick.

The self-assessment of Group subsidiaries was carried out in the first quarter of 2009 and covers all processes of the Book of Rexel Guidelines (see paragraph 3.3.3 of this report).

Action plans associated with these self assessments are defined and implemented under the responsibility of local management. The goal of these action plans is to bring each subsidiary up to the level of expertise concerning these procedures recommended by the Group and as such to control risks.

The self-assessment process allowed for the identification of the following processes:

- the security of electronic data and the monitoring of information technology projects;
- control of the purchasing and supply processes; and
- management of sales and service procedures and automatic controls carried out on these activities.

These areas of progress are the subject of internal control action plans. The implementation of these action plans is monitored by the Internal Audit department. Also, Group operations management is involved in the definition of good practices and in the assistance to local management.

In addition, certain subsidiaries are less mature in their internal control methods, in particular the Asia-Pacific, Central Europe, United Kingdom and Benelux zones. Internal control's continuous improvement plan is intended to bring these entities to the required level.

However, because the self-assessment approach cannot, by its nature, guarantee that the internal control system is applied in an effective manner, the Group supplements the self-assessment initiative with the performance of internal audits during which certain key controls self assessed by the subsidiaries are tested.

Operational departments

The role of the operational departments concerning the actions implemented to manage risk is integrated in the internal control and risk management system. For example, the Group's Information Technology Department relies on the self-assessment questionnaires on internal control and the audit reports done by the Internal Audit group to set up action plans with the subsidiaries aimed at reducing the risks involved with information technology matters. These action plans are regularly monitored by the Group's IT Department.

3.2.5 Information and communications

The internal control process requires the mobilization of expertise (so that it is used to reduce risk through the creation of adequate controls) and communication adapted to ensure improved dissemination of the Group's goals. This communication allows Group senior management to share with local management teams not only the measures and objectives of risk reduction, but also the information necessary to allow the alignment of their decisions and activities with defined objectives.

Communication activities are two-fold. On the one hand, communication with the Group's management is made on a regular basis during the main committee meetings. Thus, each quarterly audit committee meeting is used to summarize control and internal audit activities performed during the year. The executive and financial committee meetings also serve as occasions to mobilize the headquarters' principal mangers and subsidiaries with respect to the importance of conforming our activities with Group standards.

On the other hand, communications with the subsidiaries is conducted on an ongoing and monitored basis during the course of the year, based on updates to the action plan campaign. This type of communication was also set up with the subsidiaries, including through the review of the responses to the self-assessment questionnaires.

3.3 Internal control procedures relating to the preparation and treatment of accounting and financial information

3.3.1 Planning, steering and reporting activities

For each financial year, a budget is established at different operational levels and validated by the divisions, subsidiaries and zones. The consolidated budget at the Group level is subject to the approval of the Supervisory Board of the Company.

This procedure charges the entire organization with responsibility for achieving Group objectives and applies to all consolidated subsidiaries in 2009.

A monthly review of activities, which brings together the Group's general management and the management of the geographic zones, allows for the understanding of financial and economic changes with respect to activities, the assessment of operational decision-making, the analysis of gaps between objectives and performance, the steering of the financial structure and the monitoring of the implementation of action plans. The Management Board relies on monthly reporting, commentary on observed changes and indicators of operational and financial performance. At the level of the subsidiaries, zones and Group, teams of financial controllers are responsible for monitoring the achievement of objectives and the analysis of accounting and financial information.

Three times a year, forecasts are prepared and compared with budget objectives in order to implement the necessary corrective action. In addition to the financial statement summaries (consolidated and by geographic zone), these forecasts integrate the financial structure steering elements, including the forecasting of key ratios defined in the financing agreements ("covenants").

The monthly reports on business activity as well as the forecasts are communicated to the members of the Supervisory Board.

Each year, a three-year strategic plan is prepared at the operational levels (divisions, subsidiaries) and validated by zone management. Together, this is consolidated at the Group level and is subject to the approval of the Supervisory Board.

The quarterly financials are presented to the Audit committee, while forecasted data (budget, three-year strategic plan) are presented to the Supervisory Board.

3.3.2 Shared guidelines and procedures for the approval of financial statements

Group financial statements are prepared in accordance with the IFRS guidelines as adopted by the European Union and are based on information provided by the finance departments of the subsidiaries. These departments are responsible for ensuring that this information conforms to Group standards (accounting methods, account structure, reporting and consolidation manuals) and observance of the detailed instructions issued by the Group's Financial and Administrative Department.

This data is transmitted by the subsidiaries in a set format using a consolidation tool that is used in preparing monthly reports and external financial information at each stage of consolidation: planning, budget, forecasting and monthly reporting. This set format guarantees consistency between the different data used for internal steering and external communication.

The Group's Financial and Administrative Department ensures the consistency of the inflow of information from subsidiaries before aggregating the results and consolidation reports. Detailed and documented analyses are performed in order to compare results in accordance with homogeneous parameters (modifications in scope, change, non-recurring operations).

As mentioned in paragraph 2.3 of this report, internal controls relating to accounting and financial information are part of the general internal control system.

4. OTHER INFORMATION

4.1 Participation of shareholders at Shareholders' meetings

The conditions of the participation of shareholders at Shareholders' meetings of the Company, particularly the mode of operation and the powers of the shareholders' meeting as well as shareholders' rights, are governed by articles 27 to 35 of the Company's by-laws, of which the principal stipulations are described in the Company's *Document de Référence* (paragraph 8.3).

4.2 Other elements that may have an impact in case of a public offering

Elements that may have an impact in case of a public offering as described in article L.225-100-3 of the French Commercial Code can be found in the Company's *Document de Référence* (Section 8.4).

Signed in Paris
on March 16, 2010

Roberto Quarta
Chairman of the Supervisory Board

9.3.2 Report of the Statutory Auditors

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

KPMG Audit
1, cours Valmy
92923 Paris-La Défense Cedex
France

ERNST & YOUNG Audit
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex

Rexel S.A.

Registered office:
189-193, boulevard Malesherbes – 75017 Paris

Share capital:
€1,291,100,090

Statutory Auditors' report, prepared in accordance with Article L.225-235 of the French Commercial Law ("Code de commerce"), on the report prepared by the Chairman of the Supervisory Board of the company Rexel S.A.

Year ended December 31, 2009

To the Shareholders,

In our capacity as Statutory Auditors of Rexel S.A., and in accordance with Article L.225-235 of the French Commercial Law *("Code de commerce")*, we hereby report on the report prepared by the Chairman of your company in accordance with Article L.225-68 of the French Commercial Law for the year ended December 31, 2009.

It is the Chairman's responsibility to prepare, and submit to the supervisory board for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L.225-68 of the French Commercial Law particularly in terms of the corporate governance measures.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L. 225-68 of the French Commercial

Law *("Code de commerce")*, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of supervisory board in accordance with Article L.225-68 of the French Commercial Law *("Code de Commerce")*.

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L.225-68 of the French Commercial Law *("Code de commerce")*.

Paris La Défense, on March 22, 2010

KPMG Audit

A division of KPMG S.A.

Hervé Chopin

Partner

Paris La Défense, on March 22, 2010

ERNST & YOUNG Audit

Pierre Bourgeois

Partner

9.4 RESOLUTIONS SUBMITTED TO THE SHAREHOLDERS' MEETING OF MAY 20, 2010

9.4.1 Presentation

Report of the Management Board to the Ordinary and Extraordinary Shareholders' Meeting of May 20, 2010

To the Shareholders,

An ordinary and extraordinary meeting of the shareholders of Rexel, a French *société anonyme* with a Management Board and a Supervisory Board with share capital of €1,297,178,380, having its registered office at 189-193, boulevard Malesherbes – 75017 Paris (the **"Company"**) has been convened by the Management Board for May 20, 2010 at 10:30 a.m. at Salons Eurosites George V, located at 28, Avenue George V, 75008 Paris, in order to decide upon the draft resolutions presented below (the **"Shareholders' meeting"**).

In this report, we present you with the motives behind each of the resolutions being put to a vote at the Shareholders' meeting.

1. RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY SHAREHOLDERS' MEETING

1.1. Approval of the annual and consolidated financial statements (first and second resolutions)

In the first and second resolutions, we submit for your approval the annual and consolidated financial statements for the Company for the financial year ended December 31, 2009 as approved by the Management Board.

The annual financial statements show a profit of €88,487,825.46.

The consolidated financial statements show a profit of €81 million.

1.2. Allocation of earnings (third resolution)

Subject to the annual and consolidated financial statements being approved by the shareholders as presented by the Management Board, we submit for your approval the third resolution, the following allocation of earnings for the financial year ended December 31, 2009:

Origin of the income to be allocated

– profit from the financial year	€88,487,825.46

Allocation of profit

– 5% to the statutory reserve	€4,424,391.27
– the balance, to the carry forward account	€84,063,434.19
– Total	€88,487,825.46

The profit for the financial year shall thus be divided up between the statutory reserve and the carry forward account. There will be no dividend distribution.

In the three last financial years, the following net dividend payments were made per share:

2008	2007	2006
Not applicable	€0.37	Not applicable

1.3. Sumptuary costs and expenses (fourth resolution)

In accordance with the provisions of article 223 quater of the French general tax code, the amount of costs and expenses referred to in article 39-4 of the French general tax code, that are not deductible from the results, for the financial year ended December 31, 2009 is subject to the approval of the shareholders.

There were no costs and expenses referred in article 39-4 of the French general tax code for the financial year ended December 31, 2009.

In addition, Rexel assumed no cost and expense referred to in article 223 quinquies of the French general tax code.

1.4. Related-party agreements (fifth to tenth resolutions)

The fifth , sixth, seventh, eighth, ninth and tenth resolutions concern the shareholders' approval of related-party agreements as referred to in articles L.225-86 *et seq.* of the French Commercial Code, meaning the related party agreements that were authorized by the Supervisory Board prior to their conclusion in the course of the financial year ended December 31, 2009.

In accordance with the provisions of article L.225-88 of the French Commercial Code, the agreements described below were the subject of a report by the statutory auditors of the Company and must be submitted for approval at the ordinary shareholders' meeting of the Company:

– An agreement for a defined benefit retirement plan effective as of July 1, 2009 authorized by the Supervisory Board on March 30, 2009;

– Amendment No.2 to the senior credit agreement entered into on December 19, 2007 and modified on September 22, 2008, with the aim of including the modification of leverage ratio limits for test dates as of December 31, 2009, the authorization to merge Rexel Distribution and Kelium and the authorization to finance certain acquisitions by the setting up of a temporary bank loan. This agreement was authorized by the Supervisory Board on July 30, 2009 and is no longer in application as from December 21, 2009;

– A senior credit agreement in the amount of €1.7 billion entered into on December 17, 2009 between Rexel firstly, Bank of America Securities Limited, BNP Paribas, Calyon, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, Natixis, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking as "Lenders" secondly, and Calyon as "Facilities Agent" thirdly. Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium SA, Elektro-Material A.G., Hagemeyer Nederland B.V. (which became Rexel Nederland B.V.) Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel Inc., General Supply & Services Inc. and Rexel North America Inc. acceded to this senior credit agreement on December 21, 2009 as guarantors by way of acts of accession dated December 21, 2009. This agreement was authorized by the Supervisory Board during its December 2, 2009 and December 10, 2009 meetings.

– An agreement entitled “Purchase Agreement” entered into on December 11, 2009 between Rexel on the one hand, and Calyon, the Royal Bank of Scotland plc, Merrill Lynch International, BNP Paribas, HSBC Bank plc, Natixis, Crédit Industriel et Commercial (CIC), ING Bank N.V., London Branch, Société Générale and Bayerische Landesbank (the **“Banks”**) on the other hand. Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium SA, Elektro-Material A.G., Hagemeyer Nederland B.V. (which became Rexel Nederland B.V.) Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel Inc., General Supply & Services Inc. and Rexel North America Inc. acceded to this agreement on December 21, 2009. This agreement was entered into in the context of the issuance by the Company of notes in the amount of €575 million represented by senior unsecured notes with an interest rate of 8.25% and maturing on December 15, 2016. It stipulates the conditions in which the Company has committed to issue and the Banks have committed to acquire such notes. This agreement was authorized by the Supervisory Board during its December 2, 2009 and December 10, 2009 meetings;
– A contract entitled “Agency Agreement” entered into on December 21, 2009 between Rexel, Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium SA, Elektro-Material A.G., Hagemeyer Nederland B.V. (which became Rexel Nederland B.V.) Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selgo, International Electric Supply Corp., Rexel Inc., General Supply & Services Inc., Rexel North America Inc., BNP Paribas Trust Corporation UK Limited and CACEIS Bank Luxembourg. This agreement was entered into in the context of the issuance by the Company of notes in the amount of €575 million represented by senior unsecured notes with an interest rate of 8.25% and maturing on December 15, 2016. It stipulates the conditions in which CACEIS Bank Luxembourg has committed to act as “Registrar” and “Paying Agent” in the context of the issuance of such notes. This agreement was authorized by the Supervisory Board during its December 2, 2009 and December 10, 2009 meetings; and
– An agreement entitled “Trust Deed” entered into on December 21, 2009 between Rexel, Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium SA, Elektro-Material A.G., Hagemeyer Nederland B.V. (which became Rexel Nederland B.V.) Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel Inc., General Supply & Services Inc., Rexel North America Inc., Compagnie de Distribution de Matériel Electrique B.V., Finelec Développement SA and BNP Paribas Trust Corporation UK Limited. This agreement was entered into in the context of the issuance by the Company of notes in the amount of €575 million represented by senior unsecured notes with an interest rate of 8.25% and maturing on December 15, 2016. It stipulates the conditions in which BNP Paribas Trust Corporation has committed to act as “Trustee” in the context of the issuance of such notes. This agreement was authorized by the Supervisory Board during its December 2, 2009 and December 10, 2009 meetings.

We submit these agreements for your approval.

1.5. Approval of the performance criteria relative to the deferred compensation of Michel Favre (eleventh resolution)

The eleventh resolution concerns setting the compensation of Michel Favre as a Member of the Management Board.

Under the provisions of article L.225-90-1 of the French Commercial Code, the Supervisory Board must set the performance conditions associated with the deferred compensation of members of the Management Board, upon the proposal of the Compensation Committee; these conditions must then be approved by the Shareholders’ meeting of the Company.

Michel Favre’s employment contract with Rexel Développement S.A.S. was suspended on May 20, 2009.

In the event that his corporate duties within the Company should end, Michel Favre’s employment agreement with Rexel Développement S.A.S. would re-enter into effect subject to compensation conditions equivalent to those from which he benefits as a corporate officer.

The employment agreement of Michel Favre provides, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence (faute grave) or wilful misconduct (faute lourde) or compulsory retirement leave, that Michel Favre will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation.

The monthly reference compensation is defined as the gross annual compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

Under these same circumstances, Michel Favre would also benefit from compensation in lieu of notice equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, upon the approval by the Supervisory Board on May 20, 2009, and subject to approval at the next Shareholders' Meeting, such contractual indemnities in lieu of notice and for termination of the employment agreement are subject to the following performance criteria:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Group. This payment will be 100% if the level of EBITDA, calculated on the basis of the Company's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;
- the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ATWC (average trade operating working capital) of the Group. This payment will be 100% if the level of ATWC, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Group. This payment will be 100% if the level of ROCE, calculated on the basis of the Company's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, the Company's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Michel Favre's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Accordingly, we submit for your approval the above performance criteria relative to the deferred compensation of Michel Favre.

1.6. Approval of the co-option of Manfred Kindle as member of the Supervisory Board (twelfth resolution)

The twelfth resolution submits to the approval of the shareholders the approval of the co-option of Manfred Kindle as a member of the Supervisory Board following the resignation of Joseph L. Rice III from such position. This co-option was approved by the Supervisory Board on December 2, 2009.

Manfred Kindle is a graduate of the Swiss Federal Institute of Technology (ETH) of Zurich, from which he holds an ingineering master degree. He worked for Hilti AG in Liechtenstein from 1984 to 1986, then he obtained an MBA at Northwestern University in Evanston, Illinois. Between 1988 and 1992, he worked as a consultant with McKinsey & Company in New York and Zurich. He then joined Sulzer AG in Switzerland, where he held several management positions. In 1999, he was appointed CEO of Sulzer In and in 2001, CEO of Sulzer AG, of which he has also been a director. After joining ABB in 2004, Manfred Kindle was appointed as CEO of ABB Group and held these duties until February 2008. He then became a partner of Clayton, Dubilier & Rice, a private equity firm based in New York and London. In the scope of his duties as partner of this firm, Manfred Kindle holds the duties of President of Exova Ltd., as well as member of the Supervisory Board of Rexel. He is also a member of the Board of Directors Zurich Financial Services, VZ Holding AG and of Stadler Rail AG.

1.7 Renewal of the term of office of Patrick Sayer as member of the Supervisory Board (thirteenth resolution)

Patrick Sayer, Vice President and member of the Supervisory Board, and Guido Padovano have decided to resign from their duties as members of the Supervisory Board effective as of the end of the shareholders' meeting.

This resignation aims at allowing for a gradual renewal of the terms of office of the members of the Supervisory Board in an effective manner and to anticipate the implementation of the mechanism to be submitted to the approval of the shareholders in connection with the thirty-second resolution.

Therefore, the thirteenth resolution submits to the approval of the shareholders the renewal of the term of office of Patrick Sayer as member of the Supervisory Board.

This renewal would be granted for a term of four years, *i.e.,* until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2013, to be held in 2014, subject to the condition precedent of the adoption of the thirty-second resolution in relation to the amendment of article 19.2 of the by-laws of the Company (term and renewal of the duties of the members of the Supervisory Board).

Should the thirty-second resolution not be approved by the shareholders of the Company, the renewal of the term of office as member of the Supervisory Board of Patrick Sayer would be effective, in accordance with the current provisions of the by-laws, for a term of five years, *i.e.,* until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2014, to be held in 2015.

Patrick Sayer is also Chairman of the Management Board of Eurazeo, one of the leading European public investment firms. Previously, he was a General Partner of Lazard Frères & Cie in Paris, and Managing Director of Lazard Frères & Co in New York. He participated in the creation of Fonds Partenaires, in which he participated from 1989 until 1993. He later helped to redefine the investment strategy of Gaz et Eaux, which became Eurazeo. Patrick Sayer is a director or member of the supervisory boards of a number of companies, including Accor, ANF, Apcoa, Elis, Euraleo, Europcar, Gruppo Banca Leonardo and Paris Saint-Germain (PSG). He is also member of the streaming committee of France Investissement. He is a graduate of Ecole Polytechnique and Ecole des Mines de Paris, as well as of Centre de Formation des Analystes Financiers.

1.8 Appointment of Amaury Hendrickx as member of the Supervisory Board (fourteenth resolution)

Guido Padovano, member of the Supervisory Board, and Patrick Sayer, have decided to resign from their duties as members of the Supervisory Board effective as of the end of the shareholders' meeting.

This resignation aims at allowing for a gradual renewal of the terms of office of the members of the Supervisory Board in an effective manner and to anticipate the implementation of the mechanism to be submitted to the approval of the shareholders in connection with the thirty-second resolution.

Therefore, the fourteenth resolution submits to the approval of the shareholders the appointment of Amaury Hendrickx as member of the Supervisory Board in replacement for Guido Padovano.

This appointment would be carried out for a term of four years, *i.e.,* until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2013, to be held in 2014, subject to the condition precedent of the adoption of the thirty-second resolution in relation to the amendment of article 19.2 of the by-laws of the Company (term and renewal of the duties of the members of the Supervisory Board).

Should the thirty-second resolution not be approved by the shareholders of the Company, the appointment of Amaury Hendrickx as member of the Supervisory Board would be effective, in accordance with the current provisions of the by-laws, for a term of five years, *i.e.,* until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2014, to be held in 2015.

Amaury Hendrickx was born on December 7, 1971, is a Belgian national and resides at Flat 5, 78 Elm Park Road, London SW3 6AU, United Kingdom.

Amaury Hendrickx joined Merrill Lynch in 2004 and is a Director of Merrill Lynch Global Private Equity. Prior to joining Merrill Lynch, Amaury Hendrickx worked at Alpinvest Partners focusing on private equity transactions in the Benelux countries and Germany and participated in a number of investments, including Taminco and Krauthammer. Previously, Amaury Hendrickx co-founded a financial software company and spent three years in the investment banking division of Bankers Trust/Deutsche Bank in London. Amaury Hendrickx holds a business degree from the KUL University of Belgium and an MBA from the University of Chicago.

Amaury Hendrickx is, as of the date of this report, a director of of Merrill Lynch Global Private Equity, a director of Ktesios, a director of ML Infrastructure Holdings Sarl and a member of the Management Board of Ray Investment.

Amaury Hendrickx has indicated that he accepted these duties by anticipation and that he meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

1.9 Appointment of Françoise Gri as member of the Supervisory Board (fifteenth resolution)

The fifteenth resolution submits to the approval of the shareholders the appointment of Françoise Gri as member of the Supervisory Board.

This appointment would be carried out for a term of four years, i.e., until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2013, to be held in 2014, subject to the condition precedent of the adoption of the thirty-second resolution in relation to the amendment of article 19.2 of the by-laws of the Company (term and renewal of the duties of the members of the Supervisory Board).

Should the thirty-second resolution not be approved by the shareholders of the Company, the appointment of Françoise Gri as member of the Supervisory Board would be effective, in accordance with the current provisions of the by-laws, for a term of five years, i.e., until the shareholders' meeting convened to approve the financial statements of the financial year ending December 31, 2014, to be held in 2015.

Françoise Gri was born on December 21, 1957, is a French national and resides at 25, rue des Vaussourds, 92500 Rueil Malmaison, France.

Françoise Gri is, since 2007, president of Manpower France and a member of Manpower's Executive Management Team. Before joining Manpower, Françoise Gri worked at the IBM group where she successively held the positions of Sales Representative, Account Manager and Sales Manager (1982-1989), Executive Assistant to the IBM France CGM (1990), Government and Public Sector Executive at IBM France (1991-1997), e-Business Solutions Executive, Sales Support and Operations Executive and VP Marketing and Channels at IBM EMEA (1996-2000), Sales Operations Executive at IBM EMEA (2000-2001) and President of IBM France (2001-2007). In 2007-2008, Françoise Gri also acted as a member of the Board of Directors of Aker Yards (renamed STX Europe, a South Korean shipbuilding company). Françoise Gri is a member of the Board of Directors of *Ecole Centrale*, Paris, a member of the Ethics Committee of the MEDEF, a member of the Board of Directors of *Institut de l'Entreprise* and the Vice President of FACE Foundation (Foundation for Action to combat exclusion). Françoise Gri received the title of *Chevalier de l'Ordre National de la Légion d'Honneur* and the title of *Chevalier de l'Ordre National du Mérite*. In 2009, for the sixth consecutive year, Françoise Gri was selected by Fortune Magazine for its 2009 list of the "50 Most Powerful Women in Business - International". Françoise Gri earned a Master of Science in Computer Engineering from *Ecole Nationale Supérieure d'Informatique et Mathématiques Appliquées* (ENSIMAG) in Grenoble, France.

Based on the criteria applied by Rexel to review the independence of the members of the Supervisory Board, Françoise Gri would qualify as an independent member of the Supervisory Board, thus increasing the number of independent members to four out of a total of twelve members, or one third of the Supervisory Board, in accordance with the code of corporate governance of the AFEP-MEDEF.

Françoise Gri has indicated that she accepted these duties by anticipation and that she meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

1.10. Renewal of the mandate of Ernst & Young Audit as statutory auditor (sixteenth resolution)

The sixteenth resolution proposes:

- to acknowledge that the mandate of Ernst & Young Audit as statutory auditor expires upon the approval by the shareholders of the financial statements for the financial year ended December 31, 2009, and
- to renew this mandate for a term of six financial years ending as of the approval by the shareholders' meeting of the financial statements for the financial year ending December 31, 2015 to be held in 2016.

1.11. Appointment of Auditex as alternate statutory auditor of the Company (seventeenth resolution)

The seventeenth resolution proposes:

- to acknowledge that the mandate of Gabriel Galet as alternate statutory auditor expires upon the approval by the shareholders of the financial statements for the financial year ended December 31, 2009, and
- to appoint Auditex, 11 allée de l'Arche, 92400 Courbevoie, as alternate statutory auditor for a term of six financial years ending as of the approval by the shareholders' meeting of the financial statements for the financial year ending December 31, 2015 to be held in 2016.

1.12. Acknowledgement and approval (eighteenth resolution)

The eighteenth resolution proposes:

- to acknowledge and approve the management acts of the members of the Management Board during the financial year ended December 31, 2009, and
- to acknowledge and approve the duties carried out by the members of the Supervisory Board during the financial year ended December 31, 2009, as defined by the legal and regulatory provisions as well as by the by-laws.

1.13. Authorization to buy-back shares (nineteenth resolution)

The ordinary and extraordinary shareholders' meeting of May 20, 2009 authorized the Management Board to carry out transactions on the Company's shares for a period of 18 months as of the date of such ordinary and extraordinary shareholders' meeting.

This authorization was implemented by the Management Board in the conditions described in its annual report. This authorization expires in 2010.

Accordingly, the nineteenth resolution proposes that the shareholders' meeting authorize the Management Board to repurchase shares of the Company within the limits set by the shareholders of the Company and in accordance with legal and regulatory provisions. Particularly, the authorization being considered to be granted to the Management Board consists of limitations relative to the maximum repurchase price (€20), the maximum amount for the implementation of the repurchase program (€200 million) and the amount of securities which may be repurchased (10% of the share capital of the Company on the date of the repurchases).

This authorization would be granted for a term of 18 months and would supersede the prior authorization granted to the Management Board to the extent that it was unused.

1.14. Powers (twentieth resolution)

The twentieth resolution concerns the powers of attorney to be granted in order to carry out formalities subsequent to the shareholders' meeting, particularly publication and filing formalities.

2. RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY SHAREHOLDERS' MEETING

2.1. Authorization allow the Management Board to carry out a share capital decrease by canceling shares (twenty-first resolution)

We propose authorizing the Management Board to reduce the share capital by cancellation of all or part of the Company's shares acquired pursuant to any share repurchase plans authorized by the shareholders' meeting of the Company on this subject.

The share capital decreases with which the Management Board may proceed under this authorization shall be limited to 10% of the Company's share capital as of the date of the cancellation for a period of 24 months.

This authorization would be granted for a term of 18 months.

2.2. Financial delegations and authorizations (twenty-second to thirty-first resolutions)

The twenty-second to thirty-first resolutions concern delegations of authority and authorizations to be granted to the Management Board as concerns financial matters.

The shareholders' meeting regularly grants the Management Board with the authority necessary to proceed with the issuance of ordinary shares and/or securities, with upholding or cancellation of shareholders' preferential subscription right, in order to meet the financing needs of the Rexel Group.

As such, the extraordinary shareholders' meeting of May 20, 2009 granted the Management Board with the delegations of authority and authorizations included as **Exhibit 1** to this report of the Management Board, with it being specified that this table specifies the cases and conditions in which the Management Board used certain of these delegations and authorizations between May 20, 2009 and the date of this report.

Certain authorizations expire in the year 2010. As such, the Company may not have the delegations and authorities necessary in the event that the Company decides to proceed with one or several securities issuances.

Accordingly, the shareholders of the Company are being proposed with granting the Management Board new delegations of authority and authorizations in order to ensure the Company the flexibility to proceed with securities issuances according to the market and the growth of the Group, of which the Company is the parent company (the **"Group"**), and to quickly bring together the financial means necessary to the implementation of the growth strategy of the Group.

In the event of an issuance of securities, the Company intends to carry out transactions with the upholding of shareholders' preferential subscription right. Nevertheless, particular circumstances may justify the cancellation of the preferential subscription right of shareholders, in accordance with their interests. As such, the Company may seize opportunities which the market provides, especially considering the market's current state. The Company may also involve Group employees in the growth of the Group, including by way of a share capital increase reserved for such employees or the allocation of free shares. The Company may also carry out the issuance of securities underlying the securities issued by the Company or the Group's subsidiaries. The cancellation of the preferential subscription right would also allow for the realization of public exchange offers or acquisitions paid entirely in equity. Finally, the issuance of securities may come to repay investments in kind of financial securities which may not be traded on a regulated market or its equivalent.

The draft resolutions being put to the vote of the shareholders' thus concern:

- **Twenty-second resolution:** a delegation of authority to be granted to the Management Board, subject to the prior authorization of the Supervisory Board, to carry out a share capital increase with the upholding of shareholders' preferential subscription right.

  The transaction would thus be reserved for the Company's shareholders. It would consist of the issuance of ordinary shares and/or securities conferring access, immediately or in the future, to the share capital of the Company or to debt securities. The securities could be in the form of equity or debt securities. Access to the share capital of the Company would take place by the conversion or exchange of a security or by the presentation of a bond.

  Share capital increases carried out under this delegation would not exceed the maximum nominal amount of €800 million (or 160 million shares with a nominal value of €5). The issuance of debt securities would be limited to a maximum nominal amount of €800 million. These limits would be common with certain other delegations and/or authorizations described below.

  The subscription price of shares and/or securities which may be issued in application of this delegation would be set by the Management Board, in accordance with the legal and regulatory provisions.

  This delegation of authority would be granted for a term of 26 months.

- **Twenty-third resolution:** a delegation of authority to be granted to the Management Board, subject to the prior authorization of the Supervisory Board, to carry out a share capital increase with the cancellation of shareholders' preferential subscription right, by way of public offering, including by way of an offering including a public offering.

This transaction would be open to the public. It would consist of the issuance of ordinary shares and/or securities conferring access, immediately or in the future, to the share capital of the Company or to debt securities. The securities could be in the form of equity or debt securities. Access to the share capital of the Company would take place by the conversion or exchange of a security or by the presentation of a bond.

Share capital increases carried out under this delegation would not exceed the maximum nominal amount of €400 million (or 80 million shares with a nominal value of €5). The issuance of debt securities would be limited to a maximum nominal amount of €500 million. These limits would be deducted respectively from the limits set forth in the twenty-second resolution described in the preceding paragraph.

The issue price of the new shares issued in application of this delegation of authority would be at least equal to the minimum stipulated by the regulatory provisions applicable as of the issue date (at the date of this meeting, the average weighted share price of the company's shares over the last three trading days on the Euronext Paris market prior to the date of determination of such price, reduced, as the case may be, by the maximum discount of 5% in accordance with the provisions of articles L.225-136-1° and R.225-119 of the French commercial code).

In addition, the issue price of the securities conferring access to the share capital of the Company issued in application of this delegation of authority would be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issue of such securities, to the issue price determined in the paragraph above.

This delegation of authority would be granted for a term of 26 months.

– **Twenty-fourth resolution:** in order to allow for a distinct vote by the shareholders in accordance with the guidelines of the *Autorité des marchés financiers,* a delegation of authority to be granted to the Management Board, subject to the prior authorization of the Supervisory Board, to carry out a share capital increase with the cancellation of shareholders' preferential subscription right, by way of an offering as defined in article L.411-2 II of the French Monetary and Financial code.

  The transaction would thus be carried out by way of private placements with persons providing investment services consisting in portfolio management for third parties, qualified investors or a limited group of investors, to the extent that such investors are acting on their own behalf, in accordance with the provisions of article L.411-2 II of the French Monetary and Financial code. It would consist of the issuance of ordinary shares and/or securities conferring access, immediately or in the future, to the share capital of the Company or to debt securities. The securities could be in the form of equity or debt securities. Access to the share capital of the Company would take place by the conversion or exchange of a security or by the presentation of a bond.

  Share capital increases carried out under this delegation would not exceed the maximum nominal amount of €400 million (or 80 million shares with a nominal value of €5). The issuance of debt securities would be limited to a maximum nominal amount of €500 million. These limits would be deducted respectively from the limits set forth in the twenty-second resolution described above.

  In addition, the issuance of equity or debt securities carried out under the twenty-fourth resolution by way of private placement could not exceed the limits stipulated by the law applicable on the issue date. For information, as of the date of this report, issuances of equity securities carried out by way of an offer as defined in article L.411-2 II of the French Monetary and Financial code are limited to 20% of the share capital of the Company per year. Therefore, the maximum dilution that may result from the implementation of this delegation would be of 20% per 12-month period.

  The issue price of the new shares issued in application of this delegation of authority would be at least equal to the minimum stipulated by the regulatory provisions applicable as of the issue date (at the date of this meeting, the average weighted share price of the company's shares over the last three trading days on the Euronext Paris market prior to the date of determination of such price, reduced, as the case may be, by the maximum discount of 5% in accordance with the provisions of articles L.225-136-1° and R.225-119 of the French commercial code).

  In addition, the issue price of the securities conferring access to the share capital of the Company issued in application of this delegation of authority would be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issue of such securities, to the issue price determined in the paragraph above.

  This delegation of authority would be granted for a term of 26 months.

– **Twenty-fifth resolution:** a delegation of authority to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, to increase the amount of an initial issuance in application of the twenty-second, twenty-third and/or twenty-fourth resolutions above, carried out with the upholding or cancellation of shareholders' preferential subscription right, in the event of an oversubscription (the **"Supplemental Issue Option"**).

  This delegation of authority is intended to allow the Company to accommodate a potential oversubscription in the event of the issue of securities reserved for shareholders or realized by way of a public offering or an offering as defined in article L.411-2 II of the French Monetary and Financial code.

The transaction carried out in the context of this delegation could not exceed 15% of the initial issue and this limit would be subtracted from the limit applicable to the initial issue and the limit set by the twenty-second resolution.

The subscription price for shares or securities issued in application of the Supplemental Issue Option would correspond to the initial issue price, which would be decided upon in application of the twenty-second, twenty-third and/or twenty-fourth resolutions described above.

The Management Board could use this delegation of authority within the time limits stipulated by the law, or, as of the date of this report, for a period of 30 days from the end of the subscription period.

This delegation of authority would be granted for a term of 26 months.

– **Twenty-sixth resolution:** an authorization to be granted to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, to derogate to the conditions relating to the determination of the price set forth in the twenty-third and twenty-fourth resolutions relative to an issuance realized by way of public offering or of an offering as defined in article L.411-2 II of the French Monetary and Financial code, with cancellation of shareholders' preferential subscription right.

  As such, the issue price for shares would be at least equal to the weighted average price of the Company's shares on the Euronext Paris market on the day preceding the date of issuance, less, as the case may be, a discount of up to 10%. For securities conferring access to the share capital of the Company, the issue price shall be determined so that the amount received immediately by the Company increased by, as the case may be, any amount which may be received subsequently by the Company, for each Company share issued as a result of the issuance of these securities, be at least equal to the amount referred to above.

  The Management Board could use this means within the limit of 10% of the share capital per year.

  The limit concerning this authorization itself would be subtracted from (i) the limit set forth in the twenty-third and twenty-fourth resolution depending on the case and (ii) the overall limit set forth in the twenty-second resolution.

  This authorization would be granted for a term of 26 months.

– **Twenty-seventh resolution:** an authorization to be granted to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, to increase the share capital of the Company by the issuance of shares or securities conferring access, immediately or in the future, to the share capital of the Company with cancellation of the preferential subscription right, reserved for Group employees who are members of a company savings plan(s) *(plan d'épargne d'entreprise)* or group savings plan established by the Company and the French or foreign companies that are linked to the Company within the meaning of article L.225-180 of the French commercial code and of article L.3344-1 of the French labor code.

  This authorization would be limited to 1.5% of the share capital of the Company and this limit would be subtracted from the limit set forth in the twenty-second resolution.

  The subscription price(s) would be determined by the Management Board pursuant to articles L.3332-19 *et seq.* of the French labor code. As a result, concerning the securities that are already traded on a regulated market, the subscription price could not be greater than the average share price for the twenty trading days preceding the date of the decision setting the subscription period opening date. In addition, the subscription price could not be less than more than 20% of this average.

  In addition, pursuant to the provisions of article L.3332-21 of the French labor code, that the Management Board may decide on the allocation of shares to be issued or existing, or of other securities conferring access to the share capital of the Company, issued or to be issued, in respect of (i) the contribution *(abondement)* that may be paid pursuant to the regulations of the employee savings plan of the Company or of the Group and/or (ii) if applicable, the discount *(décote)*.

  This authorization would be granted for a term of 26 months.

– **Twenty-eighth resolution:** an authorization to be granted to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, to allocate free shares of the company to members of the staff or corporate officers of the Company or the Group, which may be existing shares or shares to be issued.

  In previous years, the Company attempted to associate its employees with Group performance, especially by means of share capital increases reserved for employees, the allocation of stock subscription or purchase options or the allocation of free shares, in the conditions described in the Company's annual report for the financial year ended December 31, 2009 or in the special reports of the Management Board on stock subscription or purchase options and allocations of free shares. In order to permit the Company to follow this annual participation and association policy for the benefit of its employees and corporate officers, the Management Board requests that the shareholders authorize the granting of free shares of the Company.

  In addition, the Company would like to be able to freely allocate shares to the employees who would subscribe to the share capital increases that would be reserved to them. The shares freely allocated would constitue an additional advantage for the employees who would participate in these transactions and would be different from the shares or other securities granting access to the share capital that may be freely allocated in respect of the contribution *(abondement)* and/or the discount *(décote)*, as provided under article L.3332-21 of the French labor code.

In accordance with the provisions of articles L.225-129 *et seq.* and L.229-197-1 *et seq.* of the French Commercial Code, the Management could thus carry out, in one or several occurrences, the allocation of free existing and/or newly-issued shares of the Company to the salaried personnel members and/or the corporate officers of the Company and/or the companies or groups that are, directly or indirectly, linked to it under the conditions set forth in article L.225-197-2 of the French commercial code.

The number of free shares that may be allocated could not exceed 1.5% of the Company's share capital, calculated at the moment the Management Board makes its decision, with it being specified that this limit shall be subtracted from the limit set forth in the twenty-second resolution.

The Management Board would determine the terms of the allocation and, as the case may be, the eligibility criteria for the allocation of the shares, and shall have the powers to allocate the shares subject to certain individual or collective performance criteria, particularly for free shares granted to eligible corporate officers.

The allocation of shares would become vested after a minimum period of acquisition of 2 years and the beneficiaries will be required to retain such shares for an additional minimum period of 2 years as from the final allocation of the shares. In addition, and notwithstanding the above, when the allocation of said shares to their beneficiaries will be vested after a minimum vesting period of 4 years, the beneficiaries shall then be bound by no retention period.

The shares may become vested before the term of the period of acquisition in the event that the beneficiaries become invalid and that such invalidity correspond to the second or third category set forth under Article L.341-4 of the Social security Code. The shares will immediately become freely transferable.

This authorization would be granted for a term of 26 months.

- **Twenty-ninth resolution:** a delegation of authority to be granted to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, to decide upon an increase in the share capital through the issuance of ordinary shares and securities conferring access to the share capital, immediately or in the future, of the Company in consideration for contributions in kind granted to the Company and consisting of equity securities or securities conferring access to the share capital.

  The issuances carried out in the context of this delegation of authority could not exceed 10% of the share capital, evaluated as of the date of the decision of the Management Board. The limit for this resolution would be subtracted from the limit set forth in the twenty-second resolution.

  The Management Board would have the power necessary to decide upon the valuation of contributions.

  This delegation of authority would be granted for a term of 26 months.

- **Twenty-thirtieth resolution:** a delegation of authority to be granted to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, to increase the share capital by an issue of ordinary shares or securities conferring access to the share capital of the Company, in consideration for contributions of securities granted to the Company in the scope of a public exchange offer.

  Share capital increases carried out under this delegation would not exceed the maximum nominal amount of €250 million (or 50 million shares with a nominal value of €5). The limit for this resolution would be subtracted from the limit set forth in the twenty-second resolution.

  The Management Board would have the power to determine the exchange ratios and, if required, the amount of the cash bonus to be paid.

  This delegation of authority would be granted for a term of 26 months.

- **Thirty-first resolution:** a delegation of authority to be granted to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, to decide to increase the share capital by incorporation of premiums, reserves, profits or other items that may be capitalized.

  Share capital increases carried out under this delegation would not exceed the maximum nominal amount of €200 million (or 40 million shares with a nominal value of €5). The limit for this resolution would not be subtracted from the limit set forth in the twenty-second resolution.

  The Management Board would have the power to determine the amount and nature of sums to be capitalized, determine the number of new shares to be issued and/or the nominal amount by which the existing shares of the Company will be increased.

  This delegation of authority would be granted for a term of 26 months.

These delegations and authorizations would supersede prior delegations and authorizations granted to the Management Board to the extent these were not used.

2.3. Term of office and renewal for members of the Supervisory Board (thirty-second resolution)

In order to allow the Company to comply with the corporate governance principles adopted by the AFEP and the MEDEF, which constitute the corporate governance framework of the Company, the thirty-second resolution seeks (i) to reduce the term of office of the members of the Supervisory Board from 5 years to 4 years, and (ii) to organize a gradual renewal of the terms of office of the members of the Supervisory Board.

Reduction of the term of office of members of the Supervisory Board.

Firstly, the thirty-second resolution seeks to reduce the term of office of the members of the Supervisory Board from 5 years to 4 years. Indeed, the corporate governance principles adopted by AFEP and MEDEF provide for a maximum term of office of four years.

Reducing the term of office of the members of the Supervisory Board in the articles of association would, in principle, apply immediately to current terms of office. Thus, current terms of office due to expire in 2012 would expire in 2011. To avoid such a consequence relative to the limitation of term limits in the articles of association, it is contemplated to stipulate expressly in the articles of association that this amendment is not applicable to the current terms of office at the date of the Shareholders' meeting.

Renewal of the terms of office of members of the Supervisory Board.

In order for the renewal of the terms of office of the members of the Supervisory Board to be carried out gradually (*i.e.,* in order to avoid a group renewal of all terms of office of the members of the Supervisory Board), in accordance with the AFEP and MEDEF guidelines, the Company is considering the introduction of an interval between the expiry dates of the terms of office of the members of the Supervisory Board, and maintaining such interval through the renewal of the terms of office by order of length of service.

In such respect, it is proposed to the shareholders' meeting that former members be renewed for a term of four years (see thirteenth and fourteenth resolutions).

Furthermore, the by-laws would be amended in order to provide for a gradual renewal by one-forths every years (so that the Supervisory Board be fully renewed every four years). Moreover, an early termination of certain of such terms of office would also be planned. The terms of office to expire prematurely would be deemed invalid and would be appointed by the unanimous decision of the Supervisory Board or, if the Supervisory Board is unable to achieve unanimity, by lot within the Supervisory Board.

This mechanism would allow discussion within the Board, for the establishment of a well-planned and consensual rotation, and based on the Board's work schedule.

As a consequence, Article 19.2 of the by-laws of the Company would be replaced by the following:

"2. They are appointed for a term of four years. As an exception to the foregoing, the duties of the members of the Supervisory Board currently in office whose term was set at 5 years shall continue until their initial expiry date.

The term of office of a Supervisory Board member expires at the end of the ordinary shareholders' meeting convened to approve the financial statements for the previous financial year and held during the year in which the term of office of such member expires.

The Supervisory Board shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years. The order of early termination of the terms of office shall be determined by the unanimous decision of the members of the Supervisory Board present or represented or, if unanimity is unable to be reached, by drawing lots. The terms of office of the persons so appointed will expire on the date determined by the unanimous decision of the Supervisory Board or determined by the Chairman prior to the draw. The renewal of Supervisory Board members shall then be carried out in the order of length of service.

Supervisory Board members may be re-elected.

They may be dismissed at any time by the ordinary shareholders' meeting.

No individual exceeding the age of 70 may be appointed as member of the Supervisory Board if such appointment raises the number of Supervisory Board members who are over this age to more than one-third."

2.4. Removal of the obligation of the members of the Supervisory Board to hold one share of the Company (thirty-third resolution)

The thirty-third resolution aims at removing, in accordance with Article L.225-72 of the French commercial code, the obligation of the members of the Supervisory Board to hold at least one share of the Company.

As a consequence, Article 20 of the by-laws of the Company, which is currently drafted as follows:

"Supervisory Board members shall each own at least 1 share in Rexel.

If, as of the date of their appointment, the Supervisory Board members do not own one share or if, during their term of office, they cease to own such shares, they shall be deemed to have resigned automatically unless they have remedied this situation within three months."

would be replaced by the following:

"The members of the Supervisory Board are not obliged to hold any share(s) of the Company."

2.5. Powers (thirty-fourth resolution)

The thirty-fourth resolution concerns the powers of attorney to be granted in order to carry out formalities subsequent to the shareholders' meeting, particularly publication and filing formalities.

Signed in Paris
on March 16, 2010

THE MANAGEMENT BOARD

Exhibit 1 – Delegations and authorizations

Authorization	Duration of authorization	Maximum nominal amount	Date of use	Amount used
Decrease in the share capital by cancelling shares	18 months	10% of the share capital on the date of cancellation by 24-month period	Not applicable	Not applicable
Issuance with upholding of preferential subscription rights	26 months	Shares: €800 million (*i.e.,* 160 million shares). This amount is a joint maximum limit for some of the authorizations referred to above. Debt securities: €800 million. This amount is a joint maximum limit for some of the authorizations referred to above.	Not applicable	Not applicable
Issuance by way of public offering or offering referred to in section II of article L.411-2 of the French monetary and financial code, with cancellation of the preferential subscription right	26 months	Shares: €400 million (*i.e.,* 80 million shares). This maximum nominal amount is to be deducted from the total maximum amount of €800 million. Debt securities: €500 million. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Authorization to increase the amount of the initial issuance, in the event of a share issue for which shareholders' preferential subscription rights are maintained or cancelled	26 months	15% of the initial issue. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Determination of price of issuances carried out by way of public offering referred to in section II of article L.411-2 of the French monetary and financial code, with cancellation of the preferential subscription right, up to a maximum of 10% of the share capital per year	26 months	10% of Rexel share capital at the date of the decision of the Management Board determining the offering price per 12-month period. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	26 months	1.5% of Rexel's share capital at the date of the decision of the Management Board (*i.e.,* 3,891,535 shares at the date of this *Document de Référence*). This maximum nominal amount is to be deducted from the total maximum amount of €800 million and from the joint total maximum amount of 1.5% in relation to the draft resolution in relation to the allocation of free shares.	Not applicable	Not applicable
Allotment of free shares	38 months	1.5 % of Rexel's share capital at the date of the decision of the Management Board (*i.e.,* 3,891,535 shares at the date of this *Document de Référence*). This maximum nominal amount is to be deducted from the total maximum amount of €800 million and from the maximum amount of 1.5% and is common to the draft resolution in relation to the issuance with cancellation of the preferential subscription right at the benefit of beneficiaries of a savings plan.	Not applicable	Not applicable
Issuance of up to 10% of the share capital in consideration for contributions in kind granted to Rexel	26 months	10% of Rexel's share capital at the date of the decision of the Management Board approving the offering (*i.e.,* 25,943,567 shares at the date of this *Document de Référence*). This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable

Authorization	Duration of authorization	Maximum nominal amount	Date of use	Amount used
Issuance in consideration for shares contributed under a public exchange offering.	26 months	€250 million (*i.e.,* 50 million shares). This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	26 months	€200 million (*i.e.,* 40 million shares). This maximum nominal amount is not to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable

Authorization	Duration of authorization	Number of securities that may be repurchased	Maximum proposed nominal amount	Maximum purchase price
Stock repurchase	18 months	10% of share capital as at the completion date of the purchases	€200 million	€20

9.4.2 Text of the draft resolutions to be submitted to the ordinary and extraordinary shareholders' meeting of may 20, 2010

I. RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY SHAREHOLDERS' MEETING

First resolution

(Approval of the annual financial statements for the financial year ended December 31, 2009)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the reports of the Management Board, of the Supervisory Board and of the statutory auditors on the financial statements for the financial year ended December 31, 2009,

Approved the annual financial statements, *i.e.,* the balance sheet, the income statement and the notes thereto, for the financial year ended December 31, 2009, as presented to it, as well as the transactions reflected in such financial statements and summarized in these reports.

The financial statements show a profit of €88,487,825.46.

Second resolution

(Approval of the consolidated financial statements for the financial year ended December 31, 2009)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the reports of the Management Board, of the Supervisory Board and of the statutory auditors on the consolidated financial statements for the financial year ended December 31, 2009,

Approved the consolidated financial statements, *i.e.,* the balance sheet, the income statement and the notes thereto, for the financial year ended December 31, 2009, as presented to it, as well as the transactions reflected in such financial statements and summarized in these reports.

The financial statements show a profit of €81 million.

Third resolution

(Allocation of profit for the financial year ended December 31, 2009)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

Decided to allocate the profits for the year ended December 31, 2009, which amounted to €88,487,825.46, as follows:

Origin of the income to be allocated	
– Profits from the financial year	€88,487,825.46
Allocation of profit	
– 5% to the statutory reserve	€4,424,391.27
– The balance, to the carry forward account	€84,063,434.19
– Total	€88,487,825.46

The shareholders' meeting decided that there would be no dividend distribution.

Rexel has made the following net dividend payments per share in respect of the last three financial years:

2008	2007	2006
None	€0.37	None

Fourth resolution

(Approval of costs and expenses referred to in article 39-4 of the French general tax code)

Pursuant to the provisions of article 223 quater of the French general tax code, the shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

Acknowledged that there are no costs and expenses referred to in article 39-4 of the French general tax code that are not deductible from taxable income for the financial year ended December 31, 2009.

Fifth resolution

(Authorization of a related-party agreement referred to in articles L.225-86 et seq. of the French commercial code)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditors' special report on related-party transactions governed by articles L.225-86 *et seq.* of the French commercial code,

Approved the following agreement entered into during the financial year ended December 31, 2009, which has been authorized by the Supervisory Board of the Company:

The defined benefit retirement plan effective as of July 1, 2009.

Sixth resolution

(Authorization of a related-party agreement referred to in articles L.225-86 et seq. of the French commercial code)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditors' special report on related-party transactions governed by articles L.225-86 *et seq.* of the French commercial code,

Approved the following agreement entered into during the financial year ended December 31, 2009, which has been authorized by the Supervisory Board of the Company:

Amendment N°2 dated July 30, 2009 to the Senior Credit Agreement dated December 19, 2007 between Rexel firstly, Kelium, General Supply & Services Inc., International Electric Supply Corp., Rexel Inc., Rexel Distribution S.A. and Rexel North America Inc. secondly, Calyon, Crédit Industriel et Commercial, HSBC France, Natixis and The Royal Bank of Scotland plc as "Mandated Lead Arrangers" thirdly and Calyon as "Facilities Agent and Security Agent" fourthly.

Seventh resolution

(Authorization of a related-party agreement referred to in articles L.225-86 et seq. of the French commercial code)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditors' special report on related-party transactions governed by articles L.225-86 *et seq.* of the French commercial code,

Approved the following agreement entered into during the financial year ended December 31, 2009, which has been authorized by the Supervisory Board of the Company:

The Senior Credit Agreement in the amount of €1.7 billion entered into on December 17, 2009 between Rexel firstly, Bank of America Securities Limited, BNP Paribas, Calyon, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, Natixis, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking as "Lenders" secondly, and Calyon as "Facilities Agent" thirdly, and to which Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium SA, Elektro-Material A.G., Hagemeyer Nederland B.V. (which became Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel Inc., General Supply & Services Inc. and Rexel North America Inc. accessed on December 21, 2009.

Eighth resolution

(Authorization of a related-party agreement referred to in articles L.225-86 et seq. of the French commercial code)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditors' special report on related-party transactions governed by articles L.225-86 *et seq.* of the French commercial code,

Approved the following agreement entered into during the financial year ended December 31, 2009, which has been authorized by the Supervisory Board of the Company:

A contract entitled "Purchase Agreement" entered into on December 11, 2009 between Rexel on the one hand, and Calyon, the Royal Bank of Scotland plc, Merrill Lynch International, BNP Paribas, HSBC Bank plc, Natixis, Crédit Industriel et Commercial (CIC), ING Bank N.V., London Branch, Société Générale and Bayerische Landesbank (the "Banks") on the other hand, and to which Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium

SA, Elektro-Material A.G., Hagemeyer Nederland B.V. (which became Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel Inc., General Supply & Services Inc. and Rexel North America Inc. accessed on December 21, 2009.

Ninth resolution

(Authorization of a related-party agreement referred to in articles L.225-86 et seq. of the French commercial code)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditors' special report on related-party transactions governed by articles L.225-86 *et seq.* of the French commercial code,

Approved the following agreement entered into during the financial year ended December 31, 2009, which has been authorized by the Supervisory Board of the Company:

A contract entitled "Agency Agreement" entered into on December 21, 2009 between Rexel, Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium S.A., Elektro-Material A.G., Hagemeyer Nederland B.V. (which became Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selgo, International Electric Supply Corp., Rexel Inc., General Supply & Services Inc., Rexel North America Inc., BNP Paribas Trust Corporation UK Limited and CACEIS Bank Luxembourg.

Tenth resolution

(Authorization of a related-party agreement referred to in articles L.225-86 et seq. of the French commercial code)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditors' special report on related-party transactions governed by articles L.225-86 *et seq.* of the French commercial code,

Approved the following agreement entered into during the financial year ended December 31, 2009, which has been authorized by the Supervisory Board of the Company:

A contract entitled "Trust Deed" entered into on December 21, 2009 between Rexel, Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium SA, Elektro-Material A.G., Hagemeyer Nederland B.V. (which became Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel Inc., General Supply & Services Inc., Rexel North America Inc., Compagnie de Distribution de Matériel Electrique B.V., Finelec Développement SA and BNP Paribas Trust Corporation UK Limited.

Eleventh resolution

(Authorization of the performance criteria relative to the deferred compensation of Mr. Michel Favre referred to in article L.225-90-1 of the French commercial code)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report,

Approved the commitments made by the Supervisory Board on May 20, 2009 to Mr. Michel Favre, due or likely to become due from the termination of or a change in his duties or subsequent to such termination or change, and acknowledged and approved, in accordance with the provisions of article L.225-90-1 of the French Commercial Code, the agreement relative to Michel Favre set forth in the report.

Twelfth resolution

(Approval of the co-option of Manfred Kindle as member of the Supervisory Board)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

In accordance with article L.225-78 of the French Commercial Code, decided to confirm the co-option of Manfred Kindle to the position of member of the Supervisory Board replacing Joseph L. Rice, III, for the remainder of the term of his predecessor, *i.e.,* until the shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2011, to be held in 2012. This co-option was approved by the Supervisory Board on December 2, 2009.

Thirteenth resolution

(Renewal of the term of office of Patrick Sayer as member of the Supervisory Board)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with article L.225-75 of the French commercial code:

1. Acknowledged the resignation of Patrick Sayer from his duties as member of the Supervisory Board 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;

2. Resolved that the term of office of Patrick Sayer as member of the Supervisory Board be renewed for a term of four years, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2013, to be held in 2014, subject to the condition precedent of the approval of the thirty-second resolution of this shareholders' meeting in

relation to the amendment of article 19.2 of the by-laws of the Company. Should this shareholders' meeting not approve the thirty-second resolution referred to above, the shareholders' meeting resolved that the term of office of Patrick Sayer as member of the Supervisory Board be renewed for a term of five years which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2014, to be held in 2015.

Fourteenth resolution

(Appointment of Amaury Hendrickx as member of the Supervisory Board)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with article L.225-75 of the French commercial code:

1. Acknowledged the resignation of Guido Padovano from his duties as member of the Supervisory Board 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;
2. Resolved that Amaury Hendrickx, born on December 7, 1971, a Belgian national, residing at Flat 5, 78 Elm Park Road, London SW3 6AU, United Kingdom, be appointed as member of the Supervisory Board for a term of four years, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2013, to be held in 2014, subject to the condition precedent of the approval of the thirty-second resolution of this shareholders' meeting in relation to the amendment of article 19.2 of the by-laws of the Company. Should this shareholders' meeting not approve the thirty-second resolution referred to above, the shareholders' meeting resolved that Amaury Hendrickx be appointed as member of the Supervisory Board for a term of five years which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2014, to be held in 2015.

Amaury Hendrickx has indicated that he accepted these duties by anticipation and that he meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

Fifteenth resolution

(Appointment of Françoise Gri as member of the Supervisory Board)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board, in accordance with article L.225-75 of the French commercial code:

Resolved that Françoise Gri, born on December 21, 1957, a French national, residing at 25, rue des Vaussourds, 92500 Rueil Malmaison, France, be appointed as member of the Supervisory Board for a term of four years, which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2013, to be held in 2014, subject to the condition precedent of the approval of the thirty-second resolution of this shareholders' meeting in relation to the amendment of article 19.2 of the by-laws of the Company. Should this shareholders' meeting not approve the thirty-second resolution referred to above, the shareholders' meeting resolved that Françoise Gri be appointed as member of the Supervisory Board for a term of five years which is to expire upon the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2014, to be held in 2015.

Françoise Gri has indicated that she accepted these duties by anticipation and that she meets the legal and regulatory conditions, as well as those laid down by the by-laws, for exercising such duties.

Sixteenth resolution

(Renewal of the mandate of Ernst & Young Audit as statutory auditor of the Company)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

Acknowledged that term of Ernst & Young Audit, Tour Ernst & Young, Faubourg de l'Arche, 92037 Paris-La Défense, as statutory auditor has expired and decided to renew its mandate as statutory auditor for a period of 6 financial years until the end of the shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2015, to be held in 2016.

Seventeenth resolution

(Appointment of Auditex as alternate statutory auditor of the Company)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

Acknowledged that term of Gabriel Galet, as alternate statutory auditor has expired and decided to appoint Auditex, 11 allée de l'Arche, 92400 Courbevoie, as alternate statutory auditor for a period of 6 financial years until the end of the shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2015, to be held in 2016.

Eighteenth resolution

(Acknowledgement and approval)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings, Acknowledged and approved the management acts of the members of the Management Board during the financial year ended December 31, 2009 and acknowledged and approved the duties carried out by the members of the Supervisory Board during such financial year, as defined by the legal and regulatory provisions as well as by the by-laws.

Nineteenth resolution

(Authorization to be granted the Management Board to carry out transactions on the Company's shares)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board,

Decided to authorize the Management Board, with the option to delegate such authorization, in accordance with the provisions of article L.225-209 of the French commercial code, of articles 241-1 to 241-6 of the General Regulations of the French financial markets authority (the **"AMF"**) and of Regulation N°2273/2003 of the European Commission of December 22, 2003, to purchase or cause to be purchased shares of the Company, in order of highest to lowest priority, with a view to:

– ensuring liquidity and activity in the market for the shares of the Company through an investment services provider, acting independently under a liquidity agreement in accordance with a market ethics charter acknowledged by the AMF;

– setting up any stock option plan for Rexel in accordance with articles L.225-117 *et seq.* of the French commercial code, any allocation of free shares in connection with Group or company employee saving plans *(plans d'épargne d'entreprise ou groupe)* made in accordance with articles L.3332-1 *et seq.* of the French labor code, any allocation of free shares in connection with the provisions of articles L.225-197-1 *et seq.* of the French commercial code and any allocation of shares in connection with profit-sharing plans, as well as establishing hedging operations relating to these transactions, in accordance with the conditions set forth by the market authorities and at such times that the Management Board or person acting upon the authority of the Management Board implements such actions;

– retaining shares and delivering shares further to an exchange or as a consideration in the context of external growth transactions, in accordance with acknowledged market practice and applicable regulations;

– granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to shares of the Company;

– canceling all or part of the shares so repurchased, in accordance with, and subject to the approval of, the twenty-first resolution of this shareholders' meeting;

– any other action that is or will become permitted by French law or the AMF or any purpose that may comply with the regulations in force.

The acquisition, sale or transfer of the shares may be carried out by any means, on the market or over the counter, including through transactions involving blocks of securities or takeover bids, option mechanisms, derivatives, purchase of options or of securities in conformity with the applicable regulatory conditions. The portion of the plan carried out through transactions involving blocks of shares may reach the total amount of the share repurchase plan.

This authorization may be implemented within the terms below:

– the maximum number of shares that the Company may purchase under this resolution may not exceed 10% of the shares making up the share capital as at the date of completion of the repurchase of the shares of the Company;

– the number of shares acquired by the Company in view of holding them for subsequent payment or exchange in a merger, spin-off or contribution may not exceed 5% of the Company's share capital;

– the total maximum amount allocated to the repurchase of the shares of the Company may not exceed €200 million;

– the maximum purchase price per share of the Company has been set at €20, it being specified that in the event of transactions on the share capital, in particular by way of incorporation of reserves and allocation of free shares, division or regrouping of shares, this maximum purchase price shall be adjusted accordingly by using a coefficient multiplier equal to the ratio between the number of shares making up the share capital prior to the relevant transaction, and the number of shares further to such transaction.

The shares repurchased and retained by the Company will be deprived of voting rights and will not be entitled to dividends.

In the event of a public tender offer on the Company's shares paid for in full in cash, the Company will be able to pursue the implementation of its share repurchase program, in compliance with the applicable legal and regulatory provisions.

Full powers were granted to the Management Board, with the option to delegate such powers to any person so authorized in accordance with the legal provisions, to achieve this share repurchase plan of the Company's shares, and in particular to give any stock exchange orders, enter into any agreement for the keeping of the purchase and sale registers, make any disclosures to the AMF and any other agencies, prepare any documents, in particular information documentation, allocate and, as the case may be, reallocate, subject to the conditions provided by the law, the shares acquired for the various purposes envisaged, carry out any formalities and, more generally, do as necessary.

This authorization is granted for a term of 18 months as from the date of this shareholders' meeting.

This authorization shall cancel, to the extent of the unused portion, and supersede the authorization granted by the ninth resolution of the ordinary shareholders' meeting of the Company of May 20, 2009.

The Management Board will, every year, inform the shareholders' meeting of the operations carried out pursuant to this resolution, in compliance with article L.225-211 of the French commercial code.

Twentieth resolution

(Powers to carry out legal formalities)

The Shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings, conferred full powers to bearers of originals, copies or extracts of these minutes in order to carry out publication, filing and other necessary formalities.

II. RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY SHAREHOLDERS' MEETING

Twenty-first resolution

(Authorization to be granted to the Management Board to carry out a share capital decrease by canceling shares)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report,

Authorized the Management Board to reduce the share capital, in one or several occurrences, in the proportions and at the times that it shall deem appropriate, by cancellation of all or part of the Company's shares acquired pursuant to any share repurchase plans authorized pursuant to the nineteenth resolution or prior to the date of this shareholders' meeting, within the limits of 10% of the share capital of the Company as at the date of the cancellation per period of 24 months, in accordance with the provisions of articles L.225-209 *et seq.* of the French commercial code.

This authorization is granted for a term of 18 months as from the date of this shareholders' meeting.

Full powers were granted to the Management Board, with the power to delegate such powers, in order to:

- reduce the share capital by cancellation of the shares;
- determine the final amount of the share capital decrease;
- determine the terms and conditions thereof and acknowledge its completion;
- deduct the difference between the book value of the cancelled shares and their nominal amount from any available reserve and premium accounts;
- and in general, do as necessary for the proper performance of this authorization, amend the by-laws accordingly and carry out any required formalities.

This authorization shall cancel and supersede any prior authorization with the same purpose, in particular the authorization granted by the eleventh resolution of the extraordinary shareholders' meeting of the Company of May 20, 2009.

Twenty-second resolution

(Delegation of authority to be granted to the Management Board in order to decide upon the issuance, with upholding of the shareholders' preferential subscription right, of ordinary shares and/or securities conferring access, immediately or in the future, to the share capital of the Company or to debt securities)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report, having acknowledged that the share capital has been fully paid-up, and deciding in accordance with the provisions of article L.225-129 *et seq.* of the French commercial code, in particular articles L.225-129-2, L.225-132, L.225-133 and L.225-134, and the provisions of article L.228-91 *et seq.* thereof:

1. Delegated its authority to the Management Board, subject to the prior authorization of the Supervisory Board and in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, to decide the issuance, in one or several stages, to the extent and at the time that it deems appropriate, both in France and abroad, in euros, foreign currencies or units determined by reference to several currencies, with upholding of the shareholders' preferential subscription right, of shares and/or securities conferring access, immediately or in the future, to shares of the Company or of a company of which the Company holds, directly or indirectly, at least 50% of the share capital, or of securities conferring a right to the allocation of debt securities, issued free of charge or for a consideration, governed by articles L.228-91 *et seq.* of the French commercial code, which may be subscribed either in cash, by offsetting due and payable receivables, or partly in cash and partly by capitalization of reserves, profits or issue premiums;
2. Decided that this delegation of authority expressly excludes any issue of preferred shares and of securities conferring access by any means, immediately or in the future, to preferred shares;
3. Decided that the securities conferring access to ordinary shares of the Company thus issued may be, inter alia, debt securities, or be attached to the issue of such securities, or allow the issue thereof as intermediate securities. These securities may take, in particular, the form of subordinated or unsubordinated securities (and the Management Board shall, where applicable, determine the ranking thereof), fixed-term or perpetual,

and be issued either in euros, or in other currencies, or in any monetary units determined by reference to several currencies;

4. Decided that the maximum nominal amount of the share capital increases to be carried out, immediately or in the future, pursuant to this resolution shall be €800 million, it being specified that:
   – the maximum nominal amount of the share capital increases that may be carried out pursuant to this delegation, as well as to the twenty-third through thirtieth resolutions, may not exceed such amount of €800 million;
   – this global cap may be complemented, as the case may be, by the additional nominal amount of the ordinary shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;

5. Decided that the global nominal amount of debt securities that may be issued pursuant to this delegation may not exceed €800 million or the equivalent value in euros as at the date of issue, it being specified that:
   – this amount is a global limit which applies to all of the debt securities the issuance of which may be carried out pursuant to the twenty-third through twenty-sixth resolutions submitted to this shareholders' meeting;
   – this limit does not apply to debt securities the issue of which may be decided or authorized by the Management Board pursuant to article L.228-40 of the French commercial code;
   – this limit shall be increased, if necessary, by any redemption premium in excess of the par value;

6. Decided that, in accordance with the legal provisions and in the conditions set by the Management Board, the shareholders shall have, in proportion to their number of shares, a preferential subscription right as of right in respect of the ordinary shares and securities conferring access to the share capital issued pursuant to this delegation of authority. The Management Board may establish a preferential subscription right for excess securities at the benefit of the shareholders, which shall be exercised in proportion to their rights and, in any case, to the extent of their applications.

   If subscriptions as of right and, where applicable, for excess securities, do not result in the full subscription of an issuance of shares or securities conferring access to the share capital decided pursuant to this delegation of authority, the Management Board may use, in the order that it deems appropriate, the options provided by article L.225-134 of the French commercial code, *i.e.,*:
   – limit, where appropriate, the issue to the amount subscribed, subject to the issue reaching at least three-fourths of the issue initially decided;
   – freely allot all or part of the unsubscribed securities among any persons at its discretion; or
   – offer to the public all or part of the unsubscribed shares.

7. Acknowledged that this delegation of authority automatically implies waiver by the shareholders, at the benefit of the holders of securities conferring access to the share capital of the Company, of their preferential subscription right in respect of the ordinary shares of the Company that such securities may be entitled to.

8. Decided that the issues of share subscription warrants *(bons de souscription d'actions)* of the Company may be carried out either by subscription in cash under the terms set forth above, or by allocation free of charge to the owners of the existing shares.

   In case of allocation free of charge of individual subscription warrants *(bons autonomes de souscription),* the Management Board will have the option to decide that the fractional allocation rights are not tradable, and that the relevant securities will be sold.

9. Decided that the Management Board will have full powers, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, to perform this delegation of authority, inter alia for the purposes of:
   – deciding on the issuance of the shares, determining the form and characteristics of the shares to be issued and determining the price and terms of issue, the way they shall be paid-up, their dividend entitlement date (with a retroactive dividend entitlement date, where applicable), the terms under which the securities issued pursuant to this resolution will confer access to ordinary shares of the Company;
   – determining on all of the characteristics, amount and terms and conditions of any issuance and of securities to be issued (including, where applicable, rights to conversion, exchange, redemption, including through the delivery of assets of the Company such as securities of the Company already issued, attached to the shares or securities conferring access to the share capital to be issued) and, if the securities to be issued consist in or are associated with debt securities, their term, fixed or perpetual, their remuneration and, where applicable, the compulsory or optional events of suspension or non-payment of interest, their term (fixed or open-ended), the ability to reduce or increase the nominal amount of the securities and other terms of issuance (including the fact of granting guarantees or security thereon) and of redemption (including redemption by delivery of assets of the Company). Where applicable, the securities to be issued may be complemented by warrants giving a right to the allocation, acquisition or subscription of bonds or other debt securities, or provide for an option for the Company to issue debt securities (fungible or non-fungible) as a consideration for interest, the payment of which may have been suspended by the Company, or take the form of complex bonds within the meaning

of the stock market authorities (e.g., as a result of their terms of redemption or remuneration or of other rights such as indexation or options possibilities);

– determining the terms under which the Company will have the option, where applicable, to purchase or exchange on the market, at any time or during specific time periods, the securities issued or to be issued immediately or in the future, with the purpose of canceling such securities or not, taking into account the applicable legal provisions;

– at its sole option, charging the expenses of the share capital increase against the amount of the relevant premiums and deducting from such amount the necessary amounts for the legal reserve; and

– taking all appropriate actions and entering into any agreements in view of the performance of this delegation of powers, in particular in view of the proper performance of the contemplated issuances, acknowledging their completion and amend the by-laws accordingly, and carrying out any appropriate formalities and declarations for the issuance, listing and financial servicing of the securities issued pursuant to this delegation of powers and for the exercise of the rights attached thereto, and applying for any necessary authorizations for the completion and proper performance of these issuances.

10. Decided that this delegation of powers is granted for a term of 26 months as from the date of this shareholders' meeting.

11. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

Twenty-third resolution

(Delegation of authority to be granted to the Management Board in order to decide the issue, with cancellation of the shareholders' preferential subscription right, by way of a public offering of ordinary shares and/or securities conferring access, immediately or in the future, to the share capital of the Company or to debt securities)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report, having acknowledged that the share capital has been fully paid-up, and deciding in accordance with the provisions of article L.225-129 *et seq.* of the French commercial code, in particular articles L.225-129-2, L.225-135, L.225-136 and the provisions of articles L.228-91 *et seq.* of the French commercial code:

1. Delegated its authority to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, to decide the issuance, by way of public offering as defined in articles L.411-1 *et seq.* of the French Monetary and Financial code, including by way of an offer including a public offering, in one or several stages, to the extent and at the time that it deems appropriate, both in France and abroad, in euros, foreign currencies or units determined by reference to several currencies, of shares and/or securities conferring access, immediately or in the future, to shares of the Company or of a company of which the Company holds, directly or indirectly, at least 50% of the share capital, or of securities conferring a right to the allocation of debt securities, issued free of charge or for a consideration, governed by articles L.228-91 *et seq.* of the French commercial code, which may be subscribed either in cash, by offsetting due and payable receivables;

2. Decided that this delegation of authority expressly excludes any issue of preferred shares and of securities conferring access by any means, immediately or in the future, to preferred shares;

3. Decided that the securities conferring access to ordinary shares of the Company thus issued may be, inter alia, debt securities, or be attached to the issue of such securities, or allow the issue thereof as intermediate securities. These securities may take, in particular, the form of subordinated or unsubordinated securities (and the Management Board shall, where applicable, determine the ranking thereof), fixed-term or perpetual, and be issued either in euros, or in other currencies, or in any monetary units determined by reference to several currencies;

4. Decided that the maximum nominal amount of the share capital increases to be carried out, immediately or in the future, pursuant to this resolution shall be €400 million, it being specified that:

   – the maximum total nominal amount of the share capital increases that may be carried out pursuant to this delegation of authority shall be deducted from the total nominal limit of €800 million determined by the twenty-second resolution above;

   – this global cap may be complemented, as the case may be, by the additional nominal amount of the ordinary shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;

5. Decided that the global nominal amount of debt securities that may be issued pursuant to this delegation may not exceed €500 million or the equivalent value in euros as at the date of issue, it being specified that:

   – this limit shall be increased, if necessary, by any redemption premium in excess of the par value;

   – this limit does not apply to debt securities the issue of which may be decided or authorized by the Management Board pursuant to article L.228-40 of the French commercial code; and

– this amount shall be deducted from the total limit of €800 million for the issue of debt securities determined by the twenty-second resolution above;

6. Decided that the preferential subscription right of the shareholders in respect of the securities which may be issued pursuant to this resolution be cancelled, nevertheless the Management Board shall be left with the option to establish, at the benefit of the shareholders, a right of priority as of right and/or for excess shares which does not entitle to the creation of tradable rights, pursuant to the provisions of article L.225-135 of the French commercial code;

7. Acknowledged that this delegation of powers implies a waiver by the shareholders of their preferential right to subscribe for the ordinary shares of the Company to which the securities that may be issued pursuant to this delegation give right;

8. Decided that, without prejudice to the terms of the twenty-sixth resolution below:

   – the issue price of the new shares issued, determined in accordance with the law on the date of issue (at the date of this meeting, the average weighted share price of the company's shares over the last three trading days on the Euronext Paris market prior to the date of determination of such price, reduced, as the case may be, by the maximum discount of 5% in accordance with the provisions of articles L.225-136-1° and R.225-119 of the French commercial code);

   – the issue price of the securities conferring access to the share capital of the Company shall be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issue of such securities, to the issue price determined in the paragraph above;

9. Decided that, if subscriptions of shareholders and of the public do not result in the full subscription of an issuance of shares or securities conferring access to the share capital as defined above, the Management Board may use, in the order that it deems appropriate, one or more of the following options:

   – limit, where appropriate, the issue to the amount subscribed, subject to the issue reaching at least three-fourths of the issue initially decided;

   – freely allot all or part of the unsubscribed securities among any persons at its discretion; or

   – offer to the public all or part of the unsubscribed shares.

10. Decided that the Management Board shall have full powers, with the option to delegate such powers to any duly empowered person in accordance with the law, to perform this delegation of authority, inter alia for the purposes of:

   – deciding on the issuance of the shares, determining the form and characteristics of the shares to be issued and the price and terms of issue, the way they shall be paid-up, their dividend entitlement date (with a retroactive dividend entitlement date, where applicable), the terms under which the securities issued pursuant to this delegation will confer access to ordinary shares of the Company;

   – determining all of the characteristics, amount and terms and conditions of any issuance and of securities to be issued (including, where applicable, rights to conversion, exchange, redemption, including through the delivery of assets of the Company such as securities of the Company already issued, attached to the shares or securities conferring access to the share capital to be issued) and, if the securities to be issued consist in or are associated with debt securities, their term, fixed or perpetual, their remuneration and determining, where applicable, the compulsory or optional events of suspension or non-payment of interest, their term (fixed or open-ended), the ability to reduce or increase the nominal amount of the securities and other terms of issuance (including the fact of granting guarantees or security thereon) and of redemption (including redemption by delivery of assets of the Company). Where applicable, the securities to be issued may be complemented by warrants giving a right to the allocation, acquisition or subscription of bonds or other debt securities, or provide for an option for the Company to issue debt securities (fungible or non-fungible) as a consideration for interest, the payment of which may have been suspended by the Company, or take the form of complex bonds within the meaning of the stock market authorities (e.g., as a result of their terms of redemption or remuneration or of other rights such as indexation or options possibilities);

   – determining the terms under which the Company will have the option, where applicable, to purchase or exchange on the market, at any time or during specific time periods, the securities issued or to be issued immediately or in the future, with the purpose of canceling such securities or not, taking into account the applicable legal provisions;

   – at its sole option, charging the expenses of the share capital increase against the amount of the relevant premiums and deduct from such amount the necessary amounts for the legal reserve; and

   – taking all appropriate actions and entering into any agreements in view of the performance of this delegation of powers, in particular in view of the proper performance of the contemplated issuances, acknowledging their completion and amending the by-laws accordingly, and carrying out any appropriate formalities and declarations for the issuance, listing and financial servicing of the securities issued pursuant to this delegation of powers and for the exercise of the rights attached thereto, applying for any necessary authorizations for the completion and proper performance of these issuances;

11. Decided that this delegation of powers is granted for a term of 26 months as from the date of this shareholders' meeting.

12. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

Twenty-fourth resolution

(Delegation of authority to be granted to the Management Board in order to decide upon the issue, with cancellation of the shareholders' preferential subscription right, of ordinary shares and/or securities conferring access, immediately or in the future, to the share capital of the Company or to debt securities by way of an offering as defined in article L.411-2 II of the French Monetary and Financial code)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report, having acknowledged that the share capital has been fully paid-up, and deciding in accordance with the provisions of article L.225-129 *et seq.* of the French commercial code, in particular articles L.225-129-2, L.225-135, L.225-136 and the provisions of articles L.228-91 *et seq.* of the French commercial code:

1. Delegated its authority to the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, to decide upon the issuance, by way of an offering as defined in article L.411-2 II. of the French Monetary and Financial code (meaning an offering exclusively to the benefit of (i) persons providing investment services consisting in portfolio management for third parties or (ii) qualified investors or a limited group of investors, to the extent that such investors are acting on their own behalf), in one or several stages, to the extent and at the time that it deems appropriate, both in France and abroad, in euros, foreign currencies or units determined by reference to several currencies, of shares and/or securities conferring access, immediately or in the future, to shares of the Company or of a company of which the Company holds, directly or indirectly, at least 50% of the share capital, or of securities conferring a right to the allocation of debt securities, issued free of charge or for a consideration, governed by articles L.228-91 *et seq.* of the French commercial code, which may be subscribed either in cash, by offsetting due and payable receivables;

2. Decided that this delegation of authority expressly excludes any issue of preferred shares and of securities conferring access by any means, immediately or in the future, to preferred shares;

3. Decided that the securities conferring access to ordinary shares of the Company thus issued may be, inter alia, debt securities, or be attached to the issue of such securities, or allow the issue thereof as intermediate securities. These securities may take, in particular, the form of subordinated or unsubordinated securities (and the Management Board shall, where applicable, determine the ranking thereof), fixed-term or perpetual, and be issued either in euros, or in other currencies, or in any monetary units determined by reference to several currencies;

4. Decided that the maximum nominal amount of the share capital increases to be carried out, immediately or in the future, pursuant to this resolution shall be €400 million, it being specified that:
   - Issuances of equity securities carried out under this delegation by an offer as defined in article L.411-2 II of the French Monetary and Financial code may not exceed the limits set forth by applicable law as of the date of the issue (at the date of this shareholders' meeting, issuances of equity securities by way of an offering as described in article L.411-2 II of the French Monetary and Financial code are limited to 20% of the share capital of the Company per year, with such share capital being valued on the date of the decision of the Management Board to use such delegation);
   - the maximum total nominal amount of the share capital increases that may be carried out pursuant to this delegation of authority shall be deducted from the total nominal limit of €800 million determined by the twenty-second resolution above;
   - this global cap may be complemented, as the case may be, by the additional nominal amount of the ordinary shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;

5. Decided that the global nominal amount of debt securities that may be issued pursuant to this delegation may not exceed €500 million or the equivalent value in euros as at the date of issue, it being specified that:
   - this limit shall be increased, if necessary, by any redemption premium in excess of the par value;
   - this limit does not apply to debt securities the issue of which may be decided or authorized by the Management Board pursuant to article L.228-40 of the French commercial code; and
   - this amount shall be deducted from the total limit of €800 million for the issue of debt securities determined by the twenty-second resolution above;

6. Decided to cancel the shareholders' preferential subscription right to the securities that may be issued in application of this delegation;

7. Acknowledged that this delegation of powers implies a waiver by the shareholders of their preferential right to subscribe for the ordinary shares of the Company to which the securities that may be issued pursuant to this delegation give right;

8. Decided that, without prejudice to the terms of the twenty-sixth resolution below:
   - the issue price of the new shares issued, determined in accordance with the law on the date of issue (at the date of this meeting, the average weighted share price of the company's shares over the last three trading days on the Euronext Paris market prior to the date of determination of such price, reduced, as the case may be, by the maximum discount of 5% in accordance with the provisions of articles L.225-136-1° and R.225-119 of the French commercial code);
   - the issue price of the securities conferring access to the share capital of the Company shall be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issue of such securities, to the issue price determined in the paragraph above;
9. Decided that the Management Board shall have full powers, with the option to delegate such powers to any duly empowered person in accordance with the law, to perform this delegation of authority, inter alia for the purposes of:
   - deciding on the issuance of the shares, determining the form and characteristics of the shares to be issued and the price and terms of issue, the way they shall be paid-up, their dividend entitlement date (with a retroactive dividend entitlement date, where applicable), the terms under which the securities issued pursuant to this delegation will confer access to ordinary shares of the Company;
   - determining all of the characteristics, amount and terms and conditions of any issuance and of securities to be issued (including, where applicable, rights to conversion, exchange, redemption, including through the delivery of assets of the Company such as securities of the Company already issued, attached to the shares or securities conferring access to the share capital to be issued) and, if the securities to be issued consist in or are associated with debt securities, their term, fixed or perpetual, their remuneration and determining, where applicable, the compulsory or optional events of suspension or non-payment of interest, their term (fixed or open-ended), the ability to reduce or increase the nominal amount of the securities and other terms of issuance (including the fact of granting guarantees or security thereon) and of redemption (including redemption by delivery of assets of the Company). Where applicable, the securities to be issued may be complemented by warrants giving a right to the allocation, acquisition or subscription of bonds or other debt securities, or provide for an option for the Company to issue debt securities (fungible or non-fungible) as a consideration for interest, the payment of which may have been suspended by the Company, or take the form of complex bonds within the meaning of the stock market authorities (e.g., as a result of their terms of redemption or remuneration or of other rights such as indexation or options possibilities);
   - determining the terms under which the Company will have the option, where applicable, to purchase or exchange on the market, at any time or during specific time periods, the securities issued or to be issued immediately or in the future, with the purpose of canceling such securities or not, taking into account the applicable legal provisions;
   - at its sole option, charging the expenses of the share capital increase against the amount of the relevant premiums and deduct from such amount the necessary amounts for the legal reserve; and
   - taking all appropriate actions and entering into any agreements in view of the performance of this delegation of powers, in particular in view of the proper performance of the contemplated issuances, acknowledging their completion and amending the by-laws accordingly, and carrying out any appropriate formalities and declarations for the issuance, listing and financial servicing of the securities issued pursuant to this delegation of powers and for the exercise of the rights attached thereto, applying for any necessary authorizations for the completion and proper performance of these issuances;
10. Decided that this delegation of powers is granted for a term of 26 months as from the date of this shareholders' meeting.
11. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

Twenty-fifth resolution

(Delegation of authority to be granted to the Management Board to increase the amount of issuances, with cancellation or upholding of the shareholders' preferential subscription rights, pursuant to the twenty-second, twenty-third and twenty-fourth resolutions)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report, and deciding in accordance with article L.225-135-1 of the French commercial code,

1. Delegated to the Management Board the authority, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person in accordance with the law, to decide to increase the number of shares or securities to be issued in the context of any issuance undertaken pursuant to the twenty-second, twenty-third and twenty-

fourth resolutions above, whenever the Management Board notes that there is an oversubscription, at the same price as that applied to the initial issuance, within a time period and subject to the limitations set forth by the applicable regulations at the date of the issuance (at the date of this shareholders' meeting, for a period of 30 days as from the closing of the subscription period and within a limit of 15% of the initial issuance);

2. Decided that the nominal amount of the issuance decided upon in application of this delegation shall count be deducted from the initial issuance limit and the overall limit set by the twenty-second resolution;
3. Decided that this delegation of powers is granted for a term of 26 months as from the date of this shareholders' meeting;
4. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

Twenty-sixth resolution

(Authorization to be granted to the Management Board to determine the price of issuances of ordinary shares or securities by way of public offering as defined in article L.411-2 II of the French Monetary and Financial code, with cancellation of the shareholders' preferential subscription rights, within the limit of 10% of share capital per year)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report, and deciding in accordance with article L.225-136 of the French commercial code:

1. Authorized the Management Board, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to delegate such authorization to any duly empowered person in accordance with the law, to carry out any issuance of shares and/or securities conferring access, immediately or in the future, to the share capital of the Company issued under the twenty-third and twenty-fourth resolutions of this shareholders' meeting, to derogate to the conditions relating to the determination of the price set forth in the abovementioned twenty-third and twenty-fourth resolutions, in accordance with the provisions of article L.225-136 1° §2, and set such price in accordance with the following conditions:
   – the issue price for shares will be at least equal to the weighted average price of the Company's shares on the Euronext Paris market on the day preceding the date of issuance, less, as the case may be, a discount of up to 10%;
   – for securities conferring access to the share capital of the Company, the issue price shall be determined so that the amount received immediately by the Company increased by, as the case may be, any amount which may be received subsequently by the Company, for each Company share issued as a result of the issuance of these securities, be at least equal to the amount referred to above;
2. Decided that the maximum nominal amount of any share capital increase resulting from the implementation of this authorization may not exceed 10% of the share capital, over a 12-month period (such share capital to be assessed on the day of the decision by the Management Board determining the price for the issuance) it being specified that this limit shall be deducted from (i) the limit set by the twenty-third and twenty-fourth resolution as applicable, and (ii) the overall limit set by the twenty-second resolution;
3. Decided that the Management Board shall have full powers, with the option to delegate such powers to any duly empowered person in accordance with the law, to perform this delegation of authority, inter alia for the purposes of entering into any agreements in such respect, in particular in view of the proper performance of any issuance, to acknowledge the completion thereof and amend the by-laws accordingly, as well as to carry out any formalities and declarations and apply for any necessary authorizations for the completion and proper performance of any issuance;
4. Decided that this authorization be granted for a term of 26 months as from the date of this shareholders' meeting;
5. Decided that this authorization shall cancel and supersede any previous authorizations having the same purpose, as regards the unused portion of these authorizations.

Twenty-seventh resolution

(Authorization to be granted to the Management Board to increase the share capital through the issuance of shares and/or securities conferring access to the capital of the Company with cancellation of the shareholders' preferential subscription rights for the benefit of members of a company savings plan)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report and deciding in accordance with, on the one hand, the provisions of articles L.225-129-2, L.225-129-6, L.225-138 and L.225-138-1 of the French commercial code and, on the other hand, the provisions of articles L.3332-1 *et seq.* of the French labor code:

1. Authorized the Management Board to increase, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with

the option to delegate such authorization to any duly empowered person in accordance with the law, in one or several occurrences, at its sole option, at the times and under the terms that it shall determine, the share capital of the Company by the issuance of shares and/or securities conferring access to the share capital of the Company, reserved for members of one or several company savings plan(s) *(plan d'épargne d'entreprise)* or group savings plan(s) established by the Company and the French or foreign companies that are linked to the Company within the meaning of article L.225-180 of the French commercial code and of article L.3344-1 of the French labor code;

2. Decided to cancel the shareholders' preferential subscription rights in respect of new shares to be issued pursuant to this authorization for the benefit of the beneficiaries referred to in the first paragraph above;

3. Decided that the issue price(s) of the new shares or of the securities conferring access to the share capital shall be determined in accordance with the provisions of articles L.3332-19 *et seq.* of the French labor code and that the maximum discount shall amount to 20% of the average of the first trading prices during the 20 trading days preceding the date of the Management Board decision determining the opening date of the subscription period. However, the shareholders' meeting expressly authorize the Management Board to reduce the discount or to grant no discount, in particular in order to take into account the regulations applicable in the countries where the offer will be implemented;

4. Decided that the maximum nominal amount of the share capital increase(s) which may be carried out pursuant to this authorization may not exceed 1.5% of the share capital of the Company appraised as at the date of the decision of use of this authorization by the Management Board, it being specified that:
   - the maximum nominal amount of any share capital increase(s) that may be carried out pursuant to this authorization shall be deducted from the overall limit set by the twenty-second resolution of this shareholders' meeting;
   - these amounts do not include the nominal amount of the additional ordinary shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;

5. Decided, pursuant to the provisions of article L.3332-21 of the French labor code, that the Management Board may decide on the allocation to the beneficiaries referred to in the first paragraph above, free of charge, of shares to be issued or existing, or of other securities conferring access to the share capital of the Company, issued or to be issued, in respect of (i) the contribution (abondement) that may be paid pursuant to the regulations of the employee savings plan of the Company or of the Group and/or (ii) if applicable, the discount;

6. Also decided that, should the beneficiaries referred to in the first paragraph above not subscribe the share capital increase in full within the allocated time period, such share capital increase would only be completed for the amount of subscribed shares; unsubscribed shares may be offered again to such beneficiaries in the context of a subsequent share capital increase;

7. Granted full powers to the Management Board, with the option to delegate or sub delegate such powers, in accordance with the legal and regulatory provisions, to carry out this authorization, and in particular, for the purposes of:
   - determining the eligibility criteria for companies whose employees may benefit from the share capital increases carried out pursuant to this authorization, establishing the list of such companies;
   - determining the terms and conditions of the transactions, the characteristics of the shares, and if applicable, of the other securities, determining the subscription price calculated in accordance with the method defined in this resolution, determine the dates of opening and of closing of the subscription and the dividend entitlement dates and determining the dates and terms and conditions of payment of the subscribed shares;
   - taking any necessary action for the admission to trading of the issued shares in any place where it shall deem appropriate;
   - deducting from the "issuance premiums" account the amount of the expenses relating to these share capital increases and charging, if it deems fit, on this account the necessary amounts to increase the legal reserve to one tenth of the new share capital after each issuance, amending the by-laws accordingly and, in general, carrying out directly or indirectly, any transactions and formalities related to the share capital increases carried out pursuant to this authorization;

8. Decided that the authorization granted to the Management Board pursuant to this resolution shall be effective for a term of 26 months as from the date of this shareholders' meeting;

9. Decided that this authorization shall cancel and supersede any previous authorizations having the same purpose, as regards the unused portion of these authorizations.

Twenty-eighth resolution

(Authorization to be granted to the Management Board to grant free shares to certain categories of employees and to the corporate officers of the Company and its subsidiaries)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings, Having reviewed the report of the Management Board and of the statutory auditors' special report, in accordance with the provisions of articles L.225-129 *et seq.* and L.225-197-1 *et seq.* of the French commercial code:

1. Authorized the Management to carry out, subject to the prior authorization of the Supervisory Board in accordance with the provisions of the by-laws, with the option to delegate such authorization to any duly empowered person in accordance with the law, in one or several occurrences, the allocation of free existing and/or newly-issued shares of the Company to the salaried personnel members and/or the corporate officers of the Company and/or the companies or groups that are, directly or indirectly, linked to it under the conditions set forth in articles L.225-197-1, II and L.225-197-2 of the French commercial code;

2. Decided that the Management Board will determine the beneficiaries of the allocations and the number of shares granted to each of them, the terms of the allocation and, as the case may be, the eligibility criteria for the allocation of the shares, and shall have the powers to allocate the shares subject to certain individual or collective performance criteria, particularly for the free shares granted to eligible corporate officers;

3. Decided that the number of free shares that may be granted pursuant to this resolution may not exceed 1.5% of the share capital of the Company appraised as at the date of the decision by the Management Board, subject to the regulatory adjustments necessary to maintain the beneficiaries' rights, it being specified that this limit shall be deducted from the overall limit set by the twenty-second resolution of this shareholders' meeting.

4. Decided that the shares allocated to their beneficiaries will become vested after a minimum period of acquisition of 2 years and that the beneficiaries will be required to retain such shares for an additional minimum period of 2 years as from the final allocation of the shares. Notwithstanding the above, the shareholders' meeting authorize the Management Board to decide that, when the allocation of said shares to their beneficiaries will be vested after a minimum vesting period of 4 years, the beneficiaries shall then be bound by no retention period;

5. Decided that the shares may become vested before the term of the period of acquisition in the event that the beneficiaries become invalid and that such invalidity correspond to the second or third category set forth under Article L.341-4 of the Social security Code and that the shares will immediately become freely transferable;

6. Authorized the Management Board to carry out, as the case may be, during the vesting period, adjustments relating to the numbers of free shares granted on the basis of the potential transactions affecting the share capital of the Company in order to maintain the rights of the beneficiaries;

7. In the event of free shares being issued, authorized the Management Board to carry out one or several increase(s) in the share capital by capitalization of reserves, profits or issuance premiums reserved for the beneficiaries of such free shares and acknowledged that this authorization includes the related waiver of the shareholders' preferential subscription rights with respect to such shares and to the portion of the reserves, profits and issuance premiums thus capitalized, to the benefit of the beneficiaries; the Management Board has been granted a delegation of authority in respect of this transaction in accordance with article L.225-129-2 of the French commercial code;

8. Decided that the Management Board will have full powers, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, to perform this delegation of authority, inter alia for the purposes of:

   – determining whether the free shares shall be newly-issued shares or existing shares;

   – determining the beneficiaries and the number of free shares granted to each of them;

   – Setting the dates on which free shares shall be allocated, in the conditions and limits of applicable law;

   – deciding upon the other terms and conditions of the allocation of shares, particularly the period of acquisition and the period of retention of the shares thus allocated, in rules for the allocation of free shares;

   – deciding upon the conditions under which the number of free shares to be allocated shall be adjusted, in accordance with applicable provisions of the law and the by-laws;

   – more generally, entering into any agreements, executing any documents, acknowledging the share capital increases resulting from definitive allocations, changing the by-laws accordingly, and carrying out any formality or declaration with any organization;

9. Decided that this authorization is granted for a term of 26 months as of the date of this shareholders' meeting.

10. Decided that this authorization shall cancel and supersede any previous authorizations having the same purpose, as regards the unused portion of these authorizations.

Twenty-ninth resolution

(Delegation of powers to be granted to the Management Board to decide to issue ordinary shares and/or securities conferring access to the share capital of the Company within the limit of 10% of the share capital, in consideration for contributions in kind granted to the Company)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings, Having reviewed the report of the Management Board and the statutory auditor's special report and deciding in accordance with the provisions of articles L.225-129 *et seq.* and L.225-147 §6 of the French commercial code:

1. Delegated its authority to the Management Board, when the provisions of article L.225-148 of the French commercial code are not applicable, subject to the prior authorization of the Supervisory Board and in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person in accordance with the law, to decide, based on the report of the valuing auditor(s) (commissaire(s) aux apports) referred to in §2 of article L.225-147 referred to above, upon the issuance of ordinary shares and/or securities conferring access by any means, immediately or in the future, to shares, existing or to be issued, of the Company as a consideration for the contributions in kind granted to the Company and consisting of shares or securities conferring access to the share capital;

2. Decided that the limit of the global nominal amount of the share capital increase(s) that may be carried out, immediately or in the future, pursuant to this delegation may not exceed 10% of the share capital of the Company appraised as at the date of the decision of the Management Board, it being specified that:
   - this limit shall be deducted from the overall limit determined in the twenty-second resolution of this shareholders' meeting;
   - this limit does not include the nominal amount of the additional shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the legal and regulatory provisions and with any applicable contractual provisions providing for other cases of adjustment;

3. Acknowledged that this delegation of powers implies a waiver by the shareholders of their preferential subscription right for the ordinary shares of the Company to which the securities that may be issued pursuant to this delegation may give right;

4. Decided that the Management Board will have full powers, with the option to delegate such powers to any duly empowered person to the full extent permitted by law, to perform this delegation of authority, *inter alia* for the purposes of:
   - approving the report of the valuing auditor(s) *(commissaire(s) aux apports)* referred to in §2 of article L.225-147 of the French commercial code,
   - determining the number of shares to be issued in consideration of the contributions as well as the dividend entitlement date of the shares to be issued,
   - deducting, if applicable and if it deems appropriate, from the relevant premiums, the fees and expenses resulting from the issues and charge against such amounts the amounts necessary to increase the legal reserve to one tenth of the new share capital,
   - acknowledging the final completion of the share capital increases carried out pursuant to this delegation of powers, amending the by laws accordingly, carrying out any formalities and declarations and applying for any necessary authorizations for the completion of such contributions;

5. Decided that this delegation of powers is granted for a term of 26 months as from the date of this shareholders' meeting;

6. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

Thirtieth resolution

(Delegation of authority to be granted to the Management Board to increase the share capital by issue of ordinary shares and/or securities conferring access to the share capital of the Company, in consideration for contributions of shares granted to the Company in the scope of a public exchange offer)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board and the statutory auditor's special report, and deciding in accordance with articles L.225-129 *et seq.*, L.225-148 and L.228-92 of the French commercial code,

1. Delegated its authority to the Management Board, subject to the prior authorization of the Supervisory Board and in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person in accordance with the law, to decide upon the issuance of ordinary shares and/or securities conferring access by any means, immediately or in the future, to shares, existing or to be issued, of the Company in consideration for contributions of securities granted to the Company in the scope of a public exchange offer for securities of another company listed on a regulated market as defined in article L.225-148 of the French commercial code;

2. Acknowledged that this delegation of authority implies, in accordance with the provisions of article L.225-132 of the French commercial code, the waiver by the Shareholders of their preferential subscription rights with respect to the shares issued in respect of the securities issued pursuant to this delegation of authority;

3. Decided that the limit of the maximum nominal amount of the share capital increases to be carried out, immediately or in the future, pursuant to this delegation shall be €250 million, it being specified that:
   - this amount shall be deducted from the overall limit determined by the twenty-second resolution of this shareholders' meeting; and
   - that it was determined without taking into account the nominal amount of the shares of the Company

that may be issued, as the case may be, pursuant to the adjustments carried out in accordance with the legal and regulatory provisions and, if applicable, to any applicable contractual provisions aimed at maintaining the rights of the holders of securities conferring access to shares of the Company;

4. Decided that the Management Board shall have full powers, in accordance with the provisions of the by-laws, with the option to delegate such powers to any duly empowered person in accordance with the law, to perform this delegation of authority, inter alia for the purposes of:
   - determining the exchange ratios and, if required, the amount of the cash bonus to be paid;
   - recording the number of securities tendered for exchange;
   - determining the dates and terms of issue, in particular the price and dividend entitlement date, even if retroactive, of the new shares or, where applicable, of securities conferring access, immediately and/or in the future, to shares of the Company;
   - recording the difference between the issue price of new shares and their par value, as a liability item under "Share premium account" in the balance sheet, with rights for all shareholders;
   - charging, as applicable, all costs and fees incurred as a result of the authorized transaction against such "Share premium account" in the balance sheet;
   - in general, taking all useful measures and entering into all agreements for the proper performance of the authorized transaction, acknowledging the resulting capital increase(s) and amending the by-laws accordingly;
5. Decided that this delegation of authority be granted for a period of 26 months, as from the date of this shareholders' meeting;
6. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

Thirty-first resolution

(Delegation of authority to be granted to the Management Board to decide to increase the share capital by incorporation of premiums, reserves, profits or other items that may be capitalized)

The shareholders' meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Management Board and deciding in accordance with the provisions of articles L.225-129 *et seq.* and L.225-130 of the French commercial code,

1. Delegated to the Management Board, subject to the prior authorization of the Supervisory Board and in accordance with the provisions of the by-laws, with the option to subdelegate such powers to any duly empowered person to the full extent permitted by law, the authority to take decisions to make one or several increases to the share capital, in proportion to and at such times as it deems appropriate by successive or simultaneous incorporation of reserves, profits, issuance, contribution or merger premiums, or any other item that may be capitalized, in the form of an allocation of free shares and/or an increase in the nominal value of existing shares;
2. Decided that the nominal amount of the share capital increase that may be carried out pursuant to this delegation may not exceed €200 million, it being specified that:
   - this limit may be complemented, as the case may be, by the additional amount of the ordinary shares to be issued in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment,
   - the nominal amount of the share capital increases which may be carried out pursuant to this resolution will not be deducted from the global limit determined by the twenty-second resolution of this shareholders' meeting;
3. Decided that in the event of a share capital increase in the form of an allocation of free shares and in accordance with the provisions of article L.225-130 of the French commercial code, the Management Board may decide that the allocation rights on fractional shares will not be tradable and that the corresponding shares will be sold, with the proceeds of the sale being allocated to the holders of such rights in accordance with legal and regulatory requirements;
4. Decided that the Management Board shall have full powers, with the option to delegate such powers to any duly empowered person in accordance with the law, to perform this delegation of authority, inter alia for the purposes of:
   - determining the amount and nature of the amounts to be capitalized,
   - determining the number of new shares to be issued and/or the nominal amount by which the amount of existing shares shall be increased, the date, including a retroactive date, as of which the new shares shall be entitled to dividend rights or the effective date of the increase in the nominal value of the shares;
   - acknowledging the completion of each share capital increase and in general, taking any action and carrying out any required formalities for the proper performance of each share capital increase and amending the by-laws accordingly;
5. Decided that this delegation of authority be granted for a period of 26 months, as from the date of this shareholders' meeting;
6. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having

the same purpose, as regards the unused portion of these delegations.

Thirty-second resolution

(Modification of Article 19.2 of the Company's by-laws relative to the term and renewal of duties of members of the Supervisory Board)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board:

1. Decided to modify the term for members of the Supervisory Board lowering it from 5 years at most to 4 years at most, it being specified that the duties of the members of the Supervisory Board currently in office whose term was set at 5 years shall continue until their initial expiry date;
2. Resolved that the Supervisory Board shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years. The order of early termination of the terms of office shall be determined by the unanimous decision of the members of the Supervisory Board present or represented or, if unanimity is unable to be reached, by drawing lots. The term of office of the persons so designated will expire on the date determined by the unanimous decision of the Supervisory Board or determined by the Chairman before the draw. The renewal of Supervisory Board members shall then be carried out in the order of length of service;
3. As a result, decided to replace Article 19.2 of the Company's by-laws by the following text:

   "2. They are appointed for a term of four years. As an exception to the foregoing, the duties of the members of the Supervisory Board currently in office whose term was set at 5 years shall continue until their initial expiry date.

   The term of office of a Supervisory Board member expires at the end of the ordinary shareholders' meeting convened to approve the financial statements for the previous financial year and held during the year in which the term of office of such member expires.

   The Supervisory Board shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years. The order of early termination of the terms of office shall be determined by the unanimous decision of the members of the Supervisory Board present or represented or, if unanimity is unable to be reached, by drawing lots. The term of office of the persons so designated will expire on the date determied by the unanimous decision of the Supervisory Board or determined by the Chairman before the draw. The renewal of Supervisory Board members shall then be carried out in the order of length of service.

   Supervisory Board members may be re-elected.

   They may be dismissed at any time by the ordinary shareholders' meeting.

   No individual exceeding the age of 70 may be appointed as member of the Supervisory Board if such appointment raises the number of Supervisory Board members who are over this age to more than one-third."

Thirty-third resolution

(Modification of Article 20 of the Company's by-laws relative to the shares held by the members of the Supervisory Board)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Management Board:

1. Decided to remove the obligation of the members of the Supervisory Board to hold one share of the Company;
2. As a result, decided to replace Article 20 of the Company's by-laws by the following text:

   "Article 20 – Shares of the members of the Supervisory Board

   The members of the Supervisory Board are not obliged to hold any share(s) of the Company."

Thirty-fourth resolution

(Powers to carry out legal formalities)

The shareholders' meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings, conferred full powers to bearers of an original, of copies or extracts of these minutes in order to carry out any publication, filing and other necessary formalities.

10. Correlation tables

The following correlation table allows to identify, in this *Document de Référence,* the information required by Regulation (EC) 809/2004 of the European Commission dated April 29, 2004.

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10. Correlation tables

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