

letter

No.

7

to Rexel's shareholders

LEADING DISTRIBUTOR WORLDWIDE OF ELECTRICAL SUPPLIES

Message from the Chairman

October 2010



Return to growth in the second quarter of 2010

Dear shareholders,

During the second quarter of 2010, Rexel reached an important turning point: after six consecutive quarters of sales decline, Rexel returned to organic growth, posting sales figure up by 8.9% on a reported basis and by 2.3% on a constant and same-day basis. Your Group has also significantly improved its profitability, with the EBITA up by 39.4% and EBITA margin up 110 basis points over the quarter and up 90 basis points over the full half-year period.

“Rexel reached a turning point in the second quarter, returning to growth. These better-than-expected performances have led us to revise upwards our objectives for 2010.”

This good performance reflects improvements across all geographies. Thus, our sales were up by 3.6% in Europe in the second quarter and our growth also accelerated in Asia Pacific, reaching 9.9% over the quarter. Although sales dropped by 1.7% in North America in the second quarter, this is a significant improvement compared to the previous quarter and includes a slightly positive figure for June, for the first time in the United States.

This performance highlights an improvement in the economic climate, but they are also the result of our significant efforts in terms of cost reduction, the commercial initiatives launched in our priority segments – energy efficiency, wind and photovoltaic power and large-scale projects – and the continued adaptation of Rexel's economic model in order to develop the distributor of electrical supplies into a provider of services and solutions for our customers. These efforts are clearly bearing fruit, as witnessed by our gains in market share on our key markets.

This performance, which is better than we expected, and the improvement in our outlook for the second half-year, have led us to revise upwards our objectives for 2010. Our sales should finish the year slightly up; our EBITA margin should be higher than 4.5% and our net cash flow before interest and taxes should exceed 400 million euros.

This letter will enable you to find out more, not only about our results but also our strategy for the emerging markets and our environmental and social commitments.

I hope you enjoy reading it!

Jean-Charles Pauze
Chairman of the Management Board

REXEL

ELECTRICAL SUPPLIES

Half-year results

During the first half-year, Rexel continued to implement its strategy, while reinforcing its position as market leader in the distribution of electrical supplies. After a first quarter that was still down, Rexel returned to organic growth during the second quarter, in an environment that remains challenging. Furthermore, the Group has significantly improved its profitability and its debt ratio as at 30 June 2010.

The first-half performances and improved prospects for the second half-year have led Rexel to revise upwards its full-year targets.

Return to growth in the second quarter Strong increase in net income

In the second quarter, Rexel's sales grew by 2.3% on a constant and same-day basis. It was the first quarter of growth after six consecutive quarters of decline. Although the activity remains low compared to "pre-crisis" levels, the organic growth in sales during the second quarter confirms the improvement in the trends.

Over the entire half-year period, sales amounted to 5.7 billion euros, down by 1.6% on a constant and same-day basis. This decline includes a negative impact of 1.2 percentage points from branch network streamlining and a positive impact of 3.2 percentage points from the rise of copper-based cable price.

Significant increase in profitability

In the second quarter, EBITA margin improved by 110 basis points compared to the second quarter of 2009. It stands at 4.7% compared to 3.6% for the same period of the previous year.

EBITA margin for the entire half-year period reached 4.3%, up by 90 basis points compared to the first half-year of 2009. This increase reflected:

- an improvement of 10 basis points in the gross margin rate, which arises principally from the performances posted by Europe and North America;
- a reduction in distribution and administrative expenses of 4.9% compared to the first half-year of 2009.

Operating income has more than doubled. It reached 214.0 million euros compared to 101.2 million euros in the first quarter of 2009, reflecting the rise of 36.4% in EBITA and the reduction in restructuring costs.

Net financial expenses amounted to 103.5 million euros compared to 74.7 million euros for the first half-year of 2009. This increase reflected a higher effective interest rate, mainly due to refinancing operations at the end of 2009.

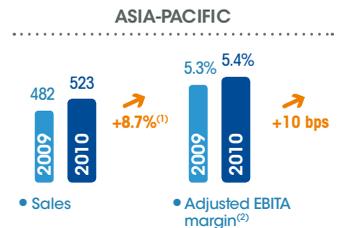
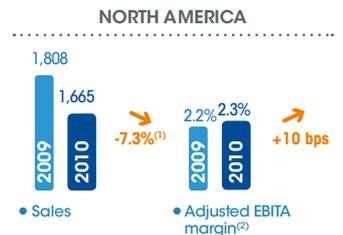
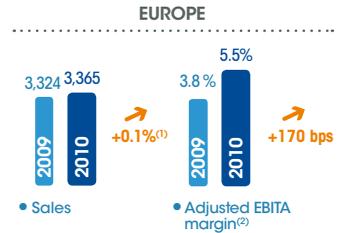
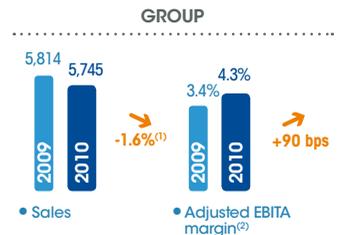
Net profit amounted to 92.4 million euros compared to 18.0 million euros for the first half-year of 2009.

Control of net debt

At 30 June 2010, free cash flow before interest and taxes reached 182.9 million euros and working capital stood at 11.3% of sales at the end of June 2010, compared to 11.4% at the end of June 2009. Net debt was held at 2.5 billion euros, flat in comparison to 31 March 2010 and up by 133.5 million euros compared to 31 December 2009, mainly due to a negative exchange rate effect.

The indebtedness ratio (net financial debt/EBITDA), as calculated under the Senior Credit Agreement, stood at 3.92x at the end of June (compared to 4.32x at the end of December). According to the commitments undertaken in the framework of the Senior Credit Agreement, an indebtedness ratio below 4.00x at the end of 2010 allows Rexel to resume payment of a dividend in 2011.

Key figures as at 30 June 2010
(in millions of euros
on a constant basis)

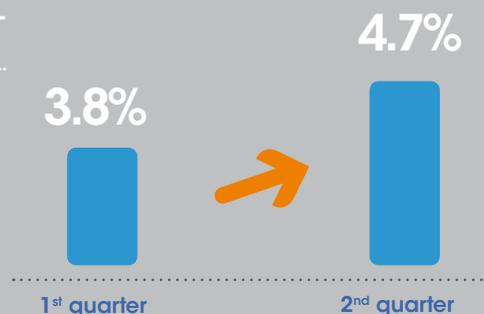


(1) Same number of days.

(2) Excluding non-recurring effect of fluctuations in the price of copper-based cables, and before other income and expenditure.

SEQUENTIAL IMPROVEMENT IN PROFITABILITY

Adjusted EBITA margin



On constant and same-day basis



3 questions for Patrick Berard

Managing Director France and Southern Continental Europe

Why has energy efficiency become the key priority for the entire electrical supplies industry?

Energy efficiency is no longer a theoretical concept. It has today become a significant economic and social reality. It is worth adding the concept of "decarbonised" to the term "energy", to take into consideration environmental commitments. The decarbonised energy efficiency represents a structuring market for the electrical industry, developing itself around three axes. The priority axis is equipment replacement such as lighting, followed by supplies used for the renovation of existing equipment (engine speed limiters, etc.) and the new solutions integrated into the intelligent building, remote-controlled solutions, etc. Awaiting the future generation of products such as intelligent network solutions, electric cars, etc.

The energy sector is evolving at a rate of knots; what is the role of the distributor in this new environment?

Any major development of this type is a source of transformation for the players. The distribution business cannot escape this change: Rexel now operates in the business of distributing complex and innovative technical solutions with more varied market access opportunities. We must add to this our ability to offer advice and technical support in response to difficulties that installation engineers / end users may encounter.

Rexel also contributes to the decompartmentalisation of business areas that aims to bring the fields of heating control, regulation and security together with that of electricity. The greatest changes in these business areas are yet to come...

How does Rexel Group plan to make its customer offering more specialised?

Rexel is adapting its offering to each customer segment, with a view to providing complete and coherent solutions appropriate for each typology of the customer's requirements. The diversity of situations – renovations, new installations, energy efficiency in a commercial building, etc. means that our offerings are becoming more and more specialised, with even more services targeted at these markets. This is the direction in which our developments are taking us: we are moving towards a multiformat offering and tailored services.

2010 objectives revised upwards

Better-than-expected performance since the beginning of the year and improved prospects for the second half of the year led the Group to revise upwards its full-year targets.

- Sales should slightly increase on a constant and same-day basis (vs. February guidance of a low single-digit drop on a constant and same-day basis).
- Adjusted EBITA margin should be above 4.5% (vs. February guidance of an improvement over the 4.0% recorded in 2009).
- Free cash flow before interest and tax should be above €400 million (vs. February guidance of around €400 million).

Rexel adapted through the crisis and at the same time prepared for the future. The Group continues to be active in developing its economic model towards providing more services and solutions in order to seize opportunities in key growth segments such as energy efficiency – particularly in lighting – renewable energies and large-scale projects.

IMPROVEMENT IN TRENDS ACROSS ALL GEOGRAPHIES

Sales Organic growth evolution



strategy

in action

Rexel focuses on the emerging markets

Rexel, present for more than 10 years in the emerging markets, actively contributes to the development and consolidation of these growth markets, which represent a potential accelerating factor for the Group's growth. For example, in China the Group's sales amounted to 160 million euros for 2009 and its organic growth has been running into two figures in 2010. Here are some examples of symbolic projects...

In Singapore, Gexpro, a subsidiary of Rexel in the United States, was involved in the lighting for the Marina Bay Sands

The big issue for the developers of this huge complex, one of the largest hotel-casino developments in Asia, with 2,600 rooms, three towers of 55 storeys each and a roof garden of one hectare in surface area, is to limit the consumption of energy. In 2009, Gexpro supplied the 100,000 low-energy lighting systems necessary to equip the interior and the exterior of the buildings, of which 80% were delivered in less than four months.

In China, at the Universal Exhibition, Rexel Group supplied the lighting equipment for many buildings used for the exhibition



Besides its involvement, in partnership with the suppliers, in the provision of lighting for many of the pavilions and conference centres, Rexel supplied low-energy light bulbs, including LED equipment, and lighting accessories for the Chinese Pavilion – an installation of 160,000m² in the shape of an oriental crown.

Opportunities for external growth

With 5% of its sales in the emerging markets, Rexel is aiming to increase its presence there. The Group, which in 2010 had an available budget of 200 million euros, plans to extend its activities in China and also investigates opportunities in Latin America, India and South-East Asia.

? YOUR QUESTIONS

WHICH STOCK MARKET INDICES IS REXEL INCLUDED IN?

Rexel has been selected for inclusion in the FTSE EuroMid index as of 20 September of this year. This index is a benchmark for medium capitalisation pan-European equities.

Rexel is also included in the following NYSE Euronext market indices:

- The SBF120 index, composed of the 120 most actively traded and most liquid stocks in France;
- The CAC MID100 index, a benchmark index for midcaps that is composed of the 100 largest stocks by market capitalization immediately following the 60 stocks that make up the CAC 40 and CAC Next20 indices;
- The SBF250 index, composed of the 250 largest stocks by capitalization traded on Euronext Paris;
- The CAC AllShares index, composed of all the stocks listed on Euronext Paris whose annual trading volume exceeds 5% of their share capital, irrespective of market capitalization.

in brief

France

Rexel France launches web TV for professionals in the electricity sector



The website offers installation engineers and entrepreneurs video reports on new solutions in energy efficiency. Photovoltaic solutions, lighting, home automation, heating – all are covered by technical and marketing promotional films that aim to help professionals provide advice to the end customer.

This television channel is already broadcast in all Rexel and Coaxel branches in France; it is now more widely accessible on the site www.inexel.tv.

With this new initiative, Rexel reaffirms its intention to be a leading player in the business of providing advice and services for the electrical supplies industry.

Scotland

Newey & Eyre equipping the largest hospital in Scotland



Newey & Eyre and its subsidiary Ross Electrical have won the bid to provide lighting equipment for the New Forth Valley hospital in Great Britain.

All of the 17 subsections making up the total contract for supply of lighting equipment were won by the Ross Electrical teams. The contract is worth 1.47 million euros.

The hospital, Scotland's largest, employs 8,000 staff and serves a population of nearly 300,000.

our commitments

In the area of the environment, Rexel operates at the heart of energy-related issues and plays a key role as prescriber and driving force in the provision of eco-friendly electrical supplies and the development of "new energy" solutions.

The Group therefore has a responsibility to set a good example in terms of reducing the impact of its own activities on the environment. The carbon audit carried out in 2010, the implementation of a comprehensive health coverage plan, the policy of motivating employees through employee shareholding schemes, the contribution to training players in the field of energy control and efficiency - all these actions demonstrate the company's desire to achieve the best in terms of environmental performance.

Gexpro convenes the "Energy Summits"



Gexpro organises conferences across the United States which are aimed at training entrepreneurs, owners and managers of commercial premises

and government buyers in more effective energy control.

While the American government launched a stimulus package in 2009 that was aimed at developing the renewable energy sector, these seminars provide information on the latest advances in energy efficiency and "green" solutions, and how to implement them in the framework of government policies.

By tackling subjects as varied as air conditioning, motorisation, solar power and lighting, Gexpro offers practical advice not only on optimising energy consumption but also on the economic opportunities that this represents.

Employee shareholding scheme:

Rexel launches Opportunity 10



Opportunity 10 is open to 80% of the Group's employees in France and

in 11 other countries. It offers employees the chance to participate under preferential terms and conditions in a capital increase reserved just for them.

This is the second operation of this type since the Group was listed on the stock exchange in 2007.

The subscription period lasted from September 13 to 27 2010.

This plan enables the teams to be more closely associated with the Group's performance and to increase their holding in the Group's share capital.

Carbon audit



As the global leader in the distribution of electrical supplies, Rexel manages infrastructures and a whole range of sales and logistics flows on a daily basis. These activities are the principal contributors to the Group's carbon footprint, which are currently being studied.

The aim of this study is, in particular, to achieve compliance with the requirements

for measuring CO₂ emissions, which will very soon be mandatory for all listed companies, and to determine emissions objectives that will enable the Group to reduce its environmental impact.

The results of the study will be available in November and will constitute a solid foundation for the development and implementation of a set of actions designed to reduce the Group's CO₂ emissions in the coming years.

A health coverage plan for all

The Group implemented a universal health coverage plan, "Rexel+", on July 1, 2010; this is aimed at 5,000 of its employees across 11 countries.

With this programme, which is fully financed by each local employer, employees and their families will be able to benefit from the payment of a cash sum equivalent to between one and two years' basic salary, in the event of death or permanent invalidity following an accident in the workplace or an occupational disease. This programme will benefit the countries that until now have not enjoyed this level of coverage.



YOUR QUESTIONS

HOW FLEXIBLE ARE YOU IN TERMS OF FINANCING ACQUISITIONS?

Our bank covenants renegotiated in December 2009, allow us to make acquisitions totalling up to 200 million euros per annum (the unused balance may be carried forward to the next 12 months) as long as the indebtedness ratio (net debt in relation to EBITDA) is equal to or higher than 3.5x. This restriction no longer applies if the ratio is below 3.5x.

Rexel share at a glance

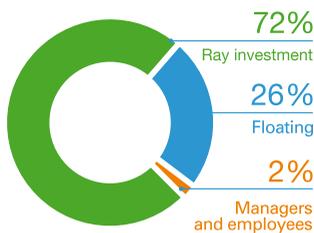
Shareholders Meeting



The Annual Meeting is a major event regarding Rexel's Shareholder relationship. It was held on 20 May 2010 in Paris; almost 217 million shares were represented, representing a quorum of 83.65%. All the resolutions proposed by the Supervisory Board were adopted by a large majority.

Besides the approval of the financial statements and the allocation of income, the shareholders ratified the appointment of Mrs Françoise Gri and Mr Amaury Hendrickx to the Supervisory Board. Mrs Gri became the fourth independent member of the Rexel Supervisory Board; the number of directors on the Board now stands at twelve.

breakdown of capital



for more information

2009 annual report: View the key figures and highlights for Rexel Group for the year 2009. Available by mail upon request or downloadable on our website www.rexel.com



share price from October 15, 2009 to October 15, 2010



company details

ISIN: FRO010451203

Market: Eurolist by NYSE Euronext

Number of shares (as at Oct. 15, 2010):
259,625,374

Market capitalisation (as at Oct. 15, 2010):
€3.6 billion

Indices: SBF 120, SBF 250,

CAC MID 100, CAC AllShares, FTSE EuroMid

calendar

Wednesday, November 10, 2010

Third-quarter 2010 results

Thursday, November 25, 2010

Meeting with shareholders, Montpellier ...

Wednesday, February 9, 2011

Full-year results for 2010

Thursday, May 12, 2011

First quarter 2011 results

Thursday, May 19, 2011

Annual shareholders Meeting

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? YOUR QUESTIONS

WHAT ARE THE ADVANTAGES OF DIRECT REGISTERED SHARES?

Owners of direct registered shares not only benefit from free custodial rights, they are also invited to all general meetings and access to information on their share account through a dedicated website (<http://www.gisnomi.bnpparibas.com>).

See your financial intermediary to subscribe.

Rexel direct registered shares are lodged with our representative BNP Paribas Securities Services who is in charge of their management.

...see you soon!