OFFERING CIRCULAR

REXEL

(incorporated in the Republic of France as a société anonyme, or company with limited liability, with a Management Board and Supervisory Board)

€500,000,000
7% Senior Notes due 2018

guaranteed on a senior unsecured basis by certain subsidiaries

This Offering Circular is a prospectus for the purpose of the Luxembourg law dated 10 July 2005 on prospectuses for securities.

Rexel (the "Issuer" or "Rexel") is offering €500,000,000 of its 7% Senior Notes due 2018 (the "Notes"). Rexel will pay interest on the Notes semi-annually in arrear on 17 June and 17 December, commencing on 17 December 2011. Rexel will make the first payment on 17 December 2011 for interest accrued and unpaid from the issue date of the Notes. The Notes will mature on 17 December 2018.

The Notes will be senior unsecured obligations of Rexel and will be initially guaranteed on a senior unsecured basis (the "Guarantees") by certain of Rexel's subsidiaries (the "Guarantors"). The Notes will rank equally with all of Rexel's existing and future unsecured senior debt and senior to all its existing and future subordinated debt. The Guarantees will rank equally with all of the Guarantors' existing and future unsecured senior debt and senior to all of their existing or future subordinated debt. The Notes and the Guarantees will be effectively subordinated to all secured indebtedness of Rexel and its subsidiaries to the extent of the value of the assets securing such indebtedness. The Notes will also be effectively junior to all obligations of Rexel's subsidiaries that do not guarantee the Notes.

The Issuer may, at its option, redeem the Notes in whole or in part at any time prior to 17 June 2015 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after 17 June 2015, the Issuer may, at its option, redeem the Notes in whole or in part at any time by paying the applicable redemption price set forth in this offering circular. In addition, at any time on or prior to 17 June 2014, the Issuer may redeem up to 35% of the principal amount of the Notes with the net proceeds from one or more specified equity offerings. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes. In addition, holders of the Notes may cause the Issuer to redeem the Notes at a redemption price equal to 101% of the outstanding principal amount thereof, plus accrued and unpaid interest, if the Issuer undergoes specific kinds of changes of control.

Application has been made to have the Notes admitted to listing on the official list of the Luxembourg Stock Exchange (the "Official List") and admitted to trading on the Euro MTF market. References in this offering circular to the Notes being "listed" (and all related references) shall refer to the admission of the Notes to the Official List and to trading on the Euro MTF market.

Investing in the Notes involves risks. You should carefully consider the risk factors beginning on page 13 of this offering circular and the risk factors included in Annex B hereto before investing in the Notes.

The Notes will be in registered form in denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will be represented by one or more global Notes which will be delivered through Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*, on or about 27 May 2011 or such later date as agreed between the Issuer and Joint Lead Managers (as such term is defined under "Subscription and Sale of the Notes"). See "Book-Entry, Delivery and Form".

Issue Price: 99.993%, plus accrued interest, if any, from issue date.

The Notes and the Guarantees will be offered and sold in offshore transactions outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act").

The Notes and the related Guarantees have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Joint Global Coordinators and Joint Bookrunners

BNP PARIBAS **HSBC** **Société Générale Corporate & Investment Banking**

Joint Bookrunners

Crédit Agricole CIB **ING** **Natixis**

Co-Lead Managers

BayernLB **BofA Merrill Lynch** **CM-CIC** **The Royal Bank of Scotland**

The date of this offering circular is 27 May 2011.

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NOTICE TO INVESTORS

This offering circular has been prepared solely for use in connection with, and prospective investors are authorised to use this offering circular only in connection with, a private placement of the Notes by Rexel to institutional investors outside of the United States. Rexel and the Joint Lead Managers reserve the right to reject any offer to subscribe for the Notes for any reason. You may not reproduce or distribute this offering circular, in whole or in part, and you may not disclose any of the contents of this offering circular or use any information herein for any purpose other than considering subscribing for the Notes. You agree to the foregoing by accepting delivery of this offering circular.

No person has been authorised to give any information or to make any representations in connection with the offering or sale of the Notes other than as contained in this offering circular, and, if given or made, such information or representations must not be relied upon as having been authorised by Rexel, the Joint Lead Managers, any of their affiliates or any other person. None of Rexel, the Joint Lead Managers or any of their affiliates or representatives is making any representation to any recipient of the Notes regarding the legality of an investment by such purchaser of the Notes under appropriate legal investment or similar laws. Neither the delivery of this offering circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Rexel or its subsidiaries since the date hereof or that the information contained herein is correct and complete as of any time subsequent to the date hereof.

Rexel has prepared this offering circular and is solely responsible for its contents. You are responsible for making your own examination of Rexel and your own assessment of the merits and risks of investing in the Notes. Rexel has summarised certain documents and other information in a manner it believes to be accurate. However, Rexel refers you to the actual documents for a more complete understanding of the matters discussed in this offering circular. Where information has been sourced from a third party, we confirm that this information has been accurately reproduced and that as far as we are aware and are able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been included, its source has been cited.

This offering circular has been prepared by Rexel on the basis that any purchaser of the Notes is a person or entity having such knowledge and experience of financial matters as to be capable of evaluating the merits and risks of such purchase. Before making any investment decision with respect to the Notes, potential investors should conduct such independent investigation and analysis regarding Rexel and the Notes as they deem appropriate to evaluate the merits and risks of such investment. In making any investment decision with respect to the Notes, investors must rely (and will be deemed to have relied) solely on their own independent examination of Rexel and the terms of the offering of the Notes, including the merits and risks involved. Before making any investment decision with respect to the Notes, prospective investors should consult their own counsel, accountants or other advisers, and carefully review and consider their investment decision in light of the foregoing.

To the best of the knowledge and belief of Rexel, having taken all reasonable care to ensure that such is the case, the information contained in this offering circular is in accordance with the facts and does not omit anything likely to affect the import of such information. Rexel accepts responsibility for the information contained in this offering circular accordingly.

Neither Rexel nor the Joint Lead Managers nor any of their respective affiliates or representatives is making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this offering circular as legal, business, tax or other advice. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Notes.

No representation or warranty, express or implied, is made by the Joint Lead Managers or any of their respective affiliates, advisors or selling agents, nor any of their respective representatives, as to the accuracy or completeness of the information set forth herein, and nothing contained in this offering circular is, or shall be relied upon as, a promise or representation by any of them, whether as to the past or the future.

Investors are urged to pay careful attention to the risk factors described under the section "Risk Factors" of this offering circular and in Annex B to this offering circular, as well as the other information contained herein, before making their investment decision. The occurrence of one or more of the risks described herein could have an adverse effect on Rexel's activities, financial condition, results of operations or prospects. Furthermore, other risks not yet identified or not considered significant by Rexel could have adverse effects on Rexel's activities, financial condition, results of operations or prospects, and investors may lose all or part of their investment in the Notes.

STABILISATION

In connection with the issue of the Notes, BNP Paribas, HSBC Bank plc and Société Générale (the "Stabilising Managers") (or any person acting on behalf of the Stabilising Managers) may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Managers (or persons acting on behalf of the Stabilising Managers) will undertake stabilisation activities. Any stabilisation activities may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but they must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation activities or over allotment must be conducted by the Stabilising Managers (or person(s) acting on behalf of the Stabilising Managers) in accordance with all applicable laws and rules.

IMPORTANT INFORMATION ABOUT JURISDICTIONAL AND SELLING RESTRICTIONS

General

This offering circular does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this offering circular and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this offering circular comes are required to inform themselves about and to observe any such restrictions.

No action has been taken in any jurisdiction that would permit a public offering of the Notes. No offer or sale of the Notes may be made in any jurisdiction except in compliance with the applicable laws thereof. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this offering circular.

For a description of certain restrictions relating to the offer and sale of the Notes, see "Subscription and Sale of the Notes." Rexel accepts no liability for any violation by any person, whether or not a prospective purchaser of the Notes, of any such restrictions.

United States

The Notes offered pursuant to this offering circular have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may be offered and sold only to non-U.S. persons outside the United States in "offshore transactions" as defined in, and in accordance with, Regulation S under the Securities Act ("Regulation S"). The term "U.S. persons" has the meaning given to it in Regulation S.

Accordingly, the offer is not being made in the United States or to U.S. persons and this document does not constitute an offer, or an invitation to apply for, or an offer or invitation to purchase or subscribe for, any Notes in the United States or to, or for the account or benefit of, U.S. persons.

Any person who subscribes or acquires Notes will be deemed to have represented, warranted and agreed, by accepting delivery of this offering circular or delivery of the Notes, that it is not a U.S. person and that it is subscribing or acquiring the Notes in compliance with Rule 903 of Regulation S in an "offshore transaction" as defined in Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by a broker/dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Any person in the United States or any U.S. person who obtains a copy of this offering circular is required to disregard it.

Notice to Prospective Investors in the United Kingdom

This offering circular is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may be lawfully communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the Notes will be engaged only with, relevant persons. Any person who is not a relevant person should not act or rely on this offering circular or any of its contents.

Notice to Prospective Investors in the European Economic Area

With respect to any member state of the European Economic Area which has implemented the Prospectus Directive (the "Relevant Member States"), no measure has or will be taken in view of permitting an offer to the public of the Notes entailing the need for the publication of a prospectus in any Relevant Member State. Accordingly, the Notes may be offered in Relevant Member States only:

(a) to legal entities that are qualified investors as defined in the Prospectus Directive; or

(b) in any other circumstances that do not require the publication by the Issuer of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

As used in this paragraph, the expression "offer of Notes to the public" in a given Relevant Member State means any communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the Notes to be offered, so as to enable an investor to decide to purchase or subscribe for these Notes, as this definition may have been amended in the Relevant Member State, and the expression "Prospectus Directive" means directive 2003/71/EC as amended by directive 2010/73/EU and includes any relevant implementing measure in each Relevant Member State.

These restrictions on sale concerning Relevant Member States are in addition to any other restrictions on sale applicable in the Relevant Member States having transposed the Prospectus Directive.

This offering circular has been prepared on the basis that all offers of the Notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive, as implemented in the Relevant Member States, from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the European Economic Area of the Notes that are the subject of the placement contemplated in this offering circular should only do so in circumstances in which no obligation arises for Rexel or the Joint Lead Managers to produce a prospectus pursuant to Article 3(2) of the Prospectus Directive for such offer. Neither Rexel nor the Joint Lead Managers have authorised, nor do they authorise, the making of any offer of the Notes through any financial intermediary, other than offers made by the Joint Lead Managers, which constitutes the final placement of the Notes contemplated in this offering circular.

Notice to Prospective Investors in France

This offering circular has not been prepared in the context of a public offering in France within the meaning of Article L. 411-1 of the French *Code monétaire et financier* and, therefore, no prospectus has been prepared in connection with the offering of the Notes that has been approved by the French *Autorité des marchés financiers* (the "AMF") or by the competent authority of another state that is a contracting party to the Agreement on the European Economic Area and notified to the AMF; no Notes have been offered or sold nor will be offered or sold, directly or indirectly, to the public in France; this offering circular and any other offering material relating to the Notes have not been distributed or caused to be distributed and will not be distributed or caused to be distributed or caused to be distributed, directly or indirectly, to the public in France; offers, sales and distributions of the Notes have been and shall only be made in France to persons licensed to provide the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) or qualified investors (*investisseurs qualifiés*) investing for their own account, all as defined in, and in accordance with, Articles L. 411-1, L. 411-2, D. 411-1 to D. 411-4, D. 744-1, D. 754-1, and D. 764-1 of the French *Code monétaire et financier* and other applicable regulations. The direct or indirect distribution to the public in France of any Notes so acquired may be made only as provided by Articles L. 411-1 to L. 411-4, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier* and applicable regulations thereunder.

Notice to Prospective Investors in Canada, Australia and Japan

The Notes may not be offered, sold or purchased in Canada, Australia or Japan.

CERTAIN DEFINITIONS

In this offering circular (except as otherwise defined in "Terms and Conditions of the Notes" for purposes of that section only or the financial statements of Rexel included elsewhere in this offering circular):

- "Issuer" and "Rexel" refers to Rexel;
- "Rexel Group", "Group", "us" or "we" refers to Rexel and its subsidiaries;
- "8.25% Notes" means the €650,000,000 aggregate principal amount of the Issuer's 8.25% Senior Notes due 2016;
- "Guarantors" refers to Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V. (formerly known as Hagemeyer Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp. (formerly known as International Electrical Supply Corp.), Rexel, Inc., General Supply & Services, Inc. and Rexel North America Inc. and each other subsidiary of the Issuer that guarantees the Notes pursuant to the Terms and Conditions of the Notes and the Trust Deed;
- "Joint Lead Managers" refers to BNP Paribas, HSBC Bank plc and Société Générale and the other joint lead managers named in the section "Subscription and Sale of the Notes" in this offering circular; and
- "Senior Facilities Agreement" means the €1.7 billion revolving credit facilities agreement, dated 17 December 2009, among Rexel, as borrower, and Bank of America National Association (Paris), BNP Paribas, Calyon, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, Natixis, The Royal Bank of Scotland plc and Société Générale, in their capacity as Original Lenders, as well as Calyon, in its capacity as Facilities Agent. The facilities under the Senior Facilities Agreement are referred to herein as the "Senior Credit Facilities".

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Rexel is the parent company of the Rexel Group and the head of the tax consolidation group implemented as of 1 January 2005. This offering circular includes the unaudited condensed consolidated interim financial statements at and for the three-month period ended 31 March 2011, which have not been reviewed by Rexel's independent auditors. This offering circular also includes the audited consolidated financial statements of Rexel at and for the years ended 31 December 2010 and 2009. The consolidated financial statements of Rexel have been prepared in accordance with IFRS as adopted by the European Union.

In this offering circular, references to "euro" and "€" refer to the lawful currency of the member states participating in the third stage of the Economic and Monetary Union under the Treaty Establishing the European Community, as amended from time to time.

Rexel publishes its consolidated financial statements in euros. Various calculations of figures and percentages included in this offering circular may not add up or match due to rounding.

CONSTANT BASIS PRESENTATION AND OTHER NON-GAAP MEASURES

Figures are presented for Rexel in Rexel's Activity Report for the three-month period ended 31 March 2011 included herein as Annex A, in Chapter 4 ("Results of Operations and Financial Position of the Rexel Group") of our *Document de référence* for the year ended 31 December 2010 included herein as Annex B, in Chapter 4 ("Results of Operations and Financial Position of the Rexel Group") of our *Document de référence* for the year ended 31 December 2009 included herein as Annex C and elsewhere in this offering circular on an actual historical basis and, in some instances, on a "constant basis". The percentage change from one period to another has been given on a constant basis in some instances in order to eliminate the impact of changes in Rexel's scope of consolidation (that is, the entities that the Group consolidates in its financial statements), fluctuation in exchange rates between the euro and other currencies and, in some cases, the different number of working days between two periods. For more information, see Rexel's Activity Report for the three-month period ended 31 March 2011 included herein as Annex A, Chapter 4 ("Results of Operations and Financial Position of the Rexel Group") of our *Document de référence* for the year ended 31 December 2010 included herein as Annex B and Chapter 4 ("Results of Operations and Financial Position of the Rexel Group") of our *Document de référence* for the year ended 31 December 2009 included herein as Annex C. Rexel uses figures prepared on a constant basis both for its internal analysis and for its external communications, as it believes they provide means by which to analyze and explain variations from one period to another on a more comparable basis. However, these figures provided on a constant basis are not measurements of performance under IFRS.

In addition, this offering circular includes certain supplemental indicators of the Group's performance and liquidity that the Group uses to monitor its operating performance and debt servicing ability. These indicators include EBITA, EBITDA, Adjusted EBITA and free cash flow before net interest and income taxes. These measures are unaudited and are not required by, or presented in accordance with, IFRS. Such indicators have limitations as analytical tools, and investors should not consider them in isolation from, or as a substitute for analysis of, related indicators derived in accordance with IFRS. The Group uses these non-GAAP financial measures in this offering circular because it believes that they can assist investors in comparing the Group's performance to that of other companies on a consistent basis without regard to depreciation and/or amortisation. Depreciation and amortisation can vary significantly among companies depending on accounting methods, particularly where acquisitions or non-operating factors, including historical cost bases, are involved. The Group believes that EBITA and the other non-GAAP financial measures, as it defines them, are also useful because they enable investors to compare the Group's performance excluding the effect of various items that it believes do not directly affect its operating performance.

However, investors should not consider EBITA and other non-GAAP financial measures as alternatives to measures of financial performance determined in accordance with generally accepted accounting principles, such as net income as a measure of operating results or cash flows as a measure of liquidity. The Group's computation of EBITA and other non-GAAP financial measures may not be comparable to similarly titled measures of other companies.

MARKET AND INDUSTRY DATA

Unless otherwise stated, the information provided in this offering circular relating to market share and the size of relevant markets and market segments for the professional distribution of low and ultra-low voltage electrical products is based on the estimates of Rexel and is provided solely for illustrative purposes. To the knowledge of Rexel, there are no authoritative external reports providing comprehensive coverage or analysis of the professional distribution of low and ultra-low voltage electrical products. Consequently, Rexel has made estimates based on a number of sources, including internal surveys, studies and statistics from independent third parties or professional federations of electrical products distributors, specialist publications (such as Electrical Business News and Electrical Wholesaling), figures published by the Rexel Group's competitors and data provided by its operating subsidiaries.

The above referenced studies, estimates, research and public information, which Rexel considers reliable, have not been verified by independent experts. Neither Rexel nor the Joint Lead Managers guarantee that a third party using different methods to analyse or compile market data would obtain or generate the same results. In addition, the Rexel Group's competitors may define their markets differently. To the extent the data relating to market share and market size included in this offering circular is based solely on Rexel's estimates, it does not constitute official data. Neither Rexel nor the Joint Lead Managers make any representation as to the accuracy of such information.

FORWARD-LOOKING STATEMENTS

This offering circular contains forward-looking statements that reflect the current expectations of Rexel with respect to future events and the financial performance of the Rexel Group. The words "believe", "expect", "intend", "aim", "seek", "plan", "project", "anticipate", "estimate", "will", "may", "could", "should" and similar expressions are intended to identify forward-looking statements. Forward-looking statements reflect the present expectations of Rexel with regard to future events and are subject to a number of important factors and uncertainties that could cause actual results to differ significantly from those described in the forward-looking statements.

Although Rexel believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions given its knowledge of its industry, business and operations as of the date of this offering circular, Rexel cannot give any assurance that they will prove to be correct, and it cautions you not to place undue reliance on such statements. These statements involve known and unknown risks, uncertainties and other factors, which may cause the Rexel Group's actual results, performance or achievements, or its industry's results, to be significantly different from any future results, performance or achievements expressed or implied in this offering circular. These forward-looking statements are based on numerous assumptions regarding the Rexel Group's present and future business strategies and the environment in which the Group expects to operate in the future. Some of these factors are discussed under "Risk Factors" beginning on page 12 of this offering circular and the risk factors included in Annex B of this offering circular, and include, among other things:

- the Group's outstanding indebtedness and leverage, and the restrictions imposed by its indebtedness;
- the Group's ability to generate free cash flow or to obtain sufficient resources to meet its debt service obligations and to finance its working capital and capital expenditure needs;
- changes in the general economic environment, particularly in the geographic markets where the Group operates;
- the Group's ability to identify acquisition targets, integrate acquired businesses successfully and achieve expected synergies;
- fluctuations in the price of raw materials, particularly copper;
- intense competition in the markets in which the Group operates and an ability to compete with other distributors in such markets;
- changes in industrial investment and in the non-residential and residential construction and renovation markets;
- the timing and cost of implementing and managing the Group's programs to modernise and harmonise its information systems;
- the Group's reliance on a limited number of suppliers;
- diverse political, economic, legal, tax and other conditions affecting the markets in which the Group operates;
- costs and liabilities Rexel may incur in connection with litigation;
- liabilities arising from pension plans and similar retirement benefits; and
- fluctuations in interest rates and foreign currency exchange rates.

The forward-looking statements of Rexel speak only as of the date of this offering circular. Rexel expressly disclaims any obligation or undertaking and does not intend to release publicly any updates or revisions to any forward-looking statements contained in this offering circular to reflect any change in its expectations or any change in events, conditions or circumstances, on which any forward-looking statement contained in this offering circular is based.

IMPORTANT INFORMATION ABOUT THIS OFFERING CIRCULAR

This offering circular includes the accompanying English translations of:

- Rexel's Activity Report for the three-month period ended 31 March 2011 (the "Q1 Activity Report") included herein as Annex A.
- Chapter 1 ("Overview of the Rexel Group"), Chapter 4 ("Results of Operations and Financial Position of the Rexel Group"), Chapter 7 ("Corporate Governance") and Chapter 8 ("Additional Information") of our *Document de référence* for the year ended 31 December 2010 filed with the AMF on 11 April 2011 under the number D.11-0272 (the "2010 Reference Document Extracts"), included herein as Annex B, excluding the section set forth below:

Section of the 2010 Reference Document	Relevant Information
8.7.1	Responsibility Statement

- Chapter 4 "Results of Operations and Financial Position of the Rexel Group" of our *Document de référence* for the year ended 31 December 2009 filed with the AMF on 21 April 2010 under the number R.10-024 (the "2009 Reference Document Extracts"), included herein as Annex C.

The Q1 Activity Report, the 2010 Reference Document Extracts and the 2009 Reference Document Extracts contain, among other things, a description of the Group and our activities. It is important that you read this offering circular, including its annexes, in its entirety before making an investment decision regarding the Notes.

The information contained in the Q1 Activity Report has not been updated since 12 May 2011 and speaks only as of such date. The information contained in the 2010 Reference Document Extracts has not been updated since 11 April 2011 and speaks only as of such date. The information contained in the 2009 Reference Document Extracts has not been updated since 21 April 2010 and speaks only as of such date. Any statement contained in Annexes A, B or C shall be deemed to be modified or superseded for purposes of this offering circular to the extent that a statement contained in this offering circular (including any statement in an excerpt from a more recent document that is included in any Annex to this offering circular) modifies or supersedes such statement. Any statement that is modified or superseded shall not be deemed, except as modified or superseded, to constitute a part of this offering circular. Annexes A, B and C are important parts of this offering circular. All references herein to this offering circular include Annexes A, B and C hereto, as modified or superseded.

SUMMARY

The Rexel Group

Our company

We are one of the world's leading companies in the market for the professional distribution of low and ultra-low voltage electrical products, based on both sales and number of branches. We estimate that we have an 8% share of the worldwide market and generated over 70% of our 2010 sales in the countries where we believe we hold a market share exceeding 10%.

We serve a large variety of customers, from small to large individual contractors to industrial and commercial companies who install our products in three distinct end-markets:

- the **industrial market** (32% of 2010 sales), which covers the use of electrical products in the construction, maintenance and renovation of factories and of other industrial sites;
- the **commercial building market** (43% of 2010 sales), which covers the use of electrical products in the construction, maintenance and renovation of stores, schools, office buildings, hotels, community buildings and transportation infrastructure; and
- the **residential building market** (25% of 2010 sales), which essentially covers the use of electrical products in the construction, renovation and standardisation of houses, housing developments, apartment buildings and public housing.

Our products are used in new installations and construction, as well as in the maintenance or renovation of existing installations and buildings.

We distribute our electrical products through a branch network, which is comprised of 2,113 branches in 34 countries employing 27,391 employees as at 31 December 2010. We classify our product portfolio into seven product families (as a percentage of our 2010 sales): electrical installation equipment (43%), cables and conduits (25%), lighting (18%), security and communication (6%), climate control (5%), tools (2%) and white and brown products (2%). We add value to our product offering by providing a number of related services including logistics, technical assistance and training services, especially at the international level. We consider these services to be an integral part of our product offering because they enhance our ability to increase the margins of the products we distribute, improve our customer retention rate and development efforts and help our customers to increase their technical expertise.

Our sales for the three-month period ended 31 March 2011 amounted to €3,004.9 million, of which €1,787.5 million were generated in Europe (60% of sales), €845.9 million in North America (28% of sales), €284.1 million in the Asia-Pacific zone (9% of sales), and €87.5 million related to other operations (3% of sales). In the first three months of 2011, the Rexel Group recorded EBITDA of €178 million, EBITA of €159.7 million and Adjusted EBITA of €146.6 million, representing 4.9% of sales for the period.

Our sales for the year ended 31 December 2010 amounted to €11,960.1 million, of which €6,966.8 million were generated in Europe (58% of sales), €3,530.8 million in North America (30% of sales), €1,116.3 million in the Asia-Pacific zone (9% of sales), and €346.2 million related to other operations (3% of sales). In 2010, the Rexel Group recorded EBITDA of €691.9 million, EBITA of €615.9 million and Adjusted EBITA of €592.5 million, representing 5% of 2010 sales.

The low and ultra-low voltage electrical distribution market

The low and ultra-low voltage electrical distribution market includes electrical products that run at a voltage of between 50 and 1,000 volts for alternating current and between 75 and 1,500 volts for direct current. This industry is characterised by a wide range of products and by a relatively high rate of product turnover as suppliers seek to improve functionality to respond to customer demand. Distributors of low and ultra-low voltage electrical products serve as intermediaries between manufacturers and the professionals who install the products in different environments.

We believe that the market for professional distribution of low and ultra-low voltage electrical products amounted to approximately €150 billion worldwide in 2010. Based on our estimates, North America constitutes the largest part of this market, representing approximately 30% of the market (€45 billion in 2010). In 2010, Europe represented approximately 26% of the market (€39 billion) and the Asia-Pacific region (excluding Japan) represented approximately 20% of the market (€30 billion). We estimate that the Japanese market amounted to approximately €11 billion in 2010, while the other geographic zones (Latin America, Africa and the Middle-East) amounted to a total of approximately €25 billion.

Our Competitive Strengths

We consider our principal competitive strengths to be the following:

Leading global market positions and strong local leadership: We believe we are one of the world's leaders in the market of the professional distribution of low and ultra-low voltage electrical products. We estimate that we have an 8% share of the worldwide market, and we generated over 70% of our 2010 sales in the countries where we believe we have a market share above 10%. Based on 2010 sales, we also believe that we are among the top two players in our three main geographic areas in terms of market share: North America, Europe and Asia-Pacific. Within Europe, our core market, we are among the top two players in 19 countries that account for approximately 93% of the total European market. Our significant market share allows us to further improve our profitability and to be one of the main actors in the consolidation of our sector.

Diversified in terms of geography and end-market: Our presence in a range of different countries on several continents limits our exposure to local-level economic cycles. As at 31 March 2011, we operated in 34 countries with Europe, North America and Asia-Pacific accounting for approximately 60%, 28% and 9% of our sales, respectively (compared to 58%, 30% and 9% as at 31 December 2010, respectively). In addition, the balanced breakdown of our operations between our three end-market segments (industrial, commercial and residential) allows us to limit the impact of a potential downturn in any given end-market in a particular country or region. These three sectors represented 32%, 43% and 25%, respectively, of 2010 sales.

High value added products and services: We distribute a wide range of products and services that provide installation solutions designed to function in an integrated manner and to satisfy all of our customers' electrical product needs. To this end, we regularly develop and adapt our product offering. We typically offer up to approximately 15% of new products each year depending on the country. In addition to our selection of products, we aim to differentiate ourselves from our competitors by providing high value added services, such as support, advice, product availability, project management and installation design. In particular, we assist our customers in the choice and mastery of installation techniques for the products we distribute, and we provide them with adapted delivery services. We have acquired a technical mastery of our product families that tracks electrical contractors' needs and interfaces the information we obtain from our customers to our suppliers, hence improving our product offering.

Experienced and skilled personnel and a strong sales force: Due to the knowledge-based nature of our business and our role as a prescriber of technical solutions, we employ experienced personnel with deep knowledge of product specifications, local needs and applicable regulations. This know-how and the training offered to our customers allow us to direct our personnel to promote higher value added systems for the end-customer. To preserve this competitive advantage, our employees benefit from a constant and active training policy in technical and commercial fields, which is performance oriented. In part as a result of these efforts, our gross profit per employee has increased by approximately 26% between 2004 and 2010, from €81,200 to €102,400.

Strong relationships with suppliers: We have organised our supply relationships strategically around a limited number of global suppliers and of regional and national suppliers, thus allowing our Group to negotiate better commercial terms, increase our productivity and achieve economies of scale for our logistics operations. We believe that we have favourable interdependent relationships with our significant suppliers, thereby limiting the risks inherent in dealing with a limited number of suppliers. In 2010, on a reported basis, we made approximately 51% of our purchases from our top 25 suppliers and approximately 76% from our top 200 suppliers.

High cash flow generation and a flexible costs structure: Our operating profitability, together with our strict management of working capital requirements and the low capital intensity of our activities, allow us to generate significant cash flows. We generated an operating cash flow of €163.1 million for the three months ended 31 March 2011 and of €580.2 million for the year ended 31 December 2010.

Working capital requirements have gradually decreased as a percentage of sales between 2004 and 2010. The launch of our logistic model based on a hub and spoke system of satellite branches and regional distribution centres, 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. Management's variable compensation depends in part on the optimisation of working capital needs. Based on 2010 financial information, our operating cost structure before depreciation comprised variable costs based on level of activity amounting to 25% (e.g. transportation and commissions), short-term flexible costs amounting to 29% (e.g. wages in certain countries, advertising and operating fees) and fixed or medium-term flexible costs amounting to 46% (e.g. wages rents and IT system costs).

OUR STRATEGY

Our strategy is based upon a number of operational levers and an external growth strategy that enable us to pursue organic growth while simultaneously aiming to increase our profitability. We focus our strategy mainly on increasing sales, improving operating profitability, reducing costs and pursuing external growth.

Increase sales

Optimise our branch network: We constantly adapt our branch network in order to follow as closely as possible the evolution of our customers, both in terms of trading areas and of purchase behaviour, and of the business cycle at the local level. By having a "dynamic" branch network, we strive to keep costs under control and pursue growing markets, which can lead to branch openings, transfers, consolidations or closings. In 2010, we streamlined our logistics network by closing 26 branches, including ten in Sweden, ten in the United Kingdom, two in Italy and one in each of Spain, Belgium, France and the Czech Republic.

Develop "key accounts": The combination of our international and local positions and the integration of our logistics and IT platforms allow our Group to provide product and service offerings tailored to the needs of "key account" customers (national and international multi-site customers that each represent at least €0.5 million in annual potential sales), who we believe offer us significant growth potential and recurring business. "Key accounts" generated approximately €2 billion in sales (approximately 18% of our 2010 sales). Our aim is to continue to service these key accounts, as we believe this group represents a substantial portion of our global business.

Develop e-commerce: E-commerce continues to be a source of growth for us and represents an opportunity to decrease our distribution costs. 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 via an extranet (which includes consultation of available inventory, on-line purchasing, order status and billing); and
- On-line purchasing through Rexel Group branches, which is reserved for professional customers.

E-commerce represented approximately 10% of our sales in 2010.

Implement a multi network commercial structure: In those countries in which we have a significant market share, we believe that the coexistence of different commercial networks allows for gains in market share that are greater than those that can be achieved using a single network. As a result, we intend to pursue this strategy both through acquisitions and through the reorganisation of our existing network.

Capture market opportunities through a strong focus on well identified growth drivers: We intend to increase growth by focusing on three targeted growth drivers, namely energy efficiency, renewable energy solutions and high value-added services to large-scale projects. Sales in these markets were approximately €500 million in 2010 and should reach €650 million by 2012. In addition, we intend to continue leading the consolidation of the global electrical supply market through acquisitions designed either to increase our market share in the mature European and North American markets or expand our presence in emerging markets, particularly China, Southeast Asia and India.

Improve gross margin

Optimise relationships with suppliers: With purchase volumes of €9.0 billion in 2010, we have structured our relationships with our suppliers around a limited number of strategic partners of global scale, along with several national suppliers and local suppliers that allow us to shape our product offering to fit local needs and to continue our profitable development. We intend to continue to further optimise our supplier portfolio with the objective of improving our gross margin. By materially increasing our purchase volumes, the acquisition of Hagemeyer increased our attractiveness as a partner for electrical materials manufacturers.

Develop the Rexel Group's own brands: We have identified certain segments appropriate for the development of our own brands, with specific characteristics such as lower importance given to well-known supplier brand names by customers and high fragmentation of manufacturers. We intend to continue the targeted development of our own brands as they generate higher gross margins for us compared to our sales of their brand-name counterparts.

Optimise sales prices: Given the wide selection of products that we distribute to tens of thousands of customers worldwide, we continuously seek to optimise our sales prices to our customers' purchase profiles so that we may maximise our gross margin in a sustainable manner, while remaining competitive. We do so through the analysis of a number of areas, including customer and product segmentation, analysis of competition and of purchasing habits and valuation of the services that are not billed separately by our Group.

Reduce operating costs and optimise working capital

Improve our logistics systems: We intend to continue to adapt our logistics and distribution systems based on the density of our branch network and the expectations of our customers. The optimisation of logistical structures improves the quality of services offered to customers and allows us to reduce our inventories and our costs.

Rationalise information technology systems: Our historic development by external growth has led to the coexistence of multiple information systems. Our objective is to limit information systems to one per country, with the capacity to adapt them to customers' needs. In 2010, our information technology systems costs remained relatively stable compared to 2009 and accounted for approximately 0.7% of sales.

Increase productivity and continue our evolution towards higher value-added services: In order to continually improve the quality of our services, we have progressively increased the percentage of customer-facing employees, which at the end of 2010 represented approximately 61% of total employees, compared to 58% at the end of 2003. We constantly seek ways to improve our gross profit per employee contribution, which has been constantly growing since 2004. In addition, we seek to improve our support functions, particularly in the administrative services areas, in order to optimise operating costs. By developing our multi-channel offer and achieving greater back office rationalisation, we will free up resources to provide our clients with customised solutions.

Reduce working capital requirements: As a distributor, working capital requirements represent a significant portion of capital employed by our Group. Our objective is to continue to reduce our working capital requirements as a percentage of sales by improving inventory turnover, reducing the differences in payment days between suppliers and customers, while also adapting the payment days to suppliers, and improving turnover of accounts receivable. Part of management compensation is determined by the efficiency of our working capital management, and we expect the rationalisation of our IT systems to further improve its management. As a percentage of sales over the past 12 months, working capital requirements improved from 11.0% at 31 December 2009 to 10.6% at 31 December 2010 on a constant basis and excluding the effect of the derecognition of receivables under an off-balance sheet securitisation programme in the United States.

Pursue value enhancing external growth

We have a strong track record of implementing and integrating acquisitions in our organisation, and we intend to pursue bolt-on acquisitions of regional distributors in order to increase our market share in regions where we are already present and to establish a presence in new markets. Thus, between 2006 and 2010, the Rexel Group completed 28 acquisitions, including 13 acquisitions in

Europe, six in North America and nine in Asia-Pacific, as well as the acquisitions of GE Supply (renamed Gexpro) and of Hagemeyer. We will continue to give priority to the development of our presence in emerging markets (China, Southeast Asia, India, Latin America and Eastern Europe), both through acquisitions (such as our acquisition of Nortel Suprimentos Industriais S.A. in Brazil), and through expanding the professional distribution of electrical materials in such countries. In addition, we intend to increase our presence in high value added market niches. If appropriate opportunities arise, we may also undertake significant acquisitions that fit our rigorous criteria.

Develop our potential markets

Accompany the development of emerging markets: We are highly focused on opportunities in emerging markets and aim to grow our presence in Asia-Pacific and Latin America. In line with this strategy, in January 2011 we acquired Nortel Suprimentos, one of Brazil's top three distributors of electrical equipment, and made smaller acquisitions in China and India. Our medium-term objective is to double our sales in Latin America, China, Southeast Asia, India and Eastern Europe.

Enhancing profitability in selected markets: We have historically observed a correlation between local market share and local operating profitability, in part, due to the optimised use of logistics infrastructures. By better capitalizing on our dual network in the United States and improving the performance of selected European assets acquired from Hagemeyer, we intend to leverage our leadership position to enhance profitability.

Expand scope of activity: In the context of a growing demand from end-users in the fields of security, comfort and energy saving, we aim to increase the proportion of equipment installed by electricians. We have successfully developed our product offerings in relation to security and communication with, among other things, the establishment of a dedicated system, Conectis, for the customer focused training of our teams. Geothermal and photovoltaic equipment is also subject to growing demand and are areas in which we intend to further expand in the future.

RECENT DEVELOPMENTS

Rudy Provoost to join Rexel's Management Board and to become its Chairman when Jean-Charles Pauze steps down in 2012

Rexel's Supervisory Board has approved the appointment of Rudy Provoost as a member of the Management Board, effective 1 October 2011, and the renewal of the mandate of its current members, subject to the modification of the bylaws regarding the maximum number of members of the Management Board which was submitted to the shareholders meeting of 19 May 2011.

In February 2012, Rudy Provoost is expected to become Chairman of the Management Board when Jean-Charles Pauze steps down from his current position following the publication of Rexel's results for the year ended 31 December 2011.

Jean-Charles Pauze, who has been leading Rexel since 2002, has committed to continue providing assistance to the Group at its request through the end of 2012 to ensure a smooth transition.

Rudy Provoost, a 51-year-old Belgian national, joins Rexel from Philips, where he enjoyed a successful career in senior executive positions. He is currently Chief Executive Officer of Philips Lighting. His global experience in the electrical industry will be a strong asset for Rexel, particularly as Rexel increasingly focuses on growth in energy efficiency solutions and value-added services.

Rudy Provoost has been with Philips since October 2000, when he joined as Executive Vice-President of Consumer Electronics in Europe. In 2004, he became Chief Executive Officer of the Consumer Electronics division, and he was appointed member of the Board of Management of Philips in 2006. He went on to become Chief Executive Officer of the Lighting division in 2008, as well as Chairman of Philips's Sustainability Board. Prior to his Philips career, Rudy Provoost held a variety of senior executive positions at Procter & Gamble (1984-1987), Canon (1987-1992) and Whirlpool (1992-2000). Rudy Provoost was born in 1959 in Belgium and holds degrees in Psychology and Business Administration from the University of Ghent in Belgium.

Acquisitions since 1 January 2011

Yantra Automation (India)

On 12 January 2011, we acquired a majority stake in Yantra Automation Private Ltd., a distributor specialised in industrial automation and control devices based in Pune, in the state of Maharashtra, India. We acquired 74% of the company's share capital for INR 388.8 million (€6.8 million). We may acquire its remaining shares in 2014, if the reciprocal put and call options are exercised, at a price to be determined on the basis of the company's performance in 2012 and 2013.

Nortel Suprimentos Industriais S.A. (Brazil)

On 19 January 2011, we acquired a majority stake in Nortel Suprimentos Industriais S.A. and its subsidiary MRO Importações Ltda., based in Campinas, in the state of São Paulo, Brazil, which is one of the top three distributors of electrical equipment in Brazil. This acquisition will be carried out in two steps: the initial purchase of 75% of the company's share capital carried out in January 2011 followed by the acquisition of the remaining share capital to be carried out in 2013 at a price to be determined on the basis of the company's performance in 2011 and 2012.

Wuhan Rockcenter Automation (China)

On 28 January 2011, we acquired the assets and the business of Wuhan Rockcenter Automation, a distributor mainly serving large industrial enterprises of the metal and energy business sectors, in the province of Hubei, China. The purchase price was RMB 26.5 million (€3.0 million), subject to adjustment in 2013 based on the company's performance in 2011 and 2012.

TEGRO (Germany)

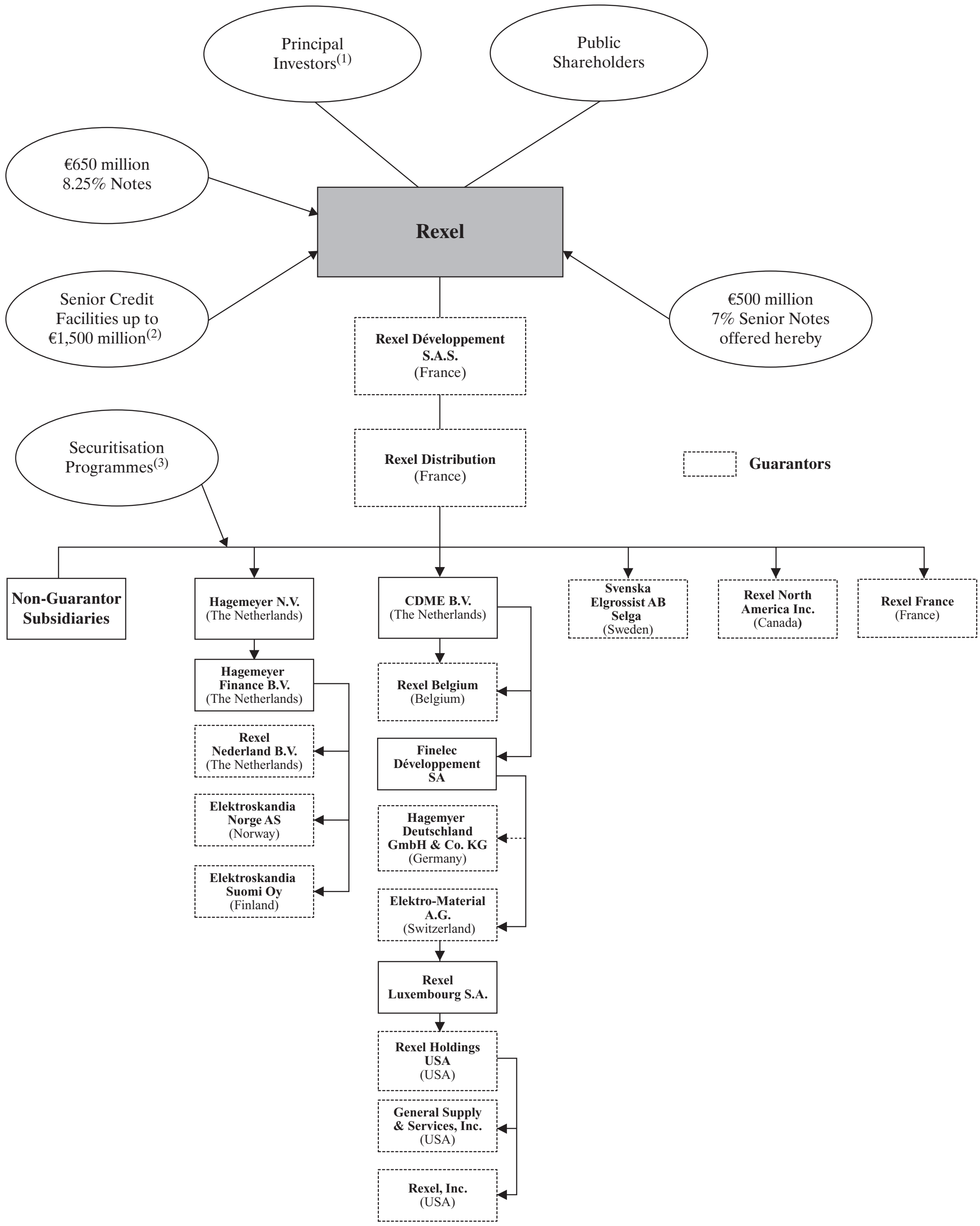
On 3 May 2011, Hagemeyer Deutschland GmbH & Co.KG, an indirect subsidiary of Rexel, entered into a Share Purchase Agreement to acquire all of the shares of a family-owned company, Tech. Elektro Großhandels GmbH ("TEGRO"), for €2.5 million. TEGRO is based in Germany (Freudenberg) and posted sales of approximately €10 million in 2010. The company operates through one branch and employs 26 people.

Beijing Zhongheng (China)

On 12 May 2011, we announced the creation of a joint venture with Beijing Zhongheng, a Chinese privately-owned company based in Beijing, whereby Rexel Distribution entered into an Equity Joint-Venture Contract with Beijing Zhongheng. Pursuant to this agreement, Rexel Distribution holds a 65% controlling interest in the joint venture and Beijing Zhongheng holds the remaining 35%. The joint venture which was authorized by the Chinese authorities will subsequently acquire Beijing Zhongheng's business and assets. Beijing Zhongheng recorded sales of approximately €34 million in 2010. Pursuant to the Equity Joint-Venture Contract, Rexel Distribution benefits from a call option to acquire in 2014 the 35% Beijing Zhonheng interest in the joint venture at a price to be determined on the basis of the future joint venture performance. Rexel Distribution's current investment of 65% in the joint venture stands at CNY13.0 million (around €1.3 million).

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram summarises the structure of our indebtedness as at the issue date of the Notes after giving effect to the offering of the Notes and the application of the net proceeds therefrom, as discussed in "Use of Proceeds".



(1) We are indirectly controlled by investment funds managed by Clayton, Dubilier & Rice, LLC, a company owned by Eurazeo, and investment funds managed by BAML Capital Partners, that, at 31 December 2010, respectively owned 32.98%, 32.4% and 25.03% of the shares of Ray Investment S.à. r.l, a *société à responsabilité limitée* established under Luxembourg law. At 31 December 2010, Ray Investment S.à. r.l owned 71.32% of our shares. For more information, see Chapter 8 ("Additional Information") in the 2010 Reference Document Extracts included herein as Annex B.

(2) Following the issuance of the Notes offered hereby and the application of the proceeds therefrom, we will have €215.4 million of borrowings outstanding under the Senior Credit Facilities. For more information, see "Use of Proceeds". For a description of the Senior Credit Facilities, see "Description of Certain Indebtedness — Senior Credit Facilities".

(3) Certain subsidiaries of Rexel participate in securitisation programmes. At 31 December 2010, the amount outstanding under the programmes was €1,067.6 million. For more information on these programmes, see "Description of Certain Indebtedness — Securitisation Programmes".

THE OFFERING

The summary below describes the principal terms of the offering of the Notes. Some of the terms and conditions described below are subject to important limitations and exceptions. You should carefully read the "Terms and Conditions of the Notes" section of this offering circular for a more detailed description of the terms and conditions of the Notes.

Issuer	Rexel, a company with limited liability (*société anonyme*) incorporated under the laws of the Republic of France (the "Issuer").
Guarantors	Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V. (formerly known as Hagemeyer Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp. (formerly known as International Electrical Supply Corp.), Rexel, Inc., General Supply & Services, Inc. and Rexel North America Inc. (the "Guarantors") and each other subsidiary of the Issuer that thereafter guarantees the Notes pursuant to the terms and conditions of the Notes and the Trust Deed. Certain of these Guarantors may enter into the Trust Deed and guarantee the Notes shortly after the issuance of the Notes, as necessary in order to complete the requirements of their respective jurisdiction of organisation for the delivery of their guarantee.
Notes Offered	€500,000,000 aggregate principal amount of 7% Senior Notes due 2018 (the "Notes").
Maturity Date	17 December 2018
Issue Price	99.993% (plus accrued interest from the issue date)
Interest Payment Dates	Semi-annually in arrear on 17 June and 17 December of each year, commencing on 17 December 2011.
Interest Commencement Date	Interest will accrue from the issue date of the Notes, and will be computed on the basis of a 360 day year comprised of twelve 30 day months.
Denomination	€100,000 and integral multiples of €1,000 in excess thereof.
Ranking and Guarantee	***The Notes***

The Notes will be senior unsecured obligations of the Issuer and will:

- Rank *pari passu* in right of payment with all existing and future unsecured Senior Indebtedness of the Issuer, including Indebtedness under the Senior Credit Facilities Agreement; and
- Rank senior in right of payment to any future Subordinated Obligations of the Issuer.

The Guarantees

The Notes are guaranteed on a senior unsecured basis by the Guarantors. Each Guarantee is subject to certain limitations under the laws of the relevant Guarantor's jurisdiction of organisation. See "Risk Factors — Risks Relating to the Notes and the Guarantees — The guarantees may be significantly limited by applicable laws or subject to certain limitations or defences".

Optional Redemption	The Issuer may redeem some or all of the Notes at any time: • prior to 17 June 2015, at a redemption price equal to 100% of the principal amount of such Notes plus the applicable "make whole" premium (as described under "Terms and Conditions of the Notes — Optional Redemption") plus accrued and unpaid interest, if any, to the date of redemption; and • on or after 17 June 2015, at the redemption prices set forth under "Terms and Conditions of the Notes — Optional Redemption" plus accrued and unpaid interest, if any, to the date of redemption. In addition, at any time on or prior to 17 June 2014, the Issuer may, at its option and on one or more occasions, redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 107% of their principal amount plus accrued and unpaid interest, if any, to the redemption date, with the proceeds of certain equity offerings. See "Terms and Conditions of the Notes — Optional Redemption".
Redemption for Taxation Reasons	The Issuer may, but is not required to, redeem the Notes at any time in whole, but not in part, at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of redemption in the event that certain changes in tax laws or their interpretation result in the Issuer or a Guarantor becoming obligated to pay "additional amounts" on payments to be made with respect to the Notes. See "Terms and Conditions of the Notes — Taxation".
Additional Amounts	Except as provided in "Terms and Conditions of the Notes — Taxation" all payments to made with respect to the Notes will be made without withholding or deduction for, or on account of, present and future taxes in any relevant taxing jurisdiction unless required by applicable law. If withholding or deduction for such taxes is required to be made with respect to a payment on the Notes or a Guarantee, subject to certain exceptions, the Issuer or the Guarantors, as the case may be, will pay the additional amounts necessary so that the net amount received by holders of the Notes after the withholding or deduction is not less than the amount that they would have received in the absence of the withholding or deduction.
Change of Control	Upon the occurrence of certain specified changes of control, the holders of the Notes will have the right to require the Issuer to repurchase all or part of the Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date. See "Terms and Conditions of the Notes — Change of Control".
Covenants	The trust deed (the "Trust Deed") governing the Notes will, among other things, limit the ability of the Issuer and of certain "restricted" subsidiaries to: • incur or guarantee additional indebtedness and issue certain preferred stock; • make restricted payments, including dividends, distributions and investments; • transfer or sell assets or subsidiary stock; • create certain liens or permit certain liens to exist; • merge or consolidate with other entities; and

- guarantee the Issuer's or any Guarantor's obligations under the Senior Facilities Agreement or the 8.25% Notes, unless it provides a Guarantee of the Notes.

Each of the covenants is subject to a number of important exceptions and qualifications. See "Terms and Conditions of the Notes — Covenants".

All of the above covenants (except the limitation on the ability to create certain liens) will be suspended during achievement of investment grade status for the Notes, in the event that the Notes have been assigned at least two of the following ratings: (x) BBB− or higher by S&P, (y) Baa3 or higher by Moody's and (z) BBB− or higher by Fitch.

Form of Notes	The Notes will be represented on issue by one or more Regulation S global Notes which will be delivered through Euroclear Bank S.A./N.V., and Clearstream Banking, *société anonyme*. Interests in a global Note will be exchangeable for the relevant definitive Notes only in certain limited circumstances. See "Book Entry, Delivery and Form."
Transfer Restrictions	The Notes and the Guarantees have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction. The Notes offered hereby are being offered and sold to non-U.S. Persons outside the United States in reliance on Regulation S under the Securities Act. See "Subscription and Sale of the Notes."
No Prior Market	The Notes will be new securities. Although the Joint Lead Managers have informed the Issuer that they intend to make a market in the Notes, they are not obligated to do so and may discontinue market making at any time without notice. Accordingly, the Issuer cannot assure you that a liquid market for the Notes will develop or be maintained. See "Risk Factors — There currently exists no market for the Notes, and Rexel cannot assure you that an active trading market will develop for the Notes."
Use of Proceeds	In connection with the offering of the Notes, the Issuer will receive net proceeds of approximately €493.0 million after deduction of costs and underwriting commissions. These net proceeds will be used to repay amounts outstanding under the Senior Credit Facilities. See "Use of Proceeds".
Listing	Application has been made to admit the Notes to the Official List of the Luxembourg Stock Exchange and admit the Notes for trading on the Euro MTF market. Currently there is no public market for the Notes.
Trustee	BNP Paribas Trust Corporation UK Limited
Principal Paying Agent	CACEIS Bank Luxembourg
Governing Law of the Notes, the Trust Deed and the Guarantees	England and Wales

Risk Factors

You should refer to "Risk Factors" beginning on page 13 of this offering circular and the risk factors included in Annex B hereto for an explanation of certain risks involved in investing in the Notes.

SELECTED HISTORICAL FINANCIAL DATA

The selected financial data set forth below has been prepared on the basis of the condensed consolidated interim financial statements of Rexel for the three-month periods ended 31 March 2011, the consolidated financial statements of Rexel for the years ended 31 December 2010 and 2009 included in the F-pages of this offering circular and the discussion of the results of operations and financial position of the Rexel Group for the three-month period ended 31 March 2011 and for the years ended 31 December 2010 and 2009 appearing in Annexes A, B and C, respectively, to this offering circular.

Selected Rexel consolidated income statement data

	Reported 31 March		Year ended 31 December		
(in millions of euros)	2011	2010	2010	2009	2008[3]
Sales	3,004.9	2,697.6	11,960.1	11,307.3	12,864.5
Gross profit	761.3	678.2	2,945.6	2,769.5	3,059.4
EBITDA[1]	178.1	128.3	691.9	553.0	732.5
EBITA[2]	159.7	109.3	615.9	469.4	647.1
Adjusted EBITA[2]	146.6	101.5	592.5	449.9	708.0
Operating income	151.1	89.1	485.4	315.8	553.4
Net income	86.5	29.3	229.2	81.0	231.5

(1) EBITDA is defined as operating income before depreciation and amortisation and other income and other expenses. EBITDA 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 EBITDA differently than Rexel.

(2) EBITA is defined as operating income before other income, other expenses and amortisation of intangible assets recognised as part of the purchase price allocation of acquired entities, and Adjusted EBITA is defined as EBITA excluding the estimated non-recurring impact from changes in copper based cable prices. 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.

(3) 2008 figures restated retrospectively to take into account modifications relative to the interpretation of IFRIC 13.

Selected Rexel consolidated cash flow statement data

	Reported 31 March		Year ended 31 December		
(in millions of euros)	2011	2010	2010	2009	2008
Operating cash flow[1]	163.1	75.8	580.2	446.8	664.1
Changes in working capital requirements	(201.2)	(38.7)	42.0	471.6	133.7
Cash generated from operating activities before net interest and income taxes	(38.1)	37.1	622.2	918.4	797.8
Net capital expenditure	(7.1)	(10.5)	(52.4)	(38.5)	(8.7)
Free cash flow before net interest and income taxes	(45.2)	26.6	569.8	879.9	789.1

(1) Before interest, taxes and changes in working capital requirements.

Selected Rexel consolidated balance sheet data

(in millions of euros)	Reported 31 March 2011	Reported 31 March 2010	At 31 December 2010	At 31 December 2009	At 31 December 2008
Non-current assets	5,354.0	5,369.6	5,390.7	5,238.0	5,203.9
Working capital requirements	1,378.4	1,288.7	1,192.2	1,206.1	1,602.8
Shareholders' equity	3,871.7	3,531.5	3,834.4	3,412.0	3,248.4
Net indebtedness	2,378.4	2,539.4	2,273.3	2,401.2	2,932.0
Other non-current liabilities	482.3	587.4	475.2	630.9	626.3

Financial ratios (computed based on last twelve month EBITDA)

	Reported 31 March 2011	Year ended 31 December 2010
Ratio of net debt to EBITDA	3.21x	3.29x
Ratio of net debt to Adjusted EBITDA(1)	3.34x	3.40x
Ratio of EBITDA to net interest(2)	4.08x	3.65x
Ratio of Adjusted EBITDA to net interest(2)	3.92x	3.52x

(1) Adjusted EBITDA is defined as EBITDA excluding the estimated non-recurring impact from changes in copper based cable prices. Adjusted EBITDA is not an accepted accounting measure with standard and generally accepted definitions. It 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 Adjusted EBITDA differently than Rexel.

(2) Interest expense on borrowings.

Guarantors' contribution to the Group financial statements

On an aggregated basis, the contribution of the initial Guarantors to the Group's financial statements represents 82% of consolidated EBITDA and 68% of consolidated sales for the last twelve month period ended 31 March 2011 and 72% of consolidated total assets as of 31 March 2011.

RISK FACTORS

Potential investors should carefully read and consider the risk factors described below and the other information contained in this offering circular before they make a decision about acquiring the Notes. The realisation of one or more of these risks could individually or together with other circumstances adversely affect the business activities and have material adverse effects on the financial condition and results of operations of Rexel or the Group. The market price of the Notes could decline as the result of any of these risks, and investors could lose all or part of their investments. The risks described below may not be the only risks to which Rexel or the Group is exposed. Additional risks that are presently not known to Rexel or the Group or that are currently considered immaterial could also adversely affect the business operations of the Group and have material adverse effects on the financial condition and results of operations of Rexel or the Group. The sequence in which the risks factors are presented below is not indicative of their likelihood of occurrence, the scope of their financial consequences or the importance of the risk factors mentioned below.

Risks relating to the Rexel Group's business

The Group's business may be affected by changes in the general economic environment.

The 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 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 Group, the prices of such products and the Group's margins depend on many factors, such as inflation, interest rates, bank credit availability and 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 60%, 20%, 9% and 3% of the Group's sales for the three-month period ended 31 March 2011, respectively and 58%, 30%, 9%, and 3% of the Group's 2010 sales, respectively.
- The Rexel Group estimates that the industrial, commercial and residential markets respectively represented 32%, 43% and 25% of its total 2010 sales from electrical equipment distribution.

However, this distribution varies depending on geographical areas. In particular, in North America, the residential market accounted for approximately 6% of 2010 sales in this region. 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 Group's markets, or across all of its markets, would have an adverse effect on its financial condition or results of operations.

The Rexel Group has substantial existing debt and may incur additional debt, which could adversely affect the Rexel Group's flexibility, including its ability to obtain financing in the future and to react to changes in its business.

At 31 March 2011, the Rexel Group's consolidated net debt amounted to €2,378.4 million (€2,593.1 million in consolidated total debt), compared to consolidated net debt of €2,539.4 million (and €2,829.0 million in consolidated total debt) at 31 March 2010.

The Group's debt could have important consequences to holders of the Notes, including the following:

- the Group's ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes may be impaired, and the cost of such additional financing may increase;
- Rexel's ability to satisfy its obligations with respect to the Notes may be impaired in the future;

- a substantial portion of the Group's cash flow from operations must be dedicated to the payment of principal and interest on the Group's indebtedness, thereby reducing the funds available for operations, capital expenditures, future business opportunities and other purposes;
- the Group may be at a competitive disadvantage compared to its competitors that are not highly leveraged;
- the Group will be exposed to the risk of increased interest rates because a portion of its borrowings will be at variable rates of interest; and
- the Group's flexibility to adjust to changing market conditions and ability to withstand competitive pressures could be limited, and it may be more vulnerable to the effect of a downturn in economic or market conditions on its business.

In addition, subject to specified limitations, the Notes will permit Rexel and its subsidiaries to incur or guarantee substantial additional indebtedness. If new debt is added to our existing debt levels, the risks that we now face could intensify. Moreover, some of the debt that we incur in the future could be, among other things, structurally senior to the Notes or mature prior to the Notes.

The ability to pay interest on its debt under the Senior Facilities Agreement, the 8.25% Notes and the Notes and to satisfy its other debt obligations will depend upon the Group's future operating performance. Prevailing economic conditions and financial, business and other factors, many of which are beyond Rexel's control, will affect its ability to make these payments. If, in the future, the Group cannot generate sufficient cash flow from operations to make scheduled payments on the Senior Facilities Agreement, the 8.25% Notes, the Notes or to meet its other obligations, the Rexel Group will need to refinance its debt, obtain additional financing, delay planned acquisitions and capital expenditures or sell assets. Rexel cannot assure you that its business will continue to generate positive cash flow or that it will be able to obtain funding sufficient to satisfy its debt service requirements.

The agreements and instruments governing the Group's debt contain restrictions and limitations that could limit its operating flexibility.

The Senior Facilities Agreement, the 8.25% Notes and the Notes contain covenants that, among other things, restrict the ability of Rexel and its subsidiaries to, among other things:

- incur guarantee obligations;
- create liens on assets;
- dispose of assets;
- incur additional indebtedness;
- make certain loans;
- make acquisitions;
- engage in mergers or consolidations;
- create joint ventures; and
- change the business conducted by the Group.

In addition, under the Senior Facilities Agreement, Rexel is required to comply with financial covenants, including leverage and interest coverage ratio requirements, as well as in certain instances limitations on the amount of capital expenditures.

Rexel's ability to comply with the covenants and restrictions contained in the Senior Facilities Agreement, the 8.25% Notes, and the Notes and agreements governing other existing indebtedness will depend on the Group's ongoing financial and operating performance, which in turn will be subject to economic conditions and to financial, market and competitive factors, many of which are beyond Rexel's control. The breach of any of these covenants or restrictions could result in a default under the Senior Facilities Agreement, the 8.25% Notes, the Notes or other financing agreements that would permit the Group's lenders or holders of the Notes, as the case may be, to declare all amounts outstanding thereunder to be due and payable, together with any accrued and unpaid interest. This could have serious consequences on the Rexel Group's financial condition and results of operations and could cause the Rexel Group to become insolvent.

The Group's ability to generate the cash needed to service its debt, and to refinance all or a portion of its indebtedness or obtain additional financing, will depend on many factors beyond the Group's control.

Rexel's ability to make scheduled payments or, as the case may be, to refinance its obligations regarding its debt (including the Notes) will depend on the 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 its 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 prices;
- failure to integrate acquisitions successfully; and
- delays in implementing strategic projects.

In the future, Rexel's cash flow and capital resources may not be sufficient to fund its debt service obligations. If such a situation develops, the Rexel Group may be forced to further reduce or delay capital expenditures, sell assets or seek to restructure its debt, each of which could adversely affect the Rexel Group's business and further limit Rexel's ability to make payments on its indebtedness, including the Notes. Furthermore, such alternative measures may not be successful and may not permit the Group to meet its scheduled debt service obligations. Rexel also cannot assure you that it will be able to refinance any of its indebtedness or obtain additional financing. In the absence of such operating results and resources, the Group could face substantial liquidity problems and might be required to dispose of material assets or operations to meet its debt service and other obligations.

The Group's results may be adversely affected by decreases in copper prices.

The Group is exposed to fluctuations in copper-based cable prices. Distribution of cable products accounted for approximately 15% of the Group's sales for the three-month period ended 31 March 2011 and for approximately 17% of the Group's sales in 2010. As copper accounts for 60% of the composition of cables, cable prices change in accordance with copper prices. These changes are not, however, solely and directly linked to copper price fluctuations to the extent that cable prices also depend on the commercial policy and the competitive environment of suppliers in the Group's markets. The Rexel Group's exposure to copper price fluctuations is therefore indirect. For this reason, the Rexel Group does not provide a copper based cable price fluctuations sensitivity analysis.

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, insofar 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 impact on sales and gross margin, for a given period is assessed in comparison to the same period of the previous financial year. Conversely, the non-recurring impact, to the extent that it concerns inventories, is assessed for a given period in respect of the immediately preceding inventory turnover period. Therefore, a change in copper based cable price may result in different recurring and non-recurring impacts if the change in cable prices in respect of the same period of the previous financial year is different from the change in cable prices in respect of the immediately preceding inventory turnover period.

Thus, in 2010, the Group estimates that variations in cable prices contributed to recurring increases in its sales by approximately 2.9% on a constant basis and same number of working days. Furthermore, the increase in cable prices in 2010 resulted in a positive non-recurring impact on EBITA estimated at €23.4 million.

By comparison, in 2009, variations in cable prices contributed to recurring decreases in the Group's sales of approximately 2.8% on a constant basis and same number of working days. Furthermore, the increase in cable prices during 2009 resulted in a positive non-recurring impact on EBITA estimated at €19.5 million in 2009.

The 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 Group. In 2010, transportation costs accounted for 2.5% of the Group's sales, approximately 0.4% of which related to oil prices.

The change in the prices of certain raw materials may have an adverse effect on the Group's financial condition or results of operations.

The interests of Rexel's principal shareholders may be inconsistent with the interests of holders of the Notes.

Rexel is indirectly controlled by investment funds managed by Clayton, Dubilier & Rice, LLC, Ray France Investment S.A.S. (a 95% owned subsidiary of Eurazeo S.A.) and investment funds managed by BAML Capital Partners (the "principal shareholders"). For more information, see the 2010 Reference Document Extracts included herein as Annex B. As a consequence, the principal shareholders indirectly control the policies and operations of Rexel and their interests could conflict with interests of the holders of the Notes, particularly if the Group encounters financial difficulties or is unable to pay its debts when due. The principal shareholders could also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance the value of their equity investment, even though such transactions might involve risks to you as a holder of the Notes. There could also be conflicts or disagreements among the principal shareholders, which could have a negative impact on the Group and on the holders of the Notes.

A rise in interest rates would increase the cost of servicing our debt.

At 31 March 2011, the Rexel Group's consolidated net debt amounted to €2,378.4 million (€2,593.1 million in consolidated total debt) of which about 72% bears interest at a fixed rate and about 28% at a floating rate. Although Rexel has implemented a hedging policy to protect against interest rate fluctuations, the Group has a portion of its indebtedness that is subject to floating rates. Thus, a rise in interest rates could increase the cost of servicing the Group's debt. The impact of such an increase could be more significant than it would be for other companies due to the fact that the Group is highly leveraged. A rise in interest rates would increase the cost of servicing the Group's debt.

The applicable margin of the Senior Facilities Agreement is determined based on the indebtedness ratio under the Senior Facilities Agreement. Therefore, depending on the indebtedness ratio, the margin applicable to the Senior Facilities Agreement may vary between 1.50% and 4.50%, which may result in an increase in financial expenses. In addition, the margin applicable to the facilities is increased by a utilisation fee equal to between 0.25% and 0.50% depending on the amount that is drawn-down under the facilities. Rexel must also pay a commitment fee in the base currency computed at the rate of 40% of the applicable margin on that lenders' available commitment under each facility. See "Description of Certain Indebtedness".

The Group may experience difficulties identifying acquisition targets, integrating acquired businesses and achieving anticipated synergies.

In recent years, the Group has grown through acquisitions. Rexel's strategy continues to include pursuit of bolt-on acquisitions designed to increase its local and regional market shares.

The Group may, however, be unable to identify appropriate targets, complete acquisitions under satisfactory terms, integrate acquired companies or achieve expected synergies within planned timeframes. In addition, the Rexel Group may bear expenses and liabilities undisclosed in its due diligence and acquisition processes. Rexel cannot guarantee that the integration of acquired entities within the Group will occur within the planned timeframes. Moreover, integration costs could be higher than initially anticipated and expected synergies may not be fully achieved. In certain cases, minority shareholders retain interests in the share capital of the companies that the Rexel Group takes control of, usually in order to ensure management continuity, which occasionally results in increased complexity in the decision-making processes. The occurrence of any of the foregoing may have an adverse effect on the Group's financial condition, results of operations or prospects.

The Group faces intense competition in its markets, which may have an adverse impact on its market share and operating profitability.

The market for professional distribution of low and ultra low voltage electrical products is characterised by robust competition, as the products distributed by the Group are generally available from other distributors. At the international level, the 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. 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 internet-based communication tools may allow new entrants to reach certain of the Rexel Group's customers and therefore capture some portion of its market share. Finally, the Group also competes with smaller independent distributors that operate on the national, regional or local level, and which may create cooperative purchasing organisations at the expense of the Rexel Group.

Although the countries in which the Group believes that it is the leader in terms of market share accounted for approximately 70% of its 2010 sales, and although Rexel believes that it is the leading distributor in North America and in the Asia-Pacific region and number two in Europe, some of the Group's competitors may have a larger market share than the Group in certain geographic areas. In addition, the 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 Group is seeking to expand. Finally, regional competitors and new market entrants could attempt to hire the Group's employees, particularly sales and branch management personnel, which could have a negative effect on Rexel's operations. The competitive pressure that the Rexel Group faces could therefore have an adverse effect on its financial condition, results of operations or prospects.

The Group is in the process of rationalising its information technology systems, and the implementation of these changes could generate higher than expected costs or lead to other difficulties.

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

In 2010, the Rexel Group continued the rationalisation, modernisation and selective convergence plan of its IT systems. The Group continues to implement its IT systems upgrade plan on a regional level. However, the 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 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.

Finally, the adaptation of the Rexel Group's 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 financial condition or results of operations.

The Group may be adversely affected by its reliance on a limited number of suppliers.

In order to rationalise its purchasing and strengthen its relationships with a smaller number of manufacturers, the Group has been pursuing a policy of reducing the number of its suppliers. In 2010, purchases from its 25 leading suppliers accounted for approximately 51% of the Group's total purchases, and approximately 76% from its 200 leading suppliers.

In general, the 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 favourable to the 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 favourable to the Group. Finally, the Group could face the inability of one or more of its suppliers to meet its contractual obligations, which could result in a decrease in its sales volume.

In certain geographic areas, the Group is nonetheless dependent on certain suppliers due to, for example, exclusive or quasi-exclusive relationships, or purchasing concentration. In the event it loses one or more such suppliers or that such a supplier reduces its product offering, the 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 Group's suppliers could change their distribution channels by reducing the role of distributors, which would affect purchasing volumes and corresponding gross profit.

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

The Group is exposed to risks due to the international nature of its business.

In 2010, the Group distributed low and ultra-low voltage electrical products in 34 countries. Since the beginning of 2011, the Group has also been present in Brazil and India. France accounted for approximately 21% of the Group's sales for the three-month period ended 31 March 2011 (compared to 19% of the Group's 2010 sales). Europe (excluding France), North America and Asia-Pacific accounted for 39%, 28% and 9% of the Group's sales for the three-month period ended 31 March 2011, respectively (compared to 39%, 30% and 9% of the Group's 2010 sales, respectively). The Group intends to continue to expand its activities internationally and could therefore be exposed to a number of risks inherent in the international nature of its operations, such as:

- fluctuations in currency exchange rates (including the U.S. dollar/euro exchange rate) and currency devaluations;
- different tax regimes;
- restrictions and costs relating to compliance with different legal standards and enforcement mechanisms, as well as limitation on transfers of capital;
- different terms and payment delays of accounts receivable in the countries in which the Group operates; and
- political and/or economic instability, including the possibility of wars or terrorist attacks.

If any of these risks were to materialize, it would have an adverse impact on the Group's financial condition, results of operations or prospects.

In addition, as an international group operating in multiple jurisdictions, the Group has structured its commercial and financial activities in light of diverse regulatory requirements and its commercial, financial and tax objectives. These structures therefore create value from the synergies and the commercial power vested in a multinational group. Given that tax laws and regulations in the various jurisdictions in which the Group operates may not provide clear-cut or definitive doctrines, the tax regime applied to the Group's operations and intra group transactions is based on the Group's reasoned interpretations of local tax laws and regulations. The 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.

Existing or future laws and regulations in the markets could require the Group to incur significant expenses.

As a result of the multiple regulations applicable to the activities of companies operating in the Rexel Group's sector, the Rexel Group must ensure that its suppliers comply with the standards and directives in relation to product quality, environmental protection or safety.

The products distributed by the Group are subject to numerous legal and regulatory requirements, particularly commercial, customs and tax regulations applicable in each of the jurisdictions in which the Group operates. Changes in such laws and regulations and their implementation could cause a decrease in the Group's sales or an increase in its distribution expenses. 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 organisations, such as the European Committee for Electrotechnical Standardisation and the

International Electrotechnical Commission. Changes in such laws and regulations and their implementation may require the Rexel Group to change its product offering in any affected country or region or cause an increase in its distribution expenses.

Rexel believes that its business does not present any major environmental risks, as it does not involve the use of manufacturing processes that are likely to seriously damage non-renewable resources, natural resources (e.g. air and water) or biodiversity. However, the Group must comply with laws and regulations relating to asbestos, health, safety and security, as well as the use, handling, disposal and recycling of waste or hazardous materials.

The Group cannot give any assurance that it has been, is or will be, in all circumstances in compliance with such standards, laws and regulations, or that it will not incur significant expenses to comply with such standards, laws and regulations, which may have an adverse effect on its financial condition, results of operations or prospects.

The Group may be subject to costs and liabilities in connection with currently pending litigation.

The Group is involved in tax, commercial and environmental disputes. In particular, some of the Group's subsidiaries are involved in tax audits and reassessments, in particular in France and Belgium. The Group is party to several proceedings relating to exposure to asbestos-containing materials in the United States. See Note 22 of Rexel's audited consolidated financial statements for the year ended 31 December 2010 included in the F-pages of this offering circular.

Considering the status of pending tax claims and ongoing tax proceedings, Rexel cannot predict the outcome of these cases with certainty or assess potential tax adjustments. Therefore, although Rexel considers that such proceedings will not have any material effect, Rexel is not in a position to predict whether these proceedings will have a material effect on its financial condition or results of operations.

The Group believes that its exposure to asbestos related litigation in the United States is limited. Nevertheless, given the nature and status of the proceedings, the Group's involvement in such proceedings and the number of claimants, the Group is not in a position to provide a quantitative estimate of the amount of the claims made. Moreover, given the current procedural status of the proceedings, the Group cannot predict the outcome of these proceedings or their financial consequences on the Group. Consequently, although the Rexel Group considers that such disputes will not have any material effect, the Group is not in a position to predict the outcome of these proceedings or whether these proceedings will have a material effect on its financial condition or results of operations.

The Group is involved in a number of other legal proceedings, some of which, if adversely concluded, could require the payment of substantial amounts, which could have a material adverse effect on the financial condition and operating results of the Group. The Group believes that it has established provisions for a limited number of these claims, which, as the outcome of these claims cannot be predicted, might prove insufficient to cover them.

Finally, new claims or suits may arise as a result of facts or circumstances that are not yet known or the risks of which cannot currently be ascertained or quantified. Such claims may have an adverse effect on Rexel's financial condition, results of operations or prospects.

Rexel may incur significant expenses in connection with pension plans which may adversely affect its financial condition.

Rexel is engaged in approximately 50 defined benefit pension plans across 15 countries, principally in The Netherlands, the United Kingdom and in Canada.

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

The calculation of the present value of the liability 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 31 December 2010 included elsewhere in this offering circular. 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.

Plan assets mainly include shares and bonds. Therefore, they are subject to changes in these markets. As at 31 December 2010, plan assets were allocated, on average, as follows: 37% in shares; 47% in bonds; and 16% in money market and other investments.

The downturn of the financial markets beginning in 2007 materially reduced the value of the plan assets.

This decrease has led to reduced coverage of the commitments related to pension plans by the plans' assets, and, therefore, a larger anticipated net financial expense with respect to future financial years for the Group. In addition, a decrease in the discount rates, net of the estimated inflation rates, would entail an increase in the pension liabilities. Moreover, depending on financing rules specific to each country and each plan, the Group may be forced to carry out additional contributions, potentially spread over time, in order to comply with certain ratios between the liability under the plans and the fair value of the plans' assets.

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.

The Group's securitisation programmes impose conditions on the quality of its receivables and service levels.

Certain Group companies are engaged in securitisation programmes: a securitisation programme in the United States in an amount of $250 million; a securitisation programme in Europe and Australia in an amount of €500 million; a securitisation programme in Canada in an amount of C$140 million; and a securitisation programme in Europe in an amount of €450 million. As of 31 December 2010, the total commitment of these securitisation programmes was €1,242.2 million, and up to €1,067.6 million was utilised. Such programmes are subject to customary terms and impose certain obligations with respect to service levels and collection of assigned accounts receivable. For a description of Rexel's securitisation programmes, see "Description of Certain Indebtedness—Securitisation Programmes" and the notes to Rexel's audited consolidated financial statements for the year ended 31 December 2010 included in the F-pages of this offering circular. In addition, Rexel operates an off-balance sheet programme restricted to its U.S. subsidiaries. For a description of this off-balance sheet program, see the notes to Rexel's audited consolidated financial statements for the year ended 31 December 2010 included in Annex A to this offering circular.

If Group companies do not comply with their obligations under these securitisation programmes as established by the credit institutions or the investors, these programmes could be terminated. In addition, the quality of the receivables assigned has an impact on the cost and amount of the financing obtained, which could affect the Group's financial position in the event of a deterioration of the quality of the receivables. Furthermore, the 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 Group cannot guarantee that the special purpose entities could continue to issue such instruments, or to do so under similar terms. In these circumstances, the Group may be forced to refinance all or part of the programmes affected by such events under less favourable terms.

These securitisation programmes are an important financing tool for the Group. In such cases, Rexel cannot provide assurances that the Group can obtain refinancing on similar or otherwise favourable terms, or obtain refinancing at all. The inability to refinance, or the implementation of refinancing on less favourable terms may have a material adverse effect on the financial condition or results of operations of the Group.

Risks relating to the Notes and the Guarantees

The Issuer will rely on payments from its subsidiaries to pay its obligations under the Notes.

Rexel is primarily a holding company, with business operations principally located at the level of Rexel Distribution and its subsidiaries. Accordingly, Rexel will have to rely largely on dividends and other distributions from Rexel Distribution and its subsidiaries to make payments under the Notes. Rexel cannot assure you that the earnings from, or other available assets of, these operating subsidiaries, together with its own operations, will be sufficient to enable us to pay principal or interest on the Notes when due.

The payment of dividends and the making of loans and advances to Rexel by its subsidiaries are subject to various restrictions, including:

- restrictions under applicable company or corporation law that restrict or prohibit companies from paying dividends unless such payments are made out of profits available for distribution;
- restrictions under the laws of certain jurisdictions that can make it unlawful for a company to provide financial assistance in connection with the acquisition of its shares or the shares of any of its holding companies;
- statutory or other legal obligations that affect the ability of Rexel's subsidiaries to make payments to it on account of intercompany loans; and
- existing or future agreements governing Rexel's debt that may prohibit or restrict the payment of dividends or the making of loans or advances to the Issuer.

If Rexel is not able to obtain sufficient funds from its subsidiaries, it will not be able to make payments on the Notes.

The Notes and the Guarantees will be structurally subordinated to the obligations of Rexel's non-guarantor subsidiaries.

Only certain of Rexel's subsidiaries will initially guarantee the Notes. You will therefore not have any direct claim on the cash flows or assets of the non-guarantor Rexel subsidiaries and the non-guarantor Rexel subsidiaries have no obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments. Generally, claims of creditors of a non-guarantor subsidiary, including lenders and trade creditors, and claims of preference shareholders (if any) of the subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of its ordinary shareholders, including the claims of its parent entity. Accordingly, claims of creditors and preference shareholders of a non-guarantor subsidiary will also generally have priority over the claims of creditors of its parent entity. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganisation, administration or other bankruptcy or insolvency proceedings of any of Rexel's non-guarantor subsidiaries, holders of their debt and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Rexel. As such, the Notes will be structurally subordinated to the claims of creditors (including lenders and trade creditors) and preference shareholders (if any) of Rexel's non-guarantor subsidiaries.

The Guarantors are guarantors under Rexel's Senior Facilities Agreement and 8.25% Notes, and they are permitted under certain circumstances to grant security interests in respect of certain other liabilities.

The Guarantors are also guarantors under the Senior Facilities Agreement and the 8.25% Notes. The existing liabilities of any Guarantor, together with such Guarantor's liabilities under the Guarantee may exceed its assets. If a Guarantor is required to fulfil some or all of these obligations, the Guarantee provided by such Guarantor may prove less valuable or even worthless if the other creditors have equal rank with or priority over the holders of the Notes.

Under the Senior Facilities Agreement, the 8.25% Notes and the Notes, the Guarantors will be permitted to grant security interests for other liabilities under certain circumstances. In the event of the insolvency of a Guarantor, the holders of the Notes face the risk that their claims under the Guarantee will not be satisfied because the remaining assets of the Guarantor may have been pledged as collateral and will be used for satisfying the claims of the secured creditors prior to satisfying the claims of Holders. Thus, secured creditors, even those who became creditors after the issuance of the Notes, would have a priority claim to the assets of the Guarantors in which they had a security claim.

The Group may be unable to raise funds necessary to finance any change of control repurchase offers required by the Notes.

If Rexel experiences specified changes of control, it will be required to make an offer to purchase all of the outstanding Notes at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase. The occurrence of specified events that would constitute a change of control would also require early repayment of the Senior Credit Facilities and the 8.25% Notes. In addition, a failure by Rexel to purchase the Notes after a change of control in accordance with the terms of the Notes would result in a default under the Senior Facilities Agreement and the 8.25% Notes and may cause such a default under the Group's other indebtedness.

If a change of control were to occur, Rexel cannot assure you that the restrictions in the Senior Facilities Agreement, the 8.25% Notes or other contractual obligations would allow it to make such required repurchases. If an event constituting a change of control occurs at a time when the Issuer is prohibited from repurchasing Notes, Rexel will need to seek the consent of the lenders under such indebtedness to purchase the Notes, or to attempt to repay or offer to repay the borrowings that contain such prohibition. If Rexel does not obtain such a consent or repay such borrowings, Rexel will remain prohibited from repurchasing any tendered Notes, which will be an event of default under the Notes. In addition, Rexel may not have the resources to finance the redemption of the Notes and an early repayment of the Senior Facilities Agreement or the 8.25% Notes required by a change of control of Rexel, and currently Rexel expects that it would require third party financing to make an offer to repurchase the Notes upon a change of control. Rexel cannot give any assurances that it would be able to obtain such financing.

The change of control provision in the Notes may not necessarily afford investors protection in the event of certain important corporate events, including a reorganisation, restructuring, merger or other similar transaction involving the Group that may adversely affect holders of Notes, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the Trust Deed governing the Notes.

Early redemption of the Notes may reduce an investor's expected yield.

The Notes may be redeemed at the option of Rexel as more fully described in the "Terms and Conditions of the Notes". In the event that Rexel exercises the option to redeem the Notes, you may suffer a lower than expected yield and may not be able to reinvest the funds on the same terms.

Enforcing your rights as a holder of the Notes or under the Guarantees across multiple jurisdictions may be difficult.

The Notes will be issued by Rexel, which is incorporated under the laws of France and guaranteed by the Guarantors, which are organised under the laws of France, Germany, Belgium, Switzerland, The Netherlands, Norway, Finland, Sweden, the United States, Canada and other jurisdictions. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in France, Germany, Belgium, Switzerland, The Netherlands, Norway, Finland, Sweden, the United States or Canada, or in the jurisdiction of incorporation or organisation of a future guarantor of the Notes, or in other jurisdictions. Your rights under the Notes and the Guarantees may thus be subject to the laws of multiple jurisdictions, and there can be no assurance that you will be able to effectively enforce your rights in a multiple bankruptcy, insolvency or other similar proceedings. Moreover, such multi jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of your rights.

Although laws differ among various jurisdictions, in general, under fraudulent conveyance laws, a court could subordinate or void any of the Guarantees if it found that:

- the relevant Guarantee was incurred with the intent to hinder, delay or defraud any present or future creditor;
- the Guarantor did not receive fair consideration or reasonably equivalent value for the Guarantee and the Guarantor was: (i) insolvent or was rendered insolvent as a result of having granted the Guarantee; (ii) undercapitalised or became undercapitalised because of the Guarantee; or (iii) intended to incur indebtedness beyond its ability to pay at maturity;
- the Guarantee was held not to be in the best interests or not to be for the corporate benefit of the Guarantor; or
- the aggregate amounts paid or payable under the Guarantee were in excess of the maximum amount permitted under applicable law.

The measure of insolvency for purposes of fraudulent conveyance laws varies depending on the law applied. Generally, however, an entity would be considered insolvent if it could not pay its debts as they become due, the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets, or the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts and liabilities, including contingent liabilities, as they become absolute and mature.

If a court were to find that a Guarantee was a fraudulent transfer or conveyance, the court could void the payment obligations under such Guarantee, or subordinate such Guarantee to presently existing and future indebtedness of the respective Guarantor, or require repayment of amounts received with respect to such Guarantee. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any payment on a Guarantee. In addition, the bankruptcy, insolvency, administrative, and other laws of such jurisdictions of organisation or of other relevant jurisdictions may be materially different from, or in conflict with, one another and those in other jurisdictions, of which you may be familiar in certain areas, including creditors' rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes and Guarantees.

In addition to the limitations on the enforcement of the Guarantees set out above, the following limitations would apply in France. The enforcement of the Guarantees being given by the French Guarantors might be limited to the equivalent in euros of the funds applied by the issuer for the direct or indirect benefit of the French Guarantors. French law requires that when a company grants a Guarantee of third party obligations, the Guarantee must be in the corporate interest of the Guarantor company. French case law has recognised that certain inter group transactions, including upstream Guarantees, can be in the corporate interest of the company, in particular where the following four criteria are fulfilled:

- existence of a genuine group of companies where the affiliates have real common economic purpose and policy;
- the transaction is in the overall interest of the group;
- the guarantor company must receive an actual benefit, consideration or advantage from the transaction involving the granting by it of the guarantee; and
- the obligations under the guarantee must not exceed the financial capability of the guarantor company.

Moreover, the Guarantees granted by the French Guarantors may be limited or voided under French corporate benefit rules and we cannot be certain as to the standard a court would use to determine the corporate benefit, any limit on such guarantee or whether such guarantee would be deemed void.

In addition, if a French Guarantor receives, in return for its grant of the guarantee, an economic return which is less than what it would obtain on an arm's length basis (which, for this purpose, does not take into account any group benefits), the French tax authorities could, under certain circumstances, tax the difference.

The Guarantees may be significantly limited by applicable laws or subject to certain limitations or defences.

The obligations of each Guarantor under its Guarantee will be limited under the relevant laws applicable to such Guarantor and the granting of such Guarantees (including laws relating to corporate benefit, capital, capital preservation, financial assistance or transactions under value) to the maximum amount payable to ensure that such Guarantees do not constitute a voidable preference, a transaction under value or unlawful assistance, or otherwise cause the Guarantor to be deemed insolvent under applicable law or such Guarantee to be void, unenforceable or *ultra vires* or cause the directors of such Guarantor to be held in breach of applicable corporate or commercial law for providing such Guarantee. In addition, the Guarantees will contain language limiting the debt guaranteed to an amount that will not violate applicable local law restrictions. As a result, a Guarantor's liability under its Guarantee could be materially reduced or eliminated depending upon the amounts of its other obligations and upon applicable laws. In particular, in certain jurisdictions, a guarantee issued by a company that is not in the company's corporate interests or the burden of which exceeds the benefit to the company may not be valid and enforceable. It is possible that a Guarantor, a creditor of a Guarantor or the insolvency administrator, in the case of an insolvency of a Guarantor, may contest the validity and enforceability of the respective Guarantee and that the applicable court may determine that the Guarantee should be limited or voided. In the event that any Guarantees are deemed invalid or unenforceable, in whole or in part, or to the extent that agreed limitations on the Guarantee apply, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor, including trade payables of such Guarantor. Furthermore, the local tax laws relevant to any Guarantor may impact the Guarantor's obligations.

French insolvency may not be as favourable to holders of Notes as laws of another jurisdiction with which holders are familiar.

Rexel is incorporated under the laws of France. In addition, Rexel Développement S.A.S., Rexel Distribution and Rexel France, each of which is a Guarantor, are incorporated under the laws of France. In general, French insolvency legislation favours the continuation of a business and protection of employment over the payment of creditors and could limit your ability to enforce your rights under the Notes. The following is a general discussion of insolvency proceedings governed by French law. This summary is provided for informational purposes only and does not address all the French legal considerations that may be relevant to holders of the Notes.

Grace periods

In addition to insolvency laws discussed below, your enforcement rights may, like those of any other creditor, be subject to Article 1244-1 of the French Civil Code (*Code civil*).

Pursuant to the provisions of this article, French courts may, in any civil proceeding involving a debtor, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations and decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the legal rate) or that payments made shall first be allocated to repayment of principal. A court order made under Article 1244-1 of the *Code civil* will suspend any pending enforcement measures, and any contractual interest or penalty for late payment will not accrue or be due during the period ordered by court.

Court assisted pre-insolvency proceedings

Pre-insolvency proceedings may only be initiated by the debtor company itself, in its sole discretion, provided that it experiences or anticipates legal, economic or financial difficulties (1) while still being able to pay its debts as they fall due out of its available assets (*i.e.*, the company is not in *cessation des paiements*) in case of *mandat ad hoc* or *conciliation* proceedings, or (2) while being in *cessation des paiements* for less than 45 days in case of conciliation proceedings only.

Mandat ad hoc and *conciliation* proceedings are informal proceedings carried out under the supervision of the president of the court. The president of the court will appoint a third party (as the case may be, a *mandataire ad hoc* or a *conciliateur*) in order to help the debtor to reach an agreement with its creditors, in particular by reducing or rescheduling its indebtedness. The debtor may propose, in the filing for the commencement of the proceedings, the appointment of a particular person as the court appointed third party. Arrangements reached through such proceedings are non-binding on non-parties, and the *mandataire ad hoc* or *conciliateur* has no authority to force the parties to accept an arrangement.

Mandat ad hoc proceedings

Such proceedings are confidential. The agreement reached by the parties (if any) will be reviewed by the president of the court but, unlike in conciliation proceedings, French law does not provide for specific consequences attached to such review.

Conciliation proceedings

Such proceedings are confidential. If an agreement is reached among the parties in the context of *conciliation* proceedings, it may be either recognised (*constaté*) by the president of the court or, at the request of the debtor (and provided that certain conditions are satisfied), sanctioned (*homologué*) by the court (in which case the proceedings cease to be confidential).

While recognition (*constatation*) of the agreement by the president of the court does not entail any specific consequences, other than to render the agreement immediately enforceable and binding upon the parties thereto, sanction (*homologation*) by the court has the following consequences:

- creditors who, as part of the sanctioned agreement, provide new money or goods or services designed to ensure the continuation of the business of the distressed company (other than shareholders providing new equity) will enjoy priority of payment over all pre-petition and post-petition claims (other than certain post-petition employment claims and procedural costs), in the event of subsequent safeguard proceedings, judicial reorganisation proceedings or judicial liquidation proceedings; or
- in the event of subsequent judicial reorganisation proceedings or judicial liquidation proceedings, the date of the *cessation des paiements* cannot be determined by the court as having occurred earlier than the date of the sanction of the agreement, except in case of fraud.

Court controlled insolvency proceedings

The following French insolvency proceedings may be initiated by or against a company in France:

(a) safeguard proceedings (*procédure de sauvegarde*), if such company, while not being in *cessation des paiements*, is facing difficulties which it cannot overcome; or

(b) accelerated financial safeguard proceedings (*sauvegarde financière accélérée*) if such company is in conciliation proceedings; or

(c) judicial reorganisation (*redressement judiciaire*) or judicial liquidation (*liquidation judiciaire*) proceedings if such company is in *cessation des paiements*.

The proceedings may be initiated before the relevant court:

- in the event of (a) or (b) above, upon petition by the company only; and
- in the event of (c) above, on the court's own initiative or upon petition by the company, any creditor or the public prosecutor.

While a company does not have an obligation to apply for safeguard or accelerated financial safeguard proceedings, it is required to petition for the opening of judicial reorganisation or judicial liquidation proceedings within 45 days of becoming unable to pay its due debt out of its available assets (*cessation des paiements*). If it has not petitioned the relevant court for the opening of such proceedings and is not in conciliation proceedings, directors and, as the case may be, de facto managers of the company, may be subject to civil liability.

In safeguard and judicial reorganisation proceedings, a court appointed administrator (whose name can be suggested by the debtor in case of safeguard) investigates the business of the company during an initial observation period, which may last for up to six months renewable once (plus an additional six months under exceptional circumstances). In safeguard proceedings, the administrator's mission is limited to either supervising the debtor's management or assisting it, and preparing a safeguard plan for the company together with the debtor. In judicial reorganisation proceedings, the administrator's mission is usually to assist the management and to make proposals for the reorganisation of the company, which proposals may include the sale of all or part of the company's business to a third party. In judicial reorganisation, the court may also decide that the administrator will manage the company him/herself. At any time during this observation period, the court can order the liquidation of the company if its rescue has become manifestly impossible.

Creditors' committees and adoption of the safeguard or reorganisation plan

In the case of large companies (with more than 150 employees or turnover greater than €20 million), two creditors' committees (one for credit institutions having a claim against the debtor and the other for suppliers having a claim that represents more than 3% of the total amount of the claims of all the debtor's suppliers) must be established. To be eligible to vote, claims must be notified by the debtor to the administrator and certified by the debtor's statutory auditors.

In addition, if there are any outstanding debt securities in the form of "*obligations*" (such as bonds or notes), a general meeting gathering all holders of such debt securities (the "bondholders general meeting") must be convened. All bondholders and noteholders will be represented in the same bondholders general meeting, whether or not there are different issuances and no matter what the applicable law of those "*obligations*" may be. The Notes offered hereby constitute "*obligations*" for purposes of a safeguard, accelerated financial safeguard or reorganisation proceeding.

The creditors' committees and the bondholders' general meeting will be consulted on the safeguard or reorganisation plan prepared by the debtor's management and the administrator during the observation period.

In the first instance, the plan must be approved by each of the two creditors' committees. Each committee must announce whether its members approve or reject such plan within 30 days of its proposal by the company. Such approval requires the affirmative vote of the creditors holding at least two-thirds of the value of the claims held by members of such committee that participated in such vote.

Following the approval of the plan by the two creditors' committees, the plan will be submitted for approval to the bondholders' general meeting. The approval of the plan at such meeting requires the affirmative vote of bondholders representing at least two-thirds of the principal amount of the obligations held by creditors voting in the bondholders' general meeting.

Following approval by the creditors' committees and the bondholders' general meeting, the plan must be submitted for approval by the relevant court. In considering such approval, the court must verify that the interests of all creditors are sufficiently protected, and as from 1 March 2011, take into consideration the contractual subordination arrangements existing among creditors when the proceedings were opened. Once approved by the court, the safeguard or reorganisation plan accepted by the committees and the bondholders' general meeting will be binding on all the members of the committees and all bondholders (including those who voted against the adoption of the plan). A safeguard or reorganisation plan may include debt deferrals, debt write-offs and debt-for-equity swaps.

With respect to creditors who are not members of the committees, or in the event no committees are established, or in the event any of the committees or the bondholders' general meeting has refused to give its consent to the plan, creditors will be consulted on an individual basis, and asked whether they accept debt deferrals and/or write-offs provided for in the plan. In those circumstances, the court has the right to accept or reduce debt deferrals or write-offs with respect to the claims of creditors who have consented to such measures, but it may only impose uniform debt deferrals (with interest) for a maximum period of 10 years with respect to the claims of non-consenting creditors.

Financial creditors' committees and adoption of the fast track financial safeguard plan

Under the new accelerated financial safeguard (*sauvegarde financière accélérée*) proceedings, the credit institutions committee and the bondholders' general meeting shall be consulted on a draft financial restructuring plan developed during the conciliation period. The credit institutions committee and the bondholders' general meeting can be called with a reduced minimal eight day notice period. The financial creditors whose rights would not be affected by the proposed plan do not, however, take part in the vote.

Following the approval of the plan by the credit institutions committee and the bondholders' general meeting, the plan will be submitted for approval by the court within a month from the opening of the accelerated financial safeguard proceedings.

The "hardening period" (période suspecte) in judicial reorganisation and liquidation proceedings

The insolvency date, defined as the date when the debtor becomes unable to pay its due debts from available assets, is generally deemed to be the date of the court decision commencing the judicial reorganisation or judicial liquidation proceedings. However, in the decision commencing judicial reorganisation or liquidation proceedings or in a subsequent decision, a court may determine that the insolvency date be deemed to be an earlier date, up to 18 months prior to the court decision commencing the proceedings. The insolvency date, when the debtor entered into a state of cessation of payments (*cessation des paiements*) is important because it marks the beginning of the "hardening period" (*période suspecte*). Certain transactions entered into by the debtor during the hardening period are, by law, void or voidable.

Void transactions include transactions or payments entered into during the hardening period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include transfers of assets for no consideration, contracts under which the reciprocal obligations of the debtor significantly exceed those of the other party, payments of debts not due at the time of payment, payments made in a manner which is not commonly used in the ordinary course of business, security granted for debts previously incurred, and provisional measures, unless the right of attachment or seizure predates the date of suspension of payments, share options granted or sold during the suspect period, the transfer of any assets or rights to a trust arrangement (*fiducie*) (unless such transfer is made as a security for a debt incurred at the same time), and any amendment to a trust arrangement (*fiducie*) that dedicates assets or rights as a guaranty of antecedent debts.

Voidable transactions include (i) transactions entered into, (ii) payments made when due or (iii) certain provisional and final attachment measures, in each case, if such actions are taken after the debtor was in *cessation des paiements* and the party dealing with the debtor knew that the debtor was in *cessation des paiements* at the time. Transactions relating to the transfer of assets for no consideration are also voidable when carried out during the six-month period prior to the beginning of the hardening period.

Status of creditors during safeguard, accelerated safeguard, judicial reorganisation or judicial liquidation proceedings

As a general rule, creditors domiciled in France whose debts arose prior to the commencement of insolvency proceedings must file a proof of claim (*déclaration de créances*) with the creditors' representative within two months of the publication of the court decision in the *Bulletin Officiel des annonces civiles et commerciales*; this period is extended to four months for creditors domiciled outside France. Creditors who have not submitted their claims during the relevant period are, except for very limited exceptions, precluded from receiving distributions made in connection with the insolvency proceedings. Employees are not subject to such limitations and are preferred creditors under French law. In addition, in an accelerated financial safeguard, the debts held by financial creditors that took part in the conciliation negotiation are listed by the debtor and certified by its statutory auditor. Although such creditors can file proofs of claim pursuant to the regular process, they may also avail themselves of this simplified alternative and merely adjust the amounts of their claim as set forth on the list prepared by the debtor.

From the date of the court decision commencing the insolvency proceedings, the debtor is prohibited from paying debts (in accelerated financial safeguard proceedings, to financial creditors only) which arose prior to such date, subject to specified exceptions which essentially cover the set-off of related debts and payments authorised by the bankruptcy judge or made to recover assets for which recovery is required for the continued operation of the business. During this period, creditors are prevented from initiating any individual legal action against the debtor with respect to any claim arising prior to the court decision commencing the insolvency proceedings if the objective of such legal action is:

- to obtain an order for payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determine the amount due if the action was initiated before the commencement of the insolvency proceedings); or
- to terminate or cancel a contract for non-payment of amounts owed by the creditor. They are also barred from taking any action against the debtor, including enforcing security interests.

During safeguard and judicial reorganisation proceedings, the maturity date of the debtor's obligations is maintained (subject to the terms and conditions of a safeguard or reorganisation plan). Contractual provisions such as those contained in the Trust Deed governing the Notes that would accelerate the payment of the debtor's obligations upon the occurrence of certain insolvency events are not enforceable under French law. The opening of liquidation proceedings does generally automatically accelerate the maturity of all of the debtor's obligations. However, the court may allow the business to continue for a period of no more than three months (renewable once) if it considers that a sale of part or all of the business is possible, in which case the debtor's obligations are deemed mature on the day the court approves the sale of the business.

The administrator may also terminate or, provided that the debtor fully performs its post-petition contractual obligations, continue on-going contracts.

If the court adopts a safeguard plan or a reorganisation plan, claims of creditors included in the plan will be paid according to the terms of the plan. The court can also set a time period during which the assets that it deems to be essential to the continued business of the debtor may not be sold without its consent.

If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator in charge of selling the assets of the company and settling the relevant debts in accordance with their ranking. If the court adopts a plan for the sale of the business (*plan de cession*), the proceeds of the sale will be allocated for the repayment of the creditors according to the ranking of the claims.

French insolvency law assigns priority to the payment of certain preferential creditors, including employees, officials appointed by the commercial court, creditors who, as part of the sanctioned conciliation agreement, have provided new money or goods or services, post-petition creditors, certain secured creditors essentially in the event of liquidation proceedings, and the French Treasury.

Potential purchasers and sellers of the Notes may be subject to the payment of certain taxes.

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Potential investors are advised not to rely upon the tax summary contained in this offering circular but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. The investment consideration in the Notes has to be read in connection with the taxation section of this offering circular.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within their jurisdiction to an individual resident in that other Member State (the Disclosure of Information Method). However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any paying agent or any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a paying agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

The amendments and modification provisions of the Terms and Conditions of the Notes differ from standard English law amendments and modification provisions.

The Terms and Conditions of the Notes and the Trust Deed may be amended with the consent of the holders of a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a tender offer or exchange for the Notes) and any past default or compliance with any provisions may also be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding. Certain rights under the Terms and Conditions of the Notes relating to the key commercial terms of the Notes ("Entrenched Rights") including (but not limited to) reducing the amount of Notes whose holders must consent to an amendment or a waiver, reducing the rate of or extending the time for payment of interest on the Notes, reducing the principal or changing the stated maturity of the Notes, changing the ranking or priority of payments of the Notes or the Guarantees and making certain other changes as set out in the Terms and Conditions of the Notes, cannot be amended or waived by the holders of a majority in principal amount of the Notes then outstanding but require the consent of the holders of at least 90% of the aggregate principal amount of the Notes then outstanding. Holders of the Notes should be aware that in order to effect any amendment or waiver in respect of Entrenched Rights, the consent of holders of at least 90% of the aggregate principal amount of the Notes then outstanding is required to agree to such amendment or waiver.

There is a risk that a minority of Noteholders (holders of at least 10% of the aggregate principal amount of the Notes then outstanding) may either disregard the convening of a Noteholder meeting or a consent solicitation request or actively refuse to give such consent to the amendment or waiver, or could block a resolution or a consent solicitation.

For both majority led Noteholder resolutions or consents and resolutions or consents requiring the holders of 90% of the aggregate principal amount of the Notes then outstanding to agree, holders of the Notes should be aware that in the event that such resolutions or consents are approved by the requisite number of holders such decision will bind all holders, including any dissenting holders of Notes.

There currently exists no market for the Notes, and Rexel cannot assure you that an active trading market will develop for the Notes.

The Notes will be new securities for which there currently is no market. Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes for trading on the Euro MTF market. However, there is a risk that no liquid secondary market for the Notes will develop or, if it does develop, that it will not continue. The fact that the Notes may be listed does not necessarily lead to greater liquidity as compared to unlisted Notes. In an illiquid market, an investor is subject to the risk that he will not be able to sell his Notes at any time at fair market prices or even at all.

The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and the Group's financial condition, results of operations and prospects, as well as recommendations of securities analysts. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on investors in the Notes, regardless of the Group's financial condition, results of operations and prospects.

The market value of the Notes could decrease if the creditworthiness of the Group worsens.

If, for example, because of the materialisation of any of the risks regarding the Group, the likelihood that Rexel will be in a position to fully perform all obligations under the Notes when they fall due decreases, the market value of the Notes will suffer. In addition, even if the likelihood that Rexel will be in position to fully perform all obligations under the Notes when they fall due actually has not decreased, market participants could nevertheless have a different perception. In addition, the market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as Rexel could adversely change.

If any of these risks occurs, third parties would only be willing to purchase Notes for a lower price than before the materialisation of these risks. Under these circumstances, the market value of the Notes will decrease.

There is no visibility on the trading price for the Notes.

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policies of central banks, overall economic developments, inflation rates and the level of demand for the Notes and for high yield securities generally, as well as the Group's financial condition, results of operations and prospects. The Notes may thus trade at prices that are lower than their initial purchase price. The holders are therefore exposed to the risk of an unfavourable development of market prices of their Notes which materialise if the holders sell the Notes prior to the final maturity.

Since the Notes have a fixed interest rate, their market price may drop as a result of increases in market interest rates.

The Notes bear a fixed interest rate. A holder of fixed rate notes is particularly exposed to the risk that the price of such notes falls as a result of changes in the market interest rate. While the nominal interest rate is fixed during the life of the Notes, the market interest rate typically changes on a daily basis. As the market interest rate changes, the price of fixed rate notes also changes, but in the opposite direction. Thus, if the market interest rate increases, the price of fixed rate notes typically falls, until the yield of such notes is approximately equal to the market interest rate of comparable issues. If the market interest rate decreases, the price of fixed rate notes typically increases, until the yield of such notes is approximately equal to the market interest rate of comparable issues. If a holder of the Notes holds his Notes until maturity, changes in the market interest rate are without relevance to such holder as the Notes will be redeemed at their principal amount.

You may face foreign exchange risks by investing in the Notes.

The Notes are denominated and payable in euros. If a holder measures his investment returns by reference to another currency, an investment in the Notes entails foreign exchange related risks due to, among other factors, possible significant changes in the value of the euro relative to the holder's reference currency. Such currency fluctuations could result from economic, political and other factors over which the Group has no control. Depreciation of the euro against a holder's reference currency could cause a decrease in the holder's effective yield from the Notes below their stated coupon rates and could result in a loss to the holder when the return on the Notes is translated into the holder's reference currency. There may also be tax consequences for the holder as a result of any foreign exchange gains or losses resulting from investment in the Notes.

Definitive notes, if any, may not be delivered with respect to Notes that have a denomination that is not an integral multiple of €100,000.

The Notes have denominations consisting of a minimum of €100,000 plus one or more higher integral multiples of €1,000. It is possible that the Notes may be traded in amounts that are not integral multiples of €100,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than €100,000 in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to €100,000.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade.

Your rights as a noteholder will be limited so long as ownership in the Notes is evidenced by book-entry interests.

Owners of the book-entry interests will not be considered owners or holders of Notes unless and until definitive notes are issued in exchange for book-entry interests. Instead, Euroclear or Clearstream, or their nominees, will be the sole holders of the Notes.

Payments of principal, interest and other amounts owing on or in respect of the Notes in global form will be made to CACEIS Bank Luxembourg, which will make payments to the Clearing System. Thereafter, such payments will be credited to the Clearing System participants' accounts that hold book-entry interests in the Notes in global form and credited by such participants to indirect participants. After payment to the Clearing System, none of Rexel, the trustee or any paying agent will have any responsibility or liability for any aspect of the records relating to, or payments or, interest, principal or other amounts to the Clearing System, or to owners of book-entry interests.

Owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions for holders of the Notes. Instead, you may be entitled to act only to the extent you have received appropriate proxies to do so from the Clearing System or, if applicable, from a participant. Rexel cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions on a timely basis.

USE OF PROCEEDS

In connection with the offering of the Notes, Rexel will receive net proceeds of approximately €493.0 million after deduction of costs and underwriting commissions.

Rexel will use the full amount of the net proceeds of the offering of the Notes to repay certain amounts outstanding under the Senior Facilities Agreement. Immediately following such repayment, €215.4 million will remain outstanding under the Senior Facilities Agreement and the amount available for future borrowings under the Senior Credit Facilities will be €1,284.6 million.

CAPITALISATION

The following table sets forth Rexel's cash and cash equivalents, total financial debt and total capitalisation as at 31 March 2011 on an historical basis and as adjusted to reflect the completion of the sale and issuance of the Notes and the allocation of the net proceeds from the Notes to the partial repayment of the Senior Credit Facilities.

You should read this table in conjunction with the section entitled "Use of Proceeds" in this offering circular, the Q1 Activity Report included herein as Annex A to this offering circular, Chapter 4 ("Results of Operations and Financial Position of the Rexel Group") in the 2010 Reference Document Extracts included herein as Annex B to this offering circular, Rexel's unaudited condensed consolidated interim financial statements for the three-month period ended 31 March 2011 and Rexel's audited consolidated financial statements for the year ended 31 December 2010 included in the F-pages of this offering circular.

	As at 31 March 2011 unaudited		
In million euros	**Actual**	**Pro forma adjustments**	**Pro forma**
Accounts receivables securitisation	959.9	—	959.9
Finance lease obligations	19.1	—	19.1
Senior Credit Facilities	708.4	(493.0)(1)	215.4
8.25% Notes	659.9		659.9
Commercial paper	187.2		187.2
Bank loans	36.0	—	36.0
Bank overdrafts and other credit facilities	64.0	—	64.0
Accrued interests	17.0		17.0
Notes offered hereby	—	500.0	500.0
Less transaction costs	(58.4)	(7.0)(2)	(65.4)
Total debt	**2,593.1**	**—**	**2,593.1**
Cash and cash equivalents	(220.7)		(220.7)
Accrued interests	(2.7)		(2.7)
Fair value hedge derivatives	8.7		8.7
Total net debt	**2,378.4**	**—**	**2,378.4**
Total equity(3)	**3,871.7**		**3,871.7**
Total capitalisation	**6,250.1**	**—**	**6,250.1**

(1) Reflects the allocation of proceeds from the Notes to the repayment of the existing Senior Credit Facilities after deduction of transaction costs in the amount of €7.0 million.

(2) Reflects the capitalisation of transaction costs relating to the Notes in the amount of €7.0 million.

(3) Including shareholders' equity and minority interests.

DESCRIPTION OF CERTAIN INDEBTEDNESS

The Group's sources of financing, including its debt facilities, are described in the Q1 Activity Report included herein as Annex A to this offering circular, in Chapter 4 ("Results of Operations and Financial Position of the Rexel Group") in the 2010 Reference Document Extracts included herein as Annex B to this offering circular and Rexel's unaudited condensed consolidated interim financial statements for the three-month period ended 31 March 2011 and in Rexel's audited consolidated financial statements for the year ended 31 December 2010 included in the F-pages of this offering circular. These sections include a description of the Group's Senior Credit Facilities, which will be partially repaid with the proceeds of the issuance and sale of the Notes.

The following description of the Senior Credit Facilities does not purport to be complete.

The Group's other debt facilities and securitisation programmes will not be affected as a result of the partial repayment of the Senior Credit Facilities. See Note 19.1.2 to Rexel's audited consolidated financial statements for the year ended 31 December 2010 in Rexel's audited consolidated financial statements for the year ended 31 December 2010 included in the F-pages of this offering circular.

8.25% Notes due December 2016

On 21 December 2009, Rexel issued €575 million senior unsecured notes, the 8.25% Notes, the proceeds of which were applied to partially refinance the previous senior credit agreement initially borne by other Group subsidiaries. On 20 January 2010, Rexel issued an additional €75 million of 8.25% Notes that are fully assimilated with the 8.25% Notes issued in December 2009. The 8.25% Notes bear interest annually at 8.25% and are listed on the Luxembourg Stock Exchange. Rexel pays interest on the 8.25% Notes semi-annually in arrear on 15 June and 15 December. The 8.25% Notes will mature on 15 December 2016.

The 8.25% Notes are senior unsecured obligations of Rexel and are guaranteed on a senior unsecured basis by certain of Rexel's subsidiaries. The 8.25% Notes rank *pari passu* with all of Rexel's existing and future unsecured senior debt and senior to all its existing and future subordinated debt.

The 8.25% Notes are redeemable in whole or in part at any time prior to 15 December 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 15 December 2013, the 8.25% 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)
15 December 2013	104.125%
15 December 2014	102.063%
15 December 2015 and after	100.000%

In addition, at any time on or prior to 15 December 2012, the 8.25% Notes are redeemable up to 35% of the principal amount of the Notes with the net proceeds from one or more specified equity offerings.

Guarantors

The guarantors of the 8.25% Notes are also the Guarantors of the Notes and the Senior Credit Facilities. These Guarantors are Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V. (formerly known as Hagemeyer Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, Rexel Holdings USA Corp. (formerly known as International Electrical Supply Corp.), Rexel, Inc., General Supply & Services Inc. and Rexel North America Inc. Rexel and the Guarantors have not granted any security interest in their assets to secure the 8.25% Notes.

Senior Credit Facilities

Rexel has entered into, as borrower, a €1.7 billion revolving credit facilities agreement dated 21 December 2009 (the "Senior Facilities Agreement"), with BNP Paribas, CALYON, Crédit Industriel et Commercial, HSBC France, Natixis, ING Bank N.V., London Branch, The Royal Bank of

Scotland plc, Société Générale and Bank of America National Association (Paris) as Original Lenders, and CALYON as Facilities Agent.

The Senior Facilities Agreement provides for two facilities:

- Facility A, which is a three-year multi-currency revolving credit facility. During the year ended 31 December 2010, commitments of Facility A under the Senior Facilities Agreement were reduced from €600 million to €586 million, following the execution of a bilateral €40 million credit agreement on 28 July 2010, the terms and conditions of which are similar to those of the Senior Facilities Agreement. In addition, the maximum commitment corresponding to Facility A was reduced by €195.3 million in December 2010 (decreasing from €586.0 million to €390.7 million), in accordance with contractual provisions.
- Facility B, which is a five-year multi-currency revolving credit facility. During the year ended 31 December 2010, commitments of Facility B under the Senior Facilities Agreement were reduced from €1,100 million to €1,074 million, following the execution of a bilateral €40 million credit agreement on 28 July 2010, the terms and conditions of which are similar to those of the Senior Facilities Agreement.

The bilateral credit agreement dated 28 July 2010 decreased from €40 million to €35.3 million in December 2010, in accordance with contractual provisions.

As of 31 March 2011, facilities and their use under the Senior Facilities Agreement are as follows:

Revolving Credit Facility	Commitment (in millions of euros)	Borrower	Balance due as of 31 March 2011	Currency	Balance due as of 31 March 2011 (in millions of euros)
Facility A	390.7	Rexel	156.0	CAD	113.2
			384.9	USD	270.9
Facility B	1,074.0	Rexel	70.0	CHF	53.8
			500.0	SEK	56.0
			254.6	USD	179.2
Subtotal	**1,464.7**				**673.1**
Bilateral line	35.3	Rexel	35.3	EUR	35.3
Total	**1,500.0**				**708.4**

Guarantors

Rexel is the sole borrower under the Senior Credit Facilities. The guarantors of the Senior Credit Facilities are the same guarantors as the Guarantors of the Notes and the 8.25% Notes. Rexel and the Guarantors have not granted any security interest in their assets to secure the Senior Credit Facilities.

Interest 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 where funds are made available in Euro, (ii) the applicable margin and (iii) the cost relating to lending banks' reserve requirements and fee payments, if any.

The applicable margin for Facilities A and B at 31 December 2010 was 2.50% and 2.75% respectively. The applicable margin varies in accordance with the leverage ratio (defined as the ratio of consolidated adjusted total net debt to consolidated adjusted EBITDA, in each case as such terms are defined under the Senior Facilities Agreement) under the Senior Facilities Agreement calculated as of 31 December and 30 June of every year.

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 applicable margin on that lender's available commitment under each facility.

Financial undertakings and covenants

Under the Senior Facilities Agreement, Rexel must, at each of the dates indicated below, maintain a leverage ratio below the following levels:

Dates	Indebtedness Ratio
30 June 2011	4.50:1
31 December 2011	4.00:1
30 June 2012	3.75:1
31 December 2012	3.50:1
30 June 2013	3.50:1
31 December 2013	3.50:1
30 June 2014	3.50:1

The leverage ratio is equal to adjusted consolidated net debt relative to consolidated Adjusted EBITDA (in each case as defined in the Senior Facilities Agreement).

Rexel must also observe capital expenditure limits for each financial year.

Other undertakings and covenants

The Senior Facilities Agreement contains certain customary negative covenants that restrict Rexel, the guarantors under the Senior Facilities 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; (vii) substantially changing the general nature of Rexel or the Group's business; or (viii) paying dividends or making distributions to shareholders.

The Senior Facilities Agreement also requires Rexel, the guarantors and any of their material subsidiaries to observe certain customary affirmative covenants, including, but not limited to, covenants relating to legal status, insurance, taxation, intellectual property, compliance with laws and pension schemes.

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 Facilities Agreement, subject to minimum amounts.

Events of Default

The Senior Facilities Agreement contains customary events of default, the occurrence of any of which would entitle the lenders to accelerate all outstanding loans and terminate their commitments in respect of the Senior Credit Facilities.

Securitisation programmes

The Rexel Group has several securitisation programmes, which enable it to obtain financing at a lower cost than issuing bonds or bank loans. The main characteristics of these programmes are summarised below:

Programme	Commitment	Amount of receivables pledged on 31 March 2011	Amount drawn on 31 March 2011	Outstanding amount on 31 March 2011	Outstanding amount on 31 December 2010	Repayment
	(in millions of currency)			*(in millions of euros)*		
2005 — Europe and Australia[1]	€500.0	€539.2	€393.0	393.0	444.8	11 February 2010
United-States	US$250.0	US$363.6	US$221.8	156.1	180.4	23 December 2014
Canada[2]	C$140.0	C$211.3	C$140	101.6	105.1	13 December 2012
2008 — Europe	€450.0	€440.3	€309.2	309.2	337.3	17 December 2013
TOTAL				**€959.9**	**€1,067.6**	

(1) On 30 July 2010, the 2005 securitisation programme implemented for Rexel's operation in Europe and Australia was amended to reduce the original commitment from €600 million to €500 million and to increase headroom on covenants related to portfolio triggers.

(2) The maximum authorised commitment was reduced from CAD175 million to CAD140 million in April 2010.

At 31 March 2011, the total outstanding amount under Rexel's securitisation programmes was €959.9 million.

In December 2008, the Rexel Group launched a new securitisation programme, which initially included Hagemeyer's operations in the United Kingdom and Germany, as well as Rexel's Belgian subsidiary. In the first quarter of 2009, Rexel's operations in Spain and The Netherlands joined this programme. This programme has a term of five years, maturing in 2013.

Rexel's securitisation programme in the United States, which was initially set up in 2003, was amended in 2006 to, among other things, include receivables for GE Supply (currently known as Gexpro) which was acquired during that year. This programme matures in 2012.

In 2005, the Rexel Group established two programmes for France and Canada for a period of seven years. In 2006, the Rexel Group modified its French programme to include receivables relating to its operations in Germany, Australia and the United Kingdom. In April 2008, in the scope of the agreements with Sonepar for the acquisition of Hagemeyer, the operating subsidiary Rexel Germany was removed from the Pan European programme in order to be transferred to Sonepar. Each of these programmes mature in 2012.

For more detailed information on Rexel's securitisation programmes, see Note 19.1.2 of the Annexes to Rexel's audited consolidated financial statements for the year ended 31 December 2010 included herein.

Furthermore, Rexel also operates an off-balance sheet programme restricted to its US subsidiaries: on 23 December 2009, the Group entered into an agreement with Ester Finance Titrisation (the purchaser), a French subsidiary of Calyon (now known as Crédit Agricole Corporate and Investment Bank), to sell a participating interest in eligible trade receivables of Rexel's US subsidiaries under a Receivables Participation Agreement. This agreement allows the Group to assign eligible receivables and receive cash consideration up to a maximum amount of US$220 million. This securitisation programme matures in December 2014. As of 31 December 2010, receivables derecognised totalled €97.7 million (US$ 130.5 million) (€52.6 million as of 31 December 2009) and the resulting loss is recorded as a financial charge for €5.7 million (€0.7 million in 2009). Cash received in relation to derecognised receivables and not yet transferred to the purchaser totals €15.4 million (US$ 20.6 million) and is recognised in financial liabilities.

For a description of this off-balance sheet program, see Note 11.2 to Rexel's audited consolidated financial statements for the year ended 31 December 2010 included herein.

Commercial paper program

In September 2010, Rexel launched a €500 million commercial paper programme with a fixed maturity ranging from one to three months depending on the notes issued, to diversify the investor base and minimise the cost of financing. As of 31 March 2011, under this program, €187.2 million was outstanding.

TERMS AND CONDITIONS OF THE NOTES

The €500,000,000 7% senior notes due 17 December 2018 (the "**Notes**," and each, a "**Note**", which expression includes any further notes issued pursuant to Condition 2.2 and forming a single series therewith) of Rexel, a *société anonyme* incorporated under the laws of the Republic of France (the "**Issuer**"), are constituted by a trust deed dated the Issue Date (the "**Trust Deed**") made between the Issuer, the initial Guarantors and BNP Paribas Trust Corporation UK Limited (the "**Trustee**"), which term shall include any trustee or trustees appointed pursuant to the Trust Deed.

The Issuer and the initial Guarantors have entered into an agency agreement (the "**Agency Agreement**") dated the Issue Date with CACEIS Bank Luxembourg, as registrar and principal paying agent and the Trustee. The registrar and the principal paying agent for the time being are referred to in these terms and conditions (the "**Conditions**"), respectively, as the "**Registrar**" and the "**Principal Paying Agent**" and, together with any other paying agents as may be appointed under the Agency Agreement from time to time, the "Paying Agents" and the Paying Agents together with the Registrar, the "**Agents**". Pursuant to the terms of the Agency Agreement, the Agents have agreed to act and perform services on behalf of the Issuer with respect to these Conditions.

The statements in these Conditions include summaries of, and are subject to the detailed provisions of, the Trust Deed, which includes the form of the Notes. The holders of the Notes (the "**Noteholders**" and each, a "**Noteholder**") are entitled to the benefit of the Trust Deed and are bound by and are deemed to have notice of all the provisions of the Trust Deed and those applicable to them of the Agency Agreement. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the specified office of the Trustee for the time being, being at the date hereof at 55 Moorgate, London EC2R 6PA, United Kingdom, and at the specified office of the Principal Paying Agent. As used herein, references to the Trust Deed include the Conditions set forth herein.

1. STATUS AND FORM

The Notes constitute senior (subject to Condition 7.4) unsecured obligations of the Issuer and rank and will rank *pari passu* among themselves and in right of payment to all existing and future unsecured Senior Indebtedness of the Issuer, including Indebtedness under the Senior Credit Facilities, and senior in right of payment to any existing or future Subordinated Indebtedness of the Issuer. The Notes are guaranteed on a senior basis by the Guarantors as described in Condition 6 and are effectively subordinated to all Obligations of the Issuer's Subsidiaries, other than the Guarantors, and (subject to Condition 7.4) to all existing and future secured Indebtedness of the Issuer and its Subsidiaries to the extent of the assets securing such Indebtedness.

The Notes will be issued in registered form. Ownership of interests in the Notes will be limited to persons that have accounts with Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream**") or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Notes on behalf of their participants through customers' securities accounts in their respective names on the books of a common depositary. Except under the circumstances described in the Trust Deed, the Notes will not be issued in definitive form.

Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair the ability of holders of book-entry interests to own, transfer or pledge such interests in the Notes. In addition, while the Notes are in global form, holders of book-entry interests will not be considered the registered owners or holders of the Notes under the Trust Deed for any purpose. So long as the Notes are held in global form, the common depositary or its respective nominees, will be considered the sole holder of the Notes for all purposes under the Trust Deed. In addition, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests to transfer their interests or to exercise any rights as holders of the Notes under the Trust Deed. Neither the Issuer nor the Trustee will have any responsibility or be liable for any aspect of the records relating to book-entry interests in the Notes.

The Issuer may require payment of a sum sufficient to pay any tax, assessment or other governmental charge payable in connection with certain transfers and exchanges.

2. PRINCIPAL, MATURITY, INTEREST AND FURTHER ISSUES

2.1 The Notes are issued initially in a maximum aggregate principal amount of €500,000,000 and are issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will mature on 17 December 2018 (the "**Maturity Date**").

2.2 Subject to compliance of the Issuer with Condition 7.1, the Issuer is permitted, from time to time, without notice to or the consent of the Noteholders, to create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the date of and amount of the first payment of interest), in accordance with the Trust Deed (the "**Additional Notes**"). The Additional Notes, if any, will be consolidated and form a single series with the Notes. The Additional Notes and the Notes shall be treated as a single class for all purposes of the Trust Deed, including waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, for the purposes of the Trust Deed and these Conditions, references to the Notes include any Additional Notes actually issued. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

2.3 Interest

(a) Interest on the Notes will accrue at the rate of 7% per annum and will be payable semi-annually in arrears on 17 June and 17 December, commencing on 17 December 2011. The Issuer will make each interest payment to the holders of record of these Notes on the immediately preceding 1 June and 1 December. The Issuer will pay interest on overdue principal at 1% per annum in excess of the above rate and will pay interest on overdue instalments of interest at such higher rate to the extent lawful.

(b) Interest on the Notes will accrue from the Issue Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

(c) Interest on the Notes will cease to accrue with effect on and from their due date for redemption or repayment unless payment of the redemption monies or accrued interest (if any) is improperly withheld or delayed in which event interest will continue to accrue as provided in the Trust Deed.

3. OPTIONAL REDEMPTION

3.1 Optional Redemption prior to 4 years from the Issue Date

At any time prior to 17 June 2015 (the "**First Call Date**"), the Issuer is entitled, at its option, to redeem the Notes, in whole or in part, upon not less than 30 nor more than 60 days prior notice to the Noteholders at a redemption price equal to 100% of the principal amount of such Notes plus the Applicable Premium as of, and accrued and unpaid interest to, the redemption date (subject to the right of Noteholders on the relevant record date to receive interest due on the relevant interest payment date).

For purposes of this Condition 3.1:

(a) "**Applicable Premium**" means, with respect to a Note on any redemption date, the greater of (i) 1.00% of the principal amount of such Note, and (ii) the excess of (to the extent positive): (A) the present value at such redemption date of (x) the redemption price of such Note at the First Call Date pursuant to Condition 3.2 (such redemption price (expressed as a percentage of the principal amount) being set forth in the table under Condition 3.2 (Optional Redemption after 4 years)) plus (y) all required remaining interest payments due on such Note to and including the First Call Date (excluding any accrued but unpaid interest to such redemption date), computed using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points, over (B) the outstanding principal amount of such Note on such date of redemption, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate, provided that the calculation shall not be a duty or obligation of the Trustee.

(b) "**Bund Rate**" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date, where: (i) "Comparable German Bund Issue" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to the First Call Date and that would be utilised at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to the First Call Date; provided, however, that if the period from such redemption date to the First Call Date is not equal to the fixed maturity of the German Bundesanleihe security selected by such Reference German Bund Dealer, the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of German Bundesanleihe securities for which such yields are given, except that if the period from such redemption date to the First Call Date is less than one year, a fixed maturity of one year shall be used; (ii) "Comparable German Bund Price" means, with respect to any redemption date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations; (iii) "Reference German Bund Dealer" means any dealer of German Bundesanleihe securities appointed by the Issuer in good faith; and (iv) "Reference German Bund Dealer Quotations" means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Issuer in good faith of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third Business Day preceding the redemption date.

3.2 Optional Redemption after 4 years

At any time and from time to time on or after the First Call Date, the Issuer may, at its option, redeem all or part of the Notes upon not less than 30 nor more than 60 days' prior notice to the Noteholders, at the redemption prices, expressed as percentages of principal amount of such Notes, or part thereof, to be redeemed, set forth below, plus accrued and unpaid interest thereon, if any, to the applicable redemption date (subject to the right of Noteholders on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12 month period beginning on 17 June of the years indicated below:

Year	Percentage
2015	103.500%
2016	101.750%
2017 and after	100.000%

3.3 Optional Redemption upon Qualified Equity Offering

At any time, from and after the Issue Date until 17 June 2014, upon not less than 30 nor more than 60 days' notice, the Issuer may, at its option, on any one or more occasions redeem up to 35% of the aggregate principal amount of the Notes (including any Additional Notes) issued under the Trust Deed at a redemption price of 107% of their principal amount, plus accrued and unpaid interest, if any, to the redemption date (subject to the right of Noteholders on the relevant record date to receive interest due on the relevant interest payment date), with an amount equal to all or part of the net proceeds received by the Issuer from one or more Qualified Equity Offerings; *provided*, *however*, that:

(a) at least 65% of the aggregate principal amount of Notes (including any Additional Notes), issued under the Trust Deed would remain outstanding immediately after the occurrence of such redemption; and

(b) the redemption occurs within 120 days of the closing of such Qualified Equity Offering.

For purposes of this Condition 3.3, "**Qualified Equity Offering**" means an issuance and sale (public or private) of Capital Stock (other than Disqualified Stock) of the Issuer or any direct or indirect parent company of the Issuer with gross cash proceeds to the Issuer of at least €50 million (including any sale of Capital Stock purchased upon the exercise of any over allotment option granted in connection therewith).

3.4 Selection; Notice

If the Issuer partially redeems the Notes, the Notes will be redeemed on a *pro rata* basis or by such other method as the Trustee in its sole discretion shall deem to be fair and appropriate (and in such manner that complies with applicable legal and exchange requirements). No Note of €100,000 in aggregate principal amount or less will be redeemed in part. If the Issuer redeems any Notes in part only, the notice of redemption relating to such Notes shall state the portion of the principal amount thereof to be redeemed. In case of any certificated Notes, a new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the Noteholder thereof upon cancellation of the original Note. In case of a global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Once notice of redemption is sent to the holders, Notes or portions thereof called for redemption become due and payable at the redemption price on the redemption date (subject to the satisfaction of the conditions precedent stated in the redemption notice), and, commencing on the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption unless payment of the redemption moneys and/or accrued interest is improperly withheld or refused.

Any redemption notice given under this Condition 3 may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions, including in the case of a redemption pursuant to Condition 3.3, the completion of the related Qualified Equity Offering.

4. TAXATION

4.1 Additional Amounts

(a) All payments under or with respect to the Notes will be made free and clear of, and without withholding or deduction for or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other additions related thereto) (hereinafter "Taxes") imposed or levied by or on behalf of the Republic of France, a Guarantor's jurisdiction of organization, any jurisdiction from or through which payment is made and (if different) any jurisdiction to which the payment is effectively connected and in which the payor has a permanent establishment or is resident for tax purposes at the time of payment, and any political subdivision or taxing authority thereof or therein (each a "Relevant Taxing Jurisdiction"), unless such withholding or deduction is required by law.

(b) If any amounts are required to be withheld or deducted for or on account of Taxes imposed by a Relevant Taxing Jurisdiction from any payment made under or with respect to the Notes or a Guarantee, the Issuer or the Guarantor, to the fullest extent then permitted by law, will be required to pay such additional amounts ("**Additional Amounts**") as may be necessary so that the net amount received by a Noteholder (including Additional Amounts) after such withholding or deduction will not be less than the amount such Noteholder would have received if such Taxes had not been withheld or deducted; *provided*, *however*, that the foregoing obligation to pay Additional Amounts does not apply to:

(i) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant holder of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over, the relevant holder, if the relevant holder is an estate, trust, partnership or corporation) and the Relevant Taxing Jurisdiction (other than the mere receipt of such payment or the ownership or holding outside of the Relevant Taxing Jurisdiction of such Note);

(ii) any payment of or on account of estate, inheritance, gift, sales, excise, transfer, personal property tax or similar tax, assessment or governmental charge;

(iii) any tax, duty, assessment, fee or other governmental charge that would not have been imposed but for the presentation of the Note by the holder for payment more than 30 days after the date on which such payment on such Note became due and payable or the date on which payment thereof is duly provided for, whichever is later (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period);

(iv) any withholding or deduction imposed on a payment to or for the benefit of an individual that is required to be made pursuant to Council Directive 2003/48/EC or any other Directive on the taxation of savings income implementing the conclusion of the ECOFIN council meeting of 26-27 November 2000 or any subsequent meeting of the ECOFIN council, or any law implementing or complying with, or introduced in order to conform to, such Directives;

(v) with respect to any payment of principal of (or premium, if any, on) or interest on such Notes or with respect to a Guarantee to any holder who is a fiduciary or partnership or any person other than the sole beneficial owner of such payment, to the extent that (A) such withholding or deduction is required for the sole reason that the holder is a fiduciary, a partnership or a person other than the beneficial owner of such payment or (B) a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of such payment would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual holder of such Note;

(vi) any Note presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union;

(vii) any withholding or deduction imposed as a result of the failure of the holder of the Note or beneficial owner of the Notes to comply with any reasonable written request, made to that holder or beneficial owner in writing at least 90 days before any such withholding or deduction would be payable, by the Issuer or any of the Guarantors to provide timely and accurate information concerning the nationality, residence or identity of such Holder or beneficial owner or to make any valid and timely declaration or similar claim or satisfy any certification information or other reporting requirement, which is required or imposed by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from or reduction in all or part of such withholding or deduction; or

(viii) any combination of the above.

(c) The Issuer or the relevant Guarantor will make all required withholdings and deductions and will remit the full amount required to be deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law.

(d) Whenever in the Trust Deed or the Conditions there is mentioned, in any context (i) the payment of principal; (ii) purchase prices in connection with a purchase of Notes; (iii) interest; or (iv) any other amount payable on or with respect to any of the Notes, such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

(e) The Issuer will pay any present or future stamp, transfer, court or documentary taxes or any other excise or property taxes, charges or similar levies, and any penalties, additions to tax or interest due with respect thereto, that may be imposed in a Relevant Taxing Jurisdiction in connection with the execution, issue, delivery or registration of the Notes, the Trust Deed or any other document or instrument in relation thereto, or in any relevant jurisdiction in connection with any enforcement action.

(f) The obligations described under this heading will survive any termination or discharge of the Notes and the Trust Deed and will apply *mutatis mutandis* to any jurisdiction in which any successor person to the Issuer or a Guarantor is organised or any political subdivision or taxing authority or agency thereof or therein.

4.2 Supply of Information

Each Noteholder shall be responsible for supplying to the relevant Paying Agent, in a timely manner, any information as may be required by the latter in order for it to comply with the identification and reporting obligations imposed on it by Council Directive 2003/48/EC or any European Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 or any subsequent meeting of the ECOFIN Council Meeting on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive.

4.3 Redemption for Changes in Withholding Taxes

(a) The Issuer may redeem the Notes, at its option, at any time as a whole but not in part, upon not less than 30 nor more than 60 days' notice, at 100% of the principal amount thereof, plus accrued and unpaid interest (if any) to the date of redemption (subject to the right of Noteholders of record on the relevant record date to receive interest due on the relevant interest payment date), in the event the Issuer or a Guarantor has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Notes or a Guarantee, any Additional Amounts as a result of:

(i) a change in or an amendment to the laws (including any regulations or rulings promulgated thereunder) of, or any treaties applicable to, any Relevant Taxing Jurisdiction (or any political subdivision or taxing authority thereof or therein), which change or amendment (i) is publicly announced or formally proposed, and (ii) becomes effective, on or after the Issue Date (or, if the relevant Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction after the Issue Date, the date on which such Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction); or

(ii) any change in or amendment to any official position regarding the application or interpretation of such laws, treaties, regulations or rulings (including a judgment by a court of competent jurisdiction) which change or amendment (i) is publicly announced or formally proposed, and (ii) becomes effective, on or after the Issue Date (or, if the relevant Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction after the Issue Date, the date on which such Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction),

and the Issuer and the Guarantors cannot avoid such obligation by taking reasonable measures available to it or them.

(b) Before the Issuer notifies the Noteholders of a redemption of the Notes as described above, the Issuer will deliver to the Trustee an Officers' Certificate to the effect that the Issuer and the Guarantors cannot avoid the obligation to pay Additional Amounts by taking reasonable measures available to them. The Issuer will also deliver an opinion of independent legal counsel of recognised standing and an Officers' Certificate, each stating that the Issuer or the relevant Guarantor would be obligated to pay Additional Amounts as a result of a change in tax laws or regulations or the application or interpretation of such laws or regulations. The Trustee shall accept the Officers' Certificates and such opinion as sufficient evidence of the satisfaction of the conditions precedent described above.

5. CHANGE OF CONTROL

5.1 Upon the occurrence after the Issue Date of a Change of Control (as defined below), each Noteholder will have the right to require that the Issuer purchase all or any part of such Noteholder's Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Noteholders of record on the relevant record date to receive interest due on the relevant interest payment date).

***5.2 For purposes of these Conditions, "*Change of Control**" means:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer (provided that any Voting Stock beneficially owned by a Permitted Holder shall not be included in the Voting Stock deemed beneficially owned by such "person" or "group"); or

(b) (i) all or substantially all of the assets of the Issuer and the Restricted Subsidiaries, taken as a whole, are sold or otherwise transferred to any Person other than a Wholly-Owned Restricted Subsidiary or one or more Permitted Holders or (ii) the Issuer consolidates or merges with or into another Person or any Person consolidates or merges with or into the Issuer, in either case under this clause (b), in one transaction or a series of related transactions in which immediately after the consummation thereof any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer or the surviving or transferee Person (provided that any Voting Stock beneficially owned by a Permitted Holder shall not be included in the Voting Stock deemed beneficially owned by such "person" or "group"); or

(c) the Issuer shall adopt a plan of liquidation or dissolution or any such plan shall be approved by the stockholders of the Issuer (unless such plan is in connection with a transaction or series of related transactions permitted by Condition 7.5).

5.3 Within 30 days following any Change of Control, the Issuer will notify each Noteholder in accordance with Condition 17 with a copy to the Trustee (the "**Change of Control Offer**") stating:

(a) that a Change of Control has occurred and that such Noteholder has the right to require the Issuer to purchase such Noteholder's Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Noteholders of record on the relevant record date to receive interest on the relevant interest payment date);

(b) the circumstances and relevant facts regarding such Change of Control (including information with respect to *pro forma* historical income, cash flow and capitalization, in each case after giving effect to such Change of Control);

(c) the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is given); and

(d) the instructions, as determined by the Issuer, consistent with this Condition 5, that a Noteholder must follow in order to have its Notes purchased.

5.4 The Issuer will not be required to make a Change of Control Offer following a Change of Control if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in these Conditions applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (ii) a notice of redemption for the redemption of the Notes in whole but not in part has been given pursuant to Condition 3, unless there has been a default in payment of the applicable redemption price.

5.5 The Issuer will comply, to the extent applicable, with the requirements of applicable securities laws or regulations in connection with the purchase of Notes as a result of a Change of Control. To the extent that the provisions of any applicable securities laws or regulations conflict with the provisions of this Condition 5, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Condition 5 by virtue of its compliance with such securities laws or regulations.

5.6 The provisions of this Condition 5 relative to the obligations of the Issuer to make an offer to purchase the Notes as a result of a Change of Control may be waived or modified with the written consent of, or extraordinary resolution approved by, the holders of a majority in principal amount of the Notes for the time being outstanding.

6. GUARANTEES

6.1 Guarantee

(a) The Guarantors, in a Guarantee contained in the Trust Deed, will jointly and severally guarantee (subject to the provisions of the next succeeding sentence), on a senior basis, the Issuer's obligations under the Trust Deed and the Notes. The obligations of each Guarantor under its Guarantee will be limited as necessary to recognise certain defences generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally) or other considerations under applicable law. As a result of such limitations, the Guarantee given by any Guarantor organised under French law will be limited to an amount equal to the aggregate proceeds of the Notes which are directly or indirectly on-lent by the Issuer to such Guarantor or the Guarantor's Subsidiaries and to the extent such Notes and on-loans remain outstanding at the time of enforcement of such Guarantee.

(b) Subject to the limitations referred to in clause (a) of this Condition 6.1, each Guarantor that makes a payment under its Guarantee will be entitled upon payment in full of all guaranteed obligations under the Notes to a contribution from each other Guarantor in an amount equal to such other Guarantor's *pro rata* portion of such payment based on the respective net assets of all the Guarantors at the time of such payment determined in accordance with IFRS or as otherwise required by applicable law.

(c) A Guarantor may consolidate with, merge with or into, or transfer all or substantially all its assets to any other Person and the Capital Stock of a Guarantor may be sold or otherwise disposed of to another Person to the extent such sale or other disposition is in compliance with Condition 7.3; *provided*, *however*, that in the case of the consolidation, merger or transfer of all or substantially all the assets of such Guarantor, if such other Person is not the Issuer or a Guarantor, such Guarantor's obligations under its Guarantee must be expressly assumed by such other Person, except that such assumption will not be required in the case of:

(i) the sale or other disposition (including by way of consolidation or merger) of a Guarantor, including the sale or disposition of Capital Stock of such Guarantor or of the Capital Stock of a Person of which such Guarantor is a Subsidiary, following which such Guarantor is no longer a Subsidiary of the Issuer; or

(ii) the sale or disposition of all or substantially all the assets of a Guarantor;

in each case other than to the Issuer or an Affiliate of the Issuer and as permitted by these Conditions and if in connection therewith the Issuer provides an Officers' Certificate to the Trustee to the effect that the Issuer will comply with its obligations under Condition 7.3 in respect of such sale or other disposition. Upon any sale or other disposition pursuant to sub-clause (i) or (ii) above, the obligor on the related Guarantee will be automatically released from its obligations thereunder.

(d) In the event that a Guarantor is unconditionally released from a guarantee given by it in relation to the Senior Credit Facilities, or, if the Guarantor shall have expressly assumed any Indebtedness under the Senior Credit Facilities as a primary obligor, in the event such assumed Indebtedness is discharged in full in accordance with its terms and such Guarantor no longer guarantees any other Indebtedness under the Senior Credit Facilities, the Guarantee given by such Guarantor shall be automatically released and such Guarantor shall be simultaneously and unconditionally released and discharged from all its obligations and liabilities under its Guarantee and the other provisions of the Trust Deed and these Conditions, and the same shall thereupon terminate and be of no further effect.

(e) In addition a Guarantor will automatically and unconditionally be released from all obligations under its Guarantee, and such Guarantee shall thereupon terminate and be discharged and be of no further force or effect,

(i) upon the merger or consolidation of such Guarantor with any Person that is the surviving Person in such merger or consolidation pursuant to Condition 6.1(c), or upon the solvent liquidation of such Guarantor following the transfer of all its assets to the Issuer or another Guarantor;

(ii) concurrently with such Guarantor becoming an Unrestricted Subsidiary; or

(iii) subject to customary contingent reinstatement provisions, upon payment in full of the aggregate principal amount of all Notes then outstanding and all other applicable Obligations of such Guarantor then due and owing.

(f) Upon any such occurrence of any release pursuant to this Condition 6, the Trustee shall execute any documents required in order to evidence such release, discharge and termination in respect of such Guarantee.

(g) The Issuer shall be permitted to add Guarantors and remove any Guarantors subject to and in accordance with the provisions of the Trust Deed. For the avoidance of doubt, the Issuer shall be permitted after the Issue Date to cause additional Restricted Subsidiaries to become Guarantors under the Trust Deed even if such Restricted Subsidiaries are not required at such time to become Guarantors pursuant to Condition 7.6 (such Guarantors "**Optional Guarantors**"). The Issuer will be entitled to release any such Optional Guarantor from its Guarantee obligations hereunder provided (x) no Event of Default would result from such release and (y) such Optional Guarantor is not at the time of the proposed release otherwise required to be a Guarantor pursuant to Condition 7.6.

7. COVENANTS

7.1 Limitation on Indebtedness

(a) The Issuer will not, and will not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness; *provided*, *however*, that the Issuer and the Restricted Subsidiaries will be entitled to Incur Indebtedness (the "**Coverage Ratio Test**"), if on the date of such Incurrence and after giving effect thereto on a *pro forma* basis the Consolidated Coverage Ratio exceeds 2.25 to 1.0; *provided*, *further*, that the amount of Indebtedness that may be Incurred pursuant to this Condition 7.1(a) by Restricted Subsidiaries that are not Guarantors shall not exceed €800 million in the aggregate at any one time outstanding.

(b) Notwithstanding the foregoing clause (a), (but subject to clause (c) below) the Issuer and any Restricted Subsidiary will be entitled to Incur any or all of the following Indebtedness ("**Permitted Indebtedness**"):

(i) Indebtedness Incurred by the Issuer and/or any Guarantor pursuant to the Credit Facilities in an aggregate principal amount outstanding at any time not exceeding (x) €1,870 million, *plus* (y) an amount equal to the fees, underwriting discounts, premiums and other costs and expenses incurred in connection with any Refinancing of the Credit Facilities, *plus* (z) the applicable Available Receivables Basket Amount (determined as of the date when the applicable Indebtedness is so Incurred); it being understood that Indebtedness incurred under this clause (b)(i) may, for the avoidance of doubt, assume the form (in whole or in part) of borrowings under one or more commercial paper facilities backed by Credit Facilities of the Issuer and/or any Guarantor;

(ii) Indebtedness (including obligations under or in respect of related performance guarantees) arising in respect of Receivables Financings in an aggregate principal amount at any one time outstanding not to exceed the applicable Available Receivables Basket Amount (determined as of the date when the applicable Indebtedness is so incurred);

(iii) Indebtedness owed to and held by the Issuer or a Restricted Subsidiary; *provided*, *however*, that any subsequent issuance or transfer of any Capital Stock which results in any such Restricted Subsidiary (to which such Indebtedness is owed) ceasing to be a Restricted Subsidiary or any redesignation of such Restricted Subsidiary as an Unrestricted Subsidiary or any subsequent disposition, pledge or transfer of such Indebtedness (other than to the Issuer or a Restricted Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the obligor thereon not permitted by this sub-clause (iii); and *provided further* that in the case of any such Indebtedness owed by the Issuer or a Guarantor to a Restricted Subsidiary that is not a Guarantor, such Indebtedness shall be unsecured;

(iv) Indebtedness represented by the Notes (other than any Additional Notes) and the Guarantees;

(v) Indebtedness outstanding on the Issue Date (other than Indebtedness specified in sub-clauses (i), (ii), (iv) and (xiv) of this Condition 7.1(b));

(vi) Indebtedness of any Person that is assumed by the Issuer or any Restricted Subsidiary in connection with its acquisition of assets from such Person or any Affiliate thereof or is issued and outstanding on or prior to the date on which such Person was acquired by the Issuer or any Restricted Subsidiary or merged or consolidated with or into the Issuer or any Restricted Subsidiary, (other than Indebtedness Incurred to finance, or otherwise Incurred in connection with, or in contemplation of, such acquisition) provided that on the date of such acquisition, merger or consolidation, after giving *pro forma* effect thereto, (x) the Issuer could Incur at least €1.00 of additional Indebtedness pursuant to clause (a) of this Condition or (y) the Consolidated Coverage Ratio of the Issuer would equal or exceed the Consolidated Coverage Ratio of the Issuer immediately prior to giving such *pro forma* effect thereto;

(vii) the incurrence of Refinancing Indebtedness by (A) the Issuer or any Restricted Subsidiary in exchange for or the net proceeds of which are used to refund, replace, defease or refinance Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to clause (a) of this Condition (it being understood that no Indebtedness outstanding on the Issue Date is Incurred pursuant to such clause (a)) and (B) the Issuer or any Restricted Subsidiary in exchange for or the net proceeds of which are used to refund, replace, defease or refinance Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to sub-clauses (iv), (v), (vi), (vii) or (xix) of this Condition 7.1(b);

(viii) Hedging Obligations of the Issuer or any Restricted Subsidiary; *provided* that such Hedging Obligations are entered into in the ordinary course of business and not for speculative purposes;

(ix) Obligations in respect of worker's compensation claims, self-insurance obligations, performance, bid, surety bonds and similar bonds and completion guarantees provided by the Issuer or any Restricted Subsidiary in the ordinary course of business;

(x) Indebtedness arising from the honoring by a bank or other financial institution of a cheque, draft or similar instrument inadvertently drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within five Business Days of its Incurrence;

(xi) Indebtedness arising from agreements of the Issuer or a Restricted Subsidiary providing for indemnification, adjustment of purchase price, earn-out or similar Obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or Capital Stock of the Issuer or any Restricted Subsidiary; *provided* that such Indebtedness is not reflected on the balance sheet of the Issuer or any Restricted Subsidiary (contingent Obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet shall not be deemed to be reflected on such balance sheet for purposes of this sub-clause (xi));

(xii) (x) any guarantee (A) by the Issuer or a Restricted Subsidiary that is (or, in accordance with Condition 7.6, becomes) a Guarantor, of Indebtedness of the Issuer or any Guarantor permitted to be incurred by any other provision of this Condition 7.1 ; *provided* that any such guarantee by a Restricted Subsidiary is given in accordance with Condition 7.6 or (B) by a Restricted Subsidiary that is not a Guarantor, of Indebtedness of a Restricted Subsidiary that is not a Guarantor and that was permitted to be incurred by any other provision of this Condition 7.1; and (y) without limiting the covenant described under Condition 7.4, Indebtedness of the Issuer or any Restricted Subsidiary arising by reason of any Lien granted by or applicable to such Issuer or Restricted Subsidiary securing Indebtedness of the Issuer or any Restricted Subsidiary, but excluding any Indebtedness Incurred by the Issuer or such Restricted Subsidiary, as the case may be, in violation of this Condition 7.1;

(xiii) Indebtedness of the Issuer or any Restricted Subsidiary in respect of (A) letters of credit, bankers' acceptances or other similar instruments or obligations issued, or relating to liabilities or obligations incurred, in the ordinary course of business (including those issued to governmental entities in connection with self-insurance under applicable workers' compensation statutes), or (B) completion guarantees, surety, judgment, appeal or performance bonds, or other similar bonds, instruments or obligations, provided, or relating to liabilities or obligations incurred, in the ordinary course of business;

(xiv) Purchase Money Indebtedness and Capital Lease Obligations and any Refinancing Indebtedness with respect thereto, in an aggregate principal amount at any time outstanding not exceeding an amount equal to the greater of (x) €150 million and (y) 3.0% of Consolidated Tangible Assets;

(xv) Indebtedness consisting of accommodation guarantees incurred in the ordinary course of business for the benefit of trade creditors of the Issuer or any of its Restricted Subsidiaries;

(xvi) Indebtedness owed and held by the Issuer and/or a Restricted Subsidiary arising under any customary cash pooling, treasury or cash management arrangements or netting or setting-off arrangements in the ordinary course of business;

(xvii) Indebtedness under overdrafts in an aggregate principal amount at any time not to exceed €50 million, at any one time outstanding (provided that, in the case of any cash collateralized overdraft facility, the principal amount of overdrafts thereunder shall be determined net of any such cash collateral);

(xviii) customer deposits and advance payments received from customers for goods purchased in the ordinary course of business;

(xix) Indebtedness represented by the 8.25% Notes and the guarantees related thereto; and

(xx) additional Indebtedness of the Issuer or any Restricted Subsidiary (other than and in addition to Indebtedness permitted under sub-clauses (i) through (xix)) in an aggregate principal amount at any one time outstanding not to exceed €350 million.

(c) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with clauses (a) and (b) of this Condition 7.1:

(i) any Indebtedness outstanding under Senior Credit Facilities on the Issue Date will be treated as Incurred under sub-clause (b)(i) and any Indebtedness in respect of any Receivables Financing will be treated as Incurred under sub-clause (b)(ii);

(ii) subject to clause (c)(i) above, (x) in the event that an item of Indebtedness (or any portion thereof) meets the criteria of more than one of the types of Indebtedness described above, the Issuer, in its sole discretion, will classify such item of Indebtedness (or any portion thereof) at the time of Incurrence and may include the amount and type of such Indebtedness in one or more of the above clauses (including in part under one clause and in part under another such clause) and (y) the Issuer will be entitled to divide and re-classify an item of Indebtedness in more than one of the types of Indebtedness described above;

(iii) any other obligation of the obligor on such Indebtedness (or of any other Person who could have Incurred such Indebtedness under this Condition 7.1) arising under any guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation supporting such Indebtedness shall be disregarded to the extent that such guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation secures such Indebtedness; and

(iv) the amount of Indebtedness issued at a price that is less than the principal amount thereof shall be equal to the amount of the liability in respect thereof determined in accordance with IFRS.

(d) For purposes of determining compliance with this covenant, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first drawn, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (i) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (ii) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (iii) if any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal, premium, if any, and interest on such Indebtedness, the amount of such Indebtedness and such interest and premium, if any, shall be determined after giving effect to all payments in respect thereof under such Currency Agreements. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer and the Restricted Subsidiaries may Incur pursuant to this covenant shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, solely as a result of fluctuations in the exchange rate of currencies.

7.2 Limitation on Restricted Payments

(a) The Issuer will not, and will not permit any Restricted Subsidiary, directly or indirectly, to make a Restricted Payment if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(i) a Default shall have occurred and be continuing (or would result therefrom);

(ii) the Issuer is not entitled to Incur an additional €1.00 of Indebtedness pursuant to Condition 7.1(a); or

(iii) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, to be the Fair Market Value thereof, as determined in good faith by the Board of Directors which determination shall be conclusive and evidenced by a resolution of the Board of Directors) declared or made subsequent to the Issue Date (other than Restricted Payments made pursuant to sub-clauses (i), (ii), (iv), (v), (vii), (viii) or (ix) of Condition 7.2(b) below) would exceed the sum (the "**Restricted Payments Basket**") of (without duplication):

(A) 50% of the Consolidated Net Income accrued during the period (treated as one accounting period) from 1 October 2009 to the end of the most recent fiscal quarter for which consolidated financial information is included in any report furnished to the Noteholders and the Trustee pursuant to clauses (a) or (b) of Condition 7.7 prior to the date of such Restricted Payment (or, in case such Consolidated Net Income shall be a deficit, minus 100% of such deficit); plus

(B) the aggregate Net Cash Proceeds and the Fair Market Value of property or assets received (x) by the Issuer as capital contributions to the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary) of its Capital Stock (other than Disqualified Stock) after the Issue Date (other than (i) any such proceeds applied to redeem Notes in accordance with Condition 3.3 or (ii) any such proceeds or assets received from a Restricted Subsidiary of the Issuer) or (y) by the Issuer or any Restricted Subsidiary from the issuance and sale (other than to the Issuer or a Restricted Subsidiary) by the Issuer or any Restricted Subsidiary after the Issue Date of Indebtedness (other than Subordinated Indebtedness or Guarantor Subordinated Obligations) that shall have been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock) (less (or plus) the amount of any cash and the Fair Market Value of any property or assets distributed (or received) by the Issuer or any Restricted Subsidiary, as the case may be, upon such conversion or exchange); and

(C) upon a redesignation of an Unrestricted Subsidiary that was designated as such after the Issue Date as a Restricted Subsidiary, the lesser of (i) the Fair Market Value of the Issuer's proportionate interest in such Subsidiary immediately following such redesignation, and (ii) the aggregate amount of the Issuer's Investments in such Subsidiary to the extent such Investments reduced the Restricted Payments Basket and were not previously repaid or otherwise reduced; and

(D) in the case of any return of capital, disposition or repayment of any Investment constituting a Restricted Payment made pursuant to clause (a) of this Condition 7.2 (including, without limitation, Investments in Unrestricted Subsidiaries and dividends and other distributions from Unrestricted Subsidiaries), without duplication of any amount deducted in calculating the amount of Investments at any time outstanding included in the amount of Restricted Payments, an amount in the aggregate equal to the lesser of the return of capital, repayment or other proceeds (in each case, in the form of cash or Cash Equivalents) with respect to all such Investments received by the Issuer or a Restricted Subsidiary and the initial amount of all such Investments constituting Restricted Payments.

(b) The preceding provisions will not prohibit:

(i) any purchase, redemption, repurchase, defeasance or other acquisition or retirement of Capital Stock of the Issuer or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent issuance or sale of, Capital Stock of the Issuer (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary) or a substantially concurrent capital contribution to the Issuer; *provided* that the Net Cash Proceeds from such issuance, sale or capital contribution shall be excluded in subsequent calculations under clause (a)(iii)(B) of this Condition;

(ii) any purchase, redemption, repurchase, defeasance or other acquisition or retirement (collectively, "**repurchase**") of Subordinated Indebtedness (*w*) made by exchange for, or out of the proceeds of the substantially concurrent issuance or sale of Refinancing Indebtedness Incurred in compliance with Condition 7.1, (*x*) following the occurrence of a Change of Control or an Asset Disposition or other similar event described under the terms governing such Subordinated Indebtedness in accordance with provisions therein similar to those set forth in Condition 5 or Condition 7.3, but only if the Issuer shall have complied with the provisions described under Condition 5 or Condition 7.3 by making a Change of Control Offer or Net Proceeds Offer, as applicable, and, if required, caused the repurchase of all Notes tendered pursuant to the offer to repurchase required thereby, prior to purchasing or repaying such Subordinated Indebtedness, (*y*) where the proceeds of the issuance of the Subordinated Indebtedness being so repurchased were, when originally incurred, applied to Refinance Indebtedness incurred pursuant to Condition 7.1(b)(i) or (*z*) where such Subordinated Indebtedness was Indebtedness of a Person that was issued and outstanding at the time such Person became a Restricted Subsidiary and such repurchase is required in connection therewith under the terms governing such Indebtedness at such time;

(iii) dividends and distributions paid, or redemptions made, within 60 days after the date of declaration thereof or of the giving of notice thereof (as applicable) if at such date of declaration or notice such dividend or redemption would have complied with paragraph (a) of this Condition;

(iv) the purchase, redemption or other acquisition of shares of Capital Stock of the Issuer or any of its Subsidiaries from employees, former employees, directors or former directors of the Issuer or any of its Subsidiaries (or permitted transferees of such employees, former employees, directors or former directors), pursuant to the terms of the agreements (including employment agreements) or plans (or amendments thereto) approved by the Board of Directors under which such individuals purchase or sell or are granted the option to purchase or sell, shares of such Capital Stock; *provided*, *however*, that the aggregate amount of such Restricted Payments shall not exceed €25 million during any calendar year (with amounts unused in any calendar year available to be used in any of the two calendar years immediately following such calendar year (but not to be carried beyond two calendar years));

(v) Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed €100 million (net of repayments of any such loans or advances) (subject to the provisions of the last paragraph of the definition of Permitted Investments); *provided* that if a Restricted Payment is made pursuant to this clause (v) in respect of a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary, the aggregate amount of Permitted Payments deemed outstanding under this clause (v) shall be decreased by the amount of such Restricted

Payment made in such Person (provided that such amount shall not increase the Restricted Payments Basket);

(vi) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Issuer; *provided*, *however*, that any such cash payment shall not be for the purpose of evading the limitation of this covenant (as determined in good faith by the Board of Directors);

(vii) the declaration and payments of dividends on Disqualified Stock issued pursuant to Condition 7.1 or of any Preferred Stock of a Restricted Subsidiary Incurred in accordance with Condition 7.1;

(viii) repurchases of Capital Stock deemed to occur upon exercise of stock options if such Capital Stock represents a portion of the exercise price of such options;

(ix) in connection with any equity commitments provided by any Permitted Holder to or in respect of the Issuer, the payment of customary equity commitment fees, discounts, premiums, commitments and related reasonable fees and expenses to any such Permitted Holder; or

(x) dividends or other distributions of, or Investments paid for or made with, Capital Stock, Indebtedness or other securities of any Unrestricted Subsidiary in an amount no greater than the amount of the Investments made in such Unrestricted Subsidiary pursuant to Condition 7.2(a) as are then outstanding.

7.3 Limitation on Sales of Assets and Subsidiary Stock

(a) The Issuer will not, and will not permit any Restricted Subsidiary to consummate any Asset Disposition, unless:

(i) the Issuer or such Restricted Subsidiary receives consideration at the time of such Asset Disposition at least equal to the Fair Market Value (including as to the value of all non-cash consideration) of the shares and assets subject to such Asset Disposition; and

(ii) at least 75% of the consideration therefor received by the Issuer or such Restricted Subsidiary is in the form of (A) cash or (B) Cash Equivalents.

(b) If at any time any non-cash consideration received by the Issuer or any Restricted Subsidiary, as the case may be, in connection with any Asset Disposition is repaid or converted into or sold or otherwise disposed of for cash or Cash Equivalents (other than interest received with respect to any such non-cash consideration), then the date of such repayment, conversion or disposition shall be deemed to constitute the date of an Asset Disposition hereunder and the Net Available Cash thereof shall be applied in accordance with this Condition.

(c) If the Issuer or any Restricted Subsidiary engages in an Asset Disposition, the Issuer or such Restricted Subsidiary shall, no later than 365 days following the consummation of such Asset Disposition (or if later, the receipt of Net Available Cash therefrom), apply an amount equal to all or any of Net Available Cash therefrom to:

(i) repay, redeem or otherwise retire amounts outstanding or available under Credit Facilities;

(ii) repay any Indebtedness which was secured by the assets sold in such Asset Disposition;

(iii) (A) invest in assets (including equipment, machinery and capital expenditures) to be used by the Issuer or any Restricted Subsidiary in a Related Business, (B) acquire Capital Stock (other than Disqualified Stock) in a Person that is a Restricted Subsidiary or in a Person engaged in a Related Business that shall become a Restricted Subsidiary immediately upon the consummation of such acquisition or (C) a combination of (A) and (B) (it being understood that a binding commitment to consummate any such investment or acquisition within 365 days of such commitment (or in the case of a long-term project, to begin such project in earnest) shall be deemed a permitted application of such Net Available Cash pursuant to this clause (iii), provided such binding commitment was entered into by the Issuer or a Restricted Subsidiary with a good faith expectation of such commitment being complied with);

(iv) redeem, repay or purchase (or make an offer to redeem, repay or purchase) any Pari Passu Indebtedness, including under the 8.25% Notes, *provided that* any such redemption, repayment or purchase (or, as applicable, offer in respect thereof) occurs as part of a Net Proceeds Offer to Noteholders in accordance with the procedures set forth in sub-clauses (d)(i) to (iii), except that (x) the reference to "Excess Proceeds" in sub-clause (d)(i) shall be construed as an amount of Net Available Cash determined at the discretion of the Issuer, (y) the expressions "such Pari Passu Indebtedness required to be redeemed" and "such Pari Passu Indebtedness" shall be construed as the Pari Passu Indebtedness sought to be retired and (z) the expression "Pari Passu Indebtedness Price" shall be construed as a price no greater than 100% of the principal amount of such Pari Passu Indebtedness, plus accrued and unpaid interest thereon, if any, to the date of redemption, repayment or repurchase; and/or

(v) make a Net Proceeds Offer to Noteholders in accordance with the procedures set forth in sub-clauses (d)(i) to (iii), except that (x) the reference to "Excess Proceeds" in sub-clause (d)(i) shall be construed as an amount of Net Available Cash determined at the discretion of the Issuer and (y) any such Net Proceeds Offer may be made without the obligation to redeem, repay or purchase any Pari Passu Indebtedness.

The amount of Net Available Cash not applied or invested as provided in this clause (c) will constitute "**Excess Proceeds**."

(d) When the aggregate amount of Excess Proceeds equals or exceeds €50 million, the Issuer will be required to make an offer to purchase from all Holders and, if applicable, redeem (or make an offer to redeem, repay or purchase) any other Pari Passu Indebtedness the provisions of which require the Issuer or any Guarantor to redeem, repay or purchase or make an offer to purchase such Indebtedness with the proceeds from any Asset Disposition (or offer to redeem or purchase), in an aggregate principal amount of Notes and such Pari Passu Indebtedness equal to the amount of such Excess Proceeds as follows:

(i) the Issuer will (a) make an offer to purchase (a "**Net Proceeds Offer**") to all Holders and (b) redeem, repay or purchase (or make an offer to redeem, repay or purchase) any such Pari Passu Indebtedness, pro rata in proportion to the respective principal amounts of the Notes and such Pari Passu Indebtedness required to be redeemed, in the maximum principal amount of Notes and such Pari Passu Indebtedness that may be redeemed, repaid or purchased out of the amount (the "**Payment Amount**") of such Excess Proceeds;

(ii) the offer price for the Notes will be payable in cash in an amount equal to 100% of the principal amount of the Notes tendered pursuant to a Net Proceeds Offer, plus accrued and unpaid interest thereon, if any, to the date such Net Proceeds Offer is consummated (the "**Offered Price**"), in accordance with the procedures set forth in the Trust Deed and the redemption, repayment, or purchase price or amount, as applicable, for such Pari Passu Indebtedness (the "**Pari Passu Indebtedness Price**") shall be as set forth in the related documentation governing such Pari Passu Indebtedness;

(iii) if the aggregate Offered Price of Notes validly tendered and not withdrawn by Holders thereof exceeds the *pro rata* portion of the Payment Amount allocable to the Notes, Notes to be purchased will be selected on a *pro rata* basis; and

(iv) upon completion of such Net Proceeds Offer in accordance with the foregoing provisions, the amount of Excess Proceeds with respect to which such Net Proceeds Offer was made shall be deemed to be zero.

(e) To the extent that the sum of the aggregate Offered Price of Notes tendered pursuant to a Net Proceeds Offer and the aggregate Pari Passu Indebtedness Price paid to the holders of such Pari Passu Indebtedness is less than the Payment Amount relating thereto (such shortfall constituting a "**Net Proceeds Deficiency**"), the Issuer may use the Net Proceeds Deficiency, or a portion thereof, for general corporate purposes subject to the provisions of these Conditions.

(f) For the purposes of this Condition, the following are deemed to be cash or Cash Equivalents: (1) the amount (without duplication) of any Indebtedness (other than Subordinated

Indebtedness and Guarantor Subordinated Obligations) of the Issuer or such Restricted Subsidiary that is expressly assumed by the transferee in such Asset Disposition and with respect to which the Issuer or such Restricted Subsidiary, as the case may be, is unconditionally released by the holder of such Indebtedness, (2) Indebtedness (other than Subordinated Indebtedness and Guarantor Subordinated Obligations) of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Issuer and each other Restricted Subsidiary are released from any guarantee of payment of the principal amount of such Indebtedness in connection with such Asset Disposition, (3) securities received by the Issuer or any Restricted Subsidiary from the transferee that are converted by the Issuer or such Restricted Subsidiary into cash within 180 days, (4) Additional Assets and (5) any Designated Noncash Consideration received by the Issuer or any of its Restricted Subsidiaries in an Asset Disposition having an aggregate Fair Market Value, taken together with all other Designated Noncash Consideration received pursuant to this clause, not to exceed an aggregate amount at any time outstanding equal to €25 million (with the Fair Market Value of each item of Designated Noncash Consideration being measured at the time received and without giving effect to subsequent changes in value).

(g) The Issuer will comply, to the extent applicable, with the requirements of any applicable securities laws or regulations in connection with the repurchase of Notes pursuant to this Condition. To the extent that the provisions of any applicable securities laws or regulations conflict with provisions of this Condition, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Condition by virtue of its compliance with such securities laws or regulations.

7.4 Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, Incur or permit to exist any Lien on any of its properties (including Capital Stock of a Restricted Subsidiary), whether owned at the Issue Date or thereafter acquired, securing Indebtedness ("**Initial Liens**"), other than Permitted Liens, without effectively providing that the Notes (or if it is a Guarantor that Incurs such an Initial Lien, then the Guarantee by such Guarantor) shall be secured (i) if such Indebtedness is Senior Indebtedness of the Issuer or a Restricted Subsidiary, as the case may be, equally and rateably with the Senior Indebtedness so secured or (ii) if such Indebtedness is Subordinated Indebtedness or Guarantor Subordinated Obligations, as the case may be, prior to the Subordinated Indebtedness or Guarantor Subordinated Obligations so secured, in each case, for so long as such Indebtedness is so secured. Any Lien thereby created in favour of the Noteholders under this Condition 7.4 will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates or (ii) any sale, exchange or transfer to any Person other than the Issuer or an Affiliate of the Issuer of the property or assets to which the Initial Lien relates, or of all the Capital Stock of the entity holding such property or assets (or of a Person of which such entity is a Subsidiary), that is otherwise permitted by the Conditions (but only if all other Liens on the same property or assets that were required to be given under the terms of other Senior Indebtedness as a result of the Initial Lien having been given or having arisen have also been, or on such sale, exchange or transfer, would also be, unconditionally released and discharged).

7.5 Merger and Consolidation

(a) The Issuer shall not in a single transaction or through a series of transactions consolidate with or merge with or into any other Person, or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of the Issuer's properties and assets to any other Person or Persons if such transaction or series of transactions, in the aggregate, would result in the sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the properties and assets of the Issuer and its Restricted Subsidiaries on a consolidated basis to any other Person or Persons.

(b) Clause (a) will not apply if:

(i) either at the time and immediately after giving effect to any such consolidation, merger, transaction or series of related transactions, (A) the Issuer shall be the continuing corporation or (B) the Person (if other than the Issuer) formed by or surviving any such consolidation or merger or to which such sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the Issuer's properties or all or substantially all of the properties and assets of the Issuer and of the Restricted Subsidiaries on a consolidated basis, has been made (the "**Surviving Entity**"):

(A) shall be a corporation duly organised and validly existing under the laws of France, any member state of the European Union, the United States of America, any state thereof or the District of Columbia; and

(B) expressly assumes the obligations of the Issuer under the Notes and the Trust Deed, pursuant to a supplemental Trust Deed, in form and substance reasonably satisfactory to the Trustee, and the Notes and the Trust Deed remain in full force and effect as so supplemented;

(ii) immediately after giving effect to any such consolidation, merger, transaction or series of transactions on a *pro forma* basis (and treating any Obligation of the Issuer or any Restricted Subsidiary incurred in connection with or as a result of such transaction or series of transactions as having been incurred by the Issuer or any Restricted Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(iii) immediately after giving effect to any such transaction or series of transactions on a *pro forma* basis (on the assumption that the transaction or series of transactions occurred on the first day of the four quarter period immediately prior to the consummation of such transaction or series of transactions for which financial statements of the Issuer are available, with the appropriate adjustments with respect to the transaction or series of transactions being included in such *pro forma* calculation):

(A) the Issuer (or the Surviving Entity if the Issuer is not a continuing obligor under these Conditions) could incur at least €1.00 of additional Indebtedness in accordance with Condition 7.1(a); or

(B) the Consolidated Coverage Ratio of the Issuer (or if applicable, the Surviving Entity) would equal or exceed the Consolidated Coverage Ratio of the Issuer immediately prior to giving effect to such transaction;

(iv) each Guarantor, unless it is the other party to the transactions described above or is released from its obligations under its Guarantee in connection with such transactions, will have confirmed that its Guarantee will apply to such Person's Obligations under the Trust Deed and the Notes; and

(v) the Issuer or the Surviving Entity shall have delivered to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officers' Certificate (attaching the computations to demonstrate compliance with sub-clauses (ii) and (iii) above) and an opinion of independent counsel, each stating that such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition, and if a supplemental Trust Deed is required in connection with such transaction, such supplemental Trust Deed will, comply with the requirements of the Trust Deed and has been duly authorized, executed and delivered by the applicable Issuer and/or Surviving Entity and constitutes a legal, valid, binding and enforceable obligation of each such party thereto, provided that in giving such opinion such counsel may rely on an Officers' Certificate as to compliance with the foregoing clauses (ii) and (iii) and as to matters of fact and such opinion may contain customary assumptions and qualifications. No Opinion of Counsel shall be required for a consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition described in paragraph (c) of this Condition 7.5.

(c) Paragraph (b) of this Condition 7.5 shall not apply to any transaction in which any Restricted Subsidiary consolidates with, merges into or transfers all or part of its assets to the Issuer (with the Issuer as the Surviving Entity thereof) and (B) clauses (ii) and (iii) of paragraph (b) of this Condition shall not apply if the Issuer consolidates or merges with or into or transfers all or substantially all its properties and assets to (x) an Affiliate incorporated or organised for the purpose of reincorporating or reorganising the Issuer in another jurisdiction or changing its legal structure to a corporation or other entity or (y) a Restricted Subsidiary of the Issuer so long as all assets of the Issuer, and the Restricted Subsidiaries of the Issuer or the Issuer, respectively, immediately prior to such transaction (other than Capital Stock of such Restricted Subsidiary) are owned by such Restricted Subsidiary and its Restricted Subsidiaries immediately after the consummation thereof.

(d) In the case of any transaction complying with this Condition to which the Issuer is a party, the Surviving Entity shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Trust Deed; *provided*, that the predecessor Issuer shall not be relieved from its obligations to pay the principal and interest on the Notes in the case of a lease of all or substantially all of the assets of the Issuer and the Restricted Subsidiaries taken as a whole.

7.6 Limitations on Guarantees of Indebtedness by Restricted Subsidiaries

(a) The Issuer shall not permit any Restricted Subsidiary that is not a Guarantor, directly or indirectly, to guarantee, assume or in any other manner become liable for the payment of any of the Issuer's or any Guarantor's Indebtedness under the Credit Facilities or the 8.25% Notes (including guarantees in respect thereof), unless such Restricted Subsidiary simultaneously executes and delivers a supplemental Trust Deed to the Trust Deed, delivered to the Trustee, providing for a Guarantee by such Restricted Subsidiary that is senior or *pari passu* in right of payment to such Restricted Subsidiary's guarantee of such Credit Facilities or the 8.25% Notes, as the case may be.

(b) Clause (a) shall not be applicable to any guarantees by any Restricted Subsidiary (unless a guarantee with respect thereto is granted under the Credit Facilities):

(i) that existed at the time such Person became a Restricted Subsidiary if the guarantee was not Incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary; or

(ii) given to a bank or trust company or other financial institution referred to in clause (ii) of the definition of Cash Equivalents in respect of or in connection with the operation of cash management or pooling programs or similar arrangements established for the Issuer's benefit or that of any Restricted Subsidiary.

(c) Notwithstanding the foregoing, any Guarantee created pursuant to the provisions described in clause (a) may provide by its terms that it will be automatically and unconditionally released and discharged upon:

(i) any sale, exchange or transfer, to any Person who is not a Restricted Subsidiary, of all of the Capital Stock of the Restricted Subsidiary held, directly or indirectly, by the Issuer, or all or substantially all the assets of, such Restricted Subsidiary (which sale, exchange or transfer is not prohibited by these Conditions); or

(ii) the unconditional release by the holders of the Issuer's or the relevant Guarantor's Indebtedness under the Credit Facilities or the 8.25% Notes, as applicable, of the guarantee by such Restricted Subsidiary in respect of such Indebtedness (including any deemed release upon payment in full of all principal and interest under such Indebtedness other than as a result of payment under such guarantee), or, if the Restricted Subsidiary shall have expressly assumed any Indebtedness under the Credit Facilities or the 8.25% Notes as a primary obligor, on the discharge in full of such assumed Indebtedness in accordance with its terms if such Guarantor no longer guarantees any other Indebtedness under the Credit Facilities or the 8.25% Notes.

(d) The terms of the applicable Guarantee to be given by any Restricted Subsidiary pursuant to Condition 7.6(a) of each Guarantor shall be substantially similar, mutatis mutandis, to those contained in the form of Guarantee set forth in the Trust Deed, and may contain limitations substantially similar, mutatis mutandis, to those set forth therein and in Condition 6.1(a).

7.7 Reports

As long as any Notes are outstanding, the Issuer will furnish to the Noteholders and the Trustee:

(a) within 120 days after the end of the Issuer's fiscal year, annual reports containing audited consolidated financial statements of the Issuer for the fiscal year then ended and comparative audited consolidated financial statements of the Issuer for the prior fiscal year, in each case prepared in accordance with IFRS together with reasonably detailed footnote disclosure, and also containing, with respect to the Issuer and its Subsidiaries, disclosure regarding the Issuer's business and management's analysis of the financial results in form and substance substantially equivalent to that contained in the Issuer's annual reference document (*document de référence*) with respect to the fiscal year ended 31 December 2010;

(b) within 60 days following the end of each of the first three quarters in each fiscal year of the Issuer quarterly reports containing the following information: (i) an unaudited condensed consolidated balance sheet as of the end of such period and unaudited condensed statements of income and cash flow for such period, and the comparable prior year periods, each under IFRS, together with condensed footnote disclosure; and (ii) an operating and financial review of the audited and unaudited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources, and a discussion of material commitments and contingencies and changes in critical accounting policies; and

(c) promptly after the occurrence of a material acquisition, disposition, restructuring of the Issuer and its Restricted Subsidiaries taken as a whole or change in auditors or any other material event of the Issuer and its Restricted Subsidiaries taken as a whole, a report containing a description of such event.

The Trustee shall have no obligation to read or analyze any information or report delivered to it under this Condition 7.7 and shall have no obligation determine whether any such information or report complies with the provisions of this Condition 7.7 and shall not be deemed to have notice of anything disclosed therein and shall incur no liability by reason thereof.

The Issuer will also make available copies of all reports required by this Condition 7.7 (i) on its website and (ii) if and so long as the Notes are listed on the Euro MTF and the rules of the Luxembourg Stock Exchange so require, at the specified office of the paying agent in Luxembourg.

8. SUSPENSION OF COVENANTS DURING ACHIEVEMENT OF INVESTMENT GRADE STATUS

8.1 If during any period the Notes have achieved and continue to maintain Investment Grade Status and no Event of Default shall have occurred and be continuing (such period, an "**Investment Grade Status Period**"), upon written notice by the Issuer to the Trustee in an Officers' Certificate certifying such Investment Grade Status and the absence of any Event of Default, the following Conditions will be suspended and will not be applicable to the Issuer and the Restricted Subsidiaries during such period:

(a) Condition 7.1 (Limitation on Indebtedness);

(b) Condition 7.2 (Limitation on Restricted Payments);

(c) Condition 7.3 (Limitation on Sales of Assets and Subsidiary Stock);

(d) Condition 7.5(b)(iii) (Merger and Consolidation); and

(e) Condition 7.6 (Limitation on Guarantees of Indebtedness by Restricted Subsidiaries).

In addition, during an Investment Grade Status Period, the provisions of the first sentence of the final paragraph of the definition of "Unrestricted Subsidiary" will also be suspended and will not be applicable to the Issuer and the Restricted Subsidiaries.

8.2 Covenants and other provisions of these Conditions that are suspended during an Investment Grade Status Period will be immediately reinstated and will continue to exist during any period in which the Notes do not have Investment Grade Status. Upon reinstatement, calculations under the reinstated Condition 7.2 will be made as if such Condition had been in effect during the entire period from the Issue Date (including the Investment Grade Status Period), it being understood however that no action taken during an Investment Grade Status Period or prior to an Investment Grade Status Period in compliance with the covenants then applicable will constitute a Default or an Event of Default under the Notes in the event that suspended covenants and provisions are subsequently reinstated or suspended, as the case may be. For the avoidance of doubt, an Investment Grade Status Period will not commence until the Issuer has provided written notice to the Trustee in accordance with Condition 8.1.

8.3 For purposes of this Condition, "**Investment Grade Status**" exists as of any time if at such time the Notes have been assigned at least two of the following ratings: (x) BBB- or higher by S&P, (y) Baa3 or higher by Moody's and (z) BBB- or higher by Fitch.

9. CURRENCY INDEMNITY

9.1 Euros are the sole currency of account and payment for all sums payable by the Issuer or any Guarantor under the Notes and the Trust Deed. Any amount received or recovered in a currency other than euros in respect of the Notes (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, its Subsidiaries or otherwise) by the Trustee or a Noteholder in respect of any sum expressed to be due to it from the Issuer or any Guarantor shall constitute a discharge of the Issuer or such Guarantor only to the extent of the euros amount which the recipient is able to purchase with the amount so received or recovered in such other currency, on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that euro amount is less than the euro amount expressed to be due to the recipient under any Note, the Issuer and each Guarantor, jointly and severally, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this indemnity, it will be sufficient for the Trustee or the Noteholder to certify (indicating the sources of information used) that it would have suffered a loss had the actual purchase of euros been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of euros on such date had not been practicable, on the first date on which it would have been practicable).

9.2 The above indemnity, to the extent permitted by law:

(a) constitutes a separate and independent obligation from the other obligations of the Issuer and any Guarantor;

(b) shall give rise to a separate and independent cause of action;

(c) shall apply irrespective of any waiver granted by the Trustee or any Noteholder; and

(d) shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

The indemnity pursuant to this Condition 9 shall be a senior obligation with respect to the Issuer and any Guarantor on the same basis and to the same extent as all other payment obligations of the Issuer and such Guarantor hereunder.

10. EVENTS OF DEFAULT

10.1 Each of the following is an Event of Default with respect to the Notes (each, an "**Event of Default**"):

(a) (x) a default in the payment of interest on the Notes when due, continued for 30 days, or (y) a default in the payment of Additional Amounts for 30 days after notice thereof to the Issuer;

(b) a default in the payment of principal of, or premium, if any, on any Note when due at its Stated Maturity, upon optional redemption, a repurchase required by these Conditions, acceleration or otherwise;

(c) failure by the Issuer to comply with its obligations under (x) Condition 5 for 30 days after notice from the Trustee (other than failure to purchase, with respect to which no 30 day notice period shall apply) or (y) Condition 7.5(a);

(d) failure by the Issuer to comply for 30 days after notice from the Trustee with any other covenant contained in these Conditions or the Trust Deed;

(e) the failure by the Issuer or any Restricted Subsidiary to pay any Indebtedness within any applicable grace period after final maturity (within the originally applicable express grace period and any extensions thereof) or the acceleration of any such Indebtedness by the holders thereof because of a default, if the total amount of such Indebtedness so unpaid or accelerated exceeds €50 million in the aggregate or its equivalent in a currency other than euro;

(f) the taking of any of the following actions by the Issuer or any Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law: (A) the commencement of a voluntary case (including, the appointment of a voluntary administrator); (B) the consent to the entry of an order for relief against it in an involuntary case; (C) the consent to the appointment of a Custodian of it or for any substantial part of its property (unless such appointment is done on a solvent basis or is in connection with a transaction or series of related transactions permitted by Condition 7.5); or (D) the making of a general assignment for the benefit of its creditors;

(g) a court of competent jurisdiction enters an order, judgment or decree under any Bankruptcy Law that: (A) is for relief against the Issuer or any Significant Subsidiary in an involuntary case; (B) appoints a Custodian of the Issuer or any Significant Subsidiary or for any substantial part of any of their respective property; or (C) orders the winding-up or liquidation of the Issuer or any Significant Subsidiary (unless such winding up or liquidation is done on a solvent basis or is in connection with a transaction or series of related transactions permitted by Condition 7.5); and in any of (A) through (C), the order or decree remains unstayed and in effect for 60 days;

(h) the rendering of any judgment or decree for the payment of money in an amount (net of any insurance or indemnity payments actually received in respect thereof prior to or within 60 days from the entry thereof, or to be received in respect thereof in the event any appeal thereof will be unsuccessful) in excess of €50 million or its equivalent in a currency other than euros against the Issuer or a Significant Subsidiary, or jointly and severally against other Restricted Subsidiaries that are not Significant Subsidiaries but would in the aggregate constitute a Significant Subsidiary if considered as a single Person, that is not discharged, or bonded or insured by a third Person, if such judgment or decree remains outstanding for a period of 60 days following such judgment or decree and is not discharged, waived or stayed; or

(i) any Guarantee of a Guarantor that is a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Guarantee, the Trust Deed or these Conditions) or any Guarantor that is a Significant Subsidiary denies or disaffirms its obligations under its Guarantee in writing (other than by reason of release of a Guarantor from or other termination of its Guarantee in accordance with the terms of the Trust Deed or these Conditions), if such default continues for 10 days.

10.2

(a) If an Event of Default (other than an Event of Default specified in clause (f) or (g) of Condition 10.1) occurs and is continuing, the Trustee (subject as provided below in this Condition 10.2) or the holders of at least 25% in principal amount of the outstanding Notes may declare by notice in writing to the Issuer the Notes to be immediately due and repayable at their principal amount together with accrued interest and all other amounts due on all the Notes; *provided*, *however*, that, after such acceleration, but before a judgment or decree based on acceleration, the holders of a majority in aggregate principal amount of the outstanding Notes may rescind and annul such acceleration if all Events of Default, other than the nonpayment of accelerated principal, interest and other amounts due, have been cured or waived. Upon such a declaration, such principal and interest and all other amounts due shall be due and payable immediately. If an Event of Default relating to Condition 10.1(f) or (g) occurs and is continuing, the Notes will automatically become and be immediately due and payable at such amount aforesaid without any declaration or other act on the part of the Trustee or any Noteholders.

(b) Notwithstanding Condition 10.2(a) above, in the event of a declaration of acceleration in respect of the Notes because an Event of Default specified in Condition 10.1(e) above shall have occurred and be continuing, such declaration of acceleration of the Notes and such Event of Default and all consequences thereof (including any acceleration or resulting payment default) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, and be of no further effect, if the payment default or other default triggering such Event of Default pursuant to Condition 10.1(e) shall be remedied or cured by the Issuer or a Restricted Subsidiary or waived by the holders of the relevant Indebtedness within 60 days after the acceleration declaration with respect thereto and if (a) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (b) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

(c) The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or any Guarantor as it may think fit to enforce the provisions of the Trust Deed and the Notes, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed or the Notes (including, without limitation any action under Condition 10.1) unless (a) subject, where applicable, to the provisions of Condition 13.1, it has been so directed by an extraordinary resolution of the Noteholders or so requested in writing by the holders of at least 25% in principal amount of the Notes then outstanding and (b) it has been indemnified and/or secured and/or prefunded to its satisfaction.

10.3 No Noteholder shall be entitled to proceed directly against the Issuer or any Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

11. NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND SHAREHOLDERS

No director, officer, employee, incorporator or stockholder, as such, of the Issuer or any Subsidiary of any thereof shall have any liability for any obligation of the Issuer or any Guarantor under these Conditions, the Trust Deed, the Notes and the Credit Facilities or for any claim based on, in respect of, or by reason of, any such obligation or its creation. Each Noteholder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

12. PRESCRIPTION

Claims against the Issuer or any Guarantor for payment of principal and interest in respect of the Notes, or under any Guarantee, will be prescribed and become void unless made, in the case of principal and premium, within ten years or, in the case of interest and Additional Amounts, within five years after the relevant date for payment thereof.

13. AMENDMENTS AND WAIVERS

13.1 The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by extraordinary resolution (within the meaning of the Trust Deed) of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an extraordinary resolution will be one or more Persons present holding or representing more than 50% in aggregate principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more Persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed in each case as set forth in Condition 13.2 below, the necessary quorum for passing an extraordinary resolution will be one or more persons present holding or representing not less than 90% of the principal amount of the Notes for the time being outstanding. An extraordinary resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

The Trust Deed also provides that a resolution in writing and signed (or where the Notes are held through a clearing system, an electronic consent by or on behalf of relevant accountholders to a resolution provided in accordance with the standard procedures of such clearing system) by or on behalf at least 50% in aggregate principal amount of Notes for the time being outstanding (or in respect of the matters set forth below in Condition 13.2, 90% in aggregate principal amount of Notes for the time being outstanding) shall have the same effect as an extraordinary resolution passed at a meeting as described above.

13.2 The matters that require a quorum of 90% at any meeting of Noteholders or a direction or request or the consent of Holders of at least 90% in aggregate principal amount of the Notes for the time being outstanding, as described above, are:

(a) reducing the amount of Notes whose holders must consent to an amendment or a waiver;

(b) reducing the rate of or extending the time for payment of interest on the Notes;

(c) reducing the principal of or changing the Stated Maturity of the Notes;

(d) reducing the premium payable upon the redemption of, or changing the date for any redemption of, Notes under Condition 3 or Condition 4.3 (or, after a Change of Control has already occurred, Condition 5);

(e) making any of the Notes payable in a currency other than euro;

(f) impairing the right of any holder of the Notes to receive payment of principal of and interest on such holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's Notes;

(g) making any change in this list of matters which require consent of holders of at least 90% of the aggregate principal amount of the Notes then outstanding;

(h) making any change in the ranking or priority of any of the Notes or the Guarantees that would adversely affect the Noteholders;

(i) releasing, other than in accordance with the Trust Deed, any Guarantee in a manner that would adversely affect the Noteholders;

(j) making any change in the provisions of Condition 4 that adversely affects the rights of the Noteholders or amending the terms of the Notes or the Trust Deed in each case in a manner that would result in the loss of an exemption from any of the Taxes described thereunder; or

(k) waiving a default in the payment of principal of or premium or interest on any Notes (except a rescission of acceleration of the Notes by the Holders thereof as provided above in these Conditions and a waiver of the payment default that resulted from such acceleration).

13.3 The Trustee may agree, without the consent of the Noteholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Default shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error.

13.4 In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, any Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 4 and/or any undertaking given in addition to, or in substitution for, Condition 4 pursuant to the Trust Deed.

13.5 Any modification, abrogation, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 17.

13.6 The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

13.7 The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any Guarantor and/or any of the Issuer's other Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any Guarantor and/or any of the Issuer's other Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

13.8 The Trustee may call for and rely upon an Officers' Certificate as to the amount of any defined term used in Conditions 7 or 10 as at any given time or for any specified period, as applicable, or as to compliance by the Issuer and/or the Guarantors with any of the covenants contained in these Conditions, in which event such Officers' Certificate shall, in the absence of manifest error, be conclusive and binding on all parties and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any liability that may be occasioned by it or any other person acting on such Officers' Certificate.

14. LISTING

The Issuer will use its reasonable best efforts to list and to maintain the listing of the Notes on the Euro MTF of the Luxembourg Stock Exchange (the "**Euro MTF**"), for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it is unable to list or it can no longer reasonably comply with the requirements for listing the Notes on the Euro MTF or if maintenance of such listing becomes unduly onerous, it will not be obliged to maintain a listing of the Notes on the Euro MTF and will use its reasonable best efforts to obtain and maintain a listing of such Notes on another recognised stock exchange in Europe.

15. AGENTS

15.1 The Agents, when acting in that capacity, are acting solely as agents of the Issuer and the Guarantors pursuant to the Agency Agreement and (to the extent provided therein and in the Trust Deed) the Trustee and do not assume any obligation towards or relationship of agency or trust for or with any Noteholder.

15.2 The names of the Agents and their specified offices are set out in the Agency Agreement. The Issuer reserves the right under the Agency Agreement at any time with the prior written approval of the Trustee to remove the Registrar and any Paying Agent and to appoint other or further Registrars and Paying Agents; *provided* that it will at all times maintain (i) a Paying Agent having specified offices in Luxembourg, (ii) a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to Council Directive 2003/48/EC on the taxation of savings income or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, or any law implementing or complying with, or introduced in order to conform to, such Directive and (iii) a Registrar with a specified office outside the United Kingdom. At least 30 days notice of any such removal or appointment and of any change in the specified office of the Registrar and any Paying Agent will be given to the Holders in accordance with Condition 17.

16. REPLACEMENT OF NOTES

If any Note is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Paying Agent upon payment by the claimant of such costs as may be incurred in connection with such replacement and on such terms as to evidence, security, indemnity or otherwise as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

17. NOTICES

All notices to the Noteholders regarding the Notes will be mailed to them at their respective addresses in the Register and will be deemed to have been given on the fourth Business Day after the date of mailing.

So long as the Notes are represented by a global certificate and such global certificate is held on behalf of a clearing system, notices to the Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Conditions or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

19. GOVERNING LAW, SUBMISSION TO JURISDICTION AND SERVICE OF PROCESS

The Trust Deed, the Notes and the Guarantees, including any non-contractual obligations arising out of or in connection with the Notes, are governed by, and shall be construed in accordance with, English law.

The Issuer and each of the Guarantors has agreed in the Trust Deed, for the benefit of the Trustee and the Noteholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes and the Guarantees and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Trust Deed or the Notes may be brought in such courts.

The Issuer and each of the Guarantors has irrevocably waived in the Trust Deed any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum.

Nothing contained in this Condition shall limit any right of the Trustee or subject to this Condition any Noteholder to take Proceedings against the Issuer or any Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer and Guarantors have agreed in the Trust Deed that the process by which any Proceedings are commenced in England pursuant to this Condition 19 may be served on it by being delivered to Rexel UK Ltd. at Yardley Court, 11/12 Frederick Road, Edgbaston, Birmingham, West Midlands, B15 1JD, United Kingdom or, if different, its registered office for the time being or at any address of the Issuer in the United Kingdom at which process may be served on it in accordance with Part 34 of the Companies Act 2006 or any successor provision thereto. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer and Guarantors, the Issuer and Guarantors shall appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Trustee shall be entitled to appoint such a person by written notice to the Issuer or relevant Guarantor. Nothing herein shall affect the right of the Trustee and the Noteholders to serve process in any other manner permitted by law.

20. DEFINITIONS

"**8.25% Notes**" means the 8.25% Senior Notes due 2016 of the Issuer constituted by a Trust Deed, dated December 21, 2009, among the Issuer and, *inter alios*, BNP Paribas Trust Corporation UK Limited, as trustee, as are outstanding on the date hereof.

"**Additional Amounts**" has the meaning set forth in Condition 4.1.

"**Additional Assets**" means:

(a) any property or assets that replace property or assets that are the subject of an Asset Disposition and are to be used in a Related Business;

(b) any property, plant, equipment or other assets (other than Indebtedness or Capital Stock) that are to be used in a Related Business;

(c) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary; or

(d) Capital Stock in any Person that at the relevant time is a Restricted Subsidiary acquired from a third-party;

provided, *however*, that any such Restricted Subsidiary described in clause (c) or (d) above is engaged in a Related Business.

"**Additional Notes**" has the meaning set forth in Condition 2.2.

"**Affiliate**" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Asset Disposition**" means any sale, lease, transfer or other disposition of shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares, or shares to be held by third parties to meet applicable legal requirements), property or other assets (each referred to for the purposes of this definition as a "**disposition**") by the Issuer or any of its Restricted Subsidiaries (including any disposition by means of a merger, consolidation or similar transaction), *other than*:

(a) a disposition to the Issuer or a Restricted Subsidiary;

(b) dispositions of inventory, products, equipment, machinery or services in the ordinary course of business;

(c) any Restricted Payment permitted pursuant to Condition 7.2 or any Permitted Investment;

(d) a disposition of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole that is governed by Condition 5 or Condition 7.5, or any disposition of cash or Cash Equivalents;

(e) any Financing Disposition in connection with a Receivables Financing permitted under Condition 7.1;

(f) any financing transaction with respect to the building, improvement or acquisition of property by the Issuer or any Restricted Subsidiary (or the Refinancing thereof) to the extent permitted under Condition 7.1, including without limitation any Sale/Leaseback Transaction or asset securitization;

(g) any disposition arising from foreclosure, condemnation or similar action with respect to any property or other assets;

(h) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(i) the disposition or abandonment of intellectual property of the Issuer or any Restricted Subsidiary, in each case, that it is no longer economically practicable to maintain or that is no longer used or useful in the ordinary course of the business of the Issuer or any Restricted Subsidiary;

(j) the grant of licences to intellectual property rights to third parties (other than Affiliates of the Issuer or any of its Restricted Subsidiaries) on an arm's length basis;

(k) dispositions constituting Liens permitted to be incurred under these Conditions (but not, for the avoidance of doubt, a foreclosure on, a Lien);

(l) any disposition of obsolete, damaged, surplus or worn-out equipment and any abandonment of any assets that are no longer in use, in each case, in the ordinary course of business;

(m) a disposition of Capital Stock of a Restricted Subsidiary, or of the business or assets of a Restricted Subsidiary, (1) if such disposition (x) occurs pursuant to an agreement or other obligation with or to a Person (other than the Issuer or an Affiliate of the Issuer) from whom such Restricted Subsidiary was acquired by the Issuer or a Restricted Subsidiary, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), (y) is part of and directly related to the acquisition of such Restricted Subsidiary or the acquisition of the assets and properties of such Restricted

Subsidiary and (z) occurs no later than six months following the relevant acquisition, or (2) if the disposition is necessary to obtain or satisfy one or more competition law, antitrust, or similar governmental or regulatory approvals or requirements for the acquisition of such Restricted Subsidiary by the Issuer or a Restricted Subsidiary or of the business or assets of a Restricted Subsidiary (having been newly formed in connection with such acquisition);

(n) the sale of assets that are not-core business (i.e., assets that do not participate in the electrical supplies and the electrical solutions distributor business (on a business-to-business basis)) in one or more related transactions for aggregate consideration not to exceed €30 million;

(o) any transaction or series of related transactions in which the Issuer and/or the Restricted Subsidiaries dispose of assets or businesses with a fair market value of less than €50 million; or

(p) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements.

"**Attributable Indebtedness**" in respect of a Sale/Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate borne by the Notes, compounded annually) of the total Obligations of the lessee for rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended); *provided*, *however*, that if such Sale/Leaseback Transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "Capital Lease Obligation".

"**Available Receivables Basket Amount**" means, as of any date of determination:

(i) for purposes of clause (b)(i) of Condition 7.1, (x) the Receivables Basket Amount *less* (y) the Receivables Facilities Basket Outstanding Amount; and

(ii) for purposes of clause (b)(ii) of Condition 7.1, (x) the Receivables Basket Amount *less* (y) the Credit Facilities Growth Basket Outstanding Amount.

For purposes of this definition:

(a) "**Credit Facilities Growth Basket Outstanding Amount**" means, as of any date of determination, the amount of Indebtedness then outstanding under clause (b)(i)(z) of Condition 7.1;

(b) "**Receivables Basket Amount**" means, as of any date of determination, 66% of the consolidated trade accounts receivable of the Issuer and its Restricted Subsidiaries, as reflected on the consolidated balance sheet of the Issuer as of such date of determination prepared in accordance with IFRS; and

(c) "**Receivables Facilities Basket Outstanding Amount**" means, as of any date of determination, the amount of Indebtedness then outstanding under clause (b)(ii) of Condition 7.1.

"**Average Life**" means, as of the date of determination, with respect to any Indebtedness, the quotient obtained by dividing:

(a) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of or redemption or similar payment with respect to such Indebtedness multiplied by the amount of such payment by

(b) the sum of all such payments.

"**Bankruptcy Law**" means Title 11, U.S. Code, or any similar U.S. Federal, state or non-U.S. law for the relief of debtors, including any of the procedures referred to in Titles I to IV of Book VI of the French Commercial Code, and any analogous procedures in the jurisdiction of organisation of any present or future Significant Subsidiary.

"**Board of Directors**" means, for any Person, the board of directors or other governing body of such Person or, in either case, any committee thereof duly authorised to act on behalf of such board or other governing body. With respect to the Issuer, the "Board of Directors" means the supervisory board (*conseil de surveillance*) or the management board (*directoire*) or, in either case, any committee thereof, provided that if the Issuer's governance structure is modified so that it has a board of directors (*conseil d'administration*), the Board of Directors refers to such board or any committee thereof.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which commercial banking institutions are authorised or required by law to close in London or Paris, and (in relation to any date for payment or purchase of euros) other than any other day on which the Trans-European Automated Real Time Gross Settlement Express Transfer payment system is closed for settlement of payments in euros.

"**Capital Lease Obligation**" means an obligation that is required to be classified and accounted for as a capital or finance lease for financial reporting purposes in accordance with IFRS, and the amount of Indebtedness represented by such obligation shall be the capitalised amount of such obligation determined in accordance with IFRS; and the Stated Maturity thereof shall be the date of the last scheduled payment of rent or any other amount due under such lease without payment of a penalty.

"**Capital Stock**" of any Person means any and all shares, interests (including partnership interests), rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"**Cash Equivalents**" means any of the following: (i) securities issued or fully guaranteed or insured by the United States of America or a member state of the European Union or any agency or instrumentality of any thereof maturing within 360 days of the date of acquisition thereof, (ii) time deposits, certificates of deposit or bankers' acceptances maturing within 360 days of the date of acquisition thereof of (x) any agent or arranger (or affiliate thereof) under the Senior Credit Facilities, (y) any commercial bank or other financial institution having capital and surplus in excess of €500,000,000, with an unsecured debt rating of at least "A" from S&P, A2 from Moody's or an equivalent rating by a U.S. or Non-U.S. comparable agency or (z) any other commercial bank or other financial institution outside the United States or the European Union, so long as the maximum amount of time deposits, certificates of deposit or bankers acceptances at such banks or other financial institutions does not exceed €50,000,000 in the aggregate at any time outstanding, (iii) commercial paper of a corporation (other than the Issuer or its Affiliates), maturing not more than 270 days from the date of acquisition, rated at least A-2 or the equivalent thereof by S&P or at least P-2 or the equivalent thereof by Moody's (or, if at such time neither is issuing ratings, then a comparable rating of another nationally recognised rating agency), (iv) money market instruments, commercial paper or other short term obligations rated at least A-2 or the equivalent thereof by S&P or at least P-2 or the equivalent thereof by Moody's (or, if at such time neither is issuing ratings, then a comparable rating of another nationally recognised rating agency), (v) investments in money market funds subject to the risk limiting conditions of Rule 2a-7 or any successor rule of the SEC under the Investment Issuer Act of 1940, as amended and (vi) investments correlative in type, maturity and rating to any of the foregoing denominated in foreign currencies or at foreign institutions.

"**CD&R Group**" means, collectively, (i) Clayton, Dubilier & Rice Fund VI Limited Partnership and Clayton, Dubilier & Rice Fund VII, L.P., each a Cayman Islands exempted limited partnership, or any successor thereto ("CD&R Fund"), (ii) CDR Ray Investor L.P. and CDR Ray Investor III L.P., each a Cayman Islands exempted limited partnership or any successor thereto ("CDRR"), (iii) CDR Ray Co-Investor L.P., a Cayman Islands exempted limited partnership ("CDR Co-Investor"), (iv) any other investment fund or vehicle managed, sponsored or advised by Clayton, Dubilier & Rice, Inc., Clayton, Dubilier & Rice, LLC or Clayton, Dubilier & Rice Limited (together "CD&R"), or any of their respective Affiliates or any successor to any such fund or vehicle, and (v) any Affiliate of the CD&R Fund, CDR Co-Investor, CDRR, CD&R or any such fund or vehicle.

"**Change of Control**" has the meaning set forth in Condition 5.2.

"**Commodities Agreement**" means, in respect of any Person, any commodity futures contract, forward contract, option or similar agreement or arrangement (including derivative agreements or arrangements), as to which such Person is a party or beneficiary.

"**Consolidated Coverage Ratio**" as of any date of determination means the ratio of (i) the aggregate amount of Consolidated EBITDA of the Issuer and its Restricted Subsidiaries for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of the Issuer are available to (ii) Consolidated Interest Expense for such four fiscal quarters; *provided* that:

(a) if since the beginning of such period the Issuer or any Restricted Subsidiary has Incurred any Indebtedness that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is an Incurrence of Indebtedness, Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a *pro forma* basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period (except that in making such computation, the amount of Indebtedness under any revolving credit facility incurred for working capital purposes outstanding on the date of such calculation shall be computed based on (A) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such facility was outstanding or (B) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation);

(b) if since the beginning of such period the Issuer or any Restricted Subsidiary has repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged any Indebtedness that is no longer outstanding on such date of determination (each, a "**Discharge**") or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio involves a Discharge of Indebtedness (in each case other than Indebtedness Incurred under any working capital revolving credit facility unless such Indebtedness has been permanently repaid), Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a *pro forma* basis to such Discharge of such Indebtedness, including with the proceeds of such new Indebtedness, as if such Discharge had occurred on the first day of such period;

(c) if since the beginning of such period the Issuer or any Restricted Subsidiary shall have disposed of any company, any business or any group of assets constituting an operating unit of a business (any such disposition, a "**Sale**"), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period and Consolidated Interest Expense for such period shall be reduced by an amount equal to (A) the Consolidated Interest Expense attributable to any Indebtedness of the Issuer or any Restricted Subsidiary repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged with respect to the Issuer and its continuing Restricted Subsidiaries in connection with such Sale for such period (including but not limited to through the assumption of such Indebtedness by another Person) plus (B) if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Interest Expense for such period attributable to the Indebtedness of such Restricted Subsidiary to the extent the Issuer and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such Sale;

(d) if since the beginning of such period the Issuer or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise acquired any company, any business or any group of assets constituting an operating unit of a business, including any such Investment or acquisition occurring in connection with a transaction causing a calculation to be made hereunder (any such Investment or acquisition, a "**Purchase**"), Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving *pro forma* effect thereto (including the Incurrence of any related Indebtedness) as if such Purchase occurred on the first day of such period; and

(e) if since the beginning of such period any Person became a Restricted Subsidiary or was merged or consolidated with or into the Issuer or any Restricted Subsidiary, and since the beginning of such period such Person shall have Discharged any Indebtedness or made any Sale or Purchase that would have required an adjustment pursuant to clause (b), (c) or (d) above if made by the Issuer or a Restricted Subsidiary during such period, Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving *pro forma* effect thereto as if such Discharge, Sale or Purchase occurred on the first day of such period.

For purposes of this definition, whenever *pro forma* effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred or repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged in connection therewith, the *pro forma* calculations in respect thereof (including without limitation in respect of realised or anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction) shall be as determined in good faith by the Chief Financial Officer of the Issuer (or, if at such time there is not a Chief Financial Officer, a responsible financial or accounting Officer of the Issuer). If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months). If any Indebtedness is incurred under a revolving credit facility and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated based on the average daily balance of such Indebtedness for the four quarterly periods subject to the *pro forma* calculation to the extent that such Indebtedness was incurred solely for working capital purposes. Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate determined in good faith by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS.

"**Consolidated EBITDA**" means, for any period, the Consolidated Net Income for such period including, without duplication, any net payment or receipt paid or payable or received under any Commodity Agreement in such period, plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(i) provision for all taxes (whether or not paid, estimated, accrued or deferred) based on income, profits or capital, for the Issuer and the Restricted Subsidiaries, as determined on a consolidated basis in accordance with IFRS;

(ii) Consolidated Interest Expense and any Receivables Fees;

(iii) depreciation, impairment, amortization (including but not limited to amortization of goodwill and intangibles and amortization and write-off of financing costs but excluding any such amortization expense to the extent already included in Consolidated Interest Expense) and all other non-cash charges or non-cash losses, of the Issuer and the Restricted Subsidiaries, as determined on a consolidated basis in accordance with IFRS;

(iv) any expenses or charges of the Issuer and the Restricted Subsidiaries, as determined on a consolidated basis in accordance with IFRS, related to any equity offering or issuance or incurrence of Indebtedness permitted by these Conditions (whether or not consummated or incurred); and

(v) the amount of any expenses and charges related to minority interests, including losses and impairment of goodwill.

"**Consolidated Interest Expense**" means, for any period, the total interest expense of the Issuer and its Restricted Subsidiaries, net of any interest income of the Issuer and its Restricted Subsidiaries, and after taking into account the net payment or receipt paid or payable or received or receivable under any Interest Rate Agreement or Currency Agreement in respect of Indebtedness, and after excluding any foreign exchange differences that are treated as interest under IFRS and after excluding any fair value movements on any Indebtedness or Hedging Obligations for such period,

plus (without duplication):

(i) imputed interest on Capitalized Lease Obligations and Attributable Indebtedness;

(ii) all amortization of debt issuance and other financing costs (including transaction costs related to financings);

(iii) commissions, discounts and other fees and charges owed with respect to letters of credit securing financial obligations, bankers' acceptance financing and receivables financings;

(iv) capitalized interest and interest paid in additional indebtedness;

(v) all other non-cash interest expense;

(vi) the product of (a) all dividend payments on any series of Disqualified Stock of the Issuer or any Preferred Stock of any Restricted Subsidiary (other than any such Disqualified Stock or any Preferred Stock held by the Issuer or a Restricted Subsidiary or dividends paid in Capital Stock, other than Disqualified Stock), *multiplied by* (b) a fraction, the numerator of which is one and the denominator of which is one *minus* the then current statutory tax rate of the issuer of such Disqualified Stock or Preferred Stock, expressed as a decimal; and

(vii) interest in respect of any Indebtedness of any other Person guaranteed by (or secured by the assets of) the Issuer or any Restricted Subsidiary, but only to the extent of interest actually paid by the Issuer or any Restricted Subsidiary;

provided that Consolidated Interest Expense excludes (i) any interest relating to employee benefit plans, including expected or accrued returns on employee benefit plan assets, and interest costs of employee benefit obligations and (ii) any write-offs of debt issuance and other financing costs.

"**Consolidated Net Income**" means, for any period, the profit (loss) after taxes of the Issuer and its Restricted Subsidiaries, determined on a consolidated basis in accordance with IFRS and before any reduction in respect of Preferred Stock dividends; *provided* that there shall not be included in such Consolidated Net Income:

(a) any net income (loss) of any Person if such Person is not the Issuer or a Restricted Subsidiary (including minority interests and share in net results of associates), except that (A) the Issuer's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in clause (b) below) and (B) the Issuer's equity in the net loss of such Person shall be included to the extent of the aggregate Investment of the Issuer or any of its Restricted Subsidiaries in such Person;

(b) solely for purposes of the calculation of the Restricted Payments Basket, the net income (loss) of any Restricted Subsidiary that is not a Guarantor during such period to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of that income is not permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary during such period, except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of any dividend or distribution that was or that could have been made by such Restricted Subsidiary during such period;

(c) any gain or loss realised upon the sale or other disposition of any asset of the Issuer or any Restricted Subsidiary (including pursuant to any Sale/Leaseback Transaction) that is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors);

(d) any item classified as an extraordinary, unusual or nonrecurring gain, loss or charge (including fees, expenses and charges associated with any acquisition, merger or consolidation after the Issue Date);

(e) the cumulative effect of a change in accounting principles;

(f) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Indebtedness;

(g) any unrealised gains or losses in respect of Hedging Obligations or any ineffectiveness recognised in earnings relating to qualifying hedging transactions or the fair values or changes therein recognised in earnings for derivatives that do not qualify as hedge transactions, in each case in respect of Hedging Obligations;

(h) any unrealised foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person;

(i) any non-cash compensation charge arising from any grant of stock, stock options or other equity based awards to the extent otherwise included in Consolidated Net Income;

(j) any unrealised foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary; and

(k) any non-cash charge, expense or other impact attributable to application of the purchase or recapitalization method of accounting (including the total amount of depreciation and amortization, cost of sales or other non-cash expense resulting from the write-up of assets to the extent resulting from such purchase or recapitalization accounting adjustments).

In the case of any unusual or nonrecurring gain, loss or charge not included in Consolidated Net Income pursuant to clause (d) above in any determination thereof, the Issuer will deliver an Officers' Certificate to the Trustee promptly after the date on which Consolidated Net Income is so determined, setting forth the nature and amount of such unusual or nonrecurring gain, loss or charge. Notwithstanding the foregoing, for the purpose of clause (a)(iii)(A) of the Restricted Payments Basket in Condition 7.2 only, there shall be excluded from Consolidated Net Income, without duplication, any dividends, repayments of loans or advances or other transfers of assets from Unrestricted Subsidiaries to the Issuer or a Restricted Subsidiary to the extent such dividends, repayments or transfers are applied by the Issuer to increase the amount of the Restricted Payments Basket pursuant to clause (a)(iii)(C) or (D) of Condition 7.2.

"**Consolidated Tangible Assets**" means, as of any date of determination, the total assets less the sum of the goodwill, net, and other intangible assets, net, in each case reflected on the consolidated balance sheet of the Issuer and its Restricted Subsidiaries as at the end of the most recently ended fiscal quarter of the Issuer for which such a balance sheet is available, determined on a consolidated basis in accordance with IFRS (and, in the case of any determination relating to any Incurrence of Indebtedness or any Investment, on a pro forma basis including any property or assets being acquired in connection therewith).

"**Credit Facilities**" means one or more of (i) the Senior Credit Facilities and (ii) other facilities or arrangements designated by the Issuer, in each case with one or more banks or other lenders or institutions providing for revolving credit loans, term loans, receivables financings (including, without limitation, through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables or the creation of any Liens in respect of such receivables in favour of such institutions), letters of credit or other Indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee agreement, letter of credit applications and other guarantees, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured (including with respect to structural or contractual subordination), replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, commercial paper programs or facilities, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding Subsidiaries as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"**Currency Agreement**" means, in respect of any Person, any foreign exchange contract, currency swap agreement or other similar agreement or arrangement (including derivative agreements or arrangements) as to which such Person is a party or beneficiary.

"**Custodian**" means any receiver, trustee, assignee, liquidator, custodian, voluntary administrator or similar official (including any "*administrateur judiciaire*", "*administrateur provisoire*", "*mandataire ad hoc*", "*conciliateur*" or "*mandataire liquidateur*") under any Bankruptcy Law.

"**Default**" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"**Designated Noncash Consideration**" means the Fair Market Value of noncash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Noncash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation.

"**Disqualified Stock**" means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event:

(a) matures or is mandatorily redeemable (other than redeemable only for Capital Stock of such Person which is not itself Disqualified Stock) pursuant to a sinking fund Obligation or otherwise;

(b) is convertible or exchangeable at the option of the holder for Indebtedness or Disqualified Stock; or

(c) is mandatorily redeemable or must be purchased upon the occurrence of certain events or otherwise, in whole or in part;

in each case on or prior to 91 days after the Stated Maturity of the Notes; *provided*, *however*, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of a "change of control" or "asset sale" shall not constitute Disqualified Stock if:

(a) the "change of control" or "asset sale" provisions applicable to such Capital Stock are not materially more favorable to the holders of such Capital Stock than the terms applicable to the Notes under Condition 5 and Condition 7.3, respectively; and

(b) any such requirement only becomes operative after compliance with such terms applicable to the Notes, including the purchase of any Notes tendered pursuant thereto.

The amount of any Disqualified Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were redeemed, repaid or repurchased on any date on which the amount of such Disqualified Stock is to be determined pursuant to these Conditions; *provided*, *however*, that if such Disqualified Stock could not be required to be redeemed, repaid or repurchased at the time of such determination, the redemption, repayment or repurchase price will be the book value of such Disqualified Stock as reflected in the most recent financial statements of such Person.

"**Eurazeo Group**" means collectively (i) Eurazeo, a *société anonyme à directoire et conseil de surveillance* organised under the laws of France; (ii) any subsidiary of Eurazeo; (iii) any investment fund or vehicle managed, sponsored or advised by Eurazeo or any of its subsidiaries or any successor thereto, or any successor to any such fund or vehicle; (iv) any Person controlled by the managers or employees of Eurazeo or any of its subsidiaries; and (v) any of their respective successors in interest.

"**Euro Equivalent**" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer or the Trustee, the amount of euro obtained by converting such foreign currency involved in such computation into euro at the spot rate for the purchase of euro with the applicable foreign currency as published in *The Financial Times* in the "Currencies" section (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by the Issuer) on the date of such determination.

Except as provided for in Condition 7.1, whenever it is necessary to determine whether the Issuer has complied with any covenant in these Conditions or a Default has occurred and an amount is expressed in a currency other than euros, such amount will be treated as the Euro Equivalent determined as of the date such amount is initially determined in such currency.

"**European Union**" means the European Union, including member states prior to 1 May 2004 but excluding any country that became or becomes a member of the European Union on or after 1 May 2004.

"**Event of Default**" has the meaning set forth in Condition 10.1.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended.

"**Fair Market Value**" means, with respect to any asset or property, the fair market value of such asset or property as determined in good faith by the Board of Directors, whose determination will be conclusive, except that, for purposes of Condition 7.2(a)(iii)(B), if the Fair Market Value of property and assets other than marketable securities is determined as being in excess of €100 million, such determination shall have been based upon or be supported by an opinion or appraisal issued by an accounting, appraisal or investment banking firm of recognized international standing.

"**Financing Disposition**" means any sale, transfer, conveyance or other disposition of property or assets or the creation of any Lien over property or assets by the Issuer or any Subsidiary thereof in connection with a Receivables Financing Incurred under Condition 7.1(b)(ii).

"**Fitch**" means Fitch Ratings Inc. and its successors.

"**guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person; *provided*, *however*, that the term "**guarantee**" shall not include endorsements for collection or deposit in the ordinary course of business. The term "**guarantee**" used as a verb has a corresponding meaning. The term "guarantor" shall mean any Person guaranteeing any Obligation.

"**Guarantee**" means each joint and several guarantee by a Guarantor of the Issuer's obligations with respect to the Notes, in accordance with Condition 6 and in the form set forth in the Trust Deed.

"**Guarantor**" means each Restricted Subsidiary that delivers a Guarantee on the Issue Date or pursuant to Condition 7.6 (or is otherwise added as a Guarantor pursuant to the Trust Deed), until such time as released in accordance with the provisions of these Conditions. As of the Issue Date, the only Guarantors will be the subsidiaries of the Issuer that guarantee the Senior Credit Facilities on that date.

"**Guarantor Subordinated Obligations**" means, with respect to a Guarantor, any Indebtedness of such Guarantor (whether outstanding on the Issue Date or thereafter Incurred) that is expressly subordinated in right of payment to the obligations of such Guarantor under its Guarantee pursuant to a written agreement.

"**Hedging Obligations**" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Commodities Agreement or Currency Agreement.

"**Holder**" or "**Noteholder**" means the Person in whose name a Note is registered on the Registrar's books.

"**IFRS**" means International Financial Reporting Standards in effect on the Issue Date, or, with respect to the reporting requirements in Condition 7.7, as in effect from time to time.

"**Incur**" or "**incur**" means issue, assume, enter into a guarantee of, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time it becomes a Restricted Subsidiary. The term "Incurrence" when used as a noun shall have a correlative meaning. Solely for purposes of determining compliance with Condition 7.1, the following will not be deemed to be the Incurrence of Indebtedness:

(a) amortization of debt discount or the accretion of principal with respect to a non-interest bearing or other discount security;

(b) the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Capital Stock in the form of additional Capital Stock of the same class and with the same terms; and

(c) the Obligation to pay a premium in respect of Indebtedness arising in connection with the issuance of a notice of redemption or the making of a mandatory offer to purchase such Indebtedness.

"**Indebtedness**" means, with respect to any Person on any date of determination (without duplication):

(a) the principal of indebtedness of such Person for borrowed money;

(b) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) all reimbursement obligations of such Person in respect of letters of credit or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not then been reimbursed);

(d) all obligations of such Person to pay the deferred and unpaid purchase price of property (except (x) trade payables and accrued expenses incurred by such Person in the ordinary course of business and not overdue by more than 90 days, (y) customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course and (z) deferred insurance premiums in the ordinary course), which purchase price is due more than one year after the date of placing such property in final service or taking final delivery and title thereto;

(e) all Capital Lease Obligations of such Person;

(f) the redemption, repayment or other repurchase amount of such Person with respect to any Disqualified Stock of such Person or (if such Person is a Subsidiary of the Issuer other than a Guarantor) any Preferred Stock of such Subsidiary, but excluding, in each case, any accrued dividends (the amount of such obligation to be equal at any time to the maximum fixed involuntary redemption, repayment or repurchase price for such Capital Stock, or if less (or if such Capital Stock has no such fixed price), to the involuntary redemption, repayment or repurchase price therefor calculated in accordance with the terms thereof as if then redeemed, repaid or repurchased, and if such price is based upon or measured by the fair market value of such Capital Stock, such fair market value shall be as determined in good faith by the Board of Directors or the board of directors or other governing body of the issuer of such Capital Stock);

(g) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of Indebtedness of such Person shall be the lesser of (A) the fair market value of such asset at such date of determination (as determined in good faith by the Issuer) and (B) the amount of such Indebtedness of such other Persons;

(h) all guarantees by such Person of Indebtedness of other Persons, to the extent so guaranteed by such Person;

(i) to the extent not otherwise included in this definition, net Hedging Obligations of such Person (the amount of any such obligation to be equal at any time to the greater of (x) the termination value of such agreement or arrangement giving rise to such Hedging Obligation that would be payable by such Person at such time and (y) the amount required under IFRS to be reflected on the balance sheet of such Person at such time); and

(j) all Attributable Indebtedness of such Person.

The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in these Conditions or otherwise shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared in accordance with IFRS.

"**Interest Rate Agreement**" means any interest rate swap agreement, interest rate cap agreement or other financial agreement or arrangement with respect to exposure to interest rates.

"**Investment**" in any Person by any other Person means any direct or indirect advance, loan or other extension of credit (other than to customers, dealers and suppliers of any Person in the ordinary course of business) or capital contribution (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) to, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person. Guarantees of the Notes shall not be deemed to be Investments. The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment (for non-cash items, determined at Fair Market Value); provided, that to the extent that the amount of Restricted Payments outstanding at any time is so reduced by any portion of any such amount or value that would otherwise be included in the calculation of Consolidated Net Income, such portion of such amount or value shall not be so included for purposes of calculating the amount of Restricted Payments that may be made pursuant to paragraph (a) of Condition 7.2.

For purposes of the definition of "**Unrestricted Subsidiary**", the definition of "**Restricted Payment**" and Condition 7.2:

(a) "**Investment**" shall include the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary equal to an amount (if positive) equal to (i) the Issuer's "Investment" in such Subsidiary at the time of such redesignation less (ii) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and

(b) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer.

"**Issue Date**" means 27 May 2011.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind securing any Obligation of any Person (including any title transfer or other title retention agreement having a similar effect).

"**Management Investors**" means the officers, directors, employees and other members of the management of any Parent, the Issuer or any of their respective Subsidiaries, or family members or relatives thereof (provided that, solely for purposes of the definition of "Permitted Holders", such relatives shall include only those Persons who are or become Management Investors in connection with estate planning for or inheritance from other Management Investors, as determined in good faith by the Issuer, which determination shall be conclusive), or trusts, partnerships or limited liability companies for the benefit of any of the foregoing, or any of their heirs, executors, successors or legal representatives who, at any date, beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or any Parent or Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of the Issuer or any Parent.

"**Maturity Date**" has the meaning set forth in Condition 2.1.

"**Merrill Lynch Group**" means, collectively, (i) ML Global Private Equity Fund, L.P., a Cayman Islands exempted partnership, or any successor thereto (the "**ML Fund**"), (ii) Merrill Lynch Ventures LP 2001 or any successor thereto ("**ML Ventures**"), (iii) any other investment fund or vehicle managed, sponsored, owned or advised by Merrill Lynch Global Partners, Inc., or any successor thereto ("**ML**"), the ML Fund or ML Ventures, or any successor to any such fund or vehicle, (iv) any Affiliate of ML Ventures, the ML Fund, ML or any such fund or vehicle, or (v) any of their respective successors in interest.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Net Available Cash**" from an Asset Disposition means cash and Cash Equivalents payments received (including any cash or Cash Equivalents payments received by way of deferred payment of principal pursuant to a note or instalment receivable or otherwise, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(a) all legal, title and recording tax expenses, commissions and other fees and expenses incurred or accrued in connection with the Asset Disposition, and all Taxes required to be paid or accrued as a liability under IFRS, as a consequence of such Asset Disposition (including as a consequence of any transfer of funds in connection with the application thereof in accordance with the covenant described in Condition 7.3);

(b) all payments made, and all instalment payments required to be made, on any Indebtedness that is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or that must by its terms, or in order to obtain a necessary consent to such Asset Disposition (including as a consequence of any transfer of funds in connection with the application thereof in accordance with Condition 7.3), or by applicable law, be repaid out of the proceeds from or in connection with such Asset Disposition;

(c) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition, or to any other Person (other than the Issuer or a Restricted Subsidiary) owning a beneficial interest in the assets disposed of in such Asset Disposition;

(d) brokerage commissions and other fees and expenses (including fees, discounts and expenses of legal counsel, accountants and investment banks, consultants and placement agents) of such Asset Disposition;

(e) payments of unassumed liabilities (not constituting Indebtedness) relating to the assets sold at the time of, or within 30 days after the date of, such Asset Disposition; and

(f) appropriate amounts to be provided, reserved or retained by the Issuer or any Restricted Subsidiary, as the case may be, against any adjustment in the sale price of such asset or assets or liabilities associated with such Asset Disposition and retained by the Issuer or any Restricted Subsidiary, as the case may be, after such Asset Disposition, including pensions and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Disposition,

in each of (a) through (f), as determined by the Issuer in good faith; *provided*, *however*, that any amounts remaining after adjustments, revaluations or liquidations of such reserves shall constitute Net Available Cash.

"**Net Cash Proceeds**", with respect to any issuance or sale of any securities of the Issuer or any Subsidiary by the Issuer or any Subsidiary, or any capital contributions, means the cash proceeds of such issuance, sale or contribution net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"**Obligations**" means, with respect to any Indebtedness, all obligations for principal, premium, interest, penalties, fees, indemnifications, reimbursements and other amounts payable pursuant to the documentation governing such Indebtedness.

"**Officer**" means the Chairman of the Board, the President, any Vice President, the Treasurer or the Secretary of the Issuer, including any member of the management board (*directoire*).

"**Officers' Certificate**" means a certificate signed by two Officers.

"**Opinion of Counsel**" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer or the Trustee.

"**Outstanding**" or "**outstanding**" means in relation to the Notes all the Notes (including Additional Notes, if any) issued other than:

(a) those Notes which have been redeemed or purchased and cancelled;

(b) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including premium (if any) and all interest payable thereon) have been duly paid to the Trustee or to the relevant Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the Noteholders in accordance with Condition 17) and remain available for payment (against presentation of the relevant Note, if required);

(c) those Notes which have become void under Condition 12;

(d) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 16;

(e) (for the purpose only of ascertaining the principal amount of the Notes outstanding and without prejudice to the status for any other purpose of the relevant Notes) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 16; and

(f) a Global Certificate (within the meaning of the Trust Deed) to the extent that it shall have been exchanged for Notes in definitive form pursuant to its provisions;

provided, that for each of the following purposes, namely:

(i) the right to attend and vote at any meeting of the Noteholders or any of them, an extraordinary resolution or any written consent and any direction or request by the holders of the Notes;

(ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Conditions 10 and 13;

(iii) any discretion, power or authority (whether contained in these presents or vested by operation of law) which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders or any of them; and

(iv) the determination by the Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders or any of them,

those Notes (if any) which are for the time being held or beneficially owned by the Issuer, any Guarantor or any other Subsidiary of the Issuer shall (unless and until ceasing to be so held) be deemed not to remain outstanding.

"**Parent**" means any of Ray Investment S.à r.l., a *société à responsabilité limitée* incorporated under the laws of Luxembourg, Ray Holding SAS, a *société par actions simplifiée* incorporated under the laws of France, and any successor in interest thereto and any Other Parent, any other Person that is a Subsidiary of Ray Investment S.à r.l., Ray Holding SAS or any Other Parent and of which the Issuer is a Subsidiary and any Special Purpose Subsidiary of any Parent. As used herein, "Other Parent" means a Person of which the Issuer becomes a Subsidiary after the Issue Date, provided that either (x) immediately after the Issuer first becomes a Subsidiary of such Person, more than 50% of the Voting Stock of such Person shall be held by one or more Persons that held more than 50% of the Voting Stock of a Parent of the Issuer immediately prior to the Issuer first becoming such Subsidiary or (y) such Person shall be deemed not to be an Other Parent for the purpose of determining whether a Change of Control shall have occurred by reason of the Issuer first becoming a Subsidiary of such Person.

"**Pari Passu Indebtedness**" means any Indebtedness of the Issuer or any Guarantor that ranks *pari passu* in right of payment with the Notes or the Note Guarantees, as applicable.

"**Permitted Holder**" means any of the following: (i) any of the CD&R Group, Eurazeo Group and Merrill Lynch Group, (ii) any of the Management Investors and their Affiliates, (iii) any entity formed for the purpose of investing in Capital Stock of the Issuer or any Parent that is, directly or indirectly, owned and controlled by any (or any combination) of the Permitted Holders or any Parent (including the Parent itself, provided it is, directly or indirectly, owned and controlled by Permitted Holders), (iv) Caisse de Depot et Placement du Quebec and its respective Affiliates and (v) any Person acting in the capacity of an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Issuer. In addition, any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) whose status as a "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) constitutes or results in a Change of Control in respect of which a Change of Control offer is made in accordance with the requirements of these Conditions, together with its Affiliates, shall thereafter constitute Permitted Holders.

"**Permitted Indebtedness**" has the meaning set forth in Condition 7.1(b).

"**Permitted Investment**" means an Investment by the Issuer or any Restricted Subsidiary in, or consisting of, any of the following:

(a) the Issuer, a Restricted Subsidiary or a Person that will, upon the making of such Investment, become a Restricted Subsidiary (and any Investment held by such Person that was not acquired by such Person in contemplation of becoming a Restricted Subsidiary);

(b) another Person if, as a result of such Investment, such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary (and, in each case, any Investment held by such Person that was not acquired by such Person in contemplation of such merger, consolidation or transfer);

(c) cash and Cash Equivalents;

(d) receivables owing to the Issuer or any Restricted Subsidiary if created or acquired in the ordinary course of business; *provided*, *however*, that trade terms may include such concessionary trade terms as the Issuer or any such Restricted Subsidiary deems reasonable under the circumstances;

(e) payroll, travel entertainment, moving and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(f) loans or advances to employees, directors and officers made in the ordinary course of business consistent with past practices of the Issuer or such Restricted Subsidiary not to exceed €5 million at any time outstanding;

(g) stock, Obligations, securities or other Investments received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments;

(h) any Person to the extent such securities or other Investment represent the consideration received for or retained in connection with, sales or other dispositions of property or assets, including Asset Dispositions to the extent permitted pursuant to Condition 7.3;

(i) any Person where such Investment was acquired by the Issuer or any of its Restricted Subsidiaries (i) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable or (ii) as a result of a foreclosure perfection or enforcement by the Issuer or any of its Restricted Subsidiaries with respect to any Lien, secured Investment or other transfer of title with respect to any Lien or secured Investment in default;

(j) any Person to the extent such Investments consist of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits made in the ordinary course of business by the Issuer or any Restricted Subsidiary or pledges or deposits, otherwise described in the definition of "Permitted Liens", or made in connection with Liens permitted under Condition 7.4;

(k) any Person to the extent such Investments consist of Hedging Obligations otherwise permitted under Condition 7.1;

(l) Investments by the Issuer or any Restricted Subsidiary in connection with a Receivables Financing; to the extent such Receivables Financing is in compliance with Condition 7.1(b)(ii);

(m) Investments in existence or made pursuant to legally binding written commitments in existence on the Issue Date;

(n) Notes and any Additional Notes;

(o) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock) as consideration; and

(p) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (p) that are at the time outstanding not exceeding €350 million; *provided*, that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the terms of these Conditions, such Investment, if applicable, shall thereafter be deemed to have been made pursuant to clause (a) of this definition of "Permitted Investment" and not this clause.

With respect to Investments made pursuant to Condition 7.2(b)(v) or clause (p) of the definition of "Permitted Investment", the amount of Investments outstanding at any time pursuant to such clauses shall be deemed to be reduced (without duplication of anything contained in the proviso to Condition 7.2(b)(v)):

(a) upon the disposition or repayment of or return on any Investment made pursuant to such clause, by an amount equal to the return of capital with respect to such Investment to the

Issuer or any Restricted Subsidiary (to the extent not included in the computation of the Restricted Payments Basket); and

(b) upon a redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary, by an amount equal to the lesser of (x) the Fair Market Value of the Issuer's proportionate interest in such Subsidiary immediately following such redesignation, and (y) the aggregate amount of Investments in such Subsidiary that increased (and did not previously decrease) the amount of Investments outstanding pursuant to such clause.

"**Permitted Liens**" means, with respect to any Person:

(a) pledges, deposits or Liens in connection with workers' compensation, unemployment insurance and other social security and other similar legislation or other insurance-related obligations (including, without limitation, pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements);

(b) pledges, deposits or Liens to secure the performance of bids, tenders, trade, government or other contracts (other than for borrowed money), obligations for utilities, leases, licences, statutory obligations, completion guarantees, surety, judgment, appeal or performance bonds, other similar bonds, instruments or obligations, and other obligations of a like nature incurred in the ordinary course of business;

(c) Liens imposed by law, such as carriers', warehousemen's mechanics', landlord's, material men's repair men's or other like Liens, in each case for sums not overdue for a period of more than 60 days or that are bonded or that are being contested in good faith by appropriate proceedings and to the extent required by IFRS, with respect to which appropriate reserve or other provisions have been made in respect thereof, or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with a good faith appeal or other proceedings for review and to the extent required by IFRS, with respect to which appropriate reserve or other provisions have been made in respect thereof, and Liens arising solely by virtue of any statutory or common law provision relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution;

(d) Liens for taxes, assessments or other governmental charges not yet delinquent or the nonpayment of which in the aggregate would not reasonably be expected to have a material adverse effect on the Issuer and its Restricted Subsidiaries or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Issuer or a Subsidiary thereof, as the case may be, in accordance with IFRS;

(e) Liens in favour of issuers of surety bonds or letters of credit issued pursuant to the request of and for the account of such Person in the ordinary course of its business; *provided*, *however*, that such letters of credit do not constitute Indebtedness for borrowed money;

(f) easements (including reciprocal easement agreements), rights-of-way, building, zoning and similar restrictions, utility agreements, covenants, reservations, restrictions, encroachments, charges, and other similar encumbrances or title defects incurred, or leases or subleases granted to others, in the ordinary course of business, which do not in the aggregate materially interfere with the ordinary conduct of the business of the Issuer and its Subsidiaries, taken as a whole;

(g) Liens on property or shares of Capital Stock of another Person at the time such other Person becomes a Subsidiary of such Person; *provided*, *however*, that such Liens were not Incurred in contemplation of such acquisition and the Liens may not extend to any other property owned by such Person or any of its Restricted Subsidiaries (other than assets and property affixed or appurtenant thereto);

(h) Liens on property at the time such Person or any of its Subsidiaries acquires the property, including any acquisition by means of a merger or consolidation with or into such Person or a Subsidiary of such Person; *provided*, *however*, that such Liens were not Incurred in contemplation of such acquisition and the Liens may not extend to any other property owned by such Person or any of its Restricted Subsidiaries (other than assets and property affixed or appurtenant thereto);

(i) Liens securing Indebtedness or other Indebtedness of a Subsidiary of such Person owing to such Person or a Wholly Owned Subsidiary of such Person to the extent such Indebtedness is Incurred in compliance with clause (iii) of Condition 7.1(b);

(j) Liens securing Hedging Obligations, Purchase Money Indebtedness, Capital Lease Obligations or treasury, cash pooling or other cash management arrangements or netting or setting-off arrangements, incurred in accordance with clause (viii), (xiv) or (xvi) of Condition 7.1(b);

(k) Liens existing on, or provided for under written arrangements existing on, the Issue Date, or securing any Refinancing Indebtedness in respect of Indebtedness outstanding on the Issue Date so long as the Lien securing such Refinancing Indebtedness is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or under such written arrangements could secure) the original Indebtedness;

(l) Liens arising out of judgments, decrees, orders or awards (not otherwise giving rise to a Default) in respect of which the Issuer shall in good faith be prosecuting an appeal or proceedings for review, which appeal or proceedings shall not have been finally terminated, or if the period within which such appeal or proceedings may be initiated shall not have expired; leases, subleases, licenses or sublicenses to third parties;

(m) Liens created for the benefit of the Notes and/or the Guarantees;

(n) Liens securing Indebtedness or other obligations arising in respect of Receivables Financings Incurred pursuant to Condition 7.1(b)(ii);

(o) Liens on Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(p) any encumbrance or restriction (including, but not limited to, put and call agreements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(q) Liens securing Refinancing Indebtedness Incurred in respect of any Indebtedness secured by, or securing any refinancing, refunding, extension, renewal or replacement (in whole or in part) of any other obligation secured by, any other Permitted Liens, provided that any such new Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the obligations to which such Liens relate;

(r) Liens (1) on property or assets under construction (and related rights) in favour of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets, (2) on receivables (including related rights), (3) on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent that such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose, (4) securing or arising by reason of any netting or set-off or cash pooling or management arrangement entered into in the ordinary course of banking or other trading activities, (5) in favour of the Issuer or any Subsidiary (other than Liens on property or assets of the Issuer in favour of any Subsidiary that is not a Guarantor), (6) arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business or (7) arising by operation of law (or by agreement to the same effect) in the ordinary course of business;

(s) Liens securing Indebtedness of Restricted Subsidiaries that are not Guarantors permitted to be incurred pursuant to Condition 7.1;

(t) other Liens securing Indebtedness not to exceed €250 million in the aggregate at any time outstanding; and

(u) other Liens securing Obligations (other than Indebtedness) Incurred by the Issuer or any Restricted Subsidiary in the ordinary course of business which obligations do not exceed €25 million in the aggregate at any time outstanding.

For purposes of this definition, the term "Indebtedness" shall be deemed to include interest on such Indebtedness. For purposes of determining compliance with this definition, (x) a Lien need not be incurred solely by reference to one category of Permitted Liens described in this definition but may be incurred under any combination of such categories (including in part under one such category and in part under any other such category) and (y) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Liens, the Issuer may, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition.

"**Permitted Payment**" means a Restricted Payment made in compliance with Condition 7.2.

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"**Preferred Stock**", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated), including '*actions de préférence*' issued under French law, that by its terms is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"**principal**" of a Note means the principal amount of the Note plus (unless the context requires otherwise) the premium, if any, payable on the Note that is due or overdue or is to become due at the relevant time.

"**Purchase Money Indebtedness**" means any Indebtedness (including Capital Lease Obligations) Incurred to finance the acquisition, leasing, construction, addition or improvement of property (real or personal) or assets, and whether acquired through the direct acquisition of such property or asset or the acquisition of the Capital Stock of any Person owning such property or assets or otherwise.

"**Receivable**" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined in accordance with IFRS.

"**Receivables Fees**" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"**Receivables Financing**" means any financing (whether or not reflected on the consolidated balance sheet of the Issuer) of Receivables of the Issuer or any Restricted Subsidiary, and, for the avoidance or doubt, may include obligations under or in respect of customary performance guarantees issued in connection therewith.

"**Refinance**" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, purchase, redeem, substitute, supplement, reissue, restate, amend, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. "Refinanced" and "Refinancing" shall have correlative meanings.

"**Refinancing Indebtedness**" means Indebtedness that is Incurred to refinance any Indebtedness existing on the Issue Date or Incurred in compliance with these terms and conditions (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary (to the extent permitted in these Conditions) and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided* that (1) if the Indebtedness being refinanced (the "**Refinanced Indebtedness**") is Subordinated Indebtedness or Guarantor Subordinated Obligations, then such Refinancing Indebtedness, by its terms, shall be subordinate in right of payment to the Notes and the Note Guarantees, as applicable, at least to the same extent as the Refinanced Indebtedness was so subordinate, (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of (x) the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Refinanced Indebtedness, plus (y) accrued and unpaid interest thereon plus (z) fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such Refinancing Indebtedness, (3) the obligor of Refinancing Indebtedness does not include any

Person (other than the Issuer or any Guarantor) that is not an obligor of the Refinanced Indebtedness, (4) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is incurred that is equal to or greater than the Average Life of the Refinanced Indebtedness being repaid and (5) Refinancing Indebtedness shall not include (x) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor that could not have been initially Incurred by such Restricted Subsidiary pursuant to Condition 7.1 or (y) Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

"**Regulation S**" means Regulation S under the Securities Act.

"**Related Business**" means any business in which the Issuer or any of its Subsidiaries was engaged on the Issue Date and any business related, incidental, ancillary or complementary to such business or extensions, developments or expansions thereof.

"**Restricted Payment**" with respect to any Person means:

(a) the declaration or payment of any dividends or any other distributions of any sort in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving such Person) (other than (i) dividends or distributions payable solely in its Capital Stock (other than Disqualified Stock), and (ii) dividends, loans, advances or distributions payable to the Issuer or any Restricted Subsidiary and in the case of any such Restricted Subsidiary making such dividend or distribution, to other holders of its Capital Stock on no more than a pro rata basis, measured by value);

(b) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Capital Stock of the Issuer held by any Person (other than by the Issuer or a Restricted Subsidiary) (other than any acquisition of Capital Stock deemed to occur upon the exercise of options if such Capital Stock represents a portion of the exercise price thereof);

(c) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment of any Subordinated Indebtedness of the Issuer or Guarantor Subordinated Obligations of any Guarantor (other than in each case Indebtedness owing from the Issuer or a Restricted Subsidiary and other than a payment of interest or principal at the Stated Maturity thereof or the purchase, redemption, defeasance or other acquisition or retirement of any such subordinated obligations purchased in anticipation of satisfying a sinking fund obligation, principal instalment or final maturity, in each case due within one year of the date of such purchase, redemption, defeasance or other acquisition or retirement); or

(d) the making of any Investment (other than a Permitted Investment) in any Person.

"**Restricted Payments Basket**" has the meaning set forth in Condition 7.2(a).

"**Restricted Subsidiary**" means any Subsidiary of the Issuer that is not an Unrestricted Subsidiary.

"**S&P**" means Standard & Poor's Ratings Group and its successors.

"**Sale/Leaseback Transaction**" means a financing arrangement relating to property owned by the Issuer or a Restricted Subsidiary on the Issue Date or thereafter acquired by the Issuer or a Restricted Subsidiary whereby the Issuer or a Restricted Subsidiary transfers such property to a Person and the Issuer or a Restricted Subsidiary leases it from such Person.

"**SEC**" means the Securities and Exchange Commission.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Senior Credit Facilities**" means the collective reference to the Senior Facilities Agreement, any Finance Document (as defined therein), any notes and letters of credit issued pursuant thereto and any guarantee agreement, letter of credit applications and other guarantees, and other instruments and documents, executed and delivered pursuant to or in connection with any of the foregoing, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured (including with respect to structural or contractual subordination), replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original Senior Facilities Agreement or one or more other credit agreements, commercial paper programs or facilities, indentures or financing agreements or otherwise). Without limiting the generality of the foregoing, the term "Senior Credit Facilities" shall include any agreement (i) changing the maturity or interest rate or of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"**Senior Facilities Agreement**" means the revolving credit facilities agreement, dated 17 December 2009, among, *inter alios*, the Issuer, the Mandated Lead Managers (as defined therein), Calyon as Facilities Agent and the lenders party thereto from time to time, as such agreement may be amended, supplemented, waived or otherwise modified from time to time or refunded, refinanced, restructured, replaced renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original facilities agent and lenders or other agents and lenders or otherwise, and whether provided under the original Senior Facilities Agreement or other credit agreements or otherwise).

"**Senior Indebtedness**" means with respect to any Person:

(a) Indebtedness of such Person, whether outstanding on the Issue Date or thereafter Incurred; and

(b) all other Obligations of such Person (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to such Person whether or not post-filing interest is allowed in such proceeding) in respect of Indebtedness described in clause (a) above

unless, in the case of clauses (a) and (b), in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is provided that such Indebtedness or other Obligations are subordinate in right of payment to the Notes or the Guarantee of such Person, as the case may be; provided, however, that Senior Indebtedness shall not include:

(i) any Obligation of such Person to the Issuer or any Subsidiary;

(ii) any liability for applicable federal, state, foreign, local or other taxes owed or owing by such Person;

(iii) any accounts payable or other liability to trade creditors arising in the ordinary course of business;

(iv) any Indebtedness or other Obligation of such Person which is subordinate or junior in right of payment in any respect to any other Indebtedness or other Obligation of such Person; or

(v) that portion of any Indebtedness that at the time of Incurrence is Incurred in violation of Condition 7.1 (but no such violation shall be deemed to exist for purposes of this clause (v) if any holder of such Indebtedness or such holder's representative shall have received an Officers' Certificate to the effect that such Incurrence of such Indebtedness does not (or that the Incurrence of the entire committed amount thereof at the date on which the initial borrowing thereunder is made would not) violate such Condition 7.1).

"**Significant Subsidiary**" means:

(i) any Restricted Subsidiary of the Issuer which meets any of the following conditions:

   (a) the Issuer's and its other Restricted Subsidiaries' investments in and advances to the Subsidiary exceed 5% of the total assets of the Issuer and its Restricted Subsidiaries consolidated as of the end of the most recently completed fiscal year;

   (b) the Issuer's and its other Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Subsidiary exceeds 5% of the total assets of the Issuer and its Restricted Subsidiaries consolidated as of the end of the most recently completed fiscal year; or

   (c) the Issuer's and its other Restricted Subsidiaries' share of the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the subsidiary exclusive of amounts attributable to any noncontrolling interests exceeds 5% of such income of the Issuer and its Restricted Subsidiaries consolidated for the most recently completed fiscal year; and

(ii) any Restricted Subsidiary of the Issuer, which, when aggregated with all other Restricted Subsidiaries of the Issuer that are not otherwise Significant Subsidiaries and as to which any event described in clauses (f) and/or (g) of Condition 10.1 has occurred and is continuing, would constitute a Significant Subsidiary in accordance with the criteria set forth in (i) above.

"**Stated Maturity**" means, with respect to any security or indebtedness, the date specified in such security or indebtedness as the fixed date on which the payment of principal of such security or indebtedness is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase or repayment of such security at the option of the holder thereof upon the happening of any contingency).

"**Subordinated Indebtedness**" means, any Indebtedness of the Issuer (whether outstanding on the Issue Date or thereafter Incurred) that is expressly subordinated in right of payment to Indebtedness under the Notes pursuant to a written agreement.

"**Subsidiary**" means, with respect to any Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other equity interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person or (ii) one or more Subsidiaries of such Person.

"**Taxes**" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"**Unrestricted Subsidiary**" means:

(a) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary, as designated by the Board of Directors in the manner provided below; and

(b) any Subsidiary of an Unrestricted Subsidiary.

The Issuer may designate any Subsidiary (including any newly formed or newly acquired Subsidiary) of the Issuer as an "Unrestricted Subsidiary" if (1) no Default shall have occurred and be continuing at the time of or after giving effect to such Designation and (2)(x) the Issuer would be permitted to make, at the time of such designation, (a) a Permitted Investment or (b) an Investment pursuant to Condition 7.2(a), in an amount equal to the Fair Market Value of the Issuer's proportionate interest in such Subsidiary on such date, (y) such designation was made at or prior to the Issue Date or (z) the Subsidiary to be so designated has total consolidated assets of €1,000 or less. Notwithstanding the foregoing, no Subsidiary shall be designated as an "Unrestricted Subsidiary" if such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Issuer or any other Restricted Subsidiary of the Issuer that is not a Subsidiary of the Subsidiary to be so designated. The Issuer may redesignate an Unrestricted Subsidiary as a Restricted Subsidiary if (1) no Default shall have occurred and be continuing at the time of and after giving effect to such redesignation and (2) all Liens, Indebtedness and Investments of such Unrestricted Subsidiary outstanding immediately following such redesignation would, if incurred or made at such time, have been permitted to be incurred or made for all purposes of the Trust Deed. Any such designation or redesignation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Issuer's Board of Directors giving effect to such designation and an Officers' Certificate of the Issuer certifying that such designation or redesignation complied with the foregoing provisions.

"**Voting Stock**" of an entity means (x) if such entity is not managed by a single entity, all classes of Capital Stock of the first such entity then outstanding and normally entitled to vote in the election of members of the Board of Directors or other governing body of such entity or (y) if such entity is managed by a single entity, all classes of Capital Stock of the first such entity with the ability to control the management of such entity.

"**Wholly Owned Subsidiary**" means a Restricted Subsidiary all the Capital Stock of which (other than directors' qualifying shares and any de minimis number of shares held by other Persons to the extent required by applicable law to be held by a Person other than by its parent or a Subsidiary of its parent) is owned by the Issuer or one or more other Wholly Owned Subsidiaries.

BOOK-ENTRY, DELIVERY AND FORM

The Notes will be issued only in registered form and in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.

The Notes are being sold in reliance on Regulation S ("Regulation S") under the United States Securities Act of 1933, as amended (the "Securities Act") and will be represented on issue by an offshore global note that will represent the aggregate principal amount of the Notes. During the 40 day distribution compliance period as defined in Regulation S (the "Restricted Period"), the offshore global note will be represented exclusively by a temporary offshore global note. After the Restricted Period, beneficial interests in the temporary offshore global note will be exchangeable for beneficial interests in a permanent offshore global note (the "Regulation S Global Note"), subject to the certification requirements described under "— Exchange of Temporary Global Notes for Permanent Global Notes". The Regulation S Global Note will be deposited with, and registered in the name of a nominee for the common depositary for, Euroclear Bank S.A./N.V., ("Euroclear") and Clearstream, Luxembourg ("Clearstream"). Beneficial interests in the Regulation S Global Note may be held only through Euroclear or Clearstream or their participants at any time. By acquisition of a beneficial interest in the Regulation S Global Note, the purchaser will be required to certify that it is either a non U.S. person (as such term is defined in Regulation S) or (ii) a U.S. person who purchased the Notes in a transaction not requiring registration under the Securities Act. See "Subscription and Sale of the Notes".

Beneficial interests in the Regulation S Global Note will be subject to certain restrictions on transfer set out therein and under "Subscription and Sale of the Notes" and in the Agency Agreement.

Except in the limited circumstances described below (see "— Exchange of Global Notes for Definitive Notes"), owners of beneficial interests in the Regulation S Global Note will not be entitled to receive physical delivery of Notes.

For so long as any of the Notes are represented by the Regulation S Global Note, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an "Accountholder") (in which regard any certificate or other document issued by Euroclear or Clearstream (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression "Noteholders" and references to "holding of Notes" and to "holder of Notes" shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested solely in the nominee for the relevant clearing system (the "Relevant Nominee") in accordance with and subject to the terms of the Regulation S Global Note. Each Accountholder must look solely to Euroclear or Clearstream, as the case may be, for its share of each payment made to the Relevant Nominee.

The Notes will be subject to certain transfer restrictions and certification requirements as described under "Subscription and Sale of the Notes".

Depository Procedures

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream (together, the "Clearing Systems") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer and the Guarantors believe to be reliable, but none of the Issuer, the Guarantors or the Managers takes any responsibility for the accuracy of this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Guarantors and any other party to the Trust Deed will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Clearing Systems

Euroclear and Clearstream

Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Registration and Form

Book-entry interests in the Notes held through Euroclear and Clearstream will be represented by one or more Regulation S Global Notes registered in the name of a nominee of, and held by, a common depositary for Euroclear and Clearstream. As necessary, the Registrars will adjust the amounts of Notes on the Register for the accounts of Euroclear and Clearstream to reflect the amounts of Notes held through Euroclear and Clearstream, respectively. Beneficial ownership of book-entry interests in Notes will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream.

The aggregate holdings of book-entry interests in the Notes in Euroclear and Clearstream will be reflected in the book-entry accounts of each such institution. Euroclear or Clearstream, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Notes will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Notes. The Registrars will be responsible for maintaining a record of the aggregate holdings of Notes registered in the name of a common nominee for Euroclear and Clearstream and/or, if individual Certificates are issued in the limited circumstances described herein, holders of Notes represented by those individual Certificates. Each Paying Agent will be responsible for ensuring that payments received by it from or on behalf of the Issuer for holders of book-entry interests in the Notes holding through Euroclear and Clearstream are credited to Euroclear or Clearstream, as the case may be.

The Issuer will not impose any fees in respect of holding the Notes; however, holders of book-entry interests in the Notes may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear or Clearstream.

Clearing and Settlement Procedures

Initial Settlement

Upon their original issue, the Notes will be in global form represented by one or more Regulation S Global Notes. Interests in the Notes will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Notes through Euroclear and Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Notes will be credited to Euroclear and Clearstream participants' securities clearance accounts on the business day following the Issue Date against payment (value the Issue Date).

Secondary Market Trading

Secondary market trades in the Notes will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear or Clearstream, as the case may be, in accordance with their respective procedures. Book-entry interests in the Notes may be transferred within Euroclear and within Clearstream and between Euroclear and Clearstream in accordance with procedures established for these purposes by Euroclear and Clearstream.

General

None of Euroclear or Clearstream is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time. None of the Issuer, the Guarantors or any of their agents will have any responsibility for the performance by Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

Exchange of Temporary Global Notes for Permanent Global Notes

Upon the completion of the Restricted Period, beneficial interests in the temporary global offshore note will be exchangeable for beneficial interests in the permanent offshore global note only upon certification on behalf of the beneficial owner that such beneficial owner is either a non U.S. person (as such term is defined in Regulation S) or (ii) a U.S. person who purchased the Notes in a transaction not requiring registration under the Securities Act.

Exchange of Global Notes for Definitive Notes

A Regulation S Global Note is exchangeable for Notes in registered definitive form ("Definitive Notes") if:

(a) Euroclear and/or Clearstream is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces that it is permanently to cease business or does in fact do so and no successor or alternative clearing system is available; or

(b) the relevant clearing system so requests following an Event of Default under the Trust Deed.

In all cases, Definitive Notes delivered in exchange for any Regulation S Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of the relevant clearing system (in accordance with its customary procedures), as the case may be unless the Issuer determines otherwise in compliance with the requirements of the Trust Deed.

Definitive Notes delivered in exchange for the Regulation S Global Note will be delivered to or upon the order of the relevant clearing system or an authorised representative of the relevant clearing system, and may be delivered to Noteholders at the office of the Paying Agent in Luxembourg.

Exchange of Definitive Notes for Global Notes

If issued, Definitive Notes may not be exchanged or transferred for beneficial interests in a Regulation S Global Note.

Exchange of Definitive Notes for Definitive Notes

If issued, Definitive Notes may be exchanged or transferred by presenting or surrendering such Definitive Notes at the office of the Registrar located in London with a written instrument of transfer in form satisfactory to such Registrar, duly executed by the holder of the Definitive Notes or by its attorney, duly authorised in writing. If the Definitive Notes being exchanged or transferred have restrictive legends, such holder must also provide a written certificate (in the form provided in the Trust Deed) to the effect that such exchange or transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "Subscription and Sale of the Notes".

In the case of a transfer in part of a Definitive Note, a new Definitive Note in respect of the balance of the principal amount of the Definitive Note not transferred will be delivered to the office of the relevant Registrar.

If a holder of a Definitive Note claims that such Definitive Note has been lost, destroyed or stolen, or if such Definitive Note is mutilated and is surrendered to the office of the relevant Registrar, the Issuer will issue and the Registrar will authenticate a replacement Definitive Note if the Issuer's requirements are met. The Issuer may require a holder requesting replacement of a Definitive Note to furnish such security or indemnity as may be required to protect them and any agent from any loss which they may suffer if a Definitive Note is replaced. The Issuer may charge for any expenses incurred by it in replacing a Definitive Note. In case any such mutilated, destroyed, lost or stolen Definitive

Note has become or is about to become due and payable, the Issuer, in its discretion, may, instead of issuing a new Definitive Note, pay such Definitive Note.

Methods of Receiving Payments on the Notes

Payments of principal and interest in respect of Notes represented by a Regulation S Global Note will be made upon presentation or, if no further payment falls to be made in respect of the Notes, against presentation and surrender of such Regulation S Global Certificate to or to the order of a Paying Agent (or such other agent as shall have been notified to the holders of the Regulation S Global Note for such purpose).

Distributions of amounts with respect to book-entry interests in the Regulation S Global Note held through Euroclear or Clearstream will be credited, to the extent received by a Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

Principal of, premium, if any, and interest on any Definitive Notes will be payable at the office or agency of the Paying Agent in Luxembourg maintained for such purposes. In addition, interest on Definitive Notes may be paid by check mailed to the person entitled thereto as shown on the register for such Definitive Notes.

Action by Owners of Book Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of the Notes (including the presentation of the Notes for exchange as described above) only at the direction of one or more participants to whose account the book entry interests in the Regulation S Global Note are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Regulation S Global Note. However, if there is an Event of Default under the Notes, Euroclear and Clearstream reserve the right to exchange the Regulation S Global Note for Definitive Notes in certificated form, and to distribute such Definitive Notes to their participants.

SUBSCRIPTION AND SALE OF THE NOTES

Each of the Joint Lead Managers (as defined below), in its capacity as an initial purchaser, pursuant to a purchase agreement, dated 24 May 2011 (the "Purchase Agreement"), has agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for the Notes at the initial purchase price specified therein, less subscription and underwriting fees and certain expenses to be agreed between the Issuer and the Joint Lead Managers. The Purchase Agreement entitles the Joint Lead Managers to terminate the Purchase Agreement in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers are BNP Paribas, HSBC Bank plc, Société Générale, Crédit Agricole Corporate and Investment Bank, ING Bank N.V., London Branch, Natixis, Bayerische Landesbank, Merrill Lynch International, CM-CIC Securities and The Royal Bank of Scotland plc (the "Joint Lead Managers").

The Issuer has been advised by each Joint Lead Manager that it proposes to resell the Notes outside the United States to persons that are not U.S. persons (as such term is defined by Regulation S) in offshore transactions in reliance on Regulation S and in accordance with applicable law.

Pursuant to the Purchase Agreement, each of the Issuer and the Guarantors has agreed to indemnify the Joint Lead Managers against certain liabilities.

The Notes will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.

This offering circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S and for the admission of the Notes to listing on the Official List of the Luxembourg Stock Exchange and the admission of the Notes to trading on the Euro MTF market. Each of the Issuer and the Joint Lead Managers reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the principal amount of Notes which may be offered. This offering circular does not constitute an offer to any person in the United States or to any U.S. person. Distribution of this offering circular to any such U.S. person or to any person within the United States is unauthorised and any disclosure of any of its contents to such persons is prohibited.

The Joint Lead Managers have advised the Issuer that they presently intend to make a market in the Notes as permitted by applicable laws and regulations. The Joint Lead Managers are not obligated, however, to make a market in the Notes and any such market making may be discontinued at any time at the sole discretion of the Joint Lead Managers. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "Risk Factors — Risks Related to the Notes and the Guarantees — There currently exists no market for the Notes, and Rexel cannot assure you that an active trading market will develop for the Notes."

The Notes will initially be offered at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice.

The Issuer has applied, through its listing agent, to have the Notes listed on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market.

The Joint Lead Managers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, commercial lending, consulting and financial advisory services to the Issuer, the Guarantors and their respective affiliates in the ordinary course of business for which the Issuer or the Guarantors may receive customary advisory and transaction fees and expense reimbursement. Certain of the Joint Lead Managers or their affiliates are parties to the Senior Facilities Agreement.

General

(a) Each Joint Lead Manager has represented and warranted that no action has been or will be taken in any jurisdiction by such Joint Lead Manager that would permit a public offering of the Notes, or the possession, circulation or distribution of this offering circular or any other material relating to the Issuer, the Guarantors or the Notes, in any jurisdiction where action for such purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering circular nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

(b) Each Joint Lead Manager has also agreed to comply with the following selling restrictions:

United States

The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the legistration requirements of the Securities Act.

Each Manager has agreed that, except as permitted by the Purchase Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Purchase Agreement) (the "Restricted Period") within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons substantially to the following effect:

> "The Notes covered hereby have not been registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Terms used in the three paragraphs above have the meanings given to them by Regulation S under the Securities Act.

United Kingdom

Each of the Joint Lead Managers has represented and warranted that: (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000, including any supplements and amendments thereto (the "FSMA") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and the Guarantors.

European Economic Area

Each of the Joint Lead Managers has acknowledged that with respect to any member state of the European Economic Area which has implemented the Prospectus Directive (the "Relevant Member States"), no measure has or will be taken in view of permitting an offer to the public of the Notes entailing the need for the publication of a prospectus in any Relevant Member State. Accordingly, the Notes may be offered in Relevant Member States only:

(a) to legal entities that are qualified investors as defined in the Prospectus Directive; or

(b) in any other circumstances that do not require the publication by the Issuer of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

As used in this paragraph, the expression "offer of Notes to the public" in a given Relevant Member State means any communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the Notes to be offered, so as to enable an investor to decide to purchase or subscribe for these Notes, as this definition may have been amended in the Relevant Member State, and the expression "Prospectus Directive" means directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

These restrictions on sale concerning Relevant Member States are in addition to any other restrictions on sale applicable in the Relevant Member States having transposed the Prospectus Directive.

Each of the Joint Lead Managers has acknowledged that this offering circular has been prepared on the basis that all offers of the Notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive, as implemented in the Relevant Member States, from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the European Economic Area of the Notes that are the subject of the placement contemplated in this offering circular should only do so in circumstances in which no obligation arises for Rexel or the Joint Lead Managers to produce a prospectus for such offer. Neither Rexel nor the Joint Lead Managers have authorised, nor do they authorise, the making of any offer of the Notes through any financial intermediary, other than offers made by the Joint Lead Managers, which constitutes the final placement of the Notes contemplated in this offering circular.

France

Each of the Joint Lead Managers has acknowledged that this offering circular has not been prepared in the context of a public offering in France within the meaning of Article L. 411-1 of the French *Code monétaire et financier* and, therefore, no prospectus has been prepared in connection with the offering of the Notes that has been approved by the French *Autorité des marchés financiers* (the "AMF") or by the competent authority of another state that is a contracting party to the Agreement on the European Economic Area and notified to the AMF; no Notes have been offered or sold nor will be offered or sold, directly or indirectly, to the public in France; this offering circular and any other offering material relating to the Notes have not been distributed or caused to be distributed and will not be distributed or caused to be distributed to the public in France; offers, sales and distributions of the Notes have been and shall only be made in France to persons licensed to provide the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) or qualified investors (*investisseurs qualifiés*) investing for their own account, all as defined in, and in accordance with, Articles L. 411-1, L. 411-2, D. 411-1 to D. 411-4, D. 744-1, D. 754-1, and D. 764-1 of the French *Code monétaire et financier* and other applicable regulations. The direct or indirect distribution to the public in France of any Notes so acquired may be made only as provided by Articles L. 411-1 to L. 411-4, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier* and applicable regulations thereunder.

Canada, Australia and Japan

Each of the Joint Lead Managers has acknowledged that the Notes may not be offered, sold or purchased in Canada, Australia or Japan.

TAXATION

The statements herein regarding taxation are based on the laws in force in the European Union, the Republic of France and/or, as the case may be, the Grand Duchy of Luxembourg as of the date of this offering circular and are subject to any change in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of, the Notes. Each prospective holder or beneficial owner of Notes should consult its own tax advisor as to the French or, as the case may be, the Luxembourg tax consequences of any investment in, or ownership and disposition of, the Notes.

EU Directive on the Taxation of Savings Income

On 3 June 2003, the European Council of Economic and Finance Ministers adopted the Savings Directive. Pursuant to the Savings Directive and subject to a number of conditions being met, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, inter alia, details of payments of interest within the meaning of the Savings Directive (interest, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident or certain types of entities established in that other Member State (the "Disclosure of Information Method").

For these purposes, the term paying agent is widely defined and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (the Grand Duchy of Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, may, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method or for the tax certificate procedure, withhold an amount on interests payments. The rate of such withholding tax currently equals 20 per cent. for a period of three years, starting on 1 July 2008, and 35 per cent. thereafter. Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of several jurisdictions (Switzerland, Liechtenstein, San Marino, Monaco and Andorra), providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the "OECD Model Agreement") with respect to interest payments within the meaning of the Savings Directive, in addition to the simultaneous application by those same jurisdictions of a withholding tax on such payments at the rates defined for the corresponding periods and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Savings Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

The Savings Directive was implemented into French law under Article 242 *ter* of the French *Code général des impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

The Savings Directive and several agreements concluded between Luxembourg and certain dependent territories of the European Union (EU) were implemented in Luxembourg by the Laws of 21 June 2005.

On 13 November 2008 the European Commission published a detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive they may amend or broaden the scope of the requirements described above.

Luxembourg withholding tax

Under Luxembourg tax laws currently in effect and with the possible exception of interest paid to individuals and to certain residual entities (as described below), there is no Luxembourg withholding tax on payments of interest, including accrued but unpaid interest. There is also no Luxembourg withholding tax, with the possible exception of payments made to individuals and to certain residual entities (as described below), upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Luxembourg residents

A 10 per cent. withholding tax is levied on interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain non-Luxembourg residual entities (as described below) that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EC or for the exchange of information regime).

Only interest accrued after 1 July 2005 paid after 1 July 2006 falls within the scope of this withholding tax. Interest income from current and sight accounts (*comptes courants et à vue*) provided that the remuneration on these accounts is not higher than 0.75 per cent. are exempt from the withholding tax. Furthermore, interest which is accrued once a year on savings accounts (short and long term) and which does not exceed €250 per person and per paying agent is exempt from the withholding tax.

This withholding tax represents the final tax liability for the Luxembourg individual resident taxpayers.

Luxembourg non-residents

Under the Luxembourg laws dated 21 June 2005 implementing the Savings Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the EU, a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for an exchange of information or for the tax certificate procedure. The same regime applies to payments of interest and other similar income made to certain so-called "residual entities" within the meaning of Article 4.2 of the Savings Directive (i.e., an entity established in a Member State or in certain EU dependent or associated territories without legal personality (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, a UCITS recognised in accordance with Council Directive 85/611/EEC).

The withholding tax rate is 20 per cent. (as from 1 July 2008) increasing to 35 per cent. (as from 1 July 2011). The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Corporations

There is no Luxembourg withholding tax for Luxembourg resident and non-resident corporations holders of the Notes on payments of interest (including accrued but unpaid interest).

French Taxation

The following is a summary of certain French tax consequences to potential purchasers or holders of the Notes who are not French residents for French tax purposes, who are not concurrently shareholders of the Issuer and who do not hold the Notes in connection with a permanent establishment or a fixed base in France. This summary is based on the tax laws and regulations of France, as currently in effect and applied by the French tax authorities, and all of which are subject to change or to different interpretation. This summary is for general information only and does not address all of the French tax considerations that may be relevant to specific holders in light of their particular circumstances.

Payments of interest and other revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A-III of the *Code général des impôts* (French tax code) unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the *Code général des impôts* (a "Non-Cooperative State"), irrespective of the holder's residence for tax purposes or registered headquarters. If such payments under the Notes are made in a Non-Cooperative State, a 50% mandatory withholding tax will be due by virtue of Article 125-III of the *Code général des impôts* (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty). The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, according to Article 238 A of the *Code général des impôts*, interest and other revenues will not be deductible from the taxable income of the Issuer, as from the fiscal years starting on or after 1 January 2011, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to a bank account opened in a financial institution located in a Non-Cooperative State. Under certain conditions, any such non-deductible interest or other revenues may be re-characterized as constructive dividends pursuant to Articles 109 et seq. of the *Code général des impôts*, in which case it may be subject to the withholding tax provided under Article 119 bis, 2 of the same Code, at a rate of 25% or 50%, subject to the more favorable provisions of an applicable double tax treaty.

Notwithstanding the foregoing, neither the 50% withholding tax provided by Article 125 A, III of the *Code général des impôts*, nor the non deductibility of the interest and other revenues, nor the withholding tax set out under Article 119 bis, 2 of the same Code that may be levied as a result of such non deductibility, to the extent the relevant interest and other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, will apply in respect of a particular issue of debt instruments if the issuer can prove that the main purpose and effect of such issue was not to enable payments of interest or other similar revenues to be made in a Non-Cooperative State (the "Exception"). Pursuant to a ruling (*rescrit*) no. 2010/11 (FP and FE) of the French tax authorities dated 22 February 2010, an issue of debt instruments will be deemed not to have such a purpose and effect, and accordingly will be able to benefit from the Exception if such debt instruments are:

(i) offered by means of a public offer within the meaning of Article L.411-1 of the *Code monétaire et financier* (French financial code) or pursuant to an equivalent offer in a State which is not a Non-Cooperative State. For this purpose, an "*equivalent offer*" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(iii) admitted, at the time of their issue, to the operations of a central depositary or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the *Code monétaire et financier*, or of one or more similar foreign depositaries or operators, provided that such depositary or operator is not located in a Non-Cooperative State.

The Notes, which will be admitted to listing on the official list of the Luxembourg Stock Exchange, admitted to trading on the Euro MTF market, and to the clearing operations of Euroclear and Clearstream, will fall under the Exception. Accordingly, payments of interest and other revenues with respect to the Notes will be exempt from the withholding tax set out under Article 125 A-III of the *Code général des impôts*. In addition, they will be subject neither to the non-deductibility set out under Article 238 A of the *Code général des impôts* nor to the withholding tax set out under Article 119 *bis*, 2 of the same Code solely on account of their being paid to a bank account opened in a financial institution located in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

Prospective investors are urged to consult their own tax advisors as to French tax considerations relating to the purchase, ownership and disposition of the Notes in light of their particular circumstances.

LISTING AND GENERAL INFORMATION

Listing

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to listing on the Official List and to be admitted to trading on the Euro MTF market in accordance with the rules of that exchange. Notice of any optional redemption, change of control, or change in the rate of interest payable on the Notes will be published in a Luxembourg newspaper of general circulation (which is expected to be the *Luxembourger Wort*) or on the website of the Luxembourg Stock Exchange, at www.bourse.lu.

For so long as the Notes are listed on the Euro MTF market and the rules of the Luxembourg Stock Exchange require, copies of the following documents may be inspected and obtained at the specified office of the listing agent in Luxembourg during normal business hours on any weekday:

- the organisational documents of Rexel and each of the Guarantors;
- Rexel's most recent audited consolidated financial statements and any interim financial statements published by Rexel;
- the Trust Deed (which includes the subsidiary guarantees); and
- the Agency Agreement.

Rexel will maintain a Paying and Transfer Agent in Luxembourg for as long as any of the Notes are listed on the Euro MTF market of the Luxembourg Stock Exchange. The current paying and transfer agent is CACEIS Bank Luxembourg, 5 allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg. Rexel reserves the right to vary such appointment and will publish notice of such change of appointment in a newspaper having a general circulation in the Grand Duchy of Luxembourg (which is expected to be the *Luxembourger Wort*) or on the website of the Luxembourg Stock Exchange, at www.bourse.lu.

Clearing Information

The Notes have been accepted for clearance through Euroclear and Clearstream. The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B 1210 Brussels, Belgium, and the address of Clearstream is Clearstream Banking, 42 Avenue JF Kennedy, L 1855 Luxembourg.

The Notes have been accepted for clearance through the facilities of Clearstream and Euroclear under common code 062965649. The international securities information number (ISIN) for the Notes is XS0629656496.

The address of Euroclear France is 155, rue de Réaumur, 75081 Paris, Cedex 02, France.

Legal Information

The Issuer

Rexel, the Issuer, is a public company with limited liability (*société anonyme*) incorporated under the laws of the Republic of France with an issued and paid-up share capital of €1,301,064,980. Rexel was incorporated on 16 December 2004 for a term of 99 years expiring on 16 December 2103, except if the term is extended or if the company is subject to early dissolution. Rexel's ordinary shares are listed for trading on Euronext Paris.

Rexel's registered office is located at 189-193, boulevard Malesherbes, 75017 Paris, France and it is registered with the *Registre du commerce et des sociétés* of Paris under number 479 973 513. Rexel's telephone number is +33 (0)1 42 85 85 00.

Rexel's corporate 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 organisation, 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 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.

Rexel's financial year runs from 1 January to 31 December.

The creation and issuance of the Notes was authorised by resolutions of the Issuer's Supervisory Board taken on 11 May 2011 and resolutions of the Issuer's Management Board taken on 20 May 2011.

For a description of Rexel's material indebtedness as of 31 December 2010, see the section entitled "Description of Certain Indebtedness" in this offering circular.

The Guarantors

On an aggregated basis, the contribution of the initial Guarantors (described below) to the Group's financial statements represents statements represents 82% of consolidated EBITDA and 68% of consolidated sales for the last twelve month period ended 31 March 2011 and 72% of consolidated total assets as of 31 March 2011.

Certain of these Guarantors may enter into the Trust Deed and guarantee the Notes shortly after the issuance of the Notes, as necessary in order to complete the requirements of their respective jurisdiction of organisation for the delivery of their guarantee.

Rexel Développement S.A.S.

Rexel Développement S.A.S. is a simplified joint stock company (*société par actions simplifiée*) organised under the laws of France. The share capital of Rexel Développement S.A.S. is €1,366,795,470 divided into 136,679,547 fully paid shares, with a nominal value of €10 each. Rexel Distribution was incorporated on 21 December 2004 for a term of 99 years, expiring on 16 December 2103, except if the term is extended or if the company is subject to early dissolution. Rexel Développement S.A.S. is held at 100% by Rexel.

The registered office of Rexel Distribution is located at 189-193, boulevard Malesherbes, 75017 Paris, France, and its registration number at the commercial register of Paris is 480 172 840.

Rexel Développement S.A.S. provides services (management, strategic planning, finance, human resources and legal) to the Group companies.

The President of Rexel Développement S.A.S. is the Issuer, represented by Mr. Jean-Charles Pauze as Chairman of its Management Board.

The auditors of Rexel Développement S.A.S. are Ernst & Young Audit (Faubourg de l'Arche — 11 allée de l'Arche — 92037 Paris La Défense Cedex, France) and KPMG Audit (1 cours Valmy 92923 Paris La Défense Cedex, France).

Rexel Distribution

Rexel Distribution is a company with limited liability (*société anonyme*) organised under the laws of France. The share capital of Rexel Distribution is €99,413,489 divided into 99,413,489 fully paid shares, with a nominal value of €1 each. Rexel Distribution was incorporated on 2 March 1967, for a term of 99 years expiring on 2 March 2066, except if the term is extended or if the company is subject to early dissolution. Rexel Distribution is held at 99.78% by Rexel Développement S.A.S. and at 0.16% by Rexel.

The registered office of Rexel Distribution is located at 189-193, boulevard Malesherbes, 75017 Paris, France, and its registration number at the commercial register of Paris is 672 010 758.

Rexel Distribution provides cash management services for certain Rexel Group operating subsidiaries in France and abroad.

Rexel Distribution is a company with limited liability (*société anonyme*) with a board of directors. At the date hereof, the board of directors has 4 members:

— Mr. Jean-Charles Pauze, Président Directeur Général,

— Mr. Pascal Martin, director,

— Mr. Michel Favre, director, and

— Mr. Benoit Dutour, director.

The auditors of Rexel Distribution are Ernst & Young Audit (Faubourg de l'Arche — 11 allée de l'Arche — 92037 Paris La Défense Cedex, France) and KPMG Audit (1 cours Valmy 92923 Paris La Défense Cedex, France).

Rexel France

Rexel France is a simplified joint stock company (*société par actions simplifiée*) organised under the laws of France. The share capital of Rexel France is €41,940,672 divided into 2,750,208 fully paid shares, with a nominal value of €15.25 each. Rexel France was incorporated on 2 April 1997, for a term of 99 years expiring on 2 April 2096, except if the term is extended or if the company is subject to early dissolution. Rexel France is held at 100% by Rexel Distribution.

The registered office of Rexel France is located at 189-193, boulevard Malesherbes, 75017 Paris, France, and its registration number at the commercial register of Paris is 309 304 616.

The main activity of Rexel France 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.

Mr. Patrick Bérard is the president of Rexel France.

Rexel France also has a board of directors comprised of 4 members:

— Mr. Patrick Bérard, President,

— Mr. Laurent Delabarre, director,

— Mr. Michel Favre, director, and

— Mr. Jean-Charles Pauze, director.

The auditors of Rexel France are Ernst & Young Audit (Faubourg de l'Arche — 11 allée de l'Arche — 92037 Paris La Défense Cedex, France) and KPMG Audit (1 cours Valmy 92923 Paris La Défense Cedex, France).

Hagemeyer Deutschland GmbH & Co. KG

Hagemeyer Deutschland GmbH & Co. KG is a German limited partnership with a limited liability company (*GmbH*) as general partner (*GmbH & Co. KG*) and is registered with the commercial register (*Handelsregister*) at the local court (*Amtsgericht*) in Munich under registration number HRA 48737.

Hagemeyer Deutschland GmbH & Co. KG's registered office is located at Landsberger Str. 312, 80687 Munich, Germany.

As of the date hereof, Hagemeyer Deutschland Verwaltungs GmbH (registered with the commercial register at the local court in Munich under registration number HRB 4759) is the sole general partner (*Komplementärin*) and Hagemeyer Beteiligungs GmbH (registered with the commercial register at the local court in Munich under registration number HRB 167099) is the sole limited partner (*Kommanditistin*) of Hagemeyer Deutschland GmbH & Co. KG which is indirectly wholly owned by Finelec Développment S.A.

As of the date hereof, the partnership interest of the limited partner (*Kommanditanteil*) amounts to €13,000,000.00. The general partner does not hold a partnership interest.

The main activity of Hagemeyer Deutschland GmbH & Co. KG is the supply and distribution of electrical products.

Hagemeyer Deutschland GmbH & Co. KG is represented by its general partner which, at the date of this Prospectus, has the following three managing directors (*Geschäftsführer*):

— Mr. Klaus Koster,

— Mr. Uwe Töpfer, and

— Mr. Peter Becker.

The auditor of Hagemeyer Deutschland GmbH & Co. KG is Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (Arnulfstrasse 126, 80636 München, Germany).

Rexel Belgium

Rexel Belgium is a limited liability company (*naamloze vennootschap*) governed by the laws of Belgium, with a share capital of €30,000,000, having its registered office at Zuiderlaan 91 (Exiten Building), 1731 Zellik, Belgium. Rexel Belgium was incorporated on 4 April 1989 for an unlimited period of time. It is registered with the Crossroads Bank for Enterprises (*Kruispuntbank der Ondernemingen*) under number BE0437.237.396. Rexel Belgium is held at 99.99% by Compagnie de Distribution de Matériel Electrique B.V.

The board of directors of Rexel Belgium consists of 3 members:

— Mr. Jérémy de Brabant, president;

— Mr. Pierre Benoit, director and Chief Executive Officer; and

— Mr. Alain Rifflart, director and Chief Financial Officer.

Rexel Belgium's main activity is the supply and distribution of electrical products.

The auditor of Rexel Belgium is Ernst & Young Bedrijfsrevisoren BCVBA (De Kleetlaan 2, B-1831 Diegem (Brussels), Belgium).

Elektro-Material A.G.

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. It is wholly owned by Finelec Développement S.A.

Its main activity is the distribution of electrical products, the management of shareholdings and the provision of services.

The auditor of Elektro-Material AG is KPMG AG (111, rue de Lyon, CH-1203 Genève, Switzerland).

Rexel Nederland B.V. (formerly Hagemeyer Nederland B.V.)

Rexel Nederland B.V. is a company governed by the laws of The Netherlands with a registered share capital of €90,800 (*maatschappelijk kapitaal*), issued in an amount of €45,400 (*geplaatst kapitaal*). Its registered office is at Kampenringweg 45B, 2803PE Gouda, The Netherlands. It is registered with the registry of commerce and industries under number 24267850. It is indirectly fully held by Hagemeyer Finance B.V.

Rexel Nederland B.V.'s main activity is the provision and distribution of electrical products.

The board of directors of Hagemeyer Nederland B.V. is comprised of 3 members:

— HTG Nederland B.V., director;

— Mr. Pétin, director; and

— Mr. Haisma, director.

The auditor of Hagemeyer Nederland B.V. is Ernst & Young Accountants LLP (Boompjes 258, 3011 XZ Rotterdam, The Netherlands).

Elektroskandia Norge AS

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 at Alfasetv 11, Oslo, Norway. Elektroskandia AS is indirectly fully held by Hagemeyer Finance B.V.

Elektroskandia Norge AS' main activity is the supply and distribution of electrical products.

The auditor of Elektroskandia Norge AS is KPMG AS (KPMG Huset-Sørkedalsveien 6, 0306 Oslo, Norway).

Elektroskandia Suomi Oy

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. Elektroskandia Oy is fully held by the Finnish branch of Hagemeyer Finance B.V.

Elektroskandia Suomi Oy's main activity is the supply and distribution of electrical products.

The auditor of Elektroskandia Suomi Oy is KPMG Oy Ab (Mannerheimintie 20 B-00101 Helsinki, Finland).

Svenska Elgrossist AB Selga

Svenska Elgrossist AB Selga is a company governed by the laws of Sweden with a share capital of SEK 46,500,000. Its registered office is at Box 103, SE-125 23 Älvsjö, Stockholm, Sweden. Svenska Elgrossist AB Selga was incorporated on 23 February 1970 for an unlimited period of time. Its Swedish registration is 56062-0220. It is wholly owned by Rexel Distribution.

Svenska Elgrossist AB Selga's main activity is the manufacturing and distribution of electrical products as well as holding equity investments in companies in the electrical products manufacturing and distribution business.

The board of directors of Svenska Elgrossist AB Selga is comprised of 4 members:

— Mr. Jeremy de Brabant, Chairman of the board;

— Mr. Joakim von Schrenk Forsmark, director;

— Mr. Bernt Eriksson, director;

— Mr. Michel Favre, director; and

— Mr. Hans Roth, deputy member.

The auditor of Svenska Elgrossist AB Selga is Ernst & Young AB (Jakobsbergsgatan 24, P.O. Box 7850, SE-103 99 Stockholm, Sweden).

Rexel Holdings USA Corp.(formerly International Electric Supply Corp.)

Rexel Holdings USA Corp. is a Delaware corporation, with a share capital of US$1,001. Rexel Holdings USA Corp. was incorporated on 6 June 2006. The registered office of Rexel Holdings USA Corp. is located at 6606 LBJ Freeway, Suite 200, Dallas, Texas 75240, United States. Rexel Holdings USA Corp. is registered under number 4170267. International Electrical Supply Corp. is wholly owned by Rexel Luxembourg S.A.

The main activity of Rexel Holdings USA Corp. is the acquisition and management of equity investments in other companies and the provision of services.

Rexel Holdings USA Corp. is a Delaware corporation with a board of directors. At the date of this offering circular, the board of directors has 5 members:

— Jean-Charles Pauze, President and director,

— Mitch Williams, director,

— Christopher Hartmann, director, and

— Kerry Warren, director.

The auditor of Rexel Holdings USA Corp. is KPMG LLP (717 North Harwood Street — Dallas TX, 75201 6585, United States).

Rexel, Inc.

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. Rexel, Inc. was incorporated on 2 March 1866. Rexel, Inc. is wholly owned by Rexel Holdings USA Corp.

Rexel, Inc.'s main activity is the distribution of electrical products.

The board of directors of Rexel Inc. is comprised of 4 members:

— Mr. Christopher Hartmann, director;

— Mr. Mark Daniel, director;

— Mr. Kerry Warren, director; and

— Mr. Timothy Bevins, director.

The auditor of Rexel, Inc. is KPMG LLP (717 North Harwood Street — Dallas TX, 75201-6585, United States).

General Supply & Services, Inc.

General Supply & Services, Inc. is a corporation governed by the laws of Delaware with a share capital of US $1,000, registered under number 4172713. Its registered office is at Two Corporate Drive, 10th Floor, Shelton, CT 06484 United States. General Supply & Services, Inc. was incorporated on 9 June 2006. General Supply & Services, Inc. is wholly owned by Rexel Holdings USA Corp.

General Supply & Services, Inc.'s 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.

The board of directors of General Supply & Services, Inc. is comprised of 4 members:

— Mr. Mitch Williams, director;

— Mr. Christorpher Hartmann, director;

— Mr. Kerry Warren, director; and

— Mr. Mark Testa, director.

The auditor of General Supply & Services, Inc. is KPMG LLP (Stamford Square 3001 Summer Street — Stamford CT 06905-4317, United States of America).

Rexel North America Inc.

Rexel North America Inc. is a Canadian corporation, with a share capital of CAD18,904,500. Rexel North America Inc. was amalgamated on 25 September 2000 pursuant to the *Business Corporations Act* (Canada). The registered office of Rexel North America Inc. is located at 505 Locke, suite 200, Saint Laurent, Quebec H4T, 1X7 Canada. Rexel North America Inc. is registered under number 381380 1. Rexel North America Inc. is wholly owned by Rexel Distribution.

The main activity of Rexel North America Inc. is that of a holding company, owning 100% of the shares of Rexel Canada Electrical Inc. whose main activity is the distribution of electrical equipment.

Rexel North America Inc. is a Canadian corporation with a board of directors. At the date of this offering circular, the board of directors has 3 members:

— Jean-Charles Pauze, Chairman and director,

— Jeff Hall, President and CEO, and

— René Mérat, Vice President, General Counsel and Secretary.

Combined Financial Information with respect to the Guarantors

The information set forth below includes aggregated financial data relating to the Guarantors as at and for the years ended 31 December 2010 and 31 December 2009. This aggregated data has been prepared on the basis of financial information relating to each Guarantor after elimination of intracompany transactions between the Guarantors, Rexel and its subsidiaries and has not been independently audited or been the subject of a limited review by the statutory auditors of the Issuer or any of the Guarantors.

Combined Income Statement

	For the three-month period ended 31 March		For the year ended 31 December	
(in millions of euros)	**2011**	**2010**	**2010**	**2009**
Sales	2,036.9	1,832.7	8,187.9	7,726.2
Cost of goods sold	(1,521.7)	(1,371.0)	(6,166.3)	(5,829.2)
Gross profit	**515.2**	**461.7**	**2,021.6**	**1,897.0**
Distribution costs and administrative expenses (of which IT)	(389.3)	(373.1)	(1,536.5)	(1,510.0)
Operating income before other income and other expenses	**125.8**	**88.6**	**485.1**	**387.0**
Other operating income and expense	(2.4)	(2.4)	(53.2)	(80.6)
Operating income	**123.4**	**75.8**	**431.8**	**306.3**

Combined Balance Sheet

	As of 31 March	As of 31 December	
(in millions of euros)	**2011**	**2010**	**2009**
ASSETS			
Goodwill	3,194.9	3,251.2	3,122.9
Net intangible assets	711.8	727.4	718.5
Net tangible assets	138.8	138.6	145.5
Deferred tax assets	67.2	73.3	82.2
Total non current assets	**4,112.6**	**4,190.4**	**4,069.1**
Inventory	793.8	764,4	713.3
Trade accounts receivables	1,288.6	1,238.7	1,163.5
Other receivables	273.3	288.1	265.3
Cash and cash equivalents	100.0	199.5	230.2
Total current assets	**2,455.7**	**2,490.8**	**2,372.3**
Total assets	**6,568.3**	**6,681.2**	**6,441.4**
EQUITY & LIABILITIES			
Total equity and elimination of intercompany transactions	3,979.0	3,979.9	3,901.0
Interest bearing debt (long-term portion)	289.6	682.7	655.5
Deferred tax liability	277.6	261.5	235.0
Pensions	98.0	99.8	94.4
Other non-current liabilities	81.5	90.0	127.2
Total non-current liabilities	**746.7**	**1,134.0**	**1,112.0**
Interest-bearing debt (current portion)	330.2	18.9	28.4
Accrued interests	0.1	1.1	1.7
Trade accounts payables	1,130.5	1,146.7	1,040.7
Income tax payable	30.8	39.2	14.4
Other current liabilities	350.9	361.3	343.1
Total current liabilities	**1,842.6**	**1,567.2**	**1,428.4**
Total equity and liabilities	**6,568.3**	**6,681.2**	**6,441.4**

Combined Cashflows

(in millions of euros)	31 March 2011	31 March 2010	31 December 2010	31 December 2009
EBITDA	**141.6**	**105.0**	**550.9**	**461.0**
Other operating income and expenses with cash incidence	(2.5)	(12.8)	(33.9)	(74.1)
Change in pensions	(0.9)	0.1	(3.4)	(5.5)
Change in other provisions	(4.7)	(0.0)	(7.9)	28.4
Operating cash flow	**133.6**	**92.2**	**505.7**	**409.9**
Change in net inventories	(47.3)	(11.4)	(12.7)	155.9
Change in net trade receivables	(75.3)	1.2	(26.6)	348.7
Change in trade payables	3.8	(30.3)	64.8	(242.9)
Change in non-trade working capital	(6.2)	6.7	(5.8)	27.5
Change in working capital	**(125.0)**	**(33.7)**	**19.8**	**289.1**
Net capital expenditures	(14.0)	(8.8)	(36.3)	(25.6)
Free cash flow before interest and tax	**(5.4)**	**49.8**	**489.2**	**673.4**

Main subsidiaries

Rexel is the parent company of the Rexel Group and the head of the tax consolidation group implemented as of 1 January 2005. Rexel's consolidated subsidiaries, listed by region, are set out in the notes to the consolidated financial statements of Rexel for the financial year ended 31 December 2010. Rexel's main direct or indirect subsidiaries are described below.

Europe

Rexel Développement S.A.S. is a simplified joint stock company (*société par actions simplifiée*) organised under the laws of France with a share capital of €1,366,795,470 divided into 136,679,547 fully paid shares, with a nominal value of €10 each. Its registered office is located 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. For more information on Rexel Développement, see "— Legal Information — The Guarantors".

Rexel Distribution is a company with limited liability (*société anonyme*) organised under the laws of France with a share capital of €99,413,489 divided into 99,413,489 fully paid shares, with a nominal value of €1 each. Its registered office is located at 189-193, boulevard Malesherbes, 75017 Paris. The company is registered under number 672 010 758 R.C.S. Paris. Rexel Distribution is held at 99.78% by Rexel Développement S.A.S. and at 0.16% by Rexel. Rexel Distribution holds Rexel Group operating investments and, among other things, provides cash management services for certain Rexel Group operating subsidiaries in France and abroad. For more information on Rexel Distribution, see "— Legal Information — The Guarantors".

Rexel Nederland B.V (formerly Hagemeyer Nederland B.V.). is a company governed by the laws of The Netherlands with a share capital of €90,800, issued in an amount of €45,400. Its registered office is located at Kampenringweg 45B, 2803PE Gouda, The Netherlands. It is registered with the registry of commerce and industries under number 24267850. Its main activity is the provision and distribution of electrical products. It is indirectly fully held by Hagemeyer Finance B.V. For more information on Hagemeyer Finance B.V., see "— Legal Information — The Guarantors".

Hagemeyer Deutschland GmbH & Co. KG is a German limited partnership with a limited liability company (*GmbH*) as general partner (*GmbH & Co. KG*). At the date hereof, the partnership interest of the limited partner (*Kommanditanteil*) amounts to € 13,000,000.00. Its registered office is located at Landsberger Str. 312, 80687, Munich, Germany. It is registered with the commercial register (*Handelsregister*) at the local court (*Amtsgericht*) in Munich under registration 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. For more information on Hagemeyer Deutschland GmbH & Co. KG, see "— Legal Information — The Guarantors".

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 (Exiten Building), 1731 Zellik, Belguim. It is registered with the registry of commerce and companies under number BE0437.237.396. 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. For more information on Rexel Belgium, see "— Legal Information — The Guarantors".

Svenska Elgrossist AB Selga is a company governed by the laws of Sweden with a share capital of SEK 46,500,000. Its registered office is at Box, SE-103 125 23 Älvsjö, Stockholm, Sweden. Its Swedish registration is 556062-0220. Its main activity is the manufacturing and distribution of electrical products as well as holding equity investments in companies in the electrical products manufacturing and distribution business. It is wholly owned by Rexel Distribution. For more information on Svenska Elgrossist AB Selga, see "— Legal Information — The Guarantors".

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 located at Alfasetv 11, Oslo, Norway. Its main activity is the supply and distribution of electrical products. Elektroskandia AS is indirectly fully held by Hagemeyer Finance B.V. For more information on Elektroskandia Norge AS, see "— Legal Information — The Guarantors".

Elektroskandia Suomi Oy is a company governed by the laws of Finland with a share capital of €1,000,000. Its registered office is located 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 Oy is fully held by the Finnish branch of Hagemeyer Finance B.V. For more information on Elektroskandia Suomi Oy, see "— Legal Information — The Guarantors".

Finelec Développement S.A. is a joint stock company (*Aktiengesellschaft*) under Swiss law with a share capital of CHF 106,147,200. Its registered office is located at Sortie Autoroute Sion-Ouest, 1951 Sion, Switzerland. Its main activity is the acquisition, holding and management of equity investments. Finelec Développement S.A. is wholly owned by Compagnie de Distribution de Matériel Electrique 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 wholly owned by Finelec Développement S.A. For more information on Electro Material A.G., see "— Legal Information — The Guarantors".

Rexel France is a simplified joint stock company (*société par actions simplifiée*) organised under the laws of France 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. The main activity of Rexel France 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. For more information on Rexel France, see "— Legal Information — The Guarantors".

Rexel UK Ltd. is a limited company organised under the laws of England. Its registered office is located 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

Rexel Holdings USA (formerly International Electrical Supply Corp.) is a Delaware corporation with a share capital of US $1,001 registered under number 4170267. Its registered office is located 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. Rexel Holdings USA is wholly owned by Rexel Luxembourg S.A. For more information on International Electrical Supply Corp., see "— Legal Information — The Guarantors".

Rexel, Inc. is New York corporation with a share capital of US $15,911,481. Its registered office is located 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 Rexel Holdings USA Corp. For more information on Rexel, Inc., see "— Legal Information — The Guarantors".

General Supply & Services, Inc. is a Delaware corporation with a share capital of US $1000, registered under number 4172713. Its registered office is located 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 Rexel Holdings USA Corp. For more information on General Supply & Services Inc., see "— Legal Information — The Guarantors".

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. The main activity of Rexel North America Inc. is that of a holding company owning 100% of the shares of Rexel Canada Electrical Inc. whose main activity is the distribution of electrical equipment. It is wholly owned by Rexel Distribution. For more information on Rexel North America Inc., see "— Legal Information — The Guarantors".

At 31 December 2010, contributions from Rexel's subsidiaries or significant sub-groups as at 31 December 2010 were as follows:

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

The Rexel Group analyzes its sales based on geographic areas, to which the legal entities referred to above belong based on their localisation. Therefore, an analysis of sales with a breakdown by legal entity would not be relevant. For a breakdown of Rexel's sales by geographic area, see Chapter 4 ("Results of Operations and Financial Position of the Rexel Group") in the 2010 Reference Document Extracts included herein as Annex B to this offering circular.

Litigation

Except as disclosed in this offering circular, the Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this offering circular which may have, or have had in the recent past, significant effects on the financial position, profitability or prospects of the Issuer and/or the Group.

Significant Change

Except as disclosed in this offering circular, there has been no significant change in the financial or trading position of the Issuer or the Group and there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2010.

Material Contracts

Except as disclosed in this offering circular, there are, at the date of this offering circular, no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.

Conflicts of Interest

Except as disclosed in this offering circular, there are, at the date of this offering circular, no conflicts of interest which are material to the issue of the Notes between the duties of the members of the Supervisory Board and of the Management Board of the Issuer and their private interests and/or their other duties.

Persons Having an Interest Material to the Issue

Save as disclosed in "Subscription and Sale of the Notes", to the knowledge of the Issuer, no person involved in the issue of the Notes has an interest material to the issue.

Yield of the Notes

The yield of the Notes is 7.00% per year. The yield is calculated at the Issue Date on the basis of the issue price. It is not an indication of future yield.

Trustee

The initial Trustee under the Trust Deed is BNP Paribas Trust Corporation UK Limited.

LEGAL MATTERS

Certain legal matters in connection with the offering of the Notes will be passed upon for Rexel and the Guarantors by Debevoise & Plimpton LLP as to matters of English and French law. Certain legal matters in connection with the offering of the Notes will be passed upon for the Joint Lead Managers by Cleary Gottlieb Steen & Hamilton LLP as to matters of English and French law.

INDEPENDENT AUDITORS

Our independent statutory auditors are Ernst & Young Audit and KPMG Audit. The address of Ernst & Young Audit is Tour Ernst & Young, Faubourg de l'Arche, 92037 Paris la Défense Cedex, France. The address of KPMG Audit is 1, cours Valmy, 92923, Paris la Défense, France (both entities are members of the *Compagnie régionale des Commissaires aux Comptes de Versailles* and are regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux Comptes*). Our consolidated financial statements as and for the years ended 31 December 2010 and 2009 prepared in accordance with IFRS as adopted by the European Union, an English translation of which is included in this offering circular, have been audited in accordance with professional standards applicable in France by Ernst & Young Audit and KPMG Audit, as stated in their unqualified audits report, a free English translation of which is included elsewhere herein.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2011

CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Note	For the period ended 31 March 2011	For the period ended 31 March 2010
Sales	*4*	3,004.9	2,697.6
Cost of goods sold		(2,243.6)	(2,019.4)
Gross profit		**761.3**	**678.2**
Distribution and administrative expenses	*5*	(606.3)	(573.9)
Operating result before other income and expenses		**155.0**	**104.3**
Other income	*6*	0.8	5.0
Other expenses	*6*	(4.7)	(20.2)
Operating result		**151.1**	**89.1**
Financial income		13.7	11.8
Interest expense on borrowings		(39.6)	(47.4)
Other financial expenses		(15.7)	(15.1)
Net financial loss	*7*	***(41.6)***	***(50.7)***
Share of profit / (loss) of associates		(0.9)	(1.1)
Net income before income tax		**108.6**	**37.3**
Income tax	*8*	(22.1)	(8.0)
Net income		**86.5**	**29.3**
Portion attributable:			
to the Group		86.4	29.2
to non controlling interests		0.1	0.1
Earnings per share:			
Basic earnings per share (in euros)	*9*	0.33	0.11
Fully diluted earnings per share (in euros)	*9*	0.33	0.11

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	For the period ended 31 March 2011	For the period ended 31 March 2010
Net income	**86.5**	**29.3**
Foreign currency translation	(63.8)	80.2
Income tax	(3.2)	5.7
	(67.0)	85.9
Gain (Loss) on cash flow hedges	17.2	(2.0)
Income tax	(6.0)	(0.5)
	11.2	(2.5)
Other comprehensive income/(loss) for the period, net of tax	*(55.8)*	*83.4*
Total comprehensive income for the period, net of tax	**30.7**	**112.7**
Portion attributable:		
to the group	31.1	112.1
to non-controlling interests	(0.4)	0.6

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

CONSOLIDATED BALANCE SHEET

(in millions of euros)	Note	As of 31 March 2011	As of 31 December 2010
Assets			
Goodwill		3,947.0	3,931.2
Intangible assets		929.4	934.4
Property, plant and equipment		255.9	245.4
Long-term investments	*3*	58.2	132.1
Investments in associates		7.9	9.3
Deferred tax assets		151.9	138.6
Total non-current assets		**5,350.3**	**5,391.0**
Inventories		1,280.5	1,203.1
Trade accounts receivable		2,099.4	2,022.0
Current tax assets		20.4	29.7
Other accounts receivable		387.9	406.4
Assets held for sale		7.1	23.1
Cash and cash equivalents	*10.1*	220.7	311.9
Total current assets		**4,016.0**	**3,996.2**
Total assets		**9,366.3**	**9,387.2**
Equity			
Share capital		1,302.5	1,301.0
Share premium		1,384.9	1,383.7
Reserves and retained earnings		1,175.4	1,140.4
Total equity attributable to equity holders of the parent		**3,862.8**	**3,825.1**
Non-controlling interests		8.9	9.3
Total equity		**3,871.7**	**3,834.4**
Liabilities			
Interest bearing debt (non-current part)	*10.1*	1,890.8	2,463.5
Employee benefits		172.1	174.4
Deferred tax liabilities		169.1	144.5
Provision and other non-current liabilities	*13*	141.1	156.3
Total non-current liabilities		**2,373.1**	**2,938.7**
Interest bearing debt (current part)	*10.1*	685.3	116.8
Accrued interest	*10.1*	17.0	5.2
Trade accounts payable		1,818.9	1,866.2
Income tax payable		27.5	39.8
Other current liabilities		572.8	584.1
Liabilities related to assets held for sale		—	2.0
Total current liabilities		**3,121.5**	**2,614.1**
Total liabilities		**5,494.6**	**5,552.8**
Total equity and liabilities		**9,366.3**	**9,387.2**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Note	For the period ended 31 March 2011	For the period ended 31 March 2010
Cash flows from operating activities			
Operating income		151.1	89.1
Depreciation, amortization and impairment of assets		23.0	24.0
Employee benefits		(3.2)	(1.8)
Change in other provisions		(11.2)	(39.2)
Other non-cash operating items		3.4	3.7
Interest paid		(33.2)	(44.6)
Income tax paid		(23.5)	(9.0)
Operating cash flows before change in working capital requirements		***106.4***	***22.2***
Change in inventories		(79.1)	(23.2)
Change in trade receivables		(96.0)	(2.0)
Change in trade payables		(28.3)	(27.6)
Changes in other working capital items		2.2	14.1
Change in working capital requirements		***(201.2)***	***(38.7)***
Net cash from operating activities		**(94.8)**	**(16.5)**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(20.1)	(11.9)
Proceeds from disposal of property, plant and equipment		13.0	1.4
Acquisition of subsidiaries, net of cash acquired		(48.3)	(0.8)
Proceeds from disposal of subsidiaries, net of cash disposed		—	2.7
Change in long-term investments		(1.3)	(0.6)
Dividends received from associates		0.3	—
Net cash from investing activities		**(56.4)**	**(9.2)**
Cash flows from financing activities			
Capital increase		2.7	6.2
Disposal / (Purchase) of treasury shares		1.2	(0.6)
Net change in credit facilities and other financial borrowings	***10.2***	146.7	82.2
Net change in securitization	***10.2***	(85.5)	(121.4)
Payment of finance lease liabilities	***10.2***	6.0	(1.1)
Net cash from financing activities		**71.1**	**(34.7)**
Net (decrease) / increase in cash and cash equivalents		(80.1)	(60.4)
Cash and cash equivalents at the beginning of the period		311.9	359.6
Effect of exchange rate changes on cash and cash equivalents		(11.1)	(9.6)
Cash and cash equivalents at the end of the period		**220.7**	**289.6**

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros)	Share capital	Share premium	Retained earnings and other reserves	Foreign currency translation	Fair value	Treasury Shares	Total attributable to the Group	Minority interests	Total
For the period ended 31 March 2010									
At January 1, 2010	**1,291.1**	**1,392.2**	**791.4**	**(39.2)**	**(29.1)**	**(2.1)**	**3,404.3**	**7.8**	**3,412.1**
Foreign currency translation	—	—	—	85.4	—	—	**85.4**	0.5	85.9
Cash flow hedges	—	—	—	—	(2.5)	—	**(2.5)**	—	(2.5)
Income and expenses recognized directly in equity	**—**	**—**	**—**	**85.4**	**(2.5)**	**—**	**82.9**	**0.5**	**83.4**
Net income	—	—	29.2	—	—	—	**29.2**	0.1	29.3
Total comprehensive income for the period	**—**	**—**	**29.2**	**85.4**	**(2.5)**	**—**	**112.1**	**0.6**	**112.7**
Capital increase	6.2	—	—	—	—	—	**6.2**	—	6.2
Share-based payments	—	—	1.3	—	—	—	**1.3**	—	1.3
Disposal (Purchase) of treasury shares	—	—	—	—	—	(0.8)	**(0.8)**	—	(0.8)
At 31 March 2010	**1,297.3**	**1,392.2**	**821.9**	**46.2**	**(31.6)**	**(2.9)**	**3,523.1**	**8.4**	**3,531.5**
For the period ended 31 March 2011									
At 1 January 2011	**1,301.0**	**1,383.7**	**1,038.6**	**122.9**	**(19.3)**	**(1.8)**	**3,825.1**	**9.3**	**3,834.4**
Foreign currency translation	—	—	—	(66.5)	—	—	**(66.5)**	(0.5)	(67.0)
Cash flow hedges	—	—	—	—	11.2	—	**11.2**	—	11.2
Income and expenses recognized directly in equity	**—**	**—**	**—**	**(66.5)**	**11.2**	**—**	**(55.3)**	**(0.5)**	**(55.8)**
Net income	—	—	86.4	—	—	—	**86.4**	0.1	86.5
Total comprehensive income for the period	**—**	**—**	**86.4**	**(66.5)**	**11.2**	**—**	**31.1**	**(0.4)**	**30.7**
Capital increase(1)	1.5	1.2	—	—	—	—	**2.7**	—	2.7
Share-based payments	—	—	2.7	—	—	—	**2.7**	—	2.7
Disposal (Purchase) of treasury shares	—	—	—	—	—	1.2	**1.2**	—	1.2
At 31 March 2011	**1,302.5**	**1,384.9**	**1,127.7**	**56.4**	**(8.1)**	**(0.6)**	**3,862.8**	**8.9**	**3,871.7**

(1) Exercise of share subscription options from the programs established in 2005 (21,107 shares) and 2006 (272,552 shares)

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

ACCOMPANYING NOTES

1. GENERAL INFORMATION

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

The Group is mainly involved in the business of the distribution of low and ultra-low voltage electrical products to professional customers. It serves the needs of a large variety of customers and markets in the fields of construction, industry, and services. The product offer covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown goods. The principal markets in which the Group operates are in Europe, North America (United States and Canada), and Asia-Pacific (mainly in Australia, New Zealand, and China).

These consolidated interim financial statements cover the period from 1 January to 31 March 2011, and were authorized for issue by the Management Board on 3 May 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These condensed consolidated interim financial statements (hereafter referred to as "the condensed financial statements") for the period ending 31 March 2011 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as the standards of the International Accounting Standards Board (IASB) which are in force and mandatory as at 31 March 2011. In particular, the condensed financial statements have been prepared in accordance with IAS 34, relating to Interim Financial Reporting. In accordance with the aforementioned standard, only a selection of explanatory notes is included in these condensed financial statements. These notes must be read in conjunction with the Group's financial statements prepared for the financial year closed on 31 December, 2010 and included in the Registration Document filed with the *Autorité des Marchés Financiers* on 11 April 2011 under the number D.11-0272.

The IFRS as adopted by the European Union can be consulted on the European Commission's website: (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

2.2 Basis of Preparation

The condensed financial statements as at 31 March 2011 are presented in euros and all values are rounded to the nearest tenth of a million, unless otherwise stated. Totals and sub-totals presented in the condensed consolidated financial statements are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to this rounding.

The accounting principles and adopted methods are identical to those used at 31 December 2010 and described in the notes to the consolidated financial statements for the financial year ended 31 December 2010, with the exception of the new standards and interpretations disclosed in note 2.3. The new standards and interpretations, which are applicable starting from 1 January 2011, and detailed below, did not have any significant impact on the Group's condensed financial statements or the financial position for the period ended 31 March 2011.

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

2.3 New accounting standards and interpretations in effect starting from 2011

Since 1 January 2011, the Group has applied the following new amendments, standards, and interpretations previously endorsed by the European Union, but their application had no effect on the Group's condensed financial statements:

- Amendment to IAS 32 "Financial Instruments: Presentation — Classification of Rights Issued" addresses the accounting for certain rights (rights, options, or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, this amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.

- The revised version of IAS 24 "Related Party Disclosures" clarifies the definition of a related party and introduces partial exemptions when the related party is a government-related entity.
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments". This interpretation addresses the accounting treatment where the terms of a financial liability are renegotiated and result in the issuance of equity instruments to extinguish all or part of such financial liability.
- Amendment to interpretation IFRIC 14 "Prepayments of a Minimum Funding Requirement". This amendment permits entities subject to minimum funding requirements and which make early payments of contributions to treat the benefit of such early payment as an asset.
- Improvements issued in May 2010 clarify or introduce small changes to several standards and interpretations.

3. BUSINESS COMBINATIONS

As part of Rexel's external growth policy aiming to strengthen its presence in emerging countries, increase its market share in mature countries, and improve the offering of its high value-added services, the Group acquired the companies Nortel Suprimentos Industriais in Brazil, Yantra Automation Private Ltd in India, and the assets of Wuhan Rockcenter Automation in China during the first quarter of 2011.

Nortel Suprimentos Industriais, which was acquired on 19 January 2011, is one of the top three Brazilian distributors of electrical materials. It is based in Campinas in the state of São Paulo. The Purchase Agreement stipulates the transfer of 75% of the share capital rights to the Group on the date that control changed over, and a firm commitment to purchase the remaining 25% of residual interests in 2013 based on a price determined in the Purchase Agreement. This transaction was therefore recorded based on the acquisition of all share capital rights on the date that control changed over. Besides, price paid to the shareholders who are subject to conditions of attendance includes a payment based on the future performance of the company, booked as an expense over the period of acquisition of the related shares.

In addition, during December 2010, the Group acquired two electrical equipment distributors: Grossauer in Switzerland and LuckyWell Int'l Investment Limited in China. However, due to their acquisition date and lack of significant effect on the Group's financial position, these two companies were not consolidated in the financial statements as of 31 December 2010 and the acquired shares were disclosed under "Long-term investments" as of 31 December 2010.

The financial results of these companies are consolidated starting from 1 January 2011.

The table below shows the consideration allocated for identifiable assets and liabilities of the acquired entities, estimated on a provisional basis pending the development of its business plan:

(in millions euros)	
Customer relationship	17.1
Other fixed assets	14.1
Other non current assets	3.1
Current assets	70.5
Financial debt	(11.8)
Other non current liabilities	(8.8)
Current liabilities	(31.0)
Net asset acquired (except *goodwill* acquired)	**53.1**
Goodwill acquired	92.5
Transfered consideration	**145.6**
Cash acquired	(11.1)
Acquisition related liabilities	(15.5)
Net cash paid for the acquisition	**119.0**
Payments in 2010(1)	(66.8)
Foreign currency translation	(3.8)
Net cash flow for the period	**48.3**

(1) Converted at the rate of acquisition date.

The amount of fees associated with these acquisitions totals €2.9 million, €1.1 million of which was incurred for the period closed on 31 March 2011. The balance was paid in 2010.

Since 1 January 2011, the contribution of these entities to the Group's sales and operating income amounts to €50.0 million and €1.6 million respectively.

4. SEGMENT REPORTING

In accordance with IFRS 8 "Operating segments", operating segments are based on the the Group's management reporting structure. The information is shown by geographic zone for the electrical equipment distribution business, whereas the other businesses and holding entities are shown separately.

Operations that are substantially similar are combined as a single segment. Factors considered in identifying such segments include the similarity of economic and political conditions, the proximity of operations, the absence of special risks associated with operations in the various areas where the Group operates and when they have similar long-term financial performance.

Based on this structure, the reportable segments are Europe, North America and the Asia-Pacific zone, which include the electrical equipment distribution business of the Group in these areas. The other operating segments are aggregated. They include the Group's electrical equipment distribution operations in Brazil and Chile as well as other businesses managed directly at the Group's headquarters.

The Group's financial reporting is reviewed monthly by the Management Board acting as the Chief operating decision maker.

Information by geographic sector for the periods ending 31 March 2011 and 2010

2011 *(in millions of euros)*	Europe	North America	Asia-Pacific	Other segments	Total Operating Segments	Corporate Holdings	Total Group
For the period ended 31 March							
Sales to external customers	1,787.4	845.9	284.1	87.5	**3,004.9**	—	**3,004.9**
EBITA[(1)]	124.4	26.1	15.4	2.2	**168.1**	(8.4)	**159.7**
Working capital	792.9	376.5	154.9	62.9	**1,387.2**	(5.9)	**1,381.3**
Goodwill	2,669.2	979.2	251.3	47.3	**3,947.0**	—	**3,947.0**

2010 *(in millions of euros)*	Europe	North America	Asia-Pacific	Other segments	Total Operating Segments	Corporate Holdings	Total Group
For the period ended March 31							
Sales to external customers	1,620.7	746.1	235.8	95.0	**2,697.6**	—	**2,697.6**
EBITA[(1)]	87.3	14.1	12.0	0.4	**113.8**	(4.5)	**109.3**
For the period ended December 31							
Working capital	679.7	348.5	133.9	44.1	**1,206.2**	(11.3)	**1,194.9**
Goodwill	2,644.9	1,028.0	249.0	9.3	**3,931.2**	—	**3,931.2**

(1) EBITDA is defined as total operating income before other income and expenses amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities.

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 period ended 31 March 2011	2010
EBITA — Total Group	**159.7**	**109.3**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(4.7)	(5.0)
Other income and other expenses	(3.9)	(15.2)
Net financial expenses	(41.6)	(50.7)
Share of profit/(losses) of associates	(0.9)	(1.1)
Group consolidated income before income tax	**108.6**	**37.3**

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)	As of 31 March 2011	As of 31 December 2010
Working capital	1,381.3	1,194.9
Goodwill	3,947.0	3,931.2
Total allocated assets & liabilities	**5,328.3**	**5,126.1**
Liabilities included in allocated working capital	2,381.5	2,434.9
Other non-current assets	1,251.4	1,321.2
Deferred tax assets	151.9	138.6
Income tax receivable	20.4	29.7
Assets classified as held for sale	7.1	23.1
Derivatives	5.0	1.7
Cash and cash equivalents	220.7	311.9
Group consolidated total assets	**9,366.3**	**9,387.2**

5. DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the period ended 31 March 2011	2010
Personnel costs (salaries & benefits)	357.9	332.7
Building and occupancy costs	66.4	67.3
Other external costs	144.2	135.8
Depreciation expense	18.4	19.0
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	4.7	5.0
Bad debt expense	14.7	14.1
Total distribution and administrative expenses	**606.3**	**573.9**

6. OTHER INCOME & OTHER EXPENSES

(in millions of euros)	For the period ended 31 March 2011	2010
Capital gains	0.1	0.3
Write-back asset impairment	0.2	—
Release of unused provisions	0.1	1.1
Other operating income	0.4	3.6
Total other income	**0.8**	**5.0**
Restructuring costs	(2.8)	(13.7)
Loss on non-current assets disposed of	(0.4)	(6.1)
Tangible assets impairment	(0.1)	—
Acquisition related costs	(1.4)	—
Other operating expenses	—	(0.4)
Total other expenses	**(4.7)**	**(20.2)**

6.1 Other income

Other operating income

For the period ending 31 March 2010, other operating income included €3.4 million in compensation to be received from PPR, the former owner of Rexel, as part of a warranty granted to Rexel in 2005. This amount was received for the year ended 31 December 2010.

6.2 Other expenses

Restructuring costs

The restructuring costs for the period ending 31 March 2011 mainly involve the completion of a restructuring plan started in 2010 in France totalling €0.7 million and in the Netherlands totalling €1.4 million.

For the period ending 31 March 2010, restructuring costs are mainly related to the continuation of restructuring plans implemented in 2009 to adapt the group structure to its current situation. These costs mainly resulted in the effect of downsizing the distribution network and workforce adaptation in Europe for €8.4 million and in North America for €4.8 million.

Loss on non-current assets

For the period ending 31 March 2011, the losses on disposals mainly involve discarding equipment disposing of the Smeg brand household electrical appliance distribution business in Australia.

For the period ending 31 March 2010, losses on disposals comprised a €5.9 million loss related to the sale of Hagemeyer Cosa Liebermann in Asia (HCL Asia), a legacy non-core business from Hagemeyer, operating as a wholesaler and duty-free agent of luxury goods in Asian countries, pursuant to a sale and purchase agreement entered into with DKSH Holding Ltd, a privately held Swiss company, on 25 February 2010.

Acquisition-related costs

For the period ending 31 March 2011, the costs incurred for the acquisitions performed and mentioned in note 3 or in the process of being performed total €1.4 million.

7. NET FINANCIAL EXPENSES

Net financial expenses are composed of the following items:

(in millions of euros)	For the period ended 31 March 2011	For the period ended 31 March 2010
Expected return on employee benefit plan assets	12.4	11.2
Interest income on cash and cash equivalents	0.7	0.1
Interest income on receivables and loans	0.6	0.5
Financial income	**13.7**	**11.8**
Interest expense on financial debt (stated at amortized costs)	(35.3)	(37.9)
— *Senior Credit Facilities*	*(8.2)*	*(14.2)*
— *Senior Notes*	*(13.4)*	*(13.0)*
— *Securitization*	*(6.5)*	*(4.8)*
— *Other financing*	*(2.2)*	*(1.4)*
— *Finance leases*	*(0.4)*	*(0.4)*
— *Amortization of transaction costs*	*(4.7)*	*(4.1)*
Gains and losses on derivative instruments previously deferred in equity and recycled in the income statement	(5.9)	(9.5)
Change in fair value of derivatives through profit and loss	2.0	9.8
Ineffectiveness of interest rate hedges	(0.4)	(0.3)
Foreign exchange gain (loss) on financial liabilities	(0.0)	(9.5)
Interest expense on borrowings	**(39.6)**	**(47.4)**
Interest cost of employee benefit obligation and other long-term liabilities	(14.0)	(13.6)
Financial expenses (other)	(1.7)	(1.5)
Other financial expenses	**(15.7)**	**(15.1)**
Financial expenses (net)	**(41.6)**	**(50.7)**

8. INCOME TAX

Income tax expense for an interim period is calculated based on the tax rate of the expected year-end income, i.e. by applying the average estimated tax rate for the 2011 financial year to the interim income before taxes. The effective tax rate for the period ending 31 March 2011 is 20.2%, compared with 20.9% for the period ended 31 March 2010.

9. EARNINGS PER SHARE

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

	For the period ended 31 March	
	2011	**2010**
Net income attributed to ordinary shareholders *(in millions of euros)*	***86.4***	***29.2***
Weighted average number of ordinary shares (*in thousands*)	260,186	258,584
Non dilutive potential shares (in thousands)	3,001	2,622
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	***263,187***	***261,206***
Basic earning per share (in euros)	**0.33**	**0.11**
Net income attributed to ordinary shareholders *(in millions of euros)*	***86.4***	***29.2***
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	263,187	261,206
Potential dilutive shares (in thousands)	2,241	1,323
— of which share options (in thousands)	*229*	*301*
— of which bonus shares (in thousands)[(1)]	*2,012*	*1,022*
Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)	***265,428***	***262,529***
Fully diluted earnings per share	**0.33**	**0.11**

(1) The number of potential dilutive shares does not take into account the free shares whose allocation is subject to performance conditions.

10. FINANCIAL LIABILITIES

This note provides information on financial liabilities as of 31 March 2011. Financial liabilities include interest-bearing loans, borrowings and accrued interest less transaction costs.

10.1 Net financial debt

	As of 31 March 2011			As of 31 December 2010		
(in millions of euros)	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Senior Notes	—	659.9	659.9	—	669.5	669.5
Senior Credit Facilities	—	708.4	708.4	—	761.5	761.5
Securitization	417.4	542.5	959.9	—	1,067.6	1,067.6
Bank loans	30.3	5.7	36.0	6.6	1.9	8.5
Commercial paper	187.2	—	187.2	56.9	—	56.9
Bank overdrafts and other credit facilities	64.0	—	64.0	66.6	—	66.6
Finance lease obligations	5.8	13.3	19.1	5.7	7.2	12.9
Accrued interests[(1)]	17.0	—	17.0	5.2	—	5.2
Less transaction costs	(19.4)	(39.0)	(58.4)	(19.0)	(44.2)	(63.2)
Total financial debt and accrued interest	***702.3***	***1,890.8***	***2,593.1***	***122.0***	***2,463.5***	***2,585.5***
Cash and cash equivalents			(220.7)			(311.9)
Accrued interest debtor			(2.7)			—
Derivatives fair value			8.7			(0.3)
Net financial debt			**2,378.4**			**2,273.3**

(1) Including accrued interests on Senior Notes for €15.9 million as of 31 March 2011 (€2.5 million as of 31 December 2010).

10.1.1 Senior Credit Agreement

As of 31 March 2011, facilities under the Senior Credit Agreement and other senior term loan agreements were as follows:

Credit Facility (Term Loan)	Commitment	Borrower	Balance due as of 31 March 2011	Currency	Balance due as of 31 March 2011
	(in millions of euros)		*(in millions of local currency)*		*(in millions of euros)*
Facility A	390.7	Rexel SA	156.0	CAD	113.2
			384.9	USD	270.9
			70.0	CHF	53.8
Facility B	1,074.0	Rexel SA	500.0	SEK	56.0
			254.6	USD	179.2
2009 Senior Credit Facilities subtotal	**1,464.7**				**673.1**
Bilateral line	35.3	Rexel SA	35.3	EUR	35.3
TOTAL	**1,500.0**				**708.4**

These multicurrency credit facilities carry interest at EURIBOR or LIBOR rates depending on the currency in which the amounts are drawn, plus a margin which varies depending on the debt ratio. On 31 March 2011, the applicable margins stood at 2% for Facility A and 2.25% for Facility B.

10.1.2 Securitization programs

The Rexel Group manages several securitization programs presented in the table below, with the exception of the US program to assign off-balance sheet receivables, which enable it to obtain financing at a lower cost than issuing bonds or bank loans.

Under these programs, the Group continues to bear a significant part of the payment delay and of the credit risk. Therefore, assigned receivables remain classified as assets on the Group's balance sheet on the line "Trade accounts receivable" whereas the financing received is shown as financial debt, in accordance with IAS39.

The main features of the securitization programs are summarized in the table below:

	(in millions of currency)			*(in millions of euros)*		
				Balance as of		
Program	Commitment	Amount of receivables pledged on 31 March 2011	Amount drawn down as of 31 March 2011	31 March 2011	31 December 2010	Repayment
2005 — Europe and Australia	EUR 500	EUR 539.2	EUR 393.0	393.0	444.8	11/02/2012
United States	USD 250	USD 363.6	USD 221.8	156.1	180.4	23/12/2014
Canada	CAD 140	CAD 211.3	CAD 140.0	101.6	105.1	13/12/2012
2008 — Europe	EUR 450	EUR 440.3	EUR 309.2	309.2	337.3	17/12/2013
TOTAL				**959.9**	**1,067.6**	

These receivables assignment programs pay interest at variable rates plus a spread which is specific to each program. As of 31 March 2011, the total outstanding amount authorized for these securitization programs amounted to €1,227.6 million and was utilized up to €959.9 million. These programs are subject to certain contractual obligations regarding the quality of the trade receivables portfolio (see note 19.1.3 to the consolidated financial statements as of 31 December 2010). As of 31 March 2011, all contractual obligations related to these securitization programs have been satisfied.

Furthermore, Rexel also operates an off-balance sheet program restricted to its US subsidiaries. Under this program, all risks and obligations attached to the assigned receivables are transferred to the purchaser and such receivables are derecognized from the balance sheet. As of 31 March 2011, derecognized receivables totaled €77.1 million i.e. USD109.6 million (€97.7 million as of 31 December 2010) and the resulting loss recorded as a financial expense was €0.9 million (identical to 31 March 2010). Cash received in relation to derecognized receivables and not yet transferred to the purchaser totals €21.2 million (USD30.1 million) and is recognized in financial liabilities.

10.1.3 Commercial paper program

In September 2010, Rexel launched a €500 million commercial paper program with a fixed maturity ranging from one to three months depending on the notes issued to diversify the investor base and minimize the cost of financing.

As of 31 March 2011, the company had issued €187.2 million in commercial paper (€56.9 million as of 31 December 2010).

10.2 Change in net financial debt

As of 31 March 2011 and 2010, the change in net financial debt is as follows:

(in millions of euros)	2011	2010
At 1 January	**2,273.3**	**2,401.2**
Subscription of Senior Notes	—	76.7[(1)]
Net change in Term Loan facilities	(19.3)	(16.2)
Transaction costs related to the 2009 refinancing	—	(3.2)
Net change in other credit facilities and bank overdrafts	165.9	24.9
Net change in credit facilities	**146.7**	**82.2**
Net change in securitization	(85.5)	(121.4)
Payment of finance lease liabilities	6.0	(1.2)
Net change in financial liabilities	***67.2***	***(40.4)***
Change in cash and cash equivalents	80.1	64.3
Translation differences	(58.3)	92.8
Change in consolidation scope	11.8	5.6
Amortization of transaction costs	4.7	4.1
Other changes	(0.4)	11.8
At 31 March	**2,378.4**	**2,539.4**

(1) On 20 January 2010, Rexel issued €75 million of notes in addition to the notes of €575 million issued on 21 December 2009. These additional notes fully assimilated to the notes issued on 21 December 2009 pay interest at the rate of 8.25% and are redeemable on 15 December 2016. The issue price was 102.33% of the nominal amount corresponding to €76.7 million.

11. MARKET RISKS AND FINANCIAL INSTRUMENTS

11.1 Interest rate risk

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

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

(in millions of euros)	**As of 31 March 2011**	**As of 31 December 2010**
Senior notes and other fixed rate debt	691.1	670.6
Fixed rate debt before hedging	*691.1*	*670.6*
Floating to fixed rate swaps	1,498.1	1,286.4
Fixed to floating rate swaps	(475.0)	(475.0)
Active Interest rate options — Collars	—	721.3
Sub total fixed or capped rate debt after hedging	***1,714.1***	***2,203.3***
Floating rate debt before hedging	1,908.0	1,914.4
Floating to fixed rate swaps	(1,498.1)	(1,286.4)
Fixed to floating rate swaps	475.0	475.0
Active Interest rate options — Collars(1)	—	(721.3)
Cash and cash equivalents	(220.7)	(311.9)
Sub total current floating rate debt after hedging	**664.3**	**70.0**
Total net financial debt	**2,378.4**	**2,273.3**

(1) Interest rate options for which one of the exercise prices (cap on floor) is in the money.

Fair value hedge derivatives

The Group partially swapped the fixed rate debt on the Senior Notes for €475.0 million in variable rate debt. These derivatives are classified as fair value hedges.

As of 31 March 2011, the portfolio associated with derivative financial instruments that qualify as fair value hedges was as follows:

	Total notional amount	**Maturity**	**Weighted average fixed rate paid (received)**	**Floating rate paid (received)**	**Fair Value(1)** *(in millions of euros)*
Swaps paying variable rate					
Euro	475.0	December 2016	(2.74%)	3M Euribor	**(4.6)**
Swaps paying fixed rate					
Euro	(150.0)	March 2012	2.19%	(3M Euribor)	**(0.8)**
Euro	(100.0)	March 2013	2.29%	(3M Euribor)	**(0.4)**
Total					**(5.8)**

(1) Derivative instruments are presented at fair value, including accrued interest.

The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized on the income statement as interest expenses on borrowings. The changes in fair value of the derivatives created to hedge the changes in the fair value of the hedged item are recognized in the income statement to match each other. The change in fair value of these fair value hedging rate swaps for the period ending 31 March 2011 represented a loss of €8.2 million, offset by a gain of €8.8 million gain resulting from the change in the fair value of the Senior Notes.

Cash flow hedge derivatives

In accordance with the policy described above, the Group has entered into several fixed interest rate swap contracts.

The variable rate receiver swaps and the fixed rate payer swaps mature between September 2011 and March 2014. The Group intends to renew a significant portion of these swaps in order to hedge the variability of future interest expense related to its floating interest debt, in accordance with the strategy described above. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning trends of the interest rates linked to those currencies. Those instruments are classified as cash flow hedging instruments and are measured at fair value.

As of 31 March 2011, derivative instruments classified as cash flow hedges are as follows:

	Total notional amount currency	Total notional amount currency	Maturity	Floating rate received	Weighted average fixed rate paid	Fair value[2]
	(in millions of currency)	*(in millions of euros)*				*(in millions of euros)*
Swaps paying fixed rate						
Swiss Franc	40.0	30.8	March 2013	3M Libor	0.94%	(0.1)
Swiss Franc[1]	30.0	23.1	March 2014	3M Libor	0.81%	0.2
Canadian $	70.0	50.8	March 2013	3M Libor	2.72%	(0.8)
Canadian $	100.0	72.5	September 2013	3M Libor	1.57%	1.0
Euros	100.0	100.0	March 2012	3M Euribor	1.42%	0.3
Euros	200.0	200.0	March 2014	1M Euribor	2.12%	1.2
Swedish Krona	500.0	56.0	September 2012	3M Stibor	2.59%	0.3
US $	200.0	140.8	September 2011	3M Libor	3.35%	(2.2)
	230.0	161.9	December 2011	3M Libor	3.50%	(3.9)
	200.0	140.8	September 2012	3M Libor	3.18%	(5.5)
	280.0	197.1	March 2013	3M Libor	2.82%	(7.7)
British £[1]	25.0	28.3	March 2012	3M Libor	1.97%	(0.2)
Total		**1,201.9**				**(17.4)**

(1) Swap with a total notional amount of CHF90 million, CHF60 million of which is not classified as cash flow hedges since they exceed the underlying debt. This reclassification has resulted in running the latent value of this swap component through the income statement without this having a material impact on the consolidated financial statements.

(2) Derivative instruments are presented at fair value, including accrued interest.

The change in fair value of the cash flow hedging instruments for the period ending 31 March 2011 was recorded as a €17.2 million increase in equity (before tax).

Sensitivity to interest rate variation

As of 31 March 2011, a 1% rise in interest rates on variable debt after effective interest rate hedging would lead to an increase in the yearly interest expense estimated at €5.6 million and a €16.9 million increase in equity.

11.2 Foreign exchange risk

Forward contracts

Foreign exchange risk exposure arises principally from external financing in foreign currencies or financing extended to foreign affiliates in their local currency or that received from them. In order to neutralize foreign exchange risk exposure, the positions denominated in currencies other than the euro are hedged using forward contracts with a term generally ranging from one to three months. The hedge contracts are renewed as necessary while exposure remains.

On 31 March 2011, the notional value of forward contracts was €112.6 million (€500.2 million of forward sales and €387.6 million of forward purchases); they are recognized at their fair value for a negative net amount of €2.7 million. The change in fair value of forward contracts for the period ending 31 March 2011 was recorded under operating income for €0.8 million, under financial expense for €1.8 million, and through variation of cash-flow hedge reserve for €1.0 million.

Currency options

In addition, since the presentation of the financial statements is in euros, the Group is required to translate income and expenses denominated in other currencies into euros in preparing its financial statements at average rates applicable to the period. Therefore, the Group has entered into several currency options to partially hedge the effect of its exposure to the translation risk related to its foreign operations. These instruments are qualified as held for trading under IAS 39.

Currency options recognized as of 31 March 2011 are shown in the table below:

	Total notional amount	Total notional amount	Maturity	Premium paid	Fair value
	(in millions of currency)	*(in millions of euros)*		*(in millions of euros)*	*(in millions of euros)*
Put options					
Australian dollar	47.0	34.2	December 2011	1.1	1.1
Canadian dollar	69.0	50.1	December 2011	1.1	1.6
Swiss franc	33.0	25.4	December 2011	0.4	0.2
British Pound.	20.0	22.6	December 2011	0.4	0.9
Total		**132.3**		**3.0**	**3.8**

The closing fair value of currency options is equal to €3.8 million, whereas the premiums paid for these currency options amounted to a total of €3.0 million. The change in fair value of €0.8 million is recorded as a financial income.

Sensitivity to changes in foreign exchange rates

The presentation currency of the financial statements being the euro, the Group is required to translate into euro those assets, liabilities, revenues and expenses denominated in currencies other than the euro in preparing its financial statements.

The results of these operations are included in the Group's consolidated income statement after conversion at the average rate applicable to the period. On an annual basis, a 5% increase (or decrease) of the euro against the main currencies (US dollar, Canadian dollar, Australian dollar and British Pound) would lead to a decrease (increase) in sales of €273.0 million and a decrease (increase) in operating income before other income and other expenses of €11.6 million.

The Group's financial liabilities and shareholders' equity are likewise included on its consolidated balance sheet after conversion at the financial year-end exchange rate. Thus, a 5% appreciation (depreciation) of the euro against the other currencies as compared to the closing exchange rates as of 31 March 2011 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €68.8 million and €87.0 million respectively.

Financial debt per repayment currency

The table below presents the financial debt's sensitivity to exchange rate changes for each repayment currency:

(in millions of euros)	Euro	US dollar	Canadian dollar	Australian dollar	Norwegian krona	Swedish krona	Pound sterling	Swiss franc	Other currency	Total
Financial liabilities	1,399.0	623.4	215.5	77.3	1.0	56.8	130.8	54.2	41.1	2,599.1
Cash and cash equivalents	(112.2)	(39.3)	2.2	(13.0)	(5.2)	(4.0)	(18.9)	(10.8)	(19.5)	(220.7)
Net financial position before hedging	**1,286.8**	**584.1**	**217.6**	**64.3**	**(4.2)**	**52.9**	**111.8**	**43.4**	**21.6**	**2,378.4**
Impact of hedge	(283.5)	(16.0)	18.6	22.3	(42.6)	140.1	(108.4)	226.1	43.5	—
Net financial position after hedging	**1,003.3**	**568.2**	**236.2**	**86.6**	**(46.8)**	**193.0**	**3.4**	**269.5**	**65.0**	**2,378.4**
Impact of a 5% increase in exchange rate	—	28.4	11.8	4.3	(2.3)	9.6	0.2	13.5	3.3	68.8

11.3 Liquidity Risk

The €650 million debt from the Senior Notes matures in December 2016, while credit lines A and B pertaining to the Senior Credit Agreement and to the bilateral credit agreement mature in December 2011, December 2012 and December 2014 for €200 million, €200 million and €1,100 million respectively.

Moreover, these credit lines would become payable if Rexel failed to fulfil its commitments described in note 19.1.2 of the consolidated financial statements prepared for the financial year ending 31 December 2010.

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 position could be affected.

The contractual repayment schedule of financial liabilities is as follows:

(in millions of euros) **Due within**	**As of 31 March 2011**	**As of 31 December 2010**
One year	719.0	140.9
Two years	110.1	553.5
Three years	283.5	334.6
Four years	865.0	941.1
Five years	2.9	1.8
Thereafter	668.3	676.8
Total financial debt	**2,648.8**	**2,648.7**
Transaction cost	(58.4)	(63.2)
Financial debt	**2,590.4**	**2,585.5**

As of 31 March 2011, the remaining contractual due dates in relation to financial indebtedness and derivatives, including interest owed, are as follows:

(in millions of euros) **Due within**	**Financial debt & interests**	**Derivatives**	**Total**
One year	808.1	(11.5)	796.6
Two years	215.0	(3.3)	211.7
Three years	379.0	1.0	379.9
Four years	946.8	(2.7)	944.0
Five years	56.5	(3.8)	52.7
Thereafter	717.0	(4.4)	712.6
Total financial debt	**3,122.3**	**(24.8)**	**3,097.6**

In addition, the trade accounts payable amounted to €1,818.9 million on 31 March 2011 (€1,866.2 million on 31 December 2010) and are due in less than one year.

12. SEASONALITY

Despite the low impact of seasonality on sales, the changes in the working capital requirement lead to seasonal cash flows, with, as a general rule, a weaker first and third quarter, because of the increase in working capital requirement and a stronger second and fourth quarter.

13. LITIGATION

For the period ended 31 March 2011, there was no significant change relating to the litigation disclosed in the financial statements as of 31 December 2010, with a significant impact on Rexel's financial position or profitability.

14. EVENTS AFTER THE REPORTING PERIOD

On 3 May 2011, Hagemeyer Deutschland GmbH & Co.KG, an indirect subsidiary of Rexel, entered into a Share Purchase Agreement to acquire all the shares of a family-owned company TEGRO Tech. Elektro Großhandels GmbH for an amount of €2.5 million. TEGRO is based in Germany (Freudenberg) and posted sales of circa €10 million in 2010.

Rexel Distribution, a subsidiary of Rexel, entered into an Equity Joint-Venture Contract with Beijing Zhonheng, a Chinese privately-owned company based in Beijing. Pursuant to this agreement, Rexel Distribution holds a 65% controlling interest in the joint-venture and Beijing Zhongheng 35%. The joint-venture which was authorized by the Chinese authorities will subsequently acquire Beijing Zhongheng's business and assets. Beijing Zhongheng recorded sales of circa €34 million in 2010. Pursuant to the Equity Joint-Venture Contract, Rexel Distribution benefits from a call option to acquire in 2014 the 35% Beijing Zhonheng interest in the joint-venture at a price to be determined on the basis of the future joint-venture performance. Rexel Distribution's current investment of 65% in the joint-venture stands at CNY13.0 million (around €1.3 million).

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

This is a free translation into English of the statutory auditor's report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

KPMG Audit
A Department of
KPMG S.A.
1, cours Valmy
92923 Paris-La Défense Cedex

ERNST & YOUNG Audit
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex
S.A.S. à capital variable

Rexel S.A.
Registered office: 189-193 boulevard Malesherbes — 75017 Paris
Share capital: €1,301,064,980

Statutory auditors' report on the consolidated financial statements

For the year ended 31 December 2010

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' decision and your annual general meeting, we hereby report to you, for the year ended 31 December 2010, on:

— the audit of the accompanying consolidated financial statements of Rexel;

— the justification of our assessments;

— the specific verification required by law.

These consolidated financial statements have been approved by your management board (directoire). Our role is to express an opinion on these consolidated financial statements based on our audit.

1 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

2 Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters.

As disclosed in note 2.2 to the consolidated financial statements, the group makes estimates and assumptions, particularly in respect of the measurement of financial instruments (notes 2.10.4 and 20), goodwill and intangible assets (notes 2.5 and 10.1), employees' benefits (notes 2.14 and 18), share-based payments (notes 2.15 and 15), provisions (notes 2.16, 17 and 22) and deferred taxation (notes 2.20 and 9). We have examined the data and assumptions used as well as the procedure for approving these estimates by management. We have also reviewed the calculations made by the group and verified that the notes to the consolidated financial statements provide appropriate disclosure.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense, 8 February 2011

The statutory auditors

French original signed by

KPMG Audit *Département de* *KPMG S.A.*	**Ernst & Young Audit**
Hervé Chopin *Partner*	**Pierre Bourgeois** *Partner*

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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	ERNST & YOUNG Audit
Département de KPMG S.A.	Faubourg de l'Arche
1, cours Valmy	11, allée de l'Arche
92923 Paris-La Défense Cedex	92037 Paris-La Défense Cedex
	S.A.S. à capital variable
Commissaire aux Comptes	**Commissaire aux Comptes**
Membre de la compagnie régionale de Versailles	**Membre de la compagnie régionale de Versailles**

Rexel

For the year ended 31 December 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 31 December 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 31 December 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 31 December 2009 have been performed in a specific context, which already existed as of 31 December 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, 10 February 2010

The statutory auditors

French original signed by

KPMG Audit	Ernst & Young Audit
A Department of KPMG S.A.	
Hervé Chopin	**Pierre Bourgeois**

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

CONSOLIDATED INCOME STATEMENT

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	For the year ended 31 December 2010	2009
Net income	**229.2**	**81.0**
Foreign currency translation	154.8	103.7
Income tax	8.1	(1.4)
	162.9	**102.3**
Gain (loss) on cash flow hedges	17.7	(5.8)
Income tax	(7.9)	0.6
	9.8	**(5.2)**
Net gain on available for sale financial assets	—	0.6
Income tax	—	—
	—	**0.6**
Other comprehensive income for the period. net of tax	*172.7*	*97.7*
Total comprehensive income for the period. net of tax	**401.9**	**178.7**
Portion attributable :		
to the Group	400.4	178.6
to non-controlling interests	1.5	0.1

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

CONSOLIDATED BALANCE SHEET

(in millions of euros)	Note	As of 31 December 2010	2009
Assets			
Goodwill	***10.1***	3,931.2	3,759.4
Intangible assets	***10.1***	934.4	927.8
Property, plant and equipment	***10.2***	245.4	261.6
Long-term investments	***10.3***	132.1	53.3
Investments in associates	***10.4***	9.3	5.9
Deferred tax assets	***9.2***	138.6	230.0
Total non-current assets		**5,391.0**	**5,238.0**
Inventories	***11.1***	1,203.1	1,141.4
Trade accounts receivable	***11.2***	2,022.0	1,901.5
Current tax assets		29.7	32.0
Other accounts receivable	***11.3***	406.4	371.9
Assets held for sale	***11.4***	23.1	10.5
Cash and cash equivalents	***12***	311.9	359.6
Total current assets		**3,996.2**	**3,816.9**
Total assets		**9,387.2**	**9,054.9**
Equity			
Share capital	***14***	1,301.0	1,291.1
Share premium	***14***	1,383.7	1,392.2
Reserves and retained earnings		1,140.4	720.9
Total equity attributable to equity holders of the parent		**3,825.1**	**3,404.2**
Non-controlling interests		9.3	7.8
Total equity		**3,834.4**	**3,412.0**
Liabilities			
Interest bearing debt	***19***	2,463.5	2,677.3
Employee benefits	***18***	174.4	173.8
Deferred tax liabilities	***9.2***	144.5	221.7
Provisions and other non-current liabilities	***17***	156.3	235.4
Total non-current liabilities		**2,938.7**	**3,308.2**
Interest bearing debt	***19***	116.8	77.8
Accrued interest	***19***	5.2	5.7
Trade accounts payable		1,866.2	1,676.0
Income tax payable		39.8	22.9
Other current liabilities	***21***	584.1	552.3
Liabilities related to assets held for sale	***11.4***	2.0	—
Total current liabilities		**2,614.1**	**2,334.7**
Total liabilities		**5,552.8**	**5,642.9**
Total equity and liabilities		**9,387.2**	**9,054.9**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Note	For the year ended 31 December 2010	2009
Cash flows from operating activities			
Operating income		485.4	315.8
Depreciation, amortisation and impairment of assets		139.8	129.5
Employee benefits		(15.5)	(17.8)
Change in other provisions		(47.6)	7.3
Other non-cash operating items		18.1	12.0
Interest paid		(160.7)	(149.3)
Income tax paid		(36.9)	(52.7)
Operating cash flows before change in working capital requirements		*382.6*	*244.8*
Change in inventories		(26.6)	232.9
Change in trade receivables		(48.8)	521.8
Changes in trade payables		121.6	(305.5)
Changes in other working capital items		(4.2)	22.4
Change in working capital requirements		*42.0*	*471.6*
Net cash from operating activities		**424.6**	**716.4**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(59.4)	(51.9)
Proceeds from disposal of property, plant and equipment		7.0	13.4
Acquisition of subsidiaries, net of cash acquired		(67.3)	(46.5)
Proceeds from disposal, net of cash acquired		13.3	—
Change in long-term investments		(1.8)	0.5
Dividends received from associates		1.4	—
Net cash from investing activities		**(106.8)**	**(84.5)**
Cash flows from financing activities			
Capital increase	***14***	9.7	0.3
Contribution received from non-controlling shareholders		—	0.7
Disposal (purchase) of treasury shares		1.1	8.6
Net change in credit facilities and other financial borrowings	***19.2***	(303.6)	(803.6)
Net change in securitisation	***19.2***	(34.3)	(236.2)
Payment of finance lease liabilities	***19.2***	(5.2)	(7.7)
Dividends paid to non-controlling interests		(0.1)	(0.3)
Net cash from financing activities		**(332.4)**	**(1,038.2)**
Net increase in cash and cash equivalents		(14.6)	(406.3)
Cash and cash equivalents at the beginning of the period	***12***	359.6	807.0
Effect of exchange rate changes on cash and cash equivalents		(33.1)	(41.1)
Cash and cash equivalents at the end of the period	***12***	**311.9**	**359.6**

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros)	Note	Share capital	Share premium	Retained earnings and other reserves	Foreign currency translation	Fair value	Treasury shares	Total attributable to the Group	Non-controlling interest	Total
For the period ended 31 December 2009										
At 1 January 2009		**1,280.0**	**1,409.9**	**711.2**	**(141.8)**	**(24.5)**	**(10.5)**	**3,224.3**	**24.1**	**3,248.4**
Foreign currency translation		—	—	—	102.6	—	—	102.6	(0.3)	102.3
Cash flow hedges		—	—	—	—	(5.2)	—	(5.2)	—	(5.2)
Available for sale financial assets		—	—	—	—	0.6	—	0.6	—	0.6
Income and expenses recognized directly in equity		**—**	**—**	**—**	**102.6**	**(4.6)**	**—**	**98.0**	**(0.3)**	**97.7**
Net income		—	—	80.6	—	—	—	80.6	0.4	81.0
Total comprehensive income for the period		**—**	**—**	**80.6**	**102.6**	**(4.6)**	**—**	**178.6**	**0.1**	**178.7**
Capital increase		10.8	(10.8)	—	—	—	—	—	—	—
Allocation of free shares		—	(6.9)	6.9	—	—	—	—	—	—
Share-based payments		0.3	—	5.3	—	—	—	5.6	—	5.6
Disposal (purchase) of treasury shares		—	—	—	—	—	8.3	8.3	—	8.3
Transactions with non-controlling shareholders		—	—	(12.6)	—	—	—	(12.6)	(16.4)	(29.0)
At December 31,2009		**1,291.1**	**1,392.2**	**791.4**	**(39.2)**	**(29.1)**	**(2.2)**	**3,404.2**	**7.8**	**3,412.0**
For the period ended December 31, 2010										
At January 1, 2010		**1,291.1**	**1,392.2**	**791.4**	**(39.2)**	**(29.1)**	**(2.2)**	**3,404.2**	**7.8**	**3,412.0**
Foreign currency translation		—	—	—	162.1	—	—	162.1	0.8	162.9
Cash flow hedges		—	—	—	—	9.8	—	9.8	—	9.8
Income and expenses recognized directly in equity		**—**	**—**	**—**	**162.1**	**9.8**	**—**	**171.9**	**0.8**	**172.7**
Net income		—	—	228.5	—	—	—	228.5	0.7	229.2
Total comprehensive income for the period		**—**	**—**	**228.5**	**162.1**	**9.8**	**—**	**400.4**	**1.5**	**401.9**
Capital increase	14	9.9	(0.2)	0.6	—	—	—	10.3	—	10.3
Allocation of free shares		—	(8.3)	8.3	—	—	—	—	—	—
Share-based payments		—	—	9.8	—	—	—	9.8	—	9.8
Disposal (purchase) of treasury shares		—	—	—	—	—	0.4	0.4	—	0.4
At December 31, 2010		**1,301.0**	**1,383.7**	**1,038.6**	**122.9**	**(19.3)**	**(1.8)**	**3,825.1**	**9.3**	**3,834.4**

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

ACCOMPANYING NOTES

1. GENERAL INFORMATION

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

The Group is mainly involved in the business of the distribution of low and ultra low voltage electrical products to professional customers. It serves the needs of a large variety of customers and markets in the fields of construction, industry, and services. The product offer covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown products. The principal markets in which the Group operates are in Europe, North America (United States and Canada), and Asia-Pacific (mainly in Australia, New Zealand, and China).

These consolidated financial statements cover the period from 1 January 2010 to 31 December 2010. They were authorised for issue by the Management Board on 1 February 2011 and were modified by the Management Board on 8 February 2011 to take into account certain information related to events after the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The consolidated financial statements as of 31 December 2010 (hereinafter referred to as "the financial statements") have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union and those issued by the International Accounting Standards Board (IASB), applicable compulsorily as of 31 December 2010.

IFRSs as adopted by the European Union can be consulted on the European Commission's website: (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

2.2 Basis of preparation

The financial statements are presented in euros and all values are rounded to the nearest tenth of a million except when otherwise stated. Total amounts and sub-totals presented in the consolidated financial statements are computed in thousands of euros then rounded to the nearest tenth of a million. Thus, numbers may not sum precisely due to rounding.

They are prepared on a historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading, and financial instruments classified as available-for-sale.

Long-term assets and disposal groups held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed frequently. The effect of changes in accounting estimates is accounted for from the date of revision.

Information related to the main estimates and judgments made on the application of accounting policies which have significant effect on the financial statements are described in the following notes:

— business combinations (notes 2.5 and 3),

— impairment of intangible assets and goodwill (notes 2.5, 2.8, and 10.1),

— employee benefits (notes 2.14 and 18),

— provisions and contingent liabilities (notes 2.16, 17, and 22),

— measurement of financial instruments (notes 2.10.4 and 20),

— recognition of deferred tax assets (notes 2.20 and 9),

— measurement of share-based payments (notes 2.15 and 15).

2.2.1 New accounting standards and interpretations in effect starting from 2010

The following new and amended standards and interpretations previously endorsed by the EU were applied for the first time in the financial statements from 2010 but their adoption had no material effect on the Group's reporting:

— Improvements to IFRS issued in May 2008 in respect of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

— Revised IFRS 3 "Business Combinations" and amended IAS 27 "Consolidated and Separate Financial Statements" issued in January 2008 apply prospectively for transactions occurring after 1 January 2010. IFRS 3 (Revised) introduces changes in the accounting for business combinations that affect the valuation of non-controlling interests, the accounting of transaction costs, the initial recognition and subsequent measurement of a contingent consideration, and business combinations achieved in stages. IAS 27 (Amended) requires that a change in the ownership interest of a parent company in a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions no longer give rise to goodwill, nor do they give rise to gains or losses in the income statement. Furthermore, the amended standard changes the accounting for losses incurred by a subsidiary and attributable to non-controlling interests, as well as for the loss of control of a subsidiary. For the year ended 31 December 2010 the application of IFRS 3 (Revised) resulted in the recognition of a charge of €2.2 million for transaction costs presented in the income statement under the line-item "Other Expenses".

— Amendment to IAS 39 "Financial Instruments: Recognition and Measurement — Eligible Hedged Items" issued in July 2008. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as hedged risk or portion in a particular situation.

— Interpretations IFRIC 17 "Distributions of Non-cash Assets to Owners" and IFRIC 18 "Transfers of Assets from Customers".

— Amendment to IFRS 1 "First Time Adoption of IFRS: Additional Exemptions for First-time Adopters". The amendment exempts entities using the full cost method from retrospective application of the IFRSs for oil and gas assets. It also exempts entities with existing lease contracts from reassigning the classification of those contracts in accordance with IFRIC 4 "Determining Whether an Arrangement Contains a Lease" when the application of their national accounting requirements produces the same result.

— Amendments to IFRS 2 "Share-based Payment — Group Cash-settled Share-based Payment Transactions" addresses the treatment of such transactions when, within a Group, the entity that receives goods or services is not the one that settles the transaction.

— Improvements to IFRS issued in April 2009 clarify or introduce small changes to several IFRSs and IFRICs.

In addition, the following interpretations endorsed by the EU were previously applied by the Group in advance. Therefore their adoption had no material effect on the Group's reporting for 2010:

— Interpretation IFRIC 12 — Service Concessions Arrangements.

— Interpretation IFRIC 16 — Hedges of a Net Investment in a Foreign Operation.

2.2.2 Accounting standards and interpretations approved by the European Union not yet in effect

The Group elected not to apply in advance the following new and amended standards and interpretations endorsed by the EU:

— Amendment to IAS 32 "Financial Instruments: Presentation — Classification of Rights Issued" addresses the accounting for certain rights (rights, options, or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, this amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. This amendment will be effective for financial years beginning on or after 1 February 2010 and is not expected to have a material impact on the Group's financial statements.

— Revised IAS 24 "Related Party Disclosures" clarifies the definition of a related party and introduces partial exemptions when the related party is a government-related entity. This amendment shall apply for financial years beginning on or after 1 January 2011.

— IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments". This interpretation addresses the accounting when the terms of financial liability are renegotiated and result in the issuance of equity instruments to extinguish all or part of such liability. This interpretation shall apply for financial years beginning on or after 1 July 2010.

— Amendment to interpretation IFRIC 14 "Prepayments of a Minimum Funding Requirement". This amendment permits entities subject to minimum funding requirements and which make early payments of contributions to treat the benefit of such early payment as an asset. This amendment will be effective for financial periods beginning on or after 1 January 2011.

2.3 Basis of consolidation

The consolidated financial statements include the financial statements for Rexel S.A., parent company of the Group, and its direct and indirect subsidiaries as of 31 December 2010. The subsidiaries (including Special Purpose Entities) are controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, presently or potentially, exercisable voting rights are taken into account.

The subsidiaries are fully consolidated from the date on which control is obtained to the date when control ceases. The financial statements for subsidiaries are prepared for the period corresponding to that for the presentation of the Group's consolidated financial statements using consistent accounting policies. All assets and liabilities, unrealized gains and losses, income and expenses, dividends, and other transactions arising from inter-group transactions are eliminated in preparing the consolidated financial statements.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change to the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. In the event that the Group loses control over a subsidiary, the Group:

— derecognises the assets (including goodwill) and liabilities of the subsidiary,

— derecognises the carrying amount of any non-controlling interests,

— derecognises the foreign currency translation recorded in equity,

— recognises the fair value of the compensation received,

— recognises the fair value of any investment retained,

— recognises any benefit or deficit in profit or loss,

— reclassifies components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.4 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The functional currency of Rexel and the presentation currency of the Group's financial statements are the euro.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate prevailing at that date. Exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the closing date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except where hedge accounting is applied (see note 2.10.5). Non-monetary assets and liabilities that are measured at cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation are translated into euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated into euros at rates approximating the foreign exchange rates ruling at the dates of the transactions. All resulting translation differences are recognised 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 recognised 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 recognised immediately in profit or loss. Gains and losses accumulated in equity are recognised in the income statement when the foreign operation is disposed of.

2.5 Intangible assets

Goodwill

Business combinations from 1 January 2010

Business combinations completed from 1 January 2010 are accounted for using the acquisition method. The cost of an acquisition is measured as acquisition date fair value of the consideration transferred and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interests either at fair value or at the proportionate share of the acquiree's identifiable net assets. The costs of acquisition are recognised as expenses.

Any contingent consideration are recognised at their fair value at the acquisition date. Subsequent changes in the fair value of contingent considerations classed as assets or liabilities are recorded in the income statement.

At the acquisition date, any excess of the consideration transferred and the non-controlling interests over the fair value of the net assets acquired is allocated to goodwill.

Goodwill is then measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment and as soon as there is an indication that the cash-generating unit may be impaired (the impairment testing policy is described in note 2.8).

When goodwill is allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations before 1 January 2010

The main differences in processing acquisitions completed before 1 January 2010 compared with the policies described above concern the following provisions:

- — acquisition-related costs were included in the transaction cost for calculating goodwill,
- — non-controlling interests (previously referred to as minority interests) were stated at their share of the net assets in the entity acquired, and
- — contingent considerations were recorded at the time of the acquisition only when these corresponded to a current obligation of the Group, were likely to give rise to outflows and could be estimated in a sufficiently reliable manner. Subsequent adjustments to contingent considerations were recorded in goodwill.

Other intangible assets

Intangible assets other than goodwill are stated at cost less accumulated amortisation (see below) and impairment losses (see note 2.8).

Identifiable intangible assets existing at the date of acquisition in a business combination are recognised 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 amortised and are tested for impairment annually or as soon as there is an indication that these assets may be impaired.

Customer relationships are recognised when the acquired entity establishes relationships with key customers through contracts. Customer relationships are measured using an excess profit method and are amortised over their useful lives based on historical attrition.

Computer software purchased for routine processing operations is recognised as an intangible asset. Internally developed software which enhances productivity is capitalised.

Amortisation

Amortisation 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 amortised from the date that they are available for use. Estimated useful lives of capitalised software development costs range from 5 to 10 years.

2.6 Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see note 2.8).

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Leased assets

Lease contracts which substantially transfer to the Group all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Assets held under finance leases are stated at an amount equal to the fair value of the leased property or, if this is lower, the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see note 2.8). Minimum lease payments are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The capital gains arising from the sale and leaseback of property, plant and equipment are recognised in full upon sale when the lease qualifies as an operating lease and the transaction is realised 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 recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement on a straight-line basis as an integral part of the total lease expense.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives are as follows:

— Commercial and office buildings 20 to 35 years;

— Building improvements and operating equipment 5 to 10 years;

— Transportation equipment 3 to 8 years;

— Computers and hardware 3 to 5 years.

The assets' residual values, useful lives, and methods of depreciation are reviewed and adjusted if appropriate at each balance sheet date.

2.7 Investments in associates

Investments in entities over which the Group has a significant influence are accounted for using the equity method.

Interests in associates are initially carried at cost which includes transaction costs.

The consolidated financial statements include the Group's share in the results of operations and other components of the comprehensive income, after taking into account adjustments for homogenisation with the Group's accounting policies.

When the Group's share in the losses is greater than the value of their interest in the associate, the carrying amount is reduced to zero and the Group ceases to account for its share in future losses, unless the Group has an obligation to share in the losses.

2.8 Impairment

The carrying amounts of the Group's assets, other than inventories (see note 2.9), trade, and other accounts receivable (see note 2.10.3), and deferred tax assets (see note 2.20), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

The recoverable amount of intangible assets that have an indefinite useful life and of intangible assets that are not yet available for use is estimated annually or as soon as there is an indication of impairment.

Goodwill is not amortised 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 recognised whenever the carrying amount of an asset or of its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement (in "Other expenses").

Impairment losses recognised 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 amortised 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 amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

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 amortisation, if no impairment loss had been recognised.

2.9 Inventories

Inventories are mainly composed of goods held for resale. Inventories are stated at the lower of cost and net realisable value. Cost is calculated by reference to a first-in first-out basis, including freight in costs, net of any purchase rebates. Net realisable value is the estimated selling price at balance sheet date, less the estimated selling expenses, taking into account technical or marketing obsolescence and risks related to slow moving inventory.

2.10 Financial assets

2.10.1 Long-term investments

Long-term investments principally include investments in non-consolidated companies and other shareholdings, deposits required for operating purposes, and loans.

Investments in non-consolidated companies and other shareholdings are classified as assets available-for-sale and measured at fair value. When fair value is not reliably measurable, investments are stated at cost less impairment losses when necessary. Changes in fair value are recognised in equity and transferred to profit or loss when the asset is sold or permanently impaired.

2.10.2 Held for trading instruments

Financial instruments held for trading mainly include marketable securities and are stated at fair value, with any resulting gain or loss recognised 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 recognised in profit or loss.

2.10.3 Trade and other accounts receivable

Trade and other accounts receivable are measured initially at fair value and subsequently measured at amortised cost using the effective interest rate method (see note 2.13) less impairment losses.

Impairment losses from estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The principal factors considered in recognising these potential impairments include actual financial difficulties or aging of overdue receivables in excess of 30 days.

2.10.4 Derivative financial instruments

Derivative financial instruments that qualify for hedge accounting according to IAS 39 are classified as hedges. The derivative financial instruments that do not qualify for hedge accounting, although set up for the purpose of managing risk (the Group's policy does not authorise 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 recognised immediately in profit or loss. However, when derivatives qualify for hedge accounting, the recognition of any resulting gain or loss is dependent on the nature of the item being hedged (see note 2.10.5). They are counted as assets or liabilities depending on their fair value.

Interest rate & foreign exchange risks

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks. In accordance with Group procedures, derivative financial instruments are not used for speculative purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Fair value estimates

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. This valuation method is referred to as Level 1 in the hierarchy established by IFRS 7.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The assumptions used are observable either directly (*i.e.*, as prices) or indirectly (*i.e.*, derived from prices). This valuation method is referred to as Level 2 in the hierarchy established by IFRS 7.

Whether a financial instrument is valued using one or the other of these methods is indicated in the summary of financial assets (note 13) and the summary of financial liabilities (note 21).

2.10.5 Hedge accounting

Cash flow hedges

When a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain (loss) is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognised 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 recognised).

For cash flow hedges, other than those covered by the two preceding policy statements, the associated cumulative gain (loss) is removed from equity and recognised 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 recognised immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes the designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain (loss) at that point is retained in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain (loss) recognised in equity is recognised 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 recognised 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 recognised 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 recognised 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 recognised monetary asset or liability, hedge accounting is not applied and any gain or loss on the hedging instrument is recognised in profit or loss ("natural hedge").

2.10.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits with banks and other short-term highly liquid investments subject to an insignificant risk of changes in value.

2.11 Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) and liabilities are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The Group must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up to date in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of their carrying amount and fair value less costs to sell.

2.12 Share capital

Repurchase of equity instruments

When an equity instrument is repurchased by the entity, the amount of the consideration paid, including directly attributable costs, is recognised 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 recognised as a liability in the period in which the distribution has been approved by the shareholders.

2.13 Financial liabilities

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the proceeds (net of the transaction costs) and redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate basis.

Effective interest rate

The effective interest rate is the rate that exactly discounts the expected stream of future cash flows through to maturity to the current net carrying amount of the liability on initial recognition. When calculating the effective interest rate of a financial liability, future cash flows are determined on the basis of contractual commitments.

Transaction costs

Transaction costs are incremental costs that are directly attributable to the issue of the credit line. They include fees and commissions paid to agents and advisers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums, or allocations of internal administrative or overhead expenses.

For financial liabilities that are carried at amortised cost, transaction costs are included in the calculation of amortised cost using the effective interest rate method and, in effect, amortised through the income statement over the life of the instrument.

Net financial debt

Net financial debt includes interest-bearing borrowings and accrued interest less cash and cash equivalents.

2.14 Employee benefits

Group companies operate various pension schemes. Some of these schemes are funded by insurance companies or trustee-administered funds in accordance with local regulation.

Pension and other long-term benefits include two categories of benefit:

- post-employment benefits including pensions, retirement supplements and medical benefits after retirement,
- other long-term benefits (during employment) mainly including jubilees and long service awards.

These benefits are classified as either:

- defined contribution plans when the employer pays fixed contributions into a separate entity recognised 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 recognised 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 unrecognised 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 recognised 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 recognised immediately in profit or loss.

The Group recognises actuarial gains and losses (resulting from changes in actuarial assumptions) using the corridor method. Under the corridor method, to the extent that any cumulative unrecognised 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 recognised in profit or loss over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain (loss) is not recognised.

When the calculation results in plan assets exceeding the Group's liabilities, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any currently available future refunds from the plan or reductions in future contributions to the plan.

The current and past service costs are presented in the income statement as part of the personnel expense.

The interest expenses (income) relating to the unwinding of the discounting of the defined benefit obligation and the expected return on plan assets are presented in financial income and expenses.

Other long-term benefits

Long-term benefits mainly include jubilees or long service leaves. The Group's net obligation in respect of long-term benefits, other than post-employment plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The value of the obligation is determined using the projected unit credit method. This amount is discounted at the rate based on high quality corporate bonds with maturity dates close to those of the Group's obligations prevailing on the balance sheet date.

Actuarial gains and losses are immediately recognised in the income statement.

2.15 Share-based payments

Free shares and stock option programs allow the Group employees to acquire shares of the Group entities. The fair value of options granted is recognised as a personnel expense with a corresponding increase in other reserves in equity (when the plan qualifies as equity-settled) over the period during which the employees become unconditionally entitled to the options (the vesting period). The expense is based on Group estimates of the acquired equity instruments in accordance with conditions of granting.

The fair value is measured at grant date using a Black & Scholes model or a binomial model in accordance with the characteristics of the plans.

The proceeds received net of any directly attributable costs are recognised as an increase in share capital (for the nominal value) and share premium when equity instruments are exercised.

2.16 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and when the amount can be estimated reliably.

If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Provision for restructuring

A restructuring is a program that is planned and controlled by management that materially changes either the scope of the business or the manner in which that business is conducted.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for. Certain restructuring expenses are presented in "Other expenses" (see note 2.18). Restructuring costs principally include personnel costs (severance payments, early retirement costs, notice time not worked), branch closure costs, and indemnities for the breach of non-cancellable agreements.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Provisions for disputes and litigations

Provisions for disputes and litigation include estimated costs for risks, disputes, litigation and third party claims, and the probable costs associated with warranties given by the Group in the context of the disposal of non-current assets or subsidiaries.

These provisions also include costs of personnel disputes and tax litigation. A provision is not made for tax assessments received or in course of preparation when it is considered that the assessment is not justified or when there is a reasonable probability that the Group will succeed in convincing the authority of its position.

Any accepted assessment is recorded as a liability when the amount can be reasonably estimated.

2.17 Sales

Revenue arising from the sale of goods is presented in sales in the income statement. Sales are recognised 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 recognised 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 recognises the gross amount of the sale transaction.

2.18 Other income and other expenses

Operating income and expenses as a result of abnormal or unusual events are included as separate line items "Other income" and "Other expenses". These line items include in particular, irrespective of their amount, gains and losses on asset disposals, asset depreciation, expenses arising from the restructuring or integration of acquired companies, separation costs, acquisition costs from business combinations and other items such as significant disputes. These items are presented separately in the income statement in order to allow Rexel's Management Board, acting as Chief operating decision maker within the meaning of IFRS 8 "Operating Segments", to assess the recurrent performance of the operating segments.

2.19 Financial expenses (net)

Financial expenses (net) comprise interest payable on borrowings calculated using the effective interest rate method, dividends on preference shares classified as liabilities, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in profit or loss (see note 2.10.5).

Interest income is recognised in profit or loss as it accrues, using the effective interest rate method. Dividend income is recognised 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 recognised in profit or loss using the effective interest rate method.

2.20 Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A net deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 recognised at the same time as the liability to pay the related dividend.

Information as to the calculation of income tax on the profit for the periods presented is included in note 9.

2.21 Segment reporting

In accordance with IFRS 8 "Operating segments", operating segments are based on the Group's financial reporting structure. The Group's financial reporting is 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.

Operations that are substantially similar are combined as a single segment. Factors considered in identifying such segments include the similarity of economic and political conditions, the proximity of operations, the absence of special risks associated with operations in the various areas where the Group operates and when they have similar long-term financial performance.

Based on this structure, the reportable segments are Europe, North America and the Asia-Pacific zone, which include the electrical equipment distribution business of the Group in these areas. The other operating segments are aggregated. They include the Group's electrical equipment distribution business in Chile and businesses managed at Group level.

The Group financial reporting is reviewed each month by the Management Board acting as the Chief operating decision maker.

2.22 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3. BUSINESS COMBINATIONS

3.1 2010 acquisitions

As part of its policy of external growth aiming at strengthening its presence in emerging countries, increasing its market share in mature countries and improving its offering of high value-added services, the Group acquired two electrical equipment distributors during December 2010: the companies Grossauer in Switzerland and LuckyWell Int'l Investment Limited in China.

Grossauer Elektro-Handels AG, based in Heiden in eastern Switzerland, has annual sales of around €50 million, and is active mainly in the industrial end-market. All of the company's share capital was acquired for the amount of 85 million Swiss francs (€64.1 million).

LuckyWell Int'l Investment Limited is a holding company which controls 100% of its operational subsidiary, Beijing Lucky Well Zhineng Electrical Co, which is active in the provinces of Beijing and Tianjin and essentially addresses industrial clients. This company has annual sales of around €16 million. All of the shares in LuckyWell Int'l Investment Limited were acquired. The acquisition price comprised an initial payment of 20 million RMB (€2.3 million) which will be subject to a price adjustment in 2012 depending on the operational performance level noted during 2011.

As these transactions are not significant on the Group's financial situation, and given their acquisition date, these two companies have not been consolidated in the financial statements at 31 December 2010. Their inclusion within the Group's scope of consolidation is deferred to 1 January 2011. At 31 December 2010, the fair value of the consideration transferred for the acquisition of Grossauer Elektro-Handels AG and the initial payment for the investment in LuckyWell Int'l Investment Limited were recognised under "Other financial assets" (see note 10.3). The acquisition-related transaction costs were recognised under "Other expenses" (see note 7.2).

3.2 2009 acquisitions

Acquisition of remaining Hagemeyer shares

Following completion of the public take-over on the Hagemeyer securities in 2008, Rexel initiated a squeeze-out procedure in accordance with the Dutch Civil Code in order to acquire the remaining shares not held by Kelium or Hagemeyer. The Enterprise Chamber of Amsterdam (in The Netherlands) awarded Kelium the right to compulsorily acquire all remaining Hagemeyer shares. The Enterprise Chamber set the acquisition price at €4.85 per remaining share (the take-over price) plus accrued interest computed as per Dutch statutory interest for the period from 14 March 2008 (the settlement date under the Offer), until the day on which the shares were transferred to Kelium resulting in a payment of €5.18 per share. In this respect, Rexel acquired in the second quarter of 2009 the remaining outstanding 5,085,965 shares for a total consideration of €26.3 million. Thus, as of 31 December 2009, Rexel, through its subsidiary Rexel Distribution, has full ownership of Hagemeyer NV, following the merger with its subsidiary Kelium, the entity which initiated the public offer, effective on 31 July 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 recognised directly as a decrease of the Group shareholders' equity for €9.2 million.

Purchase price allocation of the Hagemeyer acquisition

In the first quarter of 2009, Rexel completed the purchase price allocation to the identifiable assets and liabilities acquired from Hagemeyer and recorded certain adjustments to goodwill as determined on a provisional basis as of 31 December 2008. Thus, the balance sheet as of 31 December 2008 was adjusted retrospectively for comparison purposes.

As of 31 December 2009, the final allocation of the Hagemeyer purchase price is as follows:

(in millions of euros)	
Prelimiary goodwill on acquisition as at December 31,2008	**1,189.1**
Adjustment on provision and other non-current liabilities	5.8
Deferred tax adjustment	(14.3)
Others	0.1
Final goodwill on acquisition as at December 31, 2009	**1,180.7**

Xidian

In the first half of 2009, Rexel completed the acquisition of 63.5% of the shares of Xidian (China) for a total consideration of CNY41.0 million (€4.7 million) net of cash acquired. Following the take-over, Xidian proceeded to a share capital increase of CNY18.0 million (€2.1 million) that was subscribed by Rexel proportionally to its ownership interest in the company. Goodwill arising on this acquisition was €4.2 million.

Huazhang

Pursuant to a share purchase agreement entered into on 2 March 2007 with Huazhang Overseas Holding Inc. as seller, Rexel exercised its call option and increased from 51% to 70% its shareholding interest in Huazhang Electrical Automation Co. Ltd, a Hong Kong based company that distributes automatisms and industrial equipment controls in Hong Kong and Western China. The transaction was executed on July 10, 2009 for a consideration of CNY34.6 million which was settled for USD 5.1 million (€3.6 million).

This transaction was accounted for as an equity transaction. As a result, the difference between the carrying amount of the minority interests acquired and the consideration paid was recognised directly as a decrease of the Group shareholders' equity for €3.4 million.

The above transactions are not deemed to be material on the financial situation of the Group.

4. SEGMENT REPORTING

Geographical segment information for the periods ended 31 December 2010 and 2009

2010 **(in millions of euros)**	**Europe**	**North America**	**Asia-Pacific**	**Other segments**	**Total Operating Segments**	**Holdings Companies**	**Total Group**
Income statement items							
Sales to external customers	6,966.8	3,530.8	1,116.3	346.2	**11,960.1**	—	**11,960.1**
Depreciation	(46.9)	(19.7)	(4.2)	(3.7)	**(74.5)**	(1.6)	**(76.1)**
EBITDA[(1)]	446.5	123.1	63.7	12.6	**645.9**	(30.0)	**615.9**
Goodwill impairment	(27.7)	—	(8.9)	—	**(36.6)**	—	**(36.6)**
Cash flow statement item							
Capital expenditures net of disposals	(29.9)	(13.7)	(4.6)	(2.7)	**(50.9)**	(1.5)	**(52.4)**
Balance sheet items							
Working capital	679.7	348.5	133.9	44.1	**1,206.2**	(11.3)	**1,194.9**
Goodwill	2,644.9	1,028.0	249.0	9.3	**3,931.2**	—	**3,931.2**

2009 (in millions of euros)	Europe	North America	Asia-Pacific	Other segments[(2)]	Total Operating Segments	Holdings Companies[(2)]	Total Group
Income statement items							
Sales to external customers	6,705.1	3,315.4	847.7	439.1	**11,307.3**	—	**11,307.3**
Depreciation	(50.9)	(23.5)	(3.4)	(4.0)	**(81.8)**	(1.9)	**(83.7)**
EBITDA[(1)]	339.7	83.0	46.1	15.8	**484.6**	(15.2)	**469.4**
Goodwill impairment	(18.1)	—	—	—	**(18.1)**	—	**(18.1)**
Cash flow statement item							
Capital expenditures net of disposals	(20.3)	(12.2)	(1.8)	(2.8)	**(37.1)**	(1.3)	**(38.4)**
Balance sheet items							
Working capital	730.8	320.2	101.5	58.0	**1,210.5**	(11.2)	**1,199.3**
Goodwill	2,602.0	931.1	217.9	8.4	**3,759.4**	—	**3,759.4**

(1) EBITDA is defined as total operating income before other income and expenses amortisation of intangible assets recognised upon allocation of the acquisition price of acquired entities.

(2) The 2009 data disclosed in the consolidated financial statements as of 31 December 2009, were adjusted following the transfer of the 3 entities from "Other segments" to the "Holding Companies". They are also comparable to the 2010 data.

No client accounts for more than 10% of the Group's sales.

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

(in millions of euros)	For the year ended 31 December 2010	2009
EBITA — Total Group	**615.9**	**469.4**
Amortisation of intangible assets recognised upon allocation of the acquisition price of acquired entities	(22.8)	(19.2)
Other income and other expenses	(107.7)	(134.4)
Net financial expenses	(203.1)	(203.1)
Share of profit of associates	4.7	—
Group consolidated income before income tax	**287.0**	**112.7**

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

(in millions of euros)	For the year ended 31 December 2010	2009
Working capital requirement	1,194.9	1,199.3
Goodwill	3,931.2	3,759.4
Total allocated assets & liabilities	**5,126.1**	**4,958.7**
Liabilities included in allocated working capital	2,434.9	2,214.3
Other non-current assets	1,321.2	1,248.6
Deferred tax assets	138.6	230.0
Income tax receivable	29.7	32.0
Assets held for sale	23.1	10.5
Derivatives	1.7	1.2
Cash and cash equivalents	311.9	359.6
Group consolidated total assets	**9,387.2**	**9,054.9**

5. DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the year ended 31 December 2010	2009
Personnel costs (salaries & benefits)	1,374.3	1,322.5
Building and occupancy costs	262.8	281.1
Other external costs	565.8	555.7
Depreciation expense	76.1	83.7
Amortisation of intangible assets recognised upon the allocation of the acquisition price of acquired entities	22.8	19.2
Bad debt expense	50.7	57.1
Total distribution and administrative expenses	**2,352.5**	**2,319.3**

6. SALARIES & BENEFITS

(in millions of euros)	For the year ended 31 December 2010	2009
Salaries and social security charges	1,324.3	1,278.2
Share-based payments	9.8	3.0
Pension and other post-retirement benefits-defined benefit plans	16.2	15.7
Other employee benefits	24.0	25.6
Total personnel costs	**1,374.3**	**1,322.5**

7. OTHER INCOME & OTHER EXPENSES

(in millions of euros)	For the year ended 31 December 2010	2009
Capital gains	2.9	4.7
Write-back asset impairment	—	0.1
Release of unused provisions	5.7	15.3
Other operating income	7.5	13.0
Total other income	**16.1**	**33.1**
Restructuring costs	(65.2)	(115.3)
Loss on non-current assets disposed of or written off	(11.2)	(13.0)
Costs related to transactions following the IPO	—	(2.3)
Goodwill and intangible assets impairment	(37.6)	(18.1)
Tangible assets impairment	(3.3)	(8.4)
Acquisition-related costs	(2.2)	—
Other operating expenses	(4.3)	(10.4)
Total other expenses	**(123.8)**	**(167.5)**

7.1 Other income

Capital gains

In 2010, capital gains from sales mainly comprise the sale of two Swedish branches for €1.7 million and a branch in Italy for €0.7 million.

In 2009, capital gains included proceeds from the disposal of a building in China for €1.5 million and four branches, two in the United States for €1.9 million and two in the United Kingdom for €0.2 million.

Release of unused provisions

In 2010, this income mainly concerned releases of unused provisions for restructuring. In particular, they are comprised of write-backs of reserves for empty buildings following settlements executed in 2010 with lessors in France and in The Netherlands for respectively €1.2 million and €0.6 million, and a €1.3 million release of provision relating to the redeployment of workforce in France.

In 2009, this line-item mainly included a release of €13.8 million of the unused portion of the reserve relating to the bankruptcy of Ceteco, a subsidiary of Hagemeyer N.V., as a result of a settlement entered into by Hagemeyer N.V. with among several parties, the receivers of Ceteco on 8 February 2010 (see note 22.1 Ceteco litigation).

Other operating income

In 2010, other operational income mainly include (i) a gain from reduced pension commitments of €3.6 million and (ii) a €3.7 million indemnification received from PPR, as a result of a warranty granted to Rexel in 2005 relating to the sale of its majority shareholding interest in the company.

In 2009, other operational income included (i) a gain of €2.6 million from decreased pension commitments in France, (ii) €5.5 million from the recognition of a financial asset from the investment in DPI, Inc. at fair value, (iii) a reimbursement of €3.4 million to be received from Sonepar from the sale of 6 German Hagemeyer branches in 2008, (iv) as well as a price adjustment of €0.7 million for the sale of Eastern Electrical (Ireland) to Edmundson in accordance with the decision of the European Union antitrust authority relating to the conditions precedent to the acquisition of Hagemeyer by Rexel.

7.2 Other expenses

Restructuring costs

In 2010, restructuring costs are mainly related to restructuring plans initiated in 2009 to adapt the Group structure to current trading. These costs mainly included the effect of workforce adaptation, downsizing the distribution network and Hagemeyer integration related costs. In Europe, they amounted to €48.3 million (€18.1 million in France, €8.0 million in the United Kingdom, €6.9 million in The Netherlands, €5.3 million in Spain and €5.2 million in Sweden) and to €12.6 million in North America (€11.5 million in the United States).

In 2009, this line item amounted to €115.3 million and included mainly restructuring due to the slowdown of activity and integration costs following the Hagemeyer acquisition. These costs mainly concerned Europe to the tune of €90.6 million (France: €24.6 million, Spain: €23.7 million, the United Kingdom: €6.7 million, The Netherlands: €6.4 million, Germany: €6.3 million and Sweden: €6.3 million) and North America in the amount of €19.5 million (€17.5 million in the United States).

Loss on non-current assets

In 2010, capital losses from sales related to the sale of two non-strategic activities inherited from the Hagemeyer group:

— Hagemeyer Cosa Liebermann in Asia (HCL Asia), operating as a wholesaler and agent of luxury goods in Asian countries. Pursuant to a sale and purchase agreement entered into with DKSH Holding Ltd, a privately held Swiss company, the disposal was completed on 25 February 2010 for a total consideration of USD 12.7 million (€9.0 million). Capital loss on this disposal amounted to €6.4 million. There was no tax effect on this transaction.

— Haagtechno B.V., a private company in The Netherlands engaged in the business of the import, warehousing and distribution of electronic products manufactured by Panasonic. Pursuant to a sale and purchase agreement entered into with Panasonic Marketing Europe GmbH, the disposal was completed on 30 June 2010 for a total consideration of €15.5 million. This amount was paid at the completion date. The capital loss from sales was recognised at an amount of €2.7 million. There was no tax effect on this transaction.

Also, assets written off for the period were recognised in 2010 leading to capital losses of €2.1 million.

In 2009, loss on non-current assets disposed of and written-off was comprised of the loss on disposal, in April 2009, of operations in Hungary for €4.0 million, the write-off of IT licences in France for €4.1 million and the write-off of branches in Spain for €3.4 million.

Costs related to transactions following the IPO

In 2009, costs related to transactions following the IPO of Rexel concerned the free shares scheme for an amount of €2.3 million.

Goodwill and intangible assets impairment

Following the depreciation test carried out in 2010, the goodwill of The Netherlands, New Zealand and Slovenia are depreciated respectively at €23.5 million, €8.9 million and €4.2 million (see note 10.1).

Also, depreciation is recognised for €1.0 million on the intangible assets of Hagemeyer Brands Australia, which was sold in January 2011, to bring their book value in line with their fair value, less sales costs, prior to being classified as "assets held for sale" (see note 11.4).

In 2009, the goodwill of Slovakia, Finland and Ireland had been depreciated at €10.0 million, €4.6 million and €3.7 million respectively.

Tangible assets impairment

In 2010, depreciations on real estate and tangible assets are recognised for €1.6 million in the United Kingdom, €1.1 million in Poland and €0.6 million in Spain, in order to bring the book values in line with their fair value, less sales costs, prior to being classified as "assets held for sale".

In 2009, impairments on buildings and fixed assets were recognised for €3.5 million in Latvia, €1.7 million in Belgium, €1.6 million in Spain, €0.6 million in Italy and €0.4 million in the USA to bring the carrying value of the related assets to fair value less costs to sell before being classified as assets held for sale. Buildings in Belgium were sold in the second half of 2009.

Acquisition-related costs

Acquisition-related costs are now recognized as costs in accordance with the revised IFRS 3, which is applicable as of 1 January 2010. The costs incurred in 2010 as a result of acquisitions (Grossauer and LuckyWell) or ongoing acquisitions at 31 December 2010 amount to 2.2 million.

Other operating expenses

In 2010, other expenses refer mainly to a cost of €2.3 million as a warranty granted by the Group as part of share sales and a cost of €0.5 million in impairment of the group of assets and liabilities held for sale, relating to the distribution activity in Australia of Smeg electrical appliances (see note 11.4).

For the year ended 31 December 2009, this line-item mainly included the effect of a VAT reassessment for €6.5 million, a payroll tax exposure in France for €2.5 million and costs incurred in connection with the disposal of certain assets to Sonepar for €1.0 million.

8. FINANCIAL EXPENSES (NET)

Net financial expenses are comprised of the following items:

(in millions of euros)	For the year ended 31 December 2010	2009
Expected return on employee benefit plan assets	46.7	39.8
Interest income on cash and cash equivalents	0.9	3.2
Interest income on receivables and loans	1.7	2.6
Change in fair value of financial instruments held for trading	—	2.1
Financial income	**49.3**	**47.7**
Interest expense on financial debt (stated at amortised costs) :	(151.0)	(136.0)
— Senior Credit Facilities	*(49.3)*	*(82.7)*
— Senior Notes	*(53.2)*	*(1.5)*
— Securitisation programmes	*(23.2)*	*(23.1)*
— Other financing	*(6.4)*	*(11.2)*
— Finance leases	*(1.5)*	*(2.1)*
— Amortisation of transaction costs	*(17.4)*	*(15.4)*
Gains and losses on derivative instruments previously deferred in equity and recycled in the income statement	(33.8)	(36.8)
Change in fair value of derivatives through profit and loss	5.0	(8.2)
Ineffectiveness of interest rate hedges	0.2	—
Foreign exchange gain (loss) on financial liabilities	(10.2)	7.8
Interest expense on borrowings	**(189.8)**	**(173.2)**
Write-off of financing transaction costs	—	(21.2)
Refinancing costs	**—**	**(21.2)**
Interest costs of employee benefit obligations	(54.7)	(51.8)
Financial expenses (other)	(7.9)	(4.6)
Other financial expenses	**(62.6)**	**(56.4)**
Financial expenses (net)	**(203.1)**	**(203.1)**

9. INCOME TAX

Rexel and its French subsidiaries have formed a tax group from 1 January 2005. Rexel uses tax consolidation in other countries where similar options exist.

9.1 Income tax expense

(in millions of euros)	For the year ended 31 December 2010	2009
Current tax	(48.9)	(11.4)
Deferred tax	(8.9)	(20.3)
Total income tax expense	**(57.8)**	**(31.7)**

9.2 Deferred tax assets and liabilities

Changes in net deferred tax assets / liabilities are as follows:

(in millions of euros)	2010	2009
At the beginning of the period	**8.3**	**30.0**
Net income	(8.9)	(20.3)
Change in consolidation scope	0.3	(0.2)
Translation differences	2.5	(1.8)
Other changes	(8.1)	0.6
At the end of the period	**(5.9)**	**8.3**

Other changes consist essentially of tax effect on fair value of derivative instruments recognised directly as equity (€7.8 million) in 2010.

Deferred tax assets and liabilities are broken down as follows:

	As of 31 December	
(in millions of euros)	2010	2009
Intangible assets	(265.7)	(249.4)
Property, plant and equipment	14.8	14.8
Financial assets	(11.3)	3.7
Trade accounts receivable	18.2	14.3
Inventories	1.6	2.7
Employee benefits	49.8	44.1
Provisions	16.0	29.5
Financing fees	(7.9)	(10.1)
Other items	22.3	20.9
Tax losses carried forward	351.2	365.1
Deferred tax assets / (liabilities), net before valuation allowance	**189.0**	**235.6**
Valuation allowance on deferred tax assets	(194.9)	(227.3)
Net deferred tax assets / (liabilities)	**(5.9)**	**8.3**
of which deferred tax assets	138.6	230.0
of which deferred tax liabilities	(144.6)	(221.7)

The depreciation of deferred tax assets of €194.9 million at 31 December 2010 (€227.3 million at 31 December 2009), comes from the recoverable amount of net deferred tax assets assessed by each tax entity based on the provisional taxable profits over the next 5 years. At 31 December 2010, it mainly refers to the losses carried forward in the United Kingdom, Spain and Italy.

9.3 Effective tax rate

(in millions of euros)	2010	2009
Net income before tax and before share of profit in associates	282.3	112.7
Theoretical tax rate	*34.4%*	*34.4%*
Income tax calculated at the theoretical tax rate	(97.2)	(38.8)
Effect of tax rates in foreign jurisdictions	17.1	13.0
Effect of tax rate variations	0.1	4.0
Effect of tax loss carryforwards / (unrecognised current tax losses)	28.4	(53.5)
Effect of non-deductible expenses, tax exempt revenues	(6.2)	43.6
Income tax expense for the period	**(57.8)**	**(31.7)**
Effective tax rate	***20.5%***	***28.1%***

The effective tax rate for the period ended 31 December 2010 is 20.5%, compared with 28.1% for the period ended 31 December 2009. In 2010, the expected year-ended tax rate includes the tax effect of the recognition of prior year tax losses carried forward in France that accounts for a decrease in the tax rate of 11.7%.

In 2009, non deductible expenses and tax exempt revenues mainly included tax gain resulting from financial restructuring and legal reorganisation within the Group for an amount of €76.7 million partially offset by tax reassessment in France for an amount of €18.8 million.

As disclosed in the consolidated financial statements as of 31 December 2009, the Group considers the new French tax on companies' value added (*Cotisation sur la Valeur Ajoutée des Entreprises* or "CVAE"), calculated on a net amount of income and expenses as income tax under IAS12. Therefore, the related expense (before tax) was presented in the income tax line item in 2010 for an amount of €7.7 million for 2010. In addition, since some items such as asset depreciation expense, allowance for bad debt and inventories are not included in the value added calculation (which is the tax basis of this new tax) and will generate a future tax base, a deferred tax liability on these items of the relevant entities was recognised for €0.4 million at 31 December 2010.

10. LONG-TERM ASSETS

10.1 Goodwill and intangible assets

(in millions of euros)	Strategic partnerships	Distribution networks and banners	Software and other[1]	Total intangible assets	Goodwill
Gross carrying amount as of 1 January 2009	**185.6**	**549.7**	**327.2**	**1,062.5**	**3,767.4**
Change in consolidation scope	—	—	(0.4)	**(0.4)**	**(5.9)**
Additions	—	—	20.4	**20.4**	**—**
Disposals	—	—	(8.2)	**(8.2)**	**—**
Exchange differences	—	18.8	11.6	**30.4**	**119.5**
Other changes	—	—	(1.7)	**(1.7)**	**(11.7)**
Gross carrying amount as of 31 December 2009	**185.6**	**568.5**	**348.9**	**1,103.0**	**3,869.3**
Change in consolidation scope	—	—	(11.1)	**(11.1)**	**(0.3)**
Additions	—	—	20.1	**20.1**	**—**
Disposals	—	—	(2.7)	**(2.7)**	**—**
Exchange differences	—	32.2	18.7	**50.9**	**212.5**
Other items	—	—	(12.4)	**(12.4)**	**0.1**
Gross carrying amount as of 31 December 2010	**185.6**	**600.7**	**361.5**	**1,147.8**	**4,081.6**
Accumulated amortisation and depreciation as of 1 January 2009	**—**	**—**	**(135.2)**	**(135.2)**	**(113.3)**
Change in consolidation scope	—	—	0.9	**0.9**	**11.0**
Amortisation expense	—	—	(42.4)	**(42.4)**	**—**
Impairment[2]	—	—	(0.3)	**(0.3)**	**(18.1)**
Release	—	—	3.6	**3.6**	**—**
Exchange differences	—	—	(2.3)	**(2.3)**	**(0.8)**
Other changes	—	—	0.5	**0.5**	**11.3**
Accumulated amortisation and depreciation as of 31 December 2009	**—**	**—**	**(175.2)**	**(175.2)**	**(109.9)**
Change in consolidation scope	—	—	5.1	**5.1**	**—**
Amortization expense	—	—	(45.0)	**(45.0)**	**—**
Impairment[3]	—	—	(1.0)	**(1.0)**	**(36.6)**
Release	—	—	2.6	**2.6**	**—**
Exchange differences	—	—	(9.4)	**(9.4)**	**(3.9)**
Other changes	—	—	9.5	**9.5**	**—**
Accumulated amortisation and depreciation as of 31 December 2010	**—**	**—**	**(213.4)**	**(213.4)**	**(150.4)**
Carrying amount at 1 January 2009	**185.6**	**549.7**	**192.0**	**927.3**	**3,654.1**
Carrying amount at 31 December 2009	**185.6**	**568.5**	**173.7**	**927.8**	**3,759.4**
Carrying amount at 31 December 2010	**185.6**	**600.7**	**148.1**	**934.4**	**3,931.2**

(1) Including customer relationships for a net book value of €31.6 million as of 13 December 2010.

(2) Goodwill impairment in Ireland, Slovakia and Finland (see note 7.2).

(3) Goodwill impairment in The Netherlands, New Zealand and Slovenia (see note 7.2).

Goodwill arising in a business combination represents a payment made by the purchaser in anticipation of future economic benefits arising from assets that are not capable of being identified individually and accounted for separately according to IFRS, such as market shares, the value of human capital, the potential to develop existing business assets and expected synergies from the combination. In the wholesale distribution sector, these synergies notably include those expected in terms of purchasing, logistics, network density and administration. For the requirements of impairment testing, goodwill and other intangible assets (strategic partnerships and distribution networks) with an indefinite life have been allocated to the following cash-generating units:

(in millions of euros)		At 31 December 2010			At 31 December 2009		
CGU	Geographical segment	Goodwill	Other intangible assets(1)	Total	Goodwill	Other intangible assets(1)	Total
CGU							
France	Europe	945.6	169.4	1,115.0	945.6	169.4	1,115.0
United States	North America	551.6	78.6	630.2	511.6	73.0	584.6
Canada	North America	476.3	76.0	552.3	419.5	67.0	486.5
The Netherlands	Europe	173.2	17.3	190.5	196.7	17.3	214.0
Sweden	Europe	199.5	21.0	220.5	174.5	18.3	192.8
Germany	Europe	171.3	51.7	223.0	171.3	51.7	223.0
United Kingdom	Europe	180.3	59.4	239.7	174.7	57.6	232.3
Norway	Europe	192.3	15.9	208.2	180.7	14.9	195.6
Australia	Asia-Pacific	185.2	29.5	214.7	152.0	24.2	176.2
Switzerland	Europe	180.6	33.7	214.3	152.2	28.4	180.6
Other		675.3	233.8	909.1	680.6	232.3	912.9
	Total	**3,931.2**	**786.3**	**4,717.5**	**3,759.4**	**754.1**	**4,513.5**

(1) Intangible assets with an indefinite useful life.

Principal assumptions retained in the determining of the value in use

The calculation of the value in use for each cash-generating unit is based on cash flows arising from the three-year strategic plan and updated during the budgetary process in December 2010. Cash flows are extrapolated over a period of five years and take into account a terminal value. A perpetuity growth rate of 2.0% has been used for the calculation of the terminal value, identical to that used in 2009. This rate extrapolates expected long-term inflation in mature markets and is not subject to changes over the short term.

The estimate of the value in use of cash generating units is sensitive to assumptions about the discount rate. The discount rate was established on the basis of the weighted average cost of capital net of tax calculated for each country. The weighted average cost of capital reflects the time value of money and the specific risks of the asset, not already taken up in the cash flow forecasts, by taking into account the financial structure and the financing terms and conditions of a standard market participant.

The following discount rates are used to estimate the value in use:

	2010	2009
France	6.8%	7.5%
United States	6.8%	6.9%
Canada	6.9%	6.9%
The Netherlands	7.1%	8.1%
Sweden	7.0%	7.8%
Germany	6.6%	7.4%
United Kingdom	7.4%	8.2%
Norway	7.6%	8.4%
Australia	9.0%	8.9%
Switzerland	6.1%	6.8%
Other	7.0% to 13.0%	7.6% to 14.0%

As a result of impairment tests, a loss of €36.6 million was recognised in 2010 (€18.1 million in 2009) allocated to goodwill in The Netherlands (€23.5 million), in New Zealand (€8.9 million), and in Slovenia (€4.2 million) due to the deterioration in the economic climate and the downturn in markets.

Sensitivity analysis

With regard to the assessment of value-in-use of goodwill and other intangible assets, the Group believes that no likely changes in the discount rate (less than or equal to 50 basis points) would cause a reduction in the recoverable amount of the cash-generating units previously referred to, such that the recoverable amount would be significantly lower than its net book value, excluding the cash-generating units depreciated in 2010.

In addition, a 50-basis point increase in the discount rate, applied to the value in use of all cash-generating units would result in an additional €23.7 million impairment expense, and a 50-basis point decrease in the perpetual growth rate would result in an additional €17.1 million impairment expense.

10.2 Property, plant & equipment

(in millions of euros)	Land & buildings	Plant & equipment	Other tangible assets	Total property, plant and equipment
Gross carrying amount as of 1 January 2009	**214.3**	**638.0**	**28.1**	**880.4**
Change in consolidation scope	(0.1)	(0.7)	—	**(0.8)**
Additions	2.6	24.3	3.7	**30.6**
Disposals	(16.9)	(39.3)	(2.0)	**(58.2)**
Exchange differences	2.9	17.1	2.0	**22.0**
Other changes	(18.7)	(2.6)	(2.0)	**(23.3)**
Gross carrying amount as of 31 December 2009	**184.1**	**636.8**	**29.8**	**850.7**
Change in consolidation scope	(0.5)	(10.6)	—	**(11.1)**
Additions	6.0	28.0	3.3	**37.3**
Disposals	(10.4)	(31.3)	(0.3)	**(42.0)**
Exchange differences	5.0	33.5	1.7	**40.2**
Other changes	20.0	(26.5)	0.4	**(6.1)**
Gross carrying amount as of 31 December 2010	**204.2**	**629.9**	**34.9**	**869.0**
Accumulated amortisation and depreciation as of 1 January 2009	**(75.6)**	**(468.7)**	**(19.0)**	**(563.3)**
Change in consolidation scope	—	0.6	0.2	**0.8**
Depreciation expense	(9.5)	(48.1)	(3.2)	**(60.8)**
Impairment losses	(7.2)	(0.3)	(0.4)	**(7.9)**
Release	7.2	34.6	1.9	**43.7**
Exchange differences	(1.2)	(13.4)	(1.2)	**(15.8)**
Other changes	8.9	5.2	0.1	**14.2**
Accumulated amortisation and depreciation as of 31 December 2009	**(77.4)**	**(490.1)**	**(21.6)**	**(589.1)**
Change in consolidation scope	0.5	9.5	—	**10.0**
Depreciation expense	(10.0)	(40.3)	(4.0)	**(54.3)**
Impairment losses	(2.7)	(0.6)	—	**(3.3)**
Release	6.6	29.5	0.3	**36.4**
Exchange differences	(1.7)	(26.8)	(1.2)	**(29.7)**
Other changes	(10.5)	17.4	(0.5)	**6.4**
Accumulated amortisation and depreciation as of 31 December 2010	**(95.2)**	**(501.4)**	**(27.0)**	**(623.6)**
Carrying amount at 1 January 2009	**138.7**	**169.3**	**9.1**	**317.1**
Carrying amount at 31 December 2009	**106.7**	**146.7**	**8.2**	**261.6**
Carrying amount at 31 December 2010	**109.0**	**128.5**	**7.9**	**245.4**

Impairment of property, plant and equipment

In 2010, impairment losses accounted for in the profit and loss account and recognised under “Other expenses” (see notes 2.18 and 7.2) results in the write down of certain property, plant and equipment to bring its net book value back to its recoverable amount. This is based on the value in use and at the level of the cash generating units, mainly in Poland, Spain and the United Kingdom. In 2009, the cash generating units concerned were Latvia, Belgium, Spain and Italy.

The assumptions used to establish the value in use of tangible assets are identical to those used for goodwill impairment tests.

10.3 Long-term investments

(in millions of euros)	As of 31 December 2010	As of 31 December 2009
Loans	0.2	0.1
Deposits	8.7	7.5
Other financial assets	123.2	45.7
Financial assets	**132.1**	**53.3**

As of 31 December 2010, other long-term investments comprised mainly (i) the asset surplus of defined benefit plans relating to the liability of Hagemeyer pension plans in The Netherlands for a total of €41.1 million (€40.1 million in 2009 — see note 18), (ii) the fair value hedging instruments for €5.7 million (€2.7 million in 2009) and derivatives for cash-flow hedges for a total of €2.7 million (€0.5 million in 2009).

They also include the fair market value of shares in Grossauer for a total of €68.0 million and shares in LuckyWell for a total of €2.3 million (see note 3).

10.4 Investments in associates

Prior to its acquisition by Rexel, Hagemeyer owned 15% of the common shares of DPI, Inc., a Missouri corporation that distributes electronic audio and video products in the United States. In addition, Hagemeyer Finance B.V., a direct subsidiary of Hagemeyer, had a subordinated debt facility of US$11.8 million maturing on 15 June 2011 and bearing interest at 11% per year (accrued interest being payable at final maturity). Under the Hagemeyer acquisition, the investment in DPI, Inc., classified under the IAS 39 category "Available-for-sale financial assets", and the loan classified in the IAS 39 category "Loans and receivables" have been recognised at their fair value in the Group consolidated financial statements.

On 16 December 2009, Hagemeyer Finance B.V. entered into an agreement aimed at restructuring the financial structure of DPI, Inc. through the capitalization of the loan to DPI, Inc. in exchange for non-voting preference shares giving rights to a preferred dividend. The shareholders' agreement provides for certain contractual rights in favor of Hagemeyer Finance B.V., including veto rights over certain strategic decisions, characteristic of significant influence being exercised by Hagemeyer Finance B.V. over DPI, Inc.

Upon completion of this transaction, the Group holds 66.67% of the shares in DPI, Inc., of which 59.52% through non-voting preference shares. The investment in DPI, Inc. was accounted for using the equity method as at 31 December 2010.

The following table presents the financial information of DPI, Inc.:

(in millions of euros) — unaudited	As of 31 December 2010	As of 31 December 2009
DPI, Inc. balance sheet information		
Total assets	47.2	32.6
Total liabilities	(30.5)	(21.9)
Shareholders' equity	16.7	10.7

	For the year ended 31 December	
	2010	2009
DPI. Inc. sales and net income		
Sales	139.3	110.9
Net income	7.1	4.3

11. CURRENT ASSETS

11.1 Inventories

	As of 31 December	
(in millions of euros)	2010	2009
Cost.	1,294.8	1,240.0
Allowance	(91.7)	(98.6)
Net inventories	**1,203.1**	**1,141.4**

Changes in impairment losses:

(in millions of euros)	2010	2009
Allowance for inventories as of 1 January	**(98.6)**	**(102.9)**
Change in consolidation scope	1.4	0.4
Net change in allowance	3.9	7.7
Exchange differences	(6.0)	(3.5)
Other changes	7.6	(0.3)
Allowance for inventories as of 31 December	**(91.7)**	**(98.6)**

11.2 Trade accounts receivable

	As of 31 December	
(in millions of euros)	2010	2009
Nominal value	2,158.0	2,020.7
Allowance	(136.0)	(119.2)
Trade accounts receivable	**2,022.0**	**1,901.5**

Trade accounts receivable include taxes collected on behalf of the tax authorities that, in certain circumstances, may be recovered when the client defaults. These recoverable taxes amounted to €213.2 million as of 31 December 2010 (€202.6 million as of 31 December 2009).

The Group has put in place credit insurance programs in most major countries. Trade accounts receivable covered by these programs amounted to €716.4 million as of 31 December 2010 (€677.3 million as of 31 December 2009).

Finally, in certain countries, the Group benefits from supplementary guarantees according to the specificities of local jurisdictions, notably in the United States. Trade accounts receivable covered by these guarantees represented €213.9 million as of 31 December 2010 (€173.9 million as of 31 December 2009).

On 23 December 2009, the Group entered into an agreement with Ester Finance Titrisation (the purchaser), a French subsidiary of Calyon, to sell a participating interest in eligible trade receivables of Rexel's US subsidiaries under a Receivables Participation Agreement ("RPA"). This agreement allows the Group to assign eligible receivables and receive cash consideration up to a maximum amount of US$220 million. This securitisation programme matures in December 2014.

The purchase price of the receivables is equal to the face value of the receivables sold less a discount including a credit risk premium and the funding. Under the RPA, the Group is liable for collecting the receivables on behalf of the purchaser and receives servicing fees as remuneration of this obligation. As part of this transaction, the Group entered into a Collateral and Intercreditor Agreement to secure the performance of its obligations under the RPA. The obligations of the Group under the RPA guarantee the transfer of cash collected by the Group on behalf of the purchaser, as well as the payment of expenses and allowances due by the Group. However, these guarantees do not include any compensation obligation in relation to unrecovered receivables.

As a result of the transfer to the purchaser of all risks and obligations attached to the receivables assigned in relation to the Ester program, these receivables are derecognized. The difference between the sale price and the carrying value of these receivables is recorded in the income statement as a financial expense.

As of 31 December 2010, receivables derecognised totaled €97.7 million (US$ 130.5 million) (€52.6 million as of 31 December 2009) and the resulting loss is recorded as a financial charge for €5.7 million (€0.7 million in 2009). Cash received in relation to derecognised receivables and not yet transferred to the purchaser totals €15.4 million (US$20.6 million) and is recognised in financial liabilities.

In addition, the Group manages other on-balance sheet securitisation programmes as described in note 19.1.3.

Changes in impairment losses

(in millions of euros)	2010	2009
Impairment losses on trade accounts receivable as of 1 January	**(119.2)**	**(107.2)**
Change in consolidation scope	—	0.7
Net depreciation	(39.5)	(25.4)
Exchange differences	(3.7)	(1.2)
Other changes	26.4	13.9
Impairment losses on trade accounts receivable as of 31 December	**(136.0)**	**(119.2)**

As of 31 December 2010, customer receivables are subject to impairment losses estimated on an individual basis following on from the assessment of a confirmed default risk for the customer in question for a total of €86.0 million (€75.3 million as of 31 December 2009).

The balance of impairment losses recorded corresponds to the risks estimated on the basis of late payments.

The summary of overdue receivables for which no impairment provision has been raised is as follows:

	As of 31 December	
(in millions of euros)	2010	2009
From 1 to 30 days	217.5	187.5

In accordance with the accounting principle stated in note 2.10.3, all receivables above 30 days are subject to an impairment provision.

11.3 Other accounts receivable

	As of 31 December	
(in millions of euros)	2010	2009
Purchase rebates	294.1	268.1
VAT receivable and other sales taxes	22.0	25.9
Prepaid expenses	29.9	29.9
Derivatives	1.7	1.2
Other receivables	58.7	46.8
Total accounts receivable	**406.4**	**371.9**

11.4 Assets held for sale

On 23 September 2010, Hagemeyer Brands Australia Pty Ltd, a subsidiary of Rexel that distributes Smeg branded household appliances through a distribution agreement, entered into a binding Head of Agreement to sell this business to Smeg Spa, the supplier of the aforesaid household appliances.

This was conditional to the parties completing a sale contract and a transitional service contract. The transaction was completed in January 2011 and resulted in the cancellation of the distribution agreement with Smeg Spa. The assets and liabilities of Hagemeyer Brands Australia connected with this business were reclassified as "Assets and liabilities held for sale" and principally comprise the net carrying value of the Smeg distribution agreement as well as related assets and liabilities for a total of €14.5 million. Prior to being reclassified as assets held for sale, the group of assets and liabilities to be sold was measured at its fair value less the costs of sale, giving rise to a €1.0 million impairment charge in the income statement recognised under the line item "Other operating expenses" (see note 7.2).

Assets held for sale also include operating premises in the process of being sold in Latvia, Poland and Spain for a total of €7.7 million.

12. CASH AND CASH EQUIVALENTS

(in millions of euros)	As of 31 December 2010	As of 31 December 2009
Short-term investments	124.6	179.4
Cash at bank	186.2	178.8
Cash in hand	1.1	1.4
Cash and cash equivalents	**311.9**	**359.6**

As of 31 December 2010, the securities include units in mutual funds, valued at their fair market value, for a total of €122.1 million (€141.4 million in 2009). These investments are in accordance with the Group's investment policy which requires that funds in which it invests are highly liquid, easily convertible into a known amount of cash and liable to a negligible risk of loss.

13. SUMMARY OF FINANCIAL ASSETS

			As of 31 December			
			2010		2009	
(in millions of euros)	IAS 39 category	Hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
Loans	L&R		0.2	0.2	0.1	0.1
Deposits	L&R		8.7	8.7	7.5	7.5
Securities available for sale	AFS	3	70.9	70.9	0.2	0.2
Hedging derivatives(1)	N/A	2	8.8	8.8	2.7	2.7
Other(2)	N/A		43.5	N/A	42.8	N/A
Total long-term investments			**132.1**	**—**	**53.3**	**—**
Trade accounts receivable	L&R		**2,022.0**	**2,022.0**	**1,901.5**	**1,901.5**
Supplier rebates receivable	L&R		294.1	294.1	268.1	268.1
VAT and other sales taxes receivable(2)	N/A		22.0	N/A	25.9	N/A
Other accounts receivable	L&R		58.7	58.7	46.8	46.8
Hedging derivatives(1)	N/A		—	—	—	—
Other derivative instruments	TR	2	1.7	1.7	1.2	1.2
Prepaid expenses(2)	N/A	2	29.9	N/A	29.9	N/A
Total other current assets			**406.4**	**—**	**371.9**	**—**
Short-term investments	FV	1	124.6	124.6	179.4	179.4
Cash	L&R		187.3	187.3	180.2	180.2
Cash and cash equivalents			**311.9**	**—**	**359.6**	**—**

(1) Accounting method specific to hedging.

(2) Not classified as a financial asset under IAS 39.

Loans and receivables	L&R
Financial assets available for sale	AFS
Held for trading	TR
Fair value through profit of loss	FV
Not applicable	N/A

14. SHARE CAPITAL AND PREMIUM

14.1 Changes in share capital and issuance premium

Rexel's share capital is composed of ordinary shares, with a par value of €5. The following table shows movements in the share capital and premium:

(in millions of euros)	Number of shares	Share capital	Share premium
At 1 January 2009	**255,993,827**	**1,280.0**	**1,409.9**
Issuance of shares in connection with free share schemes	2,159,291	10.8	(10.8)
Exercise of stock options	66,900	0.3	—
Free shares attributed	—	—	(6.9)
On 31 December 2009	**258,220,018**	**1,291.1**	**1,392.2**
Exercise of share subscription options(1)	1,489,092	7.4	0.2
Issuance of shares in connection with free share schemes(2)	147,763	0.7	(0.7)
Allocation of free shares(3)	—	—	(8.2)
Issuance of shares in connection with the Employee Share Purchase Plan	356,123	1.8	0.2
On 31 December 2010	**260,212,996**	**1,301.0**	**1,383.7**

(1) Exercise of share subscription options

In November and December 2005, Rexel established share option programmes for key management personnel and senior employees to subscribe for Rexel shares. Rights related to these options were fully vested at the time of the initial public offering of Rexel in April 2007 and are exercisable until October and November 2016. During the period ended 31 December 2010, 1,489,092 options connected with these programmes were exercised under these plans (66,900 in 2009).

(2) Share issues related to bonus share plans

On 23 June 2008, Rexel implemented several bonus share plans for its senior executives and key employees. Under these plans, they will be eligible to receive Rexel shares, either at the end of a period of two years under the plan entitled "2+2 Plan", or at the end of a period of four years under the plan entitled "4+0 Plan". The issue of these bonus shares is subject to continuation of employment and performance conditions (see note 15.1).

Under the "2+2 Plan", the terms and conditions for the allocation of 146,031 bonus shares were met on 24 June 2010, as well as 1,732 shares on 2 October 2010, and as a consequence the company issued these new shares through allocation of the issue premium and incorporation in the share capital.

(3) Bonus share issue

In accordance with the approval given at the Shareholders' Meeting of 20 May 2009 and by the Supervisory Board on 11 May 2010, the Management Board, at its meeting of 11 May 2010, decided to grant 1,519,862 shares to the executive management and key employees of the Group subject to certain conditions (see note 15.1). The Management Board decided that the grant of these bonus shares would only occur at the end of the rights acquisition period by the beneficiaries through the creation of new shares. As a consequence, an allocation was made to the "appropriated earnings" as the offsetting of the issuance premium.

Treasury Shares

The Shareholders' Meeting of 20 May 2010 authorised the Company's Management Board, subject to the prior approval by the Supervisory Board, with the option of sub-delegation, to buy a maximum number of shares representing up to 10% of the Company's share capital for a maximum price of €20 per share. This program is capped at €200 million with a term of 18 months from the date of the Shareholders' Meeting (ending 20 November 2011).

The objectives of this program in decreasing order of priority are as follows:

— to guarantee the liquidity and promote the market for the shares through the intermediary of an investment services provider;

— to implement any stock option plan of the Company;

— to subsequently conserve and provide shares in exchange or in payment under the framework of external growth operations and within a limit of 5% of the Company's share capital;

— to provide shares when rights attached to the securities giving access to shares in the Company are exercised;

— to cancel all or part of the shares bought back under this program;

— as well as any other objective that complies with regulation in force.

Under this share buy-back program, Rexel entered into a mandate, complying with a Code of Ethics recognised by France's AMF, with Calyon Cheuvreux with a view to promoting the liquidity of Rexel share transactions for an amount of €12.8 million. This amount may be adjusted either up or down according to the requirements necessary for the implementation of the contract.

On 31 December 2010, Rexel held 103,000 treasury shares valued at an average price of €16.255 per share and recorded as a reduction in shareholders' equity, for an amount of €1.7 million.

In addition, capital gains realised on the sale of treasury shares in 2010 amounted to €1.3 million net of tax and were recognised as an increase in shareholders' equity.

14.2 Capital Management

Rexel shares have been listed on the Eurolist Euronext Paris market since 4 April 2007. As part of this stock market listing, the principal indirect shareholders of Rexel, namely funds managed by Clayton, Dubilier & Rice, Inc., Ray France Investment S.A.S. (itself a subsidiary of Eurazeo S.A.), funds managed by Merrill Lynch Global Private Equity (together the "Principal Investors") and Caisse de Dépôt et de Placement du Québec (together with the Principal Investors, the "Investors") agreed to organise the sale of all or part of the shares of Rexel that they held, directly or indirectly, according to certain terms and conditions. Each of the Investors may thus:

— sell its Rexel shares on the market subject to a maximum volume representing €10.0 million in each 30-day consecutive period;

— initiate a Rexel share transfer in the form (i) of a sale of Rexel's shares through an off-board block trade for a minimum amount of €75 million; or (ii) of a secondary public offering of Rexel's shares, whose minimum estimated proceeds are €150 million, provided that the other Investors may participate in this off-board block trade or secondary public offering and that no other secondary offering has already occurred in the preceding six months.

These planned sale undertakings will terminate on 12 April 2012, or at the date on which the Main Investors, direct or indirect, holding in Rexel's share capital falls below 40%. In addition, these sale undertakings will cease to apply to the investor who holds (directly or indirectly) less than 5% of Rexel's share capital.

Dividend distribution

(in millions of euros)	For the year ended 31 December 2010	2009
Dividends paid during the year	—	—
Dividend per share allocated to common shares	—	—
Proposed distribution of dividends (in € / share)	0.40	—

Under the Senior Credit Agreement signed on 21 December 2009, Rexel has restrictions on its dividend distribution policy (see note 19.1.2).

15. SHARE-BASED PAYMENTS

15.1 Bonus share plans

In addition to its long-term profit sharing policy for employees, Rexel has introduced plans to grant bonus shares whose characteristics are described below:

Plans issued in 2010

On 11 May 2010, Rexel implemented bonus share plans for its top executives and key managers amounting to 1,519,862 shares. In accordance with local regulations, these senior executives and key employees will be eligible to receive Rexel shares, either after a period of two years from the grant date (12 May 2012), with a restriction on their sale for an additional two year period (12 May 2014) under the "2+2 Plan", or a period of four years after the grant date, with no subsequent restrictions on their sale, under the "4+0 Plan".

The actual delivery of these bonus shares is subject to continuation of employment and performance conditions laid down in the plan.

Vesting conditions are presented in the following table:

Beneficiaries	Members of Group Executive Committee and top managers		Other key employees		Total
Vesting conditions	Two years of service from grant date and performance conditions based on: (i) 2010 adjusted EBITDA, (ii) 2009/2011 adjusted EBITDA margin increase and (iii) 2010 Net Debt to adjusted EBITDA ratio		20% of the shares vested based on two years service from grant date and performance conditions based on: (i) 2010 adjusted EBITDA, (ii) 2009/2011 adjusted EBITDA margin increase and (iii) 2010 Net Debt to adjusted EBITDA ratio for 80% of the shares vested		
Plan	2+2 Plan	4+0 Plan	2+2 Plan	4+0 Plan	
Date of delivery	12 May 2012	12 May 2014	12 May 2012	12 May 2014	
Maximum number of shares granted on 11 May 2010	391,306	544,262	160,836	423,458	**1,519,862**
Canceled in 2010 due to present not satisfied	—	—	(3,874)	(17,314)	**(21,188)**
Canceled in 2010 due to performance not satisfied	(6,601)	(9,168)	(2,173)	(5,701)	**(23,643)**
Maximum number of shares allocated on 31 December 2010	384,705	535,094	154,789	400,443	**1,475,031**

The fair value of Rexel's shares granted to employees was valued at €10.80 per share, this valuation being based on the stock price at grant date. The impact of restrictions attached to dividends relating to these shares for the period until their delivery to beneficiaries has been deducted.

Plans issued in 2009

On 11 May 2009, Rexel entered into several bonus share plans for its senior executives and key employees for a total of 1,372,166 shares. Depending on local regulations, these employees and executives will be eligible to receive Rexel shares, either after a period of two years from the grant dates (12 May 2011), with a restriction on their sale for an additional two year period (12 May 2013), or after a period of four years from the grant date (12 May 2013) with no subsequent restrictions on their sale.

The actual transfer of these free shares is subject to the service and performance conditions of the schemes.

Vesting conditions are presented in the following table:

Beneficiaries	**Members of Group Executive Committee and top managers**		**Other key employees**		**Total**
Vesting conditions	Two years of service from grant date and performance conditions based on: (i) 2009 adjusted EBITDA, (ii) 2008/2010 adjusted EBITDA margin increase and (iii) 2009 Net Debt to adjusted EBITDA ratio		40% of the shares vested based on two years of service from grant date and performance conditions based on: (i) 2009 adjusted EBITDA, (ii) 2008/2010 adjusted EBITDA margin increase and (iii) 2009 Net Debt to adjusted EBITDA ratio for 60% of the shares vested		
Plan	2+2 Plan	4+0 Plan	2+2 Plan	4+0 Plan	
Date of delivery	12 May 2011	12 May 2013	12 May 2011	12 May 2013	
Maximum number of shares granted on 11 May 2009	107,934	218,884	259,282	786,066	**1,372,166**
Canceled in 2009 due to presence not satisfied	—	—	(8,511)	(19,006)	**(27,517)**
Canceled in 2009 due to performance not satisfied	(17,558)	(35,603)	(35,151)	(107,364)	**(195,676)**
Maximum number of shares allocated on 31 December 2009	90,376	183,281	215,620	659,696	**1,148,973**
Canceled in 2010 due to presence not satisfied	(11,600)	(13,300)	(22,755)	(48,485)	**(96,140)**
Maximum number of shares allocated on 31 December 2010	78,776	169,981	192,865	611,211	**1,052,833**

The fair value of Rexel's shares granted to employees was valued at €6.42 per share, with this valuation based upon the stock price at the grant date. As soon as it was decided that no dividend distribution was envisaged until the vesting date of these shares to the beneficiaries, no impact relating to the dividend distribution restriction attached to these shares has been taken into account in the fair value.

Plans issued in 2008

Rexel agreed several bonus share plans for its executive managers and key employees for a maximum number of 1,541,720 shares on 23 June 2008, increased by a further grant of 66,241 shares on 1 October 2008. Depending on local regulations, they will be eligible to receive Rexel shares, either after a period of two years from the grant date (24 June 2010 or 2 October 2010), with a restriction on their sale for an additional two year period (24 June 2012 or 2 October 2012), under the "2+2 Plan", or after a period of four years from the grant date with no further subsequent restrictions to their sale, under the "4+0 Plan".

The actual transfer of these bonus shares is subject to continuation of employment and performance conditions laid down in the plan.

Vesting conditions are presented in the following table:

Beneficiaries	**Members of Group Executive Committee and top managers**				**Key employees**				**Total**
Vesting conditions	Two years of service from grant date and performance conditions based on: (i) 2008 EBITDA, (ii) 2007/2009 EBITDA margin increase and (iii) 2009 Net Debt to adjusted EBITDA ratio				Two years of service from grant date and performance conditions based on: (i) 2008 EBITDA and (ii) 2007/2009 EBITDA margin increase				
Plan	2+2 Plan		4+0 Plan		2+2 Plan		4+0 Plan		
Date of delivery	24 June 2010	2 October 2010	24 June 2012	2 October 2012	24 June 2010	2 October 2010	24 June 2012	2 October 2012	
Maximum number of shares attributed on grant date	**241,211**	**—**	**217,920**	**28,436**	**280,698**	**3,456**	**801,891**	**34,349**	**1,607,961**
In 2008 due to presence not satisfied	—		—	—	(13,218)	—	(18,848)	(2,853)	**(34,919)**
Maximum number of shares on 31 December 2008	**241,211**	**—**	**217,920**	**28,436**	**267,480**	**3,456**	**783,043**	**31,496**	**1,573,042**
Canceled in 2009 due to presence not satisfied	(53,371)		—	—	(35,603)	—	(95,371)	(7,507)	**(191,852)**
Canceled in 2009 due to performance not satisfied	(155,179)		(180,031)	(23,492)	(115,697)	(1,724)	(343,193)	(11,975)	**(831,291)**
Maximum number of shares on 31 December 2009	**32,661**	**—**	**37,889**	**4,944**	**116,180**	**1,732**	**344,479**	**12,014**	**549,899**
Canceled in 2010 due to presence not satisfied	—	—	—	—	(2,810)	—	(17,280)	(2,303)	**(22,393)**
Issued in 2010	(32,661)		—	—	(113,370)	(1,732)	—	—	**(147,763)**
Maximum number of shares on 31 December 2010	**—**	**—**	**37,889**	**4,944**	**—**	**—**	**327,199**	**9,711**	**379,743**

The fair value of Rexel's shares granted to employees was valued at €7.88 per share, with this valuation based upon the stock price at the grant date. The impact of restrictions attached to dividends in relation to these shares for the period until their delivery to beneficiaries has been deducted in the valuation.

Plans issued in 2007

Concurrently with its stock market listing, Rexel introduced several plans for the grant of bonus shares to senior executives and key employees for a total of 5,022,190 shares on 11 April 2007 and an additional 33,991 shares were granted on 29 October 2007. Depending on local regulations, they will be eligible to receive Rexel shares, either after a period of two years from the grant dates (12 April 2009 or 30 October 2009), with a restriction on their sale for an additional two year period (12 April 2011 or 30 October 2011), or a period of four years from the grant date with no restrictions on their sale.

The actual transfer of these shares is subject to continuation of employment and performance conditions laid down in the plan.

Vesting conditions are presented in the following table:

Beneficiaries	Members of Group Executive Committee and top managers	Members of Group Executive Committee and top managers	Key employees		Total
Vesting conditions	**One year of service from grant date**	Performance conditions based on the consolidated 2007 EBITDA and one year of service from grant date	**Half of the shares will be allocated based on 2007 EBITDA and one year of service from grant date, and the other half based on 2008 EBITDA and two years of service from grant date**		
Date of delivery	11 April 2007	11 April 2007	11 April 2007	29 October 2007	
Maximum number of shares allocated on grant date	**2,556,576**	**1,193,055**	**1,272,559**	**33,991**	**5,056,181**
Canceled in 2007 due to presence not satisfied	—	—	(74,726)	—	**(74,726)**
Number of shares allocated on 31 December 2007	**2,556,576**	**1,193,055**	**1,197,833**	**33,991**	**4,981,455**
Canceled in 2008 due to presence not satisfied	—	(88,254)	(96,171)	—	**(184,425)**
Number of shares allocated on 31 December 2008	**2,556,576**	**1,104,801**	**1,101,662**	**33,991**	**4,797,030**
Canceled in 2009 due to presence not satisfied	—	—	(13,968)	(2,050)	**(16,018)**
Issued in 2009	(1,302,133)	(562,702)	(286,982)	(7,474)	**(2,159,291)**
Number of shares allocated on 31 December 2010	**1,254,443**	**542,099**	**800,712**	**24,467**	**2,621,721**

According to assumptions relating to the turnover of beneficiaries and achievement of performance conditions, the expense relating to these plans settled in share equity instruments totaled €74.4 million (with no tax impact), with the amount based on the public offer price of €16.50 per share. It has been allocated over the period of acquisition.

15.2 Stock option plans

Plans issued by Rexel in 2005

On 28 October 2005, Rexel established a share option subscription program (Plan No.1) that entitles key management personnel to purchase Rexel shares. On 31 May 2006 and 4 October 2006, further options were granted to new management personnel. On 30 November 2005, a share option subscription arrangement was set up for a broader circle of key employees of the Group (Plan No.2) with vesting conditions based on a four-year service period or the occurrence of certain events including in particular admission of the Company's shares to trading on a regulated market. On 31 May 2006, this plan was extended to new entrants.

Options granted under Plan No. 1 and Plan No. 2 vested in full upon the Initial Public Offering of Rexel shares in April 2007.

These options are exercisable by the beneficiaries at the fair value of the shares at the date of grant for a period of 10 years from grant date. These plans are qualified as equity-settled transactions.

Plans issued in 2003 and 2004 by Rexel Distribution S.A. prior to its acquisition

Prior to its acquisition by Rexel Développement S.A.S. (formerly Ray Acquisition S.C.A.), stock option schemes were granted annually by Rexel Distribution S.A. (formerly Rexel S.A.) to management personnel.

All options were taken up by beneficiaries and given the right to the physical allocation of shares. The allocation conditions are as follows:

Date of allocation / beneficiaries	Number of instruments originally allocated	Number of options active as of 31 December 2010	Options term
Options granted to management prior to 7 November 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 managers ("Plan No.1")			
— on 28 October 2005	2,711,000	32,820	2015
— on 31 May 2006	169,236	—	
— on 4 October 2006	164,460	267,452	
Options granted to key employees ("Plan No.2")			
— on 30 November 2005	259,050	286,190	2015
— on 31 May 2006	34,550	35,876	
Total options granted by Rexel	**3,338,296**	**622,338**	

Number of stock options

The number of stock options is detailed below:

(Number of options)	Rexel S.A. Plans 2005 Executives	Key employees	Rexel Distribution S.A. 2004 Plans	2003 Plans	Plans prior to 7 nov. 2002
Options existing 1 January 2008	**1,639,398**	**542,432**	**491,014**	**1,134**	**208,154**
Canceled during this period	—	(3,500)	—	(589)	(39,543)
Exercised during this period	—	—	(488,969)	—	—
Options existing 31 December 2008	**1,639,398**	**538,932**	**2,045**	**545**	**168,611**
Canceled during this period	—	—	(496)	—	(35,551)
Exercised during this period	—	(66,900)	—	—	—
Options existing 31 December 2009	**1,639,398**	**472,032**	**1,549**	**545**	**133,060**
Exercised during this period	(1,339,126)	(149,966)	—	—	—
Options existing 31 December 2010	**300,272**	**322,066**	**1,549**	**545**	**133,060**
Exercisable options at the end of period	300,272	322,066	1,549	545	133,060
Exercise price	€5/€6.5/€9.5	€5/€6.5	€28.49	€21.61	€59.68 €51.99

15.3 Employee share purchase plans

Pursuant to the authorisation granted by the Shareholders' Meeting held on 20 May 2010 and by the Supervisory Board on 20 May 2010, the Management Board meeting held on 31 August 2010 decided to realize a reserved capital increase without preferential subscription rights in favor of certain employees of the Group in the following countries: Germany, Austria, Belgium, Canada, Spain, the United States, France, Norway, The Netherlands, the United Kingdom, Sweden and Switzerland.

In most of these eligible countries, subscription has been carried out directly or through employee shareholding funds (*Fonds Commun de Placement d'Entreprise* or FCPE) which received approval from the *Autorité des Marchés Financiers* (AMF) on 1 June 2010. The subscription period closed on 27 September 2010.

The price of the employee offering, except for US participating employees, was set at the average of the opening price of Rexel shares over the 20 trading days preceding the decision of the Management Board, minus a 20% discount, thus resulting in a subscription price of €9.85 per share. For US employees the subscription price is equal to 85% of the Rexel share price on the Paris Stock Exchange on 10 September 2010, *i.e.*, €10.28 per share.

In France, participating employees benefit from an employer matching contribution equal to 100% of the subscribed amount up to €150 and 50% from €151 to €600. Outside France, employees have been granted two free matching shares for each of the first ten whole shares subscribed. For subsequent shares up to a limit of €750 invested, one matching share is allocated for each share subscribed. Matching shares are subject to a five-year service condition within the Group.

Settlement and delivery of the shares subscribed pursuant to this plan took place on 19 November 2010.

As of 31 December 2010, benefits granted to employees resulted in personnel costs of €1.2 million before tax of which €0.8 million related to the discount granted to employees, in addition to which €0.3 million related to the employer matching contribution offered to French beneficiaries and €0.1 million related to free shares granted to personnel from other countries (see note 15.4).

15.4 Share-based payment expenses

Expenses related to free share plans are accounted for in "Distribution and administrative expenses" (except for the 2007 plan which was accounted for in "Other expenses" in consideration of the non-recurring nature of the IPO) and are summarized as follows:

	For the period ended 31 December	
(in millions of euros)	**2010**	**2009**
Plans issued in 2007	—	2.3
Plans issued in 2008	1.1	1.2
Plans issued in 2009	3.3	2.0
Plans issued in 2010	4.5	—
Discount in connection with Employee Share Purchase Plan	0.8	—
Employer matching contribution offered to French beneficiaries	0.3	—
Free shares allocated under the Employee Share Purchase Plan	0.1	—
Total share-based payment expenses	**10.1**	**5.5**

16. EARNINGS PER SHARE

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

	Year ended 31 December	
	2010	2009
Net income attributed to Company shareholders (in millions of euros)	***228.5***	***80.6***
Weighted average number of common shares issued (*in thousands*)	259,301	256,877
Non dilutive potential shares (in thousands)	2,814	2,909
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	***262,115***	***259,786***
Basic earnings per share (in euros)	**0.87**	**0.31**
Net income attributed to Company shareholders (in millions of euros)	***228.5***	***80.6***
Weighted average number of issued common shares and non-dilutive potential shares (*in thousands*)	262,115	259,786
Potential dilutive shares (*in thousands*)	1,780	1,460
— *of which share options (in thousands)*	*268*	*517*
— *of which bonus shares (in thousands)*[(1)]	*1,512*	*943*
Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)	***263,895***	***261,246***
Fully diluted earnings per share (in euros)	**0.87**	**0.31**

(1) The number of potential dilutive shares does not include bonus shares whose allocation is subject to future performance.

17. PROVISIONS AND OTHER NON-CURRENT LIABILITIES

(in millions of euros)	As of 31 December 2010	2009
Provisions	126.4	181.2
Other non-current liabilities	31.7	54.2
Total	**156.3**	**235.4**

Other non-current liabilities essentially comprise the fair value of derivative instruments at €23.0 million (€43.7 million at 31 December 2009) (see note 20.1) and debts related to profit sharing schemes for French employees in the amount of €8.7 million (€10.5 million at 31 December 2009).

The variation in provisions is detailed in the table below:

(in millions of euros)	**Provision for restructuring**	**Provision for tax litigation**	**Provision for other litigation**	**Provision for vacant properties**	**Total provisions**
Balance at 1 January 2009	**23.5**	**35.2**	**64.8**	**50.5**	**174.0**
Change in consolidation scope	—	—	—	—	**—**
Increase	34.8	9.9	7.1	17.0	**68.8**
Use	(19.6)	(3.5)	(6.6)	(14.8)	**(44.5)**
Release	(0.6)	(0.9)	(14.9)	—	**(16.4)**
Translation differences	0.6	0.5	1.7	8.0	**10.8**
Other changes	(1.0)	(11.5)	(0.4)	1.4	**(11.5)**
At 31 December 2009	**37.7**	**29.7**	**51.7**	**62.1**	**181.2**
Change in consolidation scope	—	—	(3.4)	—	**(3.4)**
Increase	22.4	2.4	6.8	11.1	**42.7**
Use	(27.7)	(5.1)	(33.9)	(19.0)	**(85.7)**
Release	(2.2)	(5.7)	(1.0)	(2.7)	**(11.6)**
Translation differences	1.7	0.7	1.5	2.0	**5.9**
Other changes	(2.7)	0.4	(1.8)	(0.4)	**(4.5)**
At 31 December 2010	**29.2**	**22.4**	**19.9**	**53.1**	**124.6**

Provisions principally comprise:

— accrued expenses for social and voluntary redundancy plans to adapt the Group's structure to current trading conditions. These restructuring plans resulted in the closure of branches, distribution centers and administrative headquarters. Accrued expense for restructuring activities undertaken at 31 December 2010, mainly concerned France at €7.8 million (€12.2 million in 2009), United States at €6.0 million (€7.2 million in 2009), Sweden at €3.4 million (3.3 million in 2009), United Kingdom in the amount of €3.2 million, Canada at €2.4 million (€2.9 million in 2009), the Netherlands at €2.2 million and Spain in the amount of €2.1 million (€2.8 million in 2009);

— litigation concerning fiscal matters in France (see note 22.2) in the amount of €15.2 million (€19.2 million in 2009) and, in Canada, €4.0 million (€4.4 million in 2009);

— other litigation in the amount of €14.7 million, of which an amount of €7.6 million relating to warranties for products sold, in addition to litigation concerning personnel in the amount of €2.6 million (unchanged since 2009) and commercial litigation in an amount of €2.6 million. Change in provisions mainly relates to settlement of the Ceteco proceedings in the amount of €29.8 million, following the settlement agreement concluded on 8 February 2010 (see note 22);

— provisions for vacant properties amounting to €41.2 million in the United Kingdom (€43.1 million in 2009), including a €25.0 million reserve for onerous contract in relation to closure of a distribution centre operated by Hagemeyer and various lease contracts for vacant properties amounting to €9.4 million, including €5.0 million in the United States (€5.6 million in 2009) and €2.9 million in France (€5.8 million in 2009).

18. EMPLOYEE BENEFITS

The Group provides employee benefits under various arrangements, including defined benefit and defined contribution plans. The specific conditions of these plans vary according to the rules applying in each country concerned. These plans include pensions, lump-sum payments on retirement, jubilees, early retirement benefits, and health care and life insurance benefits in favor of former employees, including retired employees. The most significant funded retirement plans are in Canada, the United Kingdom, the United States, the Netherlands and Switzerland, and are managed through vehicles independent of the Group. In France and Italy, the obligations principally concern lump-sum payments on retirement and long service awards (jubilees), and are usually unfunded.

The change in the present value of the obligation in respect of defined benefit plans is as follows:

(in millions of euros)	Defined benefit obligations 2010	2009
At the beginning of the period	**1,040.3**	**924.1**
Service cost	16.2	14.3
Interest costs	54.7	51.8
Benefit payments	(51.1)	(47.1)
Employee contributions	3.5	3.6
Actuarial (gain) loss	14.2	58.2
Change in consolidation scope	(1.8)	—
Translation differences	59.6	38.2
Curtailment/settlement and other	(2.4)	(2.8)
At the end of the period	**1,133.2**	**1,040.3**

The change in the fair value of the defined benefit plan assets breaks down as follows:

(in millions of euros)	Fair value of the defined benefit plan assets 2010	2009
At the beginning of the period	**845.7**	**728.7**
Employer contributions	28.9	33.5
Employee contributions	3.5	3.6
Return on plan assets	47.3	99.1
Benefit payments	(51.1)	(47.1)
Translation differences	46.4	27.9
At the end of the period	**920.7**	**845.7**

The reconciliation of the liability recognized on the balance sheet with the present value of the obligation in respect of defined benefit plans is as follows:

	As of 31 December				
(in millions of euros)	2010	2009	2008	2007	2006
Restated defined benefit obligations	**1,133.2**	**1,040.3**	**924.1**	**461.6**	**482.0**
of which funded schemes	*1,030.5*	*951.1*	*842.1*	*370.6*	*385.6*
of which unfunded schemes	*102.7*	*89.2*	*82.0*	*91.0*	*96.4*
Fair value of plan assets	(920.7)	(845.7)	(728.7)	(353.1)	(343.6)
Funded status	**212.5**	**194.6**	**195.4**	**108.5**	**138.4**
Unrecognised actuarial gains and losses	(80.9)	(62.2)	(61.9)	14.4	(4.7)
Effect of the asset ceiling	—	—	—	2.7	—
Recognized provision for defined benefit obligations	**131.6**	**132.4**	**133.5**	**125.6**	**133.7**
of which "Employee benefits"	*174.4*	*173.8*	*175.4*	*125.6*	*133.7*
Of which "Other financial assets"[(1)]	*(42.8)*	*(41.4)*	*(41.9)*	—	—

(1) Of the €42.8 million surplus of the defined benefit plan assets over liabilities, €41.1 million relates to the Hagemeyer post-employment scheme in The Netherlands which is subject to minimum funding rules. Pursuant to the plan, the company is entitled to contribution holidays when the funding ratio is beyond 175%, and a refund of 80% of the surplus when the ratio is above 225% or upon termination of the plan for the amount of the surplus. As a result, no asset ceiling was recognised at 31 December 2010 or at 31 December 2009.

The expense recognised in the consolidated income statement breaks down as follows:

(in millions of euros)	As of 31 December 2010	2009
Service costs(1)	16.2	14.3
Interest cost(2)	54.7	51.8
Expected return on assets(2)	(46.7)	(39.8)
Curtailment and settlement(3)	(3.6)	(2.9)
Amortisation of actuarial gains / losses(1)	1.7	1.4
Past service costs(4)	1.0	—
Expense recognized	**23.3**	**24.8**

(1) Recognised as personnel costs (see note 6).

(2) Recognised as net financial expenses (see note 88).

(3) Recognised as other income and expenses (see note 77).

(4) Including income of €0.9 million included in personnel costs and an expense of €1.9 million included in other expenses.

The main actuarial assumptions at the date of the most recent actuarial valuation are as follows:

	Euro Zone		United Kingdom		Canada		United States		Switzerland	
(in %)	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Discount rate(1)	5.25	5.25	5.50	5.75	5.35	6.00	5.25	5.75	2.75	3.00
Expected return on plan assets(2)	5.15	4.90	6.60	6.70	6.75	6.75	7.75	7.75	3.60	3.60
Future salary increases	2.50	2.50	3.50	3.50	3.00	3.00	n/a	n/a	2.00	2.00
Future pension increases	2.00	2.00	2.55	2.55	2.00	2.00	n/a	n/a	1.00	1.00

(1) Discount rates have been set by reference to market yields on high quality corporate bonds with a similar duration to the underlying obligation. Discount rates were determined based on a database developed by Rexel's actuary which includes several hundreds of AA corporate bonds with durations from one year to approximately 30 years. For each plan, expected benefit payments are discounted using the rate that matches the plan duration. Then the database computes a single rate that, when applied to cash-flows of all plans, retrieves the same present value of the aggregated cash-flows of each individual plan.

(2) As a general rule, the expected long term return on assets has been calculated according to the weighted average of expected return on bonds and equities. The expected return on bonds has been assumed equal to the applicable discount rate as set out above. Expected return on equities was determined on the basis of the discount rate plus a 3% risk premium.

Sensitivity analysis

As of 31 December 2010, a 25 basis points decrease in discount rates would result in a €45.2 million increase in the present value of the defined benefit obligation. A 25 basis points decrease applied to the expected return on assets would result in a €2.2 million increase in the expense.

As of 31 December 2010, a 1% inflation rate increase in medical costs would translate to a €5.1 million increase in the present value of the health care plan obligation.

As of 31 December 2010, the weighted average allocation of Group funds invested for retirement plans by type of investment is as follows: 37% in stocks, 47% in bonds and 16% in other investment categories. This allocation was used to assess the expected rate of increase for pensions in 2010.

19. FINANCIAL LIABILITIES

This note provides information on financial liabilities as of 31 December 2010. Financial liabilities include interest-bearing loans, borrowings and accrued interest less transaction costs.

19.1 Net financial debt

(in millions of euros)	As of 31 December 2010 Courant	Non courant	Total	As of 31 December 2009 Courant	Non courant	Total
Senior Notes	—	669.5	669.5	—	575.0	575.0
Senior Credit Facilities	—	761.5	761.5	—	1,091.2	1,091.2
Securitisation programmes	—	1,067.6	1,067.6	—	1,056.6	1,056.6
Bank loans	6.6	1.9	8.5	3.9	2.3	6.2
Commercial paper programme	56.9	—	56.9	—	—	—
Bank overdrafts and other credit facilities	66.6	—	66.6	83.5	—	83,5
Finance lease obligations	5.7	7.2	12.9	6.9	11.0	17.9
Accrued interest(1)	5.2	—	5.2	5.7	—	5.7
Less transaction costs	(19.0)	(44.2)	(63.2)	(16.5)	(58.8)	(75.3)
Total financial debt and accrued interest	***122.0***	***2,463.5***	***2,585.5***	***83.5***	***2,677.3***	***2,760.8***
Cash and cash equivalents			(311.9)			(359.6)
Fair value hedge derivatives			(0.3)			—
Net financial debt			**2,273.3**			**2,401.2**

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

19.1.1 Senior Notes

On 21 December 2009, Rexel issued senior unsecured notes for a nominal sum of €575 million (the "Notes"). The funds raised were used to refinance part of the debt obligation relating to the previous Senior Credit Agreement. The Notes bear interest annually at 8.25% and are listed on the Luxembourg Stock Exchange. Rexel will pay interest on the Notes semi-annually on 15 June and 15 December starting from 15 June 2010. The notes will mature on 15 December 2016.

These Notes are guaranteed by certain of Rexel's subsidiaries. The Notes and all of Rexel's existing and future unsecured senior debt rank *pari passu* and senior to all its existing and future subordinated debt.

The Notes are redeemable in whole or in part at any time prior to 15 December 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 15 December 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)**
15 December 2013	104.125%
15 December 2014	102.063%
15 December 2015 and after	100.000%

In addition, at any time on or prior to 15 December 2012, the Notes are redeemable up to 35% of the outstanding principal amount with the net proceeds from an equity offering of new Rexel shares.

On 20 January 2010, Rexel issued €75 million of senior unsecured notes in addition to the notes issued on 21 December 2009 for an amount of €575 million. These additional notes fully assimilated to the notes issued on 21 December 2009 pay interest at a rate of 8.25% and are redeemable on 15 December 2016. The issue price was 102.33% of the nominal amount corresponding to €76.7 million.

The Notes are hedged at a fair value of €475 million. Their value has been adjusted to reflect interest rate fluctuations.

19.1.2 Senior Credit Agreement

As of 31 December 2010, facilities under the Senior Credit Agreement and other senior term loan agreements were as follows:

Credit facilities	Commitment	Underwriter	Balance due as of 31 December 2010	Currency	Balance due as of 31 December 2010
	(in millions of euros)		*(in millions of local currency)*		*(in millions of euros)*
			156.0	CAD	117.1
Facility A	390.7	Rexel SA	370.0	USD	276.9
			70.0	CHF	56.0
Facility B	1,074.0		500.0	SEK	55.8
		Rexel SA	294.6	USD	220.5
2009 Senior Credit Facilities subtotal	**1,464.7**				**726.2**
Bilateral line	35.3	Rexel SA	35.3	EUR	35.3
TOTAL	**1,500.0**				**761.5**

During the financial year ended 31 December 2010, the maximum commitment corresponding to Facilities A and B under the 2009 Senior Credit Agreement was reduced by €40 million in July 2010 (decreasing from €600.0 million to €586.0 million for Facility A and from €1,100.0 to €1,074.0 million for Facility B) following execution of a bilateral €40.0 million Term Loan Agreement on 28 July 2010. Terms and conditions under this Term Loan Agreement are similar to those applied to the 2009 Senior Credit Agreement (whose terms and conditions are described in the consolidated financial statements for the year ended 31 December 2009).

Furthermore, the maximum commitment corresponding to Facility A and the bilateral Term Loan Agreement was reduced by €200.0 million in December 2010 (decreasing from €586.0 million to €390.7 million for Facility A and from €40.0 million to €35.3 million for the bilateral Term Loan Agreement), in accordance with contractual provisions.

Interests and margin

These multicurrency credit facilities carry interest at EURIBOR or LIBOR rates depending on the currency in which amounts are drawn, plus a margin which varies depending on the leverage ratio.

At 31 December 2010 the applicable margin stood at 2.50% for Facility A and 2.75% for Facility B.

The margin applicable varies in accordance with the ranges in which the Pro Forma Leverage Ratio (as defined below) falls at the end of each semester as set out below:

Leverage ratio	Facility A Margin	Facility B Margin
Greater than or equal to 5.00:1	4.25%	4.50%
Less than 5.00:1 but greater than or equal to 4.50:1	3.50%	3.75%
Less than 4.50:1 but greater than or equal to 4.00:1	3.00%	3.25%
Less than 4.00:1 but greater than or equal to 3.50:1	2.50%	2.75%
Less than 3.50:1 but greater than or equal to 3.00:1	2.00%	2.25%
Less than 3.00:1 but greater than or equal to 2.50:1	1.75%	2.00%
Less than 2.50:1	1.50%	1.75%

In addition, the applicable margin shall be increased by a 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 applicable margin on that lender's available commitment under each facility.

Covenant (Pro Forma Leverage Ratio)

The Pro Forma Leverage Ratio corresponds to adjusted consolidated net debt relative to adjusted consolidated EBITDA, as such terms are defined below:

Adjusted Consolidated EBITDA means operating income before other income and other expenses, plus depreciation and amortization as set forth in the Group's consolidated financial statements and:

— includes adjusted EBITDA over the last 12 months of all of the companies acquired during the relevant period, pro rata to the Group's participation;

— includes proceeds relating to commodity price derivatives to hedge exposure to price fluctuations of certain commodities which do not qualify for cash flow hedge accounting under IFRS;

— excludes expenses relating to employee profit sharing and any share based payments or the granting of share subscription options;

— excludes restructuring costs relating to the integration of Hagemeyer and any other restructuring and/or acquisition costs relating to any other acquisitions,

— adjusted to exclude the non-recurring impact on the Group's consolidated EBITDA related to the price of copper in cables.

Adjusted consolidated net debt means all financial debt (whether the interest with respect to such debt is paid or capitalized) converted to the average rate of the last 12 months when the debt is in a currency other than the euro:

— less intra-group loans and transaction costs, as well as the financial charges accounted for as a result of the repayment of the debt outstanding under the previous facilities agreement;

— plus all indebtedness relating to the issuance of securities that are not mandatorily redeemable into shares and any other amount relating to a loan under international accounting standards;

— plus accrued interest (including capitalised interest), excluding interest accrued on intra-group loans;

— minus cash and cash equivalents.

Commitments

Under the terms of the Senior Credit Agreement, Rexel must maintain the Pro Forma Leverage Ratio below the following levels on the dates indicated:

Date	Leverage ratio
31 December 2010	4.90:1
30 June 2011	4.50:1
31 December 2011	4.00:1
30 June 2012	3.75:1
31 December 2012	3.50:1
30 June 2013	3.50:1
31 December 2013	3.50:1
30 June, 2014	3.50:1

As of 31 December 2010, this ratio was 3.19, thus satisfying the provisions of the Credit Agreement.

Other undertakings

The Senior Credit Agreement introduced covenants relating to limits on capital expenditure and restrictions on dividend payments when the Leverage Ratio pro forma exceeds 4.00:1.

Other covenants

The Senior Credit Agreement contains certain covenants that restrict the capacity of Group companies, parties to that Agreement and certain subsidiaries from (i) granting security interests or warranties based on their assets; (ii) making loans to others; (iii) creating security interests;

(iv) undertaking certain investments; (v) disposing of assets; or (vi) substantially changing the general nature of the Group's business.

Prepayment

The Senior Credit Agreement contains certain covenants for total or partial acceleration of maturity, particularly in the event of a change of control of Rexel, the sale of all or a part of Rexel's assets, payment default or in the event of accelerated maturity of other financial debt of certain Group entities (above established thresholds) or other events that are likely to have a significant negative effect on the obligations of borrowers and guarantors.

19.1.3 Securitisation programs

The Rexel Group runs several securitisation programmes presented in the table below, with the exception of the off-balance sheet US programme 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 securitisation programmes vary depending on the country. The relevant subsidiaries remain responsible for the collection of receivables once assigned. These receivables are assigned to special-purpose entities operating with no action required by the subsidiaries. The special purpose vehicles obtain the financing required to purchase these receivables, notably through the issuance of short-term debt instruments such as French, US, or Canadian commercial paper, which is rated by rating agencies.

In exchange for the assigned receivables, the subsidiaries receive a cash payment from the special purpose vehicle, the amount of which represents the value of the receivables minus an amount committed to guarantee their recovery, which latter amount is only reimbursed, in whole or in part, after complete payment of the receivables. However, under the U.S. securitisation programme, the relevant subsidiaries also have the option of contributing their receivables in exchange for subscribing the securitisation vehicle's subordinated notes.

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

Securitisation programmes are subject to certain covenants concerning the quality of the trade receivables portfolio including dilution (ratio of credit notes to eligible receivables), delinquency and default criteria (aging ratios measured respectively as overdue and doubtful receivables to eligible receivables). As of 31 December 2010, Rexel had satisfied all of these covenants.

The features of the securitisation programme are summarized in the table below:

Program	Commitment	Amount of receivables pledged as of 31 December 2010	Amount drawn down as of 31 December 2010	Balance as of		Repayment
				As of 31 December 2010	As of 31 December 2009	
2005 — Europe and Australia[1]	500.0 EUR	588.4 EUR	444.8 EUR	444.8	478.6	11/02/2012
United States	250.0 USD	387.3 USD	241.0 USD	180.4	155.8	23/12/2014
Canada[2]	140.0 CAD	238.4 CAD	140.0 CAD	105.1	107.1	13/12/2012
2008 — Europe	450.0 EUR	477.6 EUR	337.3 EUR	337.3	315.1	17/12/2013
TOTAL				**1,067.6**	**1,056.6**	

(1) On 30 July 2010, the 2005 securitisation programme implemented for Rexel's operation in Europe and Australia was amended to reduce the original commitment from €600 million to €500 million and to increase headroom on covenants related to portfolio triggers.

(2) The maximum authorised commitment was reduced from CAD175 million to CAD140 million in April 2010.

These receivables assignment programmes pay interest at variable rates plus a spread which is specific to each program.

As of December 31, 2010, the total commitment of these securitisation programmes was €1,242.2 million and was utilized up to €1,067.6 million.

Furthermore, Rexel also operates an off-balance sheet programme restricted to its US subsidiaries. Under this programme, all risks and rewards attached to the receivables are transferred to the purchaser and such receivables are derecognised (see note 11.2).

19.1.4 Commercial paper program

In September 2010, Rexel launched a €500 million commercial paper programme with a fixed maturity ranging from one to three months depending on the notes issued to diversify the investor base and minimize the cost of financing.

As of 31 December 2010, the company had issued €56.9 million in commercial paper.

19.2 Change in net financial debt

As of 31 December 2010 and 2009, the change in net financial debt is as follows:

(in million of euros)	2010	2009
As of 1 January	**2,401.2**	**2,932.0**
Repayment of 2008 Senior Credit Agreement	—	(2,401.0)
Subscriptions (Repayments) of 2009 Senior Credit Agreement	(407.8)	1 082.0
Subscription of Senior Notes	76.7	575.0
Issuance of commercial paper	56.9	—
Transaction costs related to refinancing	(5.0)	(64.1)
Net change in other credit facilities and bank overdrafts	(24.4)	4.5
Net change in credit facilities	**(303.6)**	**(803.6)**
Net change in securitisation	(34.3)	(236.2)
Payment of finance lease liabilities	(5.2)	(7.7)
Net change in financial liabilities	***(343.1)***	***(1,047.5)***
Change in cash and cash equivalents	14.6	406.3
Translation difference	154.3	70.2
Change in consolidation scope	10.1	5.5
Amortisation of transaction costs	17.4	36.6
Change in fair value and other changes	18.8	(1.9)
At 31 December	**2,273.3**	**2,401.2**

On 20 January 2010, Rexel issued €75 million of notes in addition to the notes issued on 21 December 2009 in an amount of €575 million. These additional notes, which are the same as the notes issued on 21 December 2009, pay interest at a rate of 8.25% and are redeemable on 15 December 2016. The issue price was 102.33% of the nominal amount equating to €76.7 million. Interest payments are due semi-annually on 15 June and 15 December each year, starting from 15 June 2010.

In the year ended 31 December 2009, the net change in lines of credit included the following operations:

Refinancing of the 2008 Senior Credit Agreement and issuance of Senior Notes in December 2009

On 21 December 2009 the remaining amount due under the 2008 Senior Credit Agreement was entirely redeemed for €2,104.7 million. This Credit Agreement was refinanced simultaneously by drawings under the new Senior Credit Agreement for an amount of €1,082 million and the issuance of the €575 million senior unsecured notes. The balance was paid with available cash at the date of the transaction. Financing fees related to this transaction amounted to €13.0 million for the issuance of Senior Notes and €27.9 million for setting up the new Senior Credit Agreement.

Amendment of the 2008 Senior Credit Agreement in July 2009

As part of the execution of the amendment to the 2008 Senior Credit Agreement signed on 30 July 2009, Rexel paid off €150.0 million early under Facility A and €60.0 million under Facility A'. Financing fees related to these transactions amounted to €22.8 million.

Repayment of Facility D under the 2008 Senior Credit Agreement in March 2009

On 26 March 2009, the remaining amount due under Facility D of the 2008 Senior Credit Agreement was fully repaid at €86.7 million. This two-year term facility was repaid in part with the proceeds from new securitisation programmes set up by Rexel in December 2008 following the acquisition of Hagemeyer.

20. MARKET RISKS AND FINANCIAL INSTRUMENTS

20.1 Interest rate risk

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

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

	As of 31 December	
(in millions of euros)	2010	2009
Senior notes and other fixed rate debt(1)	670.6	585.5
Fixed-rate debt before hedging	*670.6*	*585.5*
Floating to fixed rate swaps	1,286.4	1,047.8
Fixed to floating rate swaps	(475.0)	(225.0)
Active Interest rate options — Collars(2)	721.3	1,057.6
Sub total fixed or capped rate debt after hedging	**2,203.3**	**2,465.9**
Floating rate debt before hedging	1,914.4	2,175.3
Floating to fixed rate swaps	(1,286.4)	(1,047.8)
Fixed to floating rate swaps	475.0	225.0
Active Interest rate options — Collars(2)	(721.3)	(1,057.6)
Cash and cash equivalents	(311.9)	(359.6)
Sub total current floating rate debt after hedging	**70.0**	**(64.7)**
Active Interest rate options — Collars(2)	—	—
Sub total current floating rate debt after hedging	**70.0**	**(64.7)**
Total net financial debt	**2,273.3**	**2,401.2**

(1) After deduction of the €0.3 million in connection with the fair value hedge of the senior notes

(2) Interest rate options for which one of the exercise price (cap or floor) is in the money.

Fair value hedge derivatives

The Group partially swapped the fixed rate debt on the Senior Notes for €475.0 million in variable rate debt. These derivatives are classified as fair value hedges.

As of 31 December 2010, the portfolio associated with derivative financial instruments that qualify as fair value hedges was as follows:

	Total notional amount	Maturity	Weighted average fixed rate paid (received)	Variable rate paid (received)	Fair value[2]
	(in millions of euros)				*(in millions of euros)*
Swaps paying floating rate					
Euro	100.0	March 2011	(2.99)%	3M Euribor	**0.5**
	375.0	December 2016	(2.84)%	3M Euribor	**6.0**
	100.0	December 2016[1]	(2.35)%	3M Euribor	**(1.5)**
Swaps paying fixed rate					
Euro	(100.0)	March 2011	2.67%	(3M Euribor)	**(0.4)**
	(150.0)	March 2012	2.19%	(3M Euribor)	**(2.0)**
	(100.0)	March 2013	2.29%	(3M Euribor)	**(2.0)**
Total					**0.6**

(1) Starting date : March 2011

(2) Fair value including €0.2 million of interest accrued as of 31 December 2010

The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised on the income statement as interest expenses on borrowings. The changes in fair value of the derivatives created to hedge the changes in the fair value of the hedged item are recognised in the income statement to match each other. The change in fair value of these fair value hedging rate swaps for the period ended 31 December 2010 was a gain of €4.2 million, thereby partially offsetting a loss of €5.3 million resulting from the change in the fair value of the Senior Notes.

Cash flow hedge derivatives

In accordance with the policy described above, the Group has entered into several interest rate swap and collar contracts.

These variable-rate receiver and fixed-rate payer swaps mature between March 2010 and March 2014. It is the Group's intention to renew a material part of these swaps in order to hedge the variability of future interest expense related to its variable rate debt according to its aforementioned policy. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning trends of the interest rates linked to those currencies. Those instruments are classified as cash flow hedges and are measured at fair value.

It is the Group's intention to renew a material part of these swaps when they mature in order to hedge the variability of future interest expense related to its variable rate debt in accordance with its policy. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning trends of the interest rates linked to those currencies. Those instruments are classified as cash flow hedges and are measured at fair value.

As of 31 December 2010, derivative instruments classified as cash flow hedges were as follows:

	Total notional amount		Maturity	Floating rate received	Weighted average fixed rate paid	Fair value[3]
	(in millions of local currency)	*(in millions of euros)*				*(in millions of euros)*
Swaps paying fixed rate						
Swiss Franc	30.0[1]	24.0	March 2011	3M Libor	0.35%	(0.0)
	40.0	32.0	March 2013	3M Libor	0.94%	(0.4)
	90.0	72.0	March 2014[2]	3M Libor	0.81%	(0.0)
Canadian Dollar	100.0	75.1	September 2013	3M Libor	1.57%	0.9
	70.0	52.5	March 2013	3M Libor	2.72%	(1.0)
Euro	100.0	100.0	March 2012[2]	3M Euribor	1.42%	(0.2)
	200.0	200.0	March 2014[2]	1M Euribor	1.39%	1.8
Swedish Krona	500.0	55.8	September 2012	3M Stibor	2.59%	(0.2)
US Dollar	200.0	149.7	September 2011	3M Libor	3.35%	(3.4)
	230.0	172.1	December 2011	3M Libor	3.50%	(5.4)
	200.0	149.7	September 2012	3M Libor	3.18%	(6.7)
	280.0	209.5	March 2013	3M Libor	2.82%	(9.3)
Pound Sterling	25.0	29.0	March 2012[2]	3M Libor	1.97%	(0.3)
Total		**1,321.4**				**(24.2)**

(1) Swap of a total notional amounf of 50 millions Swiss francs of which 20 million are ineligible for cash flow hedges since they exceed the underlying debt. This reclassification trigger the recycling to earnings of the unrealised value of this component of the swap, with no significant impact on the accounts as of the end of December.

(2) Starting date: March 2011

(3) Fair value including (€1.0) million of interest accrued as of 31 December 2010

	Total notional amount		Maturity	Floating rate received	Weighted average fixed rate paid	Fair value[2]
	(in millions of local currency)	*(in millions of euros)*				*(in millions of euros)*
Collars						
Euro[1]	550.0	550.0	March 2011	3M Euribor	2.65%-4.50%	(2.2)
Pound Sterling	66.0	76.7	March 2011	3M Libor	3.75%-5.75%	(0.6)
Canadian Dollar	126.0	94.6	March 2011	3M C-Dor	2.75%-5.00%	(0.4)
Total		**721.3**				**(3.2)**

(1) The initial notional amount of €900 million was reduced to €550 million on 26 February 2010 and simultaneously Rexel entered into three swaps paying a fixed rate for a total notional amount of €350 million (see note on fair value hedge derivatives).

(2) Fair value including €0.5 million of accrued interest at 31 December 2010

The change in fair value of the cash flow hedge instruments for the period ended 31 December 2010 was recognised as a €19.5 million increase in shareholders' equity before tax.

The following table indicates the periods in which the Group expects the cash flow associated with derivative instruments qualified as cash flow hedges to take place. They will be recognised in the income statement following the same schedule:

(in millions of euros)	Fair value	One year	Two years	Three years	Thereafter
Derivative assets	3.6		0.2	2.7	0.7
Derivative liabilities	(29.4)	(22.7)	(6.2)	(0.4)	—
Derivatives	**(25.8)**	**(22.7)**	**(6.1)**	**2.3**	**0.7**
Cash flow hedged	**(25.8)**	**(22.7)**	**(6.1)**	**2.3**	**0.7**

Sensitivity to interest rate variation

As of 31 December 2010 a 1% rise in interest rates on variable debt after effective interest rate hedging would lead to an increase in the yearly interest expense estimated at €5.2 million and an equity increase of €16.4 million.

20.2 Currency risk exposure

Forward contracts

Exchange risk exposure arises principally from external financing in foreign currencies or financing extended to foreign affiliates in their local currency or that received from them. In order to neutralise the exposure to the exchange rate risk, the positions denominated in currencies other than the euro are hedged using forward contracts with a term generally ranging from one to three months. The hedge contracts are renewed as necessary while exposure remains.

Currency options

In addition, since the presentation of the financial statements is in euro, the Group is required to translate income and expenses denominated in other currencies into euro in preparing its financial statements at average rates applicable to the period. Therefore, the Group has entered into several currency options to partially hedge the effect of its exposure to the translation risk related to its foreign operations. These instruments are qualified as held for trading under IAS 39.

The notional amount and the fair value of financial instruments hedging currency risk as of 31 December 2010 were €147 million (€445 million forward sales and €298 million forward purchases) and (€2.7) million respectively. The change in fair value of currency derivatives came to €6.0 million as of 31 December 2010 and is recognised on the income statement as net financial income for €6.3 million (see Note 8) and as an operating loss of €0.2 million and lastly very little in the cash flow hedge reserve.

Sensitivity to changes in foreign exchange rates

The presentation currency of the financial statements being the euro, the Group is required to translate into euro those assets, liabilities, revenues and expenses denominated in currencies other than the euro in preparing its financial statements.

The results of these operations are included in the Group's consolidated income statement after conversion at the average rate applicable to the period. A 5% increase (or decrease) of the euro against the US dollar and the Canadian dollar would have led to a decrease (increase) in sales of €180.8 million and a decrease (increase) in operating income before other income and other expenses of €6.7 million.

The Group's financial liabilities and shareholders' equity are likewise included on its consolidated balance sheet after conversion at the financial year-end exchange rate. Thus, a 5% appreciation (depreciation) of the euro against the other currencies as compared to the closing exchange rates as of 31 December 2010 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €68.0 million and €86.3 million(1) respectively.

(1) Taking into account the reclassification of translation adjustments related to the indebtedness qualified as net investment hedge into equity

Financial debt per repayment currency

The table below presents the financial debt's sensitivity to exchange rate changes for each repayment currency:

(in millions of euros)	euro	US dollar	Canadian dollar	Australian dollar	Norwegian krona	Swedish krona	Pound sterling	Swiss franc	Other currencies	Total
Financial liabilities	1,295.4	696.3	222.4	99.2	1.1	56.7	145.1	56.5	12.9	2,585.5
Fair value hedge derivatives	(0.3)	—	—	—	—	—	—	—	—	(0.3)
Cash and cash equivalents	(204.8)	(33.2)	1.6	(23.0)	(11.2)	(0.9)	(10.9)	(5.2)	(24.3)	(311.9)
Net financial position before hedging	**1,090.3**	**663.1**	**224.0**	**76.2**	**(10.1)**	**55.7**	**134.2**	**51.3**	**(11.4)**	**2,273.3**
Impact of hedge	(176.2)	(87.9)	12.2	(7.4)	(27.8)	130.6	(121.1)	219.5	58.1	—
Net financial position after hedging	**914.1**	**575.3**	**236.2**	**68.8**	**(37.9)**	**186.4**	**13.1**	**270.8**	**46.6**	**2,273.3**
Impact of a 5% increase in exchange rate		28.8	11.8	3.4	(1.9)	9.3	0.7	13.5	2.3	**68.0**

20.3 Liquidity Risk

The €650 million of debt from the Senior Notes matures in December 2016 while that relating to the Senior Credit Agreement and to the bilateral credit agreement matures in December 2014 for €726.2 million and €35.3 million respectively.

Rexel may be required to repay amounts due early as a result of non-compliance with covenants set forth in note 19.1.2.

Lastly, securitisation programmes mature in 2012, 2013 and 2014. The financing arising from these programmes directly depends on the amounts and quality of the portfolio of transferred receivables. In the event that the relevant companies do not comply with certain obligations, these securitisation programmes may have to be repaid early, which could have an adverse effect on the Group's liquidity and financial situation. In addition, if the special purpose entities to which the receivables have been transferred were unable to issue short term debt (commercial paper, *billets de trésorerie*) under conditions that are equal to those available up to now, the Group's liquidity and financial position could be affected.

The contractual repayment schedule of the principal portion of the financial debt is as follows:

	As of 31 December	
(in millions of euros)	2010	2009
Maturities :		
One year	140.9	99.9
Two years	553.5	4.0
Three years	334.6	584.7
Four years	941.1	314.6
Five years	1.8	1,248.8
Thereafter	676.8	584.1
Sub-total financial debt	**2,648.7**	**2,836.1**
Transaction costs	(63.2)	(75.3)
Financial debt	**2,585.5**	**2,760.8**

As of 31 December, 2010, the remaining contractual due dates in relation to financial indebtedness and derivatives, including interest owed, are as follows:

(in millions of euros)	Financial debt & interest	Derivatives	Total
Maturities :			
One year	254.8	(20.7)	234.1
Two years	663.6	(3.2)	660.5
Three years	440.0	3.1	443.0
Four years	1,036.1	(1.0)	1,035.1
Five years	55.4	(3.2)	52.2
Thereafter	725.5	(4.3)	721.3
Total	**3,175.5**	**(29.2)**	**3,146.2**

In addition, trade accounts payable amounted to €1,866.2 million at 31 December 2010 (€1,676.0 million at 31 December 2009) are due within one year.

20.4 Counterparty risk

The financial instruments that could expose the Group to counterparty risk are mainly trade accounts receivable, cash and cash equivalents and derivative instruments.

Credit risk with respect to trade accounts receivable is limited due to the large number of customers, the diversity of their activities (contractors, manufacturers, municipalities), and their geographical spread in France and abroad. In addition, credit insurance programs have been implemented in the majority of the significant countries in which the Group operates. The maximum risk corresponding to the total accounts receivable after impairment amounted to €2,022.0 million and is detailed in note 11.2 Trade receivables.

The counterparty risk concerning cash, cash equivalents and hedging instruments is likewise limited by the quality of the relevant counterparties, which are the Group's traditional banking partners for its financing and are almost exclusively based in Europe. The outstanding amount was €321.1 million as of 31 December 2010 (€363.5 million as of 31 December 2009), which equals the net book value of the aforementioned items.

The maximum counterparty risk on the Group's other financial assets was €404.7 million (€370.7 million as of 31 December 2009) and essentially corresponds to supplier discounts receivable.

21. SUMMARY OF FINANCIAL LIABILITIES

			As of 31 December			
			2010		2009	
(in millions of euros)	Category IAS 39	Hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
Bonds	AC		669.5	718.3	575.0	579.3
Other financial debts, including accrued interest	AC		1,916.0	1,916.0	2,185.8	2,185.8
Total financial liabilities			**2,585.5**	—	**2,760.8**	—
Hedging derivatives(1)	N/A	2	23.0	23.0	43.7	43.7
Other liabilities(2)	N/A		8.7	N/A	10.5	N/A
Total other non-current liabilities			**31.7**	—	**54.2**	—
Trade accounts payable	AC		1,866.2	1,866.2	1,676.0	1,676.0
Customer rebates payable	AC		101.7	101.7	102.4	102.4
Personnel and social security charges(2)	N/A		248.1	N/A	216.7	N/A
VAT receivables and other sales taxes(2)	N/A		67.2	N/A	65.8	N/A
Hedging derivatives(1)	N/A		11.3	11.3	4.1	4.1
Other derivatives	TR	2	4.0	4.0	9.9	9.9
Other liabilities	AC		147.6	147.6	149.7	149.7
Deferred income(2)	N/A		4.2	N/A	3.7	N/A
Total other debts			**584.1**	—	**552.3**	—

(1) Accounting method specific to hedging.

(2) Classifed as a financial liability under IAS 39.

Financial liabilities — stated as amortized cost	AC
Held for trading	TR
Fair value throught profit or loss	FV
Not applicable	N/A

22. LITIGATION

22.1 Litigation

The Rexel Group is subject to legal, administrative and regulatory proceedings in the normal course of its business. A provision is recognised in the balance sheet when it is probable that an outflow of economic benefits from Rexel or one of its subsidiaries will be required to settle the obligation and when the amount can be estimated reliably.

The principal proceedings are set out below.

Settlement of litigation regarding bankruptcy of Ceteco

On 8 February 2010, Hagemeyer N.V., the Management Board of Ceteco, the auditors of Ceteco and one of its insurance companies, entered into a settlement with Ceteco's receivers, under which all legal actions and claims pursuant to Ceteco's bankruptcy were withdrawn and definitely waived. On 1 March 2010, as per this settlement, Hagemeyer N.V. paid €29.8 million to Ceteco's receivers net of payments by Sonepar amounting to €23.4 million (pursuant to the 23 October 2007 agreement between Rexel and Sonepar providing for certain provisions in relation to the allocation of any losses suffered as a result of this litigation proceeding), and payments by other parties. A provision had been recorded for this litigation as of 31 December 2009.

Litigation relating to Elettroveneta

During 2007, Rexel Italia, an indirect subsidiary of Rexel, considered the acquisition of Elettroveneta, an Italian corporation operating mainly in the region of Veneto. In 2007, further to a disagreement on the price, the signature of the agreement was cancelled. On 31 July 2008, the shareholders of Elettroveneta filed a claim with the court of Monza against Rexel Italia, Rexel SA and its manager based on the allegation that an agreement on the price had been reached and that an agreement therefore existed between the parties despite the lack of signature.

Elettroveneta's shareholders have filed a claim with the Court of Monza to be indemnified for the losses suffered, for a minimum amount of €24.8 million excluding interest. Elettroveneta's shareholders consider that the losses suffered are between €24.5 million and €29.5 million. The Court of Monza recognised that it was not competent to rule on the matter and dismissed itself; the proceedings are now reinstated before the Court of Milan.

The Group believes that it has sound legal grounds to defeat this claim, but cannot give assurances that its defense will ultimately prevail.

Asbestos litigation

The Group is party to several proceedings relating to exposure to asbestos-containing materials in the United States. The Group believes that the risk of it being ordered to pay significant amounts in connection with these proceedings is limited, and that these lawsuits will not therefore have, individually or as a whole, a material adverse effect on its financial condition or results of operations, since the claims may be rejected or settled for amounts partially or totally covered by Rexel's insurance policies. Considering the wide range of these claims, the different stages in the proceedings, the number of defendants and the absence of any individual claim against the Group, the Group cannot give any assurances in this respect, nor can it predict with certainty what the outcome of these lawsuits will be. Based on the current situation, the Group is therefore unable to predict the financial consequences that may result from these proceedings.

22.2 Tax litigation

The principal tax proceedings involving Group companies as of 31 December 2010 are described below:

Manudax Belgium

Manudax Belgium N.V., one of Hagemeyer's Belgian subsidiaries, entered into voluntary liquidation on 27 November 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 31 December 2007 amounts to €52.1 million. All reassessments have been challenged by Manudax Belgium.

The time allowed for recourse against Manudax's shareholder is statute barred. Accordingly, the recoverable amount is limited by the Manudax assets under liquidation, a value estimated at €14 million. Since the Group's participation in Manudax has completely depreciated, Rexel deems that the outcome of this litigation should not impact its financial condition.

Rexel Développement

In 2008, Rexel Développement S.A.S. was subject to a tax audit for the fiscal years 2005 and 2006.

In December 2008, French tax authorities notified a tax reassessment relating to services invoiced in 2005 by Clayton Dubilier & Rice Inc., Eurazeo and Merrill Lynch Global Partners Inc. at the time of the buy-out of Rexel Distribution in an amount of €33.6 million. These services are alleged not to have been rendered in the business interests of the company and are classified as constructive dividends. The taxes reassessed amounted to €22 million including interest for late payment, and a notice was issued to this effect in February 2010. As Rexel Développement's claim against the reassessment was dismissed, it filed an application with the Administrative Court in December 2010. A provision has been set aside for the full amount of the corresponding tax expense by writing down deferred tax assets for the corresponding part of tax losses carried forward, as well as a provision for risks.

Rexel Distribution

In 2008, Rexel Distribution was notified of a proposed tax reassessment by the French tax authorities which alleged that the selling price of its shareholding in Rexel Inc. (Rexel's US subsidiary), transferred in 2005 to its Luxembourg subsidiary Rexel Luxembourg (formerly Mexel), was €346 million lower than its market value. The reassessment at year-end 2009 amounted to €46.2 million, resulting in a maximum income tax expense of around €18 million, which is covered in full by a provision. The Group challenged this decision after the tax reassessment notice was served in February 2010. A provision was recognised for this amount by writing down deferred tax assets on tax losses carried forward as well as a provision for risks.

22.3 Other contingent liabilities

The Group has granted the following warranties to purchasers in connection with the disposal of certain subsidiaries. These warranties had not been called at year-end.

Warranties given in connection with the sale of HCL Asia

In connection with the disposal of HCL Asia (see Note 7.2), the Group granted the purchaser a warranty for contingent liabilities amounting to USD 2.5 million, excluding tax and pension claims (USD 7.0 million including tax and pension claims). The warranty expires in September 2011, with the exception of tax claims for which local statutes of limitation apply.

Warranties given in connection with the sale of Haagtechno B.V.

In connection with the sale and purchase agreement relating to the disposal of Haagtechno B.V. (see Note 7.2), the Group granted the purchaser a warranty for contingent liabilities amounting to €1.6 million. The warranty is effective for an aggregate amount of damages exceeding €0.5 million, in which case the full amount is recovered by the purchaser. The agreement also provides that the warranty shall only be effective for 12 months as from the transaction date (30 June 2010), with the exception of the tax claims for which the applicable statute of limitation period applies.

Environmental warranty

Under an agreement signed on 28 February 2003 with Ashtenne, a real estate company, concerning a sale and leaseback transaction relating to 45 sites in Europe, the Group agreed to indemnify the purchaser for any environmental liabilities with respect to third party claims and governmental injunctions. This warranty covers a maximum of €4 million before taxes for all of the properties sold, with a minimum threshold of €30,000. This commitment expires five years after the expiration of the lease.

Warranties given in connection with the sale of the non-core business of Westburne in Canada

Effective 30 June 2001, the Group sold the non-electrical portion of its business, namely Plumbing and Waterworks, Refrigeration & HVAC and Industrial Products, operated by various wholly-owned subsidiaries in Canada for CAD$550 million. As part of the purchase and sale agreement, the Company retained certain liabilities of the businesses which related to events occurring prior to their sale, such as taxes, acquisition earn-outs to prior owners, litigation and employment matters. The Company agreed to indemnify the purchaser in the event that a third party asserts a claim against the purchaser that relates to liabilities retained by the Company. According to the purchase and sale agreement, the Company will be released from its obligations under these warranties over a 15-year period with the final obligations being released in 2016.

To the best of Rexel's knowledge, over the last financial year there were no other legal or arbitration proceedings that might have or recently had a material impact on the financial situation or profitability of Rexel.

23. RELATED PARTY TRANSACTIONS

Executive compensation

Expenses relating to compensation of the executive committee members of the Group are as follows:

(in millions of euros)	For the year ended 31 December 2010	2009
Salaries and other short-term benefits	11.1	10.3
Post-employment benefits (service costs)	2.4	1.9
Severance benefits	0.6	—
Free shares and stock options[1]	2.2	0.3

(1) Share-based payment expense is detailed in note 15.1 — Free shares schemes.

Salaries and other short-term benefits comprise the social security contributions and payroll taxes paid by the Group.

In the event of a breach of employment contract, the Group could have to compensate the Executive Committee members a total amount of €11.9 million.

24. CONTRACTUAL OBLIGATIONS

The following table details the due dates of the Group's financial debts, operating lease contracts and service agreements:

	Payments outstanding as of 31 December 2010					
(in millions of euros)	Total	2011	2012	2013	2014	>2014
Gross financial debt	**2,648.7**	140.9	553.5	334.6	941.1	678.6
Operating leases	**651.8**	185.2	142.3	103.5	74.4	146.4
Service agreements	**126.4**	30.3	27.3	26.2	22.1	20.5

Commitments under operating lease contracts

The above table presents the minimum lease payments under non-cancelable leases of buildings and installations which fall due more than one year after 31 December 2010.

The total expense under operating lease contracts was €218.7 million for the year ended 31 December 2010 (€223.6 million as of 31 December 2009).

Non-cancelable service agreements

As part of its policy of outsourcing IT resources, the Group has entered into service agreements implying financial commitments and penalties for early termination. Fees remaining due in respect of these service agreements came to €126.4 million as of 31 December 2010.

25. EVENTS AFTER THE CLOSURE OF THE FINANCIAL YEAR

As part of its external growth strategy, in January 2011 the Group announced its acquisition of Nortel Suprimentos Industriais in Brazil, Yantra Automation Private Ltd in India and Wuhan Rockcenter Automation in China. These acquisitions will help it expand its global footprint into three emerging countries.

Nortel Suprimentos Industriais is among the top three Brazilian distributors of electrical materials. It is based in Campinas in São Paulo State and has annual sales of around €110 million. The acquisition is to be carried out in two stages: an initial 75% majority stake acquired in January 2011, followed by acquisition of the remaining shares at the beginning of 2013 at a set price based on the company's operating performance in financial years 2011 and 2012.

Yantra Automation Private Ltd is a distributor specializing in automation and industrial controls. Based in Pune in India's Maharashtra State, it has annual sales of around €12 million. Pursuant to the acquisition agreement, the Group acquired an initial 74% majority stake in Yantra Automation Private Ltd in January 2011, and will acquire the remaining shares in 2014 at a set price based on the company's future operating performance.

Wuhan Rockcenter Automation Co. Ltd is based in Wuhan, the capital of the Hubei province in Central China and posted sales of around €10 million in 2010. The Group acquired the assets and the business of this company. The acquisition price is subject to an earn-out based on future performance.

The aggregate amount paid for these acquisitions is €59.3 million. At the closure of the consolidated financial statements, the Group did not have sufficient information to allocate the consideration transferred in these transactions.

26. CONSOLIDATED ENTITIES AS OF 31 DECEMBER 2010

	Head office	% Interest	% Control
FRANCE			
Holding companies and Group services companies			
Rexel S.A.	Paris	Parent company	
Rexel Développement S.A.S.	Paris	100.00	100.00
Rexel Distribution S.A.	Paris	100.00	100.00
Rexel Services S.A.S.	Paris	100.00	100.00
Société Immobilière d'Investissement Parisienne S.N.C.	Paris	100.00	100.00
Société Logistique Appliquée S.N.C.	Paris	100.00	100.00
Rexel Financement S.N.C.	Paris	100.00	100.00
Rexel Amérique latine S.A.S.	Paris	100.00	100.00
SCI Adour Bastillac	Paris	70.00	100.00
SCI CM Immobilier	Paris	100.00	100.00
Operating companies			
Rexel France S.A.S.	Paris	100.00	100.00
Dismo France S.A.S.	St-Ouen l'Aumône	100.00	100.00
Espace Elec S.A.S.	Bastia	100.00	100.00
Bizline S.A.S.	Paris	100.00	100.00
Citadel S.A.S.	Paris	100.00	100.00
Conectis S.A.S.	Paris	100.00	100.00
Francofa	Rosny-sous-Bois	100.00	100.00
EUROPE			
Germany			
Rexel GmbH	Munich	100.00	100.00
Simple System GmbH & Co KG	Munich	20.00	20.00
Euro Marketing & Deinstleistungs GmbH	Munich	100.00	100.00
Hagemeyer Deutschland GmbH & Co KG	Munich	100.00	100.00
Hagemeyer Deutschland Verwaltungs GmbH	Munich	100.00	100.00
Hagemeyer Beteiligungs GmbH	Munich	100.00	100.00
Silstar Deuthschland GmbH	Emmerich	100.00	100.00
Hagemeyer Holding Deutschland GmbH	Munich	100.00	100.00
United Kingdom			
CDME UK Ltd	Potters Bar	100.00	100.00
Rexel Senate Ltd	Potters Bar	100.00	100.00
Denmans Electrical Wholesalers Ltd	Potters Bar	100.00	100.00
Martines Ltd	Potters Bar	100.00	100.00
Power Industries Ltd	Erdington	100.00	100.00
Clearlight Electrical Ltd	Erdington	100.00	100.00
Rexel Senate Pension Trustees Ltd.	Potters Bar	100.00	100.00
Senate Group Ltd	Potters Bar	100.00	100.00

	Head office	% Interest	% Control
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
Rexel (UK) Ltd.	Birmingham	100.00	100.00
Newey & Eyre Ltd.	Birmingham	100.00	100.00
Parker Merchanting Limited	Birmingham	100.00	100.00
WF Electrical Plc	Dagenham	100.00	100.00
Newey & Eyre (C.I.) Ltd.	Birmingham	100.00	100.00
Neilco Ltd.	Birmingham	100.00	100.00
Warrior (1979) Ltd.	Birmingham	100.00	100.00
Newey & Eyre International Ltd.	Birmingham	100.00	100.00
N. & E. (Overseas) Ltd.	Guernsey	100.00	100.00
Dunlop & Hamilton Ltd.	Belfast	100.00	100.00
H.A. Wills (Southampton) Ltd.	Birmingham	100.00	100.00
Rexel (UK) Pension Trustees Ltd.	Birmingham	100.00	100.00
Pollard Ray & Sampson Ltd.	Birmingham	100.00	100.00
A&A Security Technologies Limited	Birmingham	100.00	100.00
Defiance Contractor Tools Limited	Birmingham	100.00	100.00
J&N Wade Limited	Dagenham	100.00	100.00
Blackstone Holdings Limited	Dagenham	100.00	100.00
OLC Limited	Dagenham	100.00	100.00
Grants Electrical Supplies Ltd.	Dagenham	100.00	100.00
Ross Industrial Controls Ltd.	West Lothian	100.00	100.00
OLC (Holdings) Ltd.	Dagenham	100.00	100.00
Sweden			
Svenska Elgrossist Aktiebolaget Selga	Alvsjô	100.00	100.00
Storel AB	Lila edet	100.00	100.00
Moel AB	Bredaryd	100.00	100.00
Austria			
Rexel Central Europe Holding GmbH	Vienna	100.00	100.00
Rexel Austria GmbH	Vienna	100.00	100.00
Schäcke GmbH	Vienna	100.00	100.00
Regro Elektro-Grosshandel GmbH	Vienna	100.00	100.00
The Netherlands			
CDME BV	Amsterdam	100.00	100.00
BV Electrotechnische Groothandetl JK Busbroek	Zwolle	100.00	100.00
Rexel Nederland B.V.	Capelle A/D Ijssel	100.00	100.00
Cosa Liebermann B.V.	Hoofddorp	100.00	100.00
Kompro B.V.	Hertogenbosch	100.00	100.00
Servicom B.V.	Den Bosch	100.00	100.00
Hagemeyer NV	Hoofddorp	100.00	100.00
Rexel NCE Supply Solutions B.V.	Hoofddorp	100.00	100.00
Hagemeyer Finance B.V.	Hoofddorp	100.00	100.00
Borsu International B.V.	Hoofddorp	100.00	100.00
Freetime Group B.V.	Hoofddorp	100.00	100.00
Rexel NCE B.V.	Hoofddorp	100.00	100.00
Italy			
Rexel Italia SpA	Agrate Brianza	100.00	100.00
Spain			
ABM-Rexel SL	Madrid	100.00	100.00
Belgium			
Rexel Belgium S.A.	Bruxelles	100.00	100.00

	Head 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 Industrial Ireland Ltd.	Dublin	100.00	100.00
Athlone Electrical Wholesale Ltd	Dundalk	100.00	100.00
Portlaoise Electrical Wholesale Ltd	Count Laois	100.00	100.00
Gen-Weld Safety EquipementCy Ltd	Limerick	100.00	100.00
Newey & Eyre (Ireland) Ltd.	Dublin	100.00	100.00
Switzerland			
Finelec Developpement S.A.	Sion	100.00	100.00
Elektro Material AG	Zurich	100.00	100.00
Luxembourg			
Rexel Luxembourg S.A.	Luxembourg	100.00	100.00
Czech Republic			
Rexel CZ s.r.o.	Prostejov	100.00	100.00
Slovakia			
Hagard Hal AS	Nitra	100.00	100.00
Hagemeyer Slovak Republic s.r.o.	Bratislava	100.00	100.00
Hungary			
Rexel Hungary General Supply & Services LLC	Budapest	100.00	100.00
Slovenia			
Elektronabava d.o.o.	Ljubljana	100.00	100.00
Poland			
Elektroskandia Polska S.A.	Poznań	100.00	100.00
Russia			
Est-Elec Ltd.	Moscou	100.00	100.00
OOO Elektroskandia Rus	St. Petersbourg	100.00	100.00
Latvia			
SIA Elektroskandia Latvia	Riga	100.00	100.00
Estonia			
OÜ Elektroskandia Baltics	Tallinn	100.00	100.00
Lithuania			
Elektroskandia LT UAB	Vilnius	100.00	100.00
Finland			
Elektroskandia Suomi Oy	Hyvinkää	100.00	100.00
Kiinteistöosakeyhtiö Lahden Voimakatu 4	Lahti	100.00	100.00
Kiinteistöosakeyhtiö Lappeenrannan Teoliisuuskatu 11	Lappeenranta	100.00	100.00
Norway			
Elektroskandia Norge AS	Oslo	100.00	100.00
Elektroskandia Norway Holding AS	Oslo	100.00	100.00
SOUTH AMERICA			
Chile			
Rexel Chile SA	Santiago	100.00	100.00
Rexel Electra SA	Santiago	100.00	100.00
Flores y Kersting SA	Santiago	100.00	100.00

	Head office	% Interest	% Control
Brazil			
Elektroskandia Indústria E Commércio Lta.	São Paulo	100.00	100.00
NORTH AMERICA			
United States			
Rexel International Projects Group, Inc.	Dallas	100.00	100.00
International Electrical Supply Corp.	Wilmington	100.00	100.00
Rexel Inc.	Dallas	100.00	100.00
SKRLA LLC	Dallas	100.00	100.00
SPT Holdings Inc.	Dallas	100.00	100.00
Summers Group Inc.	Dallas	100.00	100.00
Rexel of America LLC	Dallas	100.00	100.00
Branch Group Inc.	Dallas	100.00	100.00
Southern Electric Supply Company Inc.	Dallas	100.00	100.00
Vantage Electric Group Inc.	Crystal Lake	50.00	100.00
CES Bahamas Ltd	Dallas	99.80	99.80
General Supply & Services Inc.	Shelton	100.00	100.00
Gesco General Supply & Services Puerto Rico LLC	Porto Rico	100.00	100.00
General Supply & Services Malaysia LLC	Shelton	100.00	100.00
General Supply & Services Macau LLC	Shelton	100.00	100.00
General Supply & Services Indonesia LLC	Shelton	100.00	100.00
General Supply & Services SA Holding LLC	Shelton	100.00	100.00
Canada			
Rexel North America Inc.	St Laurent	100.00	100.00
Rexel Canada Electrical Inc.	St Laurent	100.00	100.00
Mexico			
Gexpro Mexico S de RL de CV	Nuevo Leon	100.00	100.00
Supply Priority Services, S. de R.L. de C.V.	Nuevo Leon	100.00	100.00
Bermuda			
HCL Limited	Hamilton	100.00	100.00
ASIA OCEANIA			
Hong Kong SAR			
Comrex Hong Kong Ltd	Hong Kong	100.00	100.00
Huazhang Electric Automation Holding Co Ltd	Hong Kong	70.00	70.00
Waelchli & Co. Ltd	Hong Kong	100.00	100.00
China			
Rexel Hailongxing Electrical Equipment Co Ltd	Beijing	65.00	65.00
Rexel Hualian Electric Equipment Commercial Co Ltd	Shanghai	65.00	65.00
Zhejiang Huazhang Electric Trading Co Ltd	Huanzhou	70.00	100.00
Gexpro Supply (Shangai) 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
Shangai Suhua Industrial Control Equipment Co Ltd	Shanghai	63.50	63.50
Macao SAR			
QI-YI General Supply & Services Macau Ltd	Macao	100.00	100.00
Korea			
Gexpro Korea Co. Ltd	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

	Head office	% Interest	% Control
Malaysia			
General Supply & Services (M) SND BHD	Kuala Lumpur	100.00	100.00
Japan			
Cosa Liebermann KK	Tokyo	100.00	100.00
Singapore			
Gexpro Supply Asia Pty Ltd	Singapore	100.00	100.00
Thailand			
Rexel General Supply and Services Co Ltd	Bangkok	100.00	100.00
Australia			
Rexel Pacific Pty Ltd	Sydney	100.00	100.00
Rexel Group Australia Pty Ltd	Sydney	100.00	100.00
Australian Regional Wholesalers Pty Ltd	Milton	100.00	100.00
EIW Holding Pty Ltd	Perth	100.00	100.00
Hagemeyer Holdings (Australia) Pty Ltd	Kingsgrove	100.00	100.00
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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER, 2009

CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Note	For the year ended 31 December 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 31 December 2008 was restated retrospectively to reflect changes according to IFRIC 13 (see note 2.2.1).

(2) Hagemeyer retained entities were consolidated from 1 April 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 31 December 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 31 December 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 31 December 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 31 December 2009	2008
Cash flows from operating activities			
Operating income		315.8	553.4
Depreciation, amortisation 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 securitisation	***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 1 January 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 recognised 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 31 December 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 recognised 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 31 December 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 16 December 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on 4 April 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 1 January 2009 to 31 December 2009, have been authorized for issue by the Management Board on 3 February 2010 and have been modified by the Management board on 9 February 2010 to include the effect of the settlement with the Ceteco's receivers entered into on 8 February 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 1 April 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 31 December 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of 31 December 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 31 December 2009 are consistent with those used in the consolidated financial statements for the financial year ended 31 December 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 recognised 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 31 December 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 1 January 2008 or 31 December 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 recognised 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 capitalised 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 1 October 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 1 July 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 1 July 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 1 July 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 1 February 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 1 January 2010, 1 November 2009 and 1 November 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 recognised 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 recognised 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 recognised 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 amortisation (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 amortised 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 amortised from the date that they are available for use. Estimated useful lives of capitalised 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 recognised 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 amortised 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 recognised whenever the carrying amount of an asset or of its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement (in "Other expenses").

Impairment losses recognised 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 amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

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 amortisation, if no impairment loss had been recognised.

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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised).

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 recognised 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 unrealised gain or loss recognised in equity is recognised 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 recognised 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 recognised 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 recognised 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 recognised monetary asset or liability, hedge accounting is not applied and any gain or loss on the hedging instrument is recognised 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 recognised 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 recognised 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 amortised cost with any difference between the proceeds (net of the transaction costs) and redemption value being recognised 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 amortised cost, transaction costs are included in the calculation of amortised cost using the effective interest rate method and, in effect, amortised 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 unrecognised 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 recognised 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 recognised 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 recognised 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 recognised.

When the calculation results in plan assets exceeding Group's liabilities, the recognised asset is limited to the net total of any unrecognised 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 recognised 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 recognised 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 recognised as an increase in share capital (for the nominal value) and share premium when equity instruments are exercised.

2.15 Provisions

A provision is recognised 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 recognised in profit or loss as it accrues, using the effective interest rate method. Dividend income is recognised 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 recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised 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 realisation 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 recognised 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 realised.

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 recognised 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 31 December 2008. Thus, the balance-sheet as of 31 December 2008 was adjusted retrospectively for comparison purposes.

As of 31 December 2009, the final allocation of the Hagemeyer purchase price is as follows:

(in millions of euros)	
Preliminary goodwill on acquisition as at 31 December 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 31 December 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 14 March 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 31 December 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 31 July 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 2 March 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 10 July 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 1 January 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 31 December 2009 and 31 December 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**

2008 *(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	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 items							
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 31 December 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 31 December 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 31 December 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 recognised 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 31 December 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 31 December 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 licences 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 recognised 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 31 December 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 31 December 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 31 December 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)*
— Securitisation	*(23.1)*	*(47.0)*
— Other financing	*(11.2)*	*(16.1)*
— Financial leases	*(2.1)*	*(3.1)*
— Amortisation 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 23 October 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 1 January 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 31 December 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 31 December 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 recognised directly as equity (€17.4 million) in 2008.

Deferred tax assets and liabilities are broken down as follows:

(in millions of euros)	As of 31 December 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 31 December 2009 (€101.3 million as of 31 December 2008) results from the recoverable amount of net deferred tax assets assessed by tax entity over the next 5 years. Valuation allowance at 31 December 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 1 January 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 31 December 2009, this amount was not recognised.

9.2 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 unrecognised	(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 1 January 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 31 December 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 31 December 2009	**185.6**	**568.5**	**348.9**	**1,103.0**	**3,869.3**
Accumulated amortisation and depreciation as of 1 January 2008	**—**	**—**	**(163.9)**	**(163.9)**	**(32.8)**
Change in consolidation scope	—	—	(13.4)	**(13.4)**	**—**
Amortisation expense	—	—	(42.1)	**(42.1)**	**—**
Impairment losses	—	—	(4.1)	**(4.1)**	**(85.0)**
Decrease of amortisation	—	—	2.0	**2.0**	**—**
Exchange differences	—	—	2.3	**2.3**	**4.5**
Other changes(2)	—	—	84.0	**84.0**	**—**
Accumulated amortisation and depreciation as of 31 December 2008	**—**	**—**	**(135.2)**	**(135.2)**	**(113.3)**
Change in consolidated scope	—	—	0.9	**0.9**	**11.0**
Amortisation expense	—	—	(42.4)	**(42.4)**	**—**
Impairment losses(3)	—	—	(0.3)	**(0.3)**	**(18.1)**
Decrease of amortisation	—	—	3.6	**3.6**	**—**
Exchange differences	—	—	(2.3)	**(2.3)**	**(0.8)**
Other changes	—	—	0.5	**0.5**	**11.3**
Accumulated amortisation and depreciation as of 31 December 2009	**—**	**—**	**(175.2)**	**(175.2)**	**(109.9)**
Carrying amount at 1 January 2008	**185.6**	**403.8**	**96.6**	**686.0**	**2,608.3**
Carrying amount at 31 December 2008	**185.6**	**549.7**	**192.0**	**927.3**	**3,654.1**
Carrying amount at 31 December 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 31 December 2009.

(2) Other charges relate to write off of softwares and consist of a transfer of accumulated amortisation 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:

		As at 31 December 2009			As at 31 December 2008		
Cash-generating units *(in millions of euros)*	**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% à 14.0%	7.9% à 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 & equipment

(in millions of euros)	Land & Buildings	Plant & Equipment	Other tangible assets	Total property, plant and equipment
Gross carrying amount as of 1 January 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 31 December 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 31 December 2009	**184.1**	**636.8**	**29.8**	**850.7**
Accumulated depreciation and amortisation as of 1 January 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 amortisation as of 31 December 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 amortisation as of 31 December 2009	**(77.4)**	**(490.1)**	**(21.6)**	**(589.1)**
Carrying amount at 1 January 2008	**128.9**	**136.1**	**7.1**	**272.1**
Carrying amount at 31 December 2008	**138.7**	**169.3**	**9.1**	**317.1**
Carrying amount at 31 December 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 recognised 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

	As of 31 December	
(in millions of euros)	2009	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 31 December 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 31 December 2009 and €41.9 million as of 31 December 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 million 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 recognised at fair value in the Group consolidated financial statements.

On 16 December 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 31 December 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 recognised in the income statement under the line item "Other income".

The following table illustrates financial information of DPI, Inc.:

(in millions of euros) DPI, Inc. balance sheet information	As of 31 December Unaudited 2009	 2008
Total Assets	32.6	37.1
Total liabilities	(21.9)	(38.9)
Equity	10.7	(1.8)

DPI, inc. sales and net income	For the year ended 31 December Unaudited 2009	 2008
Sales	98.5	105.8
Net income	5.8	3.8

11. CURRENT ASSETS

11.1 Inventories

(in millions of euros)	As of 31 December 2009	 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 1 January	**(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 31 December	**(98.6)**	**(102.9)**

11.2 Trade accounts receivable

(in millions of euros)	As of 31 December 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 31 December 2009 (€263.8 million as of 31 December, 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 31 December 2009 (€1,017.8 million as of 31 December 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 31 December 2009 (€225.9 million as of 31 December 2008).

On 23 December 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 derecognised 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 31 December 2009, the amount of derecognised 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 securitisation 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 1 January	**(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 31 December	**(119.2)**	**(107.2)**

Impairment losses resulting from an individual assessment of default risk amounted to €75.3 million (€73.6 million as of 31 December 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:

	As of 31 December	
(in millions of euros)	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 31 December 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 31 December 2009	2008
Short-term investments	179.4	586.4
Cash at bank	178.8	219.1
Cash in hand	1.4	1.5
Cash and cash equivalents	**359.6**	**807.0**

As of 31 December 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

			As of 31 December			
			2009		2008	
(in millions of euros)	IAS 39	Hierarchy category	Carrying amount	Fair value	Carrying amount	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 1 January 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 1 January 2008	**255,993,827**	**1,280.0**	**1,409.9**
	—	—	—
	—	—	—
On 31 December 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 31 December 2009	**258,220,018**	**1,291.1**	**1,392.2**

Treasury shares

The Shareholders' Meeting of 20 May 2009 authorised 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 20 November 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 Labour, 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 20 May 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 31 December 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 recognised as a reduction of equity.

14.2 Capital Management

Since 4 April 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 organise 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 12 April 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

(in millions of euros)	For the year ended 31 December 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 21 December 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 11 May 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 (12 May 2011), these being restricted during an additional two-year period (12 May 2013), or four years after the grant date (12 May 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 EBITDA, (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 EBITDA margin variation and (iii) 2009 ratio Net Debt to adjusted EBITDA		
Date of delivery	12 May 2011	12 May 2013	12 May 2011	12 May 2013	
Maximum number of shares granted on 11 May 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 31 December 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 23 June 2008 and with a further increase of 66,241 shares granted on 1 October 2008. Depending on local regulations, these employees and executives will either be eligible to receive Rexel shares two years after the granting date (24 June 2010 or 2 October 2010), these being restricted during an additional two year period (24 June 2012 or 2 October 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	**24 June 10**	**24 June 12**	**2 Oct 12**	**24 June 10**	**2 Oct 10**	**24 June 12**	**2 Oct 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 31 December, 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 31 December, 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 11 April 2007 and 33,991 shares on 29 October 2007. Depending on local regulations, these employees and executives were either eligible to receive Rexel shares two years after the granting dates (12 April 2009 or 30 October 2009), these being restricted during an additional two year period (12 April 2011 or 30 October 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	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	**11 April 2007**	**11 April 2007**	**11 April 2007**	**29 October 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 31 December 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 31 December 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 31 December 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 summarised as follows:

	For the year ended 31 December	
(in millions of euros)	**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 28 October 2005, Rexel established a share option subscription program (Plan No.1) that entitles key management personnel to purchase shares of Rexel. On 31 May 2006 and 4 October 2006, further options were granted to new entrants.

On 30 November 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 31 May 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 31 December 2009**	**Options term**
Options granted to management prior to 7 November 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 managers ("Plan No. 1")			
— on 28 October 2005	2,711,000	1,231,002	2015
— on 31 May 2006	169,236	140,944	
— on 4 October 2006	164,460	267,452	
Options granted to key employees ("Plan No. 2")			
— on 30 November 2005	259,050	406,056	2015
— on 31 May 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:

(Nombre of options)	Rexel S.A. Plans 2005 Executives	Rexel S.A. Plans 2005 Key employees	Rexel Distribution S.A. Plans 2004	Rexel Distribution S.A. Plans 2003	Rexel Distribution S.A. Plans prior to 7 November 2002
Options existing 1 January 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 31 December 2008	**1,639,398**	**538,932**	**2,045**	**545**	**168,611**
Options existing 1 January 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 31 December 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 31 December 2009	For the year ended 31 December 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

(in millions of euros)	As of 31 December 2009	As of 31 December 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 31 December 2008).

The variation in provisions is detailed below:

(in millions of euros)	Provision for restructuring	Provisions for tax litigation	Provision for other litigation	Provisions for vacant properties	Total provisions
At 1 January 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 31 December 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 31 December 2009	**37.7**	**29.7**	**51.7**	**62.1**	**181.2**

As of 31 December 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 31 December 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 8 February 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 31 December 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 (reorganisation of regional divisions), €2.9 million in Canada (reorganisation 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:

	Defined benefit obligations	
(in millions of euros)	**2009**	**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:

	Plan assets	
(in millions of euros)	**2009**	**2008**
At the beginning of the period	**728.7**	**353.1**
Employer contributions	33.5	27.7
Employee 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 recognised on the balance sheet with the present value of the obligation in respect of defined benefit plans is as follows:

(in millions of euros)	As of 31 December 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**
Unrecognised actuarial gains and losses	(62.2)	(61.9)	14.4	(4.7)	(23.4)
Effect of the asset ceiling	—	—	2.7	—	—
Recognised 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 31 December 2009.

The expense recognised in the income statement breaks down as follows:

(in millions of euros)	As of 31 December 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)	—
Amortisation of actuarial gains / losses(1)	1.4	2.5
Other(1)	—	(2.6)
Expense recognised	**24.8**	**16.2**

(1) Included in personnel expenses (see note 6).

(2) included in net financial expenses (see note 8).

(3) included in other income and expenses (see note 7).

The main actuarial assumptions at the date of the most recent actuarial valuation are as follows:

	Euro Zone		United Kingdom		Canada		United States		Switzerland	
(in %)	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 31 December 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 31 December 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 31 December 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 31 December 2009. Financial liabilities include interest-bearing loans, borrowings and accrued interest less transaction costs.

19.1 Net financial debt

	As of 31 December 2009			As of 31 December 2008		
(in millions of euros)	**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
Securitisation	—	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 31 December 2009.

(2) including accrued interest of €4.2 million as of 31 December 2009 (€8.3 million as of 31 December 2008).

19.1.1 Senior Notes

On 21 December 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 15 June and 15 December, commencing on 15 June 2010. Rexel will make the first payment on 15 June 2010. The notes will mature on 15 December 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 15 December 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 15 December 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)
15 December 2013	104.125%
15 December 2014	102.063%
15 December 2015 and after	100.000%

In addition, at any time on or prior to 15 December 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 21 December 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 31 December 2009, facilities under the Senior Credit Agreement are as follows:

Credit facility (term loan)	Commitment	Borrower	Balance due as of 31 December 2009	Currency	Balance due as of 31 December 2009
	(in millions of euros)		*(in millions of local currency)*		*(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 31 December 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 31 December 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.

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 capitalised) 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 capitalised 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
31 December 2009	5.15:1
30 June 2010	5.15:1
31 December 2010	4.90:1
30 June 2011	4.50:1
31 December 2011	4.00:1
30 June 2012	3.75:1
31 December 2012	3.50:1
30 June 2013	3.50:1
31 December 2013	3.50:1
30 June 2014	3.50:1

As of 31 December 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 Securitisation programs

The Rexel Group has several securitisation 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 securitisation 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 U.S. 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 U.S. securitisation 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.

Securitisation 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 31 December 2009, Rexel had satisfied all of these covenants.

Securitisation programs features are summarised in the table below:

Program	Commitment		Amount of receivables pledged on 31 December 2009		Amount drawn on 31 December 2009		Outstanding amount As of 31 December 2009	Outstanding amount As of 31 December 2008	Maturity date	On-going cost of funding
(in millions of currency)							*(en millions of euros)*			
2005 — Europe — Australia	600.0	EUR	616.3	EUR	478.6	EUR	478.6	589.7	11/20/2012	BT & Euro/US Commercial paper + 0,48%
United States[1]	250.0	USD	304.6	USD	224.4	USD	155.8	326.7	12/23/2014	US commercial paper + 2,0%[4]
Canada[2]	175.0	CAD	205.5	CAD	162.0	CAD	107.1	73.8	12/13/2012	Canadian commercial paper + 0,45%
Europe 2008[3]	450.0	EUR	340.8	EUR	221.9	EUR	315.1	264.8	12/17/2013	BT & Euro/US Commercial paper + 1,27%[5]
			130.9	GBP	79.6	GBP				
TOTAL							**1,056.6**	**1,255.0**		

(1) Commitment amended on 23 December 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 17 December 2009

(4) According to margin grid depending on the leverage ratio

(5) As amended in December 2009

At 31 December 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 31 December 2009 and 31 December 2008, change in net financial debt is as follows:

(in millions of euros)	2009	2008
At 1 January,	**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 securitisation 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 securitisation(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 31 December,	**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 31 December 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 21 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 30 July 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 26 March 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 securitisation programs set up by Rexel in December 2008 following the acquisition of Hagmeyer.

In year ended 31 December 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 14 March 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 14 March 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 31 December 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 securitisation 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 securitisation 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 securitisation

Net change in securitisation includes drawings under the European securitisation 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:

(in millions of euros)	As of 31 December 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 exercise prices (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 31 December 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 31 December 2009, derivative instruments classified as cash flow hedges are as follows:

	Total notional amount currency	Maturity	Floating rate received	Weighted average fixed rate paid	Fair value
	(in millions of currency)				*(in millions of euros)*
Swaps paying fixed ratee					
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 16 March 2010

	Total notional amount currency	Maturity	Premium paid	Floating rate received	Weighted average fixed rate paid	Fair value
	(in millions of currency)		(in millions of euros)			(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 31 December 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 31 December 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 recognised 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 31 December 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 neutralise 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 31 December 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 31 December 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 U.S. or Canadian dollar considered at the close of the fiscal year on 31 December 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 analysed 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, securitisation 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 securitisation 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 31 December 2009	As of 31 December 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 31 December 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 31 December 2009 (€814.9 million as of 31 December 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 31 December 2009 (€472.0 million as of 31 December 2008) and essentially corresponds to supplier discounts receivable.

21. SUMMARY OF FINANCIAL LIABILITIES

(in millions of euros)	Category IAS 39	Hierarchy	2009 Carrying amount	2009 Fair value	2008 Carrying amount	2008 Fair value
			As of 31 December			
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 derivatives(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 amortised 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 recognised 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 12 December 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 24 June 2008. On 8 February 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 22 May 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 8 February 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 23 October 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 1st March 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 31 July 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 31 December 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 27 November 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 31 December 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 recognised. 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 28 February 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 30 June 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 4 June 2007 and 24 August 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 30 June 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:

	For the year ended 31 December	
(in millions of euros)	**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 31 December 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 31 December 2008) and 94,570 shares under the stock options program (50,376 at 31 December 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 21 December 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:

	Payments due as at 31 December 2009					
(in millions of euros)	**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 31 December 2009.

The total expense for lease contracts was €223.6 million for the year ended 31 December 2009 (€133.7 million as of 31 December 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 31 December 2009.

25. EVENTS AFTER THE REPORTING PERIOD

On 20 January 2010, as a supplement of the issuance effective on 21 December 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 21 December 2009 to 20 January 2010 of €0.5 million, or €77.2 million.

26. CONSOLIDATED ENTITIES AS OF 31 DECEMBER 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

	Registered office	% Interest	% Control
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
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 TradingCo. 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

	Registered office	% Interest	% Control
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
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
Portugal			
Rexel Distribuição de Material Elecrico S.A.	Alfragide	100.00	100.00

	Registered office	% Interest	% Control
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
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

	Registered office	% Interest	% Control
Brazil			
Elektroskandia Indústria E Commércio Lta.	Sao 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
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.	Seoul	100.00	100.00

	Registered office	% Interest	% Control
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
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

ANNEX A

This Annex A contains the English version of our Activity Report for the three month period ended 31 March 2011 (the "Q1 Activity Report"). The information in this Annex A has not been updated since 12 May 2011, and speaks only as of its date. Any statement contained in this Annex A shall be deemed to be modified or superseded for purposes of this offering circular to the extent that a statement contained in this offering circular modifies or supersedes such statement. Any statement that is modified or superseded shall not be deemed, except as modified or superseded, to constitute a part of this offering circular. Cross-references to sections of the Q1 Activity Report that are not included in this Annex A shall be deemed not made and the corresponding sections shall not be considered part of this Annex A. This Annex A is an important part of this offering circular.

I. Activity report

This document is a free translation into English of the activity report for the period ended March 31, 2011 issued in the French language and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the activity report for the period ended March 31, 2011, the French version will prevail.

1. | OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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 activity report is presented in euros and all values are rounded to the nearest tenth of a million, except where otherwise stated. Totals and sub-totals presented in the activity report are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to this rounding.

1.1 | Financial situation of the Group

1.1.1 | Group Overview

The Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products, based on sales and number of branches. The Group operates in three main geographic areas: Europe, North America, and the Asia-Pacific region. This geographic segmentation was determined on the basis of the Group's financial reporting structure. The segment called "Other Operations covers:

- The electrical equipment distribution business in Latin America (Brazil and Chile);
- The ACE (Agencies/Consumer Electronics) division acquired as part of Hagemeyer acquisition ;
- Certain businesses managed at group level;
- Unallocated corporate overhead expenses.

In the first quarter of 2011, the Group recorded consolidated sales of €3,004.9 million, of which €1,787.5 million were generated in Europe (60% of sales), €845.9 million in North America (28% of sales), €284.1 million in the Asia-Pacific region (9% of sales), and €87.5 million for Other Operations (3% of sales).

The Europe zone consists of France (which accounts for approximately 35% of consolidated Group sales in this zone), Germany, the United Kingdom, Ireland, Austria, Switzerland, the Netherlands, Belgium, Luxembourg, Sweden, Finland, Norway, Italy, Spain and Portugal, as well as several other Central and Northern European countries (Slovenia, Hungary, Slovakia, the Czech Republic, Poland, Russia and the Baltic States).

The North America zone consists of the United States and Canada. The United States accounts for approximately 67% of consolidated Group sales in this zone, and Canada approximately 33%.

The Asia-Pacific region consists of Australia, New Zealand, China and India, since January 1st 2011, as well as certain countries in Southeast Asia (Indonesia, Malaysia, Singapore and Thailand). Australia accounts for approximately 64% of consolidated Group sales in this region and New Zealand close to 11%.

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

1.1.2 | Seasonality

Despite the low impact of seasonality on sales, the changes in the working capital requirement lead to seasonal cash flows, with, as a general rule, a weaker first and third quarter, because of the increase in working capital requirement and a stronger second and fourth quarter.

1.1.3 | Effects of change in copper prices

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

- The recurring effect related to the change in copper-based cable prices corresponds to the change in the value of the copper 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 inventory has been reconstituted (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price and the supplier price effective at the date of the sale of the cables by the Rexel Group. Additionally, the non-recurring effect on EBITA is the non-recurring effect on gross profit. It is offset, where appropriate, by the non-recurring portion of changes in distribution and administrative expenses (mainly the variable portion of compensation of sales personnel, which accounts for approximately 10% of the change in gross profit).

The two effects are assessed as much as possible on all cable sales over the period, the majority of the sales figure being covered in this way. Internal Rexel Group procedures stipulate that entities which do not have information systems allowing such exhaustive calculation must estimate these effects based on a sample representing at least 70% of sales during the period. The results are then extrapolated to all cables sold during the period. On the basis of the sales covered, the Rexel Group deems the effects thus measured to be a reasonable estimate.

1.1.4 | Comparability of the Group's operating results

The Group undertakes acquisitions and disposals that may alter its scope of consolidation from one period to another. Exchange rates may also fluctuate significantly. The number of working days in each period also has an impact on the Group's consolidated sales. Lastly, the Group is exposed to fluctuations in copper prices. For these reasons, a comparison of the Group's reported operating results over different periods may not provide a meaningful comparison of its underlying business performance. Therefore, in the analysis of the Group's consolidated results presented below, financial information is also restated for the following adjustments.

Excluding the effects of acquisitions and disposals

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

Excluding the effects of exchange rate fluctuations

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

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

To analyze the financial performance on a constant adjusted basis, the estimated non-recurring effect related to changes in copper-based cable prices, as described in paragraph 1.1.3 above, is excluded from the information presented for both the current and the previous periods. Such information is referred to as “adjusted” in the rest of this document.

Excluding the effects of different numbers of working days in each period on sales

The Group’s sales in a given period compared with another period are affected by the number of working days, which changes from one period to another. In the analysis of its consolidated sales, the Group neutralizes this effect by proportionally adjusting the comparative sales number to match with the current period’s number of working days. This effect, regarding number of working days, is not deemed relevant by the Group for other income statement items.

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

- <u>On a constant basis</u>, meaning excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison of sales and headcount;

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

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

This information does not derive from accounting systems but is an estimate of comparable data in accordance with the principles explained above.

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

	Quarter ended March 31	
(in millions of euros)	2011	2010
Operating income before other income and other expenses	**155.0**	**104.3**
Changes in scope effects		0.2
Foreign exchange effects		3.4
Non-recurring effect related to copper	(13.0)	(7.8)
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	4.7	5.0
Adjusted EBITA on a constant basis	**146.6**	**105.1**

1.2 | Comparison of the financial results at March 31, 2011 and 2010

1.2.1 | Rexel Group's consolidated financial results

The following table sets out Rexel's consolidated income statement for the first quarter of 2011 and 2010, in millions of euros and as a percentage of sales.

REPORTED	Quarter ended March 31		
(in millions of euros)	2011	2010	Change in %
Sales	**3,004.9**	**2,697.6**	**11.4%**
Gross profit	761.3	678.2	12.3%
Distribution and administrative expenses(1)	(601.7)	(568.9)	5.8%
EBITA	**159.7**	**109.3**	**46.0%**
Amortization(2)	(4.7)	(5.0)	(7.5)%
Operating income before other income and expenses	**155.0**	**104.3**	**48.6%**
Other income and expenses	(3.9)	(15.2)	(74.3)%
Operating income	151.1	89.1	69.6%
Financial expenses	(41.6)	(50.7)	(17.9)%
Share of income from associates	(0.9)	(1.1)	(18.2)%
Income taxes	(22.1)	(8.0)	more than 100%
Net income	86.5	29.3	more than 100%
as a % of sales	2.9%	1.1%	
(1) Of which depreciation	(18.4)	(19.0)	(3.2)%

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

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended March 31		
(in millions of euros)	2011	2010	Change in %
Sales	**3,004.9**	**2,778.4**	**8.2%**
Same number of working days			*7.3%*
Gross profit	746.8	691.9	7.9%
as a % of sales	*24.9%*	*24.9%*	
Distribution and administrative expenses	(600.2)	(586.8)	2.3%
as a % of sales	*(20.0)%*	*(21.1)%*	
EBITA	**146.6**	**105.1**	**39.6%**
as a % of sales	***4.9%***	***3.8%***	

Sales

In the first quarter of 2011, Rexel's consolidated sales grew 11.4% to €3,004.9 million, up 7.3% on a constant basis and for the same number of working days.

The effect of acquisitions, net of disposals, amounted to €1.6 million. It results from entities Nortel Suprimentos Industriais in Brazil, Yantra Automation Private Ltd in India and Wuhan Rockcenter automation in China acquired during the first quarter of 2011 as well as Grossauer in Switzerland and Luckywell Int'l Investment Limited in China acquired in December 2010. These entities were included in the consolidation perimeter since January 1st 2011 and had a positive impact on sales of €39 million. Disposals related to the sale of HLC Asia and Haagtechno had an impact of €37.4 million on sales.

The effect of change in foreign exchange rate was positive, up €79.3 million, mainly due to the strengthening of the Australian and Canadian dollars, the Swedish krona and the pound sterling against the euro.

The following table analyzes developments in sales growth between Q1 2010 and Q1 2011, on a reported basis and on a constant basis with the same number of working days:

		Q1
Growth on a constant basis and same number of working days		7.3%
Number of working days effect		0.9%
Organic growth	(a)	*8.2%*
Changes in scope effect		0.1%
Foreign exchange effect		2.9%
Total scope and currency effects	(b)	*3.0%*
Effective growth (a) x (b) (1)		11.4%

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

During the first quarter of 2011, sales increased by 7.3% on a constant basis and same number of working days. Higher copper-based cable prices compared to the year 2010 had an estimated impact of 3.0 percentage points.

Gross profit

In the first quarter of 2011, gross profit amounted to €761.3 million, an increase of 12.3% compared with 2010. On a constant basis, adjusted gross margin remained stable at 24.9% of sales.

Distribution & administrative expenses

On a constant basis, adjusted distribution and administrative expenses grew by 2.3% between 2010 and 2011, for an increase in sales of 8.2%. Adjusted personnel costs increased by 3.6% on a constant basis. Note that the decline in these costs at March 31, 2010 was 7.9% on a constant basis, reflecting the headcount reductions implemented in 2009 to adapt to the economic environment. At March 31, 2011, the Group employed a total of 28,289 people, down 2.3 % compared with the same period last year, on a constant basis. Lease and maintenance expenses declined 4.2% on a constant basis, reflecting the effect of branch closures during 2010 on the first quarter 2011. Other adjusted external expenditure increased 3.9% on a constant basis in line with the increase in sales. Impairment of receivables and credit insurance costs remained stable at 0.5% of sales.

EBITA

EBITA stood at €159.7 million in the first quarter of 2011, a rise of 46% compared with the first quarter of 2010, on a reported basis. On a constant basis, adjusted EBITA increased 39.6% and adjusted EBITA margin by 110 basis points from 3.8% in 2010 to 4.9% in 2011. This improvement is the result of higher sales, the improvement in gross margin and the relatively stable distribution and administrative expenses.

Other income and other expenses

During Q1 2011, other income and other expenses represented a net expense of €3.9 million, consisting mainly of €2.8 million in restructuring costs incurred to complete the restructuring plans initiated in 2010 in France (€0.7 million) and in the Netherlands (€1.4 million). The transaction costs arising from acquisitions completed or in process totaled €1.4 million.

Financial profit or loss

In the first quarter of 2011, net financial expenses stood at €41.6 million compared with €50.7 million for the same period in 2010, with an effective rate of 6.7% and 7.5%, respectively. The change in the effective interest rate can be attributed mainly to the decrease in the margin applied to the Senior Credit Agreement, indexed to the indebtedness ratio of Rexel.

Share of profit/(loss) of associates

In the first quarter of 2011, the share of profit/(loss) of associates was a loss of €0.9 million. This loss related to DPI (US electronic products retail distributor) is mainly due to a seasonality effect on sales.

Tax expense

The effective tax rate was 20.2% at March 31, 2011, compared with 20.9% at March 31, 2010.

Net income

Net income amounted to €86.5 million in the first quarter of 2011, compared with €29.3 million in the first quarter of 2010.

1.2.2 | Europe (60% of Group consolidated sales)

REPORTED	Quarter ended March 31		
(in millions of euros)	2011	2010	Change in %
Sales	**1,787.5**	**1,620.7**	**10.3%**
Gross profit	485.6	432.1	12.4%
Distribution and administrative expenses	(361.2)	(344.8)	4.8%
EBITA	**124.4**	**87.3**	**42.5%**
as a % of sales	*7.0%*	*5.4%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA			
	Quarter ended March 31		
(in millions of euros)	2011	2010	Change in %
Sales	**1,787.5**	**1,663.5**	**7.5%**
Same number of working days			*6.0%*
Gross profit	475.1	437.8	8.5%
as a % of sales	*26.6%*	*26.3%*	
Distribution and administrative expenses	(360.1)	(353.3)	1.9%
as a % of sales	*(20.1)%*	*(21.2)%*	
EBITA	**115.0**	**84.5**	**36.1%**
as a % of sales	***6.4%***	***5.1%***	

In the first quarter of 2011, sales increased by 10.3% to €1,787.5 million in Europe compared with Q1 2010. Acquisitions, net of disposals, accounted for an increase of €12.3 million, due to the acquisition of Grossauer. Favorable exchange rate variations totaled €30.5 million, primarily due to the appreciation of the Swedish krona and pound sterling against the euro. On a constant basis and same number of working days, sales improved by 6% during Q1 2011 compared with 2010, boosted by the increase in the price of copper-based cable.

In France, sales amounted to €621.4 million in the first quarter of 2011, up 7.7% on a constant basis and same number of working days. Growth has mainly taken place in commercial and industrial end-markets while the residential market remains weak. Projects and large accounts initiatives contributed especially to quarterly growth. The Group considers that its market share has grown.

Sales in the United Kingdom amounted to €240.3 million in the first quarter of 2011, an increase of 1.5% on a constant basis and same number of working days. This level of growth was achieved as a result of the targeted growth initiatives which were implemented despite an economic climate that remains fragile and has led to declining volumes. The Group considers that it outperformed the market.

In Germany, sales fell back a slight 0.3% to €202 million in the first quarter of 2011 on a constant basis and same number of working days. The main driver was lower photovoltaic sales compared with the first quarter of 2010, which was particularly high as a result of the level of public subsidies in force in 2010. Excluding photovoltaic, sales were up 10.1% thanks to higher copper prices and industrial end-market activity, especially in the automotive sector and the chemical industry.

In Scandinavia sales stood at €210.7 million in the first quarter of 2011, a rise of 5.9% on a constant basis and the same number of working days. The activities in Finland recorded an 11.3% increase in sales driven by contractors and utilities. In Sweden, sales increased by 4.9% mainly in utilities. Sales in Norway posted a 3.8% increase, mainly among contractors. The Group considers that it outperformed the market.

In Q1 2011, the Group recorded a 12.4% increase in gross profit to €485.6 million, compared with 2010. On a constant basis, adjusted gross margin was 26.6% of sales for the quarter, an improvement of 30 basis points from 26.3% in the first quarter of 2010, mainly due to better purchasing terms.

On a constant basis, adjusted distribution and administrative expenses increased by 1.9% for a 7.5% increase in sales. These expenses had fallen by 7.5% during the first quarter of 2010. Lease and maintenance expenses decreased by 4.7% on a constant basis compared with the first quarter of 2010 due to the rationalization of the branch network.

EBITA amounted to €124.4 million, a 42.5% increase compared with the first quarter of 2010. On a constant basis, adjusted EBITA increased by 36.1% while the adjusted EBITA margin increased by 130 basis points to 6.4% in the first quarter of 2011.

1.2.3 | North America (28% of Group consolidated sales)

REPORTED	Quarter ended March 31		
(in millions of euros)	2011	2010	Change in %
Sales	**845.9**	**746.1**	**13.4%**
Gross profit	180.2	163.9	9.9%
Distribution and administrative expenses	(154.1)	(149.8)	2.9%
EBITA	**26.1**	**14.1**	**84.9%**
as a % of sales	*3.1%*	*1.9%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended March 31		
(in millions of euros)	2011	2010	Change in %
Sales	**845.9**	**766.5**	**10.4%**
Same number of working days			*10.4%*
Gross profit	177.6	166.1	6.9%
as a % of sales	*21.0%*	*21.7%*	
Distribution and administrative expenses	(153.8)	(153.3)	0.4%
as a % of sales	*(18.2)%*	*(20.0)%*	
EBITA	**23.8**	**12.8**	**85.3%**
as a % of sales	***2.8%***	***1.7%***	

In Q1 2011, sales in North America amounted to €845.9 million, up by 13.4% compared with 2010. This increase includes a favorable effect of €20.4 million of variations in the euro to US dollar and Canadian dollar exchange rate. On a constant basis and same number of working days, sales rose 10.4% in the first quarter of 2011 compared with 2010, boosted by higher copper-based cable prices than in 2010.

In the United States, sales amounted to €565.1 million in Q1 2011, an increase of 6.2% on a constant basis and same number of working days. The overall economic environment remains uncertain: The industrial market grew, especially in the energy and mining sectors, while the residential and commercial sectors remained low. Rexel benefited from its investments in growth initiatives such as energy efficiency, transportation, infrastructure, education and healthcare.

In Canada, sales amounted to €280.8 million in the first quarter of 2011, up by 19.7 % on a constant basis and same number of working days. Strong growth took place across all regions. Project sales were good, in industrial and commercial sectors. Calls for tender remained active and the backlog is greater than last year.

In the first quarter of 2011, gross profit increased 9.9% on 2010 levels to €180.2 million. On a constant basis, adjusted gross margin declined by 70 basis points compared with 2010 to 21% of sales in Q1 2011. This fall results from the heavier weighting of the projects activity and of direct sales in regional sales.

On a constant basis, adjusted distribution and administrative expenses increased slightly by 0.4% for a 10.4% increase in sales. Adjusted personnel costs decreased by 0.8% on a constant basis due to the reductions in the workforce carried out in 2010. The workforce was reduced by 5.1% compared with March 31, 2010 on a constant basis, to 7,212 employees at March 31, 2011. Lease expenses reflect the benefits of the reorganization of the branch network in 2010.

EBITA in Q1 2011 climbed to €26.1 million, an increase of 84.9% compared with 2010. On a constant basis, adjusted EBITA rose 85.3%, and the adjusted EBITA margin increased by 110 basis points to 2.8%.

1.2.4 | Asia-Pacific (9% of Group consolidated sales)

REPORTED	Quarter ended March 31		
(in millions of euros)	2011	2010	Change in %
Sales	**284.1**	**235.8**	**20.5%**
Gross profit	64.2	52.4	22.7%
Distribution and administrative expenses	(48.8)	(40.3)	21.1%
EBITA	**15.4**	**12.1**	**27.9%**
as a % of sales	*5.4%*	*5.1%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended March 31		
(in millions of euros)	2011	2010	Change in %
Sales	**284.1**	**263.7**	**7.7%**
Same number of working days			*8.1%*
Gross profit	62.9	58.4	7.8%
as a % of sales	*22.1%*	*22.2%*	
Distribution and administrative expenses	(48.8)	(45.0)	8.4%
as a % of sales	*(17.2)%*	*(17.1)%*	
EBITA	**14.1**	**13.4**	**5.1%**
as a % of sales	***5.0%***	***5.1%***	

The first quarter of 2011 saw sales in the Asia-Pacific zone increase by 20.5% compared with 2010 to €284.1 million. The acquisitions of Luckywell and Yantra contributed €5 million, with a further €23 million from positive exchange rate effects, primarily due to the rise of the Australian dollar against the euro. On a constant basis and same number of working days, sales increase by 8.1%.

Australia recorded a 7.3% increase in sales to €181.6 million, as compared with 2010, on a constant basis and same number of working days. This growth was driven by projects activity.

New Zealand recorded sales of €30.7 million during the first quarter of 2011, a decrease of 1.9% on a constant basis and same number of working days, as compared with 2010, with sales affected by the Christchurch earthquake in February.

In Asia, sales amounted to €71.8 million in the first quarter of 2011, up by 15.6% compared with 2010, on a constant basis and same number of working days. Rexel posted a strong performance in the industrial automation sector.

In the first quarter of 2011, gross profit increased by 22.7% to €64.2 million. On a constant basis the adjusted gross margin was 22.1%, down slightly, by 10 basis points, due to the increased contribution of China to regional sales.

On a constant basis, adjusted distribution and administrative expenses increased by 8.4% compared with 2010, while sales increased by 7.7%. Adjusted personnel costs increased by 3.1% on a constant basis, mainly due to an increased workforce in China.

EBITA amounted to €15.4 in Q1 2011, up 27.9% compared with 2010. On a constant basis, adjusted EBITA increased by 5.1%, from 5.1% of sales in 2010 to 5% during the first quarter of 2011.

1.2.5 | Other operations (3% of Group consolidated sales)

REPORTED	Quarter ended March 31		
(in millions of euros)	2011	2010	Change in %
Sales	**87.5**	**95.0**	**(7.9)%**
Gross profit	31.3	29.8	5.1%
Distribution and administrative expenses	(37.5)	(33.9)	10.8%
EBITA	**(6.2)**	**(4.1)**	
as a % of sales	*(7.1)%*	*(4.3)%*	

CONSTANT BASIS ADJUSTED FINANCIAL DATA	Quarter ended March 31		
(in millions of euros)	2011	2010	Change in %
Sales	**87.5**	**84.7**	**3.3%**
Same number of working days			*2.4%*
Gross profit	31.3	29.6	5.7%
as a % of sales	*35.8%*	*34.9%*	
Distribution and administrative expenses	(37.5)	(35.3)	6.4%
as a % of sales	*(42.9)%*	*(41.7)%*	
EBITA	**(6.2)**	**(5.7)**	
as a % of sales	***(7.1)%***	***(6.7)%***	

The first quarter of 2011 saw sales in the Asia-Pacific zone decrease by 7.9% compared with 2010 to €87.5 million. The net impact on sales regarding the acquisition and disposal transactions amounted to a negative amount of €15.7 million:

- from the disposal of Haagtechno and HCL Asia, for €37.4 million;
- partially compensated by the effect of the Nortel acquisition in Brazil, for €21.7 million.

The positive effect of exchange rate differences was €5.4 million.

Sales in Latin America amounted to €51.1 million. On a constant basis and same number of working days, they were up 31.7% due to the strong performance of Brazil and Chile.

Agencies/Consumer Electronics (33% of the segment) posted a decline in sales of 29.7% on a constant basis and same number of working days compared with 2010, following the disposal of the SMEG-brand household appliances business in January 2011. Chile (27% of the segment) recorded a 43.2% increase in sales on a constant basis and same number of work days, compared with 2010.

On a constant basis, adjusted EBITA fell slightly. Latin America’s performance attenuating the low contribution of other operations.

1.3 | Outlook

Positive sales trends since the beginning of the year, combined with operational leverage, lead the Group to revise upwards its full-year profitability objective:

- Improvement of EBITA margin by at least 50 basis points in 2011 vs. the 5.0% achieved in 2010 (previous guidance was "an improvement by around 50 basis points"),

and to confirm its full-year cash flow generation objective:

- Free cash flow before interest and tax above €500 million.

Rexel confirms its three medium-term strategic priorities:

- Strengthen its market position through organic growth and acquisitions,
- Enhance its profitability and optimize capital employed to achieve its medium-term targets of an EBITA margin close to 6.5% and a return on capital employed close to 14%,
- Generate solid free cash flow.

2.1 | Cash flow at March 31, 2011 and 2010

The following table sets out Rexel's cash flow for the first quarters of 2011 and 2010.

(in millions of euros)		Quarter ended March 31		
		2011	2010	Change
Operating cash flow(1)		163.1	75.8	87.3
Interest	(a)	(33.2)	(44.6)	11.4
Taxes	(a)	(23.5)	(9.0)	(14.5)
Change in working capital requirements		(201.2)	(38.7)	(162.5)
Net cash flow from operating activities	(b)	(94.8)	(16.5)	(78.3)
Net cash flow from investing activities		(56.4)	(9.2)	(47.2)
Including operating capital expenditures(2)	*(c)*	*(7.1)*	*(10.5)*	*3.4*
Net cash flow from financing activities		71.1	(34.7)	105.8
Net cash flow		(80.1)	(60.4)	(19.7)
Free cash flow				
Free cash flow:				
- before interest and taxes (b) – (a) + (c)		**(45.2)**	**26.6**	**(71.8)**
- after interest and taxes (b) + (c)		**(101.9)**	**(27.0)**	**(74.9)**
		March 31	**March 31**	
WCR as a % of sales(3) at:		**2011**	**2010**	
Reported financial data		11.3%	11.0%	
Financial data on a constant basis		11.9%	11.5%	

(1) Before interest, taxes and change in working capital requirements.

(2) Net of disposals.

(3) Working capital requirements, end of period, divided by prior 12-month sales.

2.1.1 | Cash flow from operating activities

Rexel's net cash flow from operating activities was an outflow of €94.8 million in the first quarter of 2011 compared to a €26 million outflow during the first quarter 2010.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements increased from €75.8 million during the first quarter of 2010 to €163.1 million during the first quarter of 2011. This increase is mainly due to an increase in EBITDA of €49.6 million. Moreover, operating cash flow at March 31, 2010 was affected by a non-recurring element regarding the settlement of the Ceteco litigation, for €29.8 million.

Interest and taxes

Interest paid during the first quarter of 2011 totaled €33.2 million compared with €44.6 million in the same period last year, mainly due to the lower cost of financing between the two periods.

In the first quarter of 2011, €23.5 million was paid in income tax compared with €9 million paid in the first quarter of 2010; a €14.5 million increase related to the growth of taxable income, notably in North America.

Change in working capital requirements

Changes in working capital requirement amounted to a net outflow of €201.2 million in the first quarter of 2011 compared with €38.7 million in the same period of 2010. The increase in working capital requirements is a result, principally, of the growth in sales.

As a percentage of sales over the last 12 months, the working capital requirement amounts to 11.3% at March 31, 2011, on a reported basis, compared with 11.0% at March 31, 2010, taking into account the accelerated growth of sales over the last three months.

2.1.2 | Cash flow from investing activities

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 €56.4 million outflow in the first quarter of 2011 compared with an outflow of €9.2 million in the first quarter of 2010.

	Quarter ended March 31	
(in millions of euros)	2011	2010
Acquisitions of operating fixed assets	(18.4)	(8.9)
Gain/(loss) on disposal of operating fixed assets	13.0	1.4
Net change in debts and receivables on fixed assets	(1.7)	(3.0)
Net cash flow from operating investing activities	(7.1)	(10.5)
Acquisitions of financial fixed assets	(48.3)	(0.8)
Gain/(loss) on disposal of financial fixed assets	-	2.7
Dividends received from equity associates	0.3	-
Net cash flow from financial investing activities	(48.0)	1.9
Net change in long-term investments	(1.3)	(0.6)
Net cash flow from investing activities	**(56.4)**	**(9.2)**

Acquisitions and disposals of operating fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €7.1 million in the first quarter of 2011, compared with a €10.5 million outflow in the first quarter of 2010.

In the first quarter of 2011, gross capital expenditures amounted to €18.4 million, i.e. 0.6% of sales for the period, of which €6.4 million related to IT systems, €6.9 million to the renovation of existing branches and the opening of new branches, €4,0 million to logistics and €1.1 million to other investments. Disposals of fixed assets in the first quarter of 2011 amounted to €13 million, mainly related to the disposal of a non-strategic business in Australia. Net changes in the related payables and receivables amounted to €1.7 million, accounting for an increase in net capital expenditures for the period.

In the first quarter of 2010, gross capital expenditures stood at €8.9 million, i.e. 0.3% of sales for the period, of which €4.4 million related to IT systems, €2.7 million to the renovation of existing branches and the opening of new branches, €0.9 million to logistics and €0.9 million to other investments. Disposals of fixed assets in the first quarter of 2010 amounted to €1.4 million and mainly related to the disposal of a building in the United Kingdom. Net changes in the related payables and receivables amounted to €3.0 million, accounting for an increase in the net capital expenditures of the period.

Financial investments

Rexel's net financial investments represented a net outflow of €48.0 million in the first quarter of 2011 compared with an inflow of €1.9 million in the first quarter of 2010.

Outflows with respect to the acquisition of financial assets during the first quarter of 2011 concern the price of acquisitions net of cash acquired from external growth operations. The overall impact on cash flow of these external growth transactions was an outflow of €48.3 million. These investments relate to Nortel Suprimentos Industriais, Yantra Automation Private Ltd and Wuhan Rockcenter Automation. Furthermore, the integration on January 1, 2011, of Grossauer Elektro Handels translated into €8.7 million in proceeds related to the release of said company's existing cash on the date of the first consolidation.

In the first quarter of 2010, €1.9 million in net cash corresponded to the proceeds from the disposal of financial assets related to the disposal of HLC Asia for €2.7 million. Earn-out on previous acquisitions amounted to an effect of €0.8 million mainly related to New Zealand.

2.1.3 | Cash flow from financing activities

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

In the first quarter of 2011, financing activities accounted to additional net inflows of €71.1 million. Outflows comprised:

- a decrease in securitization programs of €85.5 million;
- a decrease in the 2009 Senior Credit Agreement of €19.3 million;

By contrast, inflows comprised:

- other variations in credit lines amounting to €165.9 million, primarily consisting of the issue of commercial paper;
- the conclusion of €6 million in new leasing transactions;
- a capital increase of €2.7 million; and
- net disposals of treasury shares of €1.2 million.

In the first quarter of 2010, financing activities accounted to a €34.7 million outflow. Outflows comprised:

- a decrease in securitization programs of €121.4 million;
- a decrease in the 2009 Senior Credit Agreement of €16.2 million;
- transaction costs paid in connection with 2009 Group refinancing of €3.2 million;
- payment of finance lease liabilities of €1.1 million;
- the repurchase of treasury shares for €0.6 million;

By contrast, inflows comprised:

- additional subscriptions of senior unsecured notes for €75.0 million (€76.7 million including an issuance premium);
- a net change in other credit facilities and bank overdraft of €24.9 million;
- proceeds from the exercise of share capital for €6.2 million.

2.2 | Sources of financing of the Group

In addition to the cash from operations and equity, the Group's main sources of financing are multilateral credit lines, debt issuances and securitization programs. At March 31, 2011, Rexel's consolidated net debt amounted to €2,378.4 million, and was made up as follows:

(in millions of euros)	March 31, 2011			December 31, 2010		
	Current	Non-current	Total	Current	Non-current	Total
Senior notes	-	659.9	659.9	-	669.5	669.5
Senior credit facility	-	708.4	708.4	-	761.5	761.5
Securitization	417.4	542.5	959.9	-	1,067.6	1,067.6
Bank loans	30.3	5.7	36.0	6.6	1.9	8.5
Commercial paper	187.2	-	187.2	56.9	-	56.9
Bank overdrafts and other credit facilities	64.0	-	64.0	66.6	-	66.6
Finance lease obligations	5.8	13.3	19.1	5.7	7.2	12.9
Accrued interest (1)	17.0	-	17.0	5.2	-	5.2
Less transaction costs	(19.4)	(39.0)	(58.4)	(19.0)	(44.2)	(63.2)
Total financial debt and accrued interest	**702.3**	**1,890.8**	**2,593.1**	**122.0**	**2,463.5**	**2,585.5**
Cash and cash equivalents			(220.7)			(311.9)
Accrued interest debtor			(2.7)			-
Fair value hedge derivatives			8.7			(0.3)
Net financial debt			**2,378.4**			**2,273.3**

(1) of which accrued interest on Senior Notes in the amount of €15.9 million at December 31, 2010 (€2.5 million at December 31, 2009)

Net financial debt is detailed in note 10 of Rexel's Condensed Consolidated Interim Financial Statements as of March 31, 2011.

At March 31, 2011, the Group's liquidity amounted to €764.4 million, including -€27.2 million of cash net of overdrafts and €791.6 million of undrawn credit facilities.

The Indebtedness Ratio (adjusted consolidated net debt/adjusted consolidated EBITDA for the previous 12 months) is compared with the covenant every six months. The new limits amended by the Agreement of December 21, 2009 are as below:

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

At March 31, 2011, the indebtedness ratio (net debt/EBITDA) calculation was:

(in millions of euros)	March 31, 2011
Net debt at closing currency exchange rates	2,378.4
Net debt at average currency exchange rates (A)	2,421.0
LTM EBITDA (1) (B)	753.7
Indebtedness ratio (A)/(B)	**3.21**

(1) Calculated in accordance with the terms of the senior credit contract

The indebtedness ratio, as calculated under the terms of the Senior Credit Agreement, stood at 3.21x at the end of March 2011 (vs. 4.34x at end March 2010), well below the next covenant limit (4.50x at end June 2011).

2.3 | Events after the reporting period

On May 3, 2011, Hagemeyer Deutschland GmbH & Co.KG, an indirect subsidiary of Rexel, entered into a Share Purchase Agreement to acquire all the shares of a family-owned company TEGRO Tech. Elektro Großhandels GmbH for an amount of €2.5 million. TEGRO is based in Germany (Freudenberg) and posted sales of circa €10 million in 2010.

Rexel Distribution, a subsidiary of Rexel, entered into an Equity Joint-Venture Contract with Beijing Zhonheng, a Chinese privately-owned company based in Beijing. Pursuant to this agreement, Rexel Distribution holds a 65% controlling interest in the joint-venture and Beijing Zhongheng holds the remaining 35%. The joint-venture which was authorized by the Chinese authorities will subsequently acquire Beijing Zhongheng's business and assets. Beijing Zhongheng recorded sales of circa €34 million in 2010. Pursuant to the Equity Joint-Venture Contract, Rexel Distribution benefits from a call option to acquire in 2014, the 35% Beijing Zhonheng interest in the joint-venture at a price to be determined on the basis of the future joint-venture performance. Rexel Distribution's current investment of 65% in the joint-venture stands at CNY13.0 million (around €1.3 million).

ANNEX B

This Annex B contains extracts from the English version of our reference document for the year ended as of and for 31 December 2009, the French version of which was filed with the French Autorité des Marchés Financiers on 21 April 2010 under the number R.10-0024 (the "2009 Reference Document"). The information in this Annex B has not been updated since 21 April 2010, and speaks only as of its date. Any statement contained in this Annex B shall be deemed to be modified or superseded for purposes of this offering circular to the extent that a statement contained in this offering circular modifies or supersedes such statement. Any statement that is modified or superseded shall not be deemed, except as modified or superseded, to constitute a part of this offering circular. Cross-references to sections of the 2009 Reference Document that are not included in this Annex B shall be deemed not made and the corresponding sections shall not be considered part of this Annex B. This Annex B is an important part of this offering circular.

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, 2010, 2009 and 2008.

Rexel's consolidated income statement highlights

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

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

ROCE is determined as follows:

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

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

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

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

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

Rexel's consolidated cash flow statement highlights

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

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

Rexel's consolidated balance sheet highlights

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

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

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

1.2 HISTORY AND DEVELOPMENT

1.2.1 Company name

Rexel's company name is "Rexel".

1.2.2 Place of registration and registration number

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

1.2.3 Date and term of incorporation

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

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

1.2.4 Registered office, legal form and applicable law

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

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

1.2.5 Rexel Group history

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

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

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

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

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

Organic growth has been coupled with a selective acquisitions strategy. The Rexel Group has acquired companies with a regional, national or international presence, allowing it to strengthen its position in targeted regions, as well as companies established in emerging markets offering strong growth potential. Between 2005 and 2010, the Rexel Group carried out 34 consolidating acquisitions, representing approximately €950 million in sales, as well as two transforming acquisitions:

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

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

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

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

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

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

1.3 RECENT ACQUISITIONS AND DISPOSALS

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

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

1.3.1 Europe

1.3.1.1 Haagtechno (The Netherlands)

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

1.3.1.2 Grossauer (Switzerland)

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

1.3.2 Asia-Pacific

1.3.2.1 Beijing LuckyWell Zhineng (China)

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

1.3.2.2 Yantra Automation (India)

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

1.3.2.3 Wuhan Rockcenter Automation (China)

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

1.3.2.4 Sale of Hagemeyer Cosa Liebermann (Hong Kong)

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

1.3.3 Latin America

1.3.3.1 Nortel Suprimentos Industriais (Brazil)

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

1.4 BUSINESS AND STRATEGY

The Rexel Group believes that it is one of the leading low and ultra-low voltage electrical products distributors worldwide based on its 2010 sales and number of branches. At December 31, 2010, the Rexel Group was established in 34 countries across three areas: Europe, North America and Asia-Pacific. Since the beginning of 2011, the Rexel Group is also present in Brazil and India (see paragraph 1.3 "Recent Acquisitions and Disposals" of this *Document de Référence*).

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

The Rexel Group serves a wide range of contractors and of end-users, which it divides into four customer categories: contractors (61% of its 2010 sales), industrial companies (19% of its 2010 sales), commercial market companies (9% of its 2010 sales), as well as an "other customers" category, which includes municipalities, public entities, resellers and large do-it-yourself stores (11% of its 2010 sales). The Rexel Group's customers install the electrical products that it distributes in three end-markets: the industrial, commercial building and residential building markets. Its products are used in new installations and construction, as well as in the maintenance or renovation of existing installations and buildings.

The Rexel Group distributes a broad range of technical solutions and services aimed at responding to all of the needs of electrical contractors, as well as direct industrial and commercial customers. The Rexel Group's product offering is composed of seven product families indicated below with their respective percentage of 2010 sales: electrical installation equipment (43% of sales); cables and conduits (25% of sales); lighting (18% of sales); security and communication (6% of sales); climate control (5% of sales); tools (2% of sales); and white and brown products (2% of sales). The Rexel Group adds value to its offering by providing related services, including logistics, technical assistance and training services.

As of December 31, 2010, the Rexel Group's branch network consisted of 2,113 branches organized around various commercial banners and had 27,391 employees.

The operating sectors on which the consolidated financial statements of the Rexel Group are based are presented in note 4 to the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2010, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence.*

1.4.1 The Rexel Group's markets

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

Characteristics of the professional distribution market

Significant market size

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

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

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

A growing market

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

- economic recovery;
- the development of access to electricity linked to demographic growth and distribution;
- energy issues awareness; and
- increased demand for comfort and safety.

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

- continuous technological innovation (e.g., home automation) and a modernization of existing materials. Customers are looking for products with high added value that offer increased functionality, in particular with regard to security, comfort and energy saving, which leads to a high rate of renewal of product references;
- a regulatory environment that is evolving and different from country to country. Changes in security standards and energy consumption are notable factors in the replacement of equipment; and
- the development of technical assistance and maintenance services, as a result of the technological evolution of products and a growing demand for value added products from customers.

A more developed market in countries with mature economies

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

The development of new markets

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

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

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

Renewal of product offering that strengthens price increases

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

A fragmented market

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

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

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

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

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

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

Various competitive positions

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

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

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

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

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

Breakdown of the professional distribution market

Geographic breakdown of the professional distribution market

Based on the Rexel Group's estimates, North America constitutes the largest market for professional distribution of low and ultra-low voltage electrical products worldwide, representing approximately 30% of the market in 2010 (€45 billion). In 2010, Europe represented approximately 26% of the market (€39 billion) and the Asia-Pacific region (excluding Japan) represented approximately 20% of the market (€30 billion). The Rexel Group estimates that the Japanese market was worth approximately €11 billion in 2010, while the other geographic zones (Latin America, Africa and the Middle-East) would be worth approximately €25 billion.

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

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

(1) Source: Rexel estimates.

End-markets for the installation of electrical products

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

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

Rexel believes that the breakdown of Rexel Group sales in 2010 by end-markets would be as follows:

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

1.4.1.2 The Rexel Group's customers and their markets

The Rexel Group offers products and services to a large variety of customers, including contractors, end-users with internal installation departments, parts manufacturers and panel builders. The diversity of the Rexel Group's customer base allows it to not be dependent on a given customer, although the concentration of the Rexel Group's customers can be higher in certain countries or for certain product ranges. The Rexel Group's ten most significant customers accounted for less than 10% of the Rexel Group's sales in 2010.

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

Contractors

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

Industrial companies

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

Commercial companies

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

Other customers

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

1.4.1.3 Geographic breakdown of the Rexel Group's markets

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

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

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

Europe

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

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

North America

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

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

Asia-Pacific

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

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

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

Other Operations

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

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

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

1.4.2 Professional distribution of low and ultra-low voltage products

1.4.2.1 A distributor of services and technical solutions

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

Broad product and technical solutions offering

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

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

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

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

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

The Rexel Group offers a wide range of technical solutions, which allows it to adapt its offering to local consumption habits and applicable technical standards as well as technological innovations. As a result, the products portfolio may be increased, especially as part of the MRO (Maintenance, Repair and Operation) contracts. In addition, the renewal rate of listed products may represent up to 15% of the range of products distributed by the Rexel Group each year, depending on the country. The Rexel Group's product offering is generally marketed under their brands, whose national or, depending on the market, local reputation is a significant criterion in contractors' purchasing decisions. Changes in the Rexel Group's product offering are the result of a dynamic and continuous process that takes into account customers' expectations.

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

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

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

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

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

A service offering adapted to customers' needs

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

Technical solutions services

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

The Rexel Group's services include:

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

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

Complementary logistics and distribution services

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

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

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

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

1.4.2.2 The Rexel Group's commercial and marketing organization

A multi-network organization

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

Commercial organization

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

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

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

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

Pricing and terms of sale

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

Furthermore, the Rexel Group has entered into framework agreements with "key account" customers, including companies operating in the industrial or commercial markets. The Rexel Group defines "key accounts" as those customers that operate multiple sites on a national or international level and generate potential annual sales of €0.5 million or more per customer. Based on 2010 sales, "key accounts" generated approximately €2 billion in sales, *i.e.*, approximately 18% of the Rexel Group's consolidated sales. The framework agreements entered into with "key accounts" provide for specific sales conditions based on volumes purchased, product availability and delivery timeframes. These agreements are generally entered into in the context of bids and last for two to three years.

Marketing organization

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

Their role includes:

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

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

Development of e-commerce

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

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

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

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

1.4.2.3 Logistic organization of the Rexel Group

Purchases and supply

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

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

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

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

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

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

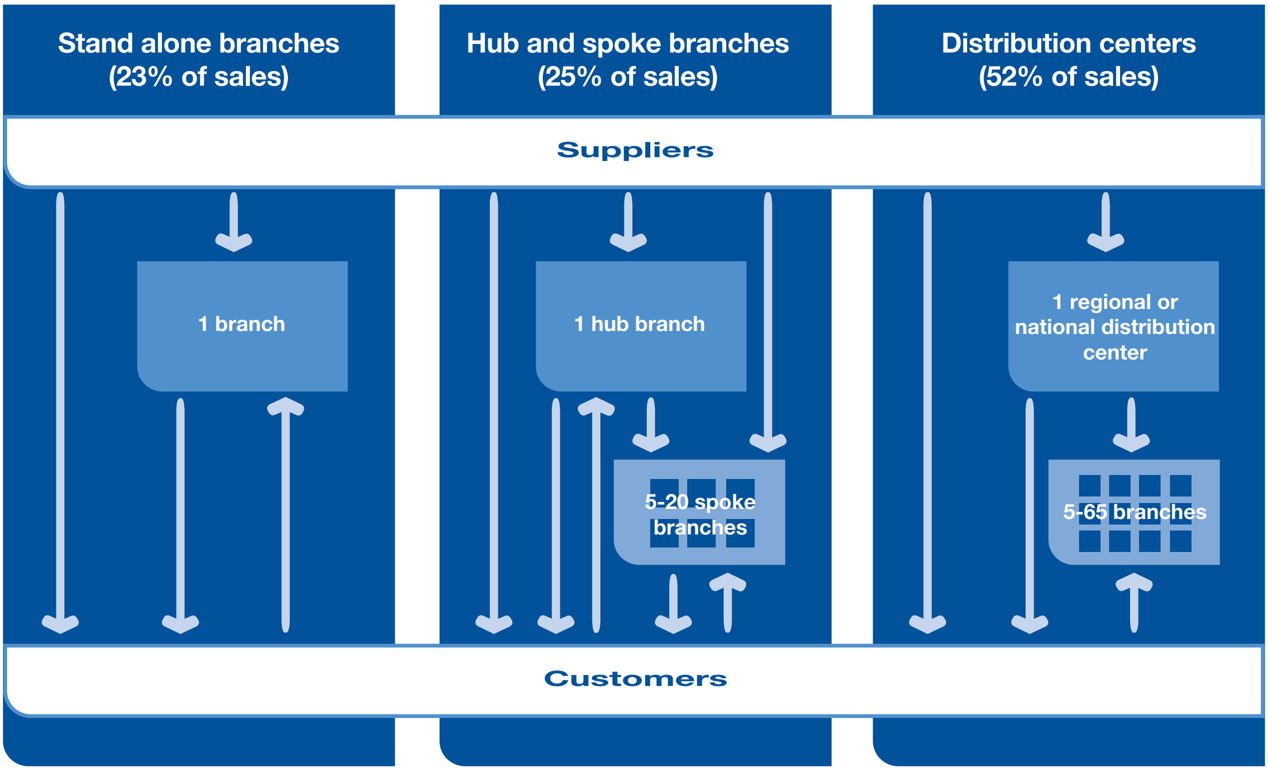
The risks related to commercial dependence are described in paragraph 2.1.6 "Risks relating to commercial dependence" of this *Document de Référence*.

Distribution network

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

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

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



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

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

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

Regional or national distribution centers

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

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

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

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

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

Hub and spoke distribution model

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

Stand-alone branches

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

Extensive branch network

As of December 31, 2010, the Rexel Group had 2,113 branches. The following table sets forth the change in the number of the Rexel Group branches between December 31, 2008 and December 31, 2010 by geographic area:

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

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

Transportation

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

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

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

1.4.3 The Rexel Groups' competitive advantages

1.4.3.1 A world leadership position

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

Based on its estimates, the Rexel Group is the one of the leaders in the market of the professional distribution of low and ultra-low voltage electrical products in terms of both sales and number of branches. Based on 2010 sales, the Rexel Group also believes that it is among the top two players in its three main geographic areas: North America, Europe and Asia-Pacific. Also, the countries in which the Rexel Group believes that it holds a market share exceeding 10% account for over 70% of its sales. Furthermore, the Rexel Group believes that it is the number one or number two player in 19 European countries, accounting for approximately 93% of the total European market.

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

The Rexel Group's position allows it to:

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

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

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

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

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

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

1.4.3.2 Diversified geographic and end-market presence

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

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

The Rexel Group's presence in a range of different countries on several continents limits its exposure to local economic cycles. Europe, North America and Asia-Pacific accounted for approximately 58%, 30% and 9% of 2010 sales respectively.

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

1.4.3.3 A strong local leadership

The Rexel Group generated approximately 70% of its 2010 sales in countries where it believes that it is the leader in terms of market share. The Rexel Group also believes that it holds a market share exceeding 20% in 18 out of the 34 countries where it was established in 2010. This strong local presence tends to support growth in profitability, in so far as the Rexel Group estimates that its operating margins are generally higher in those countries where it holds significant market shares. The Rexel Group also believes that it has developed the industry's largest worldwide branch network.

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

– its ability to offer customers a range of products and services that is adapted to local needs and that is broader than that offered by other independent distributors;

– extensive branch coverage, which permits it to meet its customers' needs where they operate;

– the development of networks comprised of several different brands tends to support an increase in the Rexel Group's market share where it already has a relatively significant share of the market (for example, the Westburne and Nedco networks in Canada);

– a tailored logistics structure, which is adapted to meet its customers' needs and the density of its markets;

– its capacity to employ qualified personnel who have strong knowledge of their local markets and its ability to provide continuous training to such personnel; and

– its attractiveness to suppliers as a distributor of reference that can promote their products.

1.4.3.4 An offering of high value-added products and services

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

– logistics chain outsourcing, including in the area of inventory management, assembly, distribution of replacement parts and the outsourcing of logistic services; and

– training, automatic machine programming assistance and help preparing cabling schematics.

The Rexel Group thus distributes an array of products and services that provide installation solutions aimed at functioning in an integrated manner and at satisfying all of its customers' electrical product needs. To this end, the Rexel Group constantly develops and adapts its product offering in order to take into account innovations suggested by suppliers, technological advancements and customer demand for new products arising from increased needs for comfort, security, ergonomics, home automation, automation and energy performance. The number of new product references offered each year by the Rexel Group varies considerably from one country to the other. It may reach 15% in certain countries.

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

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

1.4.3.5 Experienced and skilled personnel

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

The Rexel Group's employees benefit from an active training policy in the technical and commercial fields, which is performance-oriented. In order to ensure the constant improvement of the quality of its services, the Rexel Group is continually increasing the number of its employees who regularly interact with customers. These employees represent about 61% of all employees at the end of 2010, compared with 58% at the end of 2003. In addition, the Rexel Group seeks to improve the productivity of its support functions, particularly in the administrative services areas, in order to optimize operating costs.

The Rexel Group also seeks to build customer loyalty and develop its market share. As a result, its gross profit per employee has increased between 2004 and 2010, from €81,200 in 2004 to €102,400 in 2010.

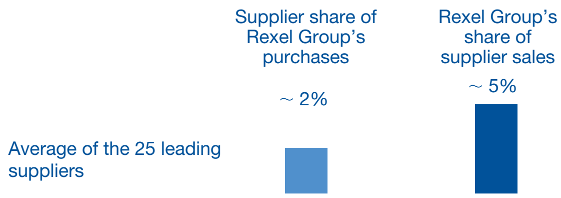
Furthermore, the Rexel Group's management team has broad experience in professional distribution, as well as operational, financial, and mergers and acquisition expertise.

1.4.3.6 Privileged relationships with suppliers

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

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

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



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

1.4.3.7 An efficient logistical model

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

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

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

1.4.3.8 An economic model generating high cash flow

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

Management's variable compensation depends in part on the optimization of working capital needs, with a view to reduce inventories and customer payment delays through the continuous optimization of logistics and credit management. Working capital requirements have gradually decreased as a percentage of sales between 2004 and 2010. The launch of a Rexel Group logistic model based on a hub and spoke system of satellite branches and regional distribution centers, as well as the implementation of software designed to follow-up the collection of receivables, are examples of initiatives that have reduced the Rexel Group's working capital requirements relative to its overall sales.

The Rexel Group has also maintained gross capital expenditures over the last three years at an annual level between 0.5% and 0.7% of consolidated sales. This investment strategy illustrates the low capital intensity of the professional distribution of low and ultra-low voltage electrical products.

1.4.3.9 A flexible cost structure

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

Based on 2010 financial information, the Rexel Group estimates that its operating cost structure before depreciation comprises:

– variable costs based on the activity level amounting to 25% (transportation, commissions, etc.);

– fixed costs, flexible in the very short-term amounting to 29% (wages in certain countries, advertising, various fees, etc.);

– fixed, short or medium-term flexible costs amounting to 46% (wages, rents, IT system costs, etc.).

1.4.3.10 The ability to integrate acquisitions

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

Thus, between 2006 and 2010, the Rexel Group carried out 28 acquisitions, including 13 acquisitions in Europe, 6 in North America and 9 in Asia-Pacific, as well as the acquisitions of GE Supply (renamed Gexpro) and of Hagemeyer.

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

1.4.4 The Rexel Group's strategy

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

– global electricity demand is expected to double within the next twenty years due to population growth, increased urbanization in emerging countries as well as increased demand for comfort in mature countries, partly linked to an ageing population;

– the scarcity of energy and the increased environmental awareness open new markets, driven by innovation and high added-value services;

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

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

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

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

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

– strengthen its structural profitability on specific markets.

1.4.4.1 Seize market opportunities

Organic growth

The Rexel Group's organic growth relies mainly on the market growth, the various explanations of which are detailed in paragraph 1.4.1.1 "The professional distribution of low and ultra-low voltage electrical products market" of this *Document de Référence*, and the gain in market shares. For such purpose, the Rexel Group constantly improves its development model, in particular in respect of its marketing aspects (through the adaptation of the location of the branches and the development of call centers and E-commerce), of the definition of the product and service offering (products and services increasingly innovative and development of own brands), of logistics and information systems.

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

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

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

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

External growth

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

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

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

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

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

1.4.4.2 Improving the business model

Levers in relation to sales

Develop "key accounts"

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

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

Develop e-commerce

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

Implement a multi-network commercial structure

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

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

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

Develop specialized teams

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

Levers in relation to gross margin

Optimize relationships with suppliers

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

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

The Rexel Group intends to continue to optimize its supplier portfolio with the objective of improving its gross margin. In 2010, the Rexel Group made approximately 51% of its purchases from its 25 leading suppliers. The optimization of logistics structures and the EDI should contribute to the improvement of the gross margin.

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

Develop the Rexel Group’s own-brands

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

– less importance accorded to well-known supplier brand names by customers;

– product functionality that is increased by packaging adapted to customer needs; and

– high fragmentation of manufacturers.

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

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

Sales of own-brand products accounted for approximately 4% of Rexel Group sales in 2010, a slight increase compared to 2009. The Rexel Group intends to continue a targeted development of its own brands.

Optimize sales prices

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

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

– customer and product segmentation;

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

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

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

Levers in relation to costs

Optimize logistic systems

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

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

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

Rationalize information technology systems

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

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

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

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

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

1.4.5 Other activities of the Rexel Group

1.4.5.1 The Consumer Electronics division (ACE)

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

1.4.5.2 Digital Products International

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

1.4.6 Research and development, patents and licenses

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

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

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

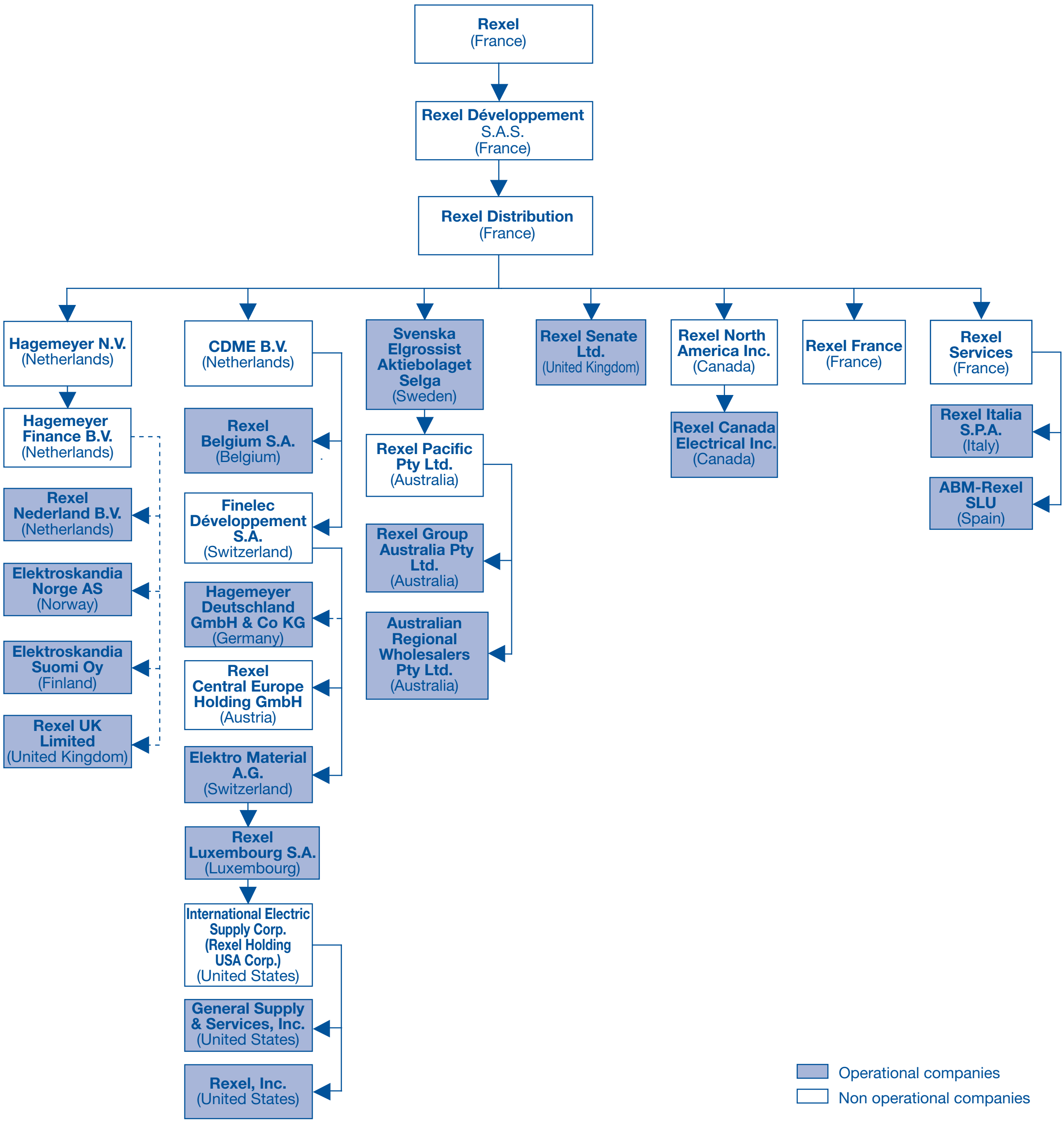
The Rexel Group also uses intellectual property rights (in particular names, brands, logos, designs, models and creations) that are not necessarily registered, either because they are used only temporarily, for example for a promotional campaign, or because they are difficult to protect. However, this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

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

1.5 ORGANIZATION

1.5.1 Organizational chart

The organizational chart below is a simplified organizational chart of the Rexel Group as of December 31, 2010. The list of all of the companies consolidated by Rexel as of December 31, 2010 is detailed in note 26 to Rexel's consolidated financial statements for the year ended December 31, 2010 which are set out in chapter 5 "Consolidated financial statements" of this *Document de Référence*.



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

1.5.2 Main subsidiaries

The Rexel Group comprises Rexel and its subsidiaries.

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

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

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

Rexel's main direct or indirect subsidiaries are described below. With the exception of the equity securities of the Rexel Group's companies and certain intellectual property rights, held, *inter alia,* by Rexel Développement and Rexel Distribution, such subsidiaries do not hold any strategic economic assets.

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

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

Europe

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

Hagemeyer Deutschland GmbH & Co KG is a company governed by the laws of Germany *(Kommanditeinlage)* with a share capital of €13,000,000. Its registered office is at Landsberger Str. 312, 806837, Munich, Germany. It is registered with the registry of commerce and companies under number HRA 48737. Its main activity is the supply and distribution of electrical products as well as the acquisition and management of equity investments in other companies. It is indirectly wholly owned by Finelec Développement S.A.

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

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

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

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

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

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

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

North America

International Electric Supply Corp. (renamed Rexel Holding USA Corp.) is a corporation governed by the laws of the Delaware with a share capital of US $1,001 registered under number 20-5021845. Its registered office is at 14951 Dallas Pkwy – Dallas, TX 75254, USA. Its main activity is the acquisition and management of equity investments in other companies and the provision of services. International Electric Supply Corp. (renamed Rexel Holding USA Corp.) is wholly owned by Rexel Luxembourg S.A.

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

General Supply & Services, Inc. is a corporation governed by the laws of the Connecticut with a share capital of US $1,000, registered under number 20-5021902. Its registered office is at 14951 Dallas Pkwy – Dallas, TX 75254, United States. Its main activity is the distribution of electrical equipment, the provision of services and ownership of equity investments in companies in the electrical product distribution business. General Supply & Services Inc. is wholly owned by International Electric Supply Corp. (renamed Rexel Holding USA Corp.).

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

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

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

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

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

1.6 PROPERTY AND EQUIPMENT

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

As of December 31, 2010, the properties used by the Rexel Group mainly included:

- The registered office of Rexel, located in Paris (France), which is leased and has a surface area of 6,186 sq. meters, and the administrative buildings of the operational entities, located in Europe, North America and Asia-Pacific, which are mainly leased. The registered office of Rexel and the administrative buildings of the operational entities house the management and operational functions of the Rexel Group;
- 44 distribution centers located in Europe (France, Germany, Austria, Belgium, Spain, Finland, Norway, The Netherlands, Portugal, the United Kingdom, Slovenia and Sweden), North America (United States), Asia-Pacific (New Zealand) and Chile. Distribution centers are mainly leased and have an average surface area which varies from 9,000 sq. meters for those located in Europe (excluding France) and 18,000 sq. meters for those located in France (see paragraph 1.4.2.3 "Logistic organization of the Rexel Group" of this *Document de Référence*); and
- 2,113 branches located in Europe, North America, Asia-Pacific and in the countries relating to the other operations segment. Branches are mixed-usage selling and storage premises located in areas of handicraft or industrial activity, with an average surface area of approximately 800 sq. meters to 1,500 sq. meters. Branches are mainly leased (see paragraph 1.4.2.3 "Logistic organization of the Rexel Group" of this *Document de Référence*).

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

1.7 INVESTMENTS

1.7.1 Completed investments

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

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

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

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

1.7.2 Main investments in progress

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

1.7.3 Main planned investments

At the date of this *Document de Référence*, there was no firm commitment to third parties concerning material financial investments, other than those described in paragraph 1.3 "Recent Acquisitions and Disposals" of this *Document de Référence*.

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

1.8 REGULATIONS

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

1.8.1 Product liability

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

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

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

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

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

1.8.2 Environmental regulations

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

The directive known as "RoHS"

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

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

The directive known as "WEEE"

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

Canadian regulations known as "WEEE"

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

The regulations known as "REACH"

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

1.8.3 French law for the modernization of economy

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

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

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

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

2. Risk Factors

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

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

2.1 RISKS RELATING TO THE REXEL GROUP'S INDUSTRY

2.1.1 Risks relating to the general economic environment

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

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

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

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

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

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

2.1.2 Risks relating to acquisitions

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

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

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

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

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

2.1.3 Competition risks

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

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

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

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

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

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

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

2.1.4 Risks relating to information technology systems

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

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

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

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

2.1.5 Risks relating to the logistical structure

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

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

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

2.1.6 Risks relating to commercial dependence

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

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

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

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

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

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

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

2.1.7 Risks relating to the Group's image

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

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

2.2 LEGAL AND REGULATORY RISKS

2.2.1 Risks relating to pending litigation

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

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

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

2.2.2 Risks relating to the legal and tax regulations

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

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

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

2.2.3 Risks relating to regulatory, including environmental regulations

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

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

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

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

2.2.4 Risks relating to pension plans

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

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

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

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

– 37% in shares;

– 47% in bonds;

– 16% in money market and other investments.

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

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

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

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

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

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

2.3.1 Risks relating to indebtedness

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

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

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

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

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

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

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

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

2.3.2 Risks relating to bank financing (excluding securitizations)

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

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

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

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

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

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

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

2.3.3 Risks related to securitization programs

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

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

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

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

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

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

2.4 MARKET RISKS

2.4.1 Risks relating to changes in prices of certain raw materials

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

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

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

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

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

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

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

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

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

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

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

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

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

2.4.2 Interest rate risk

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

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

2.4.3 Exchange rate risk

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

2.4.4 Liquidity risk

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

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

2.4.5 Counterparty risk

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

2.4.6 Share risk

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

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

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

2.5 INSURANCE

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

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

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

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

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

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

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

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

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

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, 2009 which is included in pages 68 to 84 and the consolidated financial statements which an included in pages 85 to 143 of the *Document de Référence* filed by Rexel with the *Autorité des marchés financiers* on April 21, 2010, under number R.10-024; and

– the operating and financial review of the Rexel Group for the year ended December 31, 2008, the review of the cash flow and share capital of the Rexel Group for the financial year ended December 31, 2008 set out on pages 67 to 79 and the historical financial information set out on pages 156 to 227 of the *Document de Référence* registered by the AMF on April 20, 2009 under number R.09-022, as updated by the Update to the *Document de Référence* registered by the AMF on May 27, 2009 under number D.09-0097-R01.

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

4.1 GENERAL OVERVIEW

The activity report is presented in euros and all values are rounded to the nearest million, except when otherwise stated. Total amounts and sub-totals presented in the activity report are computed in thousands of euros then rounded to the nearest hundred thousand euros. Thus, numbers and percentages may differ from the numbers and percentages calculated on the basis of the numbers presented, and amounts may not add up precisely.

4.1.1 Rexel Group overview

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

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

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

The North America zone consists of the United States and Canada. The United States accounts for approximately 70% of consolidated Rexel Group sales in this zone, and Canada approximately 30%.

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

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

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

4.1.2 Seasonality

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

4.1.3 Effects of changes in copper price

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

- **The recurring effect** related to the change in copper-based cable prices corresponds to the change in the value of the copper included in the selling price of cables from one period to another. This effect bears mainly on sales.
- **The non-recurring effect** related to the change in copper-based cable prices corresponds to the effect of copper price variations on the selling price of cables between the moment they are purchased and the time they are sold, until all inventory has been reconstituted (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price and the supplier price effective at the date of the sale of the cables by the Rexel Group. Additionally, the non-recurring effect on EBITA is the non-recurring effect on gross profit. It is offset, where appropriate, by the non-recurring portion of changes in distribution and administrative expenses (mainly the variable portion of compensation of sales personnel, which accounts for approximately 10% of change in gross profit).

The two effects are assessed as much as possible on all cable sales over the period. Internal Rexel Group procedures stipulate that entities that do not have information systems allowing such exhaustive calculation must estimate these effects based on a sample representing at least 70% of sales during the period. The results are then extrapolated to all cables sold during the period. On the basis of the sales covered, the Rexel Group deems the effects thus measured to be a reasonable estimate.

4.1.4 Comparability of the Rexel Group's operating results

The Rexel Group undertakes acquisitions and disposals that may alter its scope of consolidation from one period to another. Exchange rates may also fluctuate significantly. The number of working days in each period also has an impact on the Rexel Group's consolidated sales. Lastly, the Rexel Group is exposed to fluctuations in copper prices. For these reasons, a comparison of the Rexel Group's reported operating results over different periods may not provide a meaningful comparison of its underlying business performance. Therefore, in the analysis of the Rexel Group's consolidated results presented below, financial information is also restated for the following adjustments.

Excluding the effects of acquisitions and disposals

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

Excluding the effects of exchange rate fluctuations

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

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

For the analysis of financial performance on a constant adjusted basis, the estimated non-recurring effect related to changes in copper-based cable prices, as described in paragraph 4.1.3 above, is excluded from the information presented for both the current and the previous periods.

Such information is referred to as "adjusted" in the rest of this document.

Excluding the effects of different numbers of working days in each period on sales

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

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

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

This information does not derive from accounting systems but is an estimate of comparable data in accordance with the principles set out above. It is subject to the review of the Statutory Auditors, pursuant to Article L.823-10 of the French Commercial Code.

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

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

4.2 MAJOR EVENTS THAT OCCURRED IN 2010

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

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

4.3 CONSOLIDATED RESULTS

4.3.1 Rexel's consolidated financial results

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

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

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

(in millions of euros)	Year ended December 31,		
	2010	2009	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**11,960.1**	**11,779.6**	**1.5%**
Same number of working days			*1.3%*
Gross profit	2,920.9	2,863.9	2.0%
as a % of sales	*24.4%*	*24.3%*	
Distribution and administrative expenses	(2,328.4)	(2,389.3)	(2.5)%
as a % of sales	*(19.5)%*	*(20.3)%*	
EBITA	**592.5**	**474.6**	**24.8%**
as a % of sales	***5.0%***	***4.0%***	

Rexel Group sales

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

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

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

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

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

Gross profit

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

Distribution & administrative expenses

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

EBITA

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

Other income and other expenses

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

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

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

Financial expenses

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

Share of profit/(loss) of associates

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

Tax expense

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

Net income

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

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

4.3.2 Europe (58% of Rexel Group consolidated sales)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.4 CASH FLOW

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

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

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

(1) Before interest, taxes and change in working capital requirements.
(2) Net of disposals.
(3) Working capital requirements, end of period, divided by prior 12-month sales.

4.4.1 Cash flow from operating activities

Operating cash flow

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

Interest and taxes

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

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

Change in working capital requirements

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

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

4.4.2 Cash flow from investing activities

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

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

Acquisitions and disposals of fixed assets

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

In 2010, gross capital expenditures amounted to €57.5 million, i.e. 0.5% of sales over the period, of which €25.0 million on IT systems, €16.8 million on the renovation of existing branches and the opening of new ones, €11.6 million on logistics and €4.1 million on other investments. In 2010, disposals of fixed assets amounted to €7.0 million, and related mainly to sales of buildings in Sweden, Latvia and Italy. Net change in the related payables and receivables was €1.9 million, increasing net capital expenditures over the period in the same amount.

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

Financial investments

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

In 2010, inflows covered the disposals of HCL Asia and Haagtechno B.V. in the amount of €3.4 million, and €10.2 million net of cash disposed. Outflows mainly included the acquisition of Grossauer in Switzerland for €64.1 million. Earn-outs and price adjustments on prior acquisitions represented a net total of €1.1 million. Dividends received from equity associate DPI totaled €1.4 million.

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

4.4.3 Cash flow from financing activities

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

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

- Reduction of the 2009 Senior Credit Agreement in the amount of €407.8 million.
- Reduction in securitization programs bearing on trade receivables in the amount of €34.3 million.
- Changes in other credit facilities in the amount of €24.4 million.
- Payments related to finance lease liabilities in the amount of €5.2 million.
- Transaction costs paid in connection with Rexel Group refinancing in the amount of €5.0 million.

By contrast, inflows comprised:

- Issuance of additional senior unsecured bonds in the amount of €75.0 million (€76.7 million including the issuance premium).
- Issuance of treasury notes in the amount of €56.9 million.
- Proceeds from share capital increase related to the exercise of stock-options and to an employee share purchase plan for an aggregate amount of €9.7 million.

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

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

By contrast, inflows comprised:

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

4.5 SOURCES OF FINANCING

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

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

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

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

Net financial debt is detailed in note 19 of Rexel's consolidated financial statements at December 31, 2010, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence*.

At December 31, 2010, Rexel's ratings by the financial rating agencies were as follows and have not been updated as of the date of this *Document de Référence*:

	December 31, 2010			December 31, 2009		
Rating agency	Moody's	Standard & Poor's	Fitch Ratings	Moody's	Standard & Poor's	Fitch Ratings
Long term debt	B1	BB-	BB-	B1	B+	BB-
Perspectives	Stables	Stables	Stables	Stables	Stables	Stables
Short term debt	NP	B	B	–	–	–

On March 8, 2011, Moody's upgraded the rating of Rexel's long term debt from B1 to Ba3. The rating of Rexel's long term debt has thus been recently upgraded by Moody's and Standard & Poor's, reflecting the strengthening of the Rexel Group's financial structure and its good operating results.

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

4.6 TRENDS, TARGETS AND FORECASTS

4.6.1 Business trends

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

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

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

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

– in Europe, a slight increase overall on the three markets, residential, industrial and commercial, with a few exceptions, such as Spain, Ireland or the United Kingdom;

– in North America, a moderate recovery based on comparisons which remain low;

– in Asia-Pacific, sustained growth relatively similar to the growth recorded in 2010.

4.6.2 Outlook of the Rexel Group

The objectives and estimates presented in this chapter have been determined on the basis of data, assumptions and estimates that are considered reasonable by the Rexel Group's management. These data, assumptions and estimates may change as a result of uncertainties relating to, among other things, the economic, financial, accounting, competitive and regulatory environment, or other factors that are currently unknown by the Rexel Group as of the date of this Document de Référence. In addition, the occurrence of certain of the risks described in chapter 2 "Risk Factors" of this Document de Référence could have an impact on the activity, the financial situation, and the results of the Rexel Group and its ability to achieve these objectives. The Rexel Group can give no assurances and provide no guarantee that the following objectives will be met.

4.6.2.1 Rexel Group 2010 outlook and estimates

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

– a low single-digit (*i.e.*, in the lower range of 0% to 10%) drop in sales (after the 17.2% decline recorded in 2009) on a constant basis and same number of working days,

– an improvement in full-year adjusted EBITA margin over the 4.0% level recorded in 2009,

– free cash flow before interest and tax of around €400 million.

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

– sales should slightly increase on a constant basis and same number of working days,

– adjusted EBITA margin should exceed 4.5%, and

– free cash flow before interest and taxes paid should exceed €400 million.

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

– yearly sales should be near €11.9 billion;

– adjusted EBITA margin should be near 4.9%;

– free cash flow before interest and taxes paid should reach approximately €450 million and net debt at year-end should be slightly above €2.2 billion with an indebtedness ratio below 3.5x.

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

4.6.2.2 Rexel Group 2011 and middle-term outlook

Rexel Group 2011 outlook

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

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

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

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

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

- **Increase its profitability and optimize its capital employed in order to achieve its medium-term objectives of an EBITA margin close to 6.5% and of a return on capital employed (ROCE) close to 14%**

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

- **Generate solid cash flow**

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

Rexel Group middle-term outlook

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

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

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

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

Since December 31, 2010, Rexel acquired the companies as described in paragraph 1.3 "Recent Acquisitions and Disposals" of this *Document de Référence*.

To Rexel's knowledge, and with the exception of the items described in this *Document de Référence*, there has been no other significant change in the Rexel Group's financial or commercial position since the end of the financial year ended December 31, 2010.

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 63 years old	Chairman of the Management Board	From February 13, 2007, Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	<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. (renamed Rexel Holding USA 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 Société de Commerce, Financement et Promotion – CFP – Member of the Supervisory Board of CFAO – Member of the Audit Committee of CFAO – Member of the Nomination Committee of CFAO <u>Titles and duties exercised over the course of the five last financial years:</u> – Director of Discodis
Michel Favre 189-193, boulevard Malesherbes 75017 Paris 52 years old	Member of the Management Board	From May 20, 2009 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	<u>Current titles and duties:</u> – Director of Rexel Distribution – Director of Rexel France – Director of Svenska Elgrossist AB SELGA – Director of Rexel UK Ltd – Director of Redeal Ltd – Director of Elektroskandia Norge AS	<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

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Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Pascal Martin 189-193, boulevard Malesherbes 75017 Paris 54 years old	Member of the Management Board	From February 13, 2007 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Current titles and duties: – Chairman of Citadel S.A.S. – Chairman of Bizline S.A.S. – Director of Rexel Distribution – Chairman of the board of directors of Nortel Suprimentos Industriais SA Titles and duties exercised over the course of the five last financial years: – Director of Rexel Inc. – Member of the Management Board of Hagemeyer – Chairman of Comrex Ouest S.A. – Chairman of Rexel Latin America S.A.S. – Director of General Supply & Services, Inc. – Director of Kelliher 1998, Ltd – Director of Comrex International Trading (Shanghai) Co. Ltd. – Director of Rexel Electra S.A. – Director of Rexel Chile S.A. – Director of Flores y Kersting	
Jean-Dominique Perret 189-193, boulevard Malesherbes 75017 Paris 63 years old	Member of the Management Board	From February 13, 2007 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Current titles and duties: – Director of Rexel Senate Limited – Director of Rexel Chile S.A. – Director of Rexel Electra S.A. – Director of Flores y Kersting – Chairman of Rexel Latin America – Director of Rexel NCE BV – Director of Nortel Suprimentos Industriais SA – President of Rexel Peru S.A.C. Titles and duties exercised over the course of the five last financial years: – Member of the Management Board of Hagemeyer – Director of Rexel Material Electrico	

Jean-Charles Pauze has served as a member of the Management Board of Rexel since February 13, 2007. He began his career with Total in 1971. In 1974, he joined the Alfa Laval group. He was appointed CEO of that company in France in 1981 and CEO of its subsidiary Brand & Luebbe in Germany in 1984. He then moved to the Strafor Facom group as Chairman and CEO of Clestra-Hauserman in 1986 and Chairman and CEO of Steelcase Strafor in 1991. In 1998, Jean-Charles Pauze was appointed Chairman of the Management Board of Guilbert (PPR Group). From 2002 until 2004, he served as Chairman and CEO of the Rexel Group. Since 2005, he has acted as Chairman and CEO of Rexel Distribution. Jean-Charles Pauze graduated from IDN-EC Lille with an engineering degree. He holds a Master of science in economics and a Master of Business Administration from INSEAD.

Michel Favre has been a member of the Management Board of Rexel since May 20, 2009. He began his career in 1983 with Banques Populaires as an inspector. In 1988, after two years in consulting, he joined the Valeo group where he acted as Director of Financial Control for several successive divisions before becoming CFO for several branches between 1991 and 1997. Promoted to CEO of the Climate Control Division France in 1997, he became CEO of the Lighting-Signal Systems division in 1999. In 2001 he joined Altadis Group as Chief Financial and Administrative Officer. Since 2006, Michel Favre had been Chief Financial and Administrative Officer of Groupe Casino. Michel Favre is a graduate of HEC. He joined the Rexel Group and was appointed Chief Financial Officer and Group Senior Vice President, in April 2009.

Pascal Martin has been a member of the Management Board of Rexel since February 13, 2007. He started his career in 1980 with Société Vosgienne de Coton Hydrophile. In 1981, he joined the Renault group in Orléans (France) as Head of the Methods Department. He was appointed Production Manager in 1983, Head of a production site expansion project in 1985 and Head of Technical Services in 1989. From 1992 to 2000, he served as Chief of International Operations (1992-2000), Group Human Resources Director (1993-1999) and Chairman and CEO of Steelcase S.A. International. Pascal Martin also held positions as Chairman and CEO of Airborne France (1994-2001) and CEO France of Steelcase Strafor France (1999-2000). He was appointed France CEO of Guilbert France (PPR Group) in 2001 and Chairman of the Management Board of that company in 2002. He was named CEO of the Rexel Group Business Sector in 2003, Director of the Latin America region in 2004 and Senior Vice President, Business Development and Corporate Operations of Rexel Distribution in 2005. Since 2007, Pascal Martin has been a member of the Management Board and Group Senior Vice President Business Development and Corporate Operations. Pascal Martin holds an engineering degree from ENSAM and is a graduate of ICG.

Jean-Dominique Perret has been a member of the Management Board of Rexel since February 13, 2007. He began his career with Asea Brown Boveri in 1973. In 1975, he joined Schlumberger Services Pétroliers, where he held operational positions in the Middle East, Asia, Africa and South America as Profit Center Manager, Country or Regional Director and lastly, in January 1991, as Regional Director for Latin America. In 1993, he became Sales Engineering Director for Eastern Europe at Air Liquide. In 1994, he was promoted to Human Resources Director of several entities of the Air Liquide group. In 2001, Jean-Dominique Perret was appointed Group Senior Vice President, Human Resources within Rexel Développement. Between 2008 and 2010, Jean-Dominique Perret carried out, in addition to his officership, the duties of Group Delegate Latin America. Since January 1, 2011, Jean-Dominique Perret has been appointed Group Delegate for International Businesses. Jean-Dominique Perret is chairman of the association EChr – European Club for human resources (Belgium). Jean-Dominique Perret holds an engineering degree from Ecole Centrale Marseille and is a graduate of the Institut de l'Administration des Entreprises (IAE).

7.1.1.2 Operation of the Management Board

The Management Board has broad powers to act in the name of Rexel in all circumstances within the scope of Rexel's corporate purpose and subject to those powers that have been expressly granted by law or the by-laws to the shareholders' meeting and the Supervisory Board or otherwise require prior authorization from the Supervisory Board. The Management Board is also vested with the following specific powers under applicable law and the by-laws:

– to convene general meetings;

– to carry out capital increases and/or to determine the terms and conditions of capital increases pursuant to a delegation of authority from the extraordinary general meeting;

– to carry out capital reductions pursuant to a delegation of authority from the extraordinary general meeting;

– to grant to employees of Rexel options to subscribe for or to purchase shares or to award free shares pursuant to the authorization of the extraordinary shareholders' meeting;

– to issue bonds with the option to delegate such power to the Chairman or to another member of the Management Board; and

– to modify the share capital of Rexel following the conversion of convertible bonds at any time, subscriptions to shares by tendering rights detached from compound securities giving the right to receive shares, the exercise of stock options or the payment of dividends in shares.

On February 13, 2007, the Management Board of Rexel adopted its own Rules of Procedure of which the purpose is, in accordance with applicable law, regulations and by-laws, to assign certain Management Board responsibilities between the Management Board members, to determine the organization and operation of the Management Board and to set out the rights and responsibilities of its members. It is not enforceable vis-à-vis third parties and may not be invoked by such parties against members of the Management Board.

The main provisions of the Rules of Procedure are reproduced or summarized below.

Members of the Management Board

The Management Board is made up of at least two members and no more than four members, who are appointed by the Supervisory Board. The term of their appointment is four years.

Duties and powers of the Management Board

The Management Board is vested with the most extensive powers to act in all circumstances on behalf of Rexel, within the scope of the corporate purpose and subject to those powers expressly assigned by law and by the by-laws to shareholders' meetings and to the Supervisory Board.

In its relationships with third parties, Rexel is responsible for all actions of the Management Board, including those that do not fall within the corporate purpose, unless it can demonstrate that the third party was aware that the action went beyond the scope of such purpose or that it could not be unaware of this under the circumstances, it being specified that publication of the by-laws does not in itself constitute such proof.

The Management Board submits to the Supervisory Board a report summarizing the main actions or events that have occurred concerning the management of Rexel at least once each quarter. The Supervisory Board may also at any time request that the Management Board submit a report on Rexel's management and ongoing operations. This report may be supplemented by interim financial information on Rexel.

Within three months as from the end of each financial year, the Management Board approves and submits to the Supervisory Board, for purposes of verification and control, the year-end financial statements and, if any, the consolidated financial statements together with the report to be submitted to the annual shareholders' meeting.

It proposes the allocation of income from the previous financial year to the Supervisory Board.

The Management Board reviews quarterly and half-yearly financial statements and submits them to the Supervisory Board.

The Management Board convenes shareholders' meetings, sets the agenda of the meetings and carries out the shareholders' decisions.

Management Board members are liable to Rexel or to third parties, as the case may be, for violations of the provisions of the laws governing French *sociétés anonymes*, the by-laws or for negligence in their management, under the conditions and subject to the penalties provided by law.

The Management Board's Rules of Procedure sets forth those Management Board decisions that are subject to prior approval by the Supervisory Board under the terms of Rexel's by-laws. A list of such decisions is set out in paragraph 8.3.2.2 "Supervisory Board (articles 19 to 25 of the by-laws)" of this *Document de Référence*.

Division of responsibilities among Management Board members

Management Board members are responsible to Rexel or third parties, as the case may be, for any negligence in the performance of their duties. However, Management Board members may, with the Supervisory Board's authorization, divide management responsibilities amongst themselves. However, such allocation shall not in any event deprive the Management Board of its status as a collegiate body that is responsible for the management of Rexel.

Jean-Charles Pauze is the Chairman of the Management Board. As such, he is responsible for the administration and management of the Rexel Group, as well as its strategy and orientation. His mission also includes: developing the Rexel Group's business internationally and exercising hierarchical control over the employees of Rexel.

As a member of the Management Board, Michel Favre is in charge of the following duties and/or departments: treasury, financing and credit management; management controls; financial communications; internal audit/control; consolidation and accounting; legal and political affairs in insurance; tax; transactions on fixed assets and/or property.

As a member of the Management Board, Pascal Martin is in charge of the following departments: marketing and commercial development; relationships with suppliers; IT systems; logistics and supply chain; large key international accounts; indirect purchases; strategic development; and mergers and acquisitions.

As a member of the Management Board, Jean-Dominique Perret is in charge of the following departments: human resources development; employee affairs; ongoing training and development; developing recruitment best practices; general services for the holding companies of the Rexel Group and the headquarters; general Rexel Group policies with respect to general services.

Also, as it deems appropriate, the Management Board may assign to one or more of its members, or to any person who is not a member, special missions, on a permanent or temporary basis, to achieve one or more specified goals, with or without the ability further to delegate such powers.

Meetings of the Management Board

Whenever required for the best interests of Rexel, the Management Board meets when convened by its Chairman within a reasonable delay, at Rexel's registered office or at any other place specified in the meeting notice. If specified in the meeting notice, Management Board meetings may be held by videoconference or other forms of telecommunication.

The meetings are chaired by the Chairman of the Management Board or, in his absence, by a member of the Management Board who is selected by the Management Board at the beginning of the meeting. The Management Board appoints a secretary who is not required to be a Board member.

In order for resolutions to be valid, there must be a quorum of more than one half of Management Board members in attendance. Resolutions are adopted by a simple majority of Management Board members present and represented. Each Management Board member may represent one other Management Board member at each Management Board meeting. In the event of a tie, the Chairman of the meeting has a casting vote.

Deliberations are recorded in minutes that are entered in a special register and are signed by the Chairman of the meeting.

Information provided to the Management Board

The Chairman of the Management Board ascertains that a file containing all documents and information needed to review the items on the agenda of the Management Board meeting is sent to each member of the Management Board in a timely manner. In addition, members of the Management Board have the right to request any documents they deem necessary for a meeting, provided that they submit such requests within a reasonable time frame.

Furthermore, between meetings, members receive all appropriate information on events and transactions having a material impact on Rexel.

Charter for Management Board members

In the interest of good corporate governance, the Management Board's Rules of Procedure, to which each member of the Management Board is subject, contain a charter setting out the rights and responsibilities of the members of the Management Board.

7.1.2 Supervisory Board

7.1.2.1 Composition of the Supervisory Board

In accordance with the provisions of Rexel's by-laws (article 19 of the by-laws), the Supervisory Board is made up of a minimum of five members and a maximum of 15 members. Its members are appointed by the Ordinary Shareholders' meeting for a term of office of four years. As an exception, the members of the Supervisory Board currently serving with a term of office of five years shall exercise their duties until the initial date of expiry of their term of office. No individual exceeding the age of 70 may be appointed as member of the Supervisory Board if such appointment raises the number of Supervisory Board members who are over this age to more than one-third.

As of the date of this *Document de Référence*, the Supervisory Board was comprised of the following 11 members:

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Roberto Quarta Cleveland House 33, King Street London SWIY 6RJ United Kingdom 61 years old	Chairman of the Supervisory Board	From February 13, 2007 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	<u>Current titles and duties:</u> – Member of the Appointments Committee of Rexel – Member of the Compensation Committee of Rexel <u>Titles and duties exercised over the course of the five last financial years:</u> – President and member of the Board of Directors of Ray Holding S.A.S. (which became Rexel) – Member of the Board of Directors of Ray Acquisition S.A.S. – Director of Rexel Distribution – President of Ray Acquisition S.C.A. (which became Rexel Développement)	<u>Current titles and duties:</u> – Partner of CD&R LLP – Chief Executive Officer of Clayton, Dubilier & Rice Limited – Non-executive Director of BAE Systems Plc <u>Titles and duties exercised over the course of the five last financial years:</u> – Chairman of Italtel S.p.A – Chairman of BBA Group Plc – Non-executive director of Equant NV – Non-executive director of PowerGen Plc – Non-executive director of Azure Dynamic Corp
Patrick Sayer 32, rue de Monceau 75008 Paris 53 years old	Deputy Chairman of the Supervisory Board	First appointment on February 13, 2007 Renewed on May 20, 2010 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2013	<u>Current titles and duties:</u> – Chairman of the Appointments Committee of Rexel – Member of the Strategic Committee of Rexel <u>Titles and duties exercised over the course of the five last financial years:</u> – Director of Rexel Distribution – Member of the Board of Directors of Ray Holding SAS (which became Rexel) – Member of the Board of Directors of Ray Acquisition S.A.S.	<u>Current titles and duties:</u> – Chairman of the Management Board of Eurazeo – Deputy Chairman of the Management Board of ANF Immobilier – Member of the Supervisory Board of Paris Saint-Germain Football SASP – Director of Accor – Director of Edenred – General Manager of Immobilière Bingen – General Manager of Legendre Holding 8 – Chairman of the Advisory Board of APCOA Parking Holdings GmbH (Germany) – Chief Executive Officer of Legendre Holding 19 – Chairman of the Board of Directors of Europcar Groupe SA (since January 3, 2011) – Director of Colyzeo Investment Advisors (UK) – Chairman of Eurazeo Capital Investissement (formerly Eurazeo Partners) – Manager of Investco 3d Bingen – Member of the Board of Directors of Gruppo Banca Leonardo (Italy) – Member of the Board of Directors of Holdelis – Member of the Steering Committee of France Investissement

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
				Titles and duties exercised over the course of the five last financial years: – Director of SASP PSG Football – Manager *(gérant)* of Euraleo (Italy) – Permanent representative of ColAce at the Supervisory Board of Groupe Lucien Barrière – Managing director of Legendre Holding 11 – Chairman, Deputy Chairman and member of the Supervisory Board of Groupe B&B Hotels – Director of Eutelsat SA – Director of Eutelsat Communications – Directore of Ipsos – President of the *Association Française des Investisseurs en Capital* (AFIC) – Member of the Board of Directors of Lazard LLC – Chairman of the Board of Legendre Holding 18 – Chairman of the Board of BlueBirds Participations SA – Managing Partner of Partena – Director of RedBirds Participations S.A. – Manager of Investco 1 Bingen – Chairman of the Supervisory Board of Fraikin Groupe – Member of the Supervisory Board of *Presses Universitaires de France* – Chairman of the Advisory Board of Perpetuum Beteiligungsgesellschaft GmbH (renamed APCOA Parking Holdings GmbH) – Chairman of the Supervisory Board of APCOA Parking AG
Eurazeo [(1)] 32, rue de Monceau 75008 Paris Represented by **Marc Frappier** 32, rue de Monceau 75008 Paris 37 years old	Member of the Supervisory Board	From August 1, 2007 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011		Current titles and duties: – Manager of the investment team of Eurazeo – Deputy Chairman of the Advisory Board of Apcoa Parking Holdings GmbH (Germany) – Member of the Supervisory Board of APCOA Parking AG (Germany) – Manager of ECIP Elis Sarl (Luxembourg) and ECIP Agree Sarl (Luxembourg) – Director of Eurazeo Management Lux (Luxembourg)

(1) Eurazeo was co-opted by the Supervisory Board to replace Xavier Marin, who resigned from his duties of member of the Supervisory Board in July 2007. The co-option of Eurazeo as a member of the Supervisory Board was confirmed by Rexel's general shareholders' meeting held on May 20, 2008.

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Luis Marini-Portugal 32, rue de Monceau 75008 Paris 40 years old	Member of the Supervisory Board	From February 13, 2007 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Member of the Audit Committee of Rexel – Member of the Compensation Committee of Rexel	Current titles and duties: – Member of the Management Board of Eurazeo – Chairman of the Board of Directors of Holdelis – Member of the Management Board of Ray Investment – Manager of Investco 4i Bingen *(société civile)* – Manager of Investico 5i Bingen *(société civile)* – Director of Passerelles & Compétences *(association)* – Director of T&F *(association)* – General Manager of Ray France Investment Titles and duties exercised over the course of the five last financial years: – Chairman of the Supervisory Board of Groupe B&B Hotels – Permanent representative of BlueBirds II Participations on the Board of Directors of Eutelsat S.A. – Permanent representative of BlueBirds II Participations on the Board of Directors of Eutelsat Communications S.A. – Director of Legendre Holding 17 – Director of Arabelle – Director of RedBirds Participations – Manager of Eurazeo Entertainment Lux Sarl
David Novak Cleveland House 33, King Street London SWIY 6RJ United Kingdom 42 years old	Member of the Supervisory Board	From February 13, 2007 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Member of the Audit Committee of Rexel – Chairman of the Strategic Committee of Rexel Titles and duties exercised over the course of the five last financial years: – Director of Rexel Distribution – Member of the Board of Directors of Ray Acquisition S.A.S.	Current titles and duties: – Director of BCA – Member of the management committee of Ray Investment – Director and Company secretary of Clayton, Dubilier & Rice Titles and duties exercised over the course of the five last financial years: – Director of Italtel S.p.A. – Director of HD Supply
Amaury Hendrickx Flat 5 78 Elm Park Road London SW3,6AU United Kingdom 39 years old	Member of the Supervisory Board	From May 20, 2010 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2013	Current titles and duties: – Member of the Compensation Committee of Rexel	Current titles and duties: – Director of Merrill Lynch Global Private Equity – Director of Ktesios – Director of ML Infrastructure Holdings Sarl – Member of the management committee of Ray Investment

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
Manfred Kindle (1) Cleveland House 33, King Street London SWIY 6RJ United Kingdom 51 years old	Member of the Supervisory Board	From December 2, 2009 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011		Current titles and duties: – Chairman of the Board of Directors of Exova – Director of the Board of Directors of BCA Group – Director Zurich Financial Services – Director of Stadler Rail AG – Director of VermögensZentrum Holding AG
Matthew Turner (2) 2, King Edward Street London, EC1A 1HQ United Kingdom 47 years old	Member of the Supervisory Board	From March 30, 2009 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Member of the Audit Committee of Rexel – Member of the Strategic Committee of Rexel – Member of the Appointments Committee of Rexel	Current titles and duties: – Managing Director and Head of International of BAML Capital Partners – Director of Euromedic International Group BV ("EIG") – Director of Integrated Dental Holdings Group Ltd. – Director of VA Australia Holdings Pty Ltd – Director of DSI Holding GmbH – Director of Foxtons Estate Agents – Director of Partnership Education – Director of charity of NSPCC Helpline Titles and duties exercised over the course of the five last financial years: – Director of Loyalty Partners – Director of Retail Decisions – Director of Upperpoint Group – Director of Pharmacia Diagnostics (Phadia) – Director of Astron Group
Fritz Fröhlich* Saschsenstr 25 42287 Wuppertal Germany 69 years old	Member of the Supervisory Board	From April 4, 2007 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Chairman of the Audit Committee of Rexel – Member of the Appointments Committee of Rexel	Current titles and duties: – Chairman of the Supervisory Board of Draka N.V. – Chairman of the Supervisory Board of Randstad Holding N.V. – Chairman of the Supervisory Board of Altana A.G. – Member of the Supervisory Board of Allianz Nederland Groep N.V. – Member of the Supervisory Board of ASML N.V. Titles and duties exercised over the course of the five last financial years: – Member of the Supervisory Board of AON Jauch & Hübener Holdings GmbH – Member of the Supervisory Board of Kempen & Co N.V. – Member of the Supervisory Board of Gamma Holdings N.V.

(1) Manfred Kindle was co-opted by the Supervisory Board on December 2, 2009 to replace Joseph L. Rice, III. The co-option of Manfred Kindle as a member of the Supervisory Board was approved by the Rexel's general shareholders' meeting held on May 20, 2010.

(2) Matthew Turner was co-opted by the Supervisory Board to replace Djamal Moussaoui, who resigned from his duties of member of the Supervisory Board on February 5, 2009. The co-option of Matthew Turner as a member of the Supervisory Board has been approved by Rexel's general shareholders' meeting held on May 20, 2009.

Surname, name, professional address and age	Title	Date of first appointment and date of expiry of term of office	Titles and duties exercised within the Rexel Group over the course of the five last financial years	Titles and duties exercised outside of the Rexel Group over the course of the five last financial years
François David* 6, rue Auguste Bartholdi 75015 Paris 69 years old	Member of the Supervisory Board	From April 4, 2007 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2011	Current titles and duties: – Member of the Compensation Committee of Rexel – Member of the Strategic Committee of Rexel Titles and duties exercised over the course of the five last financial years: – Observer *(censeur)* of Rexel Distribution	Current titles and duties: – Chairman and Chief Executive Officer of Coface – Chairman of the Board of Directors of Coface Services – Chairman of the Board of Directors of CofaceAssicurazioni (Italia) – Chairman of the Supervisory Board of Coface Kreditversicherung AG (Germany) – Member of the Board of Directors of Vinci – Member of the Supervisory Board of AREVA – Member of the Supervisory Board of Lagardère SCA – Director of the association Coface Trade Aid – President of Coface ORT – President of *La Librairie Electronique* (LLE) – President of *Centre d'études financières* – Chairman of Or Informatique – Member of the *Conseil de l'Ordre National de la Légion d'honneur* Titles and duties exercised over the course of the five last financial years: – Member of the Board of Directors of EADS
Françoise Gri* 25, rue des Vaussourds 92500 Rueil-Malmaison France 53 years old	Member of the Supervisory Board	From May 20, 2010 Until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2013	Current titles and duties: – Chairman of the Compensation Committee of Rexel – Member of the Appointments Committee of Rexel	Current titles and duties: – Chairman of Manpower France – Executive Vice-President of Manpower INC – Member of the Ethics Committee of MEDEF – Member of the streaming committee of *Institut de l'Entreprise* – Director of *Ecole Centrale de Paris* Titles and duties exercised over the course of the five last financial years: – Chairman and Chief Executive Officer of IBM France – Director of STX – Vice-President of Foundation *Agir Contre l'Exclusion*

* Independent members of the Supervisory Board.

Roberto Quarta has served as Chairman of the Supervisory Board of Rexel since February 13, 2007. He joined Clayton Dubilier & Rice in 2001. He is a Partner of CD&R LLP. Roberto Quarta is a Non-Executive Director of BAE Systems Plc, the premier global defense and aerospace company. He served as Chairman of Italtel S.p.A. and Non-Executive Director of PowerGen Plc, a U.K. oil and gas company, and Non-Executive Director of Azure Dynamic Corp., which specializes in developing and manufacturing electric commercial vehicles. He has held a number of executive positions at BTR Plc, a U.K.-based holding company. Roberto Quarta was CEO of BBA Group PLC from 1993 to March 2001 and was Chairman of that group from 2001 to January 2007. Roberto Quarta graduated from the College of the Holy Cross.

Patrick Sayer has served as Deputy Chairman of the Supervisory Board of Rexel since February 13, 2007. Patrick Sayer, Chairman of the Management Board of Eurazeo, was appointed in May 2002 to lead a new stage of the development of the company. With over €4 billion of diversified assets, a considerable investment capacity and a long-term investment period, Eurazeo is among the leading listed investment firms in Europe. Eurazeo is thus the majority or reference shareholder of Accor, ANF Immobilier, APCOA, Edenred, Elis, Europcar and Rexel. He was previously Managing Partner of Lazard Frères et Cie in Paris, which he joined in 1982, and Managing Director of Lazard Frères & Co. in New York, where he was in charge, in particular, of media and technology on a global basis. His investment experience started with the creation of Fonds Partenaires, which he supported from 1989 until 1993. Patrick Sayer is Vice-President of the Supervisory Board of ANF Immobilier, member of the Advisory Board of Apcoa Parking Holdings GmbH, Chairman of the Board of Directors of Europcar Groupe, Director of Accor, Edenred, Elis, Grand Théâtre de Provence, member of the Supervisory Board of Paris Saint-Germain (PSG), member of the Board of Directors of Gruppo Banca Leonardo (Italy), former Chairman (2006-2007) of Association Française des Investisseurs en Capital (AFIC), member of the Steering Committee of France Investissement, Director of the Musée des Arts Décoratifs de Paris and member of the Club des Juristes. Patrick Sayer is a graduate of Ecole Polytechnique (1980) and Ecole des Mines de Paris (1982).

François David has served on the Supervisory Board of Rexel since April 4, 2007. François David was a civil administrator at the Department of External Economic Relations at the French Ministry of Finance (1969-1973), Trade Advisor at the French Embassy in London (1974-1976), Agricultural Policy Bureau Chief at the Department of External Economic Relations (1976-1978), Technical Advisor to Jean-François Deniau (Minister of Foreign Trade) (1978-1980), Junior Director (1981-1984), Assistant Director (1984-1986) at the Economics, Finance and Budget Ministry, Bureau Director to Michel Noir (Minister Delegate to the Minister of State, Minister of Economics, Finance and Privatization, Foreign Trade Representative) (1986-1987), Director of the Department of External Economic Relations (1987-1989), General Director of International Affairs of Aerospatiale (1990-1994). François David has been the chairman of Coface since July 1994 and since: Chairman of the Supervisory Board of Coface Deutschland (1996), Chairman of the Board of Directors of Coface Assicurazioni (1997), Chairman of the Union of Berne (1997-1999), Chairman of the Global Economy Information and Reflection Club (CIREM) of CEPII, the French research center of international economics (1999-2002), Chairman of the International Credit Insurance & Surety Association (ICISA) (2004-2006), Chairman of the Board of directors of Coface Services (since 2006). François David sits on the Board of Directors of Vinci and on the Supervisory Board of Lagardère SCA and AREVA. He was an observer *(censeur)* at Rexel until 2007. François David is also a member of the *Conseil de l'Ordre de la Légion d'Honneur* (November 2009).

Marc Frappier has served on the Supervisory Board of Rexel as a permanent representative of Eurazeo since July 20, 2008. Marc Frappier is a Manager within the investment team of Eurazeo. He joined Eurazeo in 2006 and participated in a number of investment projects. Before joining Eurazeo, Marc Frappier worked for The Boston Consulting Group in Paris and Singapore between 1999 and 2006 and for Deloitte & Touche between 1996 and 1999. Marc Frappier is an *Ingénieur Civil des Mines* and holds the *Diplôme d'Etudes Comptables et Financières.*

Fritz Fröhlich has been a member of the Supervisory Board of Rexel since April 4, 2007. Previously, Fritz Fröhlich served as deputy chairman and chief financial officer of AKZO Nobel from 1998 to 2004 and member of the executive board in charge of fibers from 1991 to 1998. Prior to joining AKZO Nobel, Fritz Fröhlich was CEO of Krupp Widia from 1984 to 1991 and CEO of Sachs Dolmar from 1976 to 1984. He began his career in working in the fields of Marketing and Economic studies. Fritz Fröhlich is a member of the supervisory boards of Allianz Nederland Groep N.V. and ASML N.V., as well as chairman of the supervisory boards of Randstad Holding N.V, Draka NV and Altana AG. He holds a doctorate in economics from Cologne University and a Master of Business Administration (MBA).

Françoise Gri has served on the Supervisory Board of Rexel since May 20, 2010. She has been chairman of Manpower France and a member of the management team of Manpower since 2007. Prior to joining Manpower, Françoise Gri worked with the IBM group where she successively carried out the duties of sales engineer, account manager and sales manager (1982-1989), executive assistant with the President of IBM France (1990), public sector manager with IBM France (1991-1997), manager of the e-Business solutions section, manager of the operational section and manager of the marketing and commercial section with IBM EMEA (1996-2000) in charge of the management of the commercial operations of IMB EMEA (2000-2001) and President of IBM France (2001-2007). In 2007-2008, Françoise Gri was also a director of Aker Yards (renamed STX Europe, a South-Korean ship manufacturer). Françoise Gri is a director of Ecole Centrale, Paris, member of the Ethics Committee of the MEDEF, member of the steering committee of Institut de l'Entreprise. Françoise Gri was awarded the decorations of *Chevalier de l'Ordre National de la Légion d'Honneur* and *Chevalier de l'Ordre National du Mérite*. In 2009, for the sixth consecutive year, Françoise Gri was part of the world's 50 most influential business women according to the ranking of US magazine *Fortune*. Françoise Gri is a graduate of Ecole Nationale Supérieure d'Informatique et Mathématiques Appliquées (ENSIAMAG) in Grenoble, France.

Amaury Hendrickx has served on the Supervisory Board of Rexel since May 20, 2010. He joined Merrill Lynch in 2004 and is a Director of Merrill Lynch Global Private Equity. Prior to joining Merrill Lynch, Amaury Hendrickx worked at Alpinvest Partners focusing on private equity transactions in the Benelux countries and Germany and participated in a number of investments. Previously, Amaury Hendrickx co-founded a financial software company and spent three years in the investment banking division of Bankers Trust/ Deutsche Bank in London. Amaury Hendrickx is a Director of Merrill Lynch Global Private Equity, director of Ktesios, director of ML Infrastructure Holdings Sarl and member of the management committee of Ray Investment. Amaury Hendrickx holds a business degree from the Katholieke Universiteit Leuven University of Belgium and an MBA from the University of Chicago.

Manfred Kindle has been a member of the Supervisory Board of Rexel since December 2, 2009. He graduated from the Swiss Federal Institute of Technology (ETH) in Zurich with a master's degree in engineering. He worked for Hilti AG in Liechtenstein from 1984 until 1986, and then enrolled at Northwestern University, Evanston, Illinois, where he earned an MBA. From 1988 until 1992 he was a consultant with McKinsey & Company in New York and Zurich. He then joined Sulzer AG in Switzerland where he held several senior management positions. In 1999 he was appointed CEO of Sulzer Industries and in 2001 CEO of Sulzer AG, where he also served as a board member. After joining ABB in 2004, Manfred Kindle was appointed CEO of ABB Group, a position he held until February 2008. He then became a partner of Clayton, Dubilier & Rice, a private equity firm based in New York and London. In his function as a partner of that firm Manfred Kindle serves as Chairman of Exova Ltd. and as a member of the Supervisory Board of Rexel SA. He also is on the board of Zurich Financial Services, VZ Holding AG and Stadler Rail AG as well as Chairman of the Board of Directors of BCA Group.

Luis Marini-Portugal has served on the Supervisory Board of Rexel since February 13, 2007. Luis Marini-Portugal has been a member of the Executive Board of Eurazeo since 2008. He joined Eurazeo in 1999 and participated in a number of investments, including B&B Hotels, Elis, Eutelsat S.A., Ipsos, Rexel and Terreal. Before joining Eurazeo, Luis Marini-Portugal worked at JP Morgan in London and Paris in corporate advice and capital market transactions. Luis Marini-Portugal is a member of the Management Board of Ray Investment and also serves as Chairman of the board of directors of Holdelis (Elis). Luis Marini-Portugal is a graduate of Hautes Etudes Commerciales (HEC) in Paris.

David Novak has served on the Supervisory Board of Rexel since February 13, 2007. He is a Senior Partner of CD&R LLP. He joined Clayton Dubilier & Rice in 1997 after working in the Private Equity and Investment Banking divisions of Morgan Stanley & Co., Inc. and for the Central European Development Corporation, a Private Equity firm. David Novak is a Director of BCA as well as Director and Company Secretary of CD&R. He has been a director of Italtel S.p.A and of HD Supply. He is a graduate of Amherst College and the Harvard Business School.

Matthew Turner has been a member of the Supervisory Board of Rexel since March 30, 2009. Matthew Turner joined Merrill Lynch in 2007. He is Managing Director and Head of International in Merrill Lynch Global Private Equity. Prior to joining Merrill Lynch, Matthew Turner has worked in the Private Equity sector for twenty years. Matthew Turner was a member of the boards of various companies, including Phadia, Gala, Moliflor, Retail Decisions, Loyalty Partners, Upperpoint Group, RAL Group and Astron. Matthew Turner is currently a member of the Boards of Euromedic, a pan-European provider of medical services, of Integrated Dental Holdings Group Ltd., and of Partnership Education. Matthew Turner is particularly involved in strategic decision-making and in the determination of current guidelines for all activities. Matthew Turner holds a law degree with honors from Guildford Law College (United Kingdom) and has worked as a business lawyer.

Joe Adorjan has resigned from his duties as member of the Supervisory Board of Rexel since February 8, 2011. Until his resignation, Joe Adorjan actively participated in all of the meetings and operations of the Supervisory Board and took part in the vote on all of the decisions submitted to the Supervisory Board in the financial year ended December 31, 2010. A new member of the Supervisory Board, qualifying as an independent member, will be appointed in remplacement of Joe Adorjan.

In accordance with the stipulations of the articles of associations and its Rules of Procedures relating to the renewal of the mandate of the members of the Supervisory Board, on February 8, 2011, the Supervisory Board unanimously decided that the mandates of David Novak, Luis Marini-Portugal and Matthew Turner as members of the Supervisory Board would expire prematurely in order to allow a gradual renewal of the Supervisory Board. The renewal of their mandate will be submitted to the Shareholders' Meeting of Rexel to be held on May 19, 2011.

7.1.2.2 Operation of the Supervisory Board

The Supervisory Board exercises ongoing control over Rexel's management by the Management Board under the conditions provided by law. It performs the controls and verifications that it deems appropriate and has the right to request any document it deems necessary for the performance of its duties. In particular, the Supervisory Board has the following specific duties:

- it appoints and dismisses Management Board members and determines their compensation (including benefits in kind and special pension arrangements);
- it appoints and dismisses the Chairman of the Management Board;
- if permitted by the by-laws, it may grant powers to one or more Management Board members to represent Rexel;
- it co-opts Supervisory Board members;
- it authorizes agreements that are subject to article L.225-86 of the French commercial code;
- it creates the Supervisory Board Committees, defines their powers, appoints committee members and determines their compensation;
- it authorizes the sale of real properties and the disposal of equity investments, in whole or in part, and grants security interests;
- it allocates attendance fees;
- it approves securities, endorsements and guarantees.

The Supervisory Board of Rexel adopted its own Rules of Procedure on February 13, 2007 pursuant to Rexel's by-laws, and updated them in April 2007, for the purpose of setting forth the provisions governing the organization and operation of the Supervisory Board and the rights and responsibilities of its members. These Rules of Procedure are not enforceable vis-à-vis third parties and may not be invoked by such parties against members of the Supervisory Board.

The main stipulations of the Rules of Procedure are reproduced or summarized below.

Members of the Supervisory Board

The Supervisory Board is made up of five to fifteen members, subject to exemption provided for by law in the case of a merger. Supervisory Board members are appointed by the ordinary shareholders' meeting for a term of 4 years (as an exception, the duties of the current members of the Supervisory Board, the term of which was determined for 5 years, shall expire at their initial expiry date).

The Supervisory Board shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years. The order of early termination of the terms of office shall be determined by the unanimous decision of the members of the Supervisory Board present or represented or, if unanimity is unable to be reached, by drawing lots. The terms of office of the persons so appointed will expire on the date determined by the unanimous decision of the Supervisory Board or determined by the Chairman prior to the draw. The renewal of Supervisory Board members shall then be carried out in the order of length of service.

Powers of the Supervisory Board

Throughout the year, the Supervisory Board carries out those verifications and controls that it deems appropriate and receives all documents that it deems necessary for the performance of its duties.

It has the following powers:

(i) Powers in the area of control:

- it reviews the financial condition, cash position and commitments of Rexel and its subsidiaries;
- it reviews the financial statement auditing process and information provided to the shareholders and to the market;
- it authorizes related-party agreements.

(ii) Powers in the area of appointments and compensation:

- it appoints and dismisses Management Board members (including the Chairman), determines their number within the limits provided by the by-laws and their compensation;
- it appoints and dismisses the Chairman of the Management Board, including in his capacity as member of the Management Board;
- it co-opts the members of the Supervisory Board;
- it allocates attendance fees.

(iii) Preparation of reports to be submitted to general meetings of shareholders:

Each year, the Supervisory Board submits to the ordinary annual general meeting its comments on the Management Board's report and on the financial statements for the financial year.

The Chairman of the Supervisory Board must append to this report a report on how the Supervisory Board prepares and organizes its work, and on the internal control procedures implemented by Rexel.

The Supervisory Board submits recommendations on the reappointment of Supervisory Board members.

(iv) Powers to grant prior authorization to the Management Board to make certain decisions:

The Supervisory Board grants to the Management Board the authorizations required by law or by a provision of the by-laws of Rexel.

In addition, a list of decisions made by the Management Board, which are subject to prior authorization by the Supervisory Board under the terms of Rexel's by-laws, is mentioned in paragraph 8.3.2.2 "Supervisory Board (articles 19 to 25 of the by-laws)" of this *Document de Référence*.

Meetings of the Supervisory Board

Insofar as possible and depending on the circumstances, any deliberation of the Supervisory Board on a matter falling within the scope of a committee shall be preceded by referring such matter to the relevant committee and may be made only after the relevant committee has submitted its recommendations or proposals.

The Supervisory Board meets whenever the best interests of Rexel so require, and at least once every quarter, at meetings convened by its Chairman or Deputy Chairman. Meetings may be held by videoconference or any other form of telecommunication. Meetings are held at the registered office or at any other place specified in the notice of meeting.

The Chairman of the Supervisory Board may invite some or all members of the Management Board to attend Supervisory Board meetings, without the right to participate in the vote.

The Supervisory Board is duly convened only if a quorum consisting of at least half of its members is in attendance. Decisions are approved by a majority of votes of the members present or represented; each Supervisory Board member has one vote and may not represent more than one of his colleagues. In the event of a tie, the Chairman of the meeting shall cast the tie-breaking vote, if and only if the Supervisory Board consists of an even number of Supervisory Board members and only at meetings chaired by the Chairman of the Supervisory Board.

An attendance record is kept, and signed by those members of the Supervisory Board participating in each meeting.

The deliberations of the Supervisory Board are recorded in minutes, which are drawn up in accordance with applicable law and signed by the Chairman of the meeting and by at least one Supervisory Board member or, in the event the Chairman is unavailable, by two Supervisory Board members. The copies or extracts of these minutes are certified by the chairman or Deputy Chairman of the Supervisory Board, or a duly empowered proxy.

Code of Conduct of the Supervisory Board

The Supervisory Board, a collegiate body, is required to act in Rexel's corporate interests under all circumstances. Therefore, the Supervisory Board members carry out their duties with loyalty, in good faith, and with professionalism and independence. Also, they ensure that any conflict of interest that might exist between their personal interests and those of Rexel is avoided.

Compensation of Supervisory Board members

The ordinary general meeting may allocate attendance fees to Supervisory Board members. The Supervisory Board allocates this remuneration among its members as it deems appropriate.

The compensation of the Chairman and of the Deputy Chairman of the Supervisory Board are determined by the Supervisory Board. Such compensation may be both fixed and proportional.

The Supervisory Board may allot exceptional compensation for special missions or functions assigned to Supervisory Board members. Any such compensation is recorded in operating expenses and is subject to approval by the ordinary shareholders' meeting.

The Supervisory Board may authorize the reimbursement of travel and other expenses incurred by its members in the best interest of Rexel.

No other compensation, whether permanent or temporary, may be allotted to Supervisory Board members unless they are bound to Rexel by an employment agreement under the conditions allowed by applicable law and regulations.

Independent Members of the Supervisory Board

In accordance with the good corporate governance principles and practices set out in its Rules of Procedure, the Supervisory Board and each of the committees comprise independent members who are elected or appointed as such.

Definition of independence and related criteria

In accordance with the AFEP and MEDEF corporate governance principles, an independent member may not:

- be an employee or corporate officer of Rexel or of the Rexel Group, an employee or director of a shareholder that controls Rexel alone or in concert with others, (within the meaning of the law) or a company consolidated thereby, and must not have held such capacity within the five previous years;
- be a corporate officer of a company in which Rexel directly or indirectly holds an office as a director or in which an employee designated as such or a corporate officer of Rexel (incumbent or having held such position within less than five years) holds the office of director;
- be a customer (or have direct or indirect ties to a customer), supplier, corporate banker or investment banker (i) significant for Rexel or the Rexel Group; or (ii) for whom Rexel or the Rexel Group represents a significant portion of its business;
- have any family ties with any corporate officer of Rexel or the Rexel Group;
- have been an auditor of Rexel or of any Rexel Group company within the last five years;
- have served as a corporate officer of Rexel for more than 12 years; and
- receive or have received material additional compensation from Rexel or the Rexel Group, other than attendance fees, including participation in any stock option plan or any other type of performance-related compensation.

Supervisory Board members who represent significant direct or indirect shareholders of Rexel may be deemed to be independent if such shareholders do not control Rexel within the meaning of article L.233-3 of the French commercial code. However, when a member of the

Supervisory Board represents a shareholder of Rexel that directly or indirectly owns more than 10% of Rexel's share capital or voting rights, the Supervisory Board, acting on a report of the Appointments Committee, shall systematically review the qualification of independence by taking into account the share ownership of Rexel and the existence of a potential conflict of interest.

The Supervisory Board may find that while one of its members fulfils the aforesaid criteria, he may not be designated as independent owing to his individual situation or to the situation of Rexel, in light of its shareholder base or for any other reason.

Qualification procedure for independent members

The Appointments Committee reviews the designation of independent members each year and draws up a report to the Supervisory Board on the matter. Each year, in light of this report, the Supervisory Board reviews the situation of each Supervisory Board member with respect to independence criteria. The Supervisory Board submits the findings of its review to the shareholders in the annual report.

Based on this review for the year ended December 31, 2010, four Supervisory Board members were independent: Françoise Gri, François David, Fritz Fröhlich and Joe Adorjan.

It also results from this review that two members of the Audit Committee were independent during the year ended December 31, 2010 (Fritz Fröhlich and Joe Adorjan). The Appointments Committee included two independent members during the year ended December 31, 2010 (Fritz Fröhlich and Françoise Gri). The Compensation Committee included three independent members during the year ended December 31, 2010 (François David, Françoise Gri and Joe Adorjan). The Strategic Committee included two independent members during the year ended December 31, 2010 (François David and Joe Adorjan).

Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board of Rexel and of the committees. A new member of the Supervisory Board, qualifying as an independent member, will be appointed in remplacement of Joe Adorjan.

Supervisory Board observer *(censeur)*

The Supervisory Board may appoint one or more observers *(censeurs)*, who may be but are not required to be shareholders, and who shall be asked to attend Supervisory Board meetings, exclusively for purposes of information.

Supervisory Board Committees

The Supervisory Board may create committees to assist it in carrying out its functions. The Supervisory Board Rules of Procedure set the rules that apply to each committee, in particular the rules relating to their composition and operational procedures. In addition, the Supervisory Board Rules of Procedure set certain rules that are specific to the Audit Committee, Appointments Committee, Compensation Committee and Strategic Committee.

Assessment of organization and operation of the Supervisory Board

In accordance with its Rules of Procedure, Rexel's Supervisory Board assesses its own organization and operation.

The assessment conducted in respect of the financial year ended December 31, 2010 shows that the members of the Supervisory Board are globally satisfied with the membership, organization and functioning of the Supervisory Board and of the special committees of the Supervisory Board. Certain suggestions have been made however in order to improve the work of the Supervisory Board, in particular with respect to (i) the holding of the meetings of the Supervisory Board (participation of independent members to be encouraged, number of meetings to be adapted depending on the topics discussed), (ii) the topics discussed at the Supervisory Board and the committees (discussions regarding employee and environmental matters to be developed) and (iii) the organization and functioning of the Strategic Committee (members to be informed of the holding and the agenda of the meetings further in advance, meetings to be adapted depending on the topics discussed, ongoing and thorough review of potential acquisitions to be organized).

7.1.3 Supervisory Board Committees

The Supervisory Board has created four special committees and determined their composition and responsibilities: the Audit Committee, the Compensation Committee, the Appointments Committee and the Strategic Committee.

Each of the Supervisory Board's special committees has drawn up rules of procedure that have been approved by the Supervisory Board and set out the applicable stipulations of the Supervisory Board Rules of Procedure.

7.1.3.1 Audit Committee

During the financial year ended on December 31, 2010, the Audit Committee was made up of the following persons:

- Fritz Fröhlich (chairman);
- David Novak;
- Luis Marini-Portugal;
- Matthew Turner; and
- Joe Adorjan.

Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board and of member of the Audit Committee of Rexel. A new member of the Supervisory Board, qualifying as an independent member, will be appointed in remplacement of Joe Adorjan.

The members of the Audit Committee are appointed on the basis of specific skills in the financial or accounting fields, in consideration of their academic education and professional experience, in particular in connection with the preparation, audit and analysis of financial statements, accounting issues and risk follow-up and management.

The independence criteria of the members of the Supervisory Board are set out in the Supervisory Board Rules of Procedure (see section 7.1.2.2 "Operation of the Supervisory Board" of this *Document de Référence*) The criteria for independent members of the Committees, in particular of the Audit Committee, are identical. In the financial year ended December 31, 2010, four Supervisory Board members were independent: Fritz Fröhlich, François David, Joe Adorjan and Françoise Gri. Within the Audit Committee, during this financial year ended, the following were thus independent: Fritz Fröhlich and Joe Adorjan.

Fritz Fröhlich, independent member, has specific skills in the financial or accounting fields. Furthermore, each of the other members of the Audit Committee has skills in the financial or accounting fields.

The main provisions of the Rules of Procedure of the Audit Committee are set out below. Such provisions take into account the conclusions of the working group on Audit Committee set up by the AMF.

Members

The Audit Committee is made up of a maximum of five members, at least two of whom must be independent. At least one of the independent members shall have an expertise in financial and accounting matters.

The Chairman of the Supervisory Board shall not be a member of the Audit Committee.

The members of the Audit Committee shall be appointed for their expertise in accounting and finance matters.

Powers

The Audit Committee monitors the elaboration and the control of the financial and accounting information. It assists the Supervisory Board in ascertaining the accuracy and faithfulness of the parent company and consolidated financial statements of Rexel and the quality of the information provided. Its mission, as assigned by the Supervisory Board when preparing the parent company and consolidated financial statements, which are drawn up annually, half-yearly and quarterly in accordance with applicable regulations, and when preparing any deliberations with respect to the financial statements of Rexel, is to make recommendations and submit proposals to the Supervisory Board in all areas listed below:

- review and control of the financial and accounting information:
  - knowledge of the scope of consolidation, accounting methods and auditing procedures;
  - review of the quarterly, half-yearly and annual financial statements, and in particular analysis of provisions and of material risks and off-balance sheet liabilities;
  - knowledge of accounting positions taken in recognizing material transactions;
  - submission of recommendations to the Supervisory Board on all proposed adoption of material changes in accounting methods;
  - review of the Rexel Group's financial position;
  - monitoring of the review by the auditors of the consolidated and company quaterly, half-yearly and annual financial statements;
  - review of the procedures for preparing the information provided to the shareholders and to the market and review of the press releases published by the Rexel Group in connection with financial and accounting matters;
- control of the Statutory Auditors' mission and independence:
  - oversight of the selection procedure applicable to the Statutory Auditors;
  - submission of recommendations to the Supervisory Board on the Management Board's proposals to appoint, replace and reappoint Statutory Auditors to the shareholders' meeting;
  - knowledge of the amount of fees paid to the Statutory Auditors and recommendation thereon to the Management Board;
  - ascertaining that the Statutory Auditors comply with the rules governing their independence;
- control of internal audit procedures and monitoring of the internal control and risk management systems efficiency:
  - submission of recommendations on the mission and organization of the Rexel Group's internal audit department and its action plan;
  - review of main findings carried out by Internal Audit within the framework of its work, followed by a report to the Supervisory Board;
  - review of the contributions of the internal audit department to the assessment of the risk management and internal control procedures;
  - review of the organization and application of internal control framework within the Rexel Group and review of the risk identification and management procedures.

Operations

The Audit Committee meets at least four times per year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Audit Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Committee's scope.

The Committee must report on its activities to the Supervisory Committee on a regular basis, and at least at the time at which the Management Board adopts the financial statements for the year, semester and trimester.

The Committee is duly convened only if a quorum consisting of at least half of its members is present. A committee member may not be represented by proxy.

The Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

7.1.3.2 Appointments Committee

The Appointments Committee is made up of the following persons:

- Patrick Sayer (chairman);
- Roberto Quarta;
- Matthew Turner;
- Françoise Gri; and
- Fritz Fröhlich.

The main provisions of the rules of procedure of the Appointments Committee are set out below.

Members

The Appointments Committee is made up of a maximum of five members, at least two of whom are independent.

Powers

The Appointments Committee has the following responsibilities:

- issue recommendations on the appropriateness of appointments, dismissals of appointments, dismissals and renewals of appointments of members and the Chairman of the Supervisory Board, members and the chairman of the Audit, Strategic and Compensation Committees, members and the Chairman of the Management Board and members of the Executive Committee, and to issue recommendations on the candidates considered, in terms of expertise, availability, appropriateness and complementarity with other Supervisory Board, Management Board or Executive Committee members;
- propose independence criteria for members of the Supervisory Board;
- verify compliance with independence criteria and issue opinions thereon, as required, and advise the Chairman of the Supervisory Board on the number of independent members;
- be in a position at any time to formulate a proposal on a potential successor to the Chairman of the Management Board or of the Supervisory Board;
- issue a recommendation, on the Management Board's proposal, on the acceptance and resignation by Rexel from any office as member of the board of directors or any equivalent body and on the appointment and dismissal of permanent representatives of Rexel on the said board of directors or equivalent bodies.

Operations

The Appointments Committee meets at least once each year and, in any case, prior to those Supervisory Board or Management Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Appointments Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the scope of the Appointments Committee.

The Appointments Committee is duly convened only if a quorum consisting of at least half of its members is present. A member of the Appointments Committee may not be represented by proxy.

The Appointments Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

7.1.3.3 Compensation Committee

During the financial year ended on December 31, 2010, the Compensation Committee was made up of the following persons:

- Françoise Gri (chairman);
- Amaury Hendrickx;
- Luis Marini-Portugal;
- Roberto Quarta;
- François David; and
- Joe Adorjan.

Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board and member of the Compensation Committee of Rexel. A new member of the Supervisory Board, qualifying as an independent member, will be appointed in remplacement of Joe Adorjan.

The main provisions of the Rules of Procedure of the Compensation Committee are set out below.

Members

The Compensation Committee is made up of a maximum of six members, at least three of whom must be independent.

The Chairman and Deputy Chairman of the Supervisory Board may serve on the Compensation Committee but may not participate in the Compensation Committee's work concerning their own compensation.

Powers

The responsibilities of the Compensation Committee are the following:

- to make all recommendations to the Supervisory Board on the compensation of Management Board and Executive Committee members, on the rules for determining the variable components and any supplemental components such as pension schemes and benefits in kind;
- to be informed of planned compensation in the event of the breach of an employment agreement of a Management Board or Executive Committee member and to render an opinion in this respect to the Chairman of the Supervisory Board;
- to render an opinion on the stock option and bonus share award policy, for all categories of beneficiaries, and more particularly for Rexel Management Board and Executive Committee members; to make recommendations on the frequency of such awards and the terms and conditions of award.

Operations

The Compensation Committee meets at least once each year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Compensation Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the scope of the Compensation Committee.

The Compensation Committee is duly convened only if a quorum consisting of at least half of its members is present. A member of the Compensation Committee may not be represented by proxy.

The Compensation Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

On an annual basis, pursuant to the exercise of its advisory functions on the setting of compensation for the members of the Management Board, the Compensation Committee may hear the members of the Management Board, notably in order to prepare the performance evaluations of the latter by the Supervisory Committee.

7.1.3.4 Strategic Committee

During the financial year ended on December 31, 2010, the Strategic Committee was made up of the following persons:

– David Novak (chairman);

– Patrick Sayer;

– François David;

– Matthew Turner; and

– Joe Adorjan.

Since February 8, 2011, Joe Adorjan has resigned from his duties as member of the Supervisory Board and member of the Strategic Committee of Rexel. A new member of the Supervisory Board, qualifying as an independent member, will be appointed in remplacement of Joe Adorjan.

The main provisions of the Rules of Procedure of the Strategic Committee are set out below.

Members

The Strategic Committee is made up of a maximum of five members, at least two of whom must be independent, who are appointed by the Supervisory Committee.

Powers

The Strategic Committee's responsibilities are:

– review and issue recommendations to the Supervisory Board on projects for the strategic plans and annual budgets of Rexel drawn up by the Management Board. In this respect, the Strategic Committee may interview Management Board members on the assumptions applied in drawing up the said plans;

– review and issue recommendations to the Supervisory Board on planned acquisitions or disposals of business divisions or assets, and on investments, whenever the enterprise value exceeds the threshold above which such transactions are subject to prior approval by the Supervisory Board;

– review and issue recommendations to the Supervisory Board on the creation of any business division or subsidiary, on investments in any business division or on the acquisition of any equity interest in a country in which Rexel does not operate;

– review and issue recommendations to the Supervisory Board on any borrowing or assumption of liabilities by Rexel in an amount exceeding the threshold above which such transactions are subject to prior approval by the Supervisory Board;

– review and issue recommendations to the Supervisory Board on all proposed mergers, spin-offs or asset transfers in connection with Rexel;

– review and issue recommendations to the Supervisory Board on any proposal for the admission to trading on an organized exchange of tradable securities issued by Rexel or any of its subsidiaries;

– review and issue recommendations to the Supervisory Board on any transaction entailing a significant alteration in the scope of the business activities of Rexel and its subsidiaries;

– review the Rexel Group's financial position, in conjunction with the Audit Committee.

Operations

The Strategic Committee meets at least once each year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of Strategic Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Strategic Committee's scope.

The Strategic Committee is duly convened only if a quorum consisting of at least half of its members is present. A committee member may not be represented by proxy.

The Strategic Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not cast the tie-breaking vote.

7.1.4 Executive Committee

Rexel's operational organization is structured around an Executive Committee.

The Executive Committee includes the members of the Management Board, CEOs of the Rexel Group's geographic areas and the Communication Management. The Committee serves as a forum for the consolidation of strategy, initiative coordination and the monitoring of performance and Rexel Group-wide projects.

As of the date of this *Document de Référence*, the Executive Committee is comprised of the following persons: Jean-Charles Pauze (Chairman of the Management Board and Chief Executive Officer); Pascal Martin (Management Board member, Group Senior Vice President, Business Development and Corporate Operations); Jean-Dominique Perret (Management Board member, Group Senior Vice President, Human Resources, Group Delegate for International Businesses); Michel Favre (Management Board member, Chief Financial Officer and Group Senior Vice President); Pascale Giet (Group Senior Vice President Communication and Sustainable Development); Patrick Bérard (Senior Vice President South Continental Europe and CEO France); Jeff Hall (Senior Vice President and CEO Canada); Jérémy de Brabant (Senior Vice President Northern Europe and Benelux); Henri-Paul Laschkar (Senior Vice President United Kingdom and Ireland); Mitch Williams (Senior Vice President and CEO Gexpro); Christopher Hartmann (Executive Vice President and CEO International Electric Supply Corp. (renamed Rexel Holding USA Corp.) (Rexel USA)); Hubert Salmon (Senior Vice President Asia-Pacific); and Michel Klein (Senior Vice President Central and Eastern Europe).

The Executive Committee meets at least every two months to define the Rexel Group's strategy, coordinate initiatives (particularly with respect to operations), monitor Rexel Group performance and ensure the implementation of horizontal projects for the Rexel Group.

7.1.5 Statements concerning the Management Board and Supervisory Board

To Rexel's knowledge:

– there are no family ties among members of the Management Board and Supervisory Board of Rexel;

– no member of the Management Board or Supervisory Board of Rexel has been convicted of fraud within the last five years;

– no member of the Management Board or Supervisory Board of Rexel has been associated with any "bankruptcy", receivership or liquidation within the last five years;

– no member of the Management Board or Supervisory Board of Rexel has been the subject of any official public incrimination or sanctions by statutory or regulatory authorities within the last five years; and

– no member of the Management Board or Supervisory Board of Rexel has been disqualified by a court from acting as a member of an administrative, management or supervisory body of any issuer or from participating in the management or conduct of the business of any issuer within the last five years.

7.1.6 Conflicts of interest

David Novak, Matthew Turner and Luis Marini-Portugal and Amaury Hendrickx are members of the Management Board of Ray Investment, the main shareholder of Rexel.

Patrick Sayer, Marc Frappier and Luis Marini-Portugal are corporate officers of Eurazeo, an indirect shareholder of Rexel S.A.

Amaury Hendrickx and Matthew Turner hold various offices with BAML Capital Partners, an indirect shareholder of Rexel.

Roberto Quarta, Manfred Kindle and David Novak hold various offices within Clayton Dubilier & Rice, an indirect shareholder of Rexel.

On April, 4, 2007, Ray Investment and its shareholders entered into an agreement with Rexel in order to structure their relationships in the event of sales of Rexel's shares by Ray Investment or its shareholders.

To the knowledge of Rexel, Roberto Quarta, Patrick Sayer, Marc Frappier, Amaury Hendrickx, Manfred Kindle, Luis Marini-Portugal, David Novak and Matthew Turner are not in a situation of conflict of interest with respect to the performance of their corporate duties within Rexel.

As of the date of this *Document de Référence* and to Rexel's knowledge, there exists no other situation that could give rise to a conflict between the private interests of members of the Management Board or Supervisory Board and Rexel's interests.

For information regarding the appointment of members of the Supervisory Board, see paragraph 7.1.2.2 "Operation of the Supervisory Board" of this *Document de Référence* as well as paragraph 8.1.5 "Agreements potentially leading to a change of control" of this *Document de Référence*.

7.1.7 Service agreements between Management Board and Supervisory Board members and Rexel or one of its subsidiaries

There are no service agreements between Management Board and Supervisory Board members and Rexel or one of its subsidiaries and that award any benefits.

7.2 IMPLEMENTATION OF THE AFEP MEDEF CORPORATE GOVERNANCE CODE OF LISTED COMPANIES

Following the admission of its shares to trading on the NYSE Euronext regulated market in Paris, Rexel has initiated a general review in order to comply with corporate governance practices as defined by the corporate governance code of the *Association Française des Entreprises Privées* (AFEP) and the *Mouvement des Entreprises de France* (MEDEF).

Rexel believes to be in compliance with the corporate governance principles as set forth in the corporate governance code of the AFEP and the MEDEF, to the extent that such principles are compatible with the organization, size and means of the Rexel Group, subject to the following items:

– taking into account the Company's shareholding structure and the provisions of the agreements between shareholders, the number of independent members is two out of five for the Audit Committee and for the Appointments Committee and three out of six for the Compensation Committee;

– the severance packages of the members of the Management Board are not submitted to the following cumulative conditions: (i) forced dismissal and (ii) change in control or strategy. Indeed, the Supervisory Board, upon the recommendations of the Compensation Committee, wished that the severance packages (including legal or conventional redundancy payment *(indemnité de licenciement légale ou conventionnelle)*) that benefit to the members of the Management Board would be paid in cases of termination of the employment contract (which is suspended during the term of the corporate office) at the Company's initiative, except in cases of serious misconduct *(faute grave)*, gross misconduct *(faute lourde)* or retirement, which excludes any payment in the event of termination at the initiative of the corporate officer or in case of a change in his duties within the Group. The compensation in lieu of notice is not included in the calculation basis of the severance package nor it is submitted to the cumulative conditions referred to above (see paragraph 7.3 "Compensation of corporate officers" of this *Document de Référence*);

– in case of voluntary or compulsory retirement, in order to protect the interests of Rexel and the Rexel Group taken as a whole, the non-compete provisions may be applicable;

– the additional defined-benefit retirement plan (article 39) is open to a limited number of beneficiaries and, among these beneficiaries, the number of corporate officers exceeds the number of beneficiaries which are not corporate officers (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*);

– the share subscription and free share plans set up by Rexel prior to the publication of the AFEP-MEDEF guidelines of October 2008 (integrated into the AFEP-MEDEF corporate governance code) have not been amended in order to take such guidelines into account due to the practical issues that such amendments would have involved; and

– the allocation of free shares decided on May 11, 2010 at the benefit, *inter alia*, of the members of the Management Board of Rexel, was not subject to an obligation for the latter to purchase on the market a number of shares during the availability period of the free shares, as the Supervisory Board, upon the recommendations of the Compensation Committee, has believed that the obligation for the members of the Management Board to retain at least 20% of their free shares vested until the end of their duties was restrictive and high enough (it being specified that for the previous allotments of free shares, this percentage was of 10%).

7.3 COMPENSATION OF CORPORATE OFFICERS

7.3.1 Compensation and benefits in kind

7.3.1.1 Members of the Management Board

Compensation of the members of the Management Board is set by the Supervisory Board following the advice of the Compensation Committee.

In accordance with Rexel's policy on compensation, the members of the Management Board are paid a fixed annual amount which is determined according to criteria specific to each member (experience, seniority, responsibilities) and criteria based on the sector of business activity and the general economic situation. Members of the Management Board also receive a variable compensation. This variable compensation is paid in order to correlate the compensation of the members of the Management Board with the results of the business activity of Rexel and of the Rexel Group. The variable compensation is calculated on the basis of the attainment of personal goals and other criteria relative to Rexel. The personal goals are qualitative criteria determined based on the person in question, the duties carried out within Rexel or the Rexel Group and the objectives pursued by such person. Rexel- or Group-based criteria are quantitative criteria based on the results of Rexel and the aggregates that it normally uses in the context of the analysis of its financial situation.

In addition, the members of the Management Board may receive bonuses for which the amount depends on constraints relative to the exercise of their duties and the realization of objectives or outstanding work.

The members of the Management Board also are awarded benefits in kind in respect of their duties carried out within the Rexel Group.

Finally, in order to bind the members to the growth of the Rexel Group and its financial results, Rexel may grant shares, subscription options or purchase options to members of the Management Board.

Upon its meetings of February 9, 2010 and March 16, 2010, the Supervisory Board determined the compensation of the Chairman and of the members of the Management Board for the financial year ended December 31, 2010.

Compensation and other benefits received by Jean-Charles Pauze

Compensation for the financial year ending December 31, 2011

Upon its meeting of March 16, 2011, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Jean-Charles Pauze for the financial year 2011:

- gross fixed compensation, amounting to €819,400;
- an annual variable target-based portion which may reach 120% of the gross annual fixed compensation if 100% of the set targets are met; If performances achieved exceed 100% of the set targets, the variable bonus may reach 120%, limited to 130% of the gross annual base compensation; and
- a hardship allowance for travel in France and abroad in a gross amount of €170,000.

Compensation for the financial year ending December 31, 2010

Upon its meeting of March 16, 2010, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Jean-Charles Pauze for the financial year ended December 31, 2010 in respect of his duties as Chairman of the Management Board of Rexel:

- gross fixed compensation amounting to €795,600;
- an annual variable target-based bonus that may reach 120% of his gross annual compensation if 100% of his set targets are reached, it being noted that if the Chairman exceeds 100% of his set target, his variable portion could exceed 120% of his gross base annual compensation, limited to 130% of his gross annual base compensation. This variable annual bonus was based for 75% on financial criteria relating to the Rexel Group's results and for 25% on qualitative criteria. The financial criteria for 2010 were EBITDA as a percentage of sales and in volume, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Jean-Charles Pauze in his own fields of responsibility;
- a hardship allowance for travel in France and abroad in a gross amount of €170,000; and
- benefits in kind in the amount of €6,780, consisting of a company car and a gas card.

In the financial year ending December 31, 2011, Jean-Charles Pauze will be paid a variable compensation for the financial year ended December 31, 2010 in the gross amount of €944,280.

Compensation for the financial year ended December 31, 2009

In the financial year ended December 31, 2009, Jean-Charles Pauze was paid:

- gross fixed compensation in the amount of €780,000;
- a hardship allowance for travel in France and abroad in a gross amount of €170,000;
- gross variable compensation based on 2008 objectives amounting to €700,452; and
- benefits in kind in the amount of €6,660, consisting of: a company car, and a gas card.

In the financial year ended December 31, 2010, Jean-Charles Pauze was paid a gross amount of €682,200 based on his variable compensation for the financial year ended December 31, 2009. The annual variable compensation is based on financial criteria relating to the Rexel Group's results (75%) and on qualitative criteria (25%). The financial criteria for 2009 were EBITDA, WCR, Free Cash Flow and the synergies in connection with the acquisition of Hagemeyer. Qualitative criteria were based on items relating to the activity of Jean-Charles Pauze in his own fields of responsibility.

Attendance fees

Jean-Charles Pauze was paid attendance fees in his capacities as corporate officer of Rexel Senate, an English subsidiary of Rexel, and of IESC, a U.S. subsidiary of Rexel:

- in an amount of €90,000, paid in 2010, for the financial year ended December 31, 2009; and
- in an amount of €90,000, paid in 2009, for the financial year ended December 31, 2008.

Other benefits

Jean-Charles Pauze receives the following benefits:

- a supplemental health insurance *(mutuelle)*;
- a welfare insurance *(contrat de prévoyance)*;
- a basic and supplementary pension;
- a defined benefit plan, which takes into account his length of service;
- the use of a company car;

– a health check-up; and

– compensation for tax and retirement advisors' fees.

Compensation and other benefits received by Michel Favre

Compensation for the financial year ending December 31, 2011

Upon its meeting of February 8, 2011, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Michel Favre for the financial year 2011:

– gross fixed compensation, amounting to €453,000; and

– an annual variable target-based portion which may reach 65% of the gross annual fixed compensation in the event of the achievement of 100% of the individual and financial targets.

Compensation for the financial year ended December 31, 2010

Upon its meeting of February 9, 2010, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Michel Favre for the financial year ended December 31, 2010 in respect of his duties as member of the Management Board of Rexel:

– gross fixed compensation amounting to €439,890;

– an annual variable target-based portion which may reach 60% of the gross annual fixed compensation, in the event of the achievement of 100% of the individual and financial targets. This variable annual bonus was based for 60% on financial criteria relating to the Rexel Group's results and for 40% on qualitative criteria. The financial targets for 2010 are EBITDA as a percentage of sales and in volume, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Michel Favre in his own fields of responsibility;

– benefits in kind in the amount of €6,327, consisting of a company car and a fuel card and of €5,112, in connection with joining an executive social security plan (GSC).

Michel Favre will be paid, during the financial year ending December 31, 2011, variable compensation in respect of the financial year ended December 31, 2010 of a gross amount of €318,225.

Compensation for the financial year ended December 31, 2009

During the financial year ended December 31, 2009, Michel Favre was paid, in respect of his role as Group Chief Financial Officer from April 1, 2009 to May 19, 2009, then in respect of his duties as member of the Management Board of Rexel from May 20, 2009 to December 31, 2009:

– gross fixed compensation in the amount of €328,013; and

– benefits in kind in the amount of €4,572, consisting of a company car, a gas card, and of €5,112, in connection with joining an executive social security plan (GSC).

Lastly, in the financial year ending December 31, 2010, Michel Favre will be paid a variable compensation based on the financial year ended December 31, 2009 in the gross amount of €155,380, with €28,774 coming from his employment contract and €126,606 from his executive position as a member of the Management Board of Rexel. The variable annual compensation was based for 60% on financial criteria relating to the Rexel Group's results and for 40% on qualitative criteria. The financial targets set for 2009 were EBITDA, WCR and Free Cash Flow. Qualitative criteria were based on items relating to the activity of Michel Favre in his own fields of responsibility.

Other benefits

Michel Favre also has the following benefits:

– supplemental health insurance *(mutuelle)*;

– welfare insurance *(contrat de prévoyance)*;

– a basic and supplementary pension;

– a defined benefit plan, which takes into account his seniority;

– a company car;

– a health check-up;

– professional fees of a tax and retirement advisor.

Compensation and other benefits received by Nicolas Lwoff

Nicolas Lwoff left the Group on February 12, 2009. Upon his departure from the Rexel Group, Nicolas Lwoff received no severance pay due to the fact that he has resigned. Only the non-compete clause included in his employment agreement has been implemented. In such respect, Nicolas Lwoff received from February 14, 2009 to February 13, 2010, a monthly allowance of a gross amount of €29,230.77.

Compensation for the financial year ended December 31, 2010

Excluding the monthly allowance in relation to his non-compete clause, Nicolas Lwoff has received no compensation in respect of his corporate mandate as member of the Management Board of Rexel for the financial year ended December 31, 2010.

Compensation for the financial year ended December 31, 2009

Excluding the monthly allowance in relation to his non-compete clause, Nicolas Lwoff received, between January 1, 2009 and February 13, 2009:

– gross fixed compensation, amounting to €47,500.00, and

– benefits in kind in the amount of €958.52, consisting of a company car and a fuel card.

Nicolas Lwoff was paid, during the financial year ended December 31, 2010, variable compensation in respect of the financial year ended December 31, 2009 of a prorata gross amount of €19,152.

Compensation and other benefits received by Pascal Martin

Compensation for the financial year ending December 31, 2011

Upon its meeting of February 8, 2011, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Pascal Martin for the financial year 2011:

- gross fixed compensation, amounting to €453,000; and
- an annual variable target-based portion which may reach 65% of the gross annual fixed compensation in the event of the achievement of 100% of the individual and financial targets.

Compensation for the financial year ending December 31, 2010

Upon its meeting of February 9, 2010, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Pascal Martin for the financial year 2010:

- gross fixed compensation, amounting to €435,120; ;
- an annual variable target-based compensation that may reach 60% of gross annual fixed compensation, in the event of the achievement of 100% of the individual and financial targets. This variable annual bonus was based for 65% on financial criteria relating to the Rexel Group's results and for 35% on qualitative criteria. The financial criteria for 2010 were EBITDA as a percentage of sales and in volume, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Pascal Martin in his own fields of responsibility;
- benefits in kind in the amount of €6,430, consisting of a company car and a fuel card and of €7,634, in connection with joining an executive social security plan (GSC).

Lastly, Pascal Martin will be paid, during the financial year ending December 31, 2011, variable compensation in respect of the financial year ended December 31, 2010 of a gross amount of €315,558.

Compensation for the financial year ended December 31, 2009

Gross compensation paid to Pascal Martin in his capacity as member of the Management Board of Rexel consisted of, for the financial year ended December 31, 2009:

- gross fixed compensation in the amount of €420,000;
- variable compensation in respect of the 2008 criteria in a gross amount of €220,475; and
- benefits in kind in the amount of €5,783, consisting of a company car, a gas card, and of €7,634 in connection with joining an executive social security plan (GSC).

In the financial year ended December 31, 2010, Pascal Martin was paid variable compensation based on the financial year ended December 31, 2009 in the gross amount of €184,968.

The annual variable compensation is based on financial criteria relating to the Rexel Group's results (65%) and on qualitative criteria (35%). The financial criteria for 2009 were EBITDA, WCR and Free Cash Flow. Qualitative criteria were based on items relating to the activity of Pascal Martin in his own fields of responsibility.

Other benefits

Pascal Martin receives the following benefits:

- a supplemental health insurance *(mutuelle)*;
- a welfare insurance *(contrat de prévoyance)*;
- a basic and supplementary pension;
- a defined benefit plan, which takes into account his length of service;
- the use of a company car;
- a health check-up; and
- compensation for tax and retirement advisors' fees.

Compensation and other benefits received by Jean-Dominique Perret

Compensation for the financial year ending December 31, 2011

Upon its meeting of February 8, 2011, the Supervisory Board, upon recommendation of the Compensation Committee, determined the following compensation items for Jean-Dominique Perret for the 2011 financial year:

- gross fixed compensation in respect of his duties as corporate officer and of his employment contract amounting to €288,000; and
- an annual variable target-based portion which may reach 60% of the gross annual fixed compensation in the event of the achievement of 100% of the individual and financial targets.

Compensation for the financial year ended December 31, 2010

Upon its meeting of February 9, 2010, the Supervisory Board, upon recommendation of the Compensation Committee, determined the compensation of Jean-Dominique Perret for the financial year ended December 31, 2010 Rexel as follows:

- in his capacity as a member of the Management Board of Rexel:
  - gross fixed compensation in the amount of €174,134;
  - an annual variable target-based portion which may reach 55% of his gross annual base salary in the

event of the achievement of 100% of the individual and financial targets. This variable annual bonus is based on financial criteria relating to the Rexel Group's results (65%) and on qualitative criteria (35%). The financial criteria for 2010 were EBITDA as a percentage of sales and in volume, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility.

– in his capacity as Group Delegate Latin America:
  • gross fixed compensation in the amount of €105,706;
  • an annual variable target-based portion which may reach 55% of his gross annual base salary in the event of the achievement of 100% of the individual and financial targets. This variable annual bonus is based on financial criteria relating to the Rexel Group's results (65%) and on qualitative criteria (35%). The financial criteria for 2010 were EBITDA as a percentage of sales and in volume, WCR and Free Cash Flow. Qualitative criteria are based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility; and
  • benefits in kind in the amount of €7,679, consisting of a company car and a fuel card.

In the financial year ending December 31, 2011, Jean-Dominique Perret will be paid variable compensation based on the financial year ended December 31, 2010 in the gross amount of €183,723.

Lastly, under the profit-sharing plan, Jean-Dominique Perret will receive in 2011 a gross amount of €3,500 in respect of the financial year ended December 31, 2010.

Compensation for the financial year ended December 31, 2009

In the financial year ended December 31, 2009, Jean-Dominique Perret was paid:

– in his capacity as member of the Management Board:
  • gross fixed compensation in the amount of €164,900;
  • variable compensation in respect of the 2008 criteria in a gross amount of €73,076;

– in his capacity as the salaried Group Delegate Latin America:
  • gross fixed compensation in the amount of €100,100;
  • variable compensation in respect of the 2008 criteria in a gross amount of €44,359; and
  • benefits in kind in the amount of €7,714, consisting of a company car and a gas card.

Jean-Dominique Perret was paid, during the financial year ended December 31, 2010, variable compensation in respect of the financial year ended December 31, 2009 of a gross amount of €97,255, of which €36,737 was in compensation for his operational responsibilities as Group Latin America Supervisor. This variable annual compensation was based on financial criteria relating to the Rexel Group's results (65%) and on qualitative criteria (35%). The financial criteria for 2009 were EBITDA, WCR and Free Cash Flow. Qualitative criteria were based on items relating to the activity of Jean-Dominique Perret in his own fields of responsibility.

Lastly, under the profit-sharing plan, Jean-Dominique Perret received in 2010 a net amount of €3,228.39 in respect of the financial year ended December 31, 2009.

Other benefits

Jean-Dominique Perret receives the following benefits:

– in his capacity as member of the Management Board:
  • a supplemental health insurance *(mutuelle)*;
  • a welfare insurance *(contrat de prévoyance)*;
  • a basic and supplementary pension;
  • a defined benefit plan, which takes into account his seniority, as of January 1, 2009;
  • a health check-up; and
  • compensation for tax and retirement advisors' fees;

– in his capacity as the salaried Group Delegate for International Businesses:
  • a supplemental health insurance *(mutuelle)*;
  • a welfare insurance *(contrat de prévoyance)*;
  • a basic and supplementary pension;
  • a supplementary defined contribution retirement scheme as from January 1, 2011;
  • a defined benefit plan, which takes into account his seniority, as of January 1, 2009;
  • the use of a company car; and
  • compensation for tax and retirement advisors' fees.

Summary of the compensation and benefits in kind of the members of the Management Board

A summary of the compensation and benefits in kind of the members of the Management Board for the years ended December 31, 2010 and December 31, 2009 is set forth in the table below:

	Financial year ended			
	December 31, 2010		December 31, 2009	
	Due	Paid	Due	Paid
Jean-Charles Pauze				
Fixed compensation	€795,600	€795,600	€780,000	€780,000
Variable compensation	€944,280 (3)	€682,200 (2)	€682,200 (2)	€700,452 (1)
Hardship allowance	€170,000	€170,000	€170,000	€170,000
Extraordinary compensation	–	–	–	–
Attendance fees	€90,000 (6)	€90,000 (5)	€90,000 (5)	€90,000 (4)
Benefits in kind	€6,780	€6,780	€6,660	€6,660
Total	**€2,006,660**	**€1,744,580**	**€1,728,860**	**€1,747,112**
Nicolas Lwoff (7)				
Fixed compensation	–	–	€47,500	€47,500
Variable compensation	–	€19,152 (2)	19,152 (2)	203,604 (1)
Non-compete compensation	€43,846.15	€43,846.15	€306,923	€306,923
Extraordinary compensation	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	–	–	€958.52	€958.52
Total	**€43,846.15**	**€62,998.15**	**€374,533.52**	**€558,985.52**
Michel Favre (8)				
Fixed compensation	€439,890	€439,890	€328,013	€328,013
Variable compensation	€318,225 (3)	€155,380 (2)	€155,380 (2)	–
Extraordinary compensation	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	€11,439	€11,439	€9,684	€9,684
Total	**€769,554**	**€606,709**	**€493,077**	**€337,697**
Pascal Martin				
Fixed compensation	€435,120	€435,120	€420,000	€420,000
Variable compensation	€315,558 (3)	€184,968 (2)	€184,968 (2)	220,475 (1)
Extraordinary compensation	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	€14,064	€14,064	€13,417	€13,417
Total	**€764,742**	**€634,152**	**€618,385**	**€653,892**
Jean-Dominique Perret				
Fixed compensation	€279,840	€279,840	€265,000	€265,000
Variable compensation	€183,723 (3)	€97,255 (2)	€97,255 (2)	€117,435 (1)
Extraordinary compensation	–	–	–	–
Attendance fees	–	–	–	–
Benefits in kind	€7,679	€7,679	€7,714	€7,714
Total	**€471,242**	**€384,774**	**€369,969**	**€390,149**

(1) Variable compensation due for the financial year ended December 31, 2008 and paid during the financial year ended December 31, 2009.
(2) Variable compensation due for the financial year ended December 31, 2009 and paid during the financial year ended December 31, 2010.
(3) Variable compensation due for the financial year ended December 31, 2010 and paid during the financial year ending December 31, 2011.
(4) Attendance fees due for the financial year ended December 31, 2008 and paid during the financial year ended December 31, 2009.
(5) Attendance fees due for the financial year ended December 31, 2009 and paid during the financial year ended December 31, 2010.
(6) Attendance fees due for the financial year ended December 31, 2010 and paid during the financial year ending December 31, 2011.
(7) Nicolas Lwoff left the Group as of February 12, 2009.
(8) Michel Favre joined the Group on April 1, 2009 and was appointed as member of the Management Board of Rexel on May 20, 2009.

Summary of the employment agreements, the specific pension plans, the severance indemnities and the non-compete clauses

A summary of the employment agreements, the specific pension plans, the severance indemnities and the non-compete clauses is set forth in the table below:

Corporate officer	Employment agreement	Specific pension plan	Severance indemnities	Non-compete clause
Jean-Charles Pauze Chairman of the Management Board From February 13, 2007 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Yes Employment agreement suspended since March 1, 2007, taking into account the fact that the AFEP-MEDEF recommendations are not applicable to the current duties	Yes (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*)	Yes (see paragraph 7.3.2 "Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers" of this *Document de Référence*)	Yes Duration: 12 months Indemnities: 1/12th of the annual gross fixed compensation per month
Michel Favre Member of the Management Board From May 20, 2009 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Yes Employment agreement suspended since May 20, 2009	Yes (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*)	Yes (see paragraph 7.3.2 "Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers" of this *Document de Référence*)	Yes Duration: 12 months Indemnities: 1/12th of the annual gross fixed compensation per month
Pascal Martin Member of the Management Board From February 13, 2007 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Yes Employment agreement suspended since January 1, 2008	Yes (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*)	Yes (see paragraph 7.3.2 "Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers" of this *Document de Référence*)	Yes Duration: 12 months Indemnities: 1/12th of the annual gross fixed compensation per month
Jean-Dominique Perret Member of the Management Board From February 13, 2007 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2010	Yes	Yes, since January 1, 2009 (see paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*)	Yes (see paragraph 7.3.2 "Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers" of this *Document de Référence*)	Yes Duration: 12 months Indemnities: 1/12th of the annual gross fixed compensation per month

Free shares and share subscription or share purchase options

The members of the Management Board are holders of free shares and subscription options as described in paragraphs 8.1.2.5 "Subscription or purchase options for Rexel shares" and 8.1.2.6 "Allotment of free shares" of this *Document de Référence*.

The summary tables in relation to the purchase option, share subscription and free share allocation plans as well as to the options allocated and exercised, the shares allocated free of charge and the shares irrevocably acquired are set out in paragraphs 8.1.2.5 "Subscription or purchase options for Rexel shares" and 8.1.2.6 "Allotment of free shares" of this *Document de Référence*.

Summary of all of the compensation of the members of the Management Board

A summary of all of the compensation due to the members of the Management Board by the Rexel Group companies for the years ended December 31, 2010 and December 31, 2009 is set forth in the table below:

	Financial year ended	
	December 31, 2010	December 31, 2009
Jean-Charles Pauze		
Compensation due for the financial year (1)	€2,006,660	€1,728,860
Valuation of options granted during the financial year (2)	–	–
Valuation of free shares granted during the financial year (3)	€897,271	–
Total	**€2,903,931**	**€1,728,860**
Michel Favre (4)		
Compensation due for the financial year (1)	€769,554	€493,077
Valuation of options granted during the financial year (2)	–	–
Valuation of free shares granted during the financial year (3)	€405,623	€375,570
Total	**€1,175,177**	**€868,647**
Pascal Martin		
Compensation due for the financial year (1)	€764,742	€618,385
Valuation of options granted during the financial year (2)	–	–
Valuation of free shares granted during the financial year (3)	€527,307	–
Total	**€1,292,049**	**€618,385**
Jean-Dominique Perret		
Compensation due for the financial year (1)	€471,242	€369,969
Valuation of options granted during the financial year (2)	–	–
Valuation of free shares granted during the financial year (3)	€454,974	–
Total	**€926,216**	**€369,969**

(1) See paragraph 7.3.1.1 "Members of the Management Board" of this *Document de Référence*.
(2) As of the date of allocation, see paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence*.
(3) As of the grant date, see paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*. During the financial year ended December 31, 2009, Jean-Charles Pauze, Pascal Martin and Jean-Dominique Perret have not benefited from any allotment of free shares. Michel Favre has been appointed as corporate officer subsequently to the allotment of free shares and has benefited from such allotment in his capacity as an employee.
(4) Michel Favre joined the Group on April 1, 2009.

7.3.1.2 Members of the Supervisory Board

The Rexel shareholders' meeting held on May 20, 2008 allocated to the Supervisory Board a global amount of €300,000 for the payment of attendance fees.

Following the recommendations of the Compensation Committee, the Supervisory Board meeting of March 16, 2010 decided, within the scope of the allocated global amount, to allocate compensation to the independent members of the Supervisory Board in the gross amount including (i) a fixed portion in the amount of €30,000 and (ii) a variable portion of up to €30,000 that may be allocated to each independent member to the extent of their attendance to the meetings of the Supervisory Board and the Committees of which they are members. Moreover, a gross compensation of €10,000 is allocated for each chairman of a Committee of the Supervisory Board who is an independent member thereof.

Following the recommendations of the Compensation Committee, the Supervisory Board of February 8, 2011 decided that the variable portion for 2010 would amount to €20,000 for Françoise Gri, €30,000 for Fritz Fröhlich, €30,000 for François David and €26,500 for Joe Adorjan.

Thus, Françoise Gri, Fritz Fröhlich, François David and Joe Adorjan, as independent members, received the following compensation in respect of the financial years ended December 31, 2010 and 2009:

Member	Financial year ended December 31, 2010		Financial year ended December 31, 2009	
	Compensation	Total	Compensation	Total
Françoise Gri		€70,000		–
As Committee Chairman	€10,000	x 8/12	–	
As independent member		= €46,666.67		
Fixed portion	€30,000		–	
Variable portion	€30,000		–	
Fritz Fröhlich		€70,000		€68,900
As Committee member	€10,000		€10,000	
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€30,000		€28,900	
François David		€60,000		€53,600
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€30,000		€23,600	
Joe Adorjan		€56,500		€47,100
As independent member				
Fixed portion	€30,000		€30,000	
Variable portion	€26,500		€17,100	
Total		**€233,166.67**		**€169,600**

Rexel has paid no other compensation to the members of the Supervisory Board for the years ended December 31, 2010 and December 31, 2009.

7.3.2 Compensation, indemnities or benefits due or that may become due as a result of the assumption, termination or change in the functions of corporate officers

No senior executive is entitled to compensation, indemnification or benefits due or that may become due as a result of the assumption, termination or change in his duties as a corporate officer of Rexel or thereafter.

Moreover, the employment agreements of Jean-Charles Pauze, Michel Favre, Pascal Martin and Jean-Dominique Perret provide, under certain conditions, for payment undertakings in the event of a termination, subject to performance criteria that have been decided upon (i) in the case of Jean-Charles Pauze, Pascal Martin and Jean-Dominique Perret, by the Supervisory Board meeting of May 13, 2008 and approved by the General shareholders' meeting of May 20, 2008, and (ii) in the case of Michel Favre, by the Supervisory Board meeting of May 20, 2009, and that have been approved at the shareholders' meeting of Rexel on May 20, 2010.

Severance payments for Jean-Charles Pauze

Jean-Charles Pauze's employment contract with Rexel Développement SAS was suspended on March 1, 2007.

In the event that he should no longer hold his corporate office at Rexel, his employment contract with Rexel Développement SAS would once again come into effect with the same compensation conditions as those that he was granted as a corporate officer.

In the event that the employment contract is terminated at the employer's initiative, unless resulting from gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, Jean-Charles Pauze shall be granted a severance payment equal to 24 months of his monthly reference compensation.

The monthly reference compensation is understood as the amount of the fixed gross monthly salary received, including as an agent, for the 12 months prior to the notice of the termination of the contract, plus the gross amount of the most recent bonus, excluding any exceptional bonus, with this sum being divided by 12.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

In the event of the termination of contractual relations, the notice period is 8 months. The compensation in lieu of notice is equal to eight months of the last paid compensation, in the capacity as officer or as employee of the company, whichever the highest.

In accordance with the provisions of article L.225-90-1 of the French Commercial Code, these contractual indemnities of notice and employment contract termination are subject to the following performance conditions:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;
- the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of average operating WCR, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, regardless of the cause of his departure from Rexel, a non-competition clause is stipulated in Jean-Charles Pauze's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Severance payments for Michel Favre

Michel Favre's employment contract with Rexel Développement S.A.S. was suspended on May 20, 2009.

In the event that his corporate duties within Rexel should end, Michel Favre's employment agreement with Rexel Développement S.A.S. would re-enter into effect subject to compensation conditions equivalent to those from which he benefits as a corporate officer.

The employment agreement of Michel Favre provides, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, that Michel Favre will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation.

The monthly reference compensation is defined as the gross annual compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement* *légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

The notice period for breach of contract is 8 months. The compensation in lieu of notice is equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

Pursuant to the provisions of article L.225-90-1 of the French Commercial Code, such contractual indemnities in lieu of notice and for termination of the employment agreement are subject to the following performance criteria:

– the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;

– the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of average operating WCR, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and

– the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Michel Favre's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Severance payments for Pascal Martin

Pascal Martin's employment contract with Rexel Développement SAS was suspended on January 1, 2008.

In the event that his corporate duties within Rexel should end, Pascal Martin's employment agreement with Rexel Développement SAS would re-enter into effect subject to compensation conditions equivalent to those from which he benefits as a corporate officer.

The employment agreement of Pascal Martin provides, in the event of the termination of the employment agreement at the option of the employer following the end of the duties as a corporate officer, for whatever reason and except in case of gross negligence *(faute grave)* or wilful misconduct *(faute lourde)* or compulsory retirement leave, that Pascal Martin will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation.

The monthly reference compensation is defined as the gross annual fixed compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

The notice period for breach of contract is 8 months. The compensation in lieu of notice is equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

Pursuant to the provisions of article L.225-90-1 of the French commercial code, such contractual indemnities in lieu of notice and for termination of the employment agreement are subject to the following performance criteria:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;
- the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of average operating WCR, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Pascal Martin's suspended employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Severance payments for Jean-Dominique Perret

Jean-Dominique Perret, in addition to his duties as corporate officer, is acting as salaried Group Delegate for International Businesses.

His employment contract with Rexel Développement SAS provides, in the event of the termination of the employment agreement at the option of the employer, for whatever reason and except in case of gross negligence *(faute grave)* or willful misconduct *(faute lourde)* or compulsory retirement leave, Jean-Dominique Perret will benefit from a gross contractual severance indemnity equal to 18 months of his monthly reference compensation in his capacities as corporate officer and as an employee of the company.

The monthly reference compensation is defined as the gross annual fixed compensation applicable in the month prior to the effective redundancy date, plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months. The monthly reference compensation includes any potential compensation received as an executive in the course of this period.

This contractual indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, if any, as well as the compensating indemnity for honoring the non-compete clause. It shall not apply in the event of a retirement leave or compulsory retirement leave. In these hypothesis, only the severance indemnity pursuant to the collective bargaining agreement will be due and, as the case may be, the compensating indemnity for honoring the non-compete clause.

The notice period for breach of contract is 8 months. The compensation in lieu of notice is equal to 8 months of the last paid compensation, in his capacity as officer or as employee of the company, whichever the highest.

Pursuant to the provisions of article L.225-90-1 of the French commercial code, such contractual indemnities for prior notice and termination of the employment agreement are subject to the following performance criteria:

- the payment of 50% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of EBITDA (operating result before depreciation and amortization) of the Rexel Group. This payment will be 100% if the level of EBITDA, calculated on the basis of Rexel's consolidated audited financial statements for the last financial year preceding the date of termination of the employment contract (the reference period), reaches a minimum of 60% of the amount budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation;

– the payment of 35% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment will be 100% if the level of average operating WCR, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 125% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and

– the payment of 15% of the contractual indemnities in lieu of notice and for termination of the employment agreement will be dependent on the level of ROCE (return on capital employed) of the Rexel Group. This payment will be 100% if the level of ROCE, calculated on the basis of Rexel's consolidated audited financial statements for the last financial period preceding the date of termination of the employment contract (the reference period), reaches a minimum of 75% of the performance budgeted for such period. If, during the reference period, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this level may be reviewed by the Supervisory Board, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These indemnities will only be paid after a decision of the Supervisory Board acknowledging the fulfillment of these conditions.

In addition, a non-competition clause is stipulated in Jean-Dominique Perret's employment contract. This non-competition prohibition is for a period of 12 months from the date of the termination of the employment contract. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

7.3.3 Other benefits

During the financial period ended December 31, 2010, Rexel did not grant any loans, advances or guarantees to any of its corporate officers.

7.3.4 Pension, retirement or similar benefits

A supplementary defined-benefit pension plan is in force within Rexel Développement and Rexel, as of July 1, 2009.

Further to the law on pensions system reform enacted on November 10, 2010 and after approval of Rexel's Compensation Committee, the supplementary defined-benefit pension plan in force within Rexel Développement and Rexel since July 1, 2009 and the former supplementary defined benefit retirement scheme closed on June 30, 2009 were submitted to a number of amendments effective as of January 1, 2011, in particular:

– possible settlement of the additional pension only as of the minimum settlement age of the general pension system (compared to a fixed age of 60 previously);

– possibility for beneficiaries having reached the minimum settlement age of the general pension system, but not having reached the full rate under the general pension system, of settling their additional pension at a reduced rate, with the application of a penalty for missing quarters;

– setting-up of a minimum length of service of 4 years with Rexel at the time of settlement of the additional pension in order to benefit from this pension system.

Are beneficiaries of this supplementary pension scheme, officers with the status of employee and/or corporate officer whose status and activity are defined in Article L.3111-2 of the French labor code and whom Global Grade is 20 or above under the Global Grading system defined for Rexel by Hewitt.

At January 1, 2011, six managing directors including four corporate officers met these eligibility criteria: Jean-Charles Pauze, Michel Favre, Pascal Martin, Jean-Dominique Perret, Patrick Bérard and Henri-Paul Laschkar.

The additional pension under this plan is equal to product of the reference compensation, the years of seniority and a yearly acquisition factor ranging between 0% and 1% according to the level of reference compensation.

The reference compensation used in the calculation of the additional pension is equal to the average of the three best calendar years of gross compensation received for the period in which the potential beneficiary can justify seniority and eligibility.

This compensation includes:

– Salary and/or compensation as a corporate officer,

– Exclusively contractual annual bonuses classified as "annual variable compensation" not including any special bonuses, hardship allowances or other similar bonuses. These annual bonuses are taken into account at up to 80% of the fixed base salary.

The reference compensation does not include the amount or nature of special bonuses, especially payments made at retirement and/or redundancy and/or entered into amicably, judicially, through arbitration or by a transaction. It also does not include benefits in kind.

The reference compensation is globally capped up to 40 times of the yearly French Social Security ceiling.

A certain number of limits have been put in place on the amount of the benefit:

- the amount of the additional retirement pension under the new rules is limited to 20% of the reference compensation;
- the amount of the additional retirement pension under all the supplemental pension schemes of Rexel (defined benefits or defined contributions) may not exceed 25% of the reference compensation;
- the total amount of mandatory pension schemes and all supplementary plans in force within Rexel may not exceed 50% of the reference compensation.

The total provision booked by the Company for all employees covered by this supplementary defined-benefit retirement plan corresponded to a commitment of €10.2 million as of December 31, 2010 reduced by the value of a hedge asset established with an insurance company. As of December 31, 2010, the value of this hedge asset was estimated at €7.2 million.

Following the implementation of this new retirement plan, Rexel complies with five out of six of the recommendations issued by the AFEP and the MEDEF:

AFEP-MEDEF Recommendations	New Retirement Plan (as of January 1, 2011)
Eligibility criteria / Seniority	Compliant
Number of corporate officers compared to the total number of beneficiaries	Not compliant*
Yearly accrual percentage	Compliant
Period of maximum accrual attainment	Compliant
Reference compensation	Compliant
Maximum level of benefits	Compliant

* As of January 1, 2011, the total number of beneficiaries was six, including four corporate officers.

The provision recorded in respect of the defined-benefit pension plans is referred to in note 18 to the Notes to the consolidated financial statements of Rexel for the financial year ended December 31, 2010, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence*. As of December 31, 2010, it amounted to €174.4 million, less the value recorded as an asset for €42.8 million, *i.e.*, a net liability of €131.6 million.

7.4 MARKET ETHICS CHARTER

On April 4, 2007, Rexel adopted a market ethics charter the objective of which is to specify the applicable regulations in respect of share transactions by permanent and/or occasional insiders and interested persons, including in particular corporate officers and employees of the Rexel Group who have constant or occasional access to inside information as well as outsiders to the Rexel Group who can, in the context of their role or position, have access to inside information in relation to Rexel or the Rexel Group.

The market ethics charter provides for the creation of the position of a market ethics manager within the Rexel Group. The market ethics manager oversees compliance with the market ethics charter, in particular by informing those persons concerned of the periods during which they must abstain from transactions involving Rexel's shares, informing the Management Board and the Supervisory Board of any finding of violations of the applicable regulations within the Rexel Group, or by establishing and updating a list, to be provided upon request to the AMF, of persons considered to be insiders, and informing such persons of their inclusion in such list.

The market ethics charter mentions the applicable obligations with respect to the holding, disclosure and use of inside information as well as the applicable sanctions in the event of a violation of such obligations. The market ethics charter thus specifies the confidentiality and abstention obligations or the obligation to hold shares in registered form that applies to permanent or occasional insiders and interested persons. The market ethics charter also lays out the definition of inside information as well as the applicable rules in the case of, for example, an offence and breach by an insider, or a market manipulation. It also provides for periods of abstention linked, in particular, to the publication of Rexel's financial accounts.

7.5 RELATED PARTY TRANSACTIONS

7.5.1 Principal related party transactions

The material agreements that were entered into between Rexel and related parties, or the members of the Management Board of Rexel, the members of the Supervisory Board of Rexel, the shareholders of Rexel and the subsidiaries of Rexel, within the meaning of Articles L.225-86 *et seq.* of the French commercial code, during the financial year ended December 31, 2010 are:

Agreements referred to in article L.225-86 of the French commercial code, entered into by Rexel during the financial year ended December 31, 2010 and that have received prior approval of the Supervisory Board of Rexel:

- A Purchase Agreement entered into on January 8, 2010, between Rexel, on the one hand, and CALYON, the Royal Bank of Scotland plc, Merrill Lynch International, BNP Paribas, HSBC Bank plc, Natixis, Crédit Industriel et Commercial (CIC), ING Bank N.V., London Branch, Société Générale and Bayerische Landesbank (the **"Banks"**), on the other hand. Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium SA, Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp. (renamed Rexel Holding USA Corp.), Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc. acceded to this agreement through accession letters dated January 20, 2010. On December 21, 2009, Rexel carried out a bond issuance for an amount of €575 million represented by unsecured senior notes bearing interest at a rate of 8.25%, redeemable on December 15, 2016, referred to below (the **"Bond Issuance"**). Rexel wished to carry out an additional bond issuance for an amount of €75 million, thus increasing the amount of the bond issuance to €650 million (the **"Additional Bond Issuance"**). The agreement provides for the terms under which Rexel undertook to issue, and the Banks undertook to underwrite the additional bonds. This agreement was authorized by the Supervisory Board during its January 8, 2010 meeting.
- An Amended and Restated Agency Agreement, entered into on January 20, 2010 between Rexel, Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium SA, Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp. (renamed Rexel Holding USA Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc., BNP Paribas Trust Corporation UK Limited and CACEIS Bank Luxembourg. On December 21, 2009, Rexel carried out a bond issuance for an amount of €575 million represented by unsecured senior notes bearing interest at a rate of 8.25%, redeemable on December 15, 2016. An Agency Agreement entered into on December 21, 2009, provided for the terms under which CACEIS Bank Luxembourg undertook to act in the capacity of Registrar and of Paying Agent in the scope of the issuance of such bonds. Rexel wished to carry out an additional bond issuance for an amount of €75 million, thus increasing the amount of the bond issuance to €650 million. The Amended and Restated Agency Agreement amends and supersedes the Agency Agreement. It provides for the terms under which CACEIS Bank Luxembourg undertook to act in the capacity of Registrar and of Paying Agent in the scope of the issuance of the bonds. This agreement was authorized by the Supervisory Board during its January 8, 2010 meeting.
- A First Supplemental Trust Deed, entered into on January 20, 2010 between Rexel, Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium SA, Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp. (renamed Rexel Holding USA Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc., Compagnie de Distribution de Matériel Electrique B.V., Finelec Développement SA and BNP Paribas Trust Corporation UK Limited. On December 21, 2009, Rexel carried out a bond issuance for an amount of €575 million represented by unsecured senior notes bearing interest at a rate of 8.25%, redeemable on December 15, 2016. A Trust Deed entered into on December 21, 2009, provided for the terms under which BNP Paribas Trust Corporation undertook to act in the capacity of Trustee in the scope of the issuance of such bonds. Rexel wished to carry out an additional bond issuance for an amount of €75 million, thus increasing the amount of the bond issuance to €650 million. The First Supplemental Trust Deed provides for the terms under which BNP Paribas Trust Corporation undertook to act in the capacity of Trustee in the scope of the issuance of the additional bonds. This agreement was authorized by the Supervisory Board during its January 8, 2010 meeting.
- An amendment to the defined-benefit retirement plan effective as from July 1, 2009. This amendment aims at harmonizing such plan with certain provisions of the social security regulations. This retirement plan and its beneficiaries are described in paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*. This amendment was authorized by the Supervisory Board during its March 16, 2010 meeting.
- A bilateral facility agreement between Rexel as borrower, Rexel Distribution as guarantor and Bayerische Landesbank as lender for an amount of €40,000,000. Rexel's indirect subsidiary, Rexel Distribution, acts in the capacity of guarantor for the amount lent in order

to guarantee the obligations of Rexel under the facility agreement. This is a term loan. This agreement was authorized by the Supervisory Board during its July 27, 2010 meeting.

– The compensation agreements of certain subsidiaries of Rexel under the guarantees granted in connection with the senior credit agreement of an amount of €1.7 billion, entered into on December 17, 2009 referred to below and of the Bond Issuance and the Additional Bond Issuance referred to above. Under these compensation agreements entered into between Rexel and its guarantor subsidiaries (Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp. (renamed Rexel Holding USA Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc.) (the **"Guarantors"**), Rexel compensates such Guarantors in respect of the guarantee granted by each of them. The yearly compensation thus stipulated is calculated on the basis of the maximum amount that the relevant Guarantor may be requested to pay under the granted guarantee. These agreements were authorized by the Supervisory Board during its November 9, 2010 meeting.

Agreements referred to in article L.225-90-1 of the French commercial code, entered into by Rexel during the financial year ended December 31, 2009, that were approved by the shareholder's meeting of Rexel held on May 20, 2010 and that were continued during the financial year ended December 31, 2010:

– The undertakings granted to Michel Favre, member of the Management Board of Rexel, providing for the payment of compensation items due or likely to be due further to the end of the duties of Michel Favre, and subject to performance conditions. This agreement was authorized by the Supervisory Board meeting of May 20, 2009, and has been approved by Rexel's shareholders' meeting of May 20, 2010.

Agreements referred to in article L.225-90-1 of the French commercial code, entered into by Rexel during the financial year ended December 31, 2008, that were approved by the shareholder's meeting of Rexel held on May 20, 2008 and that were continued during the financial year ended December 31, 2010:

– The undertakings granted to Jean-Charles Pauze, chairman of the Management Board of Rexel, providing for the payment of contractual indemnities in lieu of notice and in relation to the termination of his employment agreement, and subject to performance conditions. This agreement was authorized by the Supervisory Board meeting of May 13, 2008, and has been approved by the Rexel's shareholders' meeting of May 20, 2008.

– The undertakings granted to Pascal Martin, member of the Management Board of Rexel, providing for the payment of contractual indemnities in lieu of notice and in relation to the termination of his employment agreement, and subject to performance conditions. This agreement was authorized by the Supervisory Board meeting of May 13, 2008, and has been approved by the Rexel's shareholders' meeting of May 20, 2008.

– The undertakings granted to Jean-Dominique Perret, member of the Management Board of Rexel, providing for the payment of contractual indemnities in lieu of notice and in relation to the termination of his employment agreement, and subject to performance conditions. This agreement was authorized by the Supervisory Board meeting of May 13, 2008, and has been approved by the Rexel's shareholders' meeting of May 20, 2008.

Agreements referred to in article L.225-86 of the French commercial code, entered into by Rexel during the previous financial years and that have been continued during the financial year ended December 31, 2010:

– The Cooperation Agreement entered into on April 4, 2007. This agreement was authorized by the Supervisory Board during its April 4, 2007 meeting.

– A defined-benefit pension plan agreement to become effective on July 1, 2009, authorized by the Supervisory Board during its March 30, 2009 meeting. This retirement plan and its beneficiaries are described in paragraph 7.3.4 "Pension, retirement or similar benefits" of this *Document de Référence*;

– A senior credit agreement of an amount of €1.7 billion entered into on December 17, 2009 between Rexel, on the one hand, Bank of America Securities Limited, BNP Paribas, Calyon, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, Natixis, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking, in their capacity as Lenders, on the other hand, as well as Calyon, in its capacity as Facilities Agent. Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium SA, Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp. (renamed Rexel Holding USA Corp.), Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc. acceded to this senior credit agreement in the capacity of guarantors through accession letters dated December 21, 2009. this agreement was authorized by the Supervisory Board during its December 2 and December 10, 2009 meetings.

– A Purchase Agreement entered into on December 11, 2009, between Rexel, on the one hand, and Calyon, the Royal Bank of Scotland plc, Merrill Lynch International, BNP Paribas, HSBC Bank plc, Natixis, Crédit Industriel et Commercial (CIC), ING Bank N.V., London Branch, Société Générale et Bayerische Landesbank (the **"Banks"**), on the other hand. Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium SA, Elektro-

Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp. (renamed Rexel Holding USA Corp.), Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc. acceded to this agreement through accession letters dated December 21, 2009. This agreement was entered into in the context of a bond issuance by Rexel in the amount of €575 million, represented by unsecured senior notes bearing interest at 8.25%, redeemable on December 15, 2016. It provides for the terms under which Rexel undertook to issue, and the Banks undertook to underwrite these bonds. This agreement was authorized by the Supervisory Board during its December 2, 2009 and December 10, 2009 meetings.

- An Agency Agreement, entered into on December 21, 2009 between Rexel, Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co. KG, Rexel Belgium, Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp. (renamed Rexel Holding USA Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc. BNP Paribas Trust Corporation UK Limited and CACEIS Bank Luxembourg. This agreement was entered into in the context of a bond issuance by Rexel in the amount of €575 million, represented by unsecured senior notes bearing interest at 8.25%, redeemable on December 15, 2016. It provides for the terms under which CACEIS Bank Luxembourg undertook to act in the capacity of Registrar and of Paying Agent in the scope of the issuance of such bonds. This agreement was authorized by the Supervisory Board upon its December 2 and December 10, 2009 meetings.

- A Trust Deed, entered into on December 21, 2009 between Rexel, Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium SA, Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp. (renamed Rexel Holding USA Corp.), Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc., Compagnie de Distribution de Matériel Electrique B.V., Finelec Développement SA and BNP Paribas Trust Corporation UK Limited. This agreement was entered into in the context of a bond issuance by Rexel in the amount of €575 million, represented by unsecured senior notes bearing interest at 8.25%, redeemable on December 15, 2016. It provides for the terms under which BNP Paribas Trust Corporation undertook to act in the capacity of Trustee in the scope of the issuance of such bonds. This agreement was authorized by the Supervisory Board during its December 2, 2009 and December 10, 2009 meetings.

- A tax integration agreement entered into by Rexel on December 12, 2005. Rexel opted on March 9, 2005, for the establishment of a new integrated tax group between Ray Acquisition S.A.S. (renamed Kelium), Ray Acquisition S.C.A. (renamed Rexel Développement S.A.S.) and Rexel, of which Rexel is the parent company. Pursuant to this option, Rexel has become, for a period of 5 financial years as of January 1, 2005, solely liable for corporate tax *(impôt sur les sociétés)*, for the additional contribution based on corporate tax pursuant to article 235 ter ZA of the French general tax code, for the social contribution on corporate profits pursuant to article 235 ter ZC of the French general tax code and for yearly flat-rate tax *(imposition forfaitaire annuelle)* payable by the group formed by Rexel and the subsidiaries held directly or indirectly at least 95% of the share capital, pursuant to articles 223 A *et seq.* of the French general tax code. This agreement was authorized by the Board of Directors during its June 27, 2005 meeting.

Ordinary agreements entered into by Rexel under ordinary terms during the financial year ended December 31, 2010:

- A long-term facility agreement entered into between International Electric Supply Corp. (renamed Rexel Holding USA Corp.) and Rexel in the amount of USD 310 million on March 1, 2010.
- A long-term facility agreement entered into between International Electric Supply Corp. (renamed Rexel Holding USA Corp.) and Rexel in the amount of USD 400 million on March 1, 2010.
- A long-term facility agreement entered into between Svenska Selga Elgrossist AB Selga and Rexel in the amount of SEK 1,600 million on March 1, 2010.
- A long-term facility agreement entered into between Redeal and Rexel in the amount of NZD 10 million on March 1, 2010.
- A facility agreement between Rexel Développement SAS and Rexel in the amount of €650 million dated March 1, 2010.
- A facility agreement between Rexel Développement SAS and Rexel in the amount of €826 million dated March 1, 2010.
- Renewal of the tax integration option pursuant to which Rexel has become solely liable for corporate tax *(impôt sur les sociétés)*, for the social contribution on corporate profits pursuant to article 223 ter ZC of the French general tax code and for the yearly flat-rate tax *(imposition forfaitaire annuelle)*, owed by the group formed by Rexel and the subsidiaries held directly or indirectly at least at 95% of the share capital and having agreed thereto, pursuant to articles 223 A *et seq.* of the French general tax code.
- A Current Account Agreement entered into between Rexel Distribution, cash pooling entity of the Rexel Group, and Rexel, dated March 1, 2010.

– An amendment to the Current Account Agreement entered into between Rexel Distribution, cash pooling entity of the Rexel Group, and Rexel, dated March 1, 2010, providing for the option for Rexel Distribution to offset debts against receivables due by group companies having entered into similar current account agreements with Rexel Distribution.

7.5.2 Special reports of the Statutory Auditors in relation to related party agreements

7.5.2.1 Special report of the Statutory Auditors in relation to the related party agreements for 2010

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users.
This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

KPMG Audit
1, cours Valmy
92923 Paris-La Défense

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG Audit
Faubourg de l'Arche
11, allée de l'Arche
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S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Rexel

General Meeting of Shareholders to approve the financial statements for the year ended 31 December 2010

Statutory Auditors' report on related party agreements and commitments

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R.225-58 of the French commercial code *(Code de Commerce)*, to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R.225-58 of the French commercial code *(Code de Commerce)* concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body *(Compagnie Nationale des Commissaires aux Comptes)* relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted for approval by the General Meeting of Shareholders

In accordance with Article L.225-88 of the French commercial code *(Code de Commerce)*, we have been advised of certain related party agreements and commitments which received prior authorization from your supervisory board.

1. Complementary Bond issuance (Underwriting Agreement, Trust Agreement, Service Agreement)

Related parties

Jean-Charles Pauze, in his capacity as Chairman of the Management Board of your Company, CEO of Rexel Développement S.A.S., Chairman and CEO of Rexel Distribution, President and director of Rexel North America Inc., President and director of International Electrical Supply Corp., and member of the board of directors of Rexel France.

Pascal Martin, in his capacity as member of the Management Board of your Company and member of the board of directors of Rexel Distribution.

Michel Favre, in his capacity as member of the Management Board of your Company, member of the board of directors of Rexel Distribution, member of the board of directors of Rexel France, member of the board of directors of Elektroskandia Norge AS and member of the board of directors of Svenska Elgrossist AB Selga.

Nature and purpose

Your Supervisory Board authorized, on January 8, 2010, a complementary bond issuance of a maximum nominal amount of €125 million, represented by senior high-yield notes of your Company. In the context of the complementary bond issuance by your Company, several agreements have been entered into, in accordance with the following terms and conditions:

a) New Purchase Agreement

The New Purchase Agreement was entered into on January 8, 2010, between your Company and the Guarantors, on the one hand, and the Banks, on the other hand. The New Purchase Agreement provides the terms and conditions under which your Company has undertaken to issue the new Bonds and the Banks have undertaken to underwrite the new Bonds, and in the event of a lack of sufficient subscribers, to subscribe to the new Bonds not underwritten.

The New Purchase Agreement includes customary clauses for this type of agreement, inter alia a set of representations and guarantees granted to by the Company and the Guarantors, the terms of completion of the New Bonds issuance, the payment of the Bank's fees for their services, an indemnification undertaking by your Company and each of the Guarantors at the benefit of the Banks and a termination clause that allows the Banks to terminate the transaction in the event of the occurrence of significant events.

b) Amended and Restated Service Agreement

The Amended and Restated Service Agreement was entered into on January 20, 2010 between your Company, the Guarantors and CACEIS Bank Luxembourg and BNP Trust Corporation UK. It provides for the terms under which the New Bonds will be issued and admitted to trading on the Euro MTF market, and it extends to the New Bonds the terms of the Service Agreement (payment by the company and/or the guarantors related to the Bonds, including interests payment, at term or early redemption, etc.). The Amended and Restated Service Agreement includes customary clauses for this type of agreement, including the description of services to be carried out by CACEIS Bank Luxembourg as well as an indemnification undertaking of your Company and the Guarantors at the benefit of CACEIS Bank Luxembourg and the terms of completion of the Service Agreement.

c) Supplemental Trust Agreement

The Supplemental Trust Agreement was entered into on January 20, 2010 between your Company, the Guarantors and BNP Paribas Trust Corporation UK Limited. The Supplemental Trust Agreement aims at extending application of Trust Agreement terms concluded on December 21, 2009 to the New Bonds. In particular, it extends to the New Bonds the commitment of payment granted by each guarantor. Under the Trust Agreement, guarantors guarantee, jointly and severally, without subordination, all payment commitments of your company related to the Bonds and the Trust Agreement (including the Supplemental Trust Agreement). The Supplemental Trust Agreement includes customary clauses for this type of agreement, including those related to guarantors right of recourse against your company and among them. It also included restrictions for your company and the guarantors on some operations (merger, spin-off, transfer of activity).

The New Purchase Agreement, the Amended and Restated Service Agreement and the Supplemental Trust Agreement are executed by the following Guarantors: Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium S.A., Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc.

Compagnie de Distribution de Matériel Electrique B.V. and Finelec Développement S.A. are also parties to the Supplemental Trust Agreement.

Conditions

During the financial year ended December 31, 2010, your Company carried out a bond issuance of a nominal amount of €75 million at 8.25% rate per year. Your Company recorded, under this bond issuance, issuance expenses for an amount of €1.3 million as at December 31, 2010.

2. Amendment to defined-benefit retirement plan

Related parties

Jean-Charles Pauze, Michel Favre, Pascal Martin, Jean-Dominique Perret, in their capacity as members of the Management Board of Rexel.

Nature and purpose

Your Supervisory Board authorized, on March 16, 2010, your Company to conclude an amendment to the defined benefit retirement plan. This amendment aims at harmonizing such plan with certain provisions of the social security regulations.

Conditions

This agreement had no impact on the financial statements of your Company in the financial year ended December 31, 2010.

3. Bilateral facility agreement between Rexel as borrower, Rexel Distribution as guarantor and Bayerische Landesbank as lender

Related parties

Jean-Charles Pauze, in his capacity as Chairman of the Management Board of your Company and Chairman and CEO of Rexel Distribution.

Pascal Martin, in his capacity as member of the Management Board of your Company and member of the board of directors of Rexel Distribution.

Michel Favre, in his capacity as member of the Management Board of your Company, member of the board of directors of Rexel Distribution.

Nature and purpose

Your Supervisory Board authorized, on July 27, 2010, the conclusion of a credit agreement for an amount of M€ 40 with Bayerische Landesbank as lender, your company as borrower and Rexel Distribution as guarantor. Indirect subsidiary of Rexel, Rexel Distribution, acts in the capacity of guarantor for the amount lent in order to guarantee the obligations of Rexel under the facility agreement. This is a term loan for which maturity date is December 17, 2014.

Conditions

At December 31, 2010, the debt recorded in the balance sheet of your company under this Credit Agreement amounted to €35.3 million. This facility agreement bears interests at EURIBOR, increased by a margin which depends on debt ratio.

4. Compensation agreements of certain subsidiaries of Rexel

Related parties

Jean-Charles Pauze, in his capacity as Chairman of the Management Board of your Company, CEO of Rexel Développement S.A.S., Chairman and CEO of Rexel Distribution, President and director of Rexel North America Inc., President and director of International Electrical Supply Corp., and member of the board of directors of Rexel France.

Pascal Martin, in his capacity as member of the Management Board of your Company and member of the board of directors of Rexel Distribution.

Michel Favre, in his capacity as member of the Management Board of your Company, member of the board of directors of Rexel Distribution, member of the board of directors of Rexel France, member of the board of directors of Elektroskandia Norge AS and member of the board of directors of Svenska Elgrossist AB Selga.

Nature and purpose

Your Supervisory Board authorized, on November 9, 2010 the conclusion of compensation agreements of certain subsidiaries of Rexel under the guarantees granted in connection with the senior credit agreement of an amount of €1.7 billion, entered into on December 17, 2009 and of the Bond Issuance of M€ 575 and the Additional Bond Issuance of M€ 75. Under these compensation agreements entered into between Rexel and its guarantor subsidiaries (Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium, Elektro-Material A.G., Rexel Nederland B.V., Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel, Inc., General Supply & Services Inc., Rexel North America, Inc.) (the "Guarantors"), Rexel compensates such Guarantors in respect of the guarantee granted by each of them. The yearly compensation thus stipulated is calculated on the basis of the maximum amount that the relevant Guarantor may be requested to pay under the granted guarantee.

Conditions

At December 31, 2010, the financial charge recorded in the income statement of your company under these agreements amounted to M€ 15.9.

Agreements and commitments already approved by the General Meeting of Shareholders

Agreements and commitments approved in prior years

a) Whose implementation continued during the year

In accordance with Article R.225-57 of the French commercial code *(Code de Commerce)*, we have been advised that the implementation of the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years continued during the year.

1. 2009 Senior Credit Agreement

Nature and purpose

Your Supervisory Board authorized, on December 2, 2009 and December 10, 2009, the entry by your Company into a new Senior Credit Agreement for a principal amount of €1,700 million between Rexel, firstly, Banc of America Securities Limited, BNP Paribas, Calyon, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, Natixis, The Royal Bank of Scotland plc, Société Générale Corporate and Investment Banking as "Lenders", secondly, and Calyon, as "Facilities Agent", thirdly.

The agreement provides that Rexel's subsidiaries (Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium S.A., Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc.) will guarantee the obligations of the Company in their capacity as guarantors.

Conditions

At December 31, 2010, the amount of debt recorded in the balance sheet of your Company under the Senior Credit Agreement amounted to €726.2 million.

2. Bond issuance (Underwriting Agreement, Trust Agreement, Service Agreement)

Nature and purpose

Your Supervisory Board authorized, on December 2, 2009 and December 10, 2009, a bond issuance of a minimum nominal amount of €500 million and of a maximum of €700 million, represented by senior high-yield notes of your Company. In the context of the bond issuance by your Company, several agreements have been entered into, in accordance with the following terms and conditions:

a) Purchase Agreement

The Purchase Agreement was entered into on December 11, 2009, between your Company and the Guarantors, on the one hand, and the Banks, on the other hand. The Purchase Agreement provides the terms and conditions under which your Company has undertaken to issue the Bonds and the Banks have undertaken to underwrite the Bonds, and in the event of a lack of sufficient subscribers, to subscribe to the Bonds not underwritten.

The Purchase Agreement includes customary clauses for this type of agreement, inter alia a set of representations and guarantees granted to by the Company and the Guarantors, the terms of completion of the Bonds issuance, the payment of the Bank's fees for their services, an indemnification undertaking by your Company and each of the Guarantors at the benefit of the Banks and a termination clause that allows the Banks to terminate the transaction in the event of the occurrence of significant events.

b) Trust agreement

The Trust Agreement was entered into on December 21, 2009 between your Company, the Guarantors and BNP Paribas Trust Corporation UK Limited. It provides for the terms and conditions under which BNP Paribas Trust Corporation UK Limited will guarantee the undertakings of the Company in connection with the Bonds. The Trust Agreement includes customary clauses for this type of agreement, inter alia a set of representations and guarantees granted by your Company and the Guarantors, an indemnification undertaking by your Company and each of the Guarantors at the benefit of BNP Paribas Trust Corporation UK Limited and a termination clause that allows BNP Paribas Trust Corporation UK Limited to terminate the Trust Agreement in the event of the occurrence of certain events.

c) Service agreement

The Service Agreement was entered into on December 21, 2009 between your Company, the Guarantors and CACEIS Bank Luxembourg. It provides for the terms and conditions under which CACEIS Bank Luxembourg will act as Issuing and Paying Agent in the name and on behalf of yours Company and of the Guarantors in connection with the Bond issuance. Thus, CACEIS Bank Luxembourg is in charge of the effective completion of the Bonds issuance and their admission to trading on the regulated market of the Luxembourg stock exchange and, following such admission, carry out the various payments due by your Company and/or the Guarantors under the Bonds (including the payment of interest, redemption or early redemption). The Service Agreement includes customary clauses for this type of agreement, including the description of services to be carried out by CACEIS Bank Luxembourg as well as an indemnification undertaking of your Company and the Guarantors at the benefit of CACEIS Bank Luxembourg and the terms of completion of the Service Agreement.

The Purchase Agreement, the Trust Agreement and the Service Agreement are executed by the following Guarantors: Rexel Développement S.A.S., Rexel Distribution, Rexel France, Hagemeyer Deutschland GmbH & Co KG, Rexel Belgium S.A., Elektro-Material A.G., Hagemeyer Nederland B.V. (renamed Rexel Nederland B.V.), Elektroskandia Norge AS, Elektroskandia Suomi Oy, Svenska Elgrossist AB Selga, International Electric Supply Corp., Rexel, Inc., General Supply & Services Inc. and Rexel North America, Inc.

Compagnie de Distribution de Matériel Electrique B.V. and Finelec Développement S.A. are also parties to the Trust Agreement.

Conditions

At December 31, 2010, the amount of debt recorded in the balance sheet of your Company under this bond issuance amounted to €575 million.

3. Tax Consolidation Agreement

Nature and purpose

On March 9, 2005, your Board of Directors authorized the Company to sign the tax consolidation agreement in connection with the new tax group between Ray Acquisition S.A.S. (renamed Kelium S.A.S. and merged into Rexel Distribution on January 1, 2009), Ray Acquisition S.C.A. (renamed Rexel Développement S.A.S) and Rexel, with your Company as top holding company. Pursuant to this option, your Company has become, solely liable for corporate tax *(impôt sur les sociétés)*, for the social contribution on corporate profits pursuant to article 235 ter ZC of the French general tax code and for the yearly flat-rate tax *(imposition forfaitaire annuelle)*, owed by the group formed by your Company and the subsidiaries held directly or indirectly at least at 95%, pursuant to articles 223A *et seq.* of the French general tax code.

Conditions

During the financial year ended December 31, 2010, your Company has recorded income arising from the operation of such tax consolidation agreement of M€ 69.7. An asset of an equivalent amount is shown on the balance sheet at December 31, 2010.

b) which were not implemented during the year

In addition, we have been advised that the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years were not implemented during the year.

1. Additional defined-benefit retirement plan

Nature and purpose

Your Supervisory Board authorized, on March 30, 2009, your Company to enter into a new additional defined-benefit pension plan as of July 1, 2009 for the members of the Management Board.

2. Secondary Offering Cooperation Agreement

Nature and purpose

On April 4, 2007, your Supervisory Board authorized your Company to enter into an agreement to regulate the relations between the parties in the event of any sale by Ray Investment S.A.R.L. or its shareholders of the shares of your Company for a consideration of at least €100 million.

3. Commitments at the benefit of the members of the Management Board of your Company in case of termination of their duties

Nature and purpose

Your Supervisory Boards approved, on May 13, 2008 and on May 20, 2009 the financial terms and conditions that would apply in the event of termination or change of the duties of the members of the Management Board and the performance targets in relation to the deferred compensation items, in accordance with Article L.225-90-1 of the French commercial code and pursuant to the "TEPA" law dated August 21, 2007.

Conditions

1. In the event of the termination of the employment agreement at the option of the employer following the end of his duties as a corporate officer, and except in case of serious misconduct *(faute grave)* or wilful misconduct *(faute lourde)*,

   a) Jean-Charles Pauze would benefit of a contractual indemnity equal to 24 months of his Monthly Reference Compensation in his capacity as corporate officer or as an employee of the company. Monthly Reference Compensation is defined as the sum of gross fixed monthly compensation received, including in his capacity as corporate officer, during the twelve months preceding the month in which severance of contractual relations would be served, plus the gross amount of the last bonus received in any capacity whatsoever, but excluding any exceptional bonus, divided by twelve.

   This indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, as well as any indemnity due pursuant to the employment agreement.

   This indemnity shall not apply in the event of a retirement leave or compulsory retirement leave at the option of the employer, with the exception of the severance indemnity applicable pursuant to the collective bargaining agreement in such case.

   Jean-Charles Pauze would also benefit, in these circumstances, of compensation in lieu of notice equal to the compensation normally paid at the usual dates corresponding to the amount of his contractual compensation in his capacity as officer or as employee of the Company, depending on the date of such termination of the employment agreement.

   b) Pascal Martin, Jean-Dominique Perret and Michel Favre would benefit of a contractual indemnity equal to 18 months of their Monthly Reference Compensation in their capacity as corporate officers or as employees of the company. Monthly Reference Compensation is defined as the sum of gross fixed monthly compensation received, including in their capacity as corporate officers, during the twelve months preceding the month in which severance of contractual relations would be served, plus the average gross amount of the last two bonuses received in any capacity whatsoever, but excluding any exceptional bonus, divided by twelve.

   This indemnity is deemed to include the statutory severance indemnity *(indemnité de licenciement légale)* or severance indemnity pursuant to the collective bargaining agreement *(indemnité conventionnelle de licenciement)* due, as well as any indemnity due pursuant to the employment agreement. It also includes the gross amount of the financial consideration for any non-compete clause that may apply.

   Pascal Martin, Jean-Dominique Perret and Michel Favre would also benefit, in these circumstances, of compensation in lieu of notice equal to the compensation normally paid at the usual dates corresponding to the amount of their contractual compensation in their capacity as corporate officers or as employees of the Company, depending on the date of such termination of the employment agreement.

2. The indemnity in lieu of notice and in relation to the termination of employment agreement which would be paid to Jean-Charles Pauze, Pascal Martin, Jean-Dominique Perret and Michel Favre would be subject to the following performance targets (in addition to the conventional minimum that may apply), and would be determined as follows:

   a) Payment of 50% of the contractual indemnity in lieu of notice and in relation to the termination of the employment agreement would be subject to the EBITDA (operating income before other income and other expenses, plus depreciation and amortization) level of the Rexel Group. This payment would be due up to 100% if the level of EBITDA, calculated on the basis of the audited consolidated financial statements of the Company for the financial year preceding the date of termination of the employment agreement (reference year), reaches at least 60% of the budgeted value for this financial year. If, during the reference year, the economic situation and financial condition of the Company and/or the economic and financial conditions of the market deteriorate, this level may be adjusted by the Supervisory Board upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation;

b) Payment of 35% of the contractual indemnity in lieu of notice and in relation to the termination of the employment agreement would be subject to the ATWC (Average Trade Working Capital) level of the Rexel Group. This payment would be due up to 100% if the level of ATWC (in percentage of sales), calculated on the basis of the audited consolidated financial statements of the Company for the financial year preceding the date of termination of the employment agreement (reference year), reaches at least 125% of the budgeted performance for this financial year. If, during the reference year, the economic situation and financial condition of the Company and/or the economic and financial conditions of the market deteriorate, this level may be adjusted by the Supervisory Board upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation;

c) Payment of 15% of the contractual indemnity in lieu of notice and in relation to the termination of the employment agreement would be subject to the ROCE (Return On Capital Employed) level of the Rexel Group. This payment would be due up to 100% if the level of ROCE, calculated on the basis of the audited consolidated financial statements of the Company for the financial year preceding the date of termination of the employment agreement (reference year), reaches at least 75% of the budgeted performance for this financial year. If, during the financial year, the economic and financial situation of the Company and /or the economic and financial conditions of the market deteriorate, this level may be adjusted by the Supervisory Board upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation.

Paris-La Défense, March 24, 2011

French original signed by

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

Hervé Chopin
Partner

ERNST & YOUNG Audit

Pierre Bourgeois
Partner

7.5.2.2 Special reports of the Statutory Auditors in relation to the related party agreements for 2009 and 2008

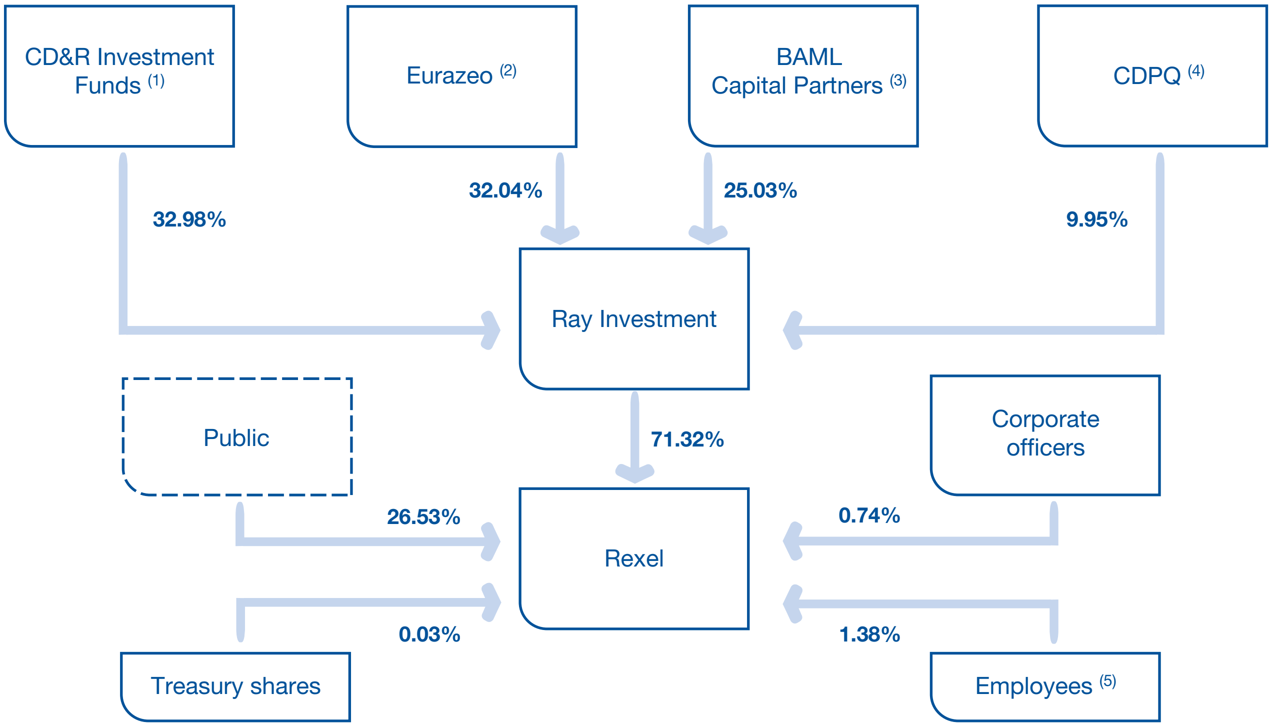
The special reports of the Statutory Auditors of Rexel in relation to the related party agreements for the financial year ended December 31, 2008 and December 31, 2009 are set out in the *Document de Référence* that was granted visa number R.10-024 on April 21, 2010, and in the *Document de Référence* that was granted visa number R. 09-022 on April 20, 2009 by the French *Autorité des marchés financiers,* respectively.

8. **Additional** information

8.1 SHAREHOLDERS

8.1.1 Principal shareholders

The chart below shows the simplified shareholding structure of Rexel as of December 31, 2010:



(1) *CD&R Investment Funds:* Clayton, Dubilier & Rice Fund VI Limited Partnership and Clayton, Dubilier & Rice Fund VII Limited Partnership, private equity funds managed by CD&R, indirectly own approximately 19.68% and 4.92%, respectively, of Ray Investment S.à r.l. In addition, a co-investment vehicle controlled by a subsidiary of CD&R indirectly owns approximately 8.38% of Ray Investment.
(2) *Eurazeo:* Ray France Investment S.A.S., a 95%-owned subsidiary of Eurazeo, owns approximately 32.04% of Ray Investment.
(3) *BAML Capital Partners:* the private equity funds and other entities managed by BAML Capital Partners and associated entities own approximately 19.51% of Ray Investment S.à r.l. In addition, a co-investment vehicle managed by BAML Capital Partners and associated entities indirectly owns approximately 5.52% of Ray Investment.
(4) *CDPQ:* Caisse de Dépôt et Placement du Québec owns 9.95% of Ray Investment.
(5) *Employees:* the employees include the managers and the other employees as well as the Rexel FCPEs.

Clayton, Dubilier & Rice, Inc. ("CD&R")

CD&R is a private equity firm that invests in global businesses, primarily divisions of large multi-national corporations, and works closely with management teams to pursue long-term value enhancement strategies. Since 1978, CD&R has invested approximately US $12 billion in 43 U.S. and European companies. The firm is comprised of seasoned corporate executives and investment professionals. The integration of these disciplines has enabled CD&R to build significant value through business improvements in its portfolio companies.

Eurazeo S.A. ("Eurazeo")

With substantial diversified assets, considerable investment capacity and a long-term investment horizon line, Eurazeo is one of the foremost listed investment companies in Europe. Eurazeo is, as such, a majority or reference shareholder of Accor, ANF, APCOA, B&B Hotels, ELIS, Europcar and Rexel.

In partnership with its investments, due notably to the expertise and values shared by an investment team of approximately 20 people, Eurazeo pursues a strategy that is resolutely oriented toward creating value, without ever losing sight of strategic and financial rigor that made the Group successful throughout the years.

Eurazeo has solid attributes to ensure the sustainable development of its activities and its investments by acting as a responsible professional shareholder.

BAML Capital Partners ("BAMLCP")

BAML Capital Partners is a private equity and mezzanine capital investment group within the Global Principal Investments group of Bank of America Merrill Lynch. The team has more than fifteen years of success in providing junior capital for growth financings, buyouts, acquisitions and recapitalizations. The investment team focuses on profitable middle market and large capitalization companies with valuations from $50 million to more than $5 billion.

Additional information on BAML Capital Partners: www.bankofamerica.com/bamlcp

Ray Investment S.àr.l. ("Ray Investment")

Ray Investment is a *société à responsabilité limitée* established under Luxembourg law, with registered offices at 10, avenue de la Liberté, L-1930 Luxembourg, registered with the Luxembourg companies' registry under number B 104.766. Its share capital is €1,527,230,850, divided into 30,544,617 shares with a par value of €50 each. Ray Investment is owned by CD&R, Eurazeo and BAMLCP as well as Caisse de Dépôt et Placement du Québec.

8.1.2 Share capital and voting rights

8.1.2.1 Breakdown of shares and voting rights by shareholder

The table below shows the breakdown of the shareholding and of the voting rights of Rexel as of December 31, 2010, 2009 and 2008:

Shareholders	December 31, 2010				December 31, 2009				December 31, 2008			
	Number of shares	Number of voting rights	% of shares	% of voting rights	Number of shares	Number of voting rights	% of shares	% of voting rights	Number of shares	Number of voting rights	% of shares	% of voting rights
Ray Investment	185,575,336	185,575,336	71.32	71.32	185,082,257	185,082,257	71.68	71.68	194,896,524	194,896,524	76.13	76.13
Corporate officers (1)	1,935,812	1,935,812	0.74	0.74	1,926,697	1,926,697	0.75	0.75	1,018,790	1,018,790	0.40	0.40
Managers and other employees	2,231,628	2,231,628	0.86	0.86	2,507,466	2,507,466	0.97	0.97	1,806,147	1,806,147	0.71	0.71
Rexel FCPE	1,341,579	1,341,579	0.52	0.52	1,126,312	1,126,312	0.44	0.44	1,158,482	1,158,482	0.45	0.45
Public.	69,025,641	69,025,641	26.53	26.53	67,490,586	67,490,586	26.13	26.13	55,898,869	55,898,869	21.84	21.84
Treasury shares	103,000	103,000	0.03	0.03 (2)	86,700	86,700 (2)	0.03	0.03 (2)	1,215,015	1,215,015 (2)	0.47	0.47 (2)
TOTAL	**260,212,996**	**260,212,996**	**100**	**100**	**258,220,018**	**258,220,018**	**100**	**100**	**255,993,827**	**255,993,827**	**100**	**100**

(1) Members of the Management Board and of the Supervisory Board.
(2) Theoretical voting rights. For the purpose of shareholders' meetings, no voting right is actually attached to these shares.

To the best knowledge of Rexel and based on the declarations of crossing of thresholds that it has received, no shareholder other than those referred to above holds, as of December 31, 2010, more than 5% of the share capital and/or voting rights of Rexel.

8.1.2.2 Shareholding threshold disclosures

Rexel has not received any declaration of crossing of thresholds during the financial year ended December 31, 2010.

8.1.2.3 Interests held by managers in the share capital of Rexel

Rexel interests held by Management Board and Supervisory Board members

As of December 31, 2010, the members of Rexel's Management Board and Supervisory Board held the following ownership interests in Rexel's share capital:

	Number of shares	% of the share capital and voting rights
Members of the Management Board		
Jean-Charles Pauze	1,086,754	0.42%
Michel Favre	–	–
Pascal Martin	504,616	0.19%
Jean-Dominique Perret	344,422	0.13%
Members of the Supervisory Board		
Roberto Quarta	2	NS
Patrick Sayer	2	NS
Joe Adorjan	1,501	NS
François David	1	NS
Eurazeo (1)	1	NS
Fritz Fröhlich	1	NS
Françoise Gri	–	–
Amaury Hendrickx	–	–
Manfred Kindle	1	NS
Luis Marini-Portugal	2	NS
David Novak	2	NS
Matthew Turner	1	NS

(1) This shareholding does not take into account the Rexel shares held by Ray Investment, 32.04% of the share capital of which is held by Ray France Investment S.A.S., a 95%-owned subsidiary of Eurazeo.

Transactions on Rexel securities carried out by Management Board and Supervisory Board members

Jean-Charles Pauze, the chairman of the Management Board, sold on the NYSE Euronext regulated market in Paris Rexel shares on December 21, 2010, at a nominal price of €16,23 for a total amount of €11,686.

Jean-Dominique Perret, member of the Management Board, sold on the NYSE Euronext regulated market in Paris Rexel shares on September 8, 2010, at a price of €16.25 per share for a total amount of €24,375.

Jean-Dominique Perret, member of the Management Board, sold on the NYSE Euronext regulated market in Paris Rexel shares on February 14, 2011, at a price of €17.60 per share for a total amount of €56.320.

8.1.2.4 Employees shareholding

Employee shareholding plan implemented in 2007

In accordance with the eleventh resolution of the Ordinary and Extraordinary Shareholders' Meeting held on February 13, 2007, the Management Board has decided, on March 20, 2007 and April 4, 2007, to implement an increase in Rexel's share capital reserved for the employees of the Rexel Group companies which have adhered to the PEG and the PEGI in the following countries: Germany, Australia, Austria, Belgium, Canada, Chile, Spain, United Sates, France, Hungary, Ireland, Italy, New-Zealand, The Netherlands, Portugal, Czech Republic, United Kingdom, Slovakia, Slovenia, Sweden and Switzerland.

The total number of shares that have been issued pursuant to the decisions of the Management Board of March 20, 2007 and April 4, 2007, implementing the increase in Rexel's share capital reserved for the employees of the Rexel Group companies which have adhered to the PEG and the PEGI plan amounts to 1,436,874 shares, and the total amount of the capital increase reserved to such employees amounts to €19,266,448 (including an issuance premium of €12,082,078), taking into account a par value of €5 per share. This capital increase was carried out and recorded by the Management Board meeting of April 18, 2007. On April 18, 2007, the Management Board also carried out the issuance of 40,594 warrants to subscribe for shares (BSAs) attached to the 40,594 shares subscribed by the “Rexel Germany Levier 2012” compartment of the “Rexel Actionnariat International” employee investment fund (FCPE).

Employee shareholding plan implemented in 2010

On May 20, 2010, the combined shareholders’ meeting authorized, in its twenty-seventh resolution, after prior authorization of the Supervisory Board, the Management Board to increase the share capital of the Company through the issuance of shares or securities conferring access to the share capital of the Company with cancellation of the shareholders’ preferential subscription rights for the benefit of members of a group savings plan (PEG) or an international group savings plan (PEGI). The shareholders’ meeting decided that the maximum amount of the share capital increase that may be carried out pursuant to the twenty-seventh resolution shall be of 1.5% of the share capital, valued at the date of the decision of share capital increase.

On April 20, 2010, the Management Board decided to carry out a share capital reserved for the employees. During its meeting of August 31, 2010, the Management Board decided to implement this share capital increase and set the subscription price for the offering in certain countries (Germany, Austria, Belgium, Canada, Spain, France, Norway, The Netherlands, the United Kingdom, Sweden and Switzerland) and established the agenda of the subscription. In respect of the United States, the Management Board established the subscription price on September 10, 2010.

The total number of shares created pursuant to the decisions of the Management Board of May 20, 2010 and August 31, 2010, implementing the increase in Rexel’s share capital reserved for the employees of the Rexel Group companies which have adhered to the PEG and the PEGI plan amounted to 356,123 shares. This share capital increase was carried out and acknowledged by the Management Board on November 17, 2010.

The shares subscribed, after settlement-delivery prior to the end of 2010, carry dividend rights as of January 1, 2010.

Furthermore, in accordance with the twenty-eighth resolution of the combined shareholders’ meeting of May 20, 2010, the Management Board decided, further to the authorization of the Supervisory Board of May 20, 2010, to carry out an allocation of free shares of the Company at the benefit of members of the international Rexel Group savings plan who subscribe to the 2010 employee shareholding transaction pursuant to the twenty-seventh resolution of the shareholders’ meeting. During its meeting of August 31, 2010, the Management Board adopted the free share allocation plan and on November 19, 2010, determined the list of beneficiaries of this allocation of free shares, for a total number of 135,234 shares. These free shares are subject to a condition of presence on June 30, 2015. Exceptions to this condition of presence are nevertheless provided in the aforementioned plan.

As of December 31, 2010, the number of shares held by employees in the context of the employee shareholding plans, directly or through employee investment funds (FCPE), as part of the employee shareholding plan, was 1,631,776 shares, *i.e.*, 0.62% of the share capital and voting rights of Rexel.

8.1.2.5 Subscription or purchase options for Rexel shares

This paragraph describes the share subscription or purchase option plans of Rexel and Rexel Distribution in order to present information on the share subscription or purchase options issued and the related liquidity mechanisms.

Rexel’s share purchase option plans

On October 28, 2005, the Extraordinary Shareholders’ Meeting authorized the Chairman of Rexel (then a *société par actions simplifiée*) to grant certain employees or corporate officers of the Rexel Group’s French or foreign companies, under two share subscription options plans, on one or more occasions, a maximum total of 3,171,300 options to subscribe for Rexel shares giving the right to subscribe for a maximum total of 3,171,300 of the Rexel shares, in the event of exercise of all the options, at a subscription price of €10 per share (before division of the par value of the Rexel’s share which took place during 2007) and subject to certain conditions.

Pursuant to the delegation of powers granted to him by the Shareholders’ Meeting, the Chairman:

1. On October 28, 2005, fixed the terms and conditions of a first share subscription option plan for certain of Rexel’s employees or corporate officers of the Rexel Group’s French or foreign companies (the **“Plan No. 1”**). Plan No. 1 concerned 2,882,000 options to subscribe for shares at the maximum, representing 2,882,000 new shares to be issued by Rexel at the maximum. The subscription price was €10 (before division of the par value of the Rexel’s share which took place during 2007). Plan No. 1 has a duration of ten (10) years as from (i) October 28, 2005, if all the options have been granted on this date, or (ii) October 28, 2006. Under Plan No. 1, the Chairman of Rexel granted 2,775,120 options to subscribe for shares, of which 2,711,000 were effectively granted to 46 beneficiaries; and
2. On November 30, 2005, fixed the terms and conditions of a second share subscription option plan for certain other employees and corporate officers of the Rexel Group’s French or foreign companies (the **“Plan No. 2”**). Plan No. 2 concerned 289,300 options to subscribe for shares at the maximum, representing 289,300 new shares to be issued by Rexel at the maximum. The subscription price was €10 (before division of the par value of the Rexel’s share which took place during 2007). Plan No. 2 has a duration of 10 years as from (i) November 30, 2005, if all the options have been granted on this date, or (ii) November 30, 2006. Under Plan No. 2, the

Chairman of Rexel granted 265,700 options to subscribe for shares, of which 259,050 were effectively granted to 198 beneficiaries.

On May 31, 2006, the Shareholders' Meeting, duly noting that there remained a certain number of options to be granted under Plan No. 1 and Plan No. 2 and that other options had become available after certain beneficiaries had left the Rexel Group, authorized the Chairman of Rexel to carry out (i) a new grant of options up to a maximum of 171,000 options under Plan No. 1, and (ii) a new grant of options up to a maximum of 35,586 options under Plan No. 2. Furthermore, on the basis of a multi-criteria analysis, the Shareholders' Meeting fixed at €13 the subscription price for one share of Rexel upon the exercise of one option to subscribe for shares (before division of the par value of Rexel's shares which took place during 2007).

On the same day, the Chairman, using the delegation of powers he had been granted, decided to award (i) 169,236 options to subscribe for shares to 5 beneficiaries under Plan No. 1 and (ii) 35,550 options to subscribe for shares to 35 beneficiaries under Plan No. 2, 34,550 options having been effectively granted to 34 beneficiaries.

On October 4, 2006, the Shareholders' Meeting, duly noting that there remained a number of options to be granted under Plan No. 1 and that other options had become available after certain beneficiaries had left the Rexel Group, authorized the Chairman of Rexel, under Plan No. 1, to carry out a new stock option grant up to a maximum of 164,460 options. Furthermore, on the basis of a multi-criteria analysis, the Shareholders' Meeting fixed the stock option subscription price at €19 per Rexel share upon the exercise of an option to subscribe for shares (before division of the par value of Rexel's shares which took place during 2007).

On the same day, the Chairman, using the delegation of powers he had been granted, decided to grant 164,460 options to 7 beneficiaries under Plan No. 1.

The beneficiaries of options granted under Plan No. 1 and Plan No. 2 may exercise their option only upon expiry of a period of non-availability of 4 years as from the time they are granted.

Consequently, the table below sets forth the number of share subscription options definitively vested as of December 31, 2010 and which can be exercised at the term of the periods of non-availability.

Plan	Plan No.1			Plan No.2	
Date of shareholders' meeting	October 28, 2005	May 31, 2006	October 4, 2006	October 28, 2005	May 31, 2006
Option grant date	October 28, 2005	May 31, 2006	October 4, 2006	November 30, 2005	May 31, 2006
Number of options to subscribe for shares granted	2,711,000	169,236	164,460	259,050	34,550
Maximum total number of options that can be exercised (1)	1,231,002	140,944	267,452	472,956	65,976
Total number of shares that can be subscribed for (1)	1,231,002	140,944	267,452	472,956	65,976
Total number of shares that can be subscribed by (1):					
– Rexel's corporate officers	–	–	–	–	–
– Rexel's ten first employees	860,750	169,236	164,460	35,500	17,600
Start of option exercise period	October 29, 2009	June 1, 2010	October 5, 2010	December 1, 2009	June 1, 2010
Option expiry date	October 28, 2016	October 28, 2016	October 28, 2016	November 30, 2016	November 30, 2016
Exercise price of the option (1)	€5.00	€6.50	€9.50	€5.00	€6.50
Number of options outstanding as of December 31, 2009	1,231,002	140,944	267,452	406,056	65,976
Number of shares that have been subscribed for as of December 31, 2010	1,198,182	140,944	–	119,866	30,100
Aggregate number of options that have been cancelled or lapsed	–	–	–	–	–
Outstanding options at the end of the financial year	32,820	–	267,452	286,190	35,876

(1) After the division of the par value of the Rexel share which occurred in 2007.

During the financial year ended December 31, 2010, no option to subscribe for or to purchase shares was granted to Rexel's corporate officers or any other employee and no share subscription or purchase option has been exercised by the officers of Rexel. During the financial year ended December 31, 2010, the ten largest exercises carried out by employees in respect of all plans, were as follows:

Beneficiaries	Number of options exercised	Number of shares subscribed	Exercise Price
Laurent Delabarre	44,194	44,194	€5
Guy Picken	44,194	44,194	€5
Hubert Salmon	44,194	44,194	€5
Mark Daniel	38,290	38,290	€5
Richard Ferguson	38,290	38,290	€5
Patrick Foley	38,290	38,290	€5
John Kudlacek	38,290	38,290	€5
Etienne Gross	18,940	18,940	€5
	14,094	14,094	€6.50
Wayne Donaldson	32,326	32,326	€5
Jérémy de Brabant	31,566	31,566	€5

Plans instituted by Rexel Distribution

Rexel Distribution share subscription option plans established in 2001

At the extraordinary general meeting held on May 16, 2001, the shareholders of Rexel Distribution authorized the Board of Directors of Rexel Distribution to grant to certain employees of Rexel Distribution, on one or more occasions, options to subscribe for Rexel Distribution shares, giving the right to subscribe for a maximum of 1,000,000 Rexel Distribution shares, subject to certain conditions and to the exercise of all options. The subscription price was equal to the average of the closing prices on the stock exchange during the 20 trading days preceding the option grant date.

On May 16, 2001, the Board of Directors of Rexel Distribution set up the plan relating to these options to subscribe for shares and awarded 299,300 options to subscribe for Rexel Distribution shares, giving the right to subscribe for 299,300 shares of Rexel Distribution at the price of €81 per Rexel Distribution share. These options cannot be exercised for a period of four years following the date of allocation. The beneficiaries of these options can subsequently exercise them only during a period of six years following the expiration of this four-year period, that is, until May 15, 2011 inclusive.

Following the Rexel Distribution capital increase done in June 2003 and the exceptional distribution of reserves on March 4, 2005, the subscription price of the Rexel Distribution shares when exercising the options was adjusted. As of December 31, 2010, the subscription price for the Rexel Distribution shares that may be subscribed for after exercising the options to subscribe for shares granted under the 2001 plan is €59.68 per share.

Rexel Distribution share subscription option plans established in 2002

On May 13, 2002, under the authorization granted by the shareholders of Rexel Distribution at the aforesaid extraordinary general meeting held on May 16, 2001, the Board of Directors of Rexel Distribution granted 360,543 options to subscribe for 360,543 Rexel Distribution shares at the price of €70.57 per Rexel Distribution share. These options cannot be exercised for a period of four years following the date of allocation. The beneficiaries of these options can subsequently exercise them only during a period of six years following the expiration of this four-year period, that is, until May 12, 2012 inclusive.

Following the Rexel Distribution capital increase effected in June 2003 and the exceptional distribution of reserves on March 4, 2005, the subscription price for the Rexel Distribution shares was adjusted. As of December 31, 2010, the subscription price for the Rexel Distribution shares that may be subscribed for after exercising the options to subscribe for shares granted under the 2002 plan is €51.99 per share.

Rexel Distribution share subscription option plans established in 2003

At the extraordinary general meeting held on May 14, 2003, the shareholders of Rexel Distribution authorized the Board of Directors of Rexel Distribution to grant to certain employees and corporate officers of Rexel Distribution, on one or more occasions, options to subscribe for Rexel Distribution shares, giving the right to subscribe for a maximum of 1,000,000 Rexel Distribution shares, subject to certain conditions and to the exercise of all options. The subscription price could not be lower than 80% of the average of the opening prices on the stock exchange during the 20 trading days preceding the option grant date.

On July 7, 2003, the Board of Directors of Rexel Distribution set up the plans relating to these options and granted 623,413 options to subscribe for a maximum of 623,413 Rexel Distribution shares at the price of €26.75 per Rexel Distribution share. 173,488 of the 623,413 options granted were exercisable only if certain performance criteria tied to the results of Rexel Distribution were met in 2004 and 2005. No option with performance criteria remains effective. Following the exceptional distribution of reserves on March 4, 2005, the subscription price for Rexel Distribution shares was adjusted. As of December 31, 2010, the subscription price is €21.61 per Rexel Distribution share. Options to subscribe for shares under the 2003 plan that are not covered by the liquidity agreement described below are exercisable between July 8, 2007 and July 6, 2013 inclusive.

Rexel Distribution share subscription option plans established in 2004

At the extraordinary general meeting held on May 24, 2004, the shareholders of Rexel Distribution authorized the Board of Directors of Rexel Distribution to grant to certain employees and corporate officers of Rexel Distribution, on one or more occasions, options to subscribe for Rexel Distribution shares, giving the right to subscribe for a maximum of 1,300,000 Rexel Distribution shares, subject to certain conditions and to the exercise of all options. The subscription price was equal to the average of the opening prices on the stock exchange during the 20 trading days preceding the date of grant of the options.

On July 5, 2004, the Board of Directors of Rexel Distribution set up the plans relating to these options and awarded 782,790 options to subscribe for Rexel Distribution shares, giving the right to subscribe for 782,790 Rexel Distribution shares at the price of €35.26 per Rexel Distribution share. 179,550 of the 782,790 options granted were exercisable only if certain performance criteria tied to the results of Rexel Distribution were met in 2005 and 2006. No option with performance criteria remains effective. Following the exceptional distribution of reserves on March 4, 2005, the subscription price for share subscription options was adjusted. As of December 31, 2010, the subscription price is €28.49 per Rexel Distribution share. Options to subscribe for shares under the 2004 plan that are not covered by the liquidity agreement described below are exercisable between July 6, 2008 and July 4, 2014 inclusive.

The table below summarizes the status of the share purchase and subscription option plans established by Rexel Distribution as of December 31, 2010:

Date of shareholders' meeting	Option type	Number of options initially granted	Option grant date	Purchase or subscription price as of grant date (in euros)	Options potentially exercisable as of December 31, 2010	Purchase or subscription price as of December 31, 2010 (€)	Number of options covered by liquidity agreement as of December 31, 2010	Number of Rexel shares to which the options give a right
May 16, 2001	Share subscription options	299,300	May 16, 2001	81	83,626	59.68	N/A	83,626
May 16, 2002	Share subscription options	360,543	May 13, 2002	70.57	49,434	51.99	N/A	49,434
May 14, 2003	Ordinary share subscription options	449,925	July 7, 2003	26.75	545	21.61	N/A	545
May 14, 2003	Share subscription options tied to performance criteria	173,488	July 7, 2003	26.75	–	21.61	N/A	–
May 24, 2004	Ordinary share subscription options	603,240	July 5, 2004	35.26	1,549	28.49	N/A	1,549
May 24, 2004	Share subscription options tied to performance criteria	179,550	July 5, 2004	35.26	–	28.49	N/A	–

No subscription options for shares of Rexel Distribution were exercised in 2009. Moreover, during the financial year ended December 31, 2010, no subscription options for shares of Rexel Distribution were granted.

Liquidity agreement

Under the terms of the standing offer and public buyout offer followed by a compulsory squeeze-out initiated after Rexel Distribution was acquired by Ray Investment on December 10, 2004, Rexel Développement had set up a liquidity mechanism for the beneficiaries of stock options granted under the 2003 and 2004 plans (see paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence*). In connection therewith, 360,667 Rexel Distribution shares issued as a result of the exercise of the 2003 options and 488,969 Rexel Distribution shares issued as a result of the exercise of the 2004 options were purchased by Rexel Développement. This liquidity mechanism expired on July 21, 2008 and no longer applies.

Supplemental liquidity mechanism

As part of its initial public offering plan, Rexel offered the beneficiaries of options to purchase or to subscribe for Rexel Distribution shares, a liquidity mechanism for the beneficiaries of allocated Rexel Distribution options that are not covered by the liquidity mechanism set up following the acquisition of Rexel Distribution by Ray Investment.

In respect of the options allocated by Rexel Distribution in 2001 and 2002 to each beneficiary a put option under which it undertook to purchase the Rexel Distribution shares resulting from the exercise of options, that may be exercised during a period of 20 trading days as from the settlement/delivery date following admission of the Rexel shares to trading on the NYSE Euronext regulated market in Paris. In this context, 154,587 Rexel Distribution shares were purchased at a price of €53.06 per share. Among the share purchase or subscription options put in place by Rexel Distribution, only the 2002 plan, considering its exercise price of €51.99, was covered by the Supplemental Liquidity Mechanism proposed in 2007. The period during which the put option could be exercised expired and this liquidity mechanism no longer applies.

With respect to Rexel Distribution options under the 2003 and 2004 plans, Rexel entered into a Supplemental Liquidity Mechanism consisted in entering into a liquidity agreement (put and call options) with the relevant option beneficiaries, who did not wish to benefit from the liquidity mechanism proposed in 2005. Only certain option beneficiaries executed the 2007 liquidity agreement concerning their 2003 and/or 2004 options. In this context, in 2007, the call option was exercised by Rexel for 991 Rexel Distribution shares and in 2008 for 1,747 Rexel Distribution shares at a price of €53.06 per share. This liquidity mechanism expired on July 21, 2008 and no longer applies.

8.1.2.6 Allotment of free shares

Allotment of free shares carried out during the financial year ended December 31, 2007

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on March 20, 2007 and by the Supervisory Board on April 4, 2007, the Management Board decided on April 11, 2007:

- to grant 5,022,190 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code;
- to set (i) the criteria and conditions for granting the free shares, and in particular the conditions of performance, and (ii) the duration of the period of acquisition and, as the case may be, the holding period, as included in the regulations of plans for granting shares free set out by the Management Board (the **"Plans"**). The regulations of the Plans are designated in function of their specific terms and conditions by the letters A, B, C, D, E, and F;
- to establish (i) the list of the names of the beneficiaries of the free share awards (collectively, the **"Beneficiaries of Free Shares"**), (ii) the number of free shares granted to each of the Beneficiaries of Free Shares, and (iii) the conditions applicable to each of the Beneficiaries of Free Shares according to Plans A, B, C, D, E and/or F under which, as the case may be, they are granted free shares.

On April 4, 2007, in the context of the authorization granted to the Management Board to carry out the allocation of free shares, the Supervisory Board decided that the members of the Management Board who are allocated free shares shall hold 10% of such shares in the registered form until the end of their term of office.

Following these awards of free shares, certain Beneficiaries of Free Shares left the Rexel Group, thus liberating 45,949 shares that could be granted for free to new employees. Consequently, on October 5, 2007, the Supervisory Board authorized the Management Board to proceed with distributing the liberated shares to new employees who entered the Rexel Group between April 11, 2007 and October 29, 2007. On October 29, 2007, the Management Board decided:

- to grant 33,991 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code;
- to amend the two plans, E and F, that were implicated in the granting of the liberated shares, designated by the titles "Plan for Granting Free Shares 2+2 with conditions of performance 2007/2008" and "Plan for Granting Free Shares 4+0 with conditions of performance 2007/2008";
- to establish (i) the list of the names of the new beneficiaries of awards of free shares, (ii) the number of free shares granted to each of them, and (iii) the conditions applicable

to each of the beneficiaries according to amended plans E and F under which, as the case may be, they have been granted the free shares.

The table below summarizes the free shares allocations carried out in 2007:

Plan	A	B	C	D	E		F	
Shareholders' Meeting	March 20, 2007							
Management Board	April 11, 2007	April 11, 2007	April 11, 2007	April 11, 2007	April 11, 2007	October 29, 2007	April 11, 2007	October 29, 2007
Number of beneficiaries	22	36	22	36	134	6	372	5
Initial number of free shares allocated	1,302,133	1,254,443	607,655	585,400	333,435	7,474	939,124	26,517
Corporate officers								
Jean-Charles Pauze	353,810	–	165,111	–	–	–	–	–
Nicolas Lwoff [(1)]	180,203	–	84,094	–	–	–	–	–
Pascal Martin	180,203	–	84,094	–	–	–	–	–
Jean-Dominique Perret	120,136	–	56,063	–	–	–	–	–
Ten first employees [(2)]	1,520,263							
Date of final allocation	April 11, 2009	April 11, 2011	April 11, 2009	April 11, 2011	April 11, 2009	October 29, 2009	April 11, 2011	October 29, 2011
Date of transferability of shares	April 12, 2011	April 12, 2011	April 12, 2011	April 12, 2011	April 12, 2011	October 30, 2011	April 12, 2011	October 30, 2011
Number of free shares allocated and valid at December 31, 2009	–	1,254,443	–	542,009	–	–	800,712	24,467
Number of free shares irrevocably allocated as of December 31, 2010	–	–	–	–	–	–	–	–
Number of free shares that have been cancelled or lapsed	–	–	–	–	–	–	–	–
Number of free shares allocated and effective as of December 31, 2010	–	1,254,443	–	542,099	–	–	800,712	24,467

(1) Nicolas Lwoff left the Group as of February 12, 2009.
(2) The first ten grants have been indicated, independently from the number of beneficiaries.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the acquisition period (see note 15 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2010).

During the financial year ended December 31, 2010, no free share allocated to the corporate officers and to the ten first employees of the Rexel Group under these plans became available.

Allotment of free shares carried out during the financial year ended December 31, 2008

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2008 and by the Supervisory Board on May 20, 2008, the Management Board decided on the principle of granting free shares and, during its meeting on June 23, 2008, decided:

- to confirm and definitively set the list of beneficiaries of free shares under the June 23, 2008 Plans;
- to definitively establish (i) the criteria and conditions for allocating free shares, in particular the conditions of performance, and (ii) the term of the period of acquisition and, as the case may be, of the holding period for the shares, as they appear in the regulations for plans granting free shares established by the Management Board (the **"Plans"**). The regulations of the Plans are designated, in accordance with their specific terms and

conditions, by the denominations "COMEX Rexel 4+0", "COMEX Rexel 2+2", "MANAGERS Rexel 4+0" and "MANAGERS Rexel 2+2";

– to grant 1,541,720 free Rexel shares under the provisions of articles L.225 197-1 *et seq.* of the French Commercial Code.

On May 20, 2008, in the context of the authorization granted to the Management Board to carry out the allocation of free shares, the Supervisory Board decided that the members of the Management Board who are allocated free shares shall hold 10% of such shares in the registered form until the end of their term of office.

Following these allocations of free shares, 21,784 Rexel shares were liberated because certain beneficiaries left the Rexel Group.

In accordance with the twenty-seventh resolution of Rexel's Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2008, the Management Board has decided, on October 1, 2008, to proceed with a second allocation of free shares and:

– to modify the maturity dates of the periods of acquisition and transfer of the Plans, the performance criteria being identical to those established for the grant on June 23, 2008;

– to proceed with a free grant of 66,241 Rexel shares, pursuant to the provisions of articles L.225 197-1 *et seq.* of the French Commercial Code;

– to confirm and definitively set the list of beneficiaries of grants of free shares under the Plans.

The table below summarizes the free share allocations carried out during the financial year ended December 31, 2008:

Plan	COMEX Rexel 2+2	COMEX Rexel 4+0	MANAGERS Rexel 2+2	MANAGERS Rexel 4+0	COMEX Rexel 2+2	COMEX Rexel 4+0	MANAGERS Rexel 2+2	MANAGERS Rexel 4+0
Shareholders' Meeting	May 20, 2008							
Management Board	June 23, 2008				October 1, 2008			
Number of Beneficiaries	7	6	130	279	–	1	3	10
Initial number of free shares allocated	241,211	217,920	280,698	801,891	–	28,436	3,456	34,349
Corporate officers								
Jean-Charles Pauze	70,708	–	–	–	–	–	–	–
Nicolas Lwoff [(1)]	35,581	–	–	–	–	–	–	–
Pascal Martin	35,581	–	–	–	–	–	–	–
Jean-Dominique Perret	35,581	–	–	–	–	–	–	–
Ten first employees [(2)]	328,021							
Date of final allocation	June 23, 2010	June 23, 2012	June 23, 2010	June 23, 2012	October 1, 2010	October 1, 2012	October 1, 2010	October 1, 2012
Date of transferability of shares	June 24, 2012	June 24, 2012	June 24, 2012	June 24, 2012	October 2, 2012	October 2, 2012	October 2, 2012	October 2, 2012
Number of free shares allocated and valid at December 31, 2009	32,661	37,889	116,180	344,479	–	4,944	1,732	12,014
Number of free shares that have been cancelled or lapsed:	–	–	2,810	17,280	–	–	–	2,303
Number of free shares permanantly acquired as of December 31, 2010	32,661	–	113,370	–	–	–	1,732	–
Number of free shares allocated and effective at December 31, 2010	–	37,889	–	327,199	–	4,944	–	9,711

(1) Nicolas Lwoff left the Group as of February 12, 2009.
(2) The first ten grants have been indicated, independently from the number of beneficiaries.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the acquisition period (see note 15 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2010).

During the financial year ended December 31, 2010, the corporate officers and to the ten first employees of the Rexel Group permanently acquired the following shares:

Beneficiaries	Number of shares irrevocably acquired [1]			
	COMEX Rexel 2+2 plan	MANAGERS Rexel 2+2 plan	COMEX Rexel 2+2 plan	MANAGERS Rexel 2+2 plan
Corporate officers				
Jean-Charles Pauze	12,293	–	–	–
Nicolas Lwoff [2]	–	–	–	–
Pascal Martin	6,187	–	–	–
Jean-Dominique Perret	6,187	–	–	–
Employees				
Patrick Bérard	6,187	–	–	–
Olivier Baldassari	–	4,024	–	–
Laurent Delabarre	–	4,024	–	–
Marie-Pierre Marchand	–	3,096	–	–
Jérôme Baniol	–	2,580	–	–
Franck Guyomard	–	2,580	–	–
Hélène Margat	–	2,580	–	–
Patrick Rayet	–	2,580	–	–
Patrice Thibaudon	–	2,580	–	–
Hervé Duret	–	1,985	–	–
Laurence Galand	–	1,985	–	–
Catherine Garzon	–	1,985	–	–
José Prétot	–	1,985	–	–
Christian Roche	–	1,985	–	–

(1) Terms of acquisition of the shares of the COMEX Rexel 2+2 plan:
- Condition of attendance of two years and following performance conditions:
  – the acquisition of 50% of the free shares depends on the EBITDA margin variation between 2007 and 2009;
  – the acquisition of 25% of the free shares depends on the 2008 EBITDA level;
  – the acquisition of 25% of the free shares depends on the 2009 Net Debt / 2009 EBITDA ratio.
- Terms of acquisition of the shares of the MANAGERS Rexel 2+2 plan:
- Condition of attendance of two years and following performance conditions:
  – the acquisition of 40% of the free shares depends on the EBITDA margin variation between 2007 and 2009;
  – the acquisition of 20% of the free shares depends on the 2008 EBITDA level;

(2) Nicolas Lwoff left the Group on February 12, 2009.

Allocation of free shares during the financial year ended December 31, 2009

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2008 and by the Supervisory Board on May 11, 2009, the Management Board decided on the principle of granting free shares, and, during its meeting on May 11, 2009, decided:

– to confirm and definitively set the list of beneficiaries of the granting of free shares under the May 11, 2009 plans;

– to definitively set (i) the criteria and conditions for granting the free shares, and in particular the conditions of performance, and (ii) the duration of the period of acquisition and, as the case may be, the retention period, as included in the regulations of plans for granting shares free set out by the Management Board (the "Plans"). The regulations of the Plans are designated in function of their specific terms and conditions by the codes "COMEX Rexel 4+0", "COMEX Rexel 2+2", "MANAGERS Rexel 4+0" and "MANAGERS Rexel 2+2";

– to grant 1,372,166 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code.

The table below summarizes the free share allocations carried out in the financial year ended December 31, 2009:

Plan	COMEX Rexel 2+2	COMEX Rexel 4+0	MANAGERS Rexel 2+2	MANAGERS Rexel 4+0
Shareholders' meeting	May 20, 2008			
Management Board	May 11, 2009			
Number of beneficiaries	3	7	96	190
Initial number of free shares allocated	107,934	218,884	259,282	786,066
Corporate officers				
Michel Favre (1)	58,500	–	–	–
Eleven first employees (2)	310,754			
Date of final allocation	May 11, 2011	May 11, 2013	May 11, 2011	May 11, 2013
Date of transferability of shares	May 12, 2013	May 12, 2013	May 12, 2013	May 12, 2013
Number of free shares irrevocably allocated at December 31, 2010	–	–	–	–
Number of free shares allocated and valid at December 31, 2009	90,376	183,281	215,620	659,696
Initial number of free shares cancelled or having lapsed (3), including:	11,600	13,300	22,755	48,485
– Number of free shares that have lapsed as a result of the condition of presence	11,600	13,300	22,755	48,485
– Number of free shares that have lapsed as a result of the performance condition	–	–	–	–
Initial number of free shares as of December 31, 2010	78,776	169,981	192,865	611,211

(1) Michel Favre was appointed as corporate officer further to the allocation of free shares and has received the free shares granted in his capacity as employee.
(2) Given the number of shares allocated to the employees, the eleven first grants have been indicated.
(3) Condition of presence which has not been satisfied or performance condition which has not been satisfied.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the acquisition period (see note 15 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2010).

During the financial year ended December 31, 2010, no free share allocated to the corporate officers and to the ten first employees of the Rexel Group under these plans became available.

Free shares granted in the financial year ended December 31, 2010

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2009 and by the Supervisory Board on May 11, 2010, the Management Board decided on the principle of granting free shares, and, during its meeting of May 11, 2010 decided:

– to confirm and determine on a permanent basis the list of the beneficiaries of the allocation of free shares under the plans of May 11, 2010;

– to determine on a permanent basis (i) the criteria and conditions for granting the free shares, and in particular the conditions of performance, and (ii) the duration of the period of acquisition and, as the case may be, the retention period, as included in the regulations of the plans of allocation of free shares decided by the Management Board (the "Plans"). The regulations of the Plans are named based on their specific terms and conditions by the titles "Leadership Rexel 4+0", "Leadership Rexel 2+2", "MANAGERS Rexel 4+0" and "MANAGERS Rexel 2+2";

– to grant 1,519,862 free Rexel shares under the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code.

On May 11, 2010, in the context of the authorization granted to the Management Board to carry out the allocation of free shares, the Supervisory Board decided that the members of the Management Board who are beneficiaries of an allocation of free shares shall retain 20% of such shares in registered form until the end of their term of office.

The table below summarizes the free share allocations carried out during the financial year ended December 31, 2010:

Plan	Leadership Rexel 2+2	Leadership Rexel 4+0	MANAGERS Rexel 2+2	MANAGERS Rexel 4+0
Shareholders' meeting	May 20, 2009			
Management Board	May 11, 2010			
Number of beneficiaries	27	47	74	151
Initial number of free shares allocated	391,306	544,262	160,836	423,458
Corporate officers				
Jean-Charles Pauze	78,708	–	–	–
Michel Favre	35,581	–	–	–
Pascal Martin	46,255	–	–	–
Jean-Dominique Perret	39,910	–	–	–
Eleven first employees (1)	309,933			
Date of final allocation	May 11, 2012	May 11, 2014	May 11, 2012	May 11, 2014
Date of transferability of shares	May 12, 2014	May 12, 2014	May 12, 2014	May 12, 2014
Number of free shares irrevocably allocated at December 31, 2010	–	–	–	–
Number of free shares allocated and cancelled or expired, of which (2):	6,601	9,168	6,047	23,015
– Number of shares expired pursuant to the condition of presence	–	–	3,874	17,314
– Number of shares expired pursuant to the condition of performance	6,601	9,168	2,173	5,701
Number of free shares allocated and valid at December 31, 2010	384,705	535,094	154,789	400,443

(1) Considering the number of shares allocated to employees, the first eleven allocations were selected.
(2) Condition of presence not met or condition of performance not achieved.

The valuation of the free shares corresponds to the value recorded in connection with the implementation of IFRS 2, prior to the impact of the spreading of the expense over the acquisition period (see note 15 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2010).

In the financial year ended December 31, 2010, the Management Board granted free shares to the corporate officers and to the eleven top employees of the Rexel Group as follows:

Beneficiary	No and date of plan	Number of shares	Value of allocated shares	Date of acquisition	Date of transferability	Performance conditions (1)
Corporate officers						
Jean-Charles Pauze	Leadership 2+2 May 11, 2010	78,708	€897,271	May 11, 2012	May 12, 2014	Leadership Plan
Michel Favre	Leadership 2+2 May 11, 2010	35,581	€405,623	May 11, 2012	May 12, 2014	Leadership Plan
Pascal Martin	Leadership 2+2 May 11, 2010	46,255	€527,307	May 11, 2012	May 12, 2014	Leadership Plan
Jean-Dominique Perret	Leadership 2+2 May 11, 2010	39,910	€454,974	May 11, 2012	May 12, 2014	Leadership Plan
Employees						
Chris Hartmann	Leadership 4+0 May 11, 2010	55,900	€585,273	May 11, 2014	May 12, 2014	Leadership Plan
Mitch Williams	Leadership 4+0 May 11, 2010	39,910	€417,858	May 11, 2014	May 12, 2014	Leadership Plan
Henri-Paul Laschkar	Leadership 4+0 May 11, 2010	35,581	€372,533	May 11, 2014	May 12, 2014	Leadership Plan
Patrick Bérard	Leadership 2+2 May 11, 2010	35,581	€405,623	May 11, 2012	May 12, 2014	Leadership Plan
Michel Klein	Leadership 4+0 May 11, 2010	20,648	€216,185	May 11, 2014	May 12, 2014	Leadership Plan
Jeff Hall	Leadership 4+0 May 11, 2010	20,648	€216,185	May 11, 2014	May 12, 2014	Leadership Plan
Hubert Salmon	Leadership 4+0 May 11, 2010	20,648	€216,185	May 11, 2014	May 12, 2014	Leadership Plan
Jérémy De Brabant	Leadership 2+2 May 11, 2010	20,648	€235,387	May 11, 2012	May 12, 2014	Leadership Plan
Kerry Warren	Leadership 4+0 May 11, 2010	20,123	€210,688	May 11, 2014	May 12, 2014	Leadership Plan
Mark Hartman	Leadership 4+0 May 11, 2010	20,123	€210,688	May 11, 2014	May 12, 2014	Leadership Plan
Jim Clark	Leadership 4+0 May 11, 2010	20,123	€210,688	May 11, 2014	May 12, 2014	Leadership Plan

(1) Performance conditions:
- Leadership Plans, condition of attendance of two years and following performance conditions:
  – the acquisition of 50% of the free shares depends on the EBITDA margin variation between 2009 and 2011,
  – the acquisition of 25% of the free shares depends on the 2010 EBITDA level,
  – the acquisition of 25% of the free shares depends on the 2010 Net Debt / 2010 EBITDA ratio.
- Managers Plans, condition of attendance of two years and following performance conditions:
  – the acquisition of 40% of the free shares depends on the EBITDA margin variation between 2009 and 2011,
  – the acquisition of 20% of the free shares depends on the 2010 EBITDA level,
  – the acquisition of 20% of the free shares depends on the 2010 Net Debt / 2010 EBITDA ratio,
  – the outstanding 20% are not subject to these performance conditions, but only to the condition of attendance.

8.1.2.7 Issuance and granting of warrants to subscribe for Rexel shares

On April 4, 2007, the Management Board decided to use the authorization granted to him by the Ordinary and Extraordinary Shareholders' Meeting of February 13, 2007 in its eleventh resolution in order to carry out an increase in Rexel's share capital reserved for the employees. In order to take into account the constraints relating to local regulation, the Management Board has decided that the subscription price of the shares reserved for the beneficiaries in Germany (the **"German Beneficiaries"**), within the context of the leverage formula, would correspond to 100% of the offer price, *i.e.* €16.50 (after the division of the par value of the Rexel share which occurred in 2007), the German Beneficiaries receiving, in lieu of the 20% discount, a warrant to subscribe for shares of Rexel (a **"Warrant"**) for each share subscribed for through the compartment "Rexel Germany Levier 2012" of the "Rexel Actionnariat International" Employee Investment Fund.

Number of Warrants issued

The number of shares subscribed for within the context of the leverage formula in Germany amounting to 40,594, 40,594 Warrants, attached to the said shares subscribed for through the "Rexel Germany Levier 2012" compartment of the "Rexel Actionnariat International" Employee Investment Fund, approved by the AMF under the number FCE20070042, on behalf of the German Beneficiaries, holders of share of the "Rexel Germany Levier 2012" Employee Investment Fund, have been issued and freely allocated.

Form of the Warrants issued

The Warrants are held in registered form. They are registered in the name of the "Rexel Germany Levier 2012" compartment of the "Rexel Actionnariat International" Employee Investment Fund, in an account maintained by BNP Paribas Securities Services, 3 rue d'Antin, 75002 Paris.

Terms of exercise of the Warrants (BSAs)

The Warrants are exercisable at any time by the holder of the Warrants until April 30, 2012, inclusive. After April 30, 2012 at midnight, the Warrants which will not have been exercised will lapse.

The "Rexel Germany Levier 2012" Compartment of the "Rexel Actionnariat International" Employee Investment Fund, holder of the Warrants, will not be able to sell the Warrants except to BNP Paribas, underwriter, which will act as a counterpart within the context of the swap agreement entered into between BNP Paribas and the "Rexel Germany Levier 2012" compartment.

Representation of the Warrants holders

In accordance with Article L.228-103 of the French Commercial Code, Warrants holders will be grouped together, to protect their common interests, in a collective group *(masse)* which shall have legal personality. The *Masse* is governed by provisions identical to those applicable to bonds, under Articles L.228-47 to L.228-64, L.228-66 and L.228-90 of the French Commercial Code. A separate *Masse* for each type of securities giving access to the same rights will be, as the case may be, created.

Maintenance of the rights of the Warrants holders

In the event of a transaction affecting Rexel's share capital resulting in an adjustment in accordance with the provisions of Articles L.228-98 *et seq.* of the French Commercial Code and Articles R.228-87 *et seq.* of the French Commercial Code, the rights of the Warrants holders will be maintained through an adjustment of the subscription conditions in accordance with the provisions of the French Commercial Code above mentioned.

Exercise of the subscription right

Subject to the adjustments effected, as the case may be, in accordance with the above paragraph, each Warrant gives the right to subscribe for one new share of Rexel with a par value of €5 (as at the date of this *Document de Référence*) in consideration of a subscription price corresponding to the Offer Price as determined by the Management Board on April 2007, 16.50, *i.e.*, €16.50 (after the division of the par value of the Rexel share which occurred in 2007). The subscription price will have to be fully paid in cash by the Warrant holder in an amount corresponding to the number of Warrants exercised. The new shares subscribed upon exercise of the Warrants will be fully fungible with existing shares and shall confer to their holders the same rights.

An application will be immediately filed with respect to the listing of the new shares on the regulated market of NYSE Euronext in Paris.

8.1.3 Shareholders' voting rights

Each share of Rexel entitles the holder to one vote. Consequently, as of the date of this *Document de Référence*, the Rexel's shareholders hold the same number of voting rights as the number of shares they own.

8.1.4 Control structure

Rexel is currently controlled directly by Ray Investment, a *société à responsabilité limitée* (limited liability company) governed by the laws of Luxembourg, which owns 71.32% of Rexel. Ray Investment is owned, directly or indirectly, by Clayton, Dubilier & Rice, Inc., Eurazeo S.A., BAMLCP and Caisse de Dépôt et Placement du Québec. The remainder of Rexel's share capital is held by the principal Rexel Group senior managers and executives and the public.

The two-tier management structure (Management Board and Supervisory Board), the creation of committees of the Supervisory Board, the appointment of independent members at the Supervisory Board and at the committees of the Supervisory Board, the performance of reviews of the operation and work of the Supervisory Board and of its committees, within the conditions described in chapter 7 "Corporate governance" of this *Document de Référence*, will notably enable Rexel to avoid being controlled in an "abusive manner" within the meaning of European Council Regulation N°809/2004 dated April 29, 2004.

8.1.5 Agreements potentially leading to a change of control

CD&R, Eurazeo, BAMLCP, Caisse de Dépôt et Placement du Québec and Ray Investment (either directly or through their respective investment vehicles) entered into several agreements in order to structure their relationship as direct and indirect shareholders of Rexel. These agreements are described below.

Ray Investment Shareholders' Agreement

On April 4, 2007, Ray Investment, CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et Placement du Québec amended the existing Ray Investment shareholders agreement entered into on March 26, 2005 (the **"Ray Investment Shareholders' Agreement"**). The Ray Investment Shareholders' Agreement aims at structuring the relationships between the shareholders of Ray Investment.

The Ray Investment Shareholders' Agreement notably provides that decisions to be taken by Ray Investment as a shareholder of Rexel, as well as certain decisions with respect to Ray Investment should be previously approved by the members of the Consortium or of Ray Investment partners, in accordance with particular majority requirements.

With the exception of transfers to affiliates, interests held in Ray Investment are not transferable to third-parties without the prior written consent of CD&R, Eurazeo, BAMLCP and the Caisse de Dépôt et Placement du Québec.

However, the parties to the Ray Investment Shareholders' Agreement have the option to exchange their shares in Ray Investment against the corresponding proportion of Rexel shares held by Ray Investment, in accordance with certain conditions.

The Ray Investment Shareholders' Agreement entered into force upon the admission of Rexel's shares to trading on the regulated market of NYSE Euronext in Paris and will remain in effect for 10 years from the date of this admission. However, the Ray Investment Shareholders' Agreement will cease to apply to a given party at such time as such party no longer holds any interest in Ray Investment.

Rexel Shareholders' Agreement

On April 4, 2007, CD&R, Eurazeo and BAMLCP entered into a shareholders' agreement (the **"Rexel Shareholders' Agreement"**) in order to organize the corporate governance of Rexel.

The Rexel Shareholders' Agreement provides that Rexel's Supervisory Board comprises three members appointed from a list proposed by CD&R, three members appointed from a list proposed by Eurazeo, two members appointed from a list proposed by BAMLCP and three independent members, one of whom may be appointed from a list proposed by BAMLCP, so long as such person meets independence criteria and BAMLCP's direct or indirect participation in Rexel's capital remains equal to at least 5%. The number of Supervisory Board members that may be nominated by CD&R, Eurazeo and BAMLCP may be reduced if their direct or indirect ownership of Rexel is reduced below certain thresholds.

CD&R has the right to nominate the first chairman of the Supervisory Board. Subsequently, if Eurazeo or BAMLCP's shareholdings are greater by 50% than CD&R's, Eurazeo or BAMLCP, as the case may be, will be entitled to nominate the chairman of the Supervisory Board.

The Rexel Shareholders' Agreement also provides that the Supervisory Board have the following four committees: an Audit Committee, a Compensation Committee, an Appointments Committee and a Strategic Committee.

The Rexel Shareholders' Agreement will remain in effect until the later of (i) the second anniversary of the initial public offering of Rexel and (ii) the date on which CD&R, Eurazeo and BAMLCP cease to collectively hold, directly or indirectly, at least 40% of Rexel's capital or if such shareholders cease to control Rexel within the meaning of article L.233-3 of the French Commercial Code. In any case, the provisions of the Rexel Shareholders' Agreement will cease to be applicable after the fifth anniversary of the initial public offering of Rexel. Furthermore, the provision of the Rexel Shareholder's Agreement will cease to apply to any party whose direct or indirect shareholding in Rexel becomes less than 5%.

The Rexel Shareholder's Agreement also provides that it will automatically become void if any of the shareholders (acting alone or through one of its subsidiaries) launches a tender offer to purchase all of Rexel's existing shares.

Liquidity Agreement

On April 4, 2007, Ray Investment, CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et de Placement du Québec entered into an agreement relating to the acquisition and disposal of Rexel's shares (the **"Liquidity Agreement"**).

Since the lock-up period has expired on January 1, 2008, CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et de Placement du Québec may, under certain conditions:

- sell, or have Ray Investment sell, Rexel shares into the market subject to a maximum of €10 million per 30-day period, subject to prior notice to the other shareholders of Ray Investment; and
- initiate, or have Ray Investment initiate, (i) the sale of Rexel's shares through a block trade with reasonably estimated gross proceeds of at least €75 million, or (ii) an underwritten secondary public offering of Rexel's shares with reasonably estimated gross proceeds of at least €150 million (it being clarified that such an offering may not be initiated within six months of the completion

of a similar offering without the prior approval of CD&R, Eurazeo and BAMLCP). The other parties to the Liquidity Agreement will have the right to participate in such block trades or offerings, pro rata to their respective shareholdings.

The transfer of Rexel's shares between affiliates of the parties to the Liquidity Agreement are authorized since January 1, 2008, at any time, subject to the transferee affiliate agreeing to adhere to the provisions of the Liquidity Agreement. In addition, the Liquidity Agreement will not apply to market transactions or asset management transactions effected by any bank or asset management company affiliated with CD&R, Eurazeo or BAMLCP.

The Liquidity Agreement also provides that any sale of Rexel shares to a competitor of the Rexel Group be subject to the prior approval of CD&R, Eurazeo and BAMLCP (with the exception of sales made in the context of a public offering covering 100% of the shares of Rexel).

The Liquidity Agreement will remain in effect until the later of (i) the second anniversary of the initial public offering of Rexel and (ii) the date on which CD&R, Eurazeo and BAMLCP cease to collectively hold, directly or indirectly, at least 40% of Rexel's capital. In any case, the provisions of the Liquidity Agreement will cease to be applicable after the fifth anniversary of the initial public offering of Rexel. Furthermore, the provision of the Liquidity Agreement will cease to apply to any party whose direct or indirect shareholding in Rexel becomes less than 5%.

Public Offering Rights Agreement

On February 13, 2007, Ray Investment, CD&R, Eurazeo, BAMLCP and Caisse de Dépôt et de Placement du Québec entered into an agreement in order to structure their relationship in the context of the proposed initial public offering (the **"Public Offering Rights Agreement"**).

Each of the partners of Ray Investment is able to request that, starting January 1, 2008, Ray Investment proceeds with the repurchase of all of such partner's current interests in Ray Investment in exchange for the corresponding amount of Rexel' shares held by Ray Investment.

In addition, in the event that Ray Investment effects a capital decrease through the repurchase of ownership interests using proceeds from the sale of shares in the proposed initial public offering of Rexel, each of the partners of Ray Investment will be entitled to participate in this capital decrease, prorata to their interest in Ray Investment Payment for such interests will be made through cash or shares of Rexel held by Ray Investment. This foregoing will remain true, even if such a capital decrease occurs before January 1, 2008.

Cooperation Agreement

On April 4, 2007, Ray Investment and its partners entered into an agreement (the **"Cooperation Agreement"**) in order to structure their relationships in case of sale of Rexel's shares by Ray Investment or its partners in the context of a public offering or a private placement and to the extent that the proceeds of such offering would exceed €100 million (except for any public offer outside of France that would require the filing of a prospectus by a market authority).

The Cooperation Agreement notably specifies the terms and conditions of the parties' participation in the preparation of the offering documents, the memoranda to underwriters and institutional buyers as well as the due diligences to be conducted in the context of these transactions. Rexel will not have to take part to any disposal transaction carried out within the six months following any capital increase or disposal of shares, if the proceeds of the latter exceed €100 million (except for the initial public offering of Rexel's shares). Similarly, Rexel has no obligation to take part to any disposal transaction carried out within the six months following any capital increase or disposal of shares during the lock-up period, the length of which could be possibly modified upon request of the underwriters. Furthermore, Rexel has no obligation to assist Ray Investment or its partners in the context of any secondary offering if/as long as Rexel's Supervisory Board considers that taking part to the latter would go against Rexel's corporate purpose.

8.1.6 Dividend policy

After the prior authorization of the Supervisory Board, the Management Board may propose a dividend distribution to the general shareholders' meeting. Dividends that have not been claimed within five years after they have been declared are transferred to the French State.

Rexel has distributed the following dividends in respect of the last three financial years:

Year	Total dividend	Dividend per share
2008	–	–
2009	–	–
2010	€104,043,998.40*	€0.40*

* Amount submitted to the approval of the shareholders' meeting of May 19, 2011.

Furthermore, under the senior credit agreement dated December 17, 2009, Rexel undertook not to declare, distribute or pay any dividend, expenses, fee or any other distribution (or interest in respect of any unpaid dividend, expenses, fee or any other distribution) in cash or in kind, in respect of its share capital, for the financial years ended December 31, 2009 and December 31, 2010, and, thereafter, for as long as the Indebtedness Ratio is above or equal to 4.00.

8.2 SHARE CAPITAL

8.2.1 Subscribed share capital and authorized but unissued share capital

As of December 31, 2010, Rexel's share capital amounted to €1,301,064,980, divided into 260,212,996 shares with a par value of €5 per share, all of the same class, and all of them fully paid-up and subscribed.

As of December 31, 2009, Rexel's share capital amounted to €1,291,100,090 divided into 258,220,018 shares with a par value of €5 per share, all of the same class, and all of them fully paid-up and subscribed.

The ordinary and extraordinary shareholders' meeting held on May 20, 2010 granted various authorizations to the Management Board, which used such powers and authorizations as described below:

Authorization	Duration of authorization	Maximum nominal amount	Date of use	Amount used
Decrease in the share capital by cancelling shares	18 months	10% of the share capital on the date of cancellation by 24-month period.	Not applicable	Not applicable
Issuance with upholding of preferential subscription rights	26 months	Shares: €800 million (*i.e.*, 160 million shares). This amount is a joint maximum limit for some of the authorizations referred to above. Debt securities: €800 million. This amount is a joint maximum limit for some of the authorizations referred to above).	May 20, 2010 (decision on the principle of the issuance) August 31, 2010	– Deduction from the total limit of the share capital increase reserved for employees of an amount of €3,527,752.80 (including issuance premium), *i.e.*, 356,123 new shares issued alloted – Deduction from the total limit of the allotment of free shares, *i.e.*, 135,234 free shares alloted
Issuance by way of public offering with cancellation of the preferential subscription right	26 months	Shares: €400 million (*i.e.*, 80 million shares). This amount is a joint maximum limit for some of the authorizations referred to above. Debt securities: €500 million. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Issuance by way of offering referred to in section II of article L.411-2 of the French monetary and financial code, with cancellation of the preferential subscription right	26 months	Shares: €400 million (*i.e.*, 80 million shares). This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Authorization to increase the amount of the initial issuance, in the event of a share issue for which shareholders' preferential subscription rights are maintained or cancelled	26 months	15% of the initial issue. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Determination of price of issuances carried out by way of public offering or offering referred to in section II of article L.411-2 of the French monetary and financial code, with cancellation of preferential subscription rights of shareholders, up to a maximum of 10% of the share capital per year	26 months	10% of Rexel share capital at the date of the decision of the Management Board determining the offering price per 12-month period. This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable

Authorization	Duration of authorization	Maximum nominal amount	Date of use	Amount used
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	26 months	1.5% of Rexel share capital at the date of the decision of the Management Board (*i.e.*, 3,903,194 shares at the date of this *Document de Référence*). This maximum nominal amount is to be deducted from the total maximum amount of €800 million and from the global maximum nominal amount of 1.5% of the draft resolution relating to the allocation of free shares.	May 20, 2010 (decision on the principle of the issuance) August 31, 2010	€3,527,752.80 (including issue premium), *i.e.*, 356,123 new shares issued
Allocation of free shares	26 months	1.5% of Rexel share capital at the date of the decision of the Management Board (*i.e.*, 3,903,194 shares at the date of this *Document de Référence*). This maximum nominal amount is to be deducted from the total maximum nominal amount of €800 million.	May 20, 2010 (decision on the principle of the allocation) August 31, 2010	135,243 free shares allocated
Issuance of up to 10% of the share capital in consideration for contributions in kind granted to Rexel	26 months	10% of Rexel's share capital at the date of the decision of the Management Board approving the offering (*i.e.*, 26,021,299 shares at the date of this *Document de Référence*). This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Issuance in consideration for shares contributed under a public exchange offering	26 months	€250 million (*i.e.*, 50 million shares) This maximum nominal amount is to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	26 months	€200 million (*i.e.*, 40 million shares) This maximum nominal amount is not to be deducted from the total maximum amount of €800 million.	Not applicable	Not applicable

At its meeting of February 8, 2011, the Management Board submitted for the approval of the Rexel shareholders' meeting convened for May 19, 2011 the following draft authorizations:

Authorization	Duration of authorization	Maximum nominal amount
Decrease in the share capital by cancelling shares	18 months	10% of the share capital on the date of cancellation by 24-month period
Allocation of free shares	26 months	2.5% of Rexel share capital at the date of the decision of the Management Board (*i.e.*, 6,505,324 shares at the date of this document). This maximum nominal amount is to be deducted from the total maximum amount of €800 million and is common to the authorizations relating to the grant of stock options.
Grant of stock options	26 months	2.5% of Rexel share capital at the date of the decision of the Management Board (*i.e.*, 6,505,324 shares at the date of this document). This maximum nominal amount is to be deducted from the total maximum amount of €800 million and is common to the authorizations relating to the allocation of free shares.
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	26 months	2% of Rexel share capital at the date of the decision of the Management Board (*i.e.*, 5,204,259 shares at the date of this document). This maximum nominal amount is to be deducted from the total maximum amount of €800 million.

8.2.2 Securities not representative of share capital

As of the date of this *Document de Référence*, Rexel has not issued any securities not representing share capital.

8.2.3 Treasury shares and purchase by Rexel of its own shares

2010 share repurchase plan

The ordinary and extraordinary shareholders' meeting of May 20, 2010 authorized the Management Board, in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code and in accordance with articles 241-1 to 241-6 of the French financial markets authority (AMF) general rules, and Regulation n°2273/2003, dated December 22, 2003, of the European Commission, to purchase or have purchased a maximum number of shares of Rexel representing up to 10% of Rexel's share capital.

The acquisition of these shares may be carried out, in order of highest to lowest priority, with a view to:

- ensuring liquidity and activity in the market for the shares through an investment services provider, acting independently under a liquidity agreement in compliance with the AMF market ethics charter ;
- setting up any stock option plan for Rexel in accordance with articles L.225-117 of the French Commercial Code, any allocations of free shares in connection with Group or company employee saving plans *(plans d'épargne d'entreprise ou groupe)* made in accordance with articles L.3332-1 *et seq.* of the French labor code, any allocations of free shares in connection with the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code and any allocations of shares in connection with profit sharing plans, as well as establishing hedging operations relating to such transactions, in each case, being made in accordance with the conditions set forth by the market authorities and at such times that the Management Board or person acting upon the authority of the Management Board implements such actions;
- retaining shares and delivering shares further to an exchange or as a consideration in the context of external growth transactions and within the limit of 5% of the share capital of Rexel;
- granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to Rexel shares;
- cancelling all or part of the shares so repurchased;
- any other action that is or will become permitted by French law or the AMF or any purpose that may comply with the regulations in force.

The acquisition, sale or transfer of the shares may be carried out by any means, on the market or over the counter, including through transactions involving blocks of securities or takeover bids, option mechanisms, derivatives, purchase of options or of securities in conformity with the applicable regulatory conditions.

The maximum purchase price per share has been set at €20, and may be adjusted in the event of transactions on the share capital, in particular by way of incorporation of reserves and allocation of free shares, division or regrouping of shares.

The maximum amount allocated for implementation of the share repurchase plan is €200 million.

The number of shares acquired by Rexel in view of holding them for subsequent payment or exchange in a merger, spin-off or contribution cannot be greater than 5% of Rexel's share capital. In the event of a public tender offer on Rexel shares paid for in full in cash, Rexel will be able to pursue the implementation of its share repurchase plan, in compliance with the applicable legal and regulatory provisions.

This delegation of authority was granted for a term of 18 months as of the ordinary and extraordinary shareholders' meeting of Rexel held on May 20, 2010, *i.e.*, until November 20, 2011.

In accordance with the authorization granted by the ordinary and extraordinary shareholders' meeting of May 20, 2010, the Management Board decided to implement the share repurchase plan by means of the liquidity agreement effective with the Crédit Agricole Cheuvreux bank, in compliance with the AMF ethics charter entered into on June 22, 2009 for a total maximum amount of €12,287,096.86 (the **"Cheuvreux Liquidity Agreement"**).

Transactions carried out by Rexel on its own shares for the year ended December 31, 2010 mainly consisted of:

Number of shares cancelled during the last 24 months	–
Number of shares held by Rexel as treasury shares as of December 31, 2010	103,000
Percentage of capital directly or indirectly held by Rexel as of December 31, 2010	0.03%
Book value of the treasury share	€1,623,280
Market value of the treasury shares as of December 31, 2010	€1,674,265

Rexel did not hold open positions at purchase or at sale as of December 31, 2010.

During the financial year ended December 31, 2010, 3,699,968 shares of Rexel were acquired by Credit Agricole Cheuvreux pursuant to the Cheuvreux Liquidity Agreement, at an average price of €11.62, and 3,683,668 shares of Rexel were sold by Credit Agricole Cheuvreux pursuant to the Cheuvreux Liquidity Agreement, at an average price of €11.98.

As of December 31, 2010, Rexel held 103,000 treasury shares, with a par value of 5 euros each, acquired at an average price of €15.76, representing an aggregate purchase value of €1.6 million, recorded as a reduction to the shareholders' equity.

No shares have been allocated for any objective other than Cheuvreux Liquidity Agreement.

2011 share repurchase plan

The Management Board submitted a draft proposal to the Rexel shareholders' meeting concerning a new share repurchase plan with the following terms:

Authorization	Duration of authorization	Number of securities that may be repurchased	Maximum proposed nominal amount	Maximum purchase price per share
Stock repurchase	18 months	10% of share capital as of the completion date of the purchases	€200 million	€22

8.2.4 Other securities conferring access to the share capital

8.2.4.1 Subscription or purchase options for Rexel shares

Rexel has issued options to subscribe for shares under the terms and conditions described in paragraph 8.1.2.5 "Subscription or purchase options for Rexel shares" of this *Document de Référence*.

8.2.4.2 Allocation of free shares

Rexel has granted free shares to certain employees and officers of the Rexel Group in accordance with the terms set forth in paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*.

8.2.4.3 Warrants *(bons de souscription d'actions)*

Rexel has issued warrants *(bons de souscription d'actions)* in accordance with the terms set forth in paragraph 8.1.2.7 "Issuance and granting of warrants to subscribe for Rexel shares" of this *Document de Référence*.

8.2.5 Terms governing any right of acquisition and/or any obligation attached to the capital subscribed but not paid-up

Not applicable.

8.2.6 Share capital of Rexel Group companies subject to an option or in respect of which an agreement has been made that provides for placing such share capital subject to an option

Not applicable.

8.2.7 Changes in share capital

The table below shows changes in the share capital of Rexel from December 16, 2004, the date on which Rexel was created, until the date of this *Document de Référence*.

Transaction settlement date	Transaction	Number of shares issued	Nominal amount of capital increase (€)	Share/merger premium (€)	Cumulative nominal amount of share capital (€)	Cumulative number of shares	Nominal value per share (€)
December 16, 2004	Incorporation	8,500	–	N/A	85,000	8,500	10
March 9, 2005	Share capital increase in cash	5,490,000	54,900,000	N/A	54,985,000	5,498,500	10
March 21, 2005	Share capital increase in cash	56,980,869	569,808,690	N/A	624,793,690	62,479,369	10

Transaction settlement date	Transaction	Number of shares issued	Nominal amount of capital increase (€)	Share/merger premium (€)	Cumulative nominal amount of share capital (€)	Cumulative number of shares	Nominal value per share (€)
June 30, 2005	Share capital increase in cash to the benefit of Rexdir S.A.S. by the issue of shares with share subscription warrants (ABSA)	304,404	3,044,040	N/A	627,837,730	62,783,773	10
October 28, 2005	Share capital increase to the benefit of Rexop S.A.S.	262,001	2,620,010	N/A	630,457,740	63,045,774	10
April 4, 2007	Exercise by Rexdir S.A.S. and Rexop S.A.S. of share subscription warrants (BSA) issued by Rexel	1,518,854	15,188,540	N/A	645,646,280	64,564,628	10
April 4, 2007	Absorption of Rexdir S.A.S. and Rexop S.A.S. by Rexel	2,085,259	20,852,590	0	666,498,870	66,649,887	10
April 4, 2007	Cancellation of treasury shares in the context of the merger	2,085,259 shares cancelled	20,852,590 (amount of share capital increase cancelled)	N/A	Share capital decrease of 645,646,280	Cumulative number of shares reduced to 64,564,628	10
April 4, 2007	Division of the nominal value of shares	64,564,628	N/A	N/A	645,646,280	129,129,256	5
April 4, 2007	Share capital increase reserved for Ray Investment	63,813,323	319,066,615	733,853,214.5	964,712,895	192,942,579	5
April 11, 2007	Share capital increase in cash by public offering	60,606,060	303,030,300	696,969,690	1,267,743,195	253,548,639	5
April 18, 2007	Share capital increase reserved for employees	1,436,874	7,184,370	12,082,078	1,274,927,565	254,985,513	5
April 18, 2007	Share capital increase reserved for BNP Paribas Arbitrage SNC	1,008,314	5,041,570	8,268,174.8	1,279,969,135	255,993,827	5
April 14, 2009	Share capital increase following the definitive acquisition of free shares	2,151,817	10,759,085	N/A	1,290,728,220	258,145,644	5
October 30, 2009	Share capital increase following the definitive acquisition of free shares	7,474	37,370	N/A	1,290,765,590	258,153,118	5

Transaction settlement date	Transaction	Number of shares issued	Nominal amount of capital increase (€)	Share/merger premium (€)	Cumulative nominal amount of share capital (€)	Cumulative number of shares	Nominal value per share (€)
Exercise of share subscription options in 2009 (acknowledged by a decision of the Management Board of January 8, 2010)	Share capital increase further to the exercise of share subscription options	66,900	334,500	N/A	1,291,100,090	258,220,018	5
Exercise of share subscription options in January and February 2010 (acknowledged by a decision of the Management Board of March 16, 2010)	Share capital increase further to the exercise of share subscription options	1,215,658	6,078,290	N/A	1,297,178,380	259,435,676	5
Exercise of options between March 1, 2010 and April 30, 2010 (acknowledged by a decision of the Management Board of May 20, 2010)	Share capital increase further to the exercise of share subscription options	38,666	193,330	N/A	1,297,371,710	259,474,342	5
Exercise of options between May 1, 2010 and May 31, 2010 (acknowledged by a decision of the Management Board of June 24, 2010)	Share capital increase further to the exercise of share subscription options	5,001	25,005	N/A	1,297,396,715	259,479,343	5
June 24, 2010	Share capital increase further to the final acquisition of free shares	146,031	730,155	N/A	1,298,126,870	259,625,374	5
Exercise of options between June 1, 2010 and August 30, 2010 (acknowledged by a decision of the Management Board of August 31, 2010)	Share capital increase further to the exercise of share subscription options	46,083	230,415	33,600	1,298,357,285	259,671,457	5
October 4, 2010	Share capital increase further to the final acquisition of free shares	1,732	8,660	N/A	1,298,365,945	259,673,189	5
November 17, 2010	Share capital increase reserved for employees	356,123	1,780,615	1,747,137,80	1,300,146,560	260,029,312	5
Exercise of options between August 31, 2010 and December 31, 2010 (acknowledged by a decision of the Management Board of February 1, 2011)	Share capital increase further to the exercise of share subscription options	183,684	918,420	222,966	1,301,064,980	260,212,996	5

8.2.8 Pledges, guarantees and security interests

As of the date of this *Document de Référence* and to Rexel's knowledge, no Rexel shares have been pledged or are subject to a guarantee or security interest.

8.3 BY-LAWS *(STATUTS)*

The by-laws *(statuts)* have been drawn up in accordance with the provisions applicable to a French *société anonyme.* The main stipulations described below are drawn from the by-laws of Rexel as updated following the decisions of the shareholders' meeting of Rexel on May 20, 2010.

8.3.1 Corporate purpose (article 3 of the by-laws)

Rexel's main purpose is to engage in the following business activities, directly or indirectly, in France and abroad:

- to acquire, hold, manage and, if applicable, sell or assign shares, any other tradable securities and any other equity interests in any French or foreign company or group, whether publicly traded or privately held;
- to provide services to such companies or groups by detaching personnel or otherwise, in particular to provide all advice and assistance in their respective organization, investments and financing, and to coordinate their policies in the areas of development, product range, procurement and distribution;
- to acquire, hold, manage and, if applicable, sell or assign any industrial or intellectual property rights and all processes directly or indirectly related to the aforesaid purposes, and to secure or grant licenses for such rights; and

more generally, to carry out any transactions, in particular industrial, business, financial, stock market, civil, real property and other property transactions that are directly or indirectly related to the purposes of Rexel described above or to purposes that are similar or connected or likely to facilitate such purposes, in particular by way of lending or borrowing or granting guarantees and security interests covering its obligations or those of affiliated companies.

8.3.2 Management and supervisory bodies (articles 14 to 25 of the by-laws)

8.3.2.1 Management Board (articles 14 to 18 of the by-laws)

Appointment (article 14 of the by-laws)

Rexel is managed by a Management Board made up of a minimum of two members and a maximum of four members who are appointed by the Supervisory Board.

Management Board members are not required to be shareholders. They must be individuals.

No member of the Supervisory Board may sit on the Management Board. If a member of the Supervisory Board is appointed to the Management Board, his/her term of office on the Supervisory Board ends as soon as he/she assumes his/her duties on the Management Board. No person may be appointed as member of the Management Board unless he/she complies with the rules on holding multiple offices, conflicts of interest or disqualification or prohibitions as provided by law.

Management Board members are appointed for a term of four years by the Supervisory Board, which is responsible for filling any vacancies, in accordance with the law.

Management Board members may be re-elected.

No member of the Management Board may be over the age of 65. A Management Board member is deemed to have resigned automatically at the end of the last meeting of the Supervisory Board in the financial year during which he/she reaches this age.

Management Board members are not required to own shares of Rexel.

Any member of the Management Board may be linked to Rexel by an employment agreement, which will remain effective throughout his/her term of office and after the expiration thereof.

Dismissal (article 14 of the by-laws)

Any member of the Management Board may be dismissed by a shareholders' meeting or by the Supervisory Board. If such dismissal is without due cause, it may result in the payment of damages.

Dismissal of a Management Board member shall not result in termination of any employment agreement between such member and Rexel or one of its subsidiaries.

Chairman of the Management Board – General management (article 15 of the by-laws)

The Supervisory Board appoints a member of the Management Board to serve as Chairman.

The Chairman serves in this capacity throughout his term of office as Management Board member.

The Chairman of the Management Board represents Rexel in its relationships with third parties.

The Supervisory Board may grant the same powers of representation to one or more Management Board members, who then have the title of managing directors *(directeurs généraux)*.

The Supervisory Board may dismiss the Chairman and cancel any powers of representation granted to any Management Board member.

Powers and responsibilities of the Management Board (article 16 of the by-laws)

The Management Board is vested with the most extensive powers to act in all circumstances on behalf of Rexel, within the scope of the corporate purpose and subject to those powers expressly assigned by law and by the by-laws to shareholders' meetings and to the Supervisory Board.

In its relationships with third parties, Rexel is responsible for all actions of the Management Board, including those that do not fall within the corporate purpose, unless it can demonstrate that the third party was aware that the action went beyond the scope of such purpose or that it could not be unaware of this under the circumstances, it being specified that publication of the by-laws does not in itself constitute such proof.

Management Board members may, with the Supervisory Board's authorization, divide management responsibilities among themselves. However, such allocation shall not in any event deprive the Management Board of its status as a collegiate body that is responsible for the management of Rexel.

The Management Board may assign special missions to one or more of its members or to any person who is not a member, on a permanent or temporary basis, to achieve one or more specified goals, with or without the ability further to delegate such powers as it deems appropriate.

The Management Board submits to the Supervisory Board a report summarizing the main actions or events that have occurred concerning the management of Rexel at least once each quarter. The Supervisory Board may at any time request that the Management Board submit a report on its management and on ongoing operations. This report may, at the Supervisory Board's request, be supplemented by an interim financial position of Rexel.

Within three months as from the end of each financial year, the Management Board approves and submits to the Supervisory Board, for purposes of verification and control, the year-end financial statements and, if any, the consolidated financial statements together with the report submitted to the annual shareholders' meeting. It proposes the allocation of income from the previous financial year to the Supervisory Board.

The Management Board reviews the half-yearly financial statements and submits them to the Supervisory Board.

The Management Board convenes shareholders' meetings, sets the agenda of the meetings and carries out the shareholders' decisions.

Management Board members are liable to Rexel or to third parties, for violations of the provisions of the legal provisions governing *sociétés anonymes*, for violations of the by-laws, or for negligence in their management, under the conditions and subject to the penalties provided by law.

Deliberations of the Management Board (article 17 of the by-laws)

The Management Board's meetings are convened by its Chairman, whenever the best interests of Rexel so require, at the registered office or at any other location specified in the meeting notice. The agenda may be set at the time of the meeting if all members are present. Notices of meeting may be given in any way, including verbally.

The meetings are chaired by the Chairman of the Management Board or, in his absence, by a member selected by the Management Board at the beginning of the meeting. The Management Board appoints a secretary who is not required to be a Board member.

In order for resolutions to be valid, there must be a quorum of at least half of Management Board members in attendance.

Resolutions are adopted by a simple majority of Management Board members present and represented. Each Management Board member may represent one other Management Board member at each Management Board meeting. In the event of a tie, the Chairman of the meeting has a casting vote.

Deliberations are recorded in minutes that are entered in a special register and are signed by the Chairman of the meeting.

The Management Board members may draw up Rules of Procedure to govern all issues in relation to the operations of the Management Board that are not covered by the by-laws. These Management Board Rules of Procedure may, in particular, set out the conditions for participating and voting in Management Board meetings held by videoconferencing or other means of telecommunication. In this case, Management Board members who participate in Management Board meetings by videoconferencing or any other form of telecommunications shall be considered to be present for purposes of calculating the quorum and majority, in accordance with the Rules of Procedure.

Compensation of Management Board members (article 18 of the by-laws)

The Supervisory Board determines the method and amount of compensation paid to each Management Board member. Such remuneration may be fixed or proportionate, or both fixed and proportionate.

8.3.2.2 Supervisory Board (articles 19 to 25 of the by-laws)

Members (article 19 of the by-laws)

The Supervisory Board is made up of a minimum of five members and a maximum of fifteen members, subject to the exceptions provided for by law in the event of a merger.

During the company's lifetime, Supervisory Board members are appointed or reappointed by the ordinary shareholders' meeting.

They are appointed for a maximum term of four years. As an exception, the duties of current members of the Supervisory Board, the term of office of whom has been set to 5 years, shall run until their initial expiry date.

The term of office of a Supervisory Board member expires at the end of the ordinary shareholders' meeting convened to approve the financial statements for the previous financial year and held during the year in which the term of office of such member expires.

The Supervisory Board shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years. The order of early termination of the terms of office shall be determined by the unanimous decision of the members of the Supervisory Board present or represented or, if unanimity is unable to be reached, by drawing lots. The mandate of the persons so designated will end by sunset on the date fixed by the unanimous decision of the Supervisory Board or on the date fixed by the Chairman before the draw. The renewal of Supervisory Board members shall then be carried out in the order of length of service.

Supervisory Board members may be re-elected.

They may be dismissed at any time by the ordinary shareholders' meeting.

No individual exceeding the age of 70 may be appointed as member of the Supervisory Board if such appointment raises the number of Supervisory Board members who are over this age to more than one-third.

Supervisory Board members may be individuals or legal entities. Any legal entities must, at the time of their appointment, appoint a Permanent Representative who is subject to the same conditions and obligations and who incurs the same liability as if he/she were a Supervisory Board member in his/her own name, without prejudice to the joint and several liability of the legal entity he/she represents. This office of Permanent Representative is concurrent with the term of office of the legal entity that he/she represents. It must be renewed each time the term of office of the legal entity comes up for renewal.

Should the legal entity dismiss its representative, it must notify Rexel thereof without delay, by registered mail, and of the identity of its new Permanent Representative. The same shall also apply in the event of the death, resignation or disability of the Permanent Representative.

Should one or more seats on the Supervisory Board become vacant between two shareholders' meetings, as a result of the death or resignation of members, the Supervisory Board may co-opt one or more persons to serve as interim members.

Any co-opted Supervisory Board members appointed by the Supervisory Board are subject to ratification by the shareholders at the next ordinary shareholders' meeting.

If the appointment of co-opted members is not ratified, the resolutions adopted and actions carried out previously shall be nonetheless valid.

Should the number of Supervisory Board members fall to less than three, the Management Board shall immediately convene an ordinary shareholders' meeting to bring the number of Supervisory Board members up to the required minimum.

A Supervisory Board member who is appointed to replace another Board member shall remain in office only for the remainder of his predecessor's term.

No person may be appointed as member of the Supervisory Board unless he complies with the rules on combining offices, conflicts of interests or disqualification or prohibitions as provided by law.

The number of Supervisory Board members who are linked to Rexel by an employment agreement may not exceed one third of the Supervisory Board members in office.

Shares held by Supervisory Board members (article 20 of the by-laws)

Supervisory Board members shall not be required to own any share in Rexel.

Officers of the Supervisory Board (article 21 of the by-laws)

The Supervisory Board shall elect from among its members who are individuals a Chairman and a Deputy Chairman who shall serve in this capacity for the duration of their term of office as Supervisory Board member, unless the Supervisory Board decides to appoint a new Chairman or Deputy Chairman.

The Chairman of the Supervisory Board convenes meetings of the Supervisory Board and oversees its deliberations.

In the absence of the Chairman, the Deputy Chairman serves as Chairman and enjoys the same prerogatives.

The Supervisory Board also appoints a secretary who is not required to be a Supervisory Board member and who serves as an officer of the Board, alongside the Chairman and Deputy Chairman.

Failing this, the Supervisory Board appoints one of its members to chair the meeting.

The Chairman, Deputy Chairman and Secretary may be re-elected.

Deliberations of the Supervisory Board (article 22 of the by-laws)

The Supervisory Board meets whenever the best interests of Rexel so require, and at least once every quarter, at meetings convened by its Chairman or Deputy Chairman.

Unless otherwise agreed by all members of the Supervisory Board, meeting notices must be given in writing, including by fax or e-mail, at least three (3) days before the date of the meeting, together with the agenda of the meeting and all documents that have been prepared for submission to the Supervisory Board. However, when all Supervisory Board members are present or represented at a meeting (including if they are participating or represented during a telephone or videoconference), the meeting may be held without prior notice and without observing such three (3) day notice period.

Meetings are held at the registered office or at any other place specified in the notice of meeting.

However, the Chairman of the Supervisory Board is required to convene a meeting of the Supervisory Board to be held no later than fifteen days after the date of receipt of a detailed request from at least one member of the Management Board or at least two Supervisory Board members. If such request is not followed by action, the persons requesting the meeting may convene the meeting on their own and set the agenda of the meeting. Other than in this case, the agenda is determined by the Chairman and must be mentioned in the meeting notice.

The Supervisory Board is duly convened only if a quorum consisting of at least half of its members is in attendance.

Decisions are approved by a majority of votes of the members present or represented; each Supervisory Board member has one vote and may not represent more than one of his colleagues.

In accordance with the applicable regulations, the Supervisory Board will draw up Rules of Procedure defining the methods of participating and voting at Supervisory Board meetings held by videoconference or any other forms of telecommunication.

Provided that the Supervisory Board Rules of Procedure so allow, Supervisory Board members who attend Supervisory Board meetings by videoconference or any other forms of telecommunication shall be deemed to be present for purposes of calculating the quorum and majority, in accordance with the Rules of Procedure.

In the event of a tie, the Chairman of the meeting shall have a casting vote, if and only if the Supervisory Board consists of an even number of Supervisory Board members in office and only during meetings chaired by the Chairman of the Supervisory Board.

An attendance register is maintained and signed by the Supervisory Board members who attended the Supervisory Board meeting; it must show the name of any Supervisory Board Members who attended the meeting by videoconference or other forms of telecommunication.

The deliberations of the Supervisory Board are recorded in minutes, which are drawn up in accordance with applicable law and signed by the Chairman of the meeting and by at least one Supervisory Board member or, in the event the Chairman is unavailable, by two Supervisory Board members.

Copies or excerpts of these minutes are certified by the Chairman of Supervisory Board, the Deputy Chairman, a Board member or an authorized representative.

Powers of the Supervisory Board (article 23 of the by-laws)

The Supervisory Board exercises ongoing control over the Management Board's management of Rexel. It carries out such verifications and controls as it deems appropriate and receives all documents that it deems necessary for the performance of its duties.

In accordance with legal requirements, the Supervisory Board gives the Management Board prior authorization to grant sureties, endorsements and other guarantees, to sell real property, to dispose of equity interests, in whole or in part, and to grant security interests.

The following decisions are subject to prior authorization by the Supervisory Board:

- adoption of the annual budget;
- adoption of the strategic plan;
- appointment and dismissal or redundancy of Executive Committee members and determination of their compensation (including benefits in kind and special pension arrangements);
- proposed resolutions to be submitted to the shareholders' meeting in relation to any distribution of dividends or reserves to the shareholders;
- proposed resolutions to be submitted to the shareholders' meeting in relation to replacement of the Statutory Auditors;
- approval of significant changes in accounting methods;
- acceptance of and resignation from any duties as a member of a board of directors or equivalent body by Rexel and appointment and dismissal of the appointment of Rexel permanent representatives to such board of directors or equivalent body;
- proposed resolutions to be submitted to the shareholders' meeting and use of authorizations or powers granted by the shareholders' meeting in relation to the issuance of shares or tradable securities granting immediate or future access to the share capital of Rexel, of a company that directly or indirectly owns more than half of its share capital or of a company in which it directly or indirectly owns half of the capital, or tradable securities granting rights to the award of debt securities;
- proposed resolutions to be submitted to the shareholders' meeting in relation to any share repurchase plan;
- the acquisition and disposal of any business segments, equity interests in any company, any assets and undertaking any investment, in each case, with an enterprise value exceeding a threshold determined by the Supervisory Board (by exception, this applies to the disposal of part or all of equity interests, regardless of the amount);
- the creation of any business division or subsidiary, on investments in any business division or on the acquisition of any equity interest in a country in which Rexel does not operate;

- borrowing (including by issuing bonds) or assumption of liabilities in an amount exceeding a threshold determined by the Supervisory Board in each case;
- awarding options to subscribe for or to purchase shares, awarding free shares or other plans involving equity securities of Rexel at the benefit of the employees of Rexel or its subsidiaries;
- entering into merger, spin-off or asset transfer agreements;
- admission to trading of securities issued by Rexel or one of its subsidiaries on a regulated market;
- any transaction entailing a significant change in the scope of the business of Rexel and its subsidiaries;
- any transaction or settlement in connection with any litigation in an amount exceeding a threshold determined by the Supervisory Board.

The Supervisory Board submits to the ordinary shareholders' meeting its comments on the Management Board's report and on the annual financial statements.

The Supervisory Board may appoint, from amongst its members, one or more special committees, for which it determines the members and responsibilities, and which operate under its responsibility; however, such responsibilities shall not result in delegating to a committee any powers vested in the Supervisory Board by law or by the by-laws, nor shall they reduce or limit the powers of the Management Board.

The rules of operation of such committees are determined by the Supervisory Board Rules of Procedure and set out in the Rules of Procedure, if any, drawn up by each committee and approved by the Supervisory Board.

Compensation of the Chairman, the Deputy Chairman, members and officers of the Supervisory Board (article 24 of the by-laws)

The ordinary shareholders' meeting may allocate attendance fees to the Supervisory Board members; the amount of such fees is included in the operating expenses of Rexel and remains in effect until the shareholders' meeting decides otherwise.

The Supervisory Board allocates this remuneration among its members as it deems appropriate.

The compensation of the Chairman and of the Deputy Chairman of the Supervisory Board are determined by the Supervisory Board. Such compensation may be fixed or proportionate, or both fixed and proportionate.

The Supervisory Board may allot exceptional compensation for special missions or duties assigned to Supervisory Board members; any such compensation is recorded as operating expenses and is subject to approval by the ordinary shareholders' meeting.

The Supervisory Board may authorize the reimbursement of travel and other expenses incurred by its members in the best interest of Rexel.

No compensation other than that provided herein, whether permanent or temporary, may be allocated to Supervisory Board members, unless they are linked to Rexel by an employment agreement under the conditions authorized by law.

Liability (article 25 of the by-laws)

Supervisory Board members are liable for any personal negligence in the performance of their duties. They do not incur any liability as a result of management actions and the results thereof.

8.3.3 Rights and obligations attached to shares (articles 8, 9, 11, 12 and 13 of the by-laws)

Shares subscribed for in cash are issued and paid-up under the terms and conditions provided for by law.

The Rexel shares may be in registered or bearer form, at the shareholder's discretion, notwithstanding certain legal or regulatory provisions that may in certain cases require that the shares be in registered form.

The Rexel shares are registered on a securities account under the terms and conditions provided for by law.

The shares are freely tradable, notwithstanding any legal or regulatory provisions to the contrary. They are transferred between accounts under the terms and conditions provided for by law.

Each share grants rights to a share of ownership in the corporate assets and in the distribution of profits, which is proportional to the percentage of the share capital that it represents.

Each share also gives its holder the right to vote and to be represented at shareholders' meetings under the terms and conditions provided for by law and by the by-laws.

Shareholders are responsible for the company's liabilities only up to the amount of their contributions.

The rights and obligations attached to the shares remain attached thereto irrespective of the transferee.

Owners of shares are automatically bound by the by-laws and by any decisions of the shareholders' meetings.

Whenever more than one share is required to exercise a particular right, in the event of a share exchange, consolidation or allotment, or as a result of an increase or reduction in share capital, or in the event of a merger or other transaction involving the share capital, shareholders who own only one share or who do not own the minimum number of shares required may at their own initiative consolidate their shares for the purpose of exercising said right, or buy or sell the requisite number of shares.

The shares are indivisible with regard to Rexel.

The co-owners of split shares must be represented vis-à-vis Rexel by only one of the co-owners or by a single representative. If no agreement can be reached concerning the appointment of a representative, such representative shall be appointed by order of the President of the commercial court acting at the request of the first owner to take the initiative to refer the matter to such court.

Voting rights attached to shares belong to the beneficial owner *(usufrutier)* at ordinary meetings and to the legal owner *(nu-propriétaire)* at extraordinary meetings.

8.3.4 Changes to shareholders' rights

Insofar as the by-laws contain no specific provisions covering changes to shareholders' rights attached to shares, such changes are subject to the provisions of the law.

8.3.5 Shareholders' meetings (articles 27 to 35 of the by-laws)

Shareholders' decisions are made at shareholders' meetings, which are either ordinary, extraordinary or special meetings depending on the type of decision on which the shareholders are requested to vote.

Any duly convened shareholders' meeting represents all the shareholders.

Decisions made in shareholders' meetings are binding upon all shareholders, including those who are absent, incapacitated or dissenting.

8.3.5.1 Notices of meetings (article 28 of the by-laws)

Shareholders' meetings are convened by the Management Board, within the time periods and under the conditions set forth by law. They may also be convened by the Supervisory Board, or by any person authorized for this purpose by law.

Shareholders' meetings are held at the company's registered office or at any other location indicated in the meeting notice.

8.3.5.2 Agenda (article 29 of the by-laws)

The agenda of shareholders' meetings is set by the party that convened the meeting.

Shareholders, at a shareholders' meeting, may not deliberate on a matter that is not referred to in the agenda, which cannot be amended upon serving a second notice. They may, however, under any circumstances, dismiss one or more Supervisory Board members and appoint their replacements.

8.3.5.3 Access to shareholders' meetings (article 30 of the by-laws)

The right to participate in shareholders' meetings is subject to the following conditions:

- for holders of registered shares, the shares must be registered in the shareholder's name in Rexel's books at least three (3) business days before the date of the shareholders' meeting;
- for holders of bearer shares, a certificate of attendance from an authorized intermediary must be filed under the conditions provided for by law, within three (3) business days before the date of the shareholders' meeting.

A shareholder may be represented by his or her spouse or by any other shareholder; in this case, the representative must demonstrate that he holds a proxy form. In this respect, a resolution will be submitted to the approval of the shareholders during the shareholders' meeting of May 19, 2011 in order to take into consideration the modifications made to article L.225-106 of the French Commercial Code by the Ordinance n°2010-1511 of December 9, 2010 regarding representation of shareholders.

Any shareholder may vote by mail, by sending a ballot to Rexel under the conditions provided for by law.

This form may be on the same document as the proxy form; in this case, the single document must contain the statements and information provided for by the regulations. In order for mail ballots to be counted, Rexel must receive the ballots three (3) days before the date of the meeting. The electronic signature may take the form of a procedure compliant with the first sentence of the second subparagraph of article 1316-4 of the French civil code.

If the Management Board so decides when it convenes the meeting, shareholders may also participate and vote in the meeting by electronic or another form of telecommunication that enables them to be identified under the conditions provided for by law.

Shareholders who participate in a meeting by videoconference or other forms of telecommunication that enable them to be identified under the conditions provided for by law are deemed to be present for purposes of calculating the quorum and majority.

8.3.5.4 Attendance sheet – officers of the meeting – minutes of meetings (article 31 of the by-laws)

An attendance sheet containing the information required by law is kept for each meeting.

This attendance sheet, which is duly initialled by shareholders present and by any proxies, and to which any proxy forms and postal ballots are attached, is certified as true and accurate by the officers of the meeting.

Shareholders' meetings are chaired by the Chairman of the Supervisory Board or, in his absence, by the Deputy Chairman of the Board, or by a Supervisory Board member specially authorized for this purpose.

If the shareholders' meeting is convened by the Statutory Auditor or Auditors, by a representative of the court or by the receivers, the meeting is chaired by one of them.

In any event, in the absence of the person who is authorized or appointed to chair the meeting, the shareholders shall elect a chairman of the meeting.

Ballots are counted by the two shareholders in attendance who hold the largest number of shares, either personally or by proxy, and who agree to perform this task (they shall be known as officers of the meeting).

The officers of the meeting appoint a secretary who is not required to be a shareholder.

The duties of the officers of the meeting are to verify, certify and sign the attendance sheet; to ascertain that the deliberations are duly carried out; to settle any incidents arising at the meeting; to count the votes cast and to ascertain that they are valid; and to draw up the minutes of the meeting and to sign them.

Minutes of the meetings are drawn up and copies or excerpts thereof are delivered and certified in accordance with the law.

8.3.5.5 Quorum – Voting – Number of votes (article 32 of the by-laws)

The quorum for ordinary and extraordinary shareholders' meetings is calculated on the basis of the total number of shares comprising the share capital, less any shares disqualified from voting pursuant to the provisions of the law.

In the case of votes submitted by mail, only those ballots received by Rexel prior to the meeting within the time period and under the conditions set forth by law will count towards the quorum.

At ordinary and extraordinary shareholders' meetings, each shareholder shall have as many votes as shares he owns or represents, in his own name or by proxy, with no limitations of any kind.

Voting takes place and the votes are cast, as decided by the officers of the meeting, by a show of hands, by electronic means or by any form of telecommunication that enables the shareholders to be identified in accordance with the applicable regulations.

8.3.5.6 Ordinary shareholders' meetings (article 33 of the by-laws)

Ordinary shareholder's meetings are held to make all decisions that do not amend the by-laws.

Ordinary shareholders' meetings are held at least once each year, within the times specified by the applicable laws and regulations, to resolve on the financial statements and, if applicable, on the consolidated financial statements for the past financial year.

While voting in accordance with the quorum and majority requirements applicable to ordinary meetings, the ordinary shareholders' meeting exercises the powers assigned thereto by law.

8.3.5.7 Extraordinary shareholders' meetings (article 34 of the by-laws)

Only the extraordinary shareholders' meeting is authorized to amend any provision of the by-laws. However, it may not increase the obligations of shareholders, subject to transactions resulting from an exchange or consolidation of shares duly approved and carried out.

While voting in accordance with the applicable quorum and majority requirements, the extraordinary shareholders' meeting exercises the powers assigned thereto by law.

8.3.5.8 Shareholders' right to information (article 35 of the by-laws)

The shareholders have a right to receive the documents they need to take an informed decision on the management and operation of Rexel and to vote accordingly.

The type of such documents and the conditions under which they are sent or made available to shareholders are determined by law.

8.3.6 Provisions likely to have an impact on the control of Rexel

To Rexel's knowledge, there exists no provision in the by-laws that would result in delaying, deferring or preventing a change of control of Rexel.

Agreements entered into by Rexel's shareholders are described in paragraph 8.1.5 "Agreements potentially leading to a change of control" of this *Document de Référence*. Furthermore, provisions of the senior credit agreement and of the bonds likely to have an impact in case of change of control of Rexel are described in note 19 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2010, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence*.

8.3.7 Ownership threshold disclosures and identification of shareholders (articles 10 and 11 of the by-laws)

8.3.7.1 Ownership threshold disclosures (article 11 of the by-laws)

In addition to the legal obligation to notify Rexel whenever the ownership thresholds provided by law are crossed, any individual or legal entity, acting alone or in concert, coming into possession, directly or indirectly within the meaning of the law (and in particular, of article L.233-9 of the French Commercial Code), of a number of shares representing 2.5% of the share capital or voting rights, is required to disclose to Rexel the total number of shares and voting rights it owns by sending a notice by registered mail with acknowledgement of receipt to the registered office or, for shareholders who are not French residents, by any equivalent means, within 5 trading days from the date it has crossed one of these thresholds, stating the total number of securities held giving future access to the share capital and the number of voting rights attached thereto. This declaration of crossing of threshold shall also state whether the shares or voting rights attached thereto are held on behalf of or in concert with other individual or legal entities and shall also indicate the date on which the threshold was crossed. Such disclosure must be made for any additional multiple of 2.5% of the share capital or voting rights without any limitation, including when it exceeds 5%.

Failure to duly make such disclosure under the conditions specified above shall result in the disqualification for voting purposes of the shares that should have been disclosed under the conditions provided for by law, if so requested by one or more shareholders separately or together owning at least 2.5% of the share capital or voting rights and duly recorded in the minutes of the shareholders' meeting.

Any shareholder whose ownership interest and/or voting rights in Rexel falls below one of the aforesaid thresholds, for any reason whatsoever, is also required to disclose this fact to Rexel, under the same conditions and within the same periods of time specified above.

In calculating the aforesaid thresholds, the denominator must take into account the total number of shares making up the share capital and to which voting rights are attached, including shares that are disqualified for voting purposes, as published by Rexel as required by law (Rexel must publish the total number of shares with voting rights and the number of such shares that have been disqualified for voting purposes).

8.3.7.2 Identification of shareholders (article 10 of the by-laws)

Rexel stays informed about the composition of its shareholder base in accordance with applicable laws. In this respect, Rexel may avail itself of all legal provisions, for identification of the holders of securities conferring immediate or future voting rights at Rexel's shareholders' meetings.

Rexel may, at any time, in accordance with the applicable laws and regulations, request that the central custodian in charge of the administration of its share issue account, in exchange for consideration paid by Rexel, identify the owners of securities giving immediate or future voting rights at shareholders' meetings, as well as the number of securities held by each such owner and any restrictions that may apply to such securities.

After following the procedure described in the previous paragraph and in the light of the list transmitted by the central custodian, Rexel may also request, either through such custodian or directly from the persons registered on this list and whom Rexel believes may be registered on behalf of third parties, information regarding the owners of the securities as provided in the preceding paragraph.

If the shares are in registered form, the intermediary registered as provided by law is required to disclose the identity of the owners of such shares and the number of shares held by each owner at the request of Rexel or its authorized representative, in accordance with the applicable laws and regulations, and such request may be presented at any time.

As long as Rexel believes that certain holders of shares whose identity has been disclosed hold such shares as nominees for third parties, it has the right to ask the nominees to reveal the identity of the owners of such shares.

Upon completion of the identification procedures, and without prejudice to the disclosure of material holdings as required by law, Rexel may ask any legal entity that owns its shares and holds interests exceeding one-fortieth of the share capital or voting rights to disclose the identity of any persons that directly or indirectly control more than one third of the share capital or voting rights of such legal entity.

Failure by the holders of shares or by the intermediaries to fulfil their obligation to disclose the aforesaid information may, as provided for by law, lead to suspension or even disqualification from voting and dividend rights attached to the shares.

8.3.8 Special provisions governing changes to share capital (article 7 of the by-laws)

Rexel's share capital may be increased or reduced in all ways and by all manners authorized by law. The extraordinary shareholders' meeting may also decide to carry out stock splits or reverse splits.

8.4 OTHER ELEMENTS THAT MAY HAVE AN IMPACT IN CASE OF TENDER OFFER

8.4.1 Control mechanisms in relation to employee shareholding

In the scope of the share capital increase reserved for employees, the employees' investments are carried out in certain jurisdiction through mutual funds *(fonds commun de placement)*. The "Rexel Actionnariat France" and the "Rexel Actionnariat International" funds have been created in this context.

Each of these funds has a supervisory board, the main powers of which are as follows:

- it reviews the management report and financial statements of the fund, the financial, administrative and accounting management and adopts its annual report;
- it exercises the voting rights attached to the shares issued by Rexel and decides on the contribution of shares, and, in this respects, appoints one or several representatives of the fund at the Rexel shareholders' meetings;
- it may submit resolutions at Rexel shareholders' meetings;
- it grants its prior agreement to certain amendments to the rules of the fund: change of management company, dissolution, merger/demerger, change in the orientations of management and classification;
- it may take legal action to defend or enforce the rights or interests of its shareholders.

Decisions of the supervisory board of the fund are approved by a majority of votes of the members present or represented. In the event of a tie, the Chairman of the meeting has a casting vote.

The means available for the supervisory board to support its decisions and carry out its duties are as follows: organization of telephone conferences, if applicable, beyond the formal scope of the meetings, various information provided by Rexel, in order to assess the economic and financial position of the Group and its outlook; information provided by the management company.

Training sessions were carried out in 2010 by an external service provider for representing members in relation to the role, duties and means of the supervisory board of the funds.

8.4.2 Agreements entered into by Rexel to be amended or terminated in case of change of control

The agreements entered into by Rexel or which may need to be amended or terminated in case of change of control are, in particular, the following:

- the senior credit agreement (see note 19.1.2 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2010, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence*);
- the unsecured senior bonds bearing interest at 8.25% and maturing on December 15, 2016 (see note 19.1.1 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2010, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence*); and
- the bilateral facility agreement between Rexel as borrower, Rexel Distribution as guarantor and Bayerische Landesbank as lender for an amount of €40,000,000 (see paragraph 7.5.1 "Principal related party transactions" of this *Document de Référence*).

8.5 MATERIAL AGREEMENTS

During the last two years, the Rexel Group's companies have been parties to the following material agreements the various loans obtained by the Rexel Group companies (see note 19 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2010, set out in chapter 5 "Consolidated financial statements" of this *Document de Référence*).

8.6 DOCUMENTS AVAILABLE TO THE PUBLIC

8.6.1 Legal documents

During the period of validity of this *Document de Référence*, the following documents, or a copy thereof, may be consulted:

- Rexel's by-laws;
- all reports, correspondence and other documents, historical financial information, assessments and statements made by an expert at the request of Rexel, any part of which is included or referred to in this *Document de Référence*; and
- the historical financial information of Rexel and its subsidiaries for each of the three financial years prior to publication of this *Document de Référence*.

All of the above legal and financial documents in relation to Rexel and that must be made available to the shareholders in accordance with the applicable regulations may be consulted at the registered office of Rexel.

8.6.2 2010 annual financial report

A correlation table between the annual financial report and this *Document de Référence* is set out in chapter 10 "Correlation tables" of this *Document de Référence*.

8.6.3 The annual document

The list of information published or made public by Rexel in the course of the last 12 months established according to article 222-7 of the General rules of the *Autorité des marchés financiers* is as follows:

Date	Title
Press releases (available on www.rexel.com)	
January 21, 2010	Additional issuance of euro notes in an amount of €75 million
February 11, 2010,	Fourth-Quarter & Full-Year 2009 results
February 25, 2010,	Rexel annouces disposal of a non-core business, HCL Asia
March 24, 2010	Rexel rewarded in the CEO/Head of Human Resources team trophies
March 31, 2010	Rexel committed to energy efficiency and renewable energies
April 6, 2010	Benoît Dutour appointed Vice President Legal affairs of Rexel Group
April 22, 2010	2009 Document de Reference made available
May 3, 2010	Ordinary and extraordinary shareholders'meeting of May 20, 2010
May 11, 2010	Proposed appointments to Rexel's Supervisory Board
May 12, 2010	Half-year 2010 results
May 18, 2010	AFEP-MEDEF Guidelines: Compensation of members of Rexel's Management Board
May 20, 2010	Rexel strenghtens its Supervisory Board
May 20, 2010	Rexel wins "Club des Trente" award for best financing transaction
May 21, 2010	Rexel announces disposal of Haagtechno
June 9, 2010	Expanded partnership between Rexel and Imtech to strengthen European cooperation
June 15, 2010	Rexel to present its offer at the renewable energy convention
July 21, 2010	CGI expands longstanding it outsourcing relationship with Rexel Group
July 28, 2010	Second-quarter & half-year 2010 results
August 23, 2010	Pascale Giet appointed Group Senior Vice-President Communication and Sustainable Development
August 31, 2010	Rexel launches the Opportunity 10 employee share purchase plan
September 8, 2010	Xavier Galliot appointed Group Director of Sustainable Development
September 13, 2010	Rexel implements universal welfare cover
September 20, 2010	Rexel selected for inclusion in the FTSE EuroMid index
November 10, 2010	Third-Quarter & 9-month 2010 results
December 2, 2010	Rexel revises upwards its 2010 guidance and presents its medium-term targets
December 2, 2010	Rexel strenghthens its operations in Switzerland through the acquisition of Grossauer
Publications in the *Bulletin des annonces légales obligatoires* (available on www.journal-officiel.gouv.fr)	
April 12, 2010	Convening of shareholders' meeting
May 3, 2010	Convening of shareholders' meeting
July 2, 2010	2009 financial statements

Date	Title
Documents filed with the clerk of the commercial court (available from the clerk of the commercial court of Paris)	
January 8, 2010	Updated by-laws
January 8, 2010	Extract of minutes - Share capital increase and amendment of by-laws
March 16, 2010	Updated by-laws
March 16, 2010	Extract of minutes - Share capital increase
May 20, 2010	Updated by-laws
May 20, 2010	Extract of minutes: – Resignation of member of Supervisory Board; – Appointment of member of Supervisory Board; – Renewal of term of office of principal Statutory Auditor; – Change of deputy Statutory Auditor; – Authorization of share capital increase and of share capital decrease; – Amendments to by-laws.
May 20, 2010	Updated by-laws
May 20, 2010	Extract of minutes - Share capital increase
June 24, 2010	Updated by-laws
June 24, 2010	Extract of minutes - Share capital increase
June 24, 2010	Updated by-laws
June 24, 2010	Extract of minutes - Share capital increase
August 31, 2010	Updated by-laws
August 31, 2010	Extract of minutes – Share capital increase
October 4, 2010	Updated by-laws
October 4, 2010	Extract of minutes – Share capital increase
November 17, 2010	Updated by-laws
November 17, 2010	Certificate – Bank certificate
November 17, 2010	Minutes – Share capital increase and amendment of by-laws

8.7 PERSON RESPONSIBLE FOR THE *DOCUMENT DE REFERENCE*

Jean-Charles Pauze, Chairman of the Management Board of Rexel.

8.7.1 Responsibility statement

[Intentionally omitted]

8.7.2 Person responsible for financial information

Marc Maillet
Vice President, Investors Relations

Address: 189-193, boulevard Malesherbes, 75017 Paris
Telephone: +33 (0)1 42 85 85 00
Fax: +33 (0)1 42 85 92 05

8.7.3 Indicative financial information timetable

Financial information reported to the public by Rexel will be available on the Rexel website (www.rexel.com).

For indicative purposes only, Rexel's financial information timetable up to December 31, 2011, should be as follows:

Q1, 2011 results	May 12, 2011
Shareholders' meeting	May 19, 2011
H1, 2011 results	July 27, 2011
Q3, 2011 results	November 9, 2011

8.8 STATUTORY AUDITORS

8.8.1 Principal Statutory Auditors

Ernst & Young Audit

Represented by Pierre Bourgeois

Tour Ernst & Young
Faubourg de l'Arche
92037 Paris La Défense Cedex

Ernst & Young Audit was appointed principal Statutory Auditor on the date of incorporation of Rexel on December 16, 2004. Its duties were renewed by Rexel's shareholders' meeting of May 20, 2010 for a term of six years expiring at the end of the shareholder's meeting which is to approve the financial statements for the financial year ending December 31, 2015.

Ernst & Young is a member of the regional body of Statutory Auditors of Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles")*.

KPMG Audit

Represented by Hervé Chopin

1, cours Valmy
92923 Paris La Défense

KPMG Audit was appointed principal Statutory Auditor at the shareholders' meeting of June 30, 2006, for a term of six financial years. Its appointment shall therefore expire at the end of the shareholders' meeting convened to resolve on the financial statements for the year ending December 31, 2011.

KPMG is a member of the regional body of Statutory Auditors in Versailles *("Compagnie Régionale des Commissaires aux Comptes de Versailles")*.

8.8.2 Deputy Statutory Auditors

Auditex

11, allée de l'Arche
92400 Courbevoie

Auditex was appointed alternate Statutory Auditor by the shareholders' meeting of Rexel of May 20, 2010 for a term of six years which is to expire at the end of the shareholders' meeting convened to resolve on the financial statements for the financial year ending December 31, 2015.

S.C.P. de Commissaires aux comptes Jean-Claude André et Autres

2 bis, rue de Villiers
92309 Levallois-Perret

Jean-Claude André et Autres was appointed deputy Statutory Auditor at the shareholders' meeting of June 30, 2006, for a term of six financial years. Its appointment shall therefore expire at the end of the shareholders' meeting convened to vote upon the financial statements for the year ending on December 31, 2011.

8.8.3 Fees paid to Statutory Auditors

The table below sets forth the fees paid to Ernst & Young Audit and KPMG Audit for services performed during 2010 and 2009:

	KPMG Audit				Ernst & Young Audit			
	Amount		%		Amount		%	
(in millions of euros)	2010	2009	2010	2009	2010	2009	2010	2009
Audit Services								
Auditor fees and fees for other Audit work (1)								
Issuer	0.5	0.6	16.2%	17.7%	0.5	0.6	14.9%	18.5%
Consolidated Entities	2.2	2.5	68.2%	73.6%	2.2	2.5	68.0%	78.0%
Subtotal (1)	**2.7**	**3.1**	**84.3%**	**91.3%**	**2.7**	**3.1**	**82.9%**	**96.6%**
Fees for Audit related work (2)								
Issuer	0.0	0.1	0.4%	2.1%	0.1	0.1	2.0%	3.4%
Consolidated Entities	0.1	0.1	7.2%	4.0%	0.4	–	13.3%	–
Subtotal (2)	**0.2**	**0.2**	**7.5%**	**6.1%**	**0.5**	**0.1**	**15.3%**	**3.4%**
Subtotal	**3.0**	**3.3**	**91.9%**	**97.4%**	**3.2**	**3.2**	**98.2%**	**100%**
Other services non Audit related (3)								
Tax	0.2	0.1	4.2%	2.6%	0.1	–	1.8%	–
Other	0.1	–	3.9%	–	–	–	–	–
Subtotal (3)	**0.3**	**0.1**	**8.1%**	**2.6%**	**0.1**	**–**	**1.8%**	**–**
TOTAL	**3.2**	**3.3**	**100%**	**100%**	**3.3**	**3.2**	**100%**	**100%**

ANNEX C

This Annex C contains extracts from the English version of our reference document for the year ended as of and for 31 December 2009, the French version of which was filed with the French Autorité des Marchés Financiers on 21 April 2010 under the number R.10-0024 (the "2009 Reference Document"). The information in this Annex C has not been updated since 21 April 2010, and speaks only as of its date. Any statement contained in this Annex C shall be deemed to be modified or superseded for purposes of this offering circular to the extent that a statement contained in this offering circular modifies or supersedes such statement. Any statement that is modified or superseded shall not be deemed, except as modified or superseded, to constitute a part of this offering circular. Cross-references to sections of the 2009 Reference Document that are not included in this Annex C shall be deemed not made and the corresponding sections shall not be considered part of this Annex C. This Annex C is an important part of this offering circular.

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:

(in millions of euros)	Year ended December 31, 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)

(in millions of euros)	Year ended December 31, 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%*	

(in millions of euros)	Year ended December 31, 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	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.

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