REXEL

€500,000,000 3.250% Senior Notes due 2022

Rexel, incorporated in the Republic of France as a *société anonyme*, or company with limited liability (the "Issuer" or "Rexel"), is offering €500 million of its 3.250% Senior Notes due 2022 (the "Notes"). Rexel will pay interest on the Notes semi-annually in arrears on June 15 and December 15 each year, commencing on December 15, 2015. Interest on the Notes will accrue from their date of issue. The Notes will mature on June 15, 2022.

The Notes will be senior unsecured obligations of Rexel. 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 Notes will be effectively subordinated to all secured indebtedness of Rexel to the extent of the value of the assets securing such indebtedness and to all obligations of its subsidiaries.

The Issuer may, at its option, redeem the Notes in whole or in part at any time prior to June 15, 2018, at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest, and on or after June 15, 2018, by paying the applicable redemption price set forth in this offering memorandum. In addition, at any time on or prior to June 15, 2018, the Issuer may redeem up to 40% 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 and a ratings decline.

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 memorandum 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 17 of this offering memorandum before investing in the Notes.

The Notes will be deposited with and registered in the name of a common depositary for the Euroclear System ("Euroclear"), and Clearstream Banking, *société anonyme*, Luxembourg ("Clearstream"). Beneficial interests in the Notes will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. It is expected that delivery of the beneficial interests in the Notes will be made through Euroclear and Clearstream, in each case on or about May 27, 2015. See "Book-Entry, Delivery and Form".

Issue Price for the Notes: 99.22%, plus accrued interest, if any, from Issue Date.

The Notes 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 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. See "Plan of Distribution", "Notice to Certain Investors" and "Transfer Restrictions" for additional information about eligible offerees and transfer restrictions.

Joint Global Coordinators

Crédit Agricole CIB **HSBC** **Société Genérale**

Joint Bookrunners

BofA Merrill Lynch **CM-CIC** **ING** **J.P. Morgan**

Co-Lead Managers

BayernLB **Natixis** **Standard Chartered Bank**

The date of this offering memorandum is May 27, 2015.

TABLE OF CONTENTS

	Page
Summary	1
The Offering	9
Selected Historical Financial Data	13
Risk Factors	17
Use of Proceeds	40
Capitalization	41
Description of Certain Indebtedness	43
Description of Notes	47
Book-Entry, Delivery and Form	90
Taxation	94
Plan of Distribution	98
Listing and General Information	102
Legal Matters	105
Independent Auditors	105
Index to consolidated financial statements	F-1

ANNEX A	Press release dated April 30, 2015 and related to consolidated unaudited interim financial statements as of and for the three months ended March 31, 2015 (the "Q1 Activity Report")	A-1
ANNEX B	English translation of Chapter 1 ("Overview of the Rexel Group"), Chapter 2 ("Risk Factors and internal control"), Chapter 4 ("Results of Operations and Financial Position of the Rexel Group"), Chapter 7 ("Corporate Governance") and Chapter 8 ("Additional Information") of Rexel's Document de référence for the year ended December 31, 2014 filed with the French Autorité des Marchés Financiers on March 25, 2015 under the number D.15-0201	B-1
ANNEX C	English translation of Chapter 4 ("Results of Operations and Financial Position of the Rexel Group") of Rexel's Document de référence for the year ended December 31, 2013 filed with the French Autorité des Marchés Financiers on March 21, 2014 under the number D.14-0181	C-1

NOTICE TO INVESTORS

This offering memorandum constitutes a Prospectus for the purpose of Luxembourg law dated July 10, 2005 on Prospectus for securities, as amended. This offering memorandum has been prepared solely for use in connection with, and prospective investors are authorized to use this offering memorandum only in connection with, a private placement of the Notes by Rexel outside the United States to persons that are not U.S. persons (within the meaning of Regulation S under the Securities Act) under Regulation S under the Securities Act. Rexel and the Initial Purchasers reserve the right to reject any offer to subscribe for the Notes for any reason. You may not reproduce or distribute this offering memorandum, in whole or in part, and you may not disclose any of the contents of this offering memorandum 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 memorandum.

No person has been authorized 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 memorandum, and, if given or made, such information or representations must not be relied upon as having been authorized by Rexel, the Initial Purchasers, any of their affiliates or any other person. None of Rexel, the Initial Purchasers 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 memorandum 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 memorandum 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 summarized 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 memorandum. 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.

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 memorandum 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 memorandum accordingly.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this offering memorandum and, if given or made, any such information or representation must not be relied upon as having been authorized by the Issuer or any of its affiliates, or any of the Initial Purchasers. This offering memorandum does not constitute an offer of any securities other than those to which it relates or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this offering memorandum nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of this offering memorandum or that the information contained in this offering memorandum is correct as of any time subsequent to that date.

The information contained in this offering memorandum has been furnished by the Issuer and other sources we believe to be reliable. This offering memorandum contains summaries, believed to be accurate, of some of the terms of specific documents, but reference is made to the actual documents, copies of which will be made available upon request, for the complete information contained in those documents. By receiving this offering memorandum, investors acknowledge that they have had an opportunity to request for review, and have received, all additional information they deem necessary to verify the accuracy and completeness of the information contained in this offering memorandum. Investors also acknowledge that they have not relied on the Initial Purchasers in connection with their investigation of the accuracy of this information or their decision to invest in the Notes. The contents of this offering memorandum are not to be considered legal, business, financial, investment, tax or other advice. Prospective investors should consult their own counsel, accountants and other advisors as to legal, business, financial, investment, tax and other aspects of a purchase of the Notes. In making an investment decision, investors must rely on their own examination of the Issuer and its respective affiliates, the terms of the offering of any of the Notes and the merits and risks involved.

No representation or warranty, express or implied, is made by the Initial Purchasers 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 memorandum is, or shall be relied upon as, a promise or representation by any of them, whether as to the past or the future.

By accepting delivery of this offering memorandum, you agree to the foregoing restrictions and agree not to use any information herein for any purpose other than considering an investment in the Notes. This offering memorandum may only be used for purpose for which it was published. The information set out in relation to sections of this offering memorandum describing clearing and settlement arrangements, including the section entitled "Book-entry, Delivery and Form", is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream.

Rexel will not, nor will any of its agents, have responsibility for the performance of the respective obligations of Euroclear and Clearstream or their respective participants under the rules and procedures governing their operations, nor will Rexel or its agents have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to these book-entry interests. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures.

The Notes are subject to restrictions on transferability and resale, which are described under the captions "Plan of Distribution" and "Transfer Restrictions". By possessing this offering memorandum or purchasing any Note, you will be deemed to have represented and agreed to all of the provisions contained in that section of this offering memorandum. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

Investors are urged to pay careful attention to the risk factors described under the section "Risk Factors" of this offering memorandum, as well as the other information in this offering memorandum and its Annexes, before making their investment decision. The occurrence of one or more of the risks described herein or therein 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.

STABILIZATION

In connection with the issue of the Notes, Crédit Agricole CIB (the "Stabilizing Manager") (or any person acting on behalf of the Stabilizing Manager) 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 Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) will undertake stabilization activities. Any stabilization 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 stabilization activities or over allotment must be conducted by the Stabilizing Manager (or person(s) acting on behalf of the Stabilizing Manager) in accordance with all applicable laws and rules.

NOTICE TO CERTAIN INVESTORS

General

This offering memorandum 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 authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this offering memorandum and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this offering memorandum 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 memorandum.

For a description of certain restrictions relating to the offer and sale of the Notes, see "Plan of Distribution". 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 memorandum 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 memorandum 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 memorandum is required to disregard it.

United Kingdom

This offering memorandum 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 memorandum or any of its contents.

EEA

This offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC (the "Prospectus Directive"), as implemented in member states ("Member States") of the European Economic Area (the "EEA"), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer of the Notes within the EEA should only do so in circumstances in which no obligation arises for us, the Issuer or any of the Initial Purchasers to produce a prospectus for such offer. Neither we, nor the Issuer nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

With respect to any member state of the European Economic Area which has implemented the Prospectus Directive (the "Relevant Member States"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, 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;

(b) to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers; or

(c) 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, (i) the expression "offer of Notes to the public" in relation to any Notes 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 be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State, and (ii) the expression "Prospectus Directive" means directive 2003/71/EC (and amendments thereto), 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 memorandum 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 memorandum should only do so in circumstances in which no obligation arises for Rexel or the Initial Purchasers to produce a prospectus pursuant to Article 3(2) of the Prospectus Directive for such offer. Neither Rexel nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitutes the final placement of the Notes contemplated in this offering memorandum.

France

This offering memorandum has not been prepared and is not being distributed in the context of a public offering of securities in France within the meaning of Article L. 411-1 of the French *Code monétaire et financier* and, therefore, this offering memorandum or any other offering material relating to the Notes have not been and will not be filed with the French *Autorité des Marchés Financiers* (the "AMF") for prior approval or submitted for clearance to the AMF and, more generally, no prospectus has been prepared in connection with the offering of the Notes that has been approved by 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 memorandum 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, 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 or a closed circle of investors (*cercle restreint d'investisseurs*), acting for its own account, all as defined in, and in accordance with, Articles L. 411-1, L. 411-2, D. 411-1 and D. 411-4, D. 744-1, D. 754-1, and D. 764-1 of the French *Code monétaire et financier* and applicable regulations thereunder. 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.

Australia, Canada and Japan

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

CERTAIN DEFINITIONS

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

- "Issuer" and "Rexel" refers to Rexel;
- "Rexel Group", "Group", "us" or "we" refers to Rexel and its subsidiaries;
- "6.125% Notes" means the Issuer's 6.125% Notes due 2019 issued on March 28, 2012 in the original aggregate principal amount of $400,000,000, and, through a reopening of the initial issuance, on April 23, 2012 in the additional aggregate principal amount of $100,000,000;
- "5.125% Notes" means the Issuer's 5.125% Notes due 2020 issued on April 3, 2013 in the original aggregate principal amount of €650,000,000;
- "5.250% Notes" means the Issuer's 5.250% Notes due 2020 issued on April 3, 2013 in the original aggregate principal amount of $500,000,000;
- "Initial Purchasers" refers to Crédit Agricole CIB, HSBC Bank plc, Société Générale and the other initial purchasers named in the section "Plan of Distribution" in this offering memorandum; and
- "Senior Facility Agreement" means the €1.1 billion revolving credit facility agreement, dated March 15, 2013 (as amended on November 13, 2014), among Rexel, as borrower, and, *inter alios*, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, succursale en France, Natixis, and Société Générale Corporate & Investment Banking as Mandated Lead Arrangers and Bookrunners, and Crédit Agricole Corporate and Investment Bank as Facility Agent and Swingline Agent. The facility under the Senior Facility Agreement is referred to herein as the "Senior Credit Facility".

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 January 1, 2005. This offering memorandum includes the audited consolidated financial statements of Rexel as at and for the years ended December 31, 2014 and 2013 and the condensed consolidated unaudited interim financial statements of Rexel as of and for the three-month period ended March 31, 2015. The consolidated financial statements of Rexel have been prepared in accordance with IFRS as adopted by the European Union.

Rexel publishes its consolidated financial statements in euros. In this offering memorandum, 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.

Various calculations of figures and percentages included in this offering memorandum 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 March 31, 2015 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 December 31, 2014 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 December 31, 2013 included herein as Annex C and elsewhere in this offering memorandum on an actual historical basis and, in some instances, on a "constant basis". Presenting a percentage change from one period to another on a constant basis is designed to eliminate the effect 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 in this respect, see Rexel's Activity Report for the three-month period ended March 31, 2015 included herein as Annex A and Chapter 4 in each of the 2014 and 2013 *Document de référence*. 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. Prospective investors should be aware, however, that these figures presented on a constant basis are not measurements of performance under IFRS.

In addition, this offering memorandum 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 memorandum 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 amortization. Depreciation and amortization 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. These measures should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Moreover, 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 memorandum 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 Initial Purchasers guarantee that a third party using different methods to analyze 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 memorandum is based solely on Rexel's estimates, it does not constitute official data. Neither Rexel nor the Initial Purchasers make any representation as to the accuracy of such information.

FORWARD-LOOKING STATEMENTS

This offering memorandum 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 memorandum, 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 memorandum. 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 17 of this offering memorandum, and include, among other things:

- 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;
- intense competition in the markets in which the Group operates and an ability to compete with other distributors in such markets;
- the Group's ability to protect and maintain the operational capacity of its information systems;
- evolution of the Group's logistical structures or malfunction of one or several of such structures;
- the Group's reliance on a limited number of suppliers;
- the Group's ability to protect its reputation;
- diverse political, economic, legal, regulatory, tax and other conditions affecting the markets in which the Group operates, including risks specific to emerging or non-mature markets;
- the Group's ability to attract, develop and retain talents;
- costs and liabilities Rexel may incur in connection with litigation;
- costs and liabilities Rexel may incur in connection with the interpretation of the various legal and tax requirements of the countries where the Group is set up or operates;
- costs and liabilities Rexel may incur in connection with the application of standards and directives in relation to environment and safety;
- liabilities arising from pension plans and similar retirement benefits;
- the Group's outstanding indebtedness and leverage, and the restrictions imposed by its indebtedness;
- conditions imposed on the quality of Rexel's receivables and service levels by the Group's securitization programs;

- fluctuations in the price of raw materials, particularly copper;
- fluctuations in interest rates;
- the liquidity risk; and
- the risks in connection with the Group's counterparties.

The forward looking statements of Rexel speak only as of the date of this offering memorandum. 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 memorandum 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 memorandum is based.

AVAILABLE INFORMATION

Each purchaser of Notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and, to the extent provided to the Initial Purchasers by us, any related amendment or supplement to this offering memorandum. Any such request should be directed to Investor Relations, Rexel, 13, boulevard du Fort de Vaux, 75017 Paris, France.

Information contained on our website does not constitute a part of this offering memorandum.

Pursuant to the indenture governing the Notes and so long as the Notes are outstanding, we will furnish periodic information to holders of the Notes. See "Description of Notes — Reports".

If the Notes are listed on the Official List, and admitted to trading on the Euro MTF market (the "Euro MTF market"), then for so long as the Notes are listed on that exchange and the rules of that exchange so require, copies of such information, our organizational documents, the indenture governing the Notes and our most recent consolidated financial statements will be available for review during the normal business hours on any business day at the specified office of the paying agent and transfer agent in Luxembourg at the address listed on the inside of the back cover of this offering memorandum.

IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

This offering memorandum comprises this document and the accompanying English translations of:

- Q1 Activity Report included herein as Annex A.
- Chapter 1 (“Overview of the Rexel Group”), Chapter 2 (“Risk Factors and Internal Control”), 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 December 31, 2014 filed with the AMF on March 25, 2015 under the number D.15-0201 (the “2014 Reference Document Extracts”) included herein as Annex B, excluding the section set forth below (the “Excluded 2014 Reference Document Extracts Information”):

Section of the 2014 Reference Document Extracts	Relevant Excluded Information
8.7.2	Responsibility Statement

- Chapter 4 “Results of Operations and Financial Position of the Rexel Group” of our *Document de référence* for the year ended December 31, 2013 filed with the AMF on March 21, 2014 under the number D.14-0181 (the “2013 Reference Document Extracts”), included herein as Annex C, excluding the section set forth below (the “Excluded 2013 Reference Document Extracts Information”):

Section of the 2013 Reference Document Extracts	Relevant Excluded Information
4.5.3.3	Statutory Auditors’ Report on Profit Forecasts

Any references in this offering memorandum to the 2014 Reference Document Extracts shall be deemed to exclude the Excluded 2014 Reference Document Extracts Information. Investors should not make an investment decision based on any information contained in the Excluded 2014 Reference Document Extracts Information.

The Q1 Activity Report, the 2014 Reference Document Extracts and the 2013 Reference Document Extracts contain, among other things, a description of the Group and our activities. It is important that you read this offering memorandum, including its annexes, in its entirety before making an investment decision regarding the Notes.

The information contained in the 2014 Reference Document Extracts has not been updated since March 25, 2015 and speaks only as of such date. Any statement contained in Annex A, B or C shall be deemed to be modified or superseded for purposes of this offering memorandum to the extent that a statement contained in this offering memorandum (including any statement in an excerpt from a more recent document that is included in any Annex to this offering memorandum) 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 memorandum. Annexes A, B and C are important parts of this offering memorandum. All references herein to this offering memorandum include Annexes A, B and C hereto, as modified or superseded.

ENFORCEMENT OF JUDGMENTS

The Issuer of the Notes is organized under the laws of France. The indenture governing the Notes and the Notes will be governed by New York law. Most of the directors and executive officers of the Issuer are non-residents of the United States. Since most of the assets of the Issuer, and most of its directors and executive officers, are located outside the United States, any judgment obtained in the United States against the Issuer or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. Federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes and the indenture governing the Notes or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws.

If a judgment is obtained in a U.S. court against the Issuer, investors will need to enforce such judgment in jurisdictions where the relevant company has assets.

Even though the enforceability of U.S. court judgments outside the United States is described below for the country in which the Issuer is located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

France

Our French counsel has advised us that the United States and France are not party to a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters. Accordingly, a judgment rendered by any U.S. Federal or state court based on civil liability, whether or not predicated solely upon U.S. Federal or state securities laws, enforceable in the United States, would not directly be recognized or enforceable in France. A party in whose favor such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunal de Grande Instance*). Enforcement in France of such U.S. judgment could be obtained following proper (i.e., *non-ex parte*) proceedings if the civil court is satisfied that the following conditions have been met (which conditions, under prevailing French case law, do not include a review by the French court of the merits of the foreign judgment):

- such U.S. judgment was rendered by a court having jurisdiction over the matter in accordance with French rules of international conflicts of jurisdiction (including, without limitation, where the dispute is clearly connected to the U.S.) and the French courts did not have exclusive jurisdiction over the matter;
- such U.S. judgment does not contravene French international public policy rules, both pertaining to the merits and to the procedure of the case;
- such U.S. judgment is not tainted with fraud; and
- such U.S. judgment does not conflict with a French judgment or a foreign judgment which has become effective in France and there are no proceedings pending before French courts at the time enforcement of the judgment is sought and having the same or similar subject matter as such U.S. judgment.

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by French law No. 68-678 of July 26, 1968, as modified by French laws No. 80-538 of July 16, 1980 and No. 2000-916 of September 19, 2000 (relating to communication of documents and information of an economic, commercial, industrial, financial or technical nature to foreign authorities or persons), which could prohibit or restrict obtaining evidence in France or from French persons in connection with a judicial or administrative U.S. action. Similarly, French data protection rules (law No. 78-17 of January 6, 1978 on data processing, data files and individual liberties, as last modified by law No. 2014-344 of March 17, 2014) can limit under certain circumstances the possibility of obtaining information in France or from French persons in connection with a judicial or administrative U.S. action in a discovery context.

We have been advised by our French counsel that if an original action is brought in France, French courts may refuse to apply the designated law if its application contravenes overriding provisions of French law (*lois de police*) or French international public policy rules, or in case of fraud. Further, in an action brought in France on the basis of U.S. Federal or state securities laws, French courts may not have the requisite power to grant all the remedies sought.

Our French counsel has also advised us that according to article 15 of the French Civil Code (*Code civil*), a party may always bring in France an action against a French national (either a company or an individual), and such jurisdiction of the French courts is not exclusive of the jurisdiction of foreign courts, provided that the dispute presents sufficient links to such foreign State, and the choice of jurisdiction is not tainted by fraud. In addition, according to article 14 of the French *Code civil*, a French national may decide to bring an action before the French courts, regardless of the nationality of the defendant. Such jurisdiction of the French courts is not exclusive of the jurisdiction of foreign courts, provided that the dispute presents sufficient links to such foreign State, and the choice of jurisdiction is not tainted by fraud. The rights granted under articles 14 and 15 of the French *Code civil* may be waived.

SUMMARY

This summary highlights information contained elsewhere in this offering memorandum but may not contain all of the information that you should consider before investing in the Notes. This summary does not purport to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, the more detailed information appearing elsewhere in this offering memorandum. You should read this entire offering memorandum, including the section entitled "Risk factors", the financial statements and related notes, before making an investment decision. References to "we", "our", "us", and "the Group" refer to, collectively, Rexel and its consolidated subsidiaries.

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 in 2014 we had an 8% share of the worldwide market and generated close to 67% of our 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** (35% of 2014 sales), which covers the use of electrical products in the construction, expansion, maintenance, renovation and compliance upgrades of factories and other industrial sites;
- the **commercial building market** (44% of 2014 sales), which covers the use of electrical products in the construction, expansion, maintenance, renovation and compliance upgrades of stores, schools, office buildings, hotels, community buildings as well as energy production facilities, public networks and transportation infrastructure; and
- the **residential building market** (21% of 2014 sales), which essentially covers the use of electrical products in the construction, expansion, renovation and standardization 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 2,235 branches in 38 countries employing 29,933 employees as at December 31, 2014. We classify our product portfolio into seven product families (as a percentage of our 2014 sales): electrical installation equipment (39%), cables and conduits (21%), lighting (18%), security and communication (5%), climate control (4%), tools (2%) and white and brown products (1%). The other products and services represent 10% of our 2014 sales. 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 March 31, 2015 amounted to €3,286.2 million, of which €1,785.5 million were generated in Europe (54% of sales), €1.128.5 million in North America (34% of sales), €307.6 million in the Asia-Pacific zone (10% of sales), and €64.6 million related to Latin America (2% of sales). In the first three months of 2015, the Rexel Group recorded EBITDA of €147.7 million, EBITA of €125.7 million and Adjusted EBITA of €130.1 million, representing 4.0% of sales for the period.

Our sales for the year ended December 31, 2014 amounted to €13,081.2 million, of which €7,145.2 million were generated in Europe (55% of sales), €4,477.9 million in North America (34% of sales), €1,200.9 million in the Asia-Pacific zone (9% of sales), and €256.8 million related to Latin America (2% of sales). In 2014, the Rexel Group recorded EBITDA of €727.5 million, EBITA of €646.8 million and Adjusted EBITA of €649.4 million, representing 5% of 2014 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 characterized by a wide range of products and by a relatively high rate of product turnover as suppliers seek to improve functionality to respond to increasing 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 €174 billion worldwide in 2014. Based on our estimates, North America constitutes the largest part of this market, representing approximately 44% of the market (€76 billion in 2014). In 2014, Europe represented approximately 24% of the market (€41 billion) and the Asia-Pacific region (including Japan) represented approximately 22% of the market (€38 billion). We estimate that the Japanese market amounted to approximately €10 billion in 2014, and that other geographic zones (Latin America, Africa and the Middle-East) accounted for a total of approximately €18 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 in 2014 we had an 8% share of the worldwide market and we generated close to 67% of our sales in the countries where we believe we have a market share exceeding 10%. Based on 2014 sales, we also believe that we are the number two player in our three main geographic areas in terms of market share: North America, Europe and Asia-Pacific. Our significant size and 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, end-market and customers: Our presence in a range of different countries on several continents limits our exposure to local level economic cycles. As at December 31, 2014, we operated in 38 countries with Europe, North America, Asia-Pacific, and Latin America accounting for 55%, 34%, 9% and 2% of our sales, respectively. In addition, the balanced breakdown of our operations between our three end-market segments, industrial, commercial and residential representing 35%, 44% and 21%, respectively, of 2014 sales, allows us to limit the impact of a potential downturn in any given end-market in a particular country or region.

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 by supplying turnkey solutions, reducing customers' costs through energy efficiency solutions and providing large project support. To this end, we regularly develop and adapt our product offering. 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 technical 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.

Strong relationships with suppliers: We have organized 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, achieve economies of scale for our logistics operations and to benefit from our suppliers' marketing resources. We believe that we have favorable interdependent relationships with our significant suppliers, thereby limiting the risks inherent in dealing with a limited number of suppliers. In 2014, on a reported basis, we made over 50% of our purchases from our top 25 suppliers.

Efficient logistical model: Our 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.

We believe that these three distribution models allow us to adapt as much as possible our services to our customers' needs by offering them a broader range of products. It also enables us to adapt our means of distribution to local market characteristics at reduced cost and to better manage our inventory.

Solid cash flow generation: Our operating profitability, together with the strict management of working capital requirements and the low capital intensity of our activities, allows us to generate significant cash flow.

Management's variable compensation depends in part on the optimization of working capital needs, with a view to reducing inventories and customer payment terms through the continuous optimization of logistics and credit management. The launch of our logistic model based on a hub and spoke system of satellite branches and regional distribution centers, as well as the implementation of receivables tracking and prompting software, are examples of initiatives that have reduced our working capital requirements relative to its overall sales.

We have also maintained gross capital expenditures over the last three years at an annual level between 0.7% and 0.8% of consolidated sales. This investment strategy illustrates the low capital intensity of the professional distribution of low and ultra-low voltage electrical products.

A flexible cost structure: We believe that our adaptability allows us to limit adverse effects on our 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 2014 financial information, we estimate that our operating cost structure before depreciation comprises: variable costs based on the activity level amounting to approximately 24% (transportation, commissions, etc.); fixed costs that are flexible in the very short-term amounting to approximately 56% (wages in certain countries, advertising, various fees, etc.); and fixed costs that are flexible in the short or medium-term amounting to approximately 21% (wages, rents, IT system costs, etc.).

Proven ability to integrate acquisitions: In the context of a fragmented market with significant acquisition opportunities, we believe that our size and our strong local market shares as well as our experience with acquisitions and integration, give us an advantage over our 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 2014, we carried out 56 consolidating acquisitions, including 24 acquisitions in Europe, 9 in North America, 18 in Asia-Pacific and 5 in Latin America, as well as the acquisitions of GE Supply (renamed Gexpro) and the Hagemeyer group.

OUR STRATEGY

We have set up our "Energy in Motion" corporate project to orient our strategy on four major points of focus:

- Profitable growth: accelerate profitable growth both organically and through acquisitions;
- Active resources management: optimize asset utilization and allocation of resources to increase return on investment;
- Culture of cooperation: leverage capabilities and synergies across the Group and capitalize on the diversity of experience within the Group to promote innovative practices;
- Operational "excellence": optimize commercial efficiency and the performance of the Group's businesses to best meet the Group's clients' needs.

Profitable growth

Achieve organic growth by capturing market opportunities through a strong focus on well-identified growth drivers: We intend to foster organic growth by focusing on three market growth segments that we expect to become lead markets in the medium- or long-term: high potential industries (energy efficiency, renewable energy solutions and home automation systems); high value added services to large scale international projects and clients (large infrastructure projects, major international customer accounts); and vertical markets, in particular the mining and oil & gas industries. Our sales in these three areas in 2014 were approximately €2.7 billion, representing an increase of 9% from 2013. More particularly:

- The high potential industries are supported by structural growth trends in the markets. We have successfully developed our energy-efficient products and services offering such as the replacement of lighting sources, active promotion of low-energy equipment or energy audit, measurement, control and certification offerings. Although renewable energy offerings are currently subject to volatility due to varying support policies and regulations depending on each country, we believe they are promising in the medium- and long term. We are currently consolidating our position on the photovoltaic market and intend to increase our share internationally. In the wind energy market, we are extending our offerings from simple cable deliveries to fully-integrated services. In the high-growth home automation systems market, we are segmenting our offerings between residential buildings and commercial buildings.
- We are continuing to develop global service offerings to large international projects and to our major international customers. This encourages large engineering and construction companies to outsource to us electrical products and other additional products or services management on large construction projects.
- In the vertical markets segment, growth in the mining and oil & gas industries is driven by increasing demand for commodities and energy in emerging countries. Due to our global

presence, dedicated teams and the quality of our supply chain, we take part in the development of these industries, in particular in connection with large infrastructure projects.

External growth by pursuing value enhancing acquisitions: We have a strong track record of implementing and integrating acquisitions, 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. Between 2006 and 2014, we completed 56 consolidating acquisitions, including 24 acquisitions in Europe, 9 in North America, 18 in Asia-Pacific and 5 in Latin America, as well as the transformative acquisitions of GE Supply (renamed Gexpro) and the Hagemeyer Group. In addition, we intend to increase our presence in high value added market niches, specifically on the energy efficiency and renewable energy markets. If appropriate opportunities arise, we may also undertake larger acquisitions that meet our rigorous criteria.

Active resources management

Increasing our sales and marketing resources: Since 2012, we have been strengthening our sales and marketing capabilities, at our Group and subsidiary levels, with dedicated teams to each of the three following market growth segments: high potential industries, large scale international projects and clients and vertical markets.

Implementing 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. With respect to customers, multiple networks allow us to provide offerings that cover a broader portion of market and better target the demands in different customer segments. With respect to suppliers, they enhance product specifications in differentiated networks and with a specialized technical support. In addition, we encourage our various brands to include a reference to that they belong to the Rexel Group, thus increasing the visibility of the Rexel brand and adding value by showing that our various brands belong to a global leader.

Culture of cooperation

We foster a strong cooperative culture, emphasizing shared success among all the Rexel Group's stakeholders, focusing on teamwork, a high quality client-relationship, setting up and managing strategic partnerships with our key suppliers and complying with our commitments to our shareholders. We have thus defined six key values that are our core principles of action, allow organizational efficiency and capitalize on the diversity of experience within the Group to promote innovative practices: respond best to our clients' needs, in particular by helping them to create value; encourage our employees to team up with our other stakeholders in a mutually beneficial spirit of cooperation; promote innovation by encouraging employees to develop new business models and methods; managers fully involve their teams in order to develop our employees' capabilities; develop mutual confidence with all of our stakeholders; and dedication of our employees to promote Rexel.

Improving operational performance

Rationalize information technology systems: Our information services costs have fallen from 1.45% of sales in 2013 to 1.41% of sales in 2014, while preserving the principle of investing these savings in strategic projects. Since 2013, we have been continuing to streamline and standardize the diverse applications portfolio that we have come to hold as a result of its numerous acquisitions. The rationalization of the applications environment is progressing on two key aspects of the information system: the ERP on one hand, and the front-office application on the other hand, with an emphasis on the multi-channel relationship between our customers and us. Our objective is to ensure optimal combination between central and regional means so as to address the specific needs of our markets and customers. We have emphasized the renegotiation of external services contracts offering greater flexibility and agility while maintaining an optimal availability level.

Improve our logistics systems: Our supply chain is valued by our customers and is one of our key assets. 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 optimization of logistical structures improves the quality of services offered to customers and allows us to reduce our inventories and our costs.

Optimize 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 behavior, 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, and we regularly monitor the appropriateness of our branch network in light of to market demand trends, which can lead to branch openings, transfers, consolidations or closings. We have been streamlining our logistics network since 2010. As of December 31, 2014, our branch network consisted of 2,235 branches organized around various commercial brands.

Improve our productivity: We regularly implement productivity enhancement plans, in order to optimize our front and back office functions, our commercial network and to enhance the productivity of our logistics hubs. We therefore rely on processes such as LEAN, the coordination of purchasing or activating synergies essentially generated by the size of our Group's activities. In 2014, France, England, Sweden, Norway and Finland constituted the first wave of countries to use this method. In 2015, the second wave will include North America and Asia-Pacific.

Develop e-commerce: E-commerce continues to be a source of growth for us and represents an opportunity to reduce our distribution costs. In 2014, sales through e-commerce increased by 10% compared to 2013, totaling over €1.7 billion in 2014, representing 13% of the total sales. Distribution by e-commerce covers two distinct areas:

- Web portals, through which customers of our group, contractors in particular, have access to technical information as well as information on stock availability and prices, and are able to prepare their quotes, place orders, check the status of their orders and access their invoices. Mobile versions of these portals are made increasingly available; and
- Electronic Data Interchange (EDI), and e-procurement services, through which larger customers (principally industrial and commercial customers) may connect their purchase information systems directly to our system enabling them to place orders, and receive delivery confirmation and electronic invoices. These services are often tailored for each customer.

Most countries, in which we are active already offer one or both of these services.

Optimize relationships with suppliers: With purchase volumes of €10.5 billion in 2014, 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 growth. With respect to our strategic suppliers, our relationships are formalized through the implementation of Rexel Group-wide framework agreements that are both international and local in scope. We intend to continue to further optimize our supplier portfolio with the objective of improving our gross margin. In 2014, the Group's purchases from its 25 leading suppliers accounted for approximately 50% of its total purchases. Optimizing our logistics structure and the EDI also contributes to improve our profitability.

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.

Optimize sales prices: Given the wide selection of products that we distribute to tens of thousands of customers worldwide, we continuously seek to optimize our sales prices to our customers' purchase profiles so that we may maximize 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.

RECENT DEVELOPMENTS

Divestment of operations in Latin America

On April 30, 2015, we announced the sale of our operations in Latin America to Sonepar for an enterprise value of $51 million (approximately €47 million at the €/$ exchange rate as of March 31, 2015).

The divestment is part of our disposal plan (announced on February 12, 2015) implemented to reallocate our resources to our most profitable activities.

We currently operate in three countries in Latin America: Brazil, Chile and Peru.

Combined, these three countries' contribution to Rexel's 2014 consolidated sales amounted to €256.8 million (down 3.8% year-on-year on a constant and actual-day basis), representing about 2% of consolidated Group sales. Their contribution to Rexel's 2014 adjusted consolidated EBITA was a loss of €3.3 million (vs. a profit of €0.8 million in 2013).

With regards to Brazil, which represented almost 60% of Rexel's operations in Latin America on the basis of our 2014 consolidated sales, we believe that our value-creation prospects are no longer in line with our initial investment criteria and growth expectations, and do not justify maintaining our presence in the country.

Chile and Peru, which form the rest of Rexel's business in Latin America and whose combined sales amount to around €100 million, are markets whose size remains relatively small and limited in scope. Therefore, we decided to sell our operations in Chile and Peru, simultaneously with the Brazil divestment, and discontinue our operations across Latin America.

The divestment of all of our operations in Latin America will allow us to refocus our managerial efforts on our three main geographies (Europe, North America and Asia-Pacific) and continue our targeted acquisition policy in these regions.

Based on full-year 2014 consolidated accounts, the disposal plan (which includes the divestment in Latin America) announced on February 12, 2015, once fully completed, should have the following financial impacts:

- A reduction of around 5% in the Group's consolidated sales,
- A positive contribution of c. 20bps to the Group's adjusted EBITA margin,
- A moderate increase in the Group's free cash flow before interest and tax.

Based on full year 2014 consolidated accounts, the divestment of Latin America expected to have the following financial impacts:

- A reduction of 2% in the Group's consolidated sales,
- A positive contribution of 8bps to the Group's adjusted EBITA margin,

• A slight increase in the Group's free cash flow before interest and tax.

The divestment in Latin America represents about 40% of the overall disposal plan, which is expected to be completed by the end of 2016.

This transaction is expected to result in an estimated loss of about €70 million, before tax. The transaction remains subject to approval by the relevant anti-trust authorities.

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 "Description of Notes" section of this offering memorandum 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").
Notes Offered	€500,000,000 aggregate principal amount of 3.250% Senior Notes due 2022 (the "Notes").
Maturity Date	June 15, 2022.
Issue Price	99.22% (plus accrued interest from the issue date).
Interest Payment Dates	Semi-annually in arrears on June 15 and December 15 of each year, commencing on December 15, 2015.
Issue Date	On or about May 27, 2015.
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	The Notes will be senior unsecured obligations of the Issuer and will: • rank *pari passu* in right of payment among themselves and to all existing and future unsecured indebtedness of the Issuer that is not subordinated to the Notes, including the indebtedness of the Issuer under the Senior Credit Facility, the 6.125% Notes, the 5.125% Notes and the 5.250% Notes; • rank senior in right of payment to any existing or future indebtedness of the Issuer that is subordinated to the Notes; • be effectively subordinated to all existing and future secured indebtedness of the Issuer to the extent of the assets securing such indebtedness; and • be structurally subordinated to all existing and future indebtedness of the Issuer's subsidiaries.
Optional Redemption for the Notes	The Issuer may redeem some or all of the Notes at any time: • prior to June 15, 2018, at a redemption price equal to 100% of their principal amount plus the applicable "make whole" premium (as described under "Description of Notes — Optional Redemption") plus accrued and unpaid interest, if any, to the date of redemption; and • on or after June 15, 2018, at the redemption prices set forth under "Description of Notes — Optional Redemption" plus accrued and unpaid interest, if any, to the date of redemption.

	In addition, at any time until June 15, 2018, the Issuer may, at its option and on one or more occasions, redeem up to 40% of the aggregate principal amount of the Notes at a redemption price of 103.250% of their principal amount plus accrued and unpaid interest, if any, to the redemption date, with the proceeds of certain equity offerings. See "Description of 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 becoming obligated to pay "additional amounts" on payments to be made with respect to such Notes. See "Description of Notes — Taxation".
Additional Amounts	Except as provided in "Description of Notes — Taxation", all payments to be 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, subject to certain exceptions, the Issuer 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 a "Change of Control Triggering Event" (as defined in the Description of Notes) with respect to the Notes, holders of Notes will have the right to require the Issuer to repurchase all or part of such Notes, at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of such repurchase. See "Description of Notes — Change of Control".
Covenants	The indenture (the "Indenture") 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; • create certain liens or permit certain liens to exist; and • merge or consolidate with other entities. Each of the covenants is subject to a number of important exceptions and qualifications. See "Description of Notes — Certain Covenants".

	The above covenants (with the exception of the limitation on the ability to create or permit certain liens, and, in the case of the merger covenant, only in respect of a financial test that would otherwise need to be met prior to merger or consolidation) 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 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".
ISIN/Common Code	ISIN: XS1238996018 Common Code: 123899601
Transfer Restrictions	The Notes 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. 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 such an active trading market for the Notes will develop".
Use of Proceeds of the Notes . .	In connection with the offering of the Notes, the Issuer will receive net proceeds of approximately €491 million after deduction of costs and underwriting commissions. These net proceeds will be used for the redemption of the 6.125% Notes and for general corporate purposes. We can elect not to redeem the 6.125% Notes if we issue less 400 million of Notes in this offering or if there is a material change in financial markets. See "Use of Proceeds".
Listing and Trading	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. You should note, however, that there is currently no trading market for the Notes, and we cannot assure you that an active or liquid market in the Notes will develop.
Trustee	The Bank of New York Mellon
Principal Paying Agent	The Bank of New York Mellon
Luxembourg Paying Agent	The Bank of New York Mellon (Luxembourg) S.A.
Luxembourg Transfer Agent . .	The Bank of New York Mellon (Luxembourg) S.A.
Governing Law of the Notes and the Indenture	State of New York

Further Issues	The Issuer may, without notice to or the consent of the holders or beneficial owners of the Notes, create and issue Additional Notes having the terms and conditions as the Notes (except for the issue date, the initial interest accrual date and the amount of the first payment of interest).
Risk Factors	You should refer to "Risk Factors" beginning on page 17 of this offering memorandum for an explanation of certain risks involved in investing in the Notes.
EU Financial Transaction Tax .	If the recent proposal of the European Commission for a directive on the financial transaction tax to be implemented under the enhanced cooperation procedure is adopted and implemented in local legislation by the participating Member States, the financial transaction tax could be chargeable on transactions made on the Notes. See "Risk Factors — Transactions on the Notes could be subject to the European financial transaction tax, if adopted".

SELECTED HISTORICAL FINANCIAL DATA

The selected financial data set forth below has been prepared on the basis of the consolidated financial statements of Rexel as of and for the years ended December 31, 2014 and 2013 included in the F-pages of this offering memorandum and the discussion of the results of operations and financial position of the Rexel Group for the years ended December 31, 2014 and 2013 appearing in Annexes B and C, respectively, to this offering memorandum and on the basis of the condensed consolidated unaudited financial statements of Rexel as of and for the three month period ended March 31, 2015 appearing in the F-pages and Annex A of this Offering Memorandum. Rexel's consolidated financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Selected Rexel consolidated income statement data

	Three-month period ended March 31,		Year ended December 31,		
(in millions of euros)	2015 (Unaudited)	2014 (Unaudited)	2014 (Audited)	2013 (Audited) (Reported)[1]	2012 (Audited)
Sales	3,286.2	3,067.3	13,081.2	13,011.6	13,449.2
Cost of goods sold	(2,478.2)	(2,303.2)	(9,906.3)	(9,823.1)	(10,134.2)
Gross profit	**808.0**	**764.1**	**3,174.9**	**3,188.5**	**3,315.0**
Distribution and administrative expenses	(686.7)	(634.0)	(2,544.3)	(2,521.3)	(2,560.9)
Operating results before other income and expenses	**121.3**	**130.1**	**630.6**	**667.2**	**754.1**
Other income	0.2	0.8	11.7	11.4	15.9
Other expenses	(17.6)	(19.5)	(146.5)	(157.6)	(122.6)
Operating result	**103.9**	**111.3**	**495.8**	**521.0**	**647.4**
Financial income	0.8	1.3	4.4	2.5	2.3
Interest expense on borrowings	(46.2)	(43.2)	(172.2)	(167.4)	(178.8)
Other financial expenses	(7.1)	(4.3)	(21.1)	(25.1)	(23.7)
Refinancing costs	(19.6)	—	—	(23.5)	—
Net financial loss	**(72.2)**	**(46.3)**	**(188.9)**	**(213.5)**	**(200.1)**
Share of profit/(loss) of associates	—	—	—	0.4	3.1
Net income before income tax	**31.7**	**65.1**	**306.9**	**307.9**	**450.3**
Income tax	(11.0)	(21.9)	(106.9)	(96.9)	(131.7)
Net income	**20.7**	**43.2**	**200.0**	**211.0**	**318.6**
Earnings per share:					
Basic earnings per share (in euros)	0.07	0.15	0.69	0.76	1.18
Fully diluted earnings per share (in euros)	0.07	0.15	0.69	0.75	1.17

(1) Not restated for changes in accounting policies following the adoption of IFRIC interpretation 21 "Levies", issued by the IFRIC Interpretation Committee in 2013.

Selected Rexel consolidated cash flow statement data

(in millions of euros)	Three-month period ended March 31, 2015 (Unaudited)	Three-month period ended March 31, 2014 (Unaudited)	Year ended December 31, 2014 (Audited)	Year ended December 31, 2013 (Audited) (Reported)[1]	Year ended December 31, 2012 (Audited)
Operating cash flow[2]	129.6	133.8	647.5	674.0	748.5
Changes in working capital requirements	(246.2)	(244.3)	(34.1)	50.6	(37.2)
Adjustment for timing difference in suppliers payments[3]	—	51.9	51.9	(51.9)	—
Cash generated from operating activities before net interest and income taxes	(116.6)	(58.6)	665.3	672.7	711.3
Net capital expenditure	(32.1)	(24.1)	(102.8)	(72.1)	(83.8)
Free cash flow before net interest and income taxes[4]	**(148.7)**	**(82.7)**	**562.4**	**600.6**	**627.5**

(1) Not restated for changes in accounting policies following the adoption of IFRIC interpretation 21 "Levies", issued by the IFRIC Interpretation Committee in 2013.

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

(3) Working capital adjustment to reflect timing difference in supplier payments scheduled to occur on December 31, 2013 and actually made on January 2, 2014.

(4) 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.

Selected Rexel consolidated balance sheet data

(in millions of euros)	As at March 31 2015 (Unaudited)	As at March 31 2014 (Unaudited)	As at December 31, 2014 (Audited)	As at December 31, 2013 (Audited) (Reported)[1]	As at December 31, 2012 (Audited)
Non-current assets	6,076.1	5,622.1	5,815.0	5,642.2	5,910.2
Working capital requirements[2]	1,733.5	1,544.4	1,369.8	1,273.9	1,433.5
Total assets	11,024.0	10,342.2	11,180.4	10,541.9	10,316.1
Net indebtedness[3]	2,652.6	2,405.3	2,213.1	2,192.0	2,599.2
Other non-current liabilities	675.2	495.1	628.3	499.4	626.9
Shareholders' equity	4,481.8	4,266.1	4,343.4	4,224.7	4,117.6

(1) Not restated for changes in accounting policies following the adoption of IFRIC interpretation 21 "Levies", issued by the IFRIC Interpretation Committee in 2013.

(2) Working capital requirements consist of total current assets with the exception of cash and cash equivalents and debt hedge derivatives after deduction of total current liabilities with the exception of the current portion of interest bearing debt and accrued interest.

(3) Net indebtedness includes interest-bearing borrowings and accrued interest less cash, cash equivalents and derivatives fair value.

Other data (*Unaudited*)

(in millions of euros other than percentages)	Three-month period ended March 31 2015	2014	Year ended December 31, 2014	2013[(1)]	2012
EBITDA[(2)]	147.7	154.0	727.5	763.9	841.1
Adjusted EBITDA[(3)]	152.1	156.7	730.1	779.2	839.3
Adjusted EBITDA margin	4.6%	5.1%	5.6%	6.0%	6.2%
EBITA[(4)]	125.7	134.2	646.8	686.9	767.4
Adjusted EBITA[(4)]	130.1	136.9	649.4	702.2	765.6
Adjusted EBITA margin (as a % of sales)	4.0%	4.5%	5.0%	5.4%	5.7%

(1) Not restated for changes in accounting policies following the adoption of IFRIC interpretation 21 "Levies", issued by the IFRIC Interpretation Committee in 2013.

(2) EBITDA is defined as operating income before depreciation and amortization 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.

(3) 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.

(4) EBITA is defined as operating income before other income, other expenses and amortization of intangible assets recognized 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 differently than Rexel.

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

(in millions of euros other than percentages)	Three-month period ended March 31 2015	2014	Year ended December 31, 2014	2013[1]	2012
Operating income	103.9	111.3	495.8	521.0	647.4
(−) Other income[2]	(0.2)	(0.8)	(11.7)	(11.4)	(15.9)
(+) Other expenses[2]	17.6	19.5	146.5	157.6	122.6
(+) Amortization of intangible assets recognized on the occasion of purchase price allocations	4.4	4.2	16.1	19.7	13.3
= EBITA	**125.7**	**134.2**	**646.8**	**686.9**	**767.4**
(+) / (−) Non-recurring effect resulting from changes in copper-based cable prices[3]	4.4	2.7	2.6	15.3	(1.8)
= Adjusted EBITA	**130.1**	**136.9**	**649.4**	**702.2**	**765.6**
Adjusted EBITA margin	4.0%	4.5%	5.0%	5.4%	5.7%
(+) Depreciation	22.0	19.8	80.7	77.0	73.7
= Adjusted EBITDA	152.1	156.7	730.1	779.2	839.3
Adjusted EBITDA margin	4.6%	5.1%	5.6%	6.0%	6.2%

(1) Not restated for changes in accounting policies following the adoption of IFRIC interpretation 21 "Levies", issued by the IFRIC Interpretation Committee in 2013.

(2) See notes 2.15 and 7 to Rexel's audited consolidated financial statements for the year ended December 31, 2014 included in the F-pages of this offering memorandum.

(3) See "Risk Factors — Risks relating to the Rexel Group's business — The Group's results may be adversely affected by decreases in copper prices".

Financial ratios

	12-month period ended March 31, 2015	Year ended December 31, 2014
Ratio of net debt to EBITDA	3.68	3.04
Ratio of net debt to Adjusted EBITDA	3.66	3.03
Ratio of EBITDA to net interest[1]	4.12	4.22
Ratio of Adjusted EBITDA to net interest[1]	4.14	4.24

(1) Interest expense on borrowings

RISK FACTORS

Potential investors should carefully read and consider the risk factors described below and the other information contained in this offering memorandum before they make a decision about acquiring the Notes. The realization 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 investment. 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 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 necessarily 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

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 Latin America accounted for approximately 55%, 34%, 9%, and 2% of the Rexel Group's 2014 sales respectively. In addition, the Rexel Group estimates that the industrial, commercial and residential markets, respectively, represented 35%, 44% and 21% of its 2014 sales from the distribution of electrical equipment. However, this distribution varies by region and by country (see paragraph 1.4.1 "The Rexel Group's markets" of the 2014 Reference Document attached in Annex B). For example, the industrial market accounts for approximately 46% of 2014 sales of the Rexel Group in North America while it is close to 85% of 2014 sales of the Rexel Group in China, and circa 27% in France. In each geographical area, construction, renovation, and maintenance activities evolve differently.

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, results of operations or its ability to implement its strategic decisions.

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 Rexel Group cannot control the occurrence of external risks, the Rexel Group has implemented tools to monitor and assess the risk level and impact. For this purpose, summaries consisting of financial data and macroeconomic indicators are drawn up by the country and regional management teams as well as by the investor 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 lead to measures aimed to adapt the Rexel Group's strategy to the economic and political context.

Risks relating to acquisitions.

In the last few years, the Rexel Group has carried out bolt-on acquisitions to increase its market shares (see paragraphs 1.2 "History and development" and 1.3 "Recent Acquisitions and Disposals" of the 2014 Reference Document attached in Annex B).

However, the Rexel Group may be unable to identify appropriate targets, complete acquisitions under satisfactory terms or ensure compliance with the terms of the relevant sale/purchase agreement. In addition, while the Rexel Group seeks the successful 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 employees 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 may retain interests in the share capital of the companies that the Rexel Group takes control of, including in order to ensure continuity, which implies increased complexity in decision-making 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 risks relating to acquisitions and integration processes of the acquired companies, the Rexel Group has improved the implementation and monitoring of acquisition projects. Any material acquisition or disposal (*i.e.*, with an enterprise value in excess of €50 million) is submitted for approval to the Board of Directors of Rexel upon recommendation of the Strategic Committee. Moreover, the appropriateness of each acquisition, in accordance with the Rexel Group's internal process, is considered by an Investment Committee, which meets at several stages of the acquisition process and reviews all of the issues in relation to the project. Lastly, throughout the entire acquisition process, the Rexel Group employs specialized advisors.

In relation to the post-acquisition stage, a dedicated team implements an integration plan and uses synergy follow-up tools for the larger acquisitions. Moreover a procedure for monitoring compliance with contractual undertakings in acquisitions has been established and distributed throughout the Rexel Group.

In addition, acquisitions carried out by the Rexel Group are reflected in its consolidated financial statements through the recognition of goodwill representing the expected future economic benefits from the purchased assets. Downward revisions of these expected benefits, including due to changes in macroeconomic conditions, may lead to goodwill impairments, which would then have an adverse impact on the financial position and results of the Rexel Group. At December 31, 2014, the amount of goodwill recognized in the Rexel Group's assets totaled €4,243.9 million and the depreciations recognized in the consolidated income statement for 2014 totaled €48.5 million (see note 10.1 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2014).

Risks relating to competition.

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 Ahlsell, Consolidated Electrical Distributors, W.W. Grainger, Graybar Electric Company, Solar, Sonepar, and WESCO International.

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.

The Rexel Group believes that, based on 2014 sales, it is the number two distributor in the Asia-Pacific region, in Europe and in North America.

Furthermore, the Rexel Group may compete with:

- manufacturers that sell their products directly to certain clients in the industrial and services markets, essentially in connection with large projects;
- large do-it-yourself stores that distribute products directly to residential end-users;
- general building trade distributors, who 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;
- specialists in e-commerce, distributing electrical material to professionals or end-users;
- specialized distributors on certain market segments, as for example low voltage electrical material; and
- service providers specialized in building maintenance or energy efficiency.

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 inherent in its business, the Rexel Group relies on its dense network of branches and sales personnel, the efficiency of its logistical systems as well as the quality of its services. In addition to its branch network, Rexel is developing a multichannel offer, with, in particular, e-commerce functionalities in most countries, thereby responding to clients' expectations most notably by simplifying administrative tasks and giving them technical advice.

Moreover, dealing directly with a professional distributor allows customers to have access to a larger product offering than when dealing with a manufacturer and to benefit from a higher quality of service and advice than that proposed by large do-it-yourself stores or e-commerce sites.

Each year, the Rexel Group reviews its branch network and makes strategic decisions 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.

Lastly, in order to limit the risk of its key employees joining the competition, Rexel Group entities ensure that their remuneration policies are competitive and include non-compete clauses in employment agreements when such provision makes sense in the local market.

Risks relating to information technology systems.

The attention of Rexel is highly focused on the protection and maintenance of the operational capacity and availability of its information systems.

Given the decentralized IT architecture and the recourse to several IT hosting providers located in various countries, the risk that a major malfunction affects operations globally is limited. Moreover, internal control procedures define a periodic validation of disaster recovery plans. In addition, the compliance with rules related to change management, planning and execution of complex projects as well as access rights management is verified through regular audits.

In 2014, Rexel assessed the level of protection of its critical systems and redefined an organization, governance principles and technologies required to increase their protection against intrusion and hacking attempts. As new practices emerge around mobility at work, Rexel reinforces its practices regarding data management and protection on employees' laptops.

The Rexel Group cannot, however, provide assurances that all systems will continue to support permanently all activities under satisfactory conditions. A major malfunction or interruption could have a negative effect on the activity, the financial condition or results of operations of the Rexel Group. The Rexel Group may also be required to make unforeseen expenditures or may experience temporary or extended disruptions with respect to its personnel, operations or information flow.

Risks relating to the Rexel Group's logistical structure.

The evolution 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 reputation and results of operations.

The Rexel Group's logistical organization, which is determined at the local level, as opposed to the international level, and with similar processes supported by warehouse management systems common between several countries, limits the impact of such a risk. Should a malfunction 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 shared within countries and within the Rexel Group. Regular monitoring of this information serves to alert Rexel to problems and implement necessary corrective action.

Risks relating to supplier dependence.

While rationalizing its purchasing policy, the Rexel Group is reducing the number of its suppliers in order to strengthen its relationships with a smaller number of manufacturers. In 2014, the Rexel Group's purchases from its 25 leading suppliers accounted for more than 50% of its total purchases; more than 75% of its total purchases were from its 200 leading suppliers.

Overall, the Rexel Group believes that it is not dependent on any single supplier.

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' refusal to renew agreements or insistence to renew on 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.

In certain geographical areas, the Rexel Group may be 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, in certain countries, change their product distribution channels by reducing the role of distributors, which would temporarily affect sales and corresponding gross profit.

The occurrence of any of these 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 supervision 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, as part of a proactive approach to manage the offer by products categories.

In addition, while constantly seeking for innovation, Rexel Group companies regularly identify new suppliers for the key products categories that they offer. Lastly, the relative importance of the Rexel Group to its main suppliers limits the risks relating to the termination of contracts or a material change in the product offers.

Risks relating to the Rexel Group's reputation.

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 and the social media. These communication means are characterized by real time reactions and an exponential diffusion of information, which may have an impact on the Rexel Group's reputation, financial situation or results of operations in case a crisis or negative event occurs.

In order to limit such risk and to reduce its impact, the Rexel Group, in the context of its communication strategy, ensures a proactive monitoring of Internet tools, organizes information and education campaigns to the attention of its employees, raises its employees' awareness through the distribution of its Ethics Guide, implementation of stringent communication rules, and a crisis management process which is updated on a regular basis.

Risks relating to operations in emerging or non mature countries.

Rexel develops its activities notably in emerging or non mature countries, where its exposure to operational risks might be higher than generally accepted standards, due to inefficient or insufficiently controlled processes, and/ or due to a potentially changing economic, political, legal or tax environment. In order to limit its exposure, risk assessment, integration and monitoring processes of these entities or activities have been defined to eventually ensure an adequate level of internal control on operational risks.

Risks relating to human resources.

Attract, develop and retain talents is a priority to the Rexel Group, in order to support its growth and strategy, and develop innovative solutions. The Group's strategy to become a market reference with regards to human resources management and development, is oriented both internally and externally, and is built around 4 axes: managers and change management, culture of performance, employer brand, and organizational effectiveness.

Internally, different programs have been launched to strengthen the performance-oriented corporate culture (corporate university, top 100 development program, high potentials identification and development based on key management and technical skills...).

Externally, the recruitment of experienced profiles enables acceleration in competency gaining in key domains.

However, this dual investment is performed in difficult local contexts: local employment market evolutions, and in particular an increased competitive pressure in the recruitment of expertise, could have a negative impact on the profitability of operations.

Legal and regulatory risks

Risks relating to pending litigation.

Risks related to pending litigation are described in detail in note 24 of the Notes to the consolidated financial statements of Rexel for the year ended December 31, 2014.

These litigations have been analyzed by the management who concluded that, as of closing date, they should be subject to no additional provision, other than those already booked.

Considering the status of pending tax claims and ongoing tax proceedings, Rexel believes that no material effect is to be expected with regards to its financial condition or its results of operations but cannot predict the outcome of these cases with certainty or assess potential tax adjustments.

There are no other governmental, judicial or arbitration proceedings (including any outstanding or threatened proceedings of which Rexel is aware of) 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 lawsuits 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 the 2014 Reference Document. Such claims may have an adverse effect on its financial condition or results of operations.

Risks relating to legal and tax regulations.

Like any international group operating in multiple jurisdictions, the Rexel Group has structured its commercial and financial activities in a manner which takes into consideration various legal and tax requirements, derived from internal laws of countries where the Group is set up, as well as international treaties between these countries.

The application of tax regimes to the Rexel Group's operations, intra-Group transactions or reorganizations may require reasoned interpretations. Rexel 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 tax experts assist local management in their transactions in respect of local or international applicable laws.

Furthermore, the Rexel Group may record deferred tax assets on its balance sheet, reflecting future tax savings resulting from discrepancies between the tax and accounting valuation of the assets and liabilities or in respect of tax loss carry-forwards from its entities. The actual realization of these assets in future years depends on tax laws and regulations, the outcome of potential tax audits and on the expected future results of the relevant entities. Any reduction in the ability to use these assets due to changes in local laws and regulations, potential tax reassessments or lower-than-expected results could have a negative impact on the Rexel Group's financial position or results. As at December 31, 2014, the Rexel Group's deferred tax assets linked to tax loss carry-forwards totaled €318.4 million, depreciated in an amount of €127.7 million (see note 9.2 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2014).

In addition, the Rexel Group is committed to continue to implement and enforce policies and procedures aiming at ensuring compliance with applicable local and international laws, such as but not limited to anti-corruption, export control, anti-money-laundering, data protection, or competition law. However, Rexel cannot guarantee that none of the employees or partners of the Rexel Group will ever violate these laws and regulations or procedures, which may impact its reputation or financial situation. In order to mitigate these risks, the Rexel Group constantly enhances its compliance program and tools for its implementation. As an example, in order to prevent corruption risks and increase the awareness of its employees, Rexel launched in 2014 an e-learning module on this topic.

Risks relating to regulatory matters, including environmental regulations.

In light of the sectors in which it operates, the Rexel Group must ensure, *inter alia*, that its suppliers comply with applicable standards and directives in relation to products, the environment and 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 the 2014 Reference Document.

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 the 2014 Reference Document.

Risks relating to pension plans.

Risks relating to pension plans and the corresponding risk management tool are described in note 18 to the consolidated financial statements of the Rexel Group for the year ended December 31, 2014.

Risks relating to the Rexel Group’s financing

Risks relating to indebtedness.

As at December 31, 2014, the Rexel Group’s gross indebtedness amounted to €3,367.1 million and its net indebtedness amounted to €2,213.1 million. Moreover, in 2011, 2012 and 2013, Rexel issued bonds for a total amount of €1,962.5 million.

Subject to certain conditions, Rexel and its subsidiaries may also incur 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.

Furthermore, the Rexel Group's ability to meet its obligations, in particular complying with the restrictions and contractual obligations, contained in certain of its credit agreements (in particular those in connection with the Senior Credit Agreement, the 6,125% Notes, the 5,125% Notes, the 5,250% Notes and the securitization programs, as described in note 19.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2014), or to pay interest on its loans 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.

If at any time the Rexel Group has insufficient cash to service its debt, it may be forced to 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 on acceptable terms.

The measures implemented to manage these risks are described in paragraph 2.1.3.2 "Risks relating to bank and bond financing (excluding securitizations)" and 2.1.3.3 "Risks related to securitization programs" of the 2014 Reference Document attached in Annex B. In addition, this debt exposes the Rexel Group to interest rate risk, which is described in paragraph 2.1.4.2 "Interest rate risk" of the 2014 Reference Document attached in Annex B.

Risks relating to bank and bond financing (excluding securitizations).

Certain bank loans and bond financings, including the Senior Credit Agreement and the 6,125% Notes, the 5,125% Notes, the 5,250% Notes (as described in note 19.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2014), 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 change the business operations of the Rexel Group.

The Senior Credit Agreement and the 6,125% Notes, the 5,125% Notes and the 5,250% Notes also contain provisions under which the Rexel Group's creditors could demand full or partial early repayment of borrowings, particularly in the event of the disposal of certain assets or changes of control. These restrictions may impact the Rexel Group's ability to respond to competitive pressures, downturns in its markets or, in general, overall economic conditions.

The Rexel Group's borrowings include various financial commitments described in note 19.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2014. As of December 31, 2014, the Rexel Group was in compliance with all of its applicable financial commitments. The Rexel Group must provide, for each financial commitment, 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 provided by Rexel's statutory auditors.

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 covenants, in particular with the financial ratios set out in the Senior Credit Agreement and the 6,125% Notes, the 5,125% Notes and the 5,250% Notes may result in early termination by the borrowers of the agreements entered into with the Rexel Group, and such borrowers may under such agreements require early repayment of any amounts of principal or interest, that are due.

In such cases, the Rexel Group may not be in a position to refinance its indebtedness 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 of its own, Rexel relies on distributions from its subsidiaries. Rexel's inability to obtain sufficient funds from its subsidiaries could have an adverse effect on its capacity to meet its obligations under its indebtedness or to distribute dividends.

In order to monitor compliance with its financing agreements, the Rexel Group's management regularly reviews the current and forecasted situation and the implementation of corrective action is proposed to the Board of Directors if needed. The Audit Committee follows-up on these situations on a regular basis.

Risks relating 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, 2014).

As at December 31, 2014, the Rexel Group was in compliance with all of its financial commitments under these securitization programs.

If Rexel Group companies do not comply with their obligations as established by the credit institutions or the investors, such programs could be terminated. Furthermore, the quality of the receivables assigned has an impact on the cost and amount of the financing obtained, which could affect the Rexel Group's financial position in the event of deterioration of the quality of the receivables. In addition, 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 exceptional circumstances, 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 be 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 treatment of the securitization programs is described in note 19.1.3 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2014.

Market risks

Risks relating to changes in prices of certain raw materials.

In connection with the distribution of cable products, which account for approximately 14% 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 with copper prices. These changes are not, however, solely and directly linked to copper price fluctuations to the extent that the cable prices paid by the Rexel Group also depend on suppliers' commercial policies, the competitive environment of the Rexel Group and exchange rates. 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, insofar as the Rexel Group passes-on most of the price decreases in the purchase prices of these cables through lower sales prices; 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 and margin.

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). 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.

In 2014, the Rexel Group estimates that variations in cable prices have contributed to reduce, on a recurring basis, its sales by approximately 0.6% on a constant basis and same number of days (as defined in chapter 4 "Results of Operations and Financial Position of the Rexel Group" of the 2014 Reference Document attached in Annex B). Furthermore, the change in cable prices in 2014 resulted in a negative non-recurring impact on EBITA estimated at €2.6 million.

By comparison, in 2013, the Rexel Group had estimated that variations in cable prices had contributed to reduce, on a recurring basis, its sales by approximately 0.8% on a constant basis and same number of days (as defined in chapter 4 "Results of Operations and Financial Position of the Rexel Group" of the 2014 Reference Document attached in Annex B). Furthermore, the change in cable prices in 2013 had resulted in a positive non-recurring impact on EBITA estimated at €15.3 million.

Although the occurrence of external risks cannot be managed, the Rexel Group has implemented tools to monitor and assess 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, aluminum or nickel) or oil. Oil also impacts transportation costs for products distributed by the Rexel Group. In 2014, transportation costs accounted for 2.7% of the Rexel Group's sales. Most of the entities of the Rexel Group have entered into transport outsourcing agreement, which allow the impact of changes in oil prices to be managed.

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

Risk relating to interest rate.

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, 2014.

The applicable margin to the Senior Credit Agreement (as described in note 19.1.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2014) is determined based on the Indebtedness Ratio (as defined in the Senior Credit Agreement), in accordance with the mechanism described in note 19.1.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2014. Thus, depending on the Indebtedness Ratio, the margin applicable to the Senior Credit Agreement may vary between 0.85% and 2.50% (i.e., a range of 165 basis points), which may result in an increase in the financial expenses. Based on the Indebtedness Ratio as at December 31, 2014, it amounts to 1.25%.

Risk relating to liquidity.

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, 2014.

A description of the Rexel Group's indebtedness is provided in paragraph 4.4 "Sources of financing" of the 2014 Reference Document attached in Annex B.

A quarterly review of the Group's liquidity level is performed during Audit committees. Corrective measures would be taken if the level of liquidity became lower than adequate.

Risk relating to counterparty.

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, 2014.

Risk relating to equity instruments.

With the exception of Rexel's treasury shares, the Rexel Group does not hold, as of the date of the 2014 Reference Document attached in Annex B, any interests in listed companies.

As at December 31, 2014, Rexel held 1,737,761 of its own shares, as detailed in paragraph 8.2.3 "Treasury shares and purchase by Rexel of its own shares" of the 2014 Reference Document attached in Annex B.

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 2.1.2.4 "Risks relating to pension plans" of the 2014 Reference Document attached in Annex B.

Risks relating to the Notes

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 Développement and its subsidiaries. Accordingly, Rexel will have to rely largely on dividends and other distributions from Rexel Développement 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 the payment of 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 will be structurally subordinated to the obligations of Rexel's subsidiaries.

None of Rexel's subsidiaries will initially guarantee the Notes. You will therefore not have any direct claim on the cash flows or assets of Rexel's subsidiaries and Rexel's subsidiaries will 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, including lenders and trade creditors, and claims of preference shareholders (if any), will have priority with respect to the assets and earnings over the claims of a company's ordinary shareholders, including the claims of its parent entity. Accordingly, claims of creditors and preference shareholders of Rexel's subsidiaries will also generally have priority over the claims of creditors of its parent entity. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceedings of any of Rexel's 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 subsidiaries. While Rexel's subsidiaries will be required, if they guarantee certain types of debt, also to guarantee the Notes, such subsidiaries will also be permitted under the Indenture to incur or guarantee some debt without providing such guarantees, and any such future debt will also be structurally senior to the Notes.

The Indenture under which the Notes will be issued offer limited protection to holders of the Notes.

The terms of the Indenture and the Notes do not restrict our ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have an adverse impact on your investment in the Notes. In particular, the terms of the Indenture and the Notes will not place any restrictions on our ability to:

- subject only to compliance with the covenant described under "Description of Notes — Certain Covenants — Limitation on Indebtedness," issue debt securities or otherwise incur additional indebtedness or other obligations;
- pay dividends or distributions on, or purchase or redeem or make any payments in respect of, equity interests or other securities ranking junior in right of payment to the Notes;
- make any payments in respect of, purchase or redeem indebtedness permitted to be incurred (including junior debt);
- sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets);
- subject only to compliance with the covenant described under "Description of Notes — Certain Covenants — Limitation on Liens," create liens (including liens on the shares of our subsidiaries, if any);
- enter into transactions with affiliates;
- make investments; or
- create restrictions on the payment of dividends or other amounts to us from our subsidiaries (if any).

Furthermore, other than limited restrictions on our ability to incur or guarantee additional indebtedness, create liens and consolidate or merge with or into, or sell substantially all of our assets to, another person, the terms of the Indenture and the Notes do not protect holders of the Notes in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, as they do not require that we or our subsidiaries (if any) adhere to any financial tests or ratios or specified levels of revenues, income, cash flow, or liquidity.

Our ability to take a number of actions that are not limited by the terms of the Notes may have important consequences for you as a holder of the Notes, including making it more difficult for us to satisfy our obligations with respect to the Notes or negatively affecting the trading value of the Notes.

Other debt that we presently have outstanding does, and debt that we may issue or incur in the future could also, contain more protections for our holders than the Indenture and the Notes, including additional covenants and events of default. The issuance or incurrence of any further such debt with incremental protections could affect the market for and trading levels and prices of the Notes.

The Group may be unable to raise funds necessary to finance repurchase offers as required upon a Change of Control Triggering Event.

If Rexel experiences a Change of Control Triggering Event, 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 Facility, the 6.125% Notes, the 5.250% Notes and the 5.125% 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 Facility Agreement, the 6.125% Notes, the 5.250% Notes and the 5.125% Notes and may cause such a default under the Group's other indebtedness.

If a Change of Control Triggering Event were to occur, Rexel cannot assure you that the restrictions in the Senior Facility Agreement, the 6.125% Notes, the 5.250% Notes and the 5.125%

Notes or other contractual obligations would allow it to make such required repurchases. If an event constituting a Change of Control Triggering Event 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 Credit Facility Agreement, the 6.125% Notes, the 5.250% Notes and the 5.125% Notes required by a Change of Control Triggering Event, and currently Rexel expects that it would require third party financing to make an offer to repurchase the Notes upon a Change of Control Triggering Event. 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 reorganization, 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 Indenture governing the Notes. See "Description of Notes — Change of Control".

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

The Notes are denominated and payable in euros. If you measure your investment returns by reference to a currency other than euros, investment in such Notes entails foreign currency exchange-related risks due to, among other factors, possible significant changes in the value of the euro, relative to the currency you use to measure your investment returns, caused by economic, political and other factors which affect exchange rates and over which we have no control. Depreciation of the euro, against the currency in which you measure your investment returns would cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency in which you measure your investment returns. There may be tax consequences for you as a result of any foreign currency exchange gains or losses resulting from your investment in the Notes. You should consult your tax advisor concerning the tax consequences to you of acquiring, holding and disposing of 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 "Description of 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.

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

Rexel is incorporated under the laws of France. In general, French insolvency legislation favors 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 exceeding the legal rate 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 recognized (*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).

Recognition (*constatation*) of the agreement by the president of the court gives the agreement the legal force of a final judgment, which means that it constitutes a judicial title that can be enforced by the parties without further recourse to a judge (*titre exécutoire*).

Sanction (*homologation*) by the court has the following consequences:

- creditors who, during the conciliation proceedings or 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 pre-petition employment claims and procedural costs), in the event of subsequent safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings; or
- in the event of subsequent judicial reorganization 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 whose center of main interest (within the meaning of the E.U. Insolvency Regulation) is 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 safeguard proceedings (*procédure de sauvegarde* accélérée) or accelerated financial safeguard proceedings (*sauvegarde financière accélérée*) if such company is in conciliation proceedings; or

(c) judicial reorganization (*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, upon petition by the company, any creditor or the public prosecutor.

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

In safeguard and judicial reorganization 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 assisting the company in the preparation of a safeguard plan. In judicial reorganization proceedings, the administrator's mission is usually to assist the management and to make proposals for the reorganization of the company, which proposals may include the sale of all or part of the company's business to a third party. In judicial reorganization, 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 reorganization plan

In the case of large companies (with more than 150 employees or turnover greater than €20 million), two creditors' committees (one for financial creditors 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. For companies that do not meet those thresholds, the committees may also be established at the request of the debtor or the court-appointed administrator. 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") shall be held. All bondholders and noteholders will be represented in the same bondholders general meeting, whether or not there are different issues and irrespective of the law applicable to each issue. The Notes offered hereby should constitute "*obligations*" for purposes of a safeguard, accelerated safeguard, accelerated financial safeguard or reorganization proceedings.

The creditors' committees and the bondholders' general meeting will be consulted on the safeguard or reorganization plan prepared by the debtor's management and the administrator during the observation period. Creditors which are members of a committee can also propose a draft plan.

In order to be adopted through the creditors committee process, the plan must, within the first 6 months of the observation period, be approved by each of the two creditors' committees and the bondholder's general meeting. Each committee must announce whether its members approve or reject such plan. 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 the same majority as with respect to the creditors' committees, i.e., at least two-thirds of the value of the bond claim held by bondholders voting in the bondholders' general meeting.

Following approval by the creditors' committees and the bondholders' general meeting, the plan must be submitted for approval to the relevant court. In considering such approval, the court must verify that the interests of all creditors are sufficiently protected, taking into consideration the contractual subordination arrangements existing among creditors when the proceedings were opened. Once approved by the court, the safeguard or reorganization 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 reorganization plan may include debt deferrals, debt write-offs and debt-for-equity swaps (debt-for-equity swaps are subject to the relevant shareholder consent).

With respect to creditors who are not members of the committees, or in the event no committees are established, or in the event approval of the committees or the bondholders' general meeting has not been obtained within the first 6 months of the observation period, creditors will be consulted on an individual or collective 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.

Accelerated safeguard and accelerated financial safeguard plans.

Introduced by ordinance no. 2014-326 of March 12, 2014, accelerated safeguard proceedings (*procédure de sauvegarde accélérée*) may be opened against a company, at such company's request if (i) it is subject to a conciliation proceeding, (ii) the company was not in a situation of *cessation des paiements* for more than 45 days when it requested the opening of conciliation proceedings within the same 45 day period, (iii) it has more than 20 employees, or its turnover exceeds €3 million, or its total assets exceeds €1.5 million, and (iv) the company has prepared a safeguard plan ensuring the continued operation of the company as a going concern which has enough support from its creditors to render likely its adoption by the creditors' committees and the bondholders' general meeting (if any) within a maximum of three months following the commencement of the proceedings.

Alternatively, the court may decide, upon the debtor's request, to open an accelerated financial safeguard proceeding limited to financial creditors (and bondholders if any) only, in which case the proceedings must be completed within a period of one month with a possible extension of one month.

The "hardening period" (période suspecte) in judicial reorganization 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 reorganization or judicial liquidation proceedings. However, in the decision commencing judicial reorganization 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, provisional measures unless the security registration or the attachment/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 guarantee 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, accelerated financial safeguard, judicial reorganization 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 an accelerated financial safeguard, debts owed to creditors other than those belonging to the committee of financial creditors or to bondholders are not required to be filed as described above and should be paid in the ordinary course.

In addition, in accelerated safeguard and accelerated financial safeguard proceedings, the debtor draws a list of the claims of its creditors having participated in the conciliation proceedings, which is certified by its statutory auditors and filed with the commercial court and which is deemed to be a filing of their claim by such creditors if they do not file their claim within the general deadlines applicable in other insolvency proceedings referred to above.

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 made to recover assets which are necessary for the continued operation of the business if authorized by the bankruptcy judge. 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.

Creditors are also barred from taking any action against the debtor, including enforcing security interests.

Contractual provisions that would accelerate the payment of the company's obligations upon the occurrence of (i) the opening of *mandat ad hoc*, *conciliation*, safeguard, accelerated safeguard, accelerated financial safeguard, or judicial reorganization proceedings or (ii) insolvency (*cessation des paiements*), are not enforceable under French law. The opening of liquidation proceedings, however, automatically accelerates the maturity of all of a company's obligations unless the continued operation of the business with a view to the adoption of a "plan of sale of the business" (*plan de cession*) is ordered by the court in which case the acceleration of the obligations will only occur on the date of the court decision adopting the "plan of sale of the business" or on the date on which the continued operation of the business ends.

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 reorganization 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, during the conciliation proceedings or 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.

Transactions on the Notes could be subject to the European financial transaction tax, if adopted.

On February 14, 2013, the European Commission adopted a proposal for a directive for a common financial transaction tax (the "**FTT**") to be implemented under the enhanced cooperation procedure by eleven Member States initially (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain) (the "**Participating Member States**").

The proposed directive has a very broad scope and could, if adopted and implemented in local legislation in its current form, apply to certain transactions relating to the Notes (including secondary market transactions) in certain circumstances. Holders of Notes may therefore be exposed to increased transaction costs.

Under the February 14, 2013 proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and may therefore be altered prior to any implementation, the timing of which remains unclear. Member States may join or leave the Participating Member States at later stages.

Joint statements issued by several Participating Member States indicate an intention to implement the FTT by January 2016.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

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

Potential purchasers and sellers of the Notes should be aware that they may be required to pay other 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 memorandum but to consult their own tax advisor as to their individual taxation with respect to the acquisition, holding and disposition 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 memorandum.

EU Savings Directive.

Under Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), Member States of the European Union 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, Austria is instead required (unless during that period it elects 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). On March 24, 2014, the Council of the European Union adopted a directive which, when implemented, will broaden the scope of the requirements under the Savings Directive. The Savings Directive may, however, be repealed in due course in order to avoid overlap with the amended Council Directive 2011/16/EU on administrative cooperation in the field of taxation. For additional developments, see "Taxation — EU Directive on the Taxation of Savings Income".

If a payment were to be made or collected through Austria 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.

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

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 such 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 such 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 markets 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 materialization 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 materialization 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 in 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 unfavorable development of market prices of their Notes which materialize 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.

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 will have denominations consisting of a minimum of €100,000 plus one or more higher integral multiples of €1,000, respectively. 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.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes have not been and will not be registered under the Securities Act or the securities laws of any jurisdiction. Accordingly, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and all other applicable laws. These restrictions may limit the ability of investors to resell the Notes. It is the obligation of investors in the Notes to ensure that all offers and sales of the Notes within the United States and other countries comply with applicable securities laws. We have not agreed to or otherwise undertaken to register the Notes under the Securities Act (including by way of an exchange offer), and we do not have any intention to do so. See "Plan of Distribution," "Notice to Investors" and "Transfer Restrictions."

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 and Clearstream or their nominee in respect of the Notes will be the registered holder of Notes.

After payment to the registered holder, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear and Clearstream, on the procedures of the participants through which you own your interest, to exercise any rights and obligations of a holder under the indenture governing the Notes. See "Book-Entry, Delivery and Form."

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.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the relevant Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financing and could adversely affect the value and trading of such Notes.

USE OF PROCEEDS

In connection with the offering of the Notes, Rexel will receive net proceeds of approximately €491 million after deduction of costs and underwriting commissions.

Rexel intends to use the net proceeds of the offering of the Notes for the redemption of the 6.125% Notes and for general corporate purposes. Rexel expects to use €466 million to redeem the 6.125% Notes, which will be redeemed at a price of 100% of the principal amount thereof plus the applicable make-whole premium, as set forth in the indenture governing the 6.125% Notes, plus accrued and unpaid interest to the redemption date. Rexel can elect not to redeem the 6.125% Notes if we issue less than €400 million of Notes in this offering or if there is a material adverse change in financial markets.

CAPITALIZATION

The following table sets forth Rexel's cash and cash equivalents, total financial debt and total capitalization as at March 31, 2015 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 as described in "Use of Proceeds".

You should read this table in conjunction with the section entitled "Use of Proceeds" in this offering memorandum, the Q1 Activity Report included herein as Annex A to this offering memorandum, Chapter 4 ("Results of Operations and Financial Position of the Rexel Group") in the 2014 Reference Document Extracts included herein as Annex B to this offering memorandum, Rexel's unaudited condensed consolidated interim financial statements for the three month-period ended March 31, 2015 and Rexel's audited consolidated financial statements for the year ended December 31, 2014 included in the F-pages of this offering memorandum.

	As at March 31, 2015		
(in millions of euros)	**Actual**	**Adjustments**	**As Adjusted**
$500 million 6.125% Senior Notes due 2019	466.0(1)	(466.0)(2)	—
$500 million 5.25% Senior Notes due 2020	472.0(1)	—	472.0
€650 million 5.125% Senior Notes due 2020	671.8	—	671.8
Securitization Programs	1,041.2	—	1,041.2
Finance Lease Obligations	28.4	—	28.4
Senior Credit Facilities	—	—	—
Commercial paper	247.2	—	247.2
Bank loans	113.4	—	113.4
Bank overdrafts and other credit facilities	102.8	—	102.8
Accrued interests	31.5	—	31.5
Notes offered hereby	—	500.0	500.0
Less transaction costs	(34.2)	0.4(3)	(33.8)
Total Financial Debt and Accrued Interest	**3,140.1**	**34.4**	**3,174.5**
Cash and cash equivalents	(478.7)	(3.8)	(482.5)
Accrued interest receivable	(4.4)	—	(4.4)
Debt hedge derivatives	(4.5)	—	(4.5)
Total Net Financial Debt	**2,652.5**	**30.6(4)**	**2,683.1**
Total Equity	**4,481.8**	**(20.1)(5)**	**4,461.7**
Total Capitalization	**7,134.3**	**10.5**	**7,144.8**

(1) Converted at the €/$ exchange rate of 1.0759, which is the closing exchange rate at March 31, 2015 used in the preparation of the financial statements as of and for the three-month period ended March 31, 2015.

(2) Reflects the redemption of the 6.125% Notes consisting of €464.7 million (the principal amount of $500 million converted at the above €/$ exchange rate) and a write-back of fair value adjustments of such 6.125% Notes in the amount of €1.3 million.

(3) Reflects the capitalization of transaction costs relating to the Notes amounting to €6.4 million after deducting €6.8 million of amortization of transaction costs related to the 6.125% Notes to be redeemed.

(4) Consists of (i) the make whole premium payable in connection with the planned redemption of the 6.125% Notes amounting to €25.1 million ($28.5 million converted at a €/$ exchange rate of 1.137 at May 13, 2015 and (ii) €6.8 million of amortization of transaction costs in connection with the planned redemption of the 6.125% Notes after deducting €1.3 million of fair value adjustments of

such 6.125% Notes. The make-whole premium amount is an assumed amount calculated based on the applicable U.S. Treasury bonds rate as of May 13, 2015 and an assumed redemption date of June 18, 2015. The actual make-whole premium amount will be calculated, in accordance with the Indenture pursuant to which the 6.125% Notes were issued, based on an applicable Treasury Rate two business days prior to the actual redemption date, and the €/$ exchange rate prevailing at that time.

(5) Effect of the refinancing transaction (as described in the "Use of Proceeds" and the footnotes above) net of tax (at an assumed statutory tax rate of 34.4%), including in particular the tax impact generated by the payment of the make-whole premium, the reversal of fair value adjustments and the amortization of capitalized transaction costs.

DESCRIPTION OF CERTAIN INDEBTEDNESS

The Group's sources of financing, including its debt facilities, are described in Section 4.4 "Sources of Financing" in Chapter 4 ("Results of Operations and Financial Position of the Rexel Group") in the 2014 Reference Document Extracts included herein as Annex B to this offering memorandum and in Note 19 to Rexel's audited consolidated financial statements for the year ended December 31, 2014 included in the F-pages of this offering memorandum.

The following description of the various financings does not purport to be complete.

Senior Credit Facility

On November 13, 2014, Rexel entered into an amendment of its existing €1,100 million revolving credit facilities agreement (as amended, the "Senior Facility Agreement") dated March 15, 2013, which was reduced to €1,055 million in September 2013. The Senior Facility Agreement was entered into with BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Bank France, Natixis and Société Générale Corporate & Investment Banking as Mandated Lead Arrangers and Bookrunners.

The Senior Facility Agreement provides a five-year multicurrency revolving credit facility for an aggregate maximum amount reduced to approximately €982 million which can also be drawn down through swing line loans for an aggregate amount of €157.5 million. The original maturity of this credit facility (November 2019) may be extended two times by one year. The indebtedness under the Senior Facility Agreement is not secured.

As of March 31, 2015, this credit facility was not drawn upon.

Interest and margin

Amounts drawn bear interest at a rate determined in reference to (i) the EURIBOR rate when funds are made available in Euro or the LIBOR rate when funds are made available in currencies other than Euro and (ii) the applicable margin.

Swingline drawings bear interest at a rate determined in reference to (i) the EONIA rate and (ii) the applicable margin.

The initial applicable margin was 2.00% per annum and, as of the date of this offering memorandum, the margin is 1.25% per annum. The 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 Facility Agreement) calculated as of December 31 and June 30 of every year. The margin ranges from 0.85% to 2.5%.

In addition, the applicable margin shall be increased by a utilization fee that varies depending on the percentage of the total commitment drawn under the Senior Facility Agreement at any given time.

Rexel shall also pay a commitment fee in the base currency on that lender's available commitment the amount of which varies based on the leverage ratio.

Financial undertakings and covenants

Under the Senior Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as at December 31 and June 30 of each year.

This ratio may exceed 3.50 on three accounting dates during the life of the Senior Facility Agreement, provided that (i) such ratio does not exceed 3.75 times on two accounting dates during the life of the Senior Facility Agreement and (ii) such ratio does not exceed 3.90 times on one accounting date during the life of the Senior Facility Agreement (it being specified that only two of such three accounting dates may be consecutive).

Other undertakings and covenants

The Senior Facility Agreement contains certain customary negative covenants that restrict the capacity of Rexel and its subsidiaries (subject to certain agreed exceptions) to, among other things, (i) incur additional financial indebtedness; (ii) give guarantees and indemnities; (iii) make loans or credit to others; (iv) create security interests; (v) make acquisitions or investments or entering into joint ventures; (vi) dispose of assets; (vii) substantially change the general nature of Rexel or the Group's business; or (viii) enter into mergers, demergers or corporate reconstruction.

The Senior Facility Agreement also requires Rexel and any of its 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 Facility Agreement must be prepaid, subject to certain agreed circumstances and exceptions and in varying amounts, such as in the event of a change of control of Rexel or a sale of all or substantially all of the assets of the Group.

Voluntary prepayments and cancellations are also permitted under the Senior Facility Agreement, subject to minimum amounts.

Events of Default

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

Securitization programs

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

Program	Commitment	Amount of receivables assigned as of March 31, 2015	Amount drawn down as of March 31, 2015	Balance as of March 31, 2015	Balance as of December 31, 2014	Repayment date
	(in millions of currency)			*(in millions of euros)*		
Europe and Australia	€425.0	€459.0	€338.2	338.2	396.1	12/18/2017
United States	US$545.0	US$632.3	US$466.0	433.1	422.9	12/20/2017
Canada	CA$190.0	CA$245.3	CA$176.6	128.5	128.2	11/19/2015
Europe	€384.0	€474.6	€329.8	329.8	374.9	12/20/2016
TOTAL				**1,229.6**	**1,322.2**	
Of which:	— on balance sheet			1,041.2	1,142.1	
	— off balance sheet (US Ester program)			188.4	180.1	

These securitization programs pay interest at variable rates including a specific credit spread to each program. As of March 31, 2015, the total outstanding amount authorized for these securitization programs was €1,453.9 million, of which €1,229.6 million were used.

For more detailed information on Rexel's securitization programs, see Note 19 of the Annexes to Rexel's audited consolidated financial statements as of and for the year ended December 31, 2014 and Note 11.1.2 of the Annexes to Rexel's condensed consolidated unaudited interim financial statements as of and for the three month period ended March 31, 2015 included herein.

In addition to these on-balance sheets programs, in 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 was amended in 2014 and allows the Group to assign eligible receivables and receive cash consideration up to a maximum amount of US$225 million. The maturity of this program was extended to December 2017.

As of December 31, 2014, derecognized receivables totaled €180.1 million (€106.3 million as of December 31, 2013) and the resulting loss was recorded as a financial expense for €5.5 million (€5.1 million in 2013). Carrying value and fair value of cash collected under the servicing agreement in relation to derecognized receivables and not yet transferred to the purchaser totaled €23.1 million and was recognized in financial liabilities (€7.3 million as of December 31, 2013).

The Group did not retain any interests in the receivables sold under this program.

5.125% Notes and 5.250% Notes due 2020

Rexel issued on April 3, 2013, €650 million and US$500 million of senior unsecured notes due 2020 with coupons of 5.125% and 5.250%, respectively.

The notes rank *pari passu* with Rexel's senior credit facility and other senior unsecured notes. Rexel pays interest on the notes semi-annually on June 15 and December 15, starting from December 15, 2013. The notes mature on June 15, 2020 and are listed on the Euro MTF market of the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to June 15, 2016 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2016, the notes are redeemable in whole or in part by paying the redemption price set forth below:

	Redemption price (as a % of principal amount)	
Redemption period beginning on:	**Euro bonds (5.125% Notes)**	**Dollar bonds (5.250% Notes)**
June 15, 2016	103.844%	103.938%
June 15, 2017	102.563%	102.625%
June 15, 2018	101.281%	101.313%
June 15, 2019 and after	100.000%	100.00%

The net proceeds of these notes were used on April 17, 2013 to redeem €650 million of Rexel's 8.25% senior notes due 2016 issued on December 21, 2009 in the original aggregate principal amount of €575,000,000 and, through a reopening of the initial issuance, on January 20, 2010 in the additional aggregate principal amount of €75,000,000.

6.125% Notes due December 2019

On March 28, 2012, Rexel issued US$ 400 million senior unsecured notes. The notes were issued at 100% of their nominal amount and bear interest annually at 6.125%. On April 23, 2012, an additional US$100 million principal amount of these notes was issued at a price of 100.75% of nominal.

The additional notes are fully fungible with the previously-issued notes and have identical terms and conditions. The 6.125% Notes are listed on the Euro MTF market of the Luxembourg Stock Exchange.

Rexel pays interest on the notes semi-annually in arrears on June 15 and December 15, with the first payment on December 15, 2012. The notes will mature on December 15, 2019. The 6.125% 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 notes are redeemable in whole or in part at any time prior to December 15, 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 December 15, 2015, the notes are redeemable in whole or in part by paying the redemption price set forth below.

Redemption period beginning on	Redemption price (as a % of principal amount)
December 15, 2015	103.063%
December 15, 2016	101.531%
December 15, 2017 and after	100.000%

We intend to use part of the proceeds of the issuance of the Notes issued hereby to redeem in full our 6.125% Notes at a price of 100% of the principal amount thereof plus the applicable make-whole premium, as set forth in the indenture governing the 6.125% Notes, plus accrued and unpaid interest to the redemption date. See "Use of Proceeds".

Commercial paper program

Rexel runs a €500 million commercial paper program, with fixed maturities ranging from one to three months depending on the notes, issued to diversify its investor base and minimize the cost of financing.

As of March 31, 2015, the Company had issued €247.2 million of commercial paper (€85.9 million as of December 31, 2014).

DESCRIPTION OF NOTES

Rexel, a *société anonyme* incorporated under the laws of the Republic of France (together with its permitted successors and assigns, the "**Issuer**"), will issue the €500,000,000 3.250% senior notes due 2022 (the "**Notes**") under an indenture (the "**Indenture**") to be dated the Issue Date, among the Issuer, The Bank of New York Mellon acting through its London branch, as trustee (the "**Trustee**," which term shall include any trustee or trustees appointed pursuant to the Indenture), registrar (the "**Registrar**") and principal paying agent (the "**Principal Paying Agent**"), and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent (the "**Luxembourg Paying Agent**", and, together with the Principal Paying Agent and any other paying agents as may be appointed under the Indenture from time to time, the "**Paying Agents**") and Luxembourg transfer agent (the "**Luxembourg Transfer Agent**," and, together with the Paying Agents and the Registrar, the "**Agents**"), in a transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). The terms of the Notes include those set forth in the Indenture. Unless expressly included, the Indenture will not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

The statements in this "Description of Notes" include summaries of, and are subject to the detailed provisions of, the Indenture, which includes the form of the Notes. Noteholders are entitled to the benefit of the Indenture and are bound by and are deemed to have notice of all the provisions of the Indenture. Noteholders are urged to read the Indenture because the Indenture and the Notes, and not this "Description of Notes", define their rights and govern the obligations of the Issuer (and any future Guarantors) under the Notes. Copies of the Indenture 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 The Bank of New York Mellon, One Canada Square, Canary Wharf, London E14 5AL, England, and at the specified office of the Principal Paying Agent. The Indenture will also be published on the official website of the Luxembourg Stock Exchange, at www.bourse.lu.

The Notes will be issued in registered form. The registered Holder of a Note will be treated as its owner for all purposes. Only registered Holders will have rights under the Indenture.

Brief Description of the Notes

The Notes

The Notes will:

- constitute senior unsecured obligations of the Issuer;
- rank pari passu in right of payment among themselves and to all existing and future unsecured indebtedness of the Issuer that is not subordinated to the Notes, including indebtedness of the Issuer under the Senior Credit Facilities, the 6.125% 2019 Notes, the 5.125% 2020 Notes and the 5.250% 2020 Notes;
- rank senior in right of payment to any existing or future indebtedness of the Issuer that is subordinated to the Notes;
- be effectively subordinated to all existing and future secured indebtedness of the Issuer to the extent of the assets securing such indebtedness; and
- be structurally subordinated to all existing and future indebtedness of the Issuer's Subsidiaries.

The Issuer is primarily a holding company, with business operations principally located at the level of Rexel Développement SAS and its subsidiaries. The right of the Issuer and its creditors, including Holders of the Notes, to participate in the assets of any of the Issuer's Subsidiaries in the bankruptcy, liquidation or reorganisation of any such Subsidiary will be subject to the prior claims of the creditors of such Subsidiary, including, but not limited to, trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries. Although the Indenture will limit the incurrence of Indebtedness by Subsidiaries, the limitation will be subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the incurrence by Subsidiaries of liabilities that are not considered Indebtedness under the Indenture. See "— Certain Covenants — Limitation on Indebtedness." On the Issue Date, no Subsidiary of the Issuer will guarantee or provide any Lien securing the Issuer's obligations under the Notes.

As of March 31, 2015, after giving *pro forma* effect to this offering and the expected application of the net proceeds therefrom to redeem the 6.125% 2019 Notes, the Issuer on a stand alone basis would have had approximately €2,004 million aggregate principal amount of outstanding unsecured Indebtedness, which includes the Notes issued in this offering and an additional €1,504 million with which the Notes would rank equal, plus the ability to incur up to €735 million under the Senior Facility Agreement; and the Issuer's Subsidiaries would have had approximately €1,512 million aggregate principal amount of outstanding Indebtedness, including €1,041 million under securitization programs and €28 million under finance lease obligations, to which the Notes would have been effectively junior. As set forth in "Use of Proceeds", we can elect not to redeem the 6.125% 2019 Notes if we issue less than €400 million of Notes in this offering or if there is a material adverse change in financial markets. Please refer to "Capitalization" for additional details on the adjusted effect of such an election.

Principal, Maturity and Interest

The Issuer will issue €500,000,000 in aggregate principal amount of Notes on the Issue Date. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Notes will mature on June 15, 2022 and have a redemption price at maturity equal to 100% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to the redemption date.

Interest on the Notes will accrue at the rate of 3.250% per annum and will:

- be payable semi-annually in arrears on June 15 and December 15, commencing on December 15, 2015;
- be payable to the Holders of record on the immediately preceding June 1 and December 1;
- accrue from the Issue Date;
- be computed on the basis of a 360-day year comprised of twelve 30-day months; and
- 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 Indenture.

Interest on overdue principal will be payable at 1% per annum in excess of the above rate and interest on overdue installments of interest will be payable at such higher rate to the extent lawful.

Subject to compliance of the Issuer with the covenant described under "Certain Covenants — Limitation on Indebtedness" below, 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 issue date, the initial interest accrual date, and the amount of the first payment of interest), in accordance with the Indenture (the "**Additional Notes**"). Additional Notes, if any, will be consolidated and form a single series with the Notes. Except as otherwise specified in the Indenture, Additional Notes and the Notes shall be treated as a single class for all purposes of the Indenture, including waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, for the purposes of the Indenture, 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 Indenture.

Optional Redemption

At any time prior to June 15, 2018 (the "**First Call Date**"), the Issuer is entitled, at its option, to redeem the Notes, in whole or in part, upon not less than 10 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 of record on the relevant record date to receive interest due on the relevant interest payment date). For purposes of this "— Optional Redemption" section:

- "**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 (such redemption price (expressed as a percentage of the principal amount) being set forth in the applicable table in the second succeeding paragraph below) 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 Applicable 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.

- "**Applicable Rate**" means with respect to a redemption date for the Notes, the rate per annum equal to the 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: (A) "**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 Applicable Rate under this sub clause (ii) 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; (B) "**Comparable German Bund Price**" means, with respect to such 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; (C) "**Reference German Bund Dealer**" means any dealer of German Bundesanleihe securities appointed by the Issuer in good faith; and (D) "**Reference German Bund Dealer Quotations**" means, with respect to each Reference German Bund Dealer and such 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.

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 10 nor more than 60 days' prior notice to the Noteholders, at the redemption prices, expressed as the following percentages of principal amount of such Notes, or part thereof, to be redeemed, plus accrued and unpaid interest thereon, if any, to the applicable redemption date (subject to the right of Noteholders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period beginning on June 15 of the following years:

Year	Percentage
2018	101.625%
2019	100.813%
2020 and after	100.000%

At any time from and after the Issue Date until June 15, 2018, upon not less than 10 nor more than 60 days' notice, the Issuer may, at its option, on any one or more occasions redeem up to 40% of the original aggregate principal amount of the Notes (including any Additional Notes) issued under the Indenture at a redemption price of 103.250% of their principal amount, plus accrued and unpaid interest on the Notes, if any, to the redemption date (subject to the right of Noteholders of record 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:

- at least 60% of the original aggregate principal amount of the Notes (including any Additional Notes), issued under the Indenture would remain outstanding immediately after the occurrence of such redemption; and
- the redemption occurs within 120 days of the closing of such Qualified Equity Offering.

For purposes of the immediately preceding paragraph, "**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).

If less than all of the Notes are to be redeemed at any time, the Notes being redeemed will be redeemed on a pro rata basis, by-lot 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 or their waiver by the Issuer) 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 "— Optional Redemption" section may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions, including in the case of a redemption described in the third paragraph of this "— Optional Redemption" section, the completion of the related Qualified Equity Offering.

Mandatory Redemption, Offers to Purchase, Open Market Purchases

The Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase Notes as described in the covenant under "— Change of Control."

The Issuer and the Subsidiaries may at any time and from time to time purchase Notes in the open market or otherwise if such purchase complies with the then applicable agreements of the Issuer and/or the Subsidiaries, including the Indenture, and applicable laws; provided, however, that in determining whether the Holders of the required principal amount of the outstanding Notes have given or taken any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Notes owned by the Issuer or any Guarantor or by any other Subsidiary of the Issuer will be disregarded and deemed not to be outstanding, except that, for the purposes of determining whether the Trustee will be protected in relying on any such request, demand, authorization, direction, notice, consent or waiver, only Notes that the Trustee knows are so owned will be so disregarded.

Taxation

Additional Amounts

All payments under or with respect to the Notes will be made without withholding or deduction for or on account of any present or future tax, duty, levy, impost, deduction, assessment, withholding 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, any Guarantor's jurisdiction of organization, any jurisdiction from or through which payment is made by the Issuer, any Guarantor or the Paying Agent on behalf of the Issuer or such Guarantor, 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.

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 relevant 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:

- any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder (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 a Note);
- any payment of or on account of estate, inheritance, gift, sales, excise, transfer, personal property or similar Tax;
- any Tax that would not have been imposed but for the presentation of a 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 such Note been presented on the last day of such 30-day period);

- 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 amending, supplementing or replacing such Directive, or implementing the conclusion of the ECOFIN council meeting of 26-27 November 2000 or any subsequent meeting of the Council of the European Union on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives;
- any Taxes that are required to be withheld or deducted on a payment to a Luxembourg resident individual which is required to be made pursuant to the Luxembourg law dated December 23, 2005, as amended;
- any payment of principal (or premium, if any) or interest under or with respect to the Notes or 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;
- 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;
- any withholding or deduction imposed as a result of the failure of a Holder 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 Guarantor 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;
- any Taxes payable under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (or any amended or successor version that is substantively comparable), any current or future regulations or official interpretations thereof, or any agreements (including any intergovernmental agreements) entered into or non-U.S. laws enacted with respect thereto ("**FATCA**"); or
- any combination of the above.

The Issuer or the relevant Guarantor will make all withholdings and deductions for Taxes required to be made by it and will remit the full amount required to be deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law.

Whenever in the Indenture there is mentioned, in any context (i) the payment of principal; (ii) purchase price in connection with a purchase of Notes; (iii) interest; (iv) premium or (v) 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.

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, initial delivery or registration of the Notes, the Indenture or any other document or instrument in relation thereto, or in any relevant jurisdiction in connection with any enforcement action.

The obligations described under this heading will survive any termination or discharge of the Notes and the Indenture 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.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable (unless the obligation to pay Additional Amounts arises after the 30th day prior to the date on which payment under or with respect to the Notes is due and payable, in which case it will be promptly thereafter), if the Issuer will be obligated to pay Additional Amounts with respect to such payment, the Issuer will deliver to the Trustee a certificate stating that Additional Amounts will be payable and the amounts so payable and such other information as is reasonably necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date.

Supply of Information

Each Holder 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 amending, supplementing or replacing such Directive, or implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 or any subsequent meeting of the Council of the European Union on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive or Directives.

Each Holder shall be responsible for supplying to the Issuer or any Guarantors, in a timely manner, any information as may be required by the Issuer or any Guarantors in order for the Issuer or any Guarantors to comply with the identification and reporting obligations imposed by FATCA.

Redemption for Changes in Withholding Taxes

The Issuer may redeem the Notes, at its option, at any time as a whole but not in part, upon not less than 10 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 Holders 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 such Notes or a related Guarantee, any Additional Amounts as a result of:

- 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

- 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 any Guarantors cannot avoid such obligation by taking reasonable measures available to it or them.

Before the Issuer notifies the Holders 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 any 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.

Change of Control

Upon the occurrence after the Issue Date of a Change of Control Triggering Event (as defined below), each Holder 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).

The term "**Change of Control**" means:

- any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) 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
- (i) all or substantially all of the assets of the Issuer and the Subsidiaries, taken as a whole, are sold or otherwise transferred to any Person other than a Wholly Owned Subsidiary 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 sub-clause, 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) 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; or
- 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 the covenant described under "— Certain Covenants — Merger and Consolidation").

The term "**Change of Control Triggering Event**" means (i) the consummation of a Change of Control and (ii) a Ratings Decline.

The term "**Investment Grade Rating**" means a rating equal to or higher than Baa3 (or the equivalent), in the case of Moody's, BBB- (or the equivalent), in the case of S&P, BBB- (or the equivalent), in the case of Fitch, or an equivalent rating, in the case of any other applicable Rating Agency.

The term "**Rating Agencies**" means Moody's, S&P and Fitch or if any of Moody's, S&P or Fitch shall not make a rating publicly available on the Notes, another nationally recognized statistical rating agency or agencies, as the case may be, selected by the Issuer (with prior notice to the Trustee) which shall be substituted for Moody's, S&P or Fitch, as the case may be.

The term "**Rating Category**" means: (i) with respect to Moody's, any of the following categories: Ba, B, Caa, Ca, C and D (or equivalent successor categories); (ii) with respect to S&P, any of the following categories: BB, B, CCC, CC, C and D (or equivalent successor categories); (iii) with respect to Fitch, any of the following categories: BB, B, CCC, CC, C and D (or equivalent successor categories); and (iv) the equivalent of any such category of S&P, Moody's or Fitch used by another Rating Agency.

The term "**Ratings Decline**" means the occurrence on any date during the period commencing on the first public announcement of any Change of Control and ending on the date that is 90 days following consummation of such Change of Control (the "**Trigger Period**"): (1) in the event the Notes are rated by at least two of the three Rating Agencies on the first public announcement of any Change of Control as having an Investment Grade Rating, a decrease in the rating of the Notes by any such Rating Agency during the Trigger Period that had assigned an Investment Grade Rating to a rating that is below an Investment Grade Rating, or (2) in the event the Notes are rated by at least two of the three Rating Agencies on the first public announcement of any Change of Control below an Investment Grade Rating, a decrease in the rating of the Notes by any Rating Agency during the Trigger Period by one or more gradations. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (+ and - for S&P; 1, 2 and 3 for Moody's; + and - for Fitch, or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from BB+ to BB, as well as from BB- to B+, will constitute a decrease of one gradation) but changes in outlook shall not.

Within 30 days following any Change of Control Triggering Event, the Issuer will notify each Holder in accordance with the provisions described under "— Notices" with a copy to the Trustee (the "**Change of Control Offer**") stating:

- that a Change of Control Triggering Event 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);
- the circumstances and relevant facts regarding such Change of Control Triggering Event (including information with respect to *pro forma* historical income, cash flow and capitalization, in each case after giving effect to such Change of Control);
- the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is given); and
- the instructions, as determined by the Issuer, consistent with the "Change of Control" and other applicable provisions of the Indenture, that a Noteholder must follow in order to have its Notes purchased.

The occurrence of certain of the events that would constitute a Change of Control Triggering Event may result in a default under the Issuer's existing or future Credit Facilities and may cause a default under other Indebtedness of the Issuer and its Subsidiaries, and/or give the lenders thereunder the right to require the Issuer to repay obligations outstanding thereunder. Existing or future Credit

Facilities and agreements governing other Indebtedness of the Issuer and its Subsidiaries may restrict the ability of the Issuer's Subsidiaries to provide funds to the Issuer necessary to enable it to repurchase the Notes. Moreover, the exercise by Noteholders of their right to require the Issuer to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of such repurchase on the Issuer. The Issuer's ability to repurchase Notes following a Change of Control Triggering Event also may be limited by the Issuer's then existing financial resources. Prior to complying with any of the provisions of the covenant described under this "— Change of Control" section, but in any event no later than the Change of Control purchase date, the Issuer will, if and to the extent necessary, either repay all outstanding Credit Facilities or obtain any requisite consents under all agreements governing outstanding Credit Facilities to permit the repurchase of Notes required by the covenant.

The Issuer will not be required to (i) make a Change of Control Offer following a Change of Control Triggering Event if 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 the Indenture 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) make a Change of Control Offer in respect of the Notes following a Change of Control if a notice of redemption for the redemption of the Notes in whole but not in part has been given as described under "— Optional Redemption," unless there has been a default in payment of the applicable redemption price.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other 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 securities laws or regulations conflict with the provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this covenant by virtue of its compliance with such securities laws or regulations.

The provisions of this covenant relative to the obligations of the Issuer to make an offer to purchase the Notes as a result of a Change of Control Triggering Event may be waived or modified with the consent of the Holders of a majority in principal amount of the Notes for the time being outstanding.

A Change of Control Offer may be made in advance of a Change of Control Triggering Event, conditional upon such Change of Control Triggering Event, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer. If we, or any third party making a Change of Control Offer in lieu of a Change of Control Offer made by us, purchase on or after the date of consummation of the Change of Control all of the Notes validly tendered and not withdrawn under such tender, we will have satisfied our obligations to make a Change of Control Offer regardless as to whether or not a Change of Control Triggering Event subsequently occurs.

If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and we, or any third party making a Change of Control Offer in lieu of a Change of Control Offer made by us, purchase all of the Notes validly tendered and not withdrawn by such Holders, we or such third party will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to such Change of Control Offer, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest to but excluding the redemption date.

The definition of "Change of Control" includes a phrase relating to the sale or transfer of "all or substantially all" of the assets of the Issuer and its Subsidiaries, taken as a whole. Although there is a developing body of case law interpreting the phrase "substantially all," there is no precise definition of the phrase under applicable law. Accordingly, the ability of a Noteholder to require the Issuer to repurchase the Notes as a result of a sale or transfer of less than all of the assets of the Issuer and its Subsidiaries, taken as a whole, to another Person or group may be uncertain.

Suspension of Covenants During Achievement of Investment Grade Status

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 covenants described under the following captions (collectively, the "**Suspended Covenants**") will be suspended and will not be applicable to the Issuer and the Subsidiaries during such period:

- "— Certain Covenants — Limitation on Indebtedness;"
- "— Certain Covenants — Limitations on Guarantees of Indebtedness by Subsidiaries;" and
- clause (3) of the second paragraph of the covenant described under "— Certain Covenants — Merger and Consolidation."

Covenants and other provisions of the Indenture 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, all Indebtedness Incurred during the continuance of the Investment Grade Status Period will be classified, at the Issuer's option, as having been Incurred pursuant to the first paragraph of the reinstated covenant described under "— Certain Covenants — Limitation on Indebtedness" or one of the sub-clauses set forth in the second paragraph of that covenant (in each case, to the extent such Indebtedness would be permitted to be Incurred thereunder immediately following such reinstatement, and, for the avoidance of doubt, after giving effect to any Indebtedness Incurred during such Investment Grade Status Period that remains outstanding at such reinstatement), and to the extent the Incurrence of such Indebtedness under the first two paragraphs of the covenant described under "— Certain Covenants — Limitation on Indebtedness" would not be so permitted, will be deemed incurred under sub-clause (5) of the second paragraph of such covenant. Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of any actions taken by the Issuer or any Subsidiary (including for the avoidance of doubt any failure to comply with the Suspended Covenants) during any Investment Grade Status Period in compliance with the covenants then applicable and the Issuer and any Subsidiary will be permitted, without causing a Default or Event of Default or breach of any kind under the Indenture, to honour, comply with or otherwise perform any contractual commitments or obligations entered into during an Investment Grade Status Period in compliance with the covenants then applicable following any such reinstatement and to consummate the transactions contemplated thereby. 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 the first paragraph of this "— Suspension of Covenants During Achievement of Investment Grade Status" section. Promptly upon becoming aware thereof, the Issuer will provide to the Trustee written notice when the Notes cease to have Investment Grade Status.

For purposes of the provisions described under this "— Suspension of Covenants During Achievement of Investment Grade Status" section, "**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; or (z) BBB- or higher by Fitch.

Certain Covenants

The Indenture will contain covenants including, among others, the following:

Limitation on Indebtedness

The Issuer will not, and will not permit any Subsidiary to, Incur, directly or indirectly, any Indebtedness; provided, however, that the Issuer and the Subsidiaries will be entitled to Incur Indebtedness, if on the date of such Incurrence and after giving effect thereto on a *pro forma* basis the Consolidated Coverage Ratio exceeds 2.0 to 1.0; provided, further, that the amount of Indebtedness that may be Incurred pursuant to this paragraph by Subsidiaries that are not Guarantors shall not exceed €800 million in the aggregate at any one time outstanding.

Notwithstanding the foregoing paragraph, but subject to the next succeeding paragraph, the Issuer and any Subsidiary will be entitled to Incur any or all of the following Indebtedness ("**Permitted Indebtedness**"):

(1) 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 sub-clause (1) 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;

(2) 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);

(3) Indebtedness owed and held by the Issuer or a Subsidiary; provided, however, that any subsequent issuance or transfer of any Capital Stock which results in any such Subsidiary (to which such Indebtedness is owed) ceasing to be a Subsidiary or any subsequent disposition, pledge or transfer of such Indebtedness (other than to the Issuer or a Subsidiary) will be deemed, in each case, to constitute the Incurrence of such Indebtedness by the obligor thereon not permitted by this sub-clause (3); and provided further that in the case of any such Indebtedness owed by the Issuer or a Guarantor to a Subsidiary that is not a Guarantor, such Indebtedness shall be unsecured;

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

(5) Indebtedness outstanding on the Issue Date (other than Indebtedness specified in sub-clauses (1), (2), (4), (14) and (19) of this paragraph);

(6) Indebtedness of any Person that is assumed by the Issuer or any 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 Subsidiary or merged or consolidated with or into the Issuer or any Subsidiary (including Indebtedness Incurred to finance, or otherwise Incurred in connection with, or in contemplation of, any such acquisition, merger or consolidation), 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 the first paragraph of this covenant 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;

(7) the incurrence of Refinancing Indebtedness by (A) the Issuer or any 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 Subsidiary pursuant to the first paragraph of this covenant (it being understood that no Indebtedness outstanding on the Issue Date is Incurred pursuant to the first paragraph of this covenant) and (B) the Issuer or any 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 Subsidiary pursuant to sub-clauses (4), (5), (6), (7) or (19) of this paragraph;

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

(9) 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 Subsidiary in the ordinary course of business;

(10) 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;

(11) Indebtedness arising from agreements of the Issuer or a 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 Subsidiary, provided that such Indebtedness is not reflected on the balance sheet of the Issuer or any 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 (11));

(12) (x) any guarantee (A) by the Issuer or a Subsidiary that is (or, in accordance with the covenant described under "— Certain Covenants — Limitations on Guarantees of Indebtedness by Subsidiaries," becomes) a Guarantor, of Indebtedness of the Issuer or any Subsidiary permitted to be incurred by any other provision of this covenant; provided that any such guarantee by a Subsidiary is given in accordance with the covenant described under "— Certain Covenants — Limitations on Guarantees of Indebtedness by Subsidiaries" or (B) by the Issuer or a Subsidiary that is not a Guarantor, of Indebtedness of a Subsidiary that is not a Guarantor and that was permitted to be incurred by any other provision of this covenant; and (y) without limiting the covenant described under "— Certain Covenants — Limitation on Liens," Indebtedness of the Issuer or any Subsidiary arising by reason of any Lien granted by or applicable to such Issuer or Subsidiary securing Indebtedness of the Issuer or any Subsidiary, but excluding any Indebtedness Incurred by the Issuer or such Subsidiary, as the case may be, in violation of this covenant;

(13) Indebtedness of the Issuer or any 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;

(14) 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) €250 million and (y) 5.0% of Consolidated Tangible Assets;

(15) 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 Subsidiaries;

(16) Indebtedness arising under any customary cash pooling, treasury or cash management arrangements or netting or setting-off arrangements in the ordinary course of business;

(17) Indebtedness under overdrafts in an aggregate principal amount at any time not to exceed €100 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);

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

(19) Indebtedness represented by the 6.125% 2019 Notes, the 5.250% 2020 Notes and the 5.125% 2020 Notes; and

(20) additional Indebtedness of the Issuer or any Subsidiary (other than and in addition to Indebtedness permitted under sub-clauses (1) through (19) above) in an aggregate principal amount at any one time outstanding not to exceed an amount equal to the greater of (x) €400 million and (y) 7.5% of Consolidated Tangible Assets.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with the first two paragraphs of this covenant:

- any Indebtedness outstanding under Senior Credit Facilities on the Issue Date will be treated as Incurred under sub-clause (1) of the immediately preceding paragraph and any Indebtedness in respect of any Receivables Financing will be treated as Incurred under sub-clause (2) of the immediately preceding paragraph;

- subject to the immediately preceding sub-clause, (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 sub-clauses (including in part under one sub-clause and in part under another such sub-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;

- the outstanding principal amount of any particular Indebtedness shall be counted only once and any obligations arising under any guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation supporting such Indebtedness shall not be double counted with such Indebtedness; and

- 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.

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 euros, 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 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.

Limitation on Liens

The Issuer will not, and will not permit any Subsidiary to, directly or indirectly, Incur or permit to exist any Lien on any of its properties (including Capital Stock of a 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 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 covenant will be automatically and unconditionally released and discharged upon (x) the release and discharge of the Initial Lien to which it relates, (y) in the case of any Lien Incurred by a Guarantor securing its Guarantee, upon the termination and discharge of such Guarantee in accordance with the terms of the Indenture or (z) any sale, exchange or transfer to any Person other than the Issuer or a Subsidiary 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 Indenture (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).

Merger and Consolidation

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 Subsidiaries on a consolidated basis to any other Person or Persons.

The immediately preceding paragraph will not apply if:

(1) 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 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 Indenture, pursuant to a supplemental indenture, in form reasonably satisfactory to the Trustee, and the Notes and the Indenture remain in full force and effect as so supplemented;

(2) 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 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 Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) 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 the Indenture) could incur at least €1.00 of additional Indebtedness in accordance with the first paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness;" 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;

(4) any 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 Indenture and the Notes; and

(5) the Issuer or the Surviving Entity will have delivered to the Trustee an Officers' Certificate (attaching the computations to demonstrate compliance with sub-clauses (2) and (3) 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 indenture is required in connection with such transaction, such supplemental indenture will, comply with the requirements of the Indenture 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 sub-clauses (2) and (3) 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 the next succeeding paragraph.

The immediately preceding paragraph will not apply to any transaction in which any 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 sub-clauses (2) and (3) of the immediately preceding paragraph will 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 Subsidiary of the Issuer so long as all assets of the Issuer, and the Subsidiaries of the Issuer or the Issuer, respectively, immediately prior to such transaction (other than Capital Stock of such Subsidiary) are owned by such Subsidiary and its Subsidiaries immediately after the consummation thereof.

In the case of any transaction complying with this covenant 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 Indenture; 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 Subsidiaries taken as a whole.

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; 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:

(1) 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

(2) the sale or disposition of all or substantially all the assets of a Guarantor,

in each case other than to the Issuer or a Subsidiary of the Issuer.

This covenant includes a phrase relating to the sale, assignment, conveyance, transfer, lease or other disposition of "all or substantially all" of the properties or assets of the Issuer and its Subsidiaries. Although there is a developing body of case law interpreting the phrase "substantially all," there is no precise definition of the phrase under applicable law. Accordingly, the applicability of this covenant when there is a sale, assignment, conveyance, transfer, lease or other disposition of less than all of the assets of the Issuer and its Subsidiaries on a consolidated basis to another Person or Persons may be uncertain.

Limitations on Guarantees of Indebtedness by Subsidiaries

The Issuer will not permit any Subsidiary that is not a Guarantor to directly or indirectly 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, the 6.125% 2019 Notes, the 5.125% 2020 Notes or the 5.250% 2020 Notes (including, in each case, guarantees in respect thereof) unless such Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture, delivered to the Trustee, providing for a Guarantee by such Subsidiary that is senior or *pari passu* in right of payment to such Subsidiary's guarantee of such Credit Facilities, the 6.125% 2019 Notes, the 5.125% 2020 Notes or the 5.250% 2020 Notes, as the case may be. Upon the execution and delivery of such supplemental indenture, such Subsidiary shall become a Guarantor.

The preceding paragraph shall not be applicable to any guarantees by any Subsidiary that existed at the time such Person became a Subsidiary if the guarantee was not Incurred in connection with, or in contemplation of, such Person becoming a Subsidiary.

Each Guarantee created for the benefit of the Holders of the Notes pursuant to this covenant will be provided to the fullest extent permitted by applicable law (including, for the avoidance of doubt, by the Issuer and its Subsidiaries having taken, in respect of each such Guarantee, measures no less effective to overcome any relevant legal prohibition or limitation in respect of such Guarantee as shall have been taken to overcome any substantially similar legal prohibitions or limitations in respect of the guarantee of such other Indebtedness, including any whitewash or similar procedures which are legally available to eliminate the relevant limit). Notwithstanding the foregoing, the Issuer shall not be obligated to cause such Subsidiary to Guarantee the Notes pursuant to this covenant (and any Guarantee that is given may be limited) to the extent that, in the good faith determination of the Issuer (which determination shall be conclusive), such Guarantee by such Subsidiary would reasonably be expected to give rise to or result in (i) a violation of applicable law which cannot be prevented or otherwise avoided through measures reasonably available to the Issuer or the Subsidiary or (ii) any personal liability for the officers, directors or shareholders of such Subsidiary.

Notwithstanding the foregoing, any Guarantee created pursuant to the provisions described in the first paragraph of this covenant may provide by its terms that it will be automatically and unconditionally released and discharged:

(1) 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;

(2) upon a release of the guarantee or Indebtedness that resulted in the creation of the Guarantee under this covenant;

(3) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or immediately after giving effect to such transaction) the Issuer or a Subsidiary, if the sale or other disposition does not violate the "Merger and Consolidation" provisions of the Indenture;

(4) in connection with any sale or other disposition of Capital Stock of that Guarantor (or Capital Stock of a Person of which such Guarantor is a Subsidiary) to a Person that is not (either before or immediately after giving effect to such transaction) the Issuer or a Subsidiary, if the sale or other disposition does not violate the "Merger and Consolidation" provisions of the Indenture and the Guarantor ceases to be a Subsidiary of the Issuer as a result of the sale or other disposition;

(5) upon legal or covenant defeasance in accordance with the provisions described under "— Legal Defeasance and Covenant Defeasance," or satisfaction and discharge in accordance with the provisions described under "— Satisfaction and Discharge;" or

(6) as described under the caption "— Amendments and Waivers."

The Issuer shall be permitted to add and remove Guarantors subject to and in accordance with the provisions of the Indenture. For the avoidance of doubt, the Issuer will be permitted after the Issue Date to cause additional Subsidiaries to become Guarantors under the Indenture even if such Subsidiaries are not required at such time to become Guarantors pursuant to the covenant described under "— Certain Covenants — Limitations on Guarantees of Indebtedness by Subsidiaries" (such Guarantors "**Optional Guarantors**"). The Issuer will be entitled to release any such Optional Guarantor from its Guarantee obligations 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 the covenant under "— Certain Covenants — Limitations on Guarantees of Indebtedness by Subsidiaries."

Upon any release of a Guarantee contemplated under this "— Certain Covenants — Limitations on Guarantees of Indebtedness by Subsidiaries" section, the Trustee shall execute any documents required in order to evidence such release, discharge and termination in respect of such Guarantee.

Reports

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

(1) 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 2014; *provided* that for so long as the ordinary shares of the Issuer are listed on Euronext Paris, any report that complies in all material respects with applicable annual report requirements resulting from such listing will be deemed to satisfy the Issuer's obligations under this clause (1);

(2) within 90 days following the end of the first half-year in each fiscal year of the Issuer, half-year 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 period, 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; provided that for so long as the ordinary shares of the Issuer are listed on Euronext Paris, any report that complies in all material respects with applicable half-yearly report requirements resulting from such listing will be deemed to satisfy the Issuer's obligations under this clause (2); and

(3) promptly after the occurrence of a material acquisition, disposition, restructuring of the Issuer and its Subsidiaries taken as a whole or change in auditors or any other material event of the Issuer and its 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 covenant and shall have no obligation to determine whether any such information or report complies with the provisions of this covenant 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 covenant (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.

Currency Indemnity

The euro is the sole currency of account and payment for all sums payable by the Issuer or any Guarantor under the Notes or in respect thereof under the Indenture. 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 euro 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).

The above indemnity, to the extent permitted by law:

- constitutes a separate and independent obligation from the other obligations of the Issuer and any Guarantor;
- shall give rise to a separate and independent cause of action;
- shall apply irrespective of any waiver granted by the Trustee or any Noteholder; and
- 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 the provisions described under this "— Currency Indemnity" section 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.

Events of Default

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

(1) (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;

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

(3) failure by the Issuer to comply with its obligations under (x) the covenant described under "— Change of Control" 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) the first paragraph of the covenant described under "— Certain Covenants — Merger and Consolidation;"

(4) failure by the Issuer to comply for 30 days after notice from the Trustee with any other covenant contained in the Indenture or in the Notes;

(5) the failure by the Issuer or any 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 €100 million in the aggregate or its equivalent in a currency other than euros;

(6) 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 the covenant described under "— Certain Covenants — Merger and Consolidation"); or (D) the making of a general assignment for the benefit of its creditors;

(7) 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 the covenant described under "— Certain Covenants — Merger and Consolidation"); and in any of (A) through (C), the order or decree remains unstayed and in effect for 60 days;

(8) 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 €100 million or its equivalent in a currency other than euros against the Issuer or a Significant Subsidiary, or jointly and severally against other 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

(9) 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 or the Indenture) 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 Indenture), if such default continues for 10 days.

If an Event of Default (other than an Event of Default specified in sub-clause (6) or (7) of the preceding paragraph) occurs and is continuing, the Trustee (subject as provided below under this "— Events of Default" section) 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, premium, 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 sub-clause (6) or (7) of the preceding paragraph 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.

Notwithstanding the immediately preceding paragraph, in the event of a declaration of acceleration in respect of the Notes because an Event of Default specified in sub-clause (5) of the first paragraph of this "— Events of Default" section 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 has been remedied or cured by the Issuer or a 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.

In case an Event of Default has occurred and is continuing, the Trustee will be required to exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of interest, Additional Amounts or premium, if any, on, or the principal of, the Notes or to enforce the performance of any provision of the Notes, any Guarantee or the Indenture.

The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders, unless such Holders have offered to the Trustee security or indemnity satisfactory to it against any loss, liability or expense. Subject to these provisions on the indemnification of the Trustee, the Holders of a majority in aggregate principal amount of the outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of Holders not taking part in such direction or that would involve the Trustee in personal liability; provided, however, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction.

Except (subject to "— Amendments and Waiver") to enforce the right to receive payment of interest, Additional Amounts or premium, if any, on, or the principal of, the Notes, no Holder may pursue a remedy with respect to the Indenture or the Notes unless:

(1) such Noteholder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee in writing to pursue the remedy;

(3) such Holders have offered to the Trustee security or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) the Holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The right of any Holder to receive payment of interest, Additional Amounts or premium, if any, on, or the principal of, such Holder's Notes on or after the respective due dates expressed in such Holder's Notes, or to institute suit for the enforcement of any such payment on or after such respective due dates, shall not, however, be impaired without the consent of such Holder, except to the extent of any waiver or amendment made pursuant to the second and third paragraphs of "— Amendments and Waivers."

The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture. Upon becoming aware of any Default or Event of Default, the Issuer is required to deliver to the Trustee a notice of such Default or Event of Default.

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 the Indenture, any Guarantee, 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. The waiver may not be effective to waive liabilities under the U.S. federal securities laws.

Amendments and Waivers

Except as provided in the next two succeeding paragraphs, the Indenture, the Notes and any Guarantees may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a tender offer or exchange offer for Notes), and any existing or past Default or Event of Default (except a continuing Default or Event of Default in the payment of principal of or premium or interest on any Notes (other than a payment default resulting from an acceleration that has been rescinded)) or compliance with any provision of the Indenture, the Notes or any Guarantees may be waived with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a tender offer or exchange offer for Notes).

Unless consented to by the Holders of at least 90% of the aggregate principal amount of the then outstanding Notes affected (including, without limitation, consents obtained in connection with a tender offer or exchange offer for Notes), an amendment, supplement or waiver may not:

(1) reduce the amount of Notes whose Holders must consent to an amendment or a waiver;

(2) reduce the rate of or extend the time for payment of interest on the Notes;

(3) reduce the principal of or change the Stated Maturity of the Notes;

(4) reduce the premium payable upon the redemption of, or change the date for any redemption of, Notes as described under "— Optional Redemption" or "— Taxation — Redemption for Changes in Withholding Tax" (or, after a Change of Control has already occurred, as described under "— Change of Control");

(5) make any of the Notes payable in a currency other than euros;

(6) impair 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;

(7) make 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;

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

(9) release, other than in accordance with the Indenture, any Guarantee in a manner that would adversely affect the Noteholders;

(10) make any change in the provisions described under "— Taxation" that adversely affects the rights of the Noteholders or amend the terms of the Notes or the Indenture in each case in a manner that would result in the loss of an exemption from any of the Taxes described thereunder; or

(11) waive 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 for in the Indenture and a waiver of the payment default that resulted from such acceleration).

Any amendment, waiver or supplement to the above matters consented to by at least 90% of the aggregate principal amount of the then outstanding Notes affected will be binding against any non-consenting Noteholders.

The Trustee may (but shall not be required to) agree, without the consent of any Holder, to the waiver or authorization of any breach or proposed breach of any of the provisions of the Indenture, 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).

In addition, without the consent of any Holder, the Issuer, the Trustee and (as applicable) any Guarantor may amend or supplement the Indenture or the Notes to: cure any ambiguity, defect, manifest error or inconsistency; to provide for the assumption by a successor of the obligations of the Issuer or a Guarantor under the Indenture; to provide for uncertificated Notes in addition to or in place of certificated Notes; to add Guarantees with respect to the Notes; to secure the Notes; to evidence a successor Trustee; to confirm and evidence the release, termination or discharge of any Guarantee or Lien with respect to or securing the Notes when such release, termination or discharge is permitted under the Indenture; to add to the covenants of the Issuer for the benefit of the Holders or to surrender any right or power conferred upon the Issuer; to provide for or confirm the issuance of Additional Notes; to conform the text of the Indenture (including any supplemental indenture or other instrument pursuant to which Additional Notes are issued), the Notes (including any Additional Notes) or any Guarantee to any provision of this "Description of Notes;" or to make any change that is not materially prejudicial to the rights of the Noteholders.

The consent of the Noteholders is not necessary under the Indenture to approve the particular form of any proposed amendment, supplement or waiver. It is sufficient if such consent approves the substance thereof. Until an amendment, supplement or waiver becomes effective, a consent to it by a Noteholder is a continuing consent by such Noteholder and every subsequent Holder of all or part of the related Note. After an amendment, supplement or waiver that requires consent of Noteholders under the Indenture becomes effective, the Issuer is required to mail to Noteholders, with a copy to the Trustee, a notice briefly describing such amendment, supplement or waiver. However, the failure of the Issuer to mail such notice to all Noteholders, or any defect therein, will not impair or affect the validity of any supplemental indenture or the effectiveness of any amendment, supplement or waiver.

In formulating its opinion on the matters referred to in this section, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel and/or an Officers' Certificate.

Legal Defeasance and Covenant Defeasance

The Issuer may, at its option and at any time, elect to have all of its obligations discharged with respect to the Notes then outstanding and all obligations of any Guarantors discharged with respect to their Guarantees ("**Legal Defeasance**") except for:

(1) those relating to the rights of Holders of the Notes then outstanding to receive payments in respect of the principal of, or interest (including Additional Amounts, if any) or premium, if any, on, such Notes when such payments are due from the defeasance trust referred to below;

(2) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration of transfer or exchange of the Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and any Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and any Guarantors released with respect to certain covenants that are described in the Indenture ("**Covenant Defeasance**") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, all Events of Default described under "— Events of Default" (except those relating to payments on the Notes or bankruptcy, receivership, rehabilitation or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in euros, non-callable euro-denominated European Government Securities or a combination thereof, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, and interest (including Additional Amounts and premium, if any) on the Notes then outstanding on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee:

    (a) an Opinion of Counsel in the United States confirming that (i) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (ii) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel will confirm that, the holders of the Notes then outstanding will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; and

    (b) an Opinion of Counsel in the jurisdiction of incorporation of the Issuer to the effect that the holders of the outstanding Notes will not recognize income, gain or loss for tax purposes of such jurisdiction as a result of such Legal Defeasance and will be subject to tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee:

(a) an Opinion of Counsel in the United States confirming that the holders of the Notes then outstanding will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred; and

(b) an Opinion of Counsel in the jurisdiction of incorporation of the Issuer to the effect that the holders of the Notes then outstanding will not recognize income, gain or loss for tax purposes of such jurisdiction as a result of such Covenant Defeasance and will be subject to tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than any such Default or Event of Default resulting from the borrowing of funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness, and, in each case, the granting of Liens in connection therewith);

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any other material agreement or instrument (other than the Indenture and the agreements governing any other Indebtedness being defeased, discharged or replaced) to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than any such breach, violation or default resulting from the borrowing of funds to be applied to make the deposit required to effect such Legal Defeasance or Covenant Defeasance and any similar and simultaneous deposit relating to other Indebtedness, and, in each case, the granting of Liens in connection therewith);

(6) the Issuer must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer or with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or others; and

(7) the Issuer must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated and delivered, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been cancelled or delivered to the Trustee for cancellation; or

(b) all Notes that have not been cancelled or delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in euros, non-callable euro-denominated European Government Securities or a combination thereof in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(3) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee, each to the effect that all conditions precedent to satisfaction and discharge have been satisfied.

Calculation of Euro-Denominated Restrictions

Except as provided for in the covenant described under "— Certain Covenants — Limitation on Indebtedness" or as otherwise specifically set forth herein, whenever it is necessary to determine whether the Issuer has complied with any covenant in the Indenture 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.

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.

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.

In addition, for so long as any Notes are listed on the Euro MTF, and to the extent that the rules of the Luxembourg Stock Exchange so require, notices to the Holders of the Notes shall be published in a newspaper having a general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or, to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange, posted on the official website of the Luxembourg Stock Exchange.

Governing Law, Submission to Jurisdiction and Service of Process

The Indenture, the Notes and any Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. The Indenture will provide that the Issuer and each Guarantor will appoint an agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and any Guarantees and for actions brought under US federal or state securities laws brought in any federal or state court located in the City of New York and will submit to such jurisdiction.

Because the assets of the Issuer are (and the assets of any Guarantor are expected to be) outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, premium or Additional Amounts, if any, on the Notes or any Guarantees will be prescribed ten years after the applicable due dates for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest will be prescribed five years after the applicable due date for the payment of interest.

Certain Definitions

"**5.125% 2020 Notes**" means the 5.125% Senior Notes denominated in Euros due 2020 of the Issuer issued under an Indenture, dated April 3, 2013, among the Issuer and, inter alios, The Bank of New York Mellon, as trustee (the "**2020 Notes Indenture**"), as are outstanding on the date hereof.

"**5.250% 2020 Notes**" means the 5.250% Senior Notes denominated in US Dollars due 2020 of the Issuer issued under the 2020 Notes Indenture, as are outstanding on the date hereof.

"**6.125% 2019 Notes**" means the 6.125% Senior Notes denominated in US Dollars due 2019 of the Issuer issued under an Indenture, dated March 28, 2012, among the Issuer and, inter alios, The Bank of New York Mellon, as trustee (the "**6.125% 2019 Notes Indenture**"), as are outstanding on the date hereof.

"**Additional Notes**" has the meaning set forth in the fourth paragraph under "— Brief Description of the Notes — Principal, Maturity and Interest."

"**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.

"**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 sub-clause (1) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness," (x) the Receivables Basket Amount less (y) the Receivables Facilities Basket Outstanding Amount; and

(ii) for purposes of sub-clause (2) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness," (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 sub-clause (1)(z) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness;"

(b) "**Receivables Basket Amount**" means, as of any date of determination, 66% of the consolidated trade accounts receivable of the Issuer and its 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 sub-clause (2) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness."

"**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 board of directors ("*conseil d'administration*") or any committee thereof, provided that if the Issuer's governance structure is modified to a two-tier structure, the Board of Directors shall refer to the supervisory board ("*conseil de surveillance*") or the management board ("*directoire*") or, in either case, 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, regulation or executive order to close in New York City or Paris, and 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.

"**Capitalized 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.

"**Change of Control**" has the meaning set forth in the covenant described under "— Change of Control."

"**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 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 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 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 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 Subsidiary repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged with respect to the Issuer and its continuing 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 Subsidiary is sold, the Consolidated Interest Expense for such period attributable to the Indebtedness of such Subsidiary to the extent the Issuer and its continuing Subsidiaries are no longer liable for such Indebtedness after such Sale;

(d) if since the beginning of such period the Issuer or any Subsidiary (by merger, consolidation or otherwise) shall have made an Investment in any Person that thereby becomes a 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 Subsidiary or was merged or consolidated with or into the Issuer or any 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 sub-clause (b), (c) or (d) above if made by the Issuer or a 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 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 Subsidiaries, as determined on a consolidated basis in accordance with IFRS;

(iv) any expenses or charges of the Issuer and the Subsidiaries, as determined on a consolidated basis in accordance with IFRS, related to any equity offering or issuance or incurrence of Indebtedness permitted by the Indenture (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 Subsidiaries, net of any interest income of the Issuer and its 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 Subsidiary (other than any such Disqualified Stock or any Preferred Stock held by the Issuer or a 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 Subsidiary, but only to the extent of interest actually paid by the Issuer or any 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 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 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 Subsidiary as a dividend or other distribution 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 Subsidiaries in such Person;

(b) any gain or loss realised upon the sale or other disposition of any asset of the Issuer or any 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);

(c) 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);

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

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

(f) 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;

(g) 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;

(h) 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;

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

(j) 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 sub-clause (c) 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.

"**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 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.

"**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" 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 the covenants described under "— Change of Control"; 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 the Indenture; 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.

"**Euro Equivalent**" means, with respect to any monetary amount in a currency other than euros, at any date of determination thereof (or at the date as of which such determination is to be made) 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 (or at the date as of which such determination is to be made).

"**European Government Securities**" means direct obligations of, or obligations guaranteed by, a member state of the European Union, and the payment for which such member state pledges its full faith and credit.

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

"**Event of Default**" has the meaning set forth under the caption "— Event of Default."

"**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 senior financial management of the Issuer or the Board of Directors, in each case whose determination will be conclusive.

"**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 a guarantee of the Issuer's obligations with respect to the Notes that may from time to time be given by a Subsidiary pursuant to the covenant described under "— Certain Covenants — Limitations on Guarantees of Indebtedness by Subsidiaries" or otherwise under the Indenture.

"**Guarantor**" means any Subsidiary that enters into a Guarantee, until such time as it is released in accordance with the provisions of the Indenture.

"**Guarantor Subordinated Obligations**" means, with respect to a Guarantor, any Indebtedness of such Guarantor 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 described under "— Certain Covenants — Reports," 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 Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time it becomes a Subsidiary. The term "Incurrence" when used as a noun shall have a correlative meaning. Solely for purposes of determining compliance with the covenant described under "— Certain Covenants — Limitation on Indebtedness," 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 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 the Indenture 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).

"**Issue Date**" means on or about May 27, 2015.

"**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).

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

"**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 board of directors ("*conseil d'administration*"), the *Directeur Général*, the *Directeur Général Délégué*, Rexel Group Director of Financing and Treasury ("*Directeur Financement et Trésorerie du groupe Rexel*") or Rexel Group General Counsel ("*Directeur Juridique du groupe Rexel*").

"**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.

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

"**Permitted Indebtedness**" has the meaning set forth in the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness."

"**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 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 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 Subsidiaries (other than assets and property affixed or appurtenant thereto);

(i) Liens securing 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 sub-clause (3) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness;"

(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 sub-clauses (8), (14) or (16) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness;"

(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;

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

(n) Liens securing Indebtedness or other obligations arising in respect of Receivables Financings Incurred pursuant to sub-clause (2) of the second paragraph of the covenant described under "— Certain Covenants — Limitation on Indebtedness;"

(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 Subsidiaries that are not Guarantors permitted to be incurred pursuant to the covenant described under "— Certain Covenants — Limitation on Indebtedness;"

(t) other Liens securing Indebtedness not to exceed an amount equal to the greater of (x) €350 million and (y) 7.0% of Consolidated Tangible Assets in the aggregate at any time outstanding;

(u) leases, subleases, licenses or sublicenses to third parties; and

(v) other Liens securing Obligations (other than Indebtedness) Incurred by the Issuer or any 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.

"**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.

"**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 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 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 the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Subsidiary (to the extent permitted in the Indenture) and Indebtedness of any Subsidiary that refinances Indebtedness of another 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 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 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 (4) Refinancing Indebtedness shall not include Indebtedness of a Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor that could not have been initially Incurred by such Subsidiary pursuant to the covenant described under "— Certain Covenants — Limitation on Indebtedness".

"**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 Subsidiary on the Issue Date or thereafter acquired by the Issuer or a Subsidiary whereby the Issuer or a Subsidiary transfers such property to a Person and the Issuer or a Subsidiary leases it from such Person.

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

"**Securities Act**" has the meaning set forth in the first paragraph of this "Description of Notes."

"**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 facility agreement, as most recently amended on November 13, 2014, among, *inter alios*, the Issuer, the Mandated Lead Arrangers, and Bookrunners, the Mandated Lead Arranger and Arrangers (each, as defined therein), Crédit Agricole Corporate and Investment Bank as documentation agent, facility agent and swingline 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 facility 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 sub-clause (a) above,

unless, in the case of sub-clauses (a) and (b), in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is expressly 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 expressly subordinated or junior in right of payment 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 the covenant described under "— Certain Covenants — Limitation on Indebtedness" (but no such violation shall be deemed to exist for purposes of this sub-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 covenant described under "— Certain Covenants — Limitation on Indebtedness").

"**Significant Subsidiary**" means:

(a) any Subsidiary of the Issuer which meets any of the following conditions:

   (i) the Issuer's and its other Subsidiaries' investments in and advances to the Subsidiary exceed 5% of the total assets of the Issuer and its Subsidiaries consolidated as of the end of the most recently completed fiscal year;

   (ii) the Issuer's and its other Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Subsidiary exceeds 5% of the total assets of the Issuer and its Subsidiaries consolidated as of the end of the most recently completed fiscal year; or

   (iii) the Issuer's and its other 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 Subsidiaries consolidated for the most recently completed fiscal year; and

(b) any Subsidiary of the Issuer, which, when aggregated with all other Subsidiaries of the Issuer that are not otherwise Significant Subsidiaries and as to which any event described in sub-clauses (6) and/or (7) of the first paragraph under "— Events of Default" has occurred and is continuing, would constitute a Significant Subsidiary in accordance with the criteria set forth in (a) above.

For the avoidance of doubt, "Significant Subsidiary" shall also include any direct or indirect Subsidiary of the Issuer that owns, directly or indirectly, more than 50% of the Capital Stock or the total voting power of any other Significant Subsidiary.

"**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**" has the meaning set forth under the caption "— Taxation."

"**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 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 (the "Global Notes"). After the Restricted Period, beneficial interests in the temporary offshore global note will be exchangeable for beneficial interests in a permanent offshore global note, subject to the certification requirements described under "— Exchange of Temporary Global Notes for Permanent Global Notes".

The Global Notes 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 Global Notes may be held only through Euroclear or Clearstream or their participants at any time. By acquisition of a beneficial interest in a Global Note, the purchaser will be required to certify that it is either (i) 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 Global Notes 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 Global Notes will not be entitled to receive physical delivery of Notes.

For so long as any of the Notes are represented by a 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 applicable 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 believes to be reliable, but none of the Issuer, or the Initial Purchasers 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 and any other party to the Indenture 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 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 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 or any of its 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 a temporary offshore global note will be exchangeable for beneficial interests in the respective permanent offshore global note only upon certification on behalf of the beneficial owner that such beneficial owner is either (i) 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

The Global Notes are 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 Indenture.

In all cases, Definitive Notes delivered in exchange for any 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 Indenture.

Definitive Notes delivered in exchange for Global Notes 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 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 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 Indenture) 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 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 Global Notes for such purpose).

Distributions of amounts with respect to book-entry interests in the Global Notes 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 Global Notes 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 Global Note. However, if there is an Event of Default under the Notes, Euroclear and Clearstream reserve the right to exchange Global Notes for Definitive Notes in certificated form, and to distribute such Definitive Notes to their participants.

TAXATION

The statements herein regarding taxation are based on the laws in force in the European Union, the Republic of France and the Grand Duchy of Luxembourg, as of the date of this offering memorandum 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 European Union, French and Luxembourg tax consequences of any investment in, or ownership and disposition of, the Notes.

EU Directive on the Taxation of Savings Income

On June 3, 2003, the European Council of Economic and Finance Ministers adopted Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"). Pursuant to the Savings Directive and subject to a number of conditions being met, Member States are required, since July 1, 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 or certain entities.

However, throughout a transitional period, 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 interest payments. The rate of such withholding tax is currently equal to 35 *per cent.* The 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 in the Savings Directive (currently 35%) 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 July 1, 2005.

On March 24, 2014, the Council of the European Union adopted a directive amending the Savings Directive (the "**Amending Directive**"), which, if implemented, would amend and broaden the scope of the requirements described above. In particular, the Amending Directive would broaden the categories of entities required to provide information and/or withhold tax pursuant to the Savings Directive, and would require additional steps to be taken in certain circumstances to identify the beneficial owner of interest and other similar income payments, through a "look-through" approach. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive, which legislation must apply from January 1, 2017.

However, the European Commission has proposed the repeal of the Savings Directive from January 1, 2017, in the case of Austria, and from January 1, 2016, in the case of all other Member States (subject to on-going requirements to fulfill administrative obligations, such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive. The latest draft of the text of the Council directive repealing the Savings Directive was published on the public register of Council documents on May 7, 2015.

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 (the "**Non-French Holders**"). 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 75% mandatory withholding tax will be due by virtue of Article 125 A, III *bis* of the *Code général des impôts* (subject to certain exceptions and to the more favorable 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 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 30% or 75%, subject to the more favorable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, neither the 75% withholding tax provided by Article 125 A, III *bis* 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 the guidelines of the French tax authorities published in the *Bulletin Officiel des Finances Publiques — Impôts* (BOI-RPPM-RCM-30-10-20-40-20140211, BOI-IR-DOMIC-10-20-20-60-20150320, BOI-INT-DG-20-50-20140211 and

BOI-ANNX-000364-20120912), 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, as the case may be, 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.

A Non-French Holder of the Notes will generally not be subject to deduction or withholding of tax imposed by France in respect of gains realized on the sale, exchange or other disposition of the Notes. In addition, no transfer taxes or similar duties are payable in France in connection with the issuance or redemption of the Notes, as well as in connection with the transfer of the Notes, except in case of filing on a voluntary basis.

The Savings Directive was implemented into French law under Article 242 ter of the *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.

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.

Luxembourg withholding tax

Under Luxembourg tax laws currently in effect and with the possible exception of interest paid to Luxembourg resident 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 Luxembourg resident 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 recognized in accordance with the Council Directive 2009/65/EC or for the exchange of information regime).

Only interest accrued after July 1, 2005 paid after July 1, 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 receiving the payment in the course of the individual's private wealth.

Luxembourg non-residents

Under the Luxembourg laws dated June 21, 2005 implementing the Savings Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the EU (the "**Associated Territo**ries"), a Luxembourg based paying agent (within the meaning of the Savings Directive) is required to provide the Luxembourg tax administration with information on payments of interest and other similar income made to (or under certain circumstances, to the benefit of) an individual or 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 recognized in accordance with Council Directive 2009/65/EC) resident or established in an EU Member State other than Luxembourg. The Luxembourg tax administration then communicates such information to the competent authority of such Member State.

The same regime applies to payments to individuals or residual entities resident or established in any of the Associated Territories.

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).

PLAN OF DISTRIBUTION

Each of the Initial Purchasers (as defined below), in its capacity as an initial purchaser, pursuant to a purchase agreement, dated May 20, 2015 (the "Purchase Agreement"), has agreed with the Issuer, 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 Initial Purchasers. The Purchase Agreement entitles the Initial Purchasers to terminate the Purchase Agreement in certain circumstances prior to payment being made to the Issuer.

The Initial Purchasers are Crédit Agricole Corporate and Investment Bank, HSBC Bank plc, Société Générale, Merrill Lynch International, CM-CIC Securities, ING Bank N.V., London Branch, J.P. Morgan Securities plc, Bayerische Landesbank, Natixis and Standard Chartered Bank (the "Initial Purchasers").

The Issuer has been advised by each Initial Purchaser 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, the Issuer has agreed to indemnify the Initial Purchasers 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 memorandum 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 Initial Purchasers 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 memorandum does not constitute an offer to any person in the United States or to any U.S. person. Distribution of this offering memorandum to any such U.S. person or to any person within the United States is unauthorized and any disclosure of any of its contents to such persons is prohibited.

The Initial Purchasers have advised the Issuer that they presently intend to make a market in the Notes as permitted by applicable laws and regulations. The Initial Purchasers 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 Initial Purchasers. 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 — There currently exists no market for the Notes, and Rexel cannot assure you that such an active trading market for the Notes will develop."

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. Neither the Initial Purchasers nor the Issuer can assume that the Notes will be approved for admission to listing and trading, and will remain listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Euro MTF market.

The Initial Purchasers 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 and its respective affiliates in the ordinary course of business for which the Issuer may receive customary advisory and transaction fees and expense reimbursement. Certain of the Initial Purchasers or their affiliates are parties to the Senior Facilities Agreement.

General

No action has been or will be taken by Rexel or the Initial Purchasers in any jurisdiction by such Initial Purchaser that would permit a public offering of the Notes, or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer 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 memorandum 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.

Each Initial Purchaser has severally and not jointly represented, warranted and agreed that it will comply with the selling restrictions set forth below:

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 registration requirements of the Securities Act.

Each Initial Purchaser 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 Initial Purchasers has represented, warranted and agreed that: (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (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 (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

EEA

Each of the Initial Purchasers has acknowledged that this offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC (the "Prospectus Directive"), as implemented in member states ("Member States") of the European Economic Area (the "EEA"), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer of the Notes within the EEA should only do so in circumstances in which no obligation arises for us, the Issuer or any of the Initial Purchasers to produce a prospectus for such offer. Neither we, nor the Issuer nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

Each of the Initial Purchasers has acknowledged that with respect to any member state of the European Economic Area which has implemented the Prospectus Directive (the "Relevant Member States"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, 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;

(b) to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers; or

(c) 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 relation to any Notes 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 be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means directive 2003/71/EC (and amendments thereto), 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.

France

Each of the Initial Purchasers has acknowledged that this offering memorandum has not been prepared and is not being distributed in the context of a public offering of securities in France within the meaning of Article L. 411-1 of the French *Code monétaire et financier* and, therefore, this offering memorandum or any other offering material relating to the Notes have not been and will not be filed with the French *Autorité des Marchés Financiers* (the "AMF") for prior approval or submitted for clearance to the AMF and, more generally, no prospectus has been prepared in connection with the offering of the Notes that has been approved by 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 memorandum 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, 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 or a closed circle of investors (*cercle restreint d'investisseurs*), acting for its own account, all as defined in, and in accordance with, Articles L. 411-1, L. 411-2, D. 411-1 and D. 411-4, D. 744-1, D. 754-1, and D. 764-1 of the French *Code monétaire et financier* and applicable regulations thereunder. 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.

Australia, Canada and Japan

Each of the Initial Purchasers has acknowledged that the Notes may not be offered, sold or purchased in Australia, Canada or Japan.

Other Relationships

Some of the Initial Purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In particular, certain of the Initial Purchasers or their affiliates are parties to the Senior Facilities Agreement.

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If the Initial Purchasers or their affiliates have a lending relationship with us, they routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, the Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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 *Luxemburger 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 organizational documents of Rexel;
- Rexel's most recent audited consolidated financial statements and any interim financial statements published by Rexel; and
- the indenture for the Notes.

The current paying and transfer agent is The Bank of New York Mellon (Luxembourg) S.A. Rexel reserves the right to vary such appointment and will publish notice of such change of appointment on the website of the Luxembourg Stock Exchange, at www.bourse.lu.

Clearing Information

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream, as applicable.

The International Securities Identification Number (ISIN) for the Notes is XS1238996018. The common code for the Notes is 123899601.

Legal Information

The Issuer

Rexel, the Issuer, is a public company with limited liability (*société anonyme*), with a Board of directors (*Conseil d'administration*), incorporated under the laws of the Republic of France with a share capital of €1,463,859,630. Rexel was incorporated on December 16, 2004 for a term of 99 years expiring on December 16, 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 13, boulevard du Fort de Vaux, 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 on, and assistance in, their respective organization, investments

and financing, the coordination of their policies in terms of 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 January 1st to December 31.

The creation and issuance of the Notes was authorized by resolutions of the Issuer's Board of Directors adopted on April 29, 2015 and decisions of the Directeur Général Délégué dated as of May 19, 2015 and May 20, 2015.

For a description of Rexel's material indebtedness as of March 31, 2015, see the section entitled "Description of Certain Indebtedness" in this offering memorandum.

Litigation

Except as disclosed in this offering memorandum, 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 memorandum 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 memorandum, 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 December 31, 2014.

Material Contracts

Except as disclosed in this offering memorandum, there are, at the date of this offering memorandum, 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 memorandum, there are, at the date of this offering memorandum, no conflicts of interest which are material to the issue of the Notes between the duties of the members of the Board of Directors of the Issuer and their private interests and/or their other duties.

Persons Having an Interest Material to the Issue

Save as disclosed in "Plan of Distribution", 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 3.375% per year.

The yield is calculated at the Issue Date on the basis of the issue price. It is not an indication of future yields.

Trustee

The Trustee under the Indenture is The Bank of New York Mellon.

LEGAL MATTERS

Certain legal matters in connection with the offering of the Notes will be passed upon for Rexel by Debevoise & Plimpton LLP as to matters of U.S. and French law. Certain legal matters in connection with the offering of the Notes will be passed upon for the Initial Purchasers by Cleary Gottlieb Steen & Hamilton LLP as to matters of U.S. and French law.

INDEPENDENT AUDITORS

Our independent statutory auditors are Ernst & Young Audit and PricewaterhouseCoopers Audit. The address of Ernst & Young Audit is 1/2 place des Saisons, 92400 Courbevoie — Paris-La Défense 1, France. The address of PricewaterhouseCoopers Audit is 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, 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 authorized as *Commissaires aux Comptes*). Our consolidated financial statements as and for the year ended December 31, 2013 prepared in accordance with IFRS as adopted by the European Union, an English translation of which is included in this offering memorandum, have been audited in accordance with professional standards applicable in France by Ernst & Young Audit and PricewaterhouseCoopers Audit, as stated in their unqualified audit reports, a free English translation of which is included elsewhere herein. Our consolidated financial statements as and for the years ended December 31, 2014 prepared in accordance with IFRS as adopted by the European Union, an English translation of which is included in this offering memorandum, have been audited in accordance with professional standards applicable in France by Ernst & Young Audit and PricewaterhouseCoopers Audit, as stated in their unqualified audit reports, a free English translation of which is included elsewhere herein.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Unaudited condensed consolidated interim financial statements for the three-month period ended March 31, 2015	F-2
Audited consolidated financial statements of Rexel for the financial years ended December 31, 2014 and 2013	
Statutory auditors' report for the year ended December 31, 2014	F-22
Statutory auditors' report for the year ended December 31, 2013	F-25
Audited consolidated financial statements of Rexel for the financial year ended December 31, 2014	F-28
Audited consolidated financial statements of Rexel for the financial year ended December 31, 2013	F-86

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2015

Société Anonyme (corporation)
with share capital of € 1,460,027,880
Registered office: 13 boulevard du Fort de Vaux - CS 60002
75017 PARIS - France
479 973 513 R.C.S. Paris

Condensed consolidated interim financial statements as of March 31, 2015 (unaudited)

This document is a free translation into English of Rexel's original condensed consolidated interim financial statements for the period ended March 31, 2015 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 condensed consolidated interim financial statements for the period ended March 31, 2015, the French version will prevail.

TABLE OF CONTENTS

Consolidated Income Statement *(unaudited)*....2
Consolidated Statement of Comprehensive Income *(unaudited)*....3
Consolidated Balance Sheet *(unaudited)*....4
Consolidated Statement of Cash Flows *(unaudited)*....5
Consolidated Statement of Changes in Shareholders' Equity *(unaudited)*....6
Accompanying Notes to the Consolidated Financial Statements....7
1. | General information....7
2. | Significant accounting policies....7
3. | Business combinations....9
4. | Segment reporting....10
5. | Distribution & administrative expenses....11
6. | Other income & other expenses....12
7. | Net financial expenses....12
8. | Income tax....13
9. | Earnings per share....13
10. | Post-employment and long-term benefits....13
11. | Financial liabilities....14
12. | Fair value of financial instruments....17
13. | Seasonality....18
14. | Litigation....18
15. | Events after the reporting period....18

Consolidated Income Statement *(unaudited)*

(in millions of euros)	**Note**	For the period ended March 31, **2015**	**2014**
Sales	*4*	3,286.2	3,067.3
Cost of goods sold		(2,478.2)	(2,303.2)
Gross profit		**808.0**	**764.1**
Distribution and administrative expenses	*5*	(686.7)	(634.0)
Operating income before other income and expenses		**121.3**	**130.1**
Other income	*6*	0.2	0.8
Other expenses	*6*	(17.6)	(19.5)
Operating income		**103.9**	**111.3**
Financial income		0.8	1.3
Interest expense on borrowings		(46.2)	(43.2)
Refinancing costs		(19.6)	-
Other financial expenses		(7.1)	(4.3)
Net financial expenses	*7*	***(72.2)***	***(46.3)***
Net income before income tax		**31.7**	**65.1**
Income tax	*8*	(11.0)	(21.9)
Net income		**20.7**	**43.2**
Portion attributable:			
to the equity holders of the parent		*21.1*	*43.1*
to non-controlling interests		*(0.4)*	*0.1*
Earnings per share:			
Basic earnings per share (in euros)	*9*	*0.07*	*0.15*
Fully diluted earnings per share (in euros)	*9*	*0.07*	*0.15*

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

Consolidated Statement of Comprehensive Income *(unaudited)*

(in millions of euros)	For the period ended March 31, 2015	2014
Net income	**20.7**	**43.2**
Items to be reclassified to profit and loss in subsequent periods:		
Net gain / (loss) on net investment hedges	(137.8)	0.3
Income tax	47.4	(0.1)
	(90.4)	0.2
Foreign currency translation adjustment	280.2	(2.1)
Income tax	(40.4)	(0.8)
	239.9	(2.8)
Net gain / (loss) on cash flow hedges	(1.7)	0.5
Income tax	0.6	(0.2)
	(1.1)	0.4
Items not to be reclassified to profit and loss in subsequent periods:		
Remeasurements of net defined benefit liability	(42.9)	(3.7)
Income tax	6.0	0.7
	(36.9)	(3.0)
Other comprehensive income / (loss) for the period, net of tax	*111.5*	*(5.3)*
Total comprehensive income for the period, net of tax	**132.2**	**37.9**
Portion attributable:		
to the equity holders of the parent	*131.2*	*38.1*
to non-controlling interests	*1.0*	*(0.2)*

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

Consolidated Balance Sheet *(unaudited)*

(in millions of euros)	**Note**	**As of March 31, 2015**	**As of December 31, 2014**
Assets			
Goodwill		4,447.9	4,243.9
Intangible assets		1,132.0	1,084.0
Property, plant and equipment		298.5	287.1
Long-term investments		36.1	24.8
Deferred tax assets		168.7	175.2
Total non-current assets		**6,083.2**	**5,815.0**
Inventories		1,589.4	1,487.2
Trade accounts receivable		2,349.7	2,206.0
Current tax assets		16.8	9.7
Other accounts receivable		502.3	499.0
Assets classified as held for sale		3.8	3.7
Cash and cash equivalents	***11.1***	478.7	1,159.8
Total current assets		**4,940.8**	**5,365.4**
Total assets		**11,024.0**	**11,180.4**
Equity			
Share capital		1,460.1	1,460.0
Share premium		1,599.8	1,599.8
Reserves and retained earnings		1,412.6	1,275.9
Total equity attributable to equity holders of the parent		**4,472.5**	**4,335.7**
Non-controlling interests		9.3	7.7
Total equity		**4,481.8**	**4,343.4**
Liabilities			
Interest bearing debt (non-current part)	***11.1***	2,518.3	2,995.9
Net employee defined benefit liabilities		404.1	344.2
Deferred tax liabilities		181.1	196.9
Provision and other non-current liabilities		92.0	93.7
Total non-current liabilities		**3,195.5**	**3,630.7**
Interest bearing debt (current part)	***11.1***	590.4	361.5
Accrued interest	***11.1***	31.5	9.7
Trade accounts payable		2,027.1	2,126.8
Income tax payable		35.1	42.1
Other current liabilities		662.6	666.2
Total current liabilities		**3,346.7**	**3,206.3**
Total liabilities		**6,542.2**	**6,837.0**
Total equity and liabilities		**11,024.0**	**11,180.4**

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

Consolidated Statement of Cash Flows *(unaudited)*

(in millions of euros)	*Note*	For the period ended March 31, 2015	2014
Cash flows from operating activities			
Operating income		103.9	111.3
Depreciation, amortization and impairment of assets	*5 - 6*	26.3	24.1
Employee benefits		(3.8)	(3.5)
Change in other provisions		(1.2)	0.3
Other non-cash operating items		4.3	1.7
Interest paid		(41.4)	(38.0)
Income tax paid		(34.0)	(27.6)
Operating cash flows before change in working capital requirements		***54.3***	***68.3***
Change in inventories		(10.3)	(20.2)
Change in trade receivables		(27.5)	(105.3)
Change in trade payables		(183.1)	(116.1)
Change in other working capital items		(25.4)	(2.7)
Change in working capital requirements		***(246.2)***	***(244.3)***
Net cash from operating activities		**(191.9)**	**(176.0)**
Cash flows from investing activities			
Acquisition of tangible and intangible assets		(32.6)	(25.1)
Proceed from disposal of tangible and intangible assets		0.5	1.0
Acquisition of subsidiaries, net of cash acquired		(7.5)	(7.8)
Change in long-term investments		(2.7)	1.0
Net cash from investing activities		**(42.4)**	**(30.9)**
Cash flows from financing activities			
Issuance of capital		-	0.7
Disposal / (Purchase) of treasury shares		1.9	(1.3)
Repayment / Buy-out of senior notes	*11*	(522.6)	-
Net change in credit facilities and other financial borrowings	*11*	239.9	41.2
Net change in securitization	*11*	(154.1)	(138.2)
Net change in finance lease liabilities	*11*	0.9	(1.6)
Net cash from financing activities		**(434.0)**	**(99.3)**
Net (decrease) / increase in cash and cash equivalents		**(668.3)**	**(306.2)**
Cash and cash equivalents at the beginning of the period		1,159.8	957.8
Effect of exchange rate changes on cash and cash equivalents		(12.8)	3.9
Cash and cash equivalents at the end of the period		**478.7**	**655.5**

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

Consolidated Statement of Changes in Equity *(unaudited)*

(in millions of euros)	Share capital	Share premium	Retained earnings	Foreign currency translation	Cash flow hedge reserve	Remeasur of net def benefit lia
For the period ended March 31, 2014						
As of January 1, 2014	**1,416.7**	**1,510.8**	**1,377.7**	**(21.4)**	**(1.7)**	**(**
Net income	-	-	43.1	-	-	
Other comprehensive income	-	-	-	(2.3)	0.4	
Total comprehensive income for the period	**-**	**-**	**43.1**	**(2.3)**	**0.4**	
Share capital increase	0.2	0.5	-	-	-	
Share-based payments	-	-	1.9	-	-	
Disposal / (Purchase) of treasury shares	-	-	(1.4)	-	-	
As of March 31, 2014	**1,416.9**	**1,511.3**	**1,421.2**	**(23.7)**	**(1.3)**	**(**
For the period ended March 31, 2015						
As of January 1, 2015	**1,460.0**	**1,599.8**	**1,351.5**	**79.5**	**(1.7)**	**(1**
Net income	-	-	21.1	-	-	
Other comprehensive income	-	-	-	148.1	(1.1)	(
Total comprehensive income for the period	**-**	**-**	**21.1**	**148.1**	**(1.1)**	**(**
Share capital increase	0.1	-	-	-	-	
Share-based payments	-	-	4.0	-	-	
Acquisition of subsidiaries	-	-	-	-	-	
Disposal / (Purchase) of treasury shares	-	-	1.5	-	-	
As of March 31, 2015	**1,460.1**	**1,599.8**	**1,378.1**	**227.6**	**(2.8)**	**(1**

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

Accompanying Notes

1. | GENERAL INFORMATION

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (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 offering 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), Asia-Pacific (mainly in Australia, New Zealand and China) and Latin America (mainly Brazil and Chile).

These consolidated financial statements cover the period from January 1 to March 31, 2015 and were authorized for issue by the Board of Directors on April 29, 2015.

2. | SIGNIFICANT ACCOUNTING POLICIES

2.1 | Statement of compliance

The condensed consolidated interim financial statements (hereafter referred to as “the condensed financial statements”) for the period ending March 31, 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These condensed financial statements are also compliant with the standards of the IASB in force at March 31, 2015. 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 December 31, 2014 and included in the Registration Document filed with the Autorité des Marchés Financiers on March 25, 2015 under the number D.15-0201.

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 of March 31, 2015 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 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 as of December 31, 2014 and described in the notes to the consolidated financial statements for the financial year ended December 31, 2014, with the exception of the new standards and interpretations disclosed in note 2.2.1.

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, 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.

2.2.1 | Changes in accounting policies and amended standards and interpretations

<u>Amended standards</u>

Improvements cycle 2011-2013 that was issued in December 2013 includes minor changes to several standards that are applicable effective on January 1, 2015. These changes have no material effect on the Group’s financial statements.

2.2.2 | New accounting standards and interpretations endorsed by the European Union with effect in future periods

- Amendment to IAS 19 “Defined Benefits Plans: Employee Contributions”: the narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. This amendment is applicable for annual statements beginning on or after February 1, 2015.
- Improvements cycle 2010-2012, issued in December 2013, include minor changes to existing standards. These changes are applicable for annual statements beginning on or after February 1, 2015.

These improvements and amendment are not expected to have any material impact on the Group’s financial statements.

2.2.3 | Accounting standards and interpretations issued by IASB and IFRS Interpretation Committee but not yet approved by the European Union

The following standards and interpretations issued by IASB are not yet approved by the European Union. Their potential impact is currently under review by the Group.

- On July 24, 2014, the International Accounting Standards Board (IASB) completed the final element of its comprehensive response to the financial crisis by issuing IFRS 9 Financial Instruments. The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially-reformed approach to hedge accounting. The new Standard will come into effect as of January 1, 2018 with early application permitted.
- IFRS 15 “Revenue from Contracts with Customers”: the new standard supersedes IAS 11 “Construction contracts” and IAS 18 “Revenues” on revenue recognition. Revenue will be recognized to depict the transfer of goods or services to customers in amounts that reflect the payment to which the company expects to be entitled in exchange for those goods or services. The new Standard will come into effect as of January 1, 2017 with early application permitted.

3. | BUSINESS COMBINATIONS

3.1 | 2015 Acquisitions

As part of Rexel's external growth policy, the Group completed in the first quarter of 2015 the acquisition of a 60% controlling interest in Shanghai Maxqueen Industry Development Co. Ltd on February 26, 2015, company based in China.

3.2 | Purchase Price Allocation

The table below shows the purchase price allocation to identifiable assets acquired and liabilities assumed.

Net assets acquired and consideration transferred of acquisitions consolidated for the period ended March 31, 2015

(in millions of euros)	
Other fixed assets	-
Other non current assets	-
Current assets	5.9
Net financial debt	(3.3)
Other non current liabilities	(0.6)
Current liabilities	(1.0)
Net asset acquired (except goodwill acquired)	**1.0**
Goodwill acquired	0.5
Adjustment on preliminary Goodwill arising on previous year acquisitions	(0.5)
Consideration transferred	**1.0**
Cash acquired	(0.1)
Payments related to prior year acquisitions [(1)]	6.6
Net cash paid for acquisitions	**7.5**

(1) Of which Zongheng minority interests payment of €5.0 million and Beijing Ouneng Tongxing for €1.8 million (see note 3 of the consolidated financial statement as of December 31, 2014)

4. | SEGMENT REPORTING

In accordance with IFRS 8 “Operating segments”, operating segments are based on the Group's financial 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.

The reportable operational segments are Europe, North America, Asia-Pacific and Latin America.

The Group’s financial reporting is reviewed monthly by the Chief Executive Officer and the Deputy Chief Executive Officer acting as the Chief operating decision maker.

Information by geographic segment for the periods ended March 31, 2015 and 2014

2015 *(in millions of euros)*	Europe	North America	Asia-Pacific	Latin-America	**Total Operating Segments**	Corporate Holdings and other reconciling items	**Total Group**
For the period ended March 31,							
Sales to external customers	1,785.5	1,128.5	307.6	64.6	**3,286.2**	-	**3,286.2**
EBITA [(1)]	102.0	29.2	6.2	(1.5)	**135.9**	(10.2)	**125.7**
As of March 31,							
Working capital	781.7	694.3	231.9	47.0	**1,755.0**	(6.5)	**1,748.5**
Goodwill	2,670.9	1,479.7	285.3	12.0	**4,447.9**	-	**4,447.9**

2014 *(in millions of euros)*	Europe	North America	Asia-Pacific	Latin-America	**Total Operating Segments**	Corporate Holdings and other reconciling items	**Total Group**
For the period ended March 31,							
Sales to external customers	1,759.4	972.0	272.9	62.9	**3,067.2**	0.1	**3,067.3**
EBITA [(1)]	101.0	33.4	7.0	(0.4)	**141.0**	(6.8)	**134.2**
As of December 31,							
Working capital	598.1	558.9	185.7	43.0	**1,385.8**	13.5	**1,399.3**
Goodwill	2,611.6	1,355.2	266.2	11.0	**4,243.9**	-	**4,243.9**

[(1)] EBITA is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses

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

(in millions of euros)	**For the period ended March 31, 2015**	**2014**
EBITA - Total Group	**125.7**	**134.2**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(4.4)	(4.1)
Other income and other expenses	(17.4)	(18.7)
Net financial expenses	(72.2)	(46.3)
Group consolidated income before income tax	**31.7**	**65.1**

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

(in millions of euros)	As of March 31, 2015	As of December 31, 2014
Working capital	1,748.5	1,399.3
Goodwill	4,447.9	4,243.9
Total allocated assets & liabilities	**6,196.4**	**5,643.2**
Liabilities included in allocated working capital	2,688.0	2,792.2
Accrued interest receivables	4.4	0.7
Other non-current assets	1,466.6	1,395.9
Deferred tax assets	168.7	175.2
Current tax assets	16.8	9.7
Assets classified as held for sale	3.8	3.7
Derivatives	0.6	-
Cash and cash equivalents	478.7	1,159.8
Group consolidated total assets	**11,024.0**	**11,180.4**

5. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

(in millions of euros)	For the period ended March 31, 2015	2014
Personnel costs (salaries & benefits)	412.1	376.7
Building and occupancy costs	74.5	71.4
Other external costs	163.1	152.3
Depreciation expense	22.0	19.8
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	4.4	4.1
Bad debt expense	10.6	9.6
Total distribution and administrative expenses	**686.7**	**634.0**

6. | OTHER INCOME & OTHER EXPENSES

(in millions of euros)		For the period ended March 31, 2015	2014
Gains on disposal of tangible assets		-	0.4
Write-back asset impairment		0.1	-
Release of unused provisions		0.1	0.2
Other operating income		0.1	0.2
Total other income		**0.2**	**0.8**
Restructuring costs	(1)	(15.3)	(13.7)
Losses on non-current assets disposed of		(0.4)	(0.2)
Impairment of goodwill and asset write-offs		-	(0.2)
Acquisition related costs	(2)	(0.5)	(5.0)
Other operating expenses		(1.5)	(0.5)
Total other expenses		**(17.6)**	**(19.5)**

(1) For the period ended March 31, 2015, restructuring costs were incurred in connection with logistic reorganizations and branch network optimization programs in Europe, mainly in France, The Netherlands, Sweden and in Spain (in 2014 in Germany and in the UK) and in the United-States.

(2) For the period ended March 31, 2014, acquisition costs were associated with acquisitions completed in the accounting period and professional fees incurred in connection with various investment projects.

7. | NET FINANCIAL EXPENSES

(in millions of euros)		For the period ended March 31, 2015	2014
Interest income on cash and cash equivalents		0.6	0.6
Interest income on receivables and loans		0.2	0.6
Financial income		**0.8**	**1.3**
Interest expense on financial debt (stated at amortized cost)		(41.9)	(42.0)
Interest expense on interest rate derivatives		2.8	3.2
Gains and losses on derivative instruments previously deferred in other comprehensive income and recycled in the income statement		(0.1)	0.3
Foreign exchange gain (loss)		(5.2)	(0.2)
Change in fair value of exchange rate derivatives through profit and loss		0.5	(0.3)
Change in fair value of interest rate derivatives through profit and loss		(2.3)	(4.3)
Interest expense on borrowings		**(46.2)**	**(43.2)**
Non-recurring redemption costs	(1)	**(19.6)**	**-**
Net financial expense on employee benefit obligations		(3.0)	(2.3)
Others		(4.2)	(2.0)
Other financial expenses		**(7.1)**	**(4.3)**
Net financial expenses		**(72.2)**	**(46.3)**

(1) Non-recurring costs related to the repayment of the senior notes due 2018 (see note 11).

8. | INCOME TAX

Income tax expense for an interim period is calculated based on the average estimated tax rate for the 2015 financial year to the interim income before taxes. The effective tax rate for the period ending March 31, 2015 is 34.7%, compared with 33.7% for the period ended March 31, 2014.

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 March 31,	
	2015	**2014**
Net income attributed to ordinary shareholders *(in millions of euros)*	***21.1***	***43.1***
Weighted average number of ordinary shares (*in thousands*)	290,378	281,505
Potential dilutive shares in connection with payments of dividends (in thousands)	-	655
Non-dilutive potential shares (in thousands)	1,168	1,615
Weighted average number of issued common shares adjusted for non - dilutive potential shares (in thousands)	***291,546***	***283,775***
Basic earning per share (in euros)	**0.07**	**0.15**
Net income attributed to ordinary shareholders *(in millions of euros)*	***21.1***	***43.1***
Dilutive potential shares (in thousands)	1,481	2,853
- of which share options (in thousands)	*105*	*129*
- of which bonus shares (in thousands) [(1)]	*1,376*	*2,725*
Weighted average number of common shares adjusted for dilutive potential shares (in thousands)	***293,028***	***286,628***
Fully diluted earnings per share (in euros)	**0.07**	**0.15**

(1) The number of potential dilutive shares does not take into account the free shares whose allocation is subject to future performance or market conditions not yet met at the balance sheet date

10. | POST-EMPLOYMENT AND LONG-TERM BENEFITS

As of March 31, 2015, the major Group's defined benefit plan obligations were re-measured including pension plans in Canada, in Switzerland and in the United Kingdom. The impacts of actuarial changes were estimated based on a sensitivity analysis that considered changes in discount rates and differences between actual and expected plan asset performance.

For the period ended March 31, 2015, remeasurement of pension and post-retirement benefits accounted for a loss of €42.9 million was recognized in other comprehensive income (€3.7 million for the period ended March 31, 2014). This loss resulted from the decrease in discount rates as of March 31, 2015 as compared to December 31, 2014.

They are as follow:

Discount rate (in %)	As of March 2015	As of December 2014	As of March 2014
United Kingdom	3.25	3.50	4.50
Canada	3.50	4.00	4.50
Switzerland	0.75	1.25	2.00

11. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of March 31, 2015. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interests less transaction costs.

11.1 | Net financial debt

As of March 31, 2015, Rexel's consolidated net debt stood at €2,652.5 million, consisting of the following items:

(in millions of euros)	As of March 31, 2015			As of December 31, 2014		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Senior notes	-	1,609.8	1,609.8	-	1,992.2	1,992.2
Securitization	128.5	912.7	1,041.2	128.2	1,013.9	1,142.1
Bank loans	110.0	3.4	113.4	65.0	4.4	69.3
Commercial paper	247.2	-	247.2	85.9	-	85.9
Bank overdrafts and other credit facilities	102.8	-	102.8	81.7	-	81.7
Finance lease obligations	8.7	19.6	28.4	8.8	18.4	27.2
Accrued interests [(1)]	31.5	-	31.5	9.7	-	9.7
Less transaction costs	(6.9)	(27.3)	(34.2)	(8.0)	(32.9)	(40.9)
Total financial debt and accrued interest	***621.9***	***2,518.3***	***3,140.1***	***371.2***	***2,995.9***	***3,367.1***
Cash and cash equivalents			(478.7)			(1,159.8)
Accrued interest receivables			(4.4)			(0.7)
Debt hedge derivatives			(4.5)			6.5
Net financial debt			**2,652.6**			**2,213.1**

[(1)] Of which accrued interests on Senior Notes for €25.4 million as of March 31, 2015 (€4.9 million as of December 31, 2014)

11.1.1 | Senior notes

On March 16, 2015, Rexel redeemed its 7% senior notes due 2018 for a total amount of €522.6 million, including the principal amount of €488.8 million, an applicable "make-whole" redemption premium of €25.4 million, and interests due for the period December 18, 2014 to March 16, 2015 of €8.5 million.

The financial expense related to the redemption of the senior notes due 2018 is detailed as follows:

(in millions of euros)	**For the period ended March 31, 2015**
Make-whole redemption premium	25.4
Write back of transaction fees	3.9
Less fair value adjustments	(9.7)
Non-recurring redemption costs	**19.6**

As of March 31, 2015, the carrying amount of the existing senior notes is detailed as follows:

	As of March 31, 2015					As of December 31, 2014				
	Nominal amount *(in millions of currency)*		**Nominal amount** *(in millions of euros)*	Fair value adjust-ments [(1)]	**Total**	**Nominal amount** *(in millions of currency)*		**Nominal amount** *(in millions of euros)*	Fair value adjust-ments	**Total**
Senior notes due 2018	EUR	-	-	-	**-**	EUR	488.8	488.8	10.2	**499.0**
Senior notes due 2019	USD	500.0	464.7	1.3	**466.0**	USD	500.0	411.8	(4.1)	**407.7**
Senior notes due 2020	USD	500.0	464.7	7.3	**472.0**	USD	500.0	411.8	0.8	**412.6**
Senior notes due 2020	EUR	650.0	650.0	21.8	**671.8**	EUR	650.0	650.0	22.8	**672.8**
TOTAL			1,579.5		**1,609.8**			1,962.5	29.7	**1,992.2**

[(1)] Adjustment to reflect interest rate fluctuations on the part of the notes hedged through fair value hedge derivatives (see note 12)

11.1.2| Securitization programs

The Rexel Group runs several on-going securitization programs which enable it to obtain financing at a lower cost than issuing bonds or incurring bank loans.

The specific characteristics of the Rexel Group's securitization programs vary depending on the country. The relevant subsidiaries remain responsible for the collection of receivables once assigned. These receivables are assigned to special-purpose entities 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.

Securitization programs 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 March 31, 2015, Rexel had satisfied all of these covenants. All the programs are on-going programs and therefore are not subject to seasonality other than seasonality arising in the ordinary course of business.

Information with respect to Rexel's securitization programs including the off-balance sheet programs is provided in the table below:

Program	Commitment	Amount of receivables assigned as of March 31, 2015	Amount drawn down as of March 31, 2015	Balance as of March 31, 2015	Balance as of December 31, 2014	Repayment Date
		(in millions of currency)		*(in millions of euros)*		
Europe and Australia	EUR 425.0	EUR 459.0	EUR 338.2	338.2	396.1	12/18/2017
United States	USD 545.0	USD 632.3	USD 466.0	433.1	422.9	12/20/2017
Canada	CAD 190.0	CAD 245.3	CAD 176.6	128.5	128.2	11/19/2015
Europe	EUR 384.0	EUR 474.6	EUR 329.8	329.8	374.9	12/20/2016
TOTAL				**1,229.6**	**1,322.2**	
Of which :	***- on balance sheet:***			***1,041.2***	***1,142.1***	
	- off balance sheet (US Ester program) :			***188.4***	***180.1***	

These securitization programs pay interest at variable rates including a specific credit spread to each program. As of March 31, 2015, the total outstanding amount authorized for these securitization programs was €1,453.9 million, of which €1,229.6 million were used.

11.1.3| Commercial paper program

Rexel runs a €500 million commercial paper program, with fixed maturities ranging from one to three months depending on the notes, issued to diversify its investor base and minimize the cost of financing.

As of March 31, 2015, the Company had issued €247.2 million of commercial paper (€85.9 million as of December 31, 2014).

11.2 |Change in net financial debt

As of March 31, 2015 and March 31, 2014, the change in net financial debt was as follows:

(in millions of euros)	For the period ended March 31, 2015	2014
As of January 1,	**2,213.1**	**2,192.0**
Buy-out of senior notes	(522.6)	-
Net change in bank loans and bank overdrafts	239.9	41.2
Net change in credit facilities	**(282.7)**	**41.2**
Net change in securitization	(154.1)	(138.2)
Net change in finance lease liabilities	0.9	(1.6)
Net change in financial liabilities	***(435.9)***	***(98.6)***
Change in cash and cash equivalents	668.3	306.2
Effect of exchange rate changes on net financial debt	182.6	(4.5)
Effect of changes in consolidation scope on gross indebtedness	3.4	6.1
Amortization of transaction costs	2.9	2.8
Non recurring refinancing costs	19.6	-
Other changes	(1.5)	1.3
As of March 31,	**2,652.5**	**2,405.3**

11.3 | Liquidity Risk

The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its financial liabilities when they are due. The Group aims to maintain the level of its cash and cash equivalents and available credit facilities at an amount in excess of its cash outflows on financial liabilities over the next 12 months.

The contractual repayment schedule of financial liabilities is as follows:

(in millions of euros)	As of March 31, 2015	As of December 31, 2014
Due within		
One year	628.7	379.1
Two years	340.0	384.2
Three years	588.5	644.8
Four years	2.6	501.5
Five years	467.7	409.3
Thereafter	1,146.7	1,088.9
Total gross financial debt	**3,174.3**	**3,407.8**
Transaction costs	(34.2)	(40.9)
Gross financial debt	**3,140.1**	**3,367.0**

The US$500 million senior notes issued in April 2012 mature in December 2019, the €650 million and the US$500 million senior notes issued in April 2013 mature in June 2020.

The Senior Facility Agreement was amended in November 2014 for a period of 5 years ending in November 2019. The Senior Facility Agreement together with the Bilateral Term loans provide a five-year multicurrency revolving credit facility for an aggregate maximum available amount of €1,064.2 million which can also be drawn down through swingline loans for an aggregate amount of €157.5 million.

Lastly, securitization programs mature in 2015, 2016 and 2017. The financing under 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) under conditions that are equal to those available up to now, the Group's liquidity and financial position could be affected.

As of March 31, 2015, the Group's liquidity amounted to €1,192.8 million (€2,052.2 million as of December 2014) in excess of €564.1 million compared to €628.7 million expected to be paid within the next twelve months with respect to debt repayment.

(in millions of euros)	As of March 31, 2015	As of December 31, 2014
Cash and cash equivalents	478.7	1,159.8
Bank overdrafts	(102.8)	(81.7)
Commercial paper	(247.2)	(85.9)
Undrawn Senior credit agreement	982.0	982.0
Bilateral facility	82.2	77.9
Liquidity	**1,192.8**	**2,052.2**

12. | FAIR VALUE OF FINANCIAL INSTRUMENTS

As of March 31, 2015, the Group held the following classes of financial instruments measured at fair value:

	March 31, 2015		December 31, 2014		
	Carrying amount	*Fair value*	Carrying amount	*Fair value*	IFRS13 Hierarchy
Financial assets					
Hedging derivatives	7.1	7.1	-	-	Level 2
Other derivatives	0.6	0.6	0.1	0.1	Level 2
Financial liabilities					
Senior notes	1,609.8	1,676.3	1,992.2	2,045.9	Level 1
Hedging derivatives	3.8	3.8	7.6	7.6	Level 2
Other derivatives	15.3	15.3	12.1	12.1	Level 2

IFRS hierarchy:

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
- Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
- Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

Valuation techniques:

The foreign currency forward contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies.

Interest rate swaps are measured using present value techniques based on observable interest yield curves. The Group also takes into account the counterparties credit risk for derivative assets or the Group's own credit risk for derivatives liabilities.

13. | SEASONALITY

Despite the low impact of seasonality on sales, changes in the Group's working capital requirements lead to variations in cash flows over the course of the year. As a general rule, the Group's cash flows are the strongest in the fourth quarter while relatively lower in the three other quarters, because of higher working capital requirements in those periods.

14. | LITIGATION

For the period ended March 31, 2015, there was no significant change relating to the litigation disclosed in the financial statements as of December 31, 2014 with a significant impact on Rexel's financial position or profitability.

15. | EVENTS AFTER THE REPORTING PERIOD

On April 29, 2015, the Group entered into an agreement to dispose of its operations in Latin America to Sonepar for a selling price of €17.3 million (US$18.6 million). This transaction remains subject to approval by the relevant anti-trust authorities and should represent an estimated loss of about €70 million before tax.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2014

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2014

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.

PricewaterhouseCoopers Audit
63, rue de Villiers 92208
Neuilly-sur-Seine Cedex

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

Rexel

Year ended December 31, 2014

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2014, 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 the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2014 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.

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:

- Goodwill and intangible assets with indefinite useful lives are subject to annual impairment tests, according to the accounting policies and principles described in notes 2.5 and 10.1 to the consolidated financial statements. We have examined the terms and conditions for implementing these tests, as well as the data and assumptions used. We have also verified that the information disclosed in notes 7 and 10.1 to the consolidated financial statements is appropriate, especially regarding the sensitivity analysis.

- Your company has booked provisions relating to post-employment and other long-term benefits according to the accounting policies and terms and conditions described in note 2.11 to the consolidated financial statements. The related obligations were assessed with the assistance of external actuaries. Our work consisted in examining the data used, assessing the chosen assumptions and verifying that the information disclosed in note 18 to the consolidated financial statements is appropriate.

- Your company also makes estimates in respect of the measurement of financial instruments (notes 2.8.4 and 20), provisions and contingent liabilities (notes 2.13, 17 and 24) and deferred taxes (notes 2.17 and 9). Our work consisted in examining the data and assumptions used as well as the procedure implemented by management to approve these estimates. We have also reviewed, using sampling techniques, the calculations made by the Group and verified that the information disclosed in the notes to the consolidated financial statements is appropriate.

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.

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.

Neuilly-sur-Seine and Paris-La Défense, February 12, 2015

The statutory auditors

French original signed by

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Christian Perrier	Philippe Diu

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2013

Statutory Auditors' report on the Consolidated Financial Statements for the financial year ended December 31, 2013

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 taken outside of the consolidated financial statements.

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.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

Rexel

Year ended December 31, 2013

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2013, 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 the management board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2013 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.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French commercial code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

– goodwill and intangible assets with indefinite useful lives are subject to annual impairment tests, according to the accounting policies and principles described in notes 2.8 and 10.1 to the consolidated financial statements. We have examined the terms and conditions for implementing these tests, as well as the data and assumptions used. We have also verified that the information disclosed in notes 7.2 and 10.1 to the consolidated financial statements is appropriate, especially regarding the sensitivity analysis;

– your company has booked provisions relating to post-employment and other long-term benefits according to the accounting policies and terms and conditions described in note 2.14 to the consolidated financial statements. The related obligations were assessed with the assistance of external actuaries. Our work consisted in examining the data used, assessing the chosen assumptions and verifying that the information disclosed in note 19 to the consolidated financial statements is appropriate;

– your company also makes estimates in respect of the measurement of financial instruments (notes 2.10.4 and 21), share-based payments (notes 2.15 and 16), provisions and contingent liabilities (notes 2.16, 18 and 25) and deferred taxes (notes 2.20 and 9). Our work consisted in examining the data and assumptions used as well as the procedure implemented by management to approve these estimates. We have also reviewed, using sampling techniques, the calculations made by the group and verified that the information disclosed in the notes to the consolidated financial statements is appropriate.

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.

Neuilly-sur-Seine and Paris-La Défense, February 12, 2014

The statutory auditors

French original signed by

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Christian Perrier	Philippe Diu

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF REXEL
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2014

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2014

Consolidated income statement

(in millions of euros)	NOTE	FOR THE YEAR ENDED DECEMBER 31, 2014	2013 (1)
Sales	4	13,081.2	13,011.6
Cost of goods sold		(9,906.3)	(9,823.1)
Gross profit		**3,174.9**	**3,188.5**
Distribution and administrative expenses	5	(2,544.3)	(2,521.4)
Operating income before other income and expenses		**630.6**	**667.1**
Other income	7	11.7	11.4
Other expenses	7	(146.5)	(157.6)
Operating income		**495.8**	**520.9**
Financial income		4.4	2.5
Interest expense on borrowings		(172.2)	(167.4)
Refinancing costs	19.1.2	–	(23.5)
Other financial expenses		(21.1)	(25.1)
Net financial expenses	*8*	*(188.9)*	*(213.5)*
Share of profit / (loss) of associates	10.4	–	0.4
Net income before income tax		**306.9**	**307.8**
Income tax	9	(106.9)	(96.9)
Net income		**200.0**	**210.9**
Portion attributable:			
to the equity holders of the parent		199.7	210.5
to non-controlling interests		0.3	0.4
Earnings per share:			
Basic earnings per share (in euros)	16	0.69	0.76
Fully diluted earnings per share (in euros)	16	0.69	0.75

(1) Restated for changes in accounting policies following the adoption of IFRIC interpretation 21 “Levies” (see note 2.2.1).

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

Consolidated statement of comprehensive income

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2014**	**2013[1]**
Net income	**200.0**	**210.9**
Items to be reclassified to profit and loss in subsequent periods		
Net gain / (loss) on net investment hedges	(98.9)	46.4
Income tax	34.0	(13.5)
Sub-total	**(64.8)**	**32.9**
Foreign currency translation adjustment	195.7	(199.8)
Income tax	(29.5)	6.4
Sub-total	**166.1**	**(193.4)**
Net gain / (loss) on cash flow hedges	–	2.3
Income tax	–	(1.0)
Sub-total	**–**	**1.3**
Items not to be reclassified to profit and loss in subsequent periods		
Remeasurements of net defined benefit liability	(95.4)	103.4
Income tax	7.0	(19.6)
Sub-total	**(88.3)**	**83.7**
Other comprehensive income / (loss) for the period, net of tax	*13.0*	*(75.5)*
Total comprehensive income for the period, net of tax	**212.9**	**135.5**
Portion attributable:		
to the equity holders of the parent	211.9	135.5
to non-controlling interests	1.0	–

(1) Restated for changes in accounting policies following the adoption of IFRIC interpretation 21 "Levies" (see note 2.2.1).

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

Consolidated balance sheet

(in millions of euros)	NOTE	AS OF DECEMBER 31, 2014	2013[1]
ASSETS			
Goodwill	10.1	4,243.9	4,111.2
Intangible assets	10.1	1,084.0	1,038.3
Property, plant and equipment	10.2	287.1	278.1
Long-term investments	10.3	24.8	51.7
Deferred tax assets	9.2	175.2	161.6
Total non-current assets		**5,815.0**	**5,640.9**
Inventories	11.1	1,487.2	1,389.5
Trade accounts receivable	11.2	2,206.0	2,062.8
Current tax assets		9.7	18.3
Other accounts receivable	11.3	499.0	467.8
Assets held for sale		3.7	3.4
Cash and cash equivalents	12	1,159.8	957.8
Total current assets		**5,365.4**	**4,899.7**
Total assets		**11,180.4**	**10,540.5**
EQUITY			
Share capital	14	1,460.0	1,416.7
Share premium	14	1,599.8	1,510.8
Reserves and retained earnings		1,275.9	1,289.5
Total equity attributable to equity holders of the parent		**4,335.7**	**4,217.0**
Non-controlling interests		7.7	10.1
Total equity		**4,343.4**	**4,227.1**
LIABILITIES			
Interest bearing debt (non-current part)	19	2,995.9	2,908.2
Net employee defined benefit liabilities	18	344.2	243.4
Deferred tax liabilities	9.2	196.9	172.1
Provision and other non-current liabilities	17	93.7	108.0
Total non-current liabilities		**3,630.7**	**3,431.7**
Interest bearing debt (current part)	19	361.5	205.2
Accrued interest	19	9.7	11.6
Trade accounts payable		2,126.8	2,009.9
Income tax payable		42.1	37.2
Other current liabilities	21	666.2	617.9
Total current liabilities		**3,206.3**	**2,881.7**
Total liabilities		**6,837.0**	**6,313.4**
Total equity and liabilities		**11,180.4**	**10,540.5**

(1) Restated for changes in accounting policies following the adoption of IFRIC interpretation 21 “Levies” (see note 2.2.1).

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

Consolidated statement of cash flows

(in millions of euros)	NOTE	FOR THE YEAR ENDED DECEMBER 31, 2014	2013[1]
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income		495.8	520.9
Depreciation, amortization and impairment of assets	5 – 7	145.9	169.8
Employee benefits		(21.2)	(24.7)
Change in other provisions		17.6	(8.2)
Other non-cash operating items		9.4	16.0
Interest paid		(155.9)	(169.3)
Income tax paid		(84.3)	(94.2)
Operating cash flows before change in working capital requirements		**407.3**	**410.4**
Change in inventories		(19.7)	(25.5)
Change in trade receivables		(42.0)	(23.1)
Change in trade payables		29.4	144.1
Changes in other working capital items		(1.8)	(44.9)
Change in working capital requirements		**(34.1)**	**50.7**
Net cash from operating activities		**373.2**	**461.1**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of tangible and intangible assets		(107.5)	(95.2)
Proceeds from disposal of tangible and intangible assets		4.8	22.9
Acquisition of subsidiaries, net of cash acquired	3.3	(36.7)	(12.7)
Proceeds from disposal of subsidiaries, net of cash disposed of	10.4	–	10.4
Change in long-term investments		6.1	(1.0)
Net cash from investing activities		**(133.3)**	**(75.6)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of capital	14	0.3	3.2
Disposal / (Purchase) of treasury shares		(26.4)	2.2
Acquisition of non-controlling interests	3.4	(12.5)	–
Issuance of senior notes net of transaction costs	19.2	–	1,025.2
Buy-out of senior notes due 2016	19.2	–	(640.3)
Settlement of interest rate swaps qualified as fair value hedge	20.1	36.4	30.4
Net change in credit facilities and other financial borrowings	19.2	(7.4)	(55.8)
Net change in securitization	19.2	19.3	16.9
Net change in finance lease liabilities	19.2	(5.1)	(48.9)
Dividends paid	14	(65.6)	(53.1)
Net cash from financing activities		**(60.9)**	**279.7**
Net (decrease) / increase in cash and cash equivalents		**178.9**	**665.2**
Cash and cash equivalents at the beginning of the period		957.8	291.9
Effect of exchange rate changes on cash and cash equivalents		23.1	0.8
Cash and cash equivalents at the end of the period		**1,159.8**	**957.8**

(1) Restated for changes in accounting policies following the adoption of IFRIC interpretation 21 "Levies" (see note 2.2.1).

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	FOREIGN CURRENCY TRANSLATION	CASH FLOW HEDGE RESERVE	REMEASUREMENT OF NET DEFINED BENEFIT LIABILITY	TOTAL ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013										
As of January 1, 2013 (as reported)		**1,359.6**	**1,418.3**	**1,344.5**	**138.8**	**(3.0)**	**(148.9)**	**4,109.3**	**8.3**	**4,117.6**
Effect of changes in accounting policies following the adoption of IFRIC Interpretation 21		–	–	2.5	–	–	–	2.5	–	2.5
As of January 1, 2013 (1)		**1,359.6**	**1,418.3**	**1,347.0**	**138.8**	**(3.0)**	**(148.9)**	**4,111.8**	**8.3**	**4,120.1**
Net income		–	–	210.5	–	–	–	210.5	0.4	210.9
Other comprehensive income		–	–	–	(160.2)	1.3	83.8	(75.1)	(0.4)	(75.5)
Total comprehensive income for the period		**–**	**–**	**210.5**	**(160.2)**	**1.3**	**83.8**	**135.5**	**–**	**135.5**
Appropriation of net income		–	–	(203.1)	–	–	–	(203.1)	(0.1)	(203.2)
Share capital increase		57.1	92.5	4.2	–	–	–	153.8	2.0	155.8
Share-based payments		–	–	17.2	–	–	–	17.2	–	17.2
Acquisition of non-controlling interests		–	–	0.1	–	–	–	0.1	(0.1)	–
Disposal / (Purchase) of treasury shares		–	–	1.8	–	–	–	1.8	–	1.8
As of December 31, 2013 (1)		**1,416.7**	**1,510.8**	**1,377.7**	**(21.4)**	**(1.7)**	**(65.1)**	**4,217.0**	**10.1**	**4,227.1**
FOR THE YEAR ENDED DECEMBER 31, 2014										
As of January 1, 2014		**1,416.7**	**1,510.8**	**1,377.7**	**(21.4)**	**(1.7)**	**(65.1)**	**4,217.0**	**10.1**	**4,227.1**
Net income		–	–	199.7	–	–	–	199.7	0.3	200.0
Other comprehensive income		–	–	–	100.6	–	(88.3)	12.3	0.7	13.0
Total comprehensive income for the period		**–**	**–**	**199.7**	**100.6**	**–**	**(88.3)**	**211.9**	**1.0**	**212.9**
Appropriation of net income	14.1	–	–	(211.9)	–	–	–	(211.9)	–	(211.9)
Share capital increase	14.1	50.8	103.1	(7.2)	–	–	–	146.7	–	146.7
Share capital decrease	14.1	(7.5)	(14.1)	21.6	–	–	–	–	–	–
Share-based payments		–	–	12.3	–	–	–	12.3	–	12.3
Acquisition of non-controlling interests	3.4	–	–	(14.8)	0.3	–	–	(14.5)	(4.1)	(18.6)
Acquisition of subsidiaries		–	–	–	–	–	–	–	0.7	0.7
Disposal / (Purchase) of treasury shares		–	–	(25.8)	–	–	–	(25.8)	–	(25.8)
As of December 31, 2014		**1,460.0**	**1,599.8**	**1,351.5**	**79.5**	**(1.7)**	**(153.4)**	**4,335.7**	**7.7**	**4,343.4**

(1) Restated for changes in accounting policies following the adoption of IFRIC interpretation 21 "Levies" (see note 2.2.1).

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

Accompanying notes

1. General information

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (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 offering 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), Asia-Pacific (mainly in Australia, New Zealand and China) and Latin America (mainly Brazil and Chile).

These consolidated financial statements cover the period from January 1 to December 31, 2014 and were authorized for issue by the Board of Directors on February 11, 2015.

2. Significant accounting policies

2.1 Statement of compliance

The consolidated financial statements (hereafter referred to as "the financial statements") for the year ended December 31, 2014 have been prepared in accordance with 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 at December 31, 2014.

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 financial statements 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 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 rounding effect.

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, 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.

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 and 10.1),
- Employee benefits (notes 2.11 and 18),
- Provisions and contingent liabilities (notes 2.13, 17 and 24),
- Recognition of deferred tax assets (notes 2.17 and 9),
- Measurement of share-based payments (notes 2.12 and 15).

2.2.1 Changes in accounting policies and amended standards and interpretations

Adoption of IFRIC Interpretation 21 "Levies"

As of January 1, 2014, Rexel elected to adopt IFRIC Interpretation 21 "Levies" with retrospective application as of January 1, 2013. IFRIC Interpretation 21 "Levies" clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. In addition, IFRIC Interpretation 21 prohibits the progressive recognition of a liability for tax levies over the fiscal year and rather requires the one-time recognition of the liability when the obligating event for the payment of the levy is met. The impact of the adoption of IFRIC Interpretation 21 on equity as of January 1, 2013 was an increase of €2.5 million after tax (€3.9 million before tax). The impact of the adoption of this interpretation on the operating income and net income for the year ended December 31, 2013 was not significant. Prior year comparative information was restated accordingly.

Amended standards

Effective as of January 1, 2014, the following new amendments previously endorsed by the European Union are applicable to Rexel but have no material effect on the Group's financial statements:

- Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets" address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting" allows hedge accounting to continue when derivatives are novated to effect clearing with a central counterparty as a result of laws or regulations, if specific conditions are met.

2.2.2 New accounting standards and interpretations endorsed by the European Union with effect in future periods

- Improvements cycle 2011-2013, issued in December 2013, include minor changes to several standards. These changes are applicable for annual statements beginning on or after January 1, 2015.
- Improvements cycle 2010-2012, issued in December 2013, include minor changes to existing standards. These changes are applicable for annual statements beginning on or after February 1, 2015.
- Amendment to IAS 19 "Defined Benefits Plans: Employee Contributions": the narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. This amendment is applicable for annual statements beginning on or after February 1, 2015.

These improvements and amendment are not expected to have any material impact on the Group's financial statements.

2.2.3 Accounting standards and interpretations issued by IASB and IFRS Interpretation Committee but not yet approved by the European Union

The following standards and interpretations issued by IASB are not yet approved by the European Union. Except if otherwise noted, their potential impact is currently under review by the Group.

- On July 24, 2014, the International Accounting Standards Board (IASB) completed the final element of its comprehensive response to the financial crisis by issuing IFRS 9 Financial Instruments. The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially-reformed approach to hedge accounting. The new Standard will come into effect as of January 1, 2018 with early application permitted.
- IFRS 15 "Revenue from Contracts with Customers": the new standard supersedes IAS 11 "Construction contracts" and IAS 18 "Revenues" on revenue recognition. Revenue will be recognized to depict the transfer of goods or services to customers in amounts that reflect the payment to which the company expects to be entitled in exchange for those goods or services. The new Standard will come into effect as of January 1, 2017 with early application permitted.

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 December 31, 2014. The subsidiaries (including Special Purpose Entities) are controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In assessing control, present and potential 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. All assets and liabilities, unrealized gains and losses, income and expenses, dividends, and other transactions arising from inter-group transactions are eliminated when preparing the consolidated financial statements.

Losses within a subsidiary are attributed to the non-controlling interests for their share even if that results in a deficit balance.

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. 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 prevailing at the balance sheet date. The revenues and expenses of foreign operations are translated into euro at rates approximating the foreign exchange rates ruling at the dates of the transactions. All resulting translation differences are recognized as a separate component of equity (foreign currency translation reserve).

Net Investment in Foreign Operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on disposal.

2.5 Intangible Assets

Goodwill

The cost of an acquisition is measured at acquisition date. Any contingent considerations are recognized at their fair value estimated as of the acquisition date. Subsequent changes in the fair value of contingent considerations are recognized in the income statement. 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 recognized as expenses.

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.

Goodwill is not amortized but subject to an impairment test, as soon as there is an indication that it may be impaired, and at least once a year. Indications that goodwill may be impaired include material adverse changes of a lasting nature affecting the economic environment or the assumptions and objectives made at the time of acquisition.

A goodwill impairment loss is recognized whenever the carrying amount of the cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement (in "Other expenses").

Impairment losses in respect of goodwill may not be reversed.

When goodwill is allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other Intangible Assets

Intangible assets other than goodwill are stated at cost less accumulated amortization (see below) and impairment losses.

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.

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. Intangible assets with an indefinite useful life are tested for impairment at each annual balance sheet date, at least. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the assessment of indefinite useful life for this asset continues to be justified. If not, a change in the useful life assessment from indefinite to finite is made on a prospective basis. Other intangible assets are amortized from the date that they are available for use. Estimated useful lives of capitalized software development costs range from 3 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.

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. 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 recognized in full upon sale when the lease qualifies as an operating lease and the transaction is realized at fair value. They are spread on a straight-line basis over the lease term in case of a finance lease.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, when shorter, the term of the finance lease.

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized in the income statement on a straight-line basis as an integral part of the total lease expense.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives are as follows:

• Commercial and office buildings	20 to 35 years
• Building improvements and operating equipment	5 to 10 years
• Transportation equipment	3 to 8 years
• Computers and hardware	3 to 5 years

The assets' residual values, useful lives, and methods of depreciation are reviewed and adjusted if appropriate at each balance sheet date.

2.7 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.

2.8 Financial assets

2.8.1 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 measured at fair value. When fair value is not reliably measurable, investments are stated at cost less impairment losses when necessary. Changes in fair value are recognized in other comprehensive income and transferred to profit or loss when the asset is sold or permanently impaired.

2.8.2 Held for trading instruments

Financial instruments held for trading mainly include marketable securities and are stated at fair value, with any resulting gain or loss recognized in profit or loss.

2.8.3 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 2.10) 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.

2.8.4 Derivative financial instruments

Derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss. However, when derivatives qualify for hedge accounting, the recognition of any resulting gain or loss is dependent on the nature of the item being hedged (see note 2.8.5). They are classified as assets or liabilities depending on their fair value.

Fair value measurement

Level 1

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 13.

Level 2

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 models incorporating various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and forward interest rate curves. 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 13.

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).

2.8.5 Hedge accounting

Cash flow hedges

When a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized in the cash-flow hedge reserve as other comprehensive income.

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 the cash-flow hedge reserve and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognized as other comprehensive income are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (*i.e.*, when interest income or expense is recognized).

For cash flow hedges, other than those described in the previous paragraph, the associated cumulative gain (loss) is removed from the cash-flow hedge reserve and recognized in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognized immediately in profit or loss.

If the hedged transaction is no longer expected to take place, then the cumulative unrealized gain (loss) recognized as other comprehensive income is immediately reclassified to profit or loss.

Fair value hedges

Fair value hedge accounting is used when a derivative financial instrument is designated as a hedge of the variability of the fair value of a recognized asset or liability (or firm commitment), including fixed rate indebtedness such as indexed bonds and other fixed rate borrowings.

The hedging instrument is measured at fair value with changes in fair value recognized in the income statement. The hedged item is remeasured to fair value in respect of the hedged risk. Any resulting adjustment to the carrying amount of the hedged item related to the hedged risk is recognized in the income statement.

Hedge of 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 other comprehensive income. The ineffective portion is recognized immediately in profit or loss. Gains and losses accumulated in equity are recognized in the income statement when the foreign operation is disposed of.

2.8.6 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.

2.9 Share capital

Repurchase of equity instruments

When the company purchases its own equity instruments, the amount of the consideration paid, including directly attributable costs, is recognized as a reduction in equity.

Dividends

Dividends paid in cash are recognized as a liability in the period in which the distribution has been approved by the shareholders.

2.10 Interests-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost.

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 amortized cost, transaction costs are included in the calculation of amortized cost using the effective interest rate method and, in effect, amortized through the income statement over the life of the instrument.

2.11 Employee benefits

2.11.1 Short-term employee benefits

Short-term employee benefits include wages, salaries, social security contributions, compensated absences, profit-sharing and bonuses and are expected to be settled wholly before twelve months after the end of the reporting period. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized in operating income as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.11.2 Post-employment and other long-term benefits

Post-employment and other long-term benefits include:

- 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 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.

Post-employment 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. 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.

When the calculation results in plan assets exceeding liability, the recognized asset is limited to the present value of any currently available future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved (reduced), the portion of the increased (decreased) benefit relating to past service by employees is recognized immediately as an expense (income) in the income statement. The current and past service costs as well as administrative costs paid from registered pension plans' assets are presented in the income statement as part of the distribution and administrative expenses. The net interest expenses (income) relating to the discounting of the net funded position (defined benefit obligation less plan assets) is presented in net financial expenses in the income statement.

Remeasurements of net defined benefit obligation including (i) actuarial gains and losses, (ii) actual return on plan assets including administrative expenses allocated to manage plan assets and (iii) changes in the effect of the asset ceiling are recognized in other comprehensive income.

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 recognized in the income statement as part of the distribution and administrative expenses.

2.12 Share-based payments

Bonus share programs, qualified as equity-settled, allow Group employees to receive shares of the parent company of the Group. The fair value of bonus shares allocated is recognized as a personnel expense with a corresponding increase in other reserves in equity over the period during which the employees become unconditionally entitled to the options (the vesting period). The expense is based on fair value estimate of the equity instruments in accordance with conditions of granting.

Fair value of bonus shares is measured at grant date using an appropriate model depending on the characteristics of the plans.

2.13 Provisions

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and when the amount can be estimated reliably.

If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

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 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" (see note 2.15). Restructuring costs principally include personnel costs (severance payments, early retirement costs, notice period 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 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.

2.14 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.

2.15 Other income and other expenses

Operating income and expenses as a result of 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 impairment and write-offs, 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 the Chief Executive Officer and the Deputy Chief Executive Officer acting as Chief operating decision maker within the meaning of IFRS 8 "Operating Segments", to assess the recurrent performance of the operating segments.

2.16 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 2.8.5).

Interest income is recognized in profit or loss as it accrues, using the effective interest rate method. Dividend income is recognized in profit or loss on the date the entity's right to receive payment is established which in the case of quoted securities is the ex-dividend date. The interest expense component of finance lease payments is recognized in profit or loss using the effective interest rate method.

2.17 Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or in equity, in which case it is recognized respectively in other comprehensive income or 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: (i) goodwill not deductible for tax purposes, (ii) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and (iii) 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 deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available to recover this asset. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Practically, this is achieved through a valuation allowance recognized against deferred tax assets.

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.

Information as to the calculation of income tax on the profit for the periods presented is included in note 9.

2.18 Segment reporting

In accordance with IFRS 8 "Operating segments", operating segments are based on 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 present substantially similar characteristics 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, aggregating Southern continental Europe, Central and Eastern Europe and Northern Europe,
- North America, aggregating United States and Canada,
- The Asia-Pacific area,
- Latin America.

The Group's financial reporting is reviewed monthly by the Chief Executive Officer and the Deputy Chief Executive Officer acting as the Chief operating decision maker.

2.19 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 and free shares granted to employees.

3. Business combinations

3.1 2014 Acquisitions

As part of Rexel's external growth policy, the Group completed the following acquisitions in 2014:

- Esabora Digital Services on January 7, 2014, based in France. This company is specialized in editing advanced software tools for electrical contractors and installers,
- AMP Ingenieros SAS on March 28, 2014, a Peruvian distributor of international branded electrical supplies,
- Elevite AG on July 29, 2014, a Swiss based lighting solutions distributor,
- Astrotek Ireland Limited on July 31, 2014, a specialist lighting company,
- 4 Knights International on October 29, 2014, a leader in the downstream Oil & Gas onshore activities based in Thailand,
- A 55% controlling interest in Beijing Ouneng Tongxing Technology Co. Ltd on November 27, 2014, an automation distributor based in China.

These acquisitions are not material relative to the Group.

3.2 2013 Acquisitions

In late 2013, the Group completed the following acquisitions in Asia:

- Lenn International Pte Ltd, based in Singapore and operating in South East Asia, acquired on November 29, 2013,
- A 70% controlling interest in Quality Trading Co., in Thailand on November 29, 2013.

These entities were consolidated as of January 1, 2014.

3.3 Purchase Price Allocation

The table below shows the purchase price allocation to identifiable assets and liabilities, for the entities acquired in 2014 as well as Lenn International and Quality Trading Co acquired in late 2013 but consolidated only as from January 1, 2014.

4 Knights International and Beijing Ouneng Tongxing Technology Co. Ltd purchase price allocation is estimated on a provisional basis as of the balance sheet date and will be completed in 2015.

Net assets acquired and consideration transferred of acquisitions consolidated for the year ended December 31, 2014

(in millions of euros)

Other fixed assets	6.6
Other non current assets	0.8
Current assets	33.5
Net financial debt	0.5
Other non current liabilities	(3.7)
Current liabilities	(18.9)
Net asset acquired (except goodwill acquired)	**18.9**
Goodwill acquired	46.9
Consideration transferred	**65.8**
Cash acquired	(8.3)
Deferred payments	(9.9)
Net cash paid for acquisitions	**47.6**
Payments in 2013 [(1)]	(10.9)
Net cash paid for the period	**36.7**

(1) Converted at the exchange rate on the acquisition date.

3.4 Acquisition of non-controlling interests

In 2014, Rexel exercised call options to acquire the non-controlling interests in Huazhang Electric Automation and in Beijing Zhongheng Hengxin Automation Equipment Co., Ltd, both entities being located in China, for a consideration of respectively €12.1 million and €6.1 million (the latter being paid in January 2015). As a result of these transactions, the Group holds 100% ownership interest in these two subsidiaries as of December 31, 2014.

The excess of the consideration transferred over the carrying value of the non-controlling interests acquired was recognized as a reduction of retained earnings of €14.7 million.

4. Segment reporting

The reportable operational segments are Europe, North America, Asia-Pacific and Latin America. 2013 comparative data were restated accordingly together with changes in accounting policies following the adoption of IFRIC Interpretation 21 such as disclosed in note 2.2.1.

Information by geographic segment for the year ended December 31, 2014 and 2013

	2014						
(in millions of euros)	EUROPE	NORTH AMERICA	ASIA-PACIFIC	LATIN AMERICA	TOTAL OPERATING SEGMENTS	CORPORATE HOLDINGS AND OTHER RECONCILING ITEMS	TOTAL GROUP
FOR THE YEAR ENDED DECEMBER 31,							
Sales to external customers	7,145.2	4,477.9	1,200.9	256.8	**13,080.9**	0.3	**13,081.2**
EBITA [(1)]	452.9	204.0	35.8	(3.1)	**689.6**	(42.9)	**646.8**
Goodwill impairment	(18.3)	–	(2.4)	(27.8)	**(48.5)**	–	**(48.5)**
AS OF DECEMBER 31,							
Working capital	598.1	558.9	185.7	43.0	**1,385.8**	13.5	**1,399.3**
Goodwill	2,611.6	1,355.2	266.2	11.0	**4,243.9**	–	**4,243.9**

	2013 [(2)]						
(in millions of euros)	EUROPE	NORTH AMERICA	ASIA-PACIFIC	LATIN AMERICA	TOTAL OPERATING SEGMENTS	CORPORATE HOLDINGS AND OTHER RECONCILING ITEMS	TOTAL GROUP
FOR THE YEAR ENDED DECEMBER 31,							
Sales to external customers	7,078.6	4,441.1	1,196.8	294.8	**13,011.3**	0.3	**13,011.6**
EBITA [(1)]	455.4	230.2	48.9	0.5	**735.0**	(48.2)	**686.8**
Goodwill impairment	(46.2)	–	–	(21.1)	**(67.3)**	–	**(67.3)**
AS OF DECEMBER 31,							
Working capital	614.5	509.3	141.7	46.9	**1,312.5**	(17.8)	**1,294.7**
Goodwill	2,619.6	1,230.0	224.7	37.0	**4,111.2**	–	**4,111.2**

(1) EBITA is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses.
(2) Restated for changes in accounting policies following the adoption of IFRIC Interpretation 21 "Levies" (see note 2.2.1).

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

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	2014	2013 [(1)]
EBITA – Total Group	**646.8**	**686.8**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(16.1)	(19.7)
Other income and other expenses	(134.8)	(146.2)
Net financial expenses	(188.9)	(213.5)
Share of profit/(loss) of associates	–	0.4
Group consolidated income before income tax	**306.9**	**307.8**

(1) Restated for changes in accounting policies following the adoption of IFRIC Interpretation 21 "Levies" (see note 2.2.1).

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

	AS OF DECEMBER 31,	
(in millions of euros)	**2014**	**2013[1]**
Working capital	1,399.3	1,294.7
Goodwill	4,243.9	4,111.2
Total allocated assets & liabilities	**5,643.2**	**5,405.9**
Liabilities included in allocated working capital	2,792.2	2,625.2
Accrued interest receivables	0.7	–
Other non-current assets	1,395.9	1,368.1
Deferred tax assets	175.2	161.6
Current tax assets	9.7	18.3
Assets classified as held for sale	3.7	3.4
Derivatives	–	0.3
Cash and cash equivalents	1,159.8	957.8
Group consolidated total assets	**11,180.4**	**10,540.5**

(1) Restated for changes in accounting policies following the adoption of IFRIC Interpretation 21 "Levies" (see note 2.2.1).

5. Distribution & administrative expenses

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2014**	**2013[1]**
Personnel costs (salaries & benefits)	1,532.6	1,518.9
Building and occupancy costs	268.7	270.1
Other external costs	615.7	601.5
Depreciation expense	80.7	77.0
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	16.1	19.7
Bad debt expense	30.5	34.2
Total distribution and administrative expenses	**2,544.3**	**2,521.4**

(1) Restated for changes in accounting policies following the adoption of IFRIC Interpretation 21 "Levies" (see note 2.2.1).

6. Salaries & benefits

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2014**	**2013[1]**
Salaries and social security charges	1,464.3	1,452.5
Share-based payments	14.3	14.4
Pension and other post-retirement benefits-defined benefit plans	7.9	12.7
Other employee expenses	46.1	39.3
Total employee expenses	**1,532.6**	**1,518.9**

(1) Restated for changes in accounting policies following the adoption of IFRIC Interpretation 21 "Levies" (see note 2.2.1).

7. Other income & other expenses

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2014**	**2013**
Gains on disposal of tangible assets	2.2	2.9
Write-back asset impairment	0.2	0.8
Release of unused provisions	2.3	2.8
Gains on earn-out [1]	6.4	0.2
Other operating income [2]	0.5	4.7
Total other income	**11.7**	**11.4**
Restructuring costs [3]	(58.9)	(63.6)
Losses on non-current assets disposed of	(3.3)	(4.6)
Impairment of goodwill and asset write-offs [4]	(61.4)	(74.0)
Shutdown of operations in Czech Republic [5]	(9.4)	–
Acquisition related costs [6]	(8.2)	(2.5)
Other operating expenses [7]	(5.3)	(12.9)
Total other expenses	**(146.5)**	**(157.6)**

(1) In 2014, the Group recognized a gain of €6.4 million in respect of earn-outs due to the previous owners of certain entities acquired in prior years. The payment of such earn-outs was subject to the achievement of an agreed level of performance at a defined date. As a result of the actual performance achieved, earn-outs due to the sellers were adjusted accordingly.

(2) In 2013, a settlement gain of €4.4 million was recognized in connection with the wind-up of the Irish defined benefit pension scheme and the implementation of a defined contribution plan.

(3) Restructuring costs were mainly related to the rationalization of logistics and branch closures of which restructuring plans (i) in Europe for €39.6 million (€56.8 million in 2013), mainly in Germany, The Netherlands, the United Kingdom and France, (ii) in North America for €11.8 million (€4.0 million in 2013) and (iii) in Asia-Pacific for €3.4 million (€1.9 million in 2013).

(4) In 2014, goodwill impairment was recognized for €48.5 million, of which €27.8 million attributable to Brazil, €12.0 million to The Netherlands, €3.4 million to Slovakia, €2.7 million to Luxembourg and €2.4 million to India. In 2013, a goodwill impairment expense was recognized for €67.3 million, of which €42.8 million related to The Netherlands, €21.1 million to Brazil, €2.2 million to Slovenia and €1.2 million to Spain (see note 10.1).

(5) On December 31, 2014, the Group disposed of part of its business in Czech Republic to Elektro S.M.S., a local electrical supplies distributor, for a consideration of €5.1 million resulting in a loss of €4.8 million. Concurrently with this transaction, Rexel has entered a liquidation process to shut down the business not transferred to Elektro S.M.S. and incurred closure costs of €4.5 million including redundancies, asset write-offs and lease commitments.

(6) Acquisition costs are associated with acquisitions completed in the period and professional fees incurred in connection with some investment projects.

(7) In 2014, other operating expenses mainly include (i) €2.8 million litigation costs with certain customers in Spain and (ii) €1.0 million related to a VAT reassessment notified by the tax authorities in Germany. In 2013, other operating expenses mainly were comprised of (i) €4.7 million litigation costs primarily with customers in Canada and Germany, (ii) sales tax reassessments in Canada for €2.5 million, (iii) the termination of senior executive contracts in Brazil for €0.9 million and (iv) corporate headquarters relocation expenses for €1.4 million.

8. Net financial expenses

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2014	2013
Interest income on cash and cash equivalents	2.9	1.8
Interest income on receivables and loans	1.5	0.7
Financial income	**4.4**	**2.5**
Interest expense on financial debt (stated at amortized cost)	(170.3)	(177.2)
Interest expense on interest rate derivatives	10.7	5.6
Gains and losses on derivative instruments previously deferred in other comprehensive income and recycled in the income statement	0.1	1.4
Foreign exchange gain (loss)	(4.6)	0.5
Change in fair value of exchange rate derivatives through profit and loss	0.3	(2.6)
Change in fair value of interest rate derivatives through profit and loss	(8.4)	4.8
Interest expense on borrowings	**(172.2)**	**(167.5)**
Non-recurring refinancing costs [(1)]	**–**	**(23.5)**
Net financial expense on employee benefit obligations	(10.4)	(13.0)
Others	(10.7)	(12.1)
Other financial expenses	**(21.1)**	**(25.1)**
Net financial expenses	**(188.9)**	**(213.5)**

(1) Loss related to the 2013 refinancing transactions, such as disclosed in note 19.1.2.

9. Income tax

Rexel and its French subsidiaries have formed a tax group from January 1, 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 DECEMBER 31, 2014	2013[(1)]
Current tax	(98.1)	(99.3)
Prior year adjustments on current income tax	2.7	(1.0)
Deferred tax	(11.5)	3.4
Total income tax expense	**(106.9)**	**(96.9)**

(1) Restated for changes in accounting policies following the adoption of IFRIC Interpretation 21 "Levies" (see note 2.2.1).

9.2 Deferred tax assets and liabilities

Changes in net deferred tax assets / liabilities are as follows:

(in millions of euros)	2014	2013[(1)]
Net deferred tax at the beginning of the year	**(10.5)**	**18.3**
Deferred tax income (expense)	(11.5)	3.4
Other comprenhensive income[(2)]	11.5	(27.7)
Change in consolidation scope	(0.1)	(5.2)
Currency translation adjustment	(8.3)	2.7
Other changes	(2.8)	(2.0)
Net deferred tax at the end of the year	**(21.7)**	**(10.5)**

(1) Restated for changes in accounting policies following the adoption of IFRIC Interpretation 21 "Levies" (see note 2.2.1).
(2) Including the tax impact of the remeasurement of net defined benefit plans liability that accounted for a gain of €7.0 million in 2014 (a loss of €19.6 million in 2013).

Analysis of Deferred tax assets and liabilities by nature is as follows:

	AU 31 DÉCEMBRE	
(in millions of euros)	**2014**	**2013**[(1)]
Intangible assets	(340.8)	(312.7)
Property, plant and equipment	(2.6)	(1.8)
Financial assets	22.5	10.7
Trade accounts receivable	16.6	22.2
Inventories	17.2	14.4
Employee benefits	103.8	87.8
Provisions	11.8	7.1
Financing fees	(6.7)	(8.0)
Other items	18.5	24.5
Tax losses carried forward	318.4	316.4
Deferred tax assets / (liabilities), net	**158.7**	**160.6**
Valuation allowance on deferred tax assets	(180.4)	(171.1)
Net deferred tax assets / (liabilities)	**(21.7)**	**(10.5)**
of which deferred tax assets	175.2	161.6
of which deferred tax liabilities	(196.9)	(172.1)

(1) Restated for changes in accounting policies following the adoption of IFRIC Interpretation 21 "Levies" (see note 2.2.1).

A valuation allowance on deferred tax assets of €180.4 million was recognized as of December 31, 2014 (€171.1 million as of December 31, 2013), as a result of the recoverability assessment of the net deferred tax assets by each tax entity. The recoverable amount excludes risks arising from notified tax reassessments that are contested by the Group and is based on the expected taxable profits over the next 5 years. As of December 31, 2014, deferred tax assets arising on tax losses carried forward that are not expected to be used within five years were subject to a valuation allowance mostly in the United Kingdom, France, Brazil and Spain. The expiry date of such tax losses carried forward is as follows:

	AS OF DECEMBER 31,	
	2014	**2013**[(1)]
One year	7.9	9.0
Two years	5.0	4.7
Three years	2.2	3.1
Four years	3.8	4.4
Five years	9.0	5.6
Thereafter	431.4	502.2

(1) Restated for changes in accounting policies following the adoption of IFRIC Interpretation 21 "Levies" (see note 2.2.1).

9.3 Effective tax rate

	FOR THE YEAR ENDED DECEMBER 31,			
(in millions of euros)	**2014**		**2013**[(1)]	
Income before tax and before share of profit in associates	306.9		307.5	
French legal tax rate		*38.0%*		*38.0%*
Income tax calculated at the legal tax rate	(116.6)		(116.9)	
Differences of tax rates between french and foreign jurisdictions	29.1	(9.5%)	31.0	(10.1%)
Changes in tax rates	(3.2)	1.0%	(5.6)	1.8%
(Current year losses unrecognized), prior year losses recognized	(7.3)	2.4%	(4.0)	1.3%
(Non-deductible expenses), tax exempt revenues [(2)]	(29.1)	9.5%	(14.6)	4.7%
Tax credits and other tax reductions [(3)]	20.2	(6.6%)	13.2	(4.3%)
Actual income tax expense	**(106.9)**	**34.8%**	**(96.9)**	**31.5%**

(1) Restated for changes in accounting policies following the adoption of IFRIC Interpretation 21 "Levies" (see note 2.2.1).
(2) In 2014, this caption mainly relates to the tax impact of non-deductible goodwill impairment for €15.0 million. In 2013, tax impact of non-deductible goodwill impairment was €18.8 million.
(3) In 2014, mainly including the release of the tax exposure reserve of €17.5 million following the favorable decision of a French appeal court regarding the tax dispute on the transfer price of the shareholding in Rexel Inc. (Rexel US subsidiary) (see note 24.1). In 2013, a deductible liquidation loss of a dormant subsidiary in Ireland of €13.2 million.

10. Long-term assets

10.1 Goodwill and intangible assets

(in millions of euros)	STRATEGIC PARTNERSHIPS	DISTRIBUTION NETWORKS	SOFTWARE AND OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS	GOODWILL
Gross carrying amount as of January 1, 2013	**185.6**	**654.6**	**487.1**	**1,327.3**	**4,625.8**
Effect of acquisitions and divestitures	–	8.4	37.2	**45.6**	**(21.5)**
Additions	–	–	34.6	**34.6**	**–**
Disposals	–	–	(10.1)	**(10.1)**	**–**
Currency translation adjustment	–	(24.4)	(20.1)	**(44.5)**	**(176.0)**
Other changes	–	–	2.0	**2.0**	**–**
Gross carrying amount as of December 31, 2013	**185.6**	**638.6**	**530.7**	**1,354.9**	**4,428.3**
Effect of acquisitions and divestitures	–	–	4.7	**4.7**	**46.9**
Additions	–	–	43.1	**43.1**	**–**
Disposals	–	–	(2.6)	**(2.6)**	**–**
Currency translation adjustment	–	24.5	29.3	**53.8**	**137.2**
Other changes	–	–	(2.6)	**(2.6)**	**–**
Gross carrying amount as of December 31, 2014	**185.6**	**663.1**	**602.5**	**1,451.3**	**4,612.4**
Accumulated amortization and depreciation as of January 1, 2013	**–**	**(5.8)**	**(285.7)**	**(291.5)**	**(256.6)**
Change in consolidation scope	–	–	2.6	**2.6**	**–**
Amortization expense	–	–	(41.3)	**(41.3)**	**–**
Impairment losses	–	–	(5.4)	**(5.4)**	**(67.3)**
Decrease of amortization	–	–	8.6	**8.6**	**–**
Currency translation adjustment	–	–	11.1	**11.1**	**6.8**
Other changes	–	–	(0.6)	**(0.6)**	**–**
Accumulated amortization and depreciation as of December 31, 2013	**–**	**(5.8)**	**(310.7)**	**(316.5)**	**(317.1)**
Change in consolidation scope	–	–	(0.5)	**(0.5)**	**–**
Amortization expense	–	–	(40.9)	**(40.9)**	**–**
Impairment losses	–	–	(0.1)	**(0.1)**	**(48.5)**
Decrease of amortization	–	–	2.1	**2.1**	**–**
Currency translation adjustment	–	–	(16.0)	**(16.0)**	**(2.9)**
Other changes	–	–	4.6	**4.6**	**–**
Accumulated amortization and depreciation as of December 31, 2014	**–**	**(5.8)**	**(361.4)**	**(367.2)**	**(368.5)**
Carrying amount as of January 1, 2013	**185.6**	**648.8**	**201.4**	**1,035.8**	**4,369.2**
Carrying amount as of December 31, 2013	**185.6**	**632.8**	**220.0**	**1,038.4**	**4,111.2**
Carrying amount as of December 31, 2014	**185.6**	**657.3**	**241.2**	**1,084.0**	**4,243.9**

Strategic partnerships

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

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 1.0% of sales depending on each country.

Strategic partnerships and distribution networks are regarded as having an indefinite useful life when there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group. They are not amortized and are tested for impairment annually or as soon as there is an indication that these assets may be impaired.

Software and other intangible assets

Customer relationships are presented under this caption, and represented for a net book value of €64.3 million in 2014 (€69.5 million in 2013).

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 ranging from 5 to 15 years.

Goodwill

Goodwill arising in a business combination represents a payment made in anticipation of future economic benefits arising from assets that are not capable of being identified individually and accounted for separately, such as market shares, the value of workforce, 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 and administration. Goodwill is tested at least annually for impairment purposes.

Impairment

The Group performs impairment tests of goodwill at the country level, which represents the lowest level at which operations are monitored by management for the purpose of measuring return on investment.

		AS OF DECEMBER 31,					
(in millions of euros)		2014			2013		
CGU	GEOGRAPHIC SEGMENT	GOODWILL	INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE	TOTAL	GOODWILL	INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE	TOTAL
France	Europe	970.8	169.4	1,140.2	968.4	169.4	1,137.8
United States	North America	882.4	141.2	1,023.6	776.8	126.0	902.8
Canada	North America	472.8	72.0	544.8	453.2	69.1	522.3
United Kingdom	Europe	209.7	65.7	275.4	195.9	61.4	257.3
Switzerland	Europe	240.4	35.0	275.5	222.6	34.3	256.9
Germany	Europe	172.9	51.7	224.6	172.9	51.7	224.6
Sweden	Europe	190.4	20.0	210.4	201.9	21.2	223.1
Norway	Europe	165.9	13.7	179.6	179.4	14.8	194.2
Australia	Asia-Pacific	164.0	26.2	190.1	157.6	25.2	182.8
Austria	Europe	83.2	13.0	96.2	83.3	13.0	96.3
The Netherlands	Europe	47.3	17.3	64.6	59.3	17.3	76.6
Belgium	Europe	65.6	–	65.6	65.6	–	65.6
Other (1)		578.6	217.7	796.3	574.3	215.1	789.4
Total		**4,243.9**	**843.0**	**5,086.9**	**4,111.2**	**818.4**	**4,929.6**
(1) Of which Brazil.					26.6	–	26.6

Key assumptions retained in the determining of the value-in-use

The recoverable amount of the cash-generating units was determined based on value in use. The calculation of the value in use is based on a discounted cash flow model. The cash flows are derived from the strategic plan prepared in June 2014 and updated during the yearly budget process in November 2014 for the next 3 years and also include an extrapolation of two additional years and a normative terminal value. A perpetual growth rate has been used for the calculation of the terminal value. Cash-flows were discounted on the basis of the weighted average cost of capital net of tax calculated for each country. Country-specific risk is incorporated by applying individual risk-free rates and equity risk premium. The weighted average cost of capital reflects the time value of money and the specific risks of the asset, not already factored in the cash-flow forecasts, by taking into account the financial structure and the financing terms and conditions of a standard market participant.

The calculation of value in use is mostly sensitive to the EBITA margin computed in the terminal value, the discount rate and the perpetual growth rate:

EBITA Margin

EBITA margin factored in the terminal value cash-flow is set on a country by country basis based on both historical and expected performance, Rexel's market share and characteristics of the local market and by reference to other cash generating units within the Group with similar profile.

Discount rate

The following after tax discount rates were used to estimate the value-in-use of the CGUs:

	2014	2013
France	7.7%	7.4%
United States	8.5%	7.6%
Canada	7.5%	6.9%
United Kingdom	8.4%	7.3%
Switzerland	6.7%	6.5%
Germany	7.9%	7.4%
Sweden	7.8%	7.9%
Norway	8.2%	8.3%
Australia	10.0%	9.0%
Austria	7.4%	8.0%
The Netherlands	7.2%	7.8%
Belgium	7.6%	8.1%
Other	6.6% to 15.7%	7.7% to 13.0%

Perpetual growth rate

This growth rate is used to extrapolate cash flows beyond a five-year horizon and is based on expected long-term inflation, assuming no growth in volume. The perpetual growth rate used to measure the terminal value was 2% except for Australia: 2.5% (2% in 2013).

Impairment loss

As a result of impairment testing, a loss of €48.5 million was recognized in 2014 and allocated to goodwill: in Brazil for €27.8 million, The Netherlands for €12.0 million, Slovakia for €3.4 million, Luxembourg for €2.7 million and India for €2.4 million.

In 2013, the Group recognized a goodwill impairment expense of €67.3 million, of which €42.8 million attributable to The Netherlands, €21.1 million to Brazil, €2.2 million to Slovenia and €1.2 million to Spain (see note 7).

Sensitivity analysis

The table below summarizes the impact by cash generating units of a change of 50 bps in EBITA margin, discount rate and perpetual growth rate on the impairment expense:

	GOODWILL & INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE	DISCOUNT RATE	PERPETUAL GROWTH RATE	EBITA MARGIN (-50 BPS)	DISCOUNT RATE (+50 BPS)	PERPETUAL GROWTH RATE (-50 BPS)
France	1,140.2	7.7%	2.0%	–	–	–
United States	1,023.6	8.5%	2.0%	–	–	–
Canada	544.8	7.5%	2.0%	–	–	–
United Kingdom	275.4	8.4%	2.0%	–	–	–
Switzerland	275.5	6.7%	2.0%	–	–	–
Germany	224.6	7.9%	2.0%	–	–	–
Sweden	210.4	7.8%	2.0%	–	–	–
Norway	179.6	8.2%	2.0%	–	–	–
Australia	190.1	10.0%	2.5%	(13.5)	(12.4)	(5.5)
Austria	96.2	7.4%	2.0%	–	–	–
The Netherlands	64.6	7.2%	2.0%	(16.0)	(10.3)	(7.1)
Belgium	65.6	7.6%	2.0%	–	–	–
Other	796.3	6.6% to 15.7%	6.5% to 2.0%	(7.6)	(4.9)	(2.7)
Total	**5,086.9**			**(37.1)**	**(27.6)**	**(15.3)**

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 January 1, 2013	**253.1**	**683.9**	**25.4**	**962.4**
Effect of acquisitions and divestitures	(1.0)	(22.7)	–	**(23.7)**
Additions	4.5	56.2	6.9	**67.6**
Disposals	(24.0)	(36.2)	(3.1)	**(63.3)**
Currency translation adjustment	(3.9)	(25.1)	(0.2)	**(29.2)**
Other changes	28.8	(16.2)	(0.2)	**12.4**
Gross carrying amount as of December 31, 2013	**257.5**	**639.9**	**28.8**	**926.2**
Effect of acquisitions and divestitures	1.3	2.5	0.3	**4.0**
Additions	6.5	45.8	10.5	**62.7**
Disposals	(8.0)	(41.2)	(0.7)	**(49.9)**
Currency translation adjustment	7.1	16.4	0.6	**24.0**
Other changes	0.2	(0.3)	(2.6)	**(2.7)**
Gross carrying amount as of December 31, 2014	**264.5**	**663.0**	**36.8**	**964.4**
Accumulated amortization and depreciation as of January 1, 2013	**(130.3)**	**(534.1)**	**(15.3)**	**(679.7)**
Change in consolidation scope	–	21.9	–	**21.9**
Depreciation expense	(10.2)	(42.9)	(2.2)	**(55.3)**
Impairment losses	(0.1)	(0.2)	(0.2)	**(0.5)**
Release	6.0	33.7	0.5	**40.2**
Currency translation adjustment	1.6	19.1	0.1	**20.8**
Other changes	(2.1)	7.6	(1.0)	**4.5**
Accumulated amortization and depreciation as of December 31, 2013	**(135.1)**	**(494.9)**	**(18.1)**	**(648.1)**
Change in consolidation scope	–	(1.6)	–	**(1.6)**
Depreciation expense	(10.5)	(43.3)	(2.1)	**(56.0)**
Impairment losses	(0.2)	(0.5)	(0.0)	**(0.7)**
Release	4.5	39.4	0.5	**44.4**
Currency translation adjustment	(2.9)	(12.9)	(0.1)	**(15.8)**
Other changes	(0.3)	0.8	–	**0.5**
Accumulated amortization and depreciation as of December 31, 2014	**(144.4)**	**(513.0)**	**(19.8)**	**(677.3)**
Carrying amount as of January 1, 2013	**122.8**	**149.8**	**10.1**	**282.7**
Carrying amount as of December 31, 2013	**122.4**	**145.0**	**10.7**	**278.1**
Carrying amount as of December 31, 2014	**120.1**	**150.0**	**17.0**	**287.1**

Additions of the period include €4.7 million of assets (€3.1 million in 2013) acquired through finance lease contracts. In the consolidated cash flow statement, these acquisitions have been included in cash flows from investing activities and the corresponding variation of financial debt was included in “Net change in finance lease liabilities” in cash flows from financing activities.

10.3 Long-term investments

	AS OF DECEMBER 31,	
(in millions of euros)	**2014**	**2013**
Loans	0.1	2.5
Deposits	24.5	26.7
Other long-term investments	0.2	22.5
Long-term investments	**24.8**	**51.7**

As of December 31, 2013, other long-term investments mainly included the purchase price of Lenn International Pte Ltd. and Rexel Quality trading for respectively €13.7 million and €8.7 million. These companies were acquired in late 2013 and consolidated in 2014.

10.4 Investments in associates

Under a stock redemption agreement dated November 15, 2013 entered into by DPI, Inc., a US company specialized in the distribution of consumer electronics and Hagemeyer Finance BV, a wholly owned indirect subsidiary of Rexel, DPI, Inc. committed to redeem all its shares held by Hagemeyer Finance BV, representing an interest of 66.67% in the share capital (of which 59.52% of non-voting preference shares). This transaction was completed on November 27, 2013 for an aggregate consideration received of €10.4 million (US$ 14.3 million). The derecognition gain or loss resulting from this transaction was nil.

Prior to its disposal, the investment in DPI, Inc. was accounted for under the equity method up to September 30, 2013. The share of profit recognized for the year ended December 31, 2013 was €0.4 million and the amount of dividends received was nil.

11. Current assets

11.1 Inventories

	AS OF DECEMBER 31,	
(in millions of euros)	**2014**	**2013**
Cost	1,582.1	1,484.6
Allowance	(94.9)	(95.0)
Inventories	**1,487.2**	**1,389.5**

Changes in impairment losses

(in millions of euros)	**2014**	**2013**
Allowance for inventories as of January 1,	**(95.0)**	**(103.9)**
Change in consolidation scope	(1.4)	(2.6)
Net change in allowance	1.8	3.9
Currency translation adjustment	(4.4)	4.6
Other changes	4.1	3.0
Allowance for inventories as of December 31	**(94.9)**	**(95.0)**

11.2 Trade accounts receivable

	AS OF DECEMBER 31,	
(in millions of euros)	**2014**	**2013**
Nominal value	2,342.4	2,213.5
Impairment losses	(136.3)	(150.7)
Trade accounts receivable	**2,206.0**	**2,062.8**

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 €243.3 million as of December 31, 2014 (€241.0 million as of December 31, 2013).

The Group has put in place credit insurance programs in certain countries. Trade accounts receivable covered by these programs amounted to €767.9 million as of December 31, 2014 (€758.3 million as of December 31, 2013).

Also, in some countries, the Group benefits from supplementary guarantees according to the specificities of local jurisdictions, notably in the United States and in Canada. Trade accounts receivable covered by these guarantees represented €286.7 million as of December 31, 2014 (€244.9 million as of December 31, 2013).

Changes in impairment losses

(in millions of euros)	**2014**	**2013**
Impairment losses on trade accounts receivable as of January 1	**(150.7)**	**(152.6)**
Change in consolidation scope	(1.5)	(2.6)
Net depreciation [(1)]	18.5	0.6
Currency translation adjustment	(2.6)	3.8
Other changes	–	0.1
Impairment losses on trade accounts receivable as of December 31	**(136.3)**	**(150.7)**

(1) Of which receivables written-off of €41.3 million in 2014.

As of December 31, 2014, customer receivables were subject to impairment losses estimated on an individual basis following the assessment of a confirmed default risk for the customer in question for €103.0 million (€105.5 million as of December 31, 2013).

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:

(in millions of euros)	AS OF DECEMBER 31, 2014	2013
From 1 to 30 days	273.6	267.2

In accordance with the accounting principle stated in note 2.8.3, all past due receivables above 30 days are subject to an impairment loss.

11.3 Other accounts receivable

(in millions of euros)	AS OF DECEMBER 31, 2014	2013
Purchase rebates	351.6	328.1
VAT receivable and other sales taxes	45.5	38.0
Prepaid expenses	33.5	31.7
Derivatives	0.1	0.3
Other receivables	68.2	69.7
Total accounts receivable	**499.0**	**467.8**

12. Cash and cash equivalents

(in millions of euros)	AS OF DECEMBER 31, 2014	2013
Cash equivalents	926.1	790.2
Cash at bank	232.6	166.4
Cash in hand	1.2	1.2
Cash and cash equivalents	**1,159.8**	**957.8**

As of December 31, 2014, short-term investments include units in mutual funds, valued at their fair market value, for a total of €926.1 million (€790.2 million as of December 31, 2013). These investments were made 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 DECEMBER 31,			
				2014		2013	
(in millions of euros)	NOTE	IAS 39 CATEGORY	FAIR VALUE HIERARCHY*	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Loans		L&R		0.1	0.1	2.5	2.5
Deposits		L&R		24.5	24.5	26.7	26.7
Others (1)		NA		0.2	NA	22.5	NA
Total long-term investments	10.3			**24.8**	**–**	**51.7**	**–**
Trade accounts receivable		L&R		**2,206.0**	**2,206.0**	**2,062.8**	**2,062.8**
Supplier rebates receivable		L&R		351.6	351.6	328.1	328.1
VAT and other taxes receivable (1)		NA		45.5	NA	38.0	NA
Other accounts receivable		L&R		68.2	68.2	69.7	69.7
Other derivative instruments not eligible to hedge accounting		FV P&L	2	0.1	0.1	0.3	0.3
Prepaid expenses (1)		NA		33.5	NA	31.7	NA
Total other current assets	11.3			**499.0**	**–**	**467.8**	**–**
Cash equivalents		FV P&L	2	926.1	926.1	790.2	790.2
Cash		L&R		233.8	233.8	167.6	167.6
Cash and cash equivalents	12			**1,159.8**	**–**	**957.8**	**–**

(1) Not a financial instrument under IAS 39.

Loans and receivables	L&R
Assets available for sale	AFS
Fair value through profit or loss	FV P&L
Not applicable	NA

* For fair value hierarchy see note 2.8.4.

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 changes in the share capital and issuance premium:

	NUMBER OF SHARES	SHARE CAPITAL	ISSUANCE PREMIUM
		(in millions of euros)	
As of January 1, 2013	**271,923,229**	**1,359.6**	**1,418.3**
Exercise of share subscription rights	34,276	0.2	–
Issuance of shares in connection with payments of dividends	10,287,149	51.4	98.2
Employee share purchase plan	302,870	1.5	2.0
Issuance of shares in connection with free shares plan	789,690	3.9	–
Allocation of free shares	–	–	(13.8)
Free shares cancelled	–	–	6.1
As of December 31, 2013	**283,337,214**	**1,416.7**	**1,510.8**
Exercise of share subscription rights (1)	17,000	0.1	–
Issuance of shares in connection with payments of dividends (2)	9,269,384	46.3	99.5
Employee share purchase plan (3)	35,237	0.2	0.5
Issuance of shares in connection with free shares plans (4)	846,741	4.2	–
Reduction in share capital (5)	(1,500,000)	(7.5)	(14.1)
Allocation of free shares	–	–	(8.2)
Free shares cancelled	–	–	11.3
As of December 31, 2014	**292,005,576**	**1,460.0**	**1,599.8**

(1) For the year ended December 31, 2014, 17,000 shares options were exercised by senior employees and key management personnel (34,276 for the year ended December 31, 2013).
(2) The Shareholders' Meeting of May 22, 2014 approved the payment of a dividend of €0.75 per share, either in cash or in Rexel shares at a price of €15.78, at the option of each shareholder. The total amount of the dividend distributed was €211.9 million, of which €65.6 million was paid in cash and €146.3 million was settled by the issuance of 9,269,384 new shares. Capital increase related costs of €0.4 million were recognized in reduction of the share premium.
(3) Of which 35,151 shares issued at a price of €18.50 to serve the UK Employee Share Purchase Plan.
(4) Issuance of 834,862 shares in connection with the 2010 bonus shares plan ("Plan 4+0") and 11,879 shares in connection with the 2012 bonus free shares plan ("Plan 2+2").
(5) Cancellation of 1.5 million of treasury shares repurchased in August for an amount of €21.6 million.

14.2 Capital Management and treasury shares

The Shareholders' Meeting of May 22, 2014 authorized the Company's Board of Directors, with the option of sub-delegation, to have Rexel buy up to a maximum number of shares representing up to 10% of the company's share capital for a maximum price of €30 per share. This program is capped at €250 million with a term of 18 months from the date of the Shareholders' Meeting (ending November 21, 2015).

The objectives of this program in decreasing order of priority are as follows:

- ensuring liquidity and activity in the market for the shares through an investment services provider,
- setting up any stock option plan of the Company,
- retaining and delivering shares further to an exchange or as a consideration in the context of external growth transactions 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 to Rexel shares,
- cancelling all or part of any shares so repurchased,
- any other actions that comply with applicable regulations in force.

In connection with this share buy-back program, Rexel entered into a mandate with a financial institution, complying with a Code of Ethics recognized by the *Autorité des Marchés Financiers* (AMF), the French securities regulator, to promote the liquidity of Rexel shares transactions for an amount of €16.2 million as of December 31, 2014 (€17.4 million as of December 31, 2013).

In addition to this share buy-back program, Rexel repurchased 1,322,132 treasury shares to serve its free share plans.

As of December 31, 2014, Rexel held in aggregate 1,737,761 treasury shares (1,670,202 as of December 31, 2013) valued at an average price of €13.18 per share (€13.21 per share as of December 31, 2013) that were recognized as a reduction in shareholders' equity, for a total of €22.9 million (€22.1 million as of December 31, 2013).

Net capital losses realized on the sale of treasury shares in 2014 amounted to €0.8 million net of tax and were recognized as a decrease in shareholders' equity (net capital gain of €0.8 million in 2013).

14.3 Dividends

	FOR THE YEAR ENDED DECEMBER 31,	
	2014	**2013**
Dividends on ordinary shares	€0.75	€0.75
Dividends paid *(in millions of euros)*	**211.9**	**203.1**
of which:		
• dividends paid in cash	65.6	53.0
• dividends paid in shares	146.3	150.1

15. Share based payments

15.1 Bonus share plans

In addition to its long-term profit sharing policy for employees, Rexel has bonus share plans in place, the principal characteristics of which are described below:

Plan issued in 2014

On May 22, 2014, Rexel entered into free share plans for the members of the top executive managers amounting to a maximum of 1,641,008 shares. According to these plans, the beneficiaries will either be eligible to receive Rexel shares:

- two years after the grant date (May 23, 2016), these being restricted for an additional two-year period (until May 23, 2018), the so-called "2+2 Plan",
- three years after the grant date (May 23, 2017), these being restricted for an additional two-year period (until May 23, 2019), the so-called "3+2 Plan",
- four years after the grant date (May 23, 2018) with no subsequent restrictions, the so-called "4+0 Plans".

The actual delivery of these bonus shares is subject to service, performance and market conditions set forth in the plan as described below:

Vesting conditions	Two-year service condition from grant date and performance conditions based on: (i) 2013/2015 adjusted EBITA margin increase (ii) average free cash flow before interest and tax to EBITDA between 2014 and 2015 (iii) Rexel share market performance compared to peers		Three-year service condition from grant date and performance conditions based on: (i) 2013/2016 adjusted EBITA margin increase (ii) average free cash flow before interest and tax to EBITDA between 2014 and 2016 (iii) Rexel share market performance compared to peers		
Plan	2+2	4+0	3+2	4+0	
Delivery date	May 23, 2016	May 23, 2018	May 23, 2017	May 23, 2018	
Share fair value at grant date May 22, 2014	13.49	12.14	12.78	12.11	**12.55**
Maximum number of shares granted on May 22, 2014	348,980	471,524	348,980	471,524	**1,641,008**
Total maximum number of shares granted in 2014	**348,980**	**471,524**	**348,980**	**471,524**	**1,641,008**
Forfeited in 2014	(4,263)	(11,963)	(4,263)	(11,963)	**(32,452)**
Total maximum number of shares granted as of December 31, 2014	**344,717**	**459,561**	**344,717**	**459,561**	**1,608,556**

The fair value of Rexel's shares was computed based on a Monte Carlo model which simulates the evolution of Rexel and panel shares quotations at the end of the two or three-year vesting period. The impact of restrictions attached to the dividends until the delivery date of the shares to the beneficiaries was excluded from the fair value.

Plans issued in 2013

On April 30, and July 25, 2013, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,131,539 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date these being restricted for an additional two-year period, the so-called “2+2 Plan”, or four years after the granting date with no subsequent restrictions, the so-called “4+0 Plan”.

Furthermore, on April 30, 2013, Rexel entered into free share plans for its operational managers amounting to a maximum of 521,600 shares. According to these plans, these employees will either be eligible to receive Rexel shares three years after the grant date (May 2, 2016) these being restricted for an additional two-year period (May 2, 2018), the so-called “3+2 Plan”, or five years after the grant date with no subsequent restrictions, the so-called “5+0 Plan”.

The actual delivery of these bonus shares is subject to service, performance and market conditions set forth in the plan as described below:

BENEFICIARIES	MEMBERS OF GROUP EXECUTIVE COMMITTEE AND TOP MANAGERS		OPERATIONAL MANAGERS		TOTAL
Vesting conditions	Two-year service condition from grant date and performance conditions based on: (i) 2013 adjusted EBITA, (ii) 2012/2014 adjusted EBITA margin increase (iii) average free cash flow before interest and tax to EBITDA between 2013 and 2014 (iv) free cash flow before interest and tax 2013 and (v) Two-year service condition from grant date and Rexel share performance compared with a panel of shares from firms of the same activity segment conditions		Three-year service condition from grant date		
Plan	2+2	4+0	3+2	5+0	
Delivery date	May 4, 2015	May 2, 2017	May 2, 2016	May 2, 2018	
Share fair value at grant date April 30, 2013	13.70	12.04	14.37	12.71	
Maximum number of shares granted on April 30, 2013	793,310	1,259,819	99,100	422,500	**2,574,729**
Delivery date	July 27, 2015	July 26, 2017			
Share fair value at grant date July 25, 2013	15.73	14.07			
Maximum number of shares granted on July 25, 2013	50,694	27,716			**78,410**
Total maximum number of shares granted in 2013	**844,004**	**1,287,535**	**99,100**	**422,500**	**2,653,139**
Forfeited in 2013	(368,148)	(563,165)	(11,100)	(18,200)	**(960,613)**
Forfeited in 2014	(155,619)	(274,550)	–	(31,500)	**(461,669)**
Total maximum number of shares granted as of December 31, 2014	**320,237**	**449,820**	**88,000**	**372,800**	**1,230,857**

The fair value of Rexel’s shares subject to market condition was computed based on a Monte Carlo model which simulates the evolution of Rexel’s and panel shares’ quotations at the end of the two years vesting period. Also, the impact of restrictions attached to the dividends until the delivery date of the shares to the beneficiaries was excluded from the fair value.

Plans issued in 2012

On May 2, 2012 and on July 26, 2012, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,262,404 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (May 3, 2014 and July 27, 2014), these being restricted for an additional two-year period (until May 3, 2016 and July 27, 2016), the so-called "2+2 Plan", or four years after the grant date with no subsequent restrictions, the so-called "4+0 Plan". The delivery of these shares is subject to service and performance conditions of the schemes as described below:

BENEFICIARIES	MEMBERS OF GROUP EXECUTIVE COMMITTEE AND TOP MANAGERS		TOTAL
Vesting conditions	Two-year service condition from grant date and performance conditions based on: (i) 2012 adjusted EBITA, (ii) 2011/2013 adjusted EBITA margin increase and (iii) average free cash flow before interest and tax to EBITDA between 2012 and 2013 (iv) free cash flow before interest and tax 2012		
Plan	2+2	4+0	
May plan's delivery date	May 3, 2014	May 3, 2016	
Share fair value at grant date May 2, 2012	€14.47	€13.14	
Maximum number of shares granted on May 2, 2012	737,024	1,282,300	**2,019,324**
July plan's delivery date	July 27, 2014	July 27, 2016	
Share fair value at grant date July 26, 2012	€11.85	€10.46	
Maximum number of shares granted on July 26, 2012	59,243	183,837	**243,080**
Total maximum number of shares granted in 2012	**796,267**	**1,466,137**	**2,262,404**
Forfeited in 2012	(118,149)	(227,478)	**(345,627)**
Total maximum number of shares granted as of December 31, 2012	**678,118**	**1,238,659**	**1,916,777**
Forfeited in 2013	(470,615)	(839,965)	**(1,310,580)**
Total maximum number of shares granted as of December 31, 2013	**207,503**	**398,694**	**606,197**
Delivered in 2014	(204,328)	–	**(204,328)**
Forfeited in 2014	(3,175)	(6,748)	**(9,923)**
Total maximum number of shares granted as of December 31, 2014	**–**	**391,946**	**391,946**

The fair value of Rexel's shares granted to employees is estimated based upon the stock price at the grant date. The impact of restrictions attached to the dividends until the delivery date of the shares to the beneficiaries is excluded from the fair value.

Plans issued in 2011 and before

In 2011 and 2010, Rexel entered into several bonus share plans for its senior executives and key employees subject to service and performance conditions.

	PLANS ISSUED IN 2011	PLANS ISSUED IN 2010
Average share fair value at the grant date	€11.64	€10.47
Maximum number of shares granted initially	**2,752,789**	**967,720**
Forfeited	(779,066)	(130,266)
Maximum number of shares granted as of December 31, 2013 and not yet delivered	**1,973,723**	**837,454**
Forfeited in 2014	(1,197,177)	(2,592)
Delivered in 2014	–	(834,862)
Maximum number of shares granted as of December 31, 2014 and not yet delivered	**776,546**	**–**

15.2 Stock option plans

In 2005, Rexel established a share option subscription program that entitles key management personnel to purchase Rexel shares. Vesting conditions included the occurrence of certain events including in particular the admission of the Company's shares to trading on a regulated market.

In April 2007, options granted under this program vested in full upon the Initial Public Offering of Rexel shares.

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.

DATE OF ALLOCATION / BENEFICIARIES	NUMBER OF INSTRUMENTS ORIGINALLY ALLOCATED	NUMBER OF OPTIONS ACTIVE AS OF DECEMBER 31, 2014	OPTIONS TERM	EXERCISE PRICE
OPTIONS ALLOCATED TO KEY MANAGERS ("PLAN NO. 1")				
• on October 28, 2005	2,711,000	32,820	October 28, 2016	€5.0
• on May 31, 2006	169,236	–		
• on October 4, 2006	164,460	–		
OPTIONS ALLOCATED TO KEY EMPLOYEES ("PLAN NO. 2")				
• on November 30, 2005	259,050	121,178	November 30, 2016	€5.0
• on May 31, 2006	34,550	3,976		€6.5
Total options granted by Rexel	**3,338,296**	**157,974**		

15.3 Share-based payment expenses

Expenses related to free share plans accounted for in "Distribution and administrative expenses" are summarized as follows:

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2014**	**2013**
Plans issued in 2010	–	0.9
Plans issued in 2011	1.4	5.0
Plans issued in 2012	2.2	2.9
Plans issued in 2013	5.8	4.3
Plans issued in 2014	4.1	–
Expense related to employee share purchase plan	0.8	1.3
Total free share plans expense	**14.3**	**14.4**

16. Earnings per share

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

	FOR THE YEAR ENDED DECEMBER 31,	
	2014	**2013** (1)
Net income attributed to ordinary shareholders (in millions of euros)	***199.7***	***210.5***
Weighted average number of ordinary shares *(in thousands)*	286,128	275,708
Potential dilutive shares resulting from the dividend payment in shares *(in thousands)*	327	1,551
Non dilutive potential shares *(in thousands)*	1,324	1,605
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	***287,778***	***278,864***
Basic earning per share *(in euros)*	**0.69**	**0.76**
Net income attributed to ordinary shareholders (in millions of euros)	***199.7***	***210.5***
Weighted average number of issued common shares and non dilutive potential shares *(in thousands)*	287,778	278,864
Potential dilutive shares *(in thousands)*	2,550	3,191
• of which share options *(in thousands)*	110	125
• of which bonus shares *(in thousands)* (2)	2,439	3,066
Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)	***290,328***	***282,055***
Fully diluted earnings per share *(in euros)*	**0.69**	**0.75**

(1) Restated for changes in accounting policies following the adoption of IFRIC Interpretation 21 "Levies" (see note 2.2.1).
(2) The number of potential dilutive shares does not take into account the free shares whose allocation is subject to future performance or market conditions not yet met at the balance sheet date.

17. Provisions and other non-current liabilities

	AS OF DECEMBER 31,	
(in millions of euros)	**2014**	**2013**
Provisions	64.4	65.4
Derivatives	19.2	32.6
Other non-current liabilities	10.1	10.0
Provisions and other non-current liabilities	**93.7**	**108.0**

Other non-current liabilities comprise profit sharing related payables to French employees in the amount of €10.1 million (€10.0 million at December 31, 2013).

The variation in provisions is detailed in the table below:

(in millions of euros)	RESTRUCTURING	TAX LITIGATION	OTHER LITIGATION & WARRANTY CLAIMS	VACANT PROPERTIES	TOTAL PROVISIONS
As of January 1, 2013	**23.9**	**6.5**	**22.9**	**21.9**	**75.2**
Increase	11.5	0.5	4.6	12.3	**28.9**
Use	(17.1)	(0.2)	(2.8)	(14.0)	**(34.2)**
Release	(0.2)	–	(1.9)	(1.0)	**(3.1)**
Currency translation adjustment	(0.6)	(0.2)	(0.7)	(0.5)	**(2.0)**
Other changes	–	0.2	0.4	–	**0.6**
As of December 31, 2013	**17.5**	**6.8**	**22.5**	**18.7**	**65.4**
Increase	29.9	–	5.9	10.5	**46.3**
Use	(19.8)	(0.7)	(7.0)	(13.8)	**(41.3)**
Release	(1.3)	(4.7)	(0.4)	(1.0)	**(7.4)**
Currency translation adjustment	0.4	0.1	–	1.0	**1.5**
Other changes	(0.1)	–	–	–	**(0.1)**
As of December 31, 2014	**26.6**	**1.5**	**21.0**	**15.3**	**64.4**

Provisions mainly comprise:

- Provisions for 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. Provisions for restructuring activities undertaken at December 31, 2014, mainly concerned, Europe for €20.2 million (€13.0 million in 2013), North America for €4.6 million (€3.5 million in 2013) and Asia-Pacific for €1.7 million (€1.0 million in 2013).
- Tax litigation concerned mainly Canada for €1.2 million (€1.6 million in 2013).
- Other litigations and warranty claims amounted to €21.5 million (€22.5 million in 2013), of which €8.6 million relating to litigation with French social security authorities, €2.5 million for employee claims (€1.8 million in 2013) and €1.8 million for trade disputes litigation litigations (€2.9 million in 2013).
- Provisions for lease commitments related to vacant properties mainly in the United Kingdom for €6.7 million (€9.5 million in 2013), the United States for €2.9 million (€3.9 million in 2013) and France for €2.1 million (€2.0 million in 2013).

18. Post-employment and long-term benefits

18.1 Defined benefit plans description

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 defined benefit pension plans sponsored by the Group are in Canada, in the United Kingdom and in Switzerland. Related funds are managed through independent vehicles.

In the United Kingdom, Rexel operates deferred final salary defined benefits through the *Rexel UK Pension Scheme* fund. All sections under this plan are closed to new entrants with effect of April 5, 2002. Accrued benefits and pensions are subject to indexation. Statutory funding objectives are agreed between the Trustee board and the company. In that respect, the Trustee board carries out a full valuation of the Scheme at least every three years, after which a recovery plan of contributions is agreed with the company to restore any funding deficit. The most recent full valuation was performed on April 5, 2014 and was rolled forward up to December 31, 2014 for accounting purposes. The Trustee board is also responsible for determining the investment strategy of the plan.

In Switzerland, Rexel provides a second pillar pension plan for their employees. Assets are managed through a pension fund *"Pension Kasse"*, the *Elektro Material Pension Plan*. The plan runs under a contribution-based pension plan agreement with guaranteed return, thus qualifying as a defined benefit plan. The Pension Board *"Conseil de Fondation"* is responsible to set up adequate Company's and employee's contribution and asset allocation strategy that seeks to meet at least guaranteed return. A full valuation of this plan is performed each year.

In The Netherlands, until December 31, 2013, the main pension plan in force was a mix between defined benefit and defined contribution ("hybrid-type" plan). The defined benefit portion was subject to a ceiling. Above the defined benefit portion, a defined contribution section applied. Defined benefit pension plan was a salary average plan open for new entrants. As from January 1, 2014, a Collective Defined Contribution (CDC) plan has been implemented in *lieu et place* of the former Defined benefit Plan (DB Plan). The CDC arrangement establishes the new contribution formula for all future accruals. The employer risk related to past service has been transferred to the pension fund with increases in accrued benefits being granted solely on the available means in the pension fund. As such, all further legal or constructive obligations for the benefits provided under the DB Plan have been eliminated. There was no impact neither on the balance sheet nor on the profits and losses in 2014 associated with the DB Plan derecognition as the net defined benefit obligation liability was nil as of December 31, 2013 (the fair value of the defined benefit liability and the plan assets was €351.5 million).

In Canada, defined benefit pension plans mainly include:

- The Employees' Plan which is a registered plan and has both defined benefit and defined contribution provisions. The defined benefit provision of the plan has a career average type formula. This plan was closed to new entrants on January 1, 2000.
- The Executives' Pension Plan and the Supplementary Executives' Retirement Plan "SERP" which provides retirees with a pension based on a percentage of their prior earnings. The Executives' Plan is a final average earnings defined benefit registered plan. The SERP has two provisions: the first provides benefit in excess of the limits of the Executives' Plan and the second portion provides a term annuity upon retirement based on a notional account.

A full actuarial valuation is performed every three years. The most recent valuations were performed as at December 31, 2013. The 2014 quantitative information on these plans was prepared based on a roll forward of these full valuations.

18.2 Employee Benefit Plan information

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)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
As of January 1, 2013	**399.5**	**397.1**	**277.9**	**173.0**	**174.9**	**1,422.3**
Service cost	2.7	0.1	3.7	5.4	5.3	17.2
Interest cost	12.5	15.1	10.2	2.9	5.3	46.0
Benefit payments	(18.4)	(10.4)	(12.5)	(5.2)	(18.4)	(64.9)
Employee contributions	0.7	–	0.7	2.7	0.2	4.3
Currency translation adjustment	–	(8.6)	(27.6)	(2.9)	(6.3)	(45.4)
Past service cost / settlement and other	(0.3)	–	(3.0)	0.2	(5.9)	(8.9)
Remeasurements						
Effect of change in demographic assumptions	*18.9*	–	*9.1*	–	*1.6*	*29.6*
Effect of change in financial assumptions	–	*(16.7)*	*(31.9)*	*(11.0)*	*(6.0)*	*(65.6)*
Effect of experience adjustments	*(6.4)*	*1.1*	*1.7*	*(3.0)*	*(3.5)*	*(10.0)*
As of December 31, 2013	**409.2**	**377.7**	**228.4**	**162.2**	**147.1**	**1,324.6**
Service cost	–	0.1	2.7	5.1	4.9	12.9
Interest cost	1.8	17.3	10.5	3.3	5.4	38.3
Benefit payments	(1.6)	(12.8)	(13.3)	(4.4)	(7.8)	(39.9)
Employee contributions	–	–	0.6	3.0	0.1	3.6
Change in consolidation scope	–	–	–	7.3	–	7.3
Currency translation adjustment	–	29.4	10.9	3.8	4.2	48.3
Past service cost / settlement and other	(351.5)	–	–	–	(19.7)	(371.3)
Remeasurements						
Effect of change in demographic assumptions	*(10.4)*	–	*1.9*	–	*3.2*	*(5.3)*
Effect of change in financial assumptions	*11.5*	*67.2*	*23.4*	*15.9*	*9.8*	*127.8*
Effect of experience adjustments	*(0.0)*	*11.2*	*(1.3)*	*(1.1)*	*(2.2)*	*6.6*
As of December 31, 2014	**58.9**	**490.1**	**263.9**	**195.0**	**144.9**	**1,152.8**

The change in the fair value of the defined benefit plan assets breaks down as follows:

	PLAN ASSETS					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
As of January 1, 2013	**382.4**	**290.6**	**173.9**	**148.7**	**54.1**	**1,049.7**
Employer contributions	2.7	9.5	7.5	7.2	6.7	33.6
Employee contributions	0.7	–	0.7	2.7	0.2	4.3
Interest income	12.3	10.0	6.6	2.6	1.5	33.0
Benefit payments	(19.2)	(11.2)	(12.5)	(5.2)	(19.5)	(67.5)
Currency translation adjustment	–	(4.6)	(19.0)	(2.4)	(3.9)	(30.0)
Return on plan assets excluding interest income (OCI)	27.0	11.3	9.1	6.7	4.1	58.1
As of December 31, 2013	**405.9**	**305.6**	**166.4**	**160.3**	**43.0**	**1,081.2**
Employer contributions	0.2	10.0	7.4	4.4	6.2	28.1
Employee contributions	–	–	0.6	3.0	0.1	3.6
Interest income	1.8	13.4	7.8	3.3	1.6	27.8
Benefit payments	(1.6)	(12.8)	(13.3)	(4.4)	(7.3)	(39.4)
Change in consolidation scope	–	–	–	5.0	–	5.0
Currency translation adjustment	–	23.1	7.6	3.6	1.1	35.3
Past service cost / settlement and other	(351.5)	–	–	–	(14.0)	(365.5)
Return on plan assets excluding interest income (OCI)	4.2	11.5	7.3	9.6	(0.0)	32.5
As of December 31, 2014	**58.9**	**350.8**	**183.7**	**184.6**	**30.6**	**808.6**

The change in the net liability / (asset) breaks down as follows:

	NET LIABILITY / (ASSET)					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
As of January 1, 2013	**17.0**	**106.5**	**104.0**	**24.2**	**120.7**	**372.6**
Service cost	2.7	0.1	3.7	5.4	5.3	17.2
Interest cost	0.2	5.1	3.6	0.3	3.8	13.0
Past service cost / settlement and other	(0.3)	–	(3.0)	0.2	(5.9)	(8.9)
Employer contributions	(2.7)	(9.5)	(7.5)	(7.2)	(6.7)	(33.6)
Benefit payments	0.8	0.8	–	(0.0)	1.1	2.7
Currency translation adjustment	–	(4.0)	(8.6)	(0.5)	(2.3)	(15.4)
Remeasurements	(14.6)	(26.9)	(30.1)	(20.6)	(12.0)	(104.1)
As of December 31, 2013	**3.3**	**72.2**	**62.0**	**1.9**	**104.0**	**243.4**
Service cost	–	0.1	2.7	5.1	4.9	12.9
Interest cost	–	3.9	2.7	(0.0)	3.7	10.4
Past service cost / settlement and other	–	–	–	–	(5.8)	(5.8)
Employer contributions	(0.2)	(10.0)	(7.4)	(4.4)	(6.1)	(28.1)
Benefit payments	–	–	–	–	(0.5)	(0.5)
Change in consolidation scope	–	–	–	2.4	–	2.4
Currency translation adjustment	–	6.3	3.3	0.2	3.1	13.0
Remeasurements	(3.1)	66.9	16.8	5.2	10.9	96.5
As of December 31, 2014	**0.0**	**139.4**	**80.1**	**10.4**	**114.3**	**344.2**

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:

	LIABILITY RECONCILIATION					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
For the year ended December 31, 2013						
Defined benefit obligations	**409.2**	**377.7**	**228.4**	**162.2**	**147.1**	**1,324.6**
of which funded schemes	*409.2*	*376.1*	*200.9*	*159.6*	*67.2*	*1,213.0*
of which unfunded schemes	–	*1.6*	*27.5*	*2.6*	*79.9*	*111.6*
Fair value of plan assets	(405.9)	(305.6)	(166.4)	(160.3)	(43.0)	(1,081.2)
Recognized net liability for defined benefit obligations	**3.3**	**72.2**	**62.0**	**1.9**	**104.0**	**243.4**
of which "Employee benefits"	*3.3*	*72.2*	*62.0*	*1.9*	*104.0*	*243.4*
of which "Other financial assets"	–	–	–	–	–	–
For the year ended December 31, 2014						
Defined benefit obligations	**58.9**	**490.1**	**263.9**	**195.0**	**144.9**	**1,152.8**
of which funded schemes	*58.9*	*488.2*	*231.6*	*192.0*	*60.0*	*1,030.7*
of which unfunded schemes	–	*2.0*	*32.2*	*3.0*	*84.9*	*122.1*
Fair value of plan assets	(58.9)	(350.8)	(183.7)	(184.6)	(30.6)	(808.6)
Recognized net liability for defined benefit obligations	**0.0**	**139.4**	**80.1**	**10.4**	**114.3**	**344.2**
of which "Employee benefits"	*0.0*	*139.4*	*80.1*	*10.4*	*114.3*	*344.2*
of which "Other financial assets"	–	–	–	–	–	–

18.3 Re-measurements of the net defined benefit liability

	OTHER COMPREHENSIVE INCOME					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Return on plan assets excluding interest income	(27.0)	(11.3)	(9.1)	(6.7)	(4.1)	(58.1)
Effect of change in demographic assumptions	18.9	–	9.1	–	1.5	29.5
Effect of change in financial assumptions	–	(16.7)	(31.8)	(11.0)	(6.1)	(65.6)
Effect of experience adjustments	(6.4)	1.1	2.1	(3.0)	(3.0)	(9.2)
OCI recognized for the year ended December 31, 2013	**(14.6)**	**(26.9)**	**(29.7)**	**(20.7)**	**(11.7)**	**(103.4)**
Return on plan assets excluding interest income and asset ceiling	(4.2)	(11.5)	(7.3)	(9.6)	0.0	(32.5)
Effect of change in demographic assumptions	(10.4)	–	1.9	–	3.2	(5.3)
Effect of change in financial assumptions	11.4	67.2	23.4	15.7	9.1	126.7
Effect of experience adjustments	(0.0)	11.2	(1.3)	(1.1)	(2.2)	6.6
OCI recognized for the year ended December 31, 2014	**(3.3)**	**66.9**	**16.7**	**4.9**	**10.1**	**95.4**

18.4 Employee Benefit expense

The expense recognized in the consolidated income statement breaks down as follows:

	EXPENSE					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Service cost (2)	2.7	0.1	3.7	5.4	5.3	17.2
Past service cost (2)	(0.3)	–	(3.0)	0.2	(5.9)	(8.9)
Net Interest expense (3)	0.2	5.1	3.6	0.3	3.8	13.0
Other (2)	0.7	–	(0.5)	0.1	0.1	0.4
Expense recognized for the year ended December 31, 2013	**3.3**	**5.2**	**3.8**	**6.0**	**3.3**	**21.6**
Service cost (1)	–	0.1	2.7	5.1	4.9	12.9
Past service cost (1)	–	–	–	–	(5.8)	(5.8)
Net Interest expense (3)	0.1	3.9	2.7	(0.0)	3.7	10.4
Other (1)	–	–	0.0	0.3	0.4	0.8
Expense recognized for the year ended December 31, 2014	**0.1**	**4.1**	**5.5**	**5.4**	**3.3**	**18.3**

(1) Recognized as personnel costs (see note 6).
(2) Recognized as personnel costs (see note 6) and in other income (see note 7).
(3) Recognized as net financial expenses (see note 8).

Significant plan amendments and settlements

For the year ended December 31, 2014

In the United States, health and life insurance benefits to certain eligible participants were reduced such that, effective January 1, 2015, post-65 retiree medical coverage is available at a higher cost to the participant and life insurance coverage is no longer offered for active members and retirees who are not yet 60 on January 1, 2015. These changes resulted in a gain of €4.8 million recognized in the third quarter of 2014 as a reduction in salaries and benefits.

The Group also initiated the termination of a qualified pension plan for US employees by purchasing annuities and paying lump sums in 2014. This resulted in a settlement gain of €1.2 million recognized as a reduction in salaries and benefits. The full termination process is expected to end in 2015.

In The Netherlands, a Collective Defined Contribution plan has been implemented in *lieu et place* of the former Defined Benefit plan which have been eliminated without any impact, neither on the balance sheet nor in profit and loss (see note 18.1).

For the year ended December 31, 2013

Effective on June 30, 2013, post-employment benefits scheme (other than pensions) in Canada was amended to enable employees to elect for a cash lump-sum settlement benefits in *lieu et place* of post-employment coverage (health & dental care, life insurance) on retirement. As a result of this amendment, a gain of €3.1 million (CAD 4.2 million) was recognized in the income statement as a reduction in administrative expenses (salaries and benefits).

Following a resolution of the Trustee board of the Irish pension plan dated June 26, 2013, the pension scheme was wound-up and the benefits were transferred to a new defined contribution plan. A full valuation was performed at the date of the wind-up of this defined benefit retirement plan resulting in the recognition of a profit in the income statement of €4.4 million (see note 7).

In France, a curtailment gain of €1.6 million was recognized as a result of the reduction in the participating members of a supplemental executive retirement scheme.

18.5 Plan asset allocation

(in millions of euros)	PLAN ASSETS CLASS THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND
Cash and cash equivalents	0.6	16.6	0.8	11.9
Equity instruments (quoted in an active market)	124.6	17.1	72.2	52.4
Debt instruments (quoted in an active market)	197.4	124.2	90.4	60.9
Real estate	–	–	–	31.8
Investment funds	–	147.1	–	3.3
Asset held by insurance company	83.3	–	3.0	–
Other	–	0.6	–	–
As of December 31, 2013	**405.9**	**305.6**	**166.4**	**160.3**
Cash and cash equivalents	–	19.2	0.9	10.2
Equity instruments (quoted in an active market)	–	20.3	79.6	61.6
Debt instruments (quoted in an active market)	–	154.4	99.9	70.0
Real estate	–	–	–	35.7
Investment funds	–	156.2	–	0.8
Asset held by insurance company	58.9	–	3.4	–
Other	–	0.6	–	6.5
As of December 31, 2014	**58.9**	**350.8**	**183.7**	**184.6**

18.6 Actuarial assumptions

The main actuarial assumptions are as follows:

	THE NETHERLANDS		UNITED KINGDOM		CANADA		SWITZERLAND	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Average plan duration *(in years)*	19	15	18	17	14	14	16	16
Discount rate *(in %)*	2.00	3.25	3.50	4.50	4.00	4.75	1.25	2.00
Future salary increases *(in %)*	3.00	3.00	NA	NA	3.12	3.11	2.00	2.00

Discount rates have been set by reference to market yields on high quality corporate bonds (AA rated-bonds by at least one of the top three rating agencies: Standard & Poor's, Moody's and Fitch) with a similar duration to the underlying obligation. Each future year expected benefit payments are discounted by the corresponding of the yield curve and when there is no deep market in bonds with a sufficiently long maturity to match the maturity of the benefit payments, the discount rate is estimated by extrapolating current market rates along the yield curve. Then a single discount rate is calculated that, when applied to all cash-flows, results in the same interest cost as the application of the individual rates would have produced.

18.7 Post-employment plan risks

In order to identify and deal with the risks in relation to the management of pension and other post-retirement plans, a pension committee made up by Finance and Human Resources representatives, meets on a quarterly basis. This pension committee, supported by experts, reviews, in particular, the funding of pension plans, and the performance of the pension plan's assets. It is informed of any material event in relation to the benefits granted to employees, the financial impact in relation to the plans, or changes in the regulations. The committee reports to Audit Committee on a yearly basis.

The Group's major defined benefit plans are subject to funding requirements that mainly fluctuate based on interest rates, performance of plan assets and changes in local regulations. Depending on changes in the above parameters, the Group may be required to make additional contributions to the pension funds in a defined time frame.

Volatility in discount rates and inflation

The defined benefit liability is calculated by discounting future expected cash flows. Discount rates are determined based upon bonds yield prevailing at the measurement date which may fluctuate from one period to another. In addition, accrued benefits and pension annuities are usually subject to salary increase and conditional or unconditional indexation which vary depending on inflation level. Any change in the above parameters may adversely affect the defined benefit liability and the service cost, and thus triggers additional contributions to comply with local minimum funding requirements.

Volatility in asset values

Plan assets mainly include equities, fixed incomes securities and other assets which values are subject to market volatility. A downturn in financial markets would result in an increase of the net liability and, therefore, in reduced funding ratios requiring additional contributions from the Group in a defined time frame.

Sensitivity analysis

	SENSITIVITY TO A 25 BASIS POINTS DECREASE IN DISCOUNT RATE					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Service cost	–	–	0.1	0.2	0.1	0.4
Defined Benefit Obligation	2.7	21.3	8.4	7.4	4.1	43.9

	SENSITIVITY TO A 10% DOWNTURN IN FINANCIAL MARKET					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Plan assets	–	(2.0)	(8.0)	(6.2)	(0.7)	(16.9)

Risk Management

To mitigate risks identified above, the Group has already implemented or is currently setting up the following actions which include changes in the design of the defined benefit schemes as well as financial measures:

- closure of defined benefits schemes, where appropriate, and move to defined contribution plans, with frozen benefit rights,
- rationalization of benefits including the level of pension benefits, conversion rate factors and indexation caps,
- selective additional cash contributions to increase funding level, on top of regular contributions,
- inflation and interest rate hedging,
- adoption of investment strategies that broadly match the nature of the liabilities, with a progressive alignment of asset allocation and pension plans duration,
- regular meetings with trustees, and
- periodic review of investment performance by independent advisors to monitor investment volatility.

18.8 Expected cash flows

	EXPECTED CASH FLOW					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Expected benefit payments for 2015	1.6	13.5	11.8	6.0	5.1	38.0
Expected benefit payments for 2016	1.7	14.5	12.2	5.5	5.2	39.2
Expected benefit payments for 2017	1.8	15.5	12.6	5.5	7.4	42.9
Expected benefit payments for 2018	1.8	17.1	13.0	5.7	12.3	49.9
Expected benefit payments for 2019 and after	12.1	117.2	86.6	34.3	42.9	293.2
Expected benefit contributions for 2015	–	10.4	7.7	5.9	4.2	28.1

19. Financial liabilities

This note provides information on financial liabilities as of December 31, 2014. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interests less transaction costs.

19.1 Net financial debt

As of December 31, 2014, Rexel's consolidated net debt stood at €2,213.1 million, consisting of the following items:

	AS OF DECEMBER 31,					
	2014			2013		
(in millions of euros)	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Senior Notes	–	1,992.2	1,992.2	–	1,835.6	1,835.6
Securitization	128.2	1,013.9	1,142.1	–	1,067.5	1,067.5
Bank loans	65.0	4.4	69.3	35.6	19.2	54.8
Commercial paper	85.9	–	85.9	119.1	–	119.1
Bank overdrafts and other credit facilities	81.7	–	81.7	54.3	–	54.3
Finance lease obligations	8.8	18.4	27.2	7.3	24.7	32.0
Accrued interests (1)	9.7	–	9.7	11.6	–	11.6
Less transaction costs	(8.0)	(32.9)	(40.9)	(11.2)	(38.8)	(50.0)
Total financial debt and accrued interest	***371.2***	***2,995.9***	***3,367.1***	***216.7***	***2,908.2***	***3,124.9***
Cash and cash equivalents			(1,159.8)			(957.8)
Accrued interest receivables			(0.7)			–
Debt hedge derivatives			6.5			25.1
Net financial debt			**2,213.1**			**2,192.0**

(1) Of which accrued interests on Senior Notes for €4.9 million as of December 31, 2014 (€4.6 million as of December 31, 2013).

19.1.1 Senior Facility Agreement

On November 13, 2014, Rexel entered into an amendment of its €1,100 million existing revolving credit facilities agreement dated March 15, 2013 reduced to €1,055 million in September 2013 with BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Bank France, Natixis and Société Générale as Mandated Lead Arrangers and Bookrunners.

The Senior Facility Agreement provides a five-year multicurrency revolving credit facility for an aggregate maximum amount reduced to €982 million which can also be drawn down through swingline loans for an aggregate amount of €157.5 million. The original maturity of this credit facility (November 2019) may be extended two times by one year.

Interest and margin

Amounts drawn bear interest at a rate determined in reference to (i) the EURIBOR rate when funds are made available in Euro or the LIBOR rate when funds are made available in currencies other than Euro, (ii) the applicable margin, (iii) certain premia for loans in currencies other than euro and (iv) mandatory costs (representing the costs to be borne by the lenders for the financing of the banking control system imposed by the banking regulatory authorities of their respective countries), if any.

Swingline drawings bear interest at a rate determined in reference to (i) the EONIA rate, (ii) the applicable margin and (iii) mandatory costs, if any.

The initial applicable margin is 1.25% per annum and 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 Facility Agreement) calculated as of December 31 and June 30 of every year. The margin ranges from 0.85% to 2.5%.

In addition, the applicable margin shall be increased by a utilization fee that varies depending on the percentage of the total commitment drawn under the Senior Facility Agreement at any given time.

Rexel shall also pay a commitment fee in the base currency on that lender's available commitment the amount of which varies based on the leverage ratio.

Under the Senior Credit Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as at December 31 and June 30 of each year.

The 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,
- after adding back EBITDA of assets held for sale and not taking into account EBITDA of assets sold during the Measurement Period, and
- adjusted to exclude the non-recurring impact on the Group's consolidated EBITDA related to the price of copper in cables.

Adjusted consolidated net debt means all financial debt (whether the interest with respect to such debt is paid or capitalized) converted to the average rate of the last 12 months when the debt is in a currency other than the euro:

- less intra-group loans and transaction costs, as well as the financial charges accounted for as a result of the repayment of the debt outstanding under the previous facilities agreement,
- plus all indebtedness relating to the issuance of securities that are not mandatorily redeemable into shares and any other amount relating to a loan under international accounting standards,
- plus accrued interest (including capitalized interest), excluding interest accrued on intra-group loans, and
- minus cash and cash equivalents.

This ratio may exceed 3.50 on three accounting dates during the life of the Senior Facility Agreement, provided that (i) such ratio does not exceed 3.75 times on two accounting dates during the life of the Senior Facility Agreement and (ii) such ratio does not exceed 3.90 times on one accounting date during the life of the Senior Facility Agreement (it being specified that only two of such three accounting dates may be consecutive).

This refinancing transaction was accounted for as an exchange of debt without any recognition of gain and loss in the income statement.

As of December 31, 2014, this credit facility was not drawn down.

In addition to the Senior Facility Agreement, Rexel entered into two bilateral term loan agreements of €32.9 million (US$ 40 million) and €45 million, maturing respectively in June 2015 and in March 2018. As of December 31, 2014, these facilities were undrawn.

19.1.2 Senior notes

As of December 31, 2014, the carrying amount of the existing senior notes is detailed as follows:

	AS OF DECEMBER 31,									
	2014					2013				
	NOMINAL AMOUNT *(in millions of currency)*		NOMINAL AMOUNT *(in millions of euros)*	FAIR VALUE ADJUST-MENTS (1)	TOTAL	NOMINAL AMOUNT *(in millions of currency)*		NOMINAL AMOUNT *(in millions of euros)*	FAIR VALUE ADJUST-MENTS	TOTAL
Senior notes due 2018	EUR	488.8	488.8	10.2	**499.0**	EUR	488.8	488.8	(0.3)	**488.5**
Senior notes due 2019	USD	500.0	411.8	(4.1)	**407.7**	USD	500.0	362.6	(11.5)	**351.1**
Senior notes due 2020	USD	500.0	411.8	0.8	**412.6**	USD	500.0	362.6	(8.6)	**354.0**
Senior notes due 2020	EUR	650.0	650.0	22.8	**672.8**	EUR	650.0	650.0	(7.9)	**642.1**
TOTAL			**1,962.5**	**29.7**	**1,992.2**			**1,863.9**	**(28.3)**	**1,835.6**

(1) Adjustment to reflect interest rate fluctuations on the part of the notes hedged through fair value hedge derivatives (see note 20.1).

Notes due 2020

Rexel issued on April 3, 2013, €650 million and US$500 million of senior unsecured notes due 2020 with coupons of 5.125% and 5.250% respectively.

The notes rank *pari passu* with Rexel's senior credit facility and other senior unsecured notes. Rexel pays interest on the notes semi-annually on June 15 and December 15, starting from December 15, 2013. The notes mature on June 15, 2020 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to June 15, 2016 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2016, 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) EURO BONDS	DOLLAR BONDS
June 15, 2016	103.844%	103.938%
June 15, 2017	102.563%	102.625%
June 15, 2018	101.281%	101.313%
June 17, 2019 and after	100.000%	100.000%

The net proceeds of these notes were used on April 17, 2013 to redeem the 8.25% senior notes due 2016.

These notes were redeemed at their principal amount of €586.3 million plus accrued and unpaid interest of €16.0 million and an applicable "make-whole" redemption premium of €54.0 million.

In 2013, in relation to the repayment of the senior notes due 2016, the Group revised the amortized cost of such notes and recognized a financial expense of €23.5 million as a result of the effective interest rate method. This loss included the "make-whole" premium plus the unamortized initial transaction costs of €9.1 million after deducting fair value hedge adjustments of €39.6 million.

Notes due 2019

On March 28, 2012, Rexel issued US$ 400 million (€299.9 million) senior unsecured notes. The notes were issued at 100% of their nominal amount and bear interest annually at 6.125%. They are listed on the Luxembourg Stock Exchange. On April 23, 2012, an additional US$100 million principal amount of these notes was issued at a price of 100.75% of nominal (*i.e.* an issuance price of €76,7 million). The additional notes are fully fungible with the previously-issued notes and have identical terms and conditions.

Rexel will pay interest on the notes semi-annually in arrears on June 15 and December 15, with the first payment on December 15, 2012. The notes will mature on December 15, 2019.

The notes are redeemable in whole or in part at any time prior to December 15, 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 December 15, 2015, the notes are redeemable in whole or in part by paying the redemption price set forth below.

REDEMPTION PERIOD BEGINNING ON:	REDEMPTION PRICE (AS A % OF PRINCIPAL AMOUNT)
December 15, 2015	103.063%
December 15, 2016	101.531%
December 15, 2017 and after	100.000%

In addition, at any time on or prior to June 15, 2015, Rexel may redeem up to 35% of the outstanding aggregate principal amount of the notes using the net proceeds from one or more specified equity offerings.

Notes due 2018

On May 27, 2011, Rexel issued €500 million senior unsecured notes. The notes were issued at 99.993% of their nominal amount and bear interest annually at 7%. They are listed on the Luxembourg Stock Exchange. Rexel pays interest on the notes semi-annually in arrears on June 17 and December 17, with the first payment made on December 17, 2011. The notes will mature on December 17, 2018.

Notes due 2018 and all of Rexel's existing and future unsecured senior debt rank *pari passu* and senior to all its existing and future subordinated debt.

Notes due 2018 are redeemable in whole or in part at any time prior to June 17, 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 June 17, 2015, 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)
June 17, 2015	103.500%
June 17, 2016	101.750%
June 17, 2017 and after	100.000%

Call options embedded in the senior notes have not been bifurcated as on each exercise date:

- the exercise price of the option is approximately equal to the amortized cost of the senior notes,
- the exercise price approximates the present value of lost interest for the holders of the senior notes.

19.1.3 Securitization programs

The Rexel Group runs several on-going securitization programs which enable it to obtain financing at a lower cost than issuing bonds or incurring bank loans.

The specific characteristics of the Rexel Group's securitization programs vary depending on the country. The relevant subsidiaries remain responsible for the collection of receivables once assigned. These receivables are assigned to special-purpose entities 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 certain programs, the Group also has the option of contributing its receivables in exchange for subscribing the securitization 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 programs, with the exception of an off-balance sheet US program described in the following paragraphs, 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.

In addition to these on-balance sheets programs, in 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 was amended in 2014 and allows the Group to assign eligible receivables and receive cash consideration up to a maximum amount of US$225 million. The maturity of this program was extended to December 2017.

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 cost. 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 this agreement, credit risk, interest risk and late payments risk attached to the receivables assigned in relation to the Ester program are transferred to the purchaser through the credit and funding discounts. The dilution risk is not considered for risks and rewards analysis as this risk is not attached to the receivables but is analyzed as a risk of misuse of the securitization program as disputed receivables are not eligible to the program or as a risk attached to the servicing of the receivables that is guaranteed by a collateral. Therefore, receivables sold under this agreement are derecognized from the balance-sheet at the transfer date.

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 December 31, 2014, derecognized receivables totaled €180.1 million (€106.3 million as of December 31, 2013) and the resulting loss was recorded as a financial expense for €5.5 million (€5.1 million in 2013). Carrying value and fair value of cash collected under the servicing agreement in relation to derecognized receivables and not yet transferred to the purchaser totaled €23.1 million and was recognized in financial liabilities (€7.3 million as of December 31, 2013).

The Group did not retain any interests in the receivables sold under this program.

Securitization programs 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 December 31, 2014, Rexel had satisfied all of these covenants. All the programs are on-going programs and therefore are not subject to seasonality other than seasonality arising in the ordinary course of business.

Information with respect to Rexel's securitization programs including the off-balance sheet programs is provided in the table below:

PROGRAM	COMMITMENT	AMOUNT OF RECEIVABLES ASSIGNED AS OF DECEMBER 31, 2014	AMOUNT DRAWN DOWN AS OF DECEMBER 31, 2014	BALANCE AS OF DECEMBER 31, 2014	2013	REPAYMENT DATE
	(in millions of currency)			(in millions of euros)		
Europe and Australia [(1) (2)]	EUR 425.0	EUR 511.3	EUR 396.1	396.1	402.4	12/18/2017
United States	USD 545.0	USD 690.8	USD 513.5	422.9	326.3	12/20/2017
Canada[(2)]	CAD 190.0	CAD 285.9	CAD 180.3	128.2	129.5	11/19/2015
Europe[(2)]	EUR 384.0	EUR 527.1	EUR 374.9	374.9	308.0	12/20/2016
TOTAL				**1,322.2**	**1,166.2**	
Of which:						
• on balance sheet				1,142.1	1,067.5	
• off balance sheet (US Ester program)				180.1	98.7	

(1) On July 31, 2014, Rexel amended its paneuropean & Australian securitization program and extended the maturity date from December 2016 to 2017.
(2) Repayment date may be extended twice by one year at the option of Rexel, subject to bank approval.

These securitization programs pay interest at variable rates including a specific credit spread to each program. As of December 31, 2014, the total outstanding amount authorized for these securitization programs was €1,393.0 million, of which €1,322.2 million were used.

19.1.4 Commercial paper program

Rexel runs a €500 million commercial paper program, with fixed maturities ranging from one to three months depending on the notes, issued to diversify its investor base and minimize the cost of financing.

As of December 31, 2014, the company had issued €85.9 million of commercial paper (€119.1 million as of December 31, 2013).

19.2 Change in net financial debt

As of December 31, 2014 and December 31, 2013, the change in net financial debt was as follows:

	FOR THE PERIOD ENDED DECEMBER 31,	
(in millions of euros)	**2014**	**2013**
As of January 1	**2,192.0**	**2,599.2**
Issuance of Senior Notes net of transaction cost	–	1,025.2
Buy-out of Senior Notes	–	(640.3)
Net change in term loan facilities	–	(25.9)
Transaction costs and refinancing costs	(1.8)	(15.5)
Net change in other credit facilities and bank overdrafts	(5.6)	(14.4)
Net change in credit facilities	**(7.4)**	**329.1**
Net change in securitization	19.3	16.9
Net change in finance lease liabilities	(5.1)	(48.9)
Net change in financial liabilities	***6.7***	***297.0***
Change in cash and cash equivalents	(178.9)	(665.2)
Effect of exchange rate changes on net financial debt	135.7	(103.2)
Effect of changes in consolidation scope on gross indebtedness	6.1	–
Amortization of transaction costs	10.8	13.8
Non recurring refinancing costs	–	23.5
Other changes[1]	40.6	26.8
As of December 31	**2,213.1**	**2,192.0**

(1) Of which in 2014, €36.4 million relating to the settlement of interest swaps qualified as fair value hedge of the senior notes (€30.4 million in 2013).

20. Market risks and financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks. Derivatives that do not qualify for hedge accounting are accounted for as trading 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%, 50% on a two-year rolling basis, and 25% on a three-year rolling basis 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 DECEMBER 31,	
(in millions of euros)	**2014**	**2013**
Senior Notes and other fixed rate debt	2,003.5	1,866.4
Floating to fixed rate swaps	1,515.1	1,550.0
Fixed to floating rate swaps	(823.7)	(1,525.1)
Sub-total fixed or capped rate instruments	**2,695.0**	**1,891.3**
Floating rate debt before hedging	1,369.4	1,283.4
Floating to fixed rate swaps	(1,515.1)	(1,550.0)
Fixed to floating rate swaps	823.7	1,525.1
Cash and cash equivalents	(1,159.8)	(957.8)
Sub-total floating rate debt instruments	**(481.8)**	**300.7**
Total net financial debt	**2,213.1**	**2,192.0**

Fair value hedge derivatives

As of December 31, 2014, the portfolio of interest rate swaps used as hedge for exposure of changes in fair value of its senior notes disclosed in note 19.1.2 :

	TOTAL NOTIONAL AMOUNT *(in millions of currency)*	TOTAL NOTIONAL AMOUNT *(in millions of euros))*	MATURITY	WEIGHTED AVERAGE FIXED RATE RECEIVED	FLOATING RATE PAID	FAIR VALUE (1) *(in millions of euros)*	HEDGED ITEM
SWAPS PAYING VARIABLE RATE							
American dollar	500.0	411.8	December 2019	1.49%	3M LIBOR	(5.2)	Notes due 2019
	500.0	411.8	June 2020	1.78%	3M LIBOR	(1.2)	Notes due 2020
Total		**823.7**				**(6.4)**	

(1) Derivative instruments are presented at fair value, including accrued interest receivable for €0.4 million.

The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the income statement as interest expenses on borrowings. The changes in fair value of the derivatives and the changes in the fair value of the hedged item are recognized in the income statement to match each other.

Any adjustment to carrying value of items carried at amortized cost is amortized through profit or loss over the remaining term.

The change in fair value of these fair value hedging swaps for the period ending December 31, 2014 represented a gain of €57.2 million, partially offset by a loss of €58.2 million resulting from the change in the fair value of the Senior Notes.

In 2014, some fair value hedge derivatives were settled for a cash premium received of €36.4 million. This premium was recognized as part of the cost of the hedged notes and is amortized through profit and loss over the remaining life of the related notes using the effective interest rate method.

Cash-flow hedge derivatives

In accordance with the policy described above, the Group has entered into several fixed interest rate swap contracts.

Cash-flow hedge swaps mature until September 2016. 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.

As of December 31, 2014, derivative instruments classified as cash flow hedges are as follows:

	TOTAL NOTIONAL AMOUNT *(in millions of currency)*	TOTAL NOTIONAL AMOUNT *(in millions of euros)*	MATURITY	FLOATING RATE RECEIVED	WEIGHTED AVERAGE FIXED RATE PAID	FAIR VALUE (1) *(in millions of euros)*
SWAPS PAYING FIXED RATE						
American dollar	200.0	164.7	June 2015	1M LIBOR	0.38%	(0.5)
	200.0	164.7	September 2016	1M LIBOR	0.71%	(0.5)
Canadian dollar	90.0	64.0	March 2015	1M C-DOR	1.45%	(0.3)
	90.0	64.0	September 2015	3M C-DOR	1.61%	(0.1)
Australian dollar	100.0	67.4	June 2016	1M BB AUD	2.98%	(1.6)
British pound	100.0	128.4	March 2015	3M LIBOR	0.62%	(0.0)
Total		**653.3**				**(3.0)**

(1) Derivative instruments are presented at fair value, including accrued interest payable for €1.9 million.

The change in fair value of the cash flow hedging instruments for the year ended December 31, 2014 was recorded as a €0.3 million increase in cash-flow hedge reserve (before tax). The ineffectiveness recognized in 2014 was immaterial.

Derivatives not eligible for hedge accounting

	TOTAL NOTIONAL AMOUNT *(in millions of currency)*	TOTAL NOTIONAL AMOUNT *(in millions of euros)*	MATURITY	FLOATING RATE RECEIVED (PAID)	WEIGHTED AVERAGE FIXED RATE PAID (RECEIVED)	FAIR VALUE (1) *(in millions of euros)*
SWAPS PAYING FIXED RATE						
Euro	62.5	62.5	May 2018	6M EURIBOR	3.21%	(7.3)
American dollar	250.0	205.9	September 2015	3M LIBOR	0.53%	(0.3)
	300.0	247.1	June 2016	3M LIBOR	0.79%	(0.6)
Swedish Krona	1,300.0	138.4	September 2016	3M STIBOR	1.73%	(3.6)
Swiss franc	100.0	83.2	March 2015	3M LIBOR	(0.02)%	0.0
	150.0	124.8	December 2016	3M LIBOR	0.39%	(1.5)
Total		**861.8**				**(13.3)**

(1) Derivative instruments are presented at fair value, including accrued interest payable of €1.4 million.

These derivatives are designated primarily as hedges of variable cash flows arising from interest rate swaps and are not eligible to hedge accounting under IAS 39 provisions.

Sensitivity to interest rate variation

As of December 31, 2014, a 1% increase in interest rates on variable debt after effective interest rate hedging would lead to an increase in the current annual interest expense estimated to €2.3 million and a €16.6 million gain related to the change in fair value of the hedging instruments of which a €11.9 million in the income statement and €4.7 million in other comprehensive income.

20.2 Foreign exchange risk

The Group's financing policy is to centralize external borrowings and to provide financing to its foreign subsidiaries in their own functional currencies. The foreign currency risk arises principally from intercompany financings denominated in currencies other than euro and is managed at corporate level. In order to neutralize foreign exchange risk exposure, the Group's parent company incurs external indebtedness in foreign currencies other than euro or enters into foreign exchange derivatives (forward contracts or exchange rate swaps). As part of this policy, the Group issued senior notes denominated in US dollars in 2012 and 2013 for an aggregate amount of US$1,000 million of which US$919 million were qualified as net investment hedges of the US dollars denominated Group's net assets. As of December 31, 2014, unrealized exchange loss in other comprehensive income related to external borrowings qualified as net investment hedges account for €98.9 million before tax.

As of December 31, 2014, the notional value of foreign exchange derivatives was €19.0 million (€2.0 million of forward sales and €17.0 million of forward purchases). Forward contracts are recognized at their fair value for a net negative amount of €0.1 million. The change in fair value of forward contracts for the year ended December 31, 2013 was recorded as a financial gain for €0.6 million.

Sensitivity to changes in foreign exchange rates

The Group's financial statements are presented in euros, and it is therefore required to translate into euro those assets, liabilities, revenues and expenses denominated in currencies other than the euro.

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 €304.2 million and a decrease (increase) in operating income before other income and other expenses of €13.4 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 December 31, 2014 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €89.4 million and €94.8 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 KRONE	SWEDISH KRONA	BRITISH POUND	SWISS FRANC	OTHER CURRENCIES	TOTAL
Financial liabilities	1,793.1	1,087.1	129.2	107.3	1.2	0.9	172.5	0.0	82.3	3,373.6
Cash and cash equivalents	(1,370.8)	(142.1)	114.6	36.3	(21.9)	155.8	(127.5)	222.2	(27.2)	(1,160.5)
Net financial position before hedging	**422.3**	**945.0**	**243.8**	**143.6**	**(20.7)**	**156.7**	**45.0**	**222.2**	**55.1**	**2,213.1**
Impact of hedges	2.5	(0.5)	(1.2)	–	–	–	(1.4)	–	0.5	(0.0)
Net financial position after hedging	**424.9**	**944.6**	**242.6**	**143.6**	**(20.7)**	**156.7**	**43.6**	**222.2**	**55.6**	**2,213.1**
Impact of a 5% increase in exchange rates	–	*47.2*	*12.1*	*7.2*	*(1.0)*	*7.8*	*2.2*	*11.1*	*2.8*	*89.4*

20.3 Liquidity Risk

The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its financial liabilities when they are due. The Group aims to maintain the level of its cash and cash equivalents and available credit facilities at an amount in excess of its cash outflows on financial liabilities over the next 12 months.

The contractual repayment schedule of financial liabilities is as follows:

	AS OF DECEMBER 31,	
(in millions of euros)	**2014**	**2013**
DUE WITHIN		
One year	379.1	227.9
Two years	384.2	252.2
Three years	644.8	411.5
Four years	501.5	134.3
Five years	409.3	798.2
Thereafter	1,088.9	1,350.9
Total gross financial debt	**3,407.9**	**3,174.9**
Transaction costs	(40.9)	(50.0)
Gross financial debt	**3,367.0**	**3,124.9**

As of December 31, 2014, the remaining contractual cash-flows in relation to financial indebtedness and derivatives, including interest owed, are as follows:

(in millions of euros)	FINANCIAL DEBT & INTERESTS	DERIVATIVES	TOTAL
DUE WITHIN			
One year	539.4	(2.6)	536.8
Two years	534.8	1.4	536.3
Three years	786.4	5.5	791.9
Four years	620.6	7.1	627.7
Five years	494.3	7.6	501.8
Thereafter	1,114.5	1.6	1,116.2
Total gross financial debt	**4,089.9**	**20.7**	**4,110.6**

The senior notes issued in May 2011, whose nominal value amounts to €488.8 million, mature in December 2018, the US$500 million senior notes issued in April 2012 mature in December 2019, and the €650 million and the US$500 million senior notes issued in April 2013 mature in June 2020.

The Senior Facility Agreement was amended in November 2014 for a period of 5 years ending in

November 2019. The Senior Facility Agreement together with the Bilateral Term loans provide a five-year multicurrency revolving credit facility for an aggregate maximum available amount of €1,059.9 million which can also be drawn down through swingline loans for an aggregate amount of €157.5 million (see note 19.1.1).

Lastly, securitization programs mature in 2015, 2016 and 2017. The financing under 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) under conditions that are equal to those available up to now, the Group's liquidity and financial position could be affected.

In addition, the trade accounts payable amounted to €2,126.8 million as of December 31, 2014 (€2,009.9 million as of December 31, 2013) and are due in less than one year.

As of December 31, 2014, the Group's liquidity amounted to €2,052.2 million (€1,884.3 million as of December 2013) in excess of €1,673.1 million compared to €379.1 million expected to be paid within the next twelve months with respect to debt repayment.

	AS OF DECEMBER 31,	
(in millions of euros)	**2014**	**2013**
Cash and cash equivalents	1,159.8	957.8
Bank overdrafts	(81.7)	(54.3)
Commercial paper	(85.9)	(119.1)
Undrawn Senior credit agreement	982.0	1,100.0
Bilateral facility	77.9	–
Others	–	(0.2)
Liquidity	**2,052.2**	**1,884.3**

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 guarantees and impairment amounted to €2,206.0 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 €1,159.9 million as of December 31, 2014 (€958.1 million as of December 31, 2013), which equals the net book value of the aforementioned items.

The maximum counterparty risk on the Group's other financial assets was €523.5 million (€496.6 million as of December 31, 2013) and mainly corresponds to supplier discounts receivable.

21. Summary of financial liabilities

			AS OF DECEMBER 31,			
			2014		2013	
(in millions of euros)	CATEGORY IAS 39	IFRS 7 HIERARCHY*	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Bonds	AC	1	1,992.2	2,045.9	1,835.6	1,961.1
Other financial debts, including accrued interest	AC		1,374.9	1,374.9	1,289.3	1,289.3
Total financial liabilities			**3,367.1**		**3,124.9**	
Hedging derivatives (1)	FV P&L	2	6.5	6.5	24.2	24.2
Hedging derivatives (1)	FV OCI	2	0.7	0.4	0.4	0.4
Other derivative instruments not eligible to hedge accounting	FV P&L	2	11.6	11.6	7.9	7.9
Other liabilities (2)	NA		10.1	NA	10.0	NA
Total other non-current liabilities			**29.0**		**42.5**	
Trade accounts payable	AC		**2,126.8**	**2,126.8**	**2,009.9**	**2,009.9**
Vendor rebates receivable	AC		119.3	119.3	104.0	104.0
Personnel and social obligations (2)	NA		231.9	NA	225.9	NA
VAT payable and other sales taxes (2)	NA		82.3	NA	69.1	NA
Hedging derivatives (1)	FV OCI	2	0.3	0.8	0.8	0.8
Other derivative instruments not eligible to hedge accounting	FV P&L	2	0.5	0.5	1.7	1.7
Other liabilities	AC		223.4	223.4	213.0	213.0
Deferred income	NA		8.4	NA	7.2	NA
Total other debts			**666.2**		**621.6**	

(1) Specific accounting measurements for hedging.

(2) Not classified as a financial instrument under IAS 39.

Financial liabilities – stated at amortized cost	AC
Fair value through profit or loss	FV P&L
Fair value through other comprehensive income	FV OCI
Not applicable	NA

* For fair value hierarchy see note 2.8.4.

22. Operating leases

The following table details the Group's obligations in relation to operating lease contracts, representing the minimum payments under non-cancelable leases:

	PAYMENTS OUTSTANDING AS OF DECEMBER 31,	
(in millions of euros)	**2014**	**2013**
DUE WITHIN		
One year	189.9	201.9
Two years	150.4	147.6
Three years	112.9	103.5
Four years	77.3	65.3
Thereafter	148.1	140.6
Total	**678.6**	**658.8**

The total expense under operating lease contracts was €211.2 million for the year ended December 31, 2014 (€214.6 million as of December 31, 2013).

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 DECEMBER 31,	
(in millions of euros)	**2014**	**2013**
Salaries and other short-term benefits	11.7	14.1
Post-employment benefits (service costs)	1.0	0.9
Indemnities at termination of contract	0.6	–
Free shares and stocks options (1)	4.8	6.1

(1) Share-based payment expense is detailed in note 15 – Share based payments.

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 €10.1 million.

24. Litigation & other contingencies

24.1 Litigation

The Rexel Group is subject to legal, administrative and regulatory proceedings in the normal course of its business. A provision is recognized in the balance sheet when it is probable that an outflow of economic benefits 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.

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 fully 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, the Group cannot precisely assess the financial consequences that may result from these proceedings.

ACCC (Australia) claim against Olex and others

On December 3, 2014, the Australian Competition and Consumer Commission (ACCC) commenced civil proceedings in the Federal Court of Australia against several parties, including the Australian affiliate of the Group (Rexel Electrical Supplies PTY Ltd). The proceedings have been filed against five companies, six individuals and an industry association for alleged cartel and exclusionary conduct in the supply and acquisition of electrical cable in Australia.

At this early stage in the proceedings, it is not possible either to predict the outcome of this claim or to meaningfully quantify its financial impact.

The principal tax proceedings involving Group companies as of December 31, 2014 are described below:

Rexel Distribution (absorbed by Rexel Développement in 2011)

The French tax authorities alleged that the selling price of Rexel Distribution's shareholding in Rexel Inc. (Rexel's US subsidiary), transferred in 2005 to its Luxembourg subsidiary Rexel Luxembourg, was €46 million lower than its market value, resulting in an income tax reassessment of €17.5 million, which was covered in full by a provision. In March 2011, the case was referred to the Administrative Court, which issued a judgment in November 2012 rejecting the tax reassessment entirely. The tax authorities lodged an appeal in January 2013. In November 2014, the Court of appeal confirmed the previous judgment. Therefore the provision was fully released.

Rexel

Following a tax audit, Rexel received in December 2011 a proposed tax reassessment in which the French tax authorities allege that Rexel did not demonstrate that its borrowings from Ray Finance LP (subsidiary of Ray Investment SARL) amounting to €952 million were real transactions; they also alleged that Ray Finance LP enjoyed a privileged tax regime and accordingly, rejected the deduction of €91 million of interest expense related to the 2005 to 2007 tax years. Rexel disputes the tax authority's position entirely and referred the case to the Administrative Court in April 2014. A provision amounting to €32 million was recorded by writing down deferred tax assets on tax losses carried forward.

Hagemeyer Finance BV Finnish branch

In a final report received in May 2014, Finnish tax authorities asserted that the interest on the financing used to acquire Elektroskandia Oÿ in 2008 should be allocated to the Dutch head office of Hagemeyer Finance BV, rather than to the Finnish branch. The Group disputed this analysis in a response letter sent in September 2014. In December 2014, Finnish tax authorities issued the reassessment decision for years 2008-2012, resulting in an amount of tax payable of 11.3 million euros for fiscal years 2008-2012. Rexel intends to lodge an appeal in 2015 before the Board of Adjustment. Rexel considers that it is more likely than not that the matter will be resolved favorably in its interest and has therefore not recorded a provision.

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.

24.2 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 as of the balance sheet date, except where stated otherwise.

Tax warranties

In connection with previous divestment transactions, the Group committed to indemnify purchasers for tax liabilities of the companies sold relating to events occurred prior to their sale.

As of December 31, 2014, Techpac Holdings Ltd had notified to Hagemeyer B.V. various claims under the warranty provisions of the Share Sale Agreement dated June 12, 2003 between several Hagemeyer group companies as "Vendors" and Techpac Holdings Ltd as "Purchaser" ("the SSA"). The claims relate mainly to tax litigations between Tech Pacific India Ltd and the Indian tax authorities. The SSA provides for full indemnification by the Vendor to the Purchaser as long as claims by tax authorities are not barred. Hagemeyer B.V. has recorded a provision amounting to €1.8 million to cover those risks.

Environmental warranty

Under an agreement signed on February 28, 2003 with Ashtenne, a real estate company, concerning a sale and leaseback transaction relating to 45 sites in Europe, the Group agreed to indemnify the purchaser for any environmental liabilities with respect to third party claims and governmental injunctions. This warranty covers a maximum of €4 million free of VAT for all of the properties sold, with a minimum threshold of €30,000. This commitment expires five years after the expiration of the lease.

25. Events after the reporting period

At the presentation date of the consolidated financial statements there have been no subsequent events after December 31, 2014 that would have a significant impact on Rexel's financial situation.

26. Consolidated entities as of December 31, 2014

All these subsidiaries are consolidated.

	HEAD OFFICE	% INTEREST
FRANCE		
Holding companies and Group services companies		
Rexel	Paris	Parent company
Rexel Développement S.A.S.	Paris	100.00
Rexel Amérique latine S.A.S.	Paris	100.00
Operating companies		
Rexel France S.A.S.	Paris	100.00
Société Coaxel Toulousaine	Paris	100.00
Dismo France S.A.S.	St-Ouen l'Aumône	100.00
Espace Elec S.A.S.	Ajaccio	100.00
SCI Adour Bastillac	Paris	100.00
Société Immobilière d'Investissement Parisienne S.N.C.	Paris	100.00
BizLine S.A.S.	Paris	100.00
BCCT	Paris	100.00
Conectis S.A.S.	Paris	100.00
Francofa Eurodis S.A.S.	Rosny-sous-Bois	100.00
R-Scan	Paris	100.00
Distodiag	Paris	100.00
SBEM	Paris	100.00
Eurobat	Croissy-Beaubourg	100.00
La Boîte Electrique	Paris	100.00
Esabora Digital Services	Paris	100.00
EUROPE		
Germany		
Rexel GmbH	Munich	100.00
Hagemeyer Deutschland GmbH & Co KG	Munich	100.00
Hagemeyer Deutschland Verwaltungs GmbH	Munich	100.00
Hagemeyer Beteiligungs GmbH	Munich	100.00
Silstar Deutschland GmbH	Emmerich	100.00
Hagemeyer Holding Deutschland GmbH	Munich	100.00
United Kingdom		
Rexel Senate Ltd.	Potters Bar	100.00
Denmans Electrical Wholesalers Ltd.	Potters Bar	100.00
Senate Group Ltd.	Potters Bar	100.00
Rexel (UK) Holdings Ltd.	Potters Bar	100.00
Rexel (UK) Ltd.	Potters Bar	100.00
Newey & Eyre Ltd.	Potters Bar	100.00
Parker Merchanting Limited	Potters Bar	100.00
WF Electrical Plc	Potters Bar	100.00

	HEAD OFFICE	% INTEREST
Newey & Eyre (C.I.) Ltd.	Guernsey	100.00
Warrior Ltd.	Potters Bar	100.00
H.A. Wills (Southampton) Ltd.	Potters Bar	100.00
Rexel UK Pension Trustees Ltd.	Potters Bar	100.00
A&A Security Technologies Limited	Potters Bar	100.00
Defiance Contractor Tools Limited	Potters Bar	100.00
J&N Wade Limited	Potters Bar	100.00
Clearlight Electrical Company	Potters Bar	100.00
Power Industries Limited	Potters Bar	100.00
Sweden		
Rexel Sverige AB	Älvsjö	100.00
Moel AB	Bredaryd	100.00
Austria		
Rexel Central Europe Holding GmbH	Vienna	100.00
Rexel Austria GmbH	Vienna	100.00
Schäcke GmbH	Vienna	100.00
Regro Elektro-Grosshandel GmbH	Vienna	100.00
The Netherlands		
B.V. Electrotechnische Groothandel J.K. Busbroek	Zwolle	100.00
Rexel Nederland B.V.	Gouda	100.00
Cosa Liebermann B.V.	Hoofddorp	100.00
Hagemeyer B.V.	Hoofddorp	100.00
Hagemeyer Finance B.V.	Hoofddorp	100.00
Borsu International B.V.	Hoofddorp	100.00
Italy		
Rexel Italia SpA	Milano	100.00
Spain		
ABM-Rexel SL	Madrid	100.00
Erka Materiales Eléctricos, S.L.	Renteria	100.00
Suministros Eléctricos Erka, S.L.	Renteria	100.00
Belgium		
Rexel Belgium S.A.	Zellik	100.00
Portugal		
Rexel Distribuição de Material Elecrico S.A.	Lisboa	100.00
Ireland		
Rexel Electrical Supply & Services Holding Ltd.	Dublin	100.00
M Kelliher 1998 Ltd.	Tralee	100.00
Hagemeyer Industrial Ireland Ltd.	Limerick	100.00
Astrotek Ireland Limited	Dublin	100.00
Switzerland		
Elektro Material AG	Zurich	100.00

Consolidated statement of comprehensive income

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2014**	**2013**(1)
Net income	**200.0**	**210.9**
Items to be reclassified to profit and loss in subsequent periods		
Net gain / (loss) on net investment hedges	(98.9)	46.4
Income tax	34.0	(13.5)
Sub-total	**(64.8)**	**32.9**
Foreign currency translation adjustment	195.7	(199.8)
Income tax	(29.5)	6.4
Sub-total	**166.1**	**(193.4)**
Net gain / (loss) on cash flow hedges	–	2.3
Income tax	–	(1.0)
Sub-total	**–**	**1.3**
Items not to be reclassified to profit and loss in subsequent periods		
Remeasurements of net defined benefit liability	(95.4)	103.4
Income tax	7.0	(19.6)
Sub-total	**(88.3)**	**83.7**
Other comprehensive income / (loss) for the period, net of tax	*13.0*	*(75.5)*
Total comprehensive income for the period, net of tax	**212.9**	**135.5**
Portion attributable:		
to the equity holders of the parent	211.9	135.5
to non-controlling interests	1.0	–

(1) Restated for changes in accounting policies following the adoption of IFRIC interpretation 21 “Levies” (see note 2.2.1).

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

	HEAD OFFICE	% INTEREST
Elevite AG	Spreitenbach	100.00
Lichtexpress.ch SA	Bedano	100.00
Wefam Holding AG	Zug	100.00
Luxembourg		
Rexel Luxembourg S.A.	Luxembourg	100.00
Rexel RE S.A.	Luxembourg	100.00
Mexel Distribution	Luxembourg	100.00
Czech Republic		
Rexel CZ s.r.o.	Brno	100.00
Slovakia		
Hagard. Hal, spol. Sr.o.	Nitra	100.00
Hungary		
Rexel Hungary General Supply & Services kft	Fót	100.00
Slovenia		
Elektronabava d.o.o.	Ljubljana	100.00
Poland		
Elektroskandia Polska S.A.	Poznan	100.00
Russia		
OOO Elektroskandia Rus	St. Petersburg	100.00
Estonia		
OÜ Elektroskandia Baltics	Tallinn	100.00
Finland		
Rexel Finland Oy	Hyvinkää	100.00
Norway		
Elektroskandia Norge AS	Oslo	100.00
Elektroskandia Norway Holding AS	Oslo	100.00
SOUTH AMERICA		
Peru		
Rexel Peru Holding S.A.C.	Lima	100.00
Rexel Peru S.A.C.	Lima	100.00
AMP Ingenieros S.A.C.	Arequipa	100.00
Chile		
Rexel Chile SA	Santiago	100.00
Flores y Kersting SA	Santiago	100.00
Brazil		
Nortel Suprimentos Industrias S.A.	Campinas	100.00
NORTH AMERICA		
United States		
Rexel Holdings USA Corp.	Dallas	100.00
Rexel Inc.	Dallas	100.00
SKRLA LLC	Dallas	100.00

	HEAD OFFICE	% INTEREST
SPT Holdings Inc.	Dallas	100.00
Rexel of America LLC	Dallas	100.00
Rexel Patriot Acquisition, LLC	Dallas	100.00
Consolidated Electrical Supply Limited	Dallas	99.99
General Supply & Services Inc.	Dallas	100.00
Gesco General Supply & Services Puerto Rico LLC	Shelton	100.00
Canada		
Rexel North America Inc.	St Laurent	100.00
Rexel Canada Electrical Inc.	Mississauga	100.00
Liteco Inc.	Fredericton	100.00
ASIA-OCEANIA		
Hong Kong SAR		
Rexel Hong Kong Ltd.	Kowloon	100.00
Huazhang Electric Automation Holding Co Ltd.	Hong Kong	100.00
LuckyWell Int'l Investment Ltd.	Hong Kong	100.00
China		
Rexel Ouneng (Beijing) Technology Co. Ltd	Beijing	55,00
Rexel Hailongxing Electrical Equipment Co., Ltd.	Beijing	65.00
Rexel Hualian Electric Equipment Commercial Co., Ltd.	Shanghai	65.00
Zhejiang Huazhang Automation Equipment Co., Ltd.	Huanzhou	100.00
GE Supply (Shanghai) Co., Ltd.	Shanghai	100.00
Rexel China Management Co., Ltd.	Shanghai	100.00
Suzhou Xidian Co., Ltd.	Suzhou	100.00
Beijing LuckyWell-ZN Electrical Co., Ltd.	Beijing	100.00
Beijing ZhongHeng Hengxin Automation Co., Ltd.	Beijing	100.00
Henan Qixin Automation Equipment Co., Ltd.	Zhengzhou	100.00
Shanghai Suhua Industrial Control Equipment Co. Ltd	Shanghai	100.00
LinElec Business Consulting (Shanghai) Limited	Shanghai	100.00
India		
Yantra Automotion Private Limited	Pune	100.00
Rexel India Private Limited	Mumbai	100.00
A.D. Electronics Private Limited	Mumbai	100.00
Macau SAR		
Gexpro Supply (Macau) Company Limited	Macau	100.00
Korea		
Gexpro korea Co., Ltd.	Seoul	100.00
Indonesia		
P.T. Hagemeyer Cosa Liebermann	Jakarta	100.00
P.T. General Supply & Services Indonesia	Jakarta	100.00
Malaysia		
Rexel Luxlight SDN. BHD.	Kuala Lumpur	100.00

	HEAD OFFICE	% INTEREST
Singapore		
Gexpro Asia Pte Ltd.	Singapore	100.00
Rexel South East Asia Pte Ltd.	Singapore	100.00
Luxlight Pte, Ltd.	Singapore	100.00
Lenn International Pte Ltd.	Singapore	100.00
Thailand		
Rexel General Supply and Services Co., Ltd.	Bangkok	100.00
Rexel Quality Trading Co., Ltd.	Bangkok	70.00
Vietnam		
Rexel Vietnam Co., Ltd.	Ho Chi Minh City	100.00
Australia		
Rexel Holdings Australia Pty Ltd.	Sydney	100.00
Rexel Electrical Supplies Pty Ltd.	Sydney	100.00
Australian Regional Wholesalers Pty Ltd.	Sydney	100.00
EIW Holding Pty Ltd.	Sydney	100.00
Hagemeyer Holdings (Australia) Pty Ltd.	Sydney	100.00
New Zealand		
Rexel New Zealand Limited	Auckland	100.00
Redeal Pensions Ltd	Auckland	100.00
Kingdom Saudi Arabia		
Rexel Services KSA LLC	Riyadh	100.00
United Arab Emirates		
Redco FZE	Dubaï	100.00
Rexel Middle East FZE	Dubaï	100.00

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF REXEL FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2013

Consolidated Financial Statements as of December 31, 2013

Consolidated income statement

(in millions of euros)	NOTE	FOR THE YEAR ENDED DECEMBER 31, 2013	2012
Sales	4	13,011.6	13,449.2
Cost of goods sold		(9,823.1)	(10,134.2)
Gross profit		**3,188.5**	**3,315.0**
Distribution and administrative expenses	5	(2,521.3)	(2,560.9)
Operating income before other income and expenses		**667.2**	**754.1**
Other income	7	11.4	15.9
Other expenses	7	(157.6)	(122.6)
Operating income		**521.0**	**647.4**
Financial income		2.5	2.3
Interest expense on borrowings		(167.4)	(178.8)
Refinancing costs	20.1.2	(23.5)	–
Other financial expenses		(25.1)	(23.7)
Net financial expenses	*8*	*(213.5)*	*(200.1)*
Share of profit / (loss) of associates	10.4	0.4	3.1
Net income before income tax		**307.9**	**450.3**
Income tax	9	(96.9)	(131.7)
Net income		**211.0**	**318.6**
Portion attributable:			
to the Group		210.6	318.1
to non-controlling interests		0.4	0.5
Earnings per share:			
Basic earnings per share (in euros)	17	0.76	1.18
Fully diluted earnings per share (in euros)	17	0.75	1.16

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

Consolidated statement of comprehensive income

(in millions of euros)	FOR THE YEAR ENDED DECEMBER 31, 2013	2012
Net income	**211.0**	**318.6**
Items to be reclassified to profit and loss		
Net gain / (loss) on net investment hedges	46.4	8.9
Income tax	(13.5)	(2.0)
Sub-total	**32.9**	**6.9**
Foreign currency translation adjustment	(199.8)	2.2
Income tax	6.4	(0.6)
Sub-total	**(193.4)**	**1.6**
Net gain / (loss) on cash flow hedges	2.3	3.9
Income tax	(1.0)	(0.9)
Sub-total	**1.3**	**2.8**
Items not to be reclassified to profit and loss		
Remeasurements of net defined benefit liability	103.4	(133.8)
Income tax	(19.6)	22.6
Sub-total	**83.7**	**(111.1)**
Other comprehensive income / (loss) for the period, net of tax	*(75.5)*	*(99.7)*
Total comprehensive income for the period, net of tax	**135.5**	**218.9**
Portion attributable:		
to the Group	135.5	218.4
to non-controlling interests	–	0.5

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

Consolidated balance sheet

(in millions of euros)	NOTE	AS OF DECEMBER 31, 2013	2012
ASSETS			
Goodwill	10.1	4,111.2	4,369.2
Intangible assets	10.1	1,038.3	1,035.8
Property, plant and equipment	10.2	278.1	282.7
Long-term investments	10.3	51.7	79.5
Investments in associates	10.4	–	10.8
Deferred tax assets	9.2	162.9	171.9
Total non-current assets		**5,642.2**	**5,949.9**
Inventories	11.1	1,389.5	1,426.7
Trade accounts receivable	11.2	2,062.8	2,123.9
Current tax assets		18.3	26.1
Other accounts receivable	11.3	467.8	476.4
Assets held for sale	12	3.4	21.2
Cash and cash equivalents	13	957.8	291.9
Total current assets		**4,899.7**	**4,366.2**
Total assets		**10,541.9**	**10,316.1**
EQUITY			
Share capital	15	1,416.7	1,359.6
Share premium	15	1,510.8	1,418.3
Reserves and retained earnings		1,287.1	1,331.4
Total equity attributable to equity holders of the parent		**4,214.6**	**4,109.3**
Non-controlling interests		10.1	8.3
Total equity		**4,224.7**	**4,117.6**
LIABILITIES			
Interest bearing debt (non-current part)	20	2,908.2	2,303.2
Employee benefits	19	243.4	372.9
Deferred tax liabilities	9.2	172.1	152.3
Provision and other non-current liabilities	18	108.0	101.8
Total non-current liabilities		**3,431.7**	**2,930.1**
Interest bearing debt (current part)	20	205.2	618.3
Accrued interest	20	11.6	9.3
Trade accounts payable		2,009.9	1,937.2
Income tax payable		37.2	42.6
Other current liabilities	22	621.6	661.1
Total current liabilities		**2,885.5**	**3,268.5**
Total liabilities		**6,317.2**	**6,198.6**
Total equity and liabilities		**10,541.9**	**10,316.1**

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

Consolidated statement of cash flows

(in millions of euros)	NOTE	FOR THE YEAR ENDED DECEMBER 31, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income		521.0	647.4
Depreciation, amortization and impairment of assets	5 – 7	169.8	133.7
Employee benefits		(24.7)	(37.3)
Change in other provisions		(8.2)	(17.4)
Other non-cash operating items		16.0	22.1
Interest paid		(169.3)	(169.7)
Income tax paid		(94.2)	(143.4)
Operating cash flows before change in working capital requirements		**410.4**	**435.4**
Change in inventories		(25.5)	(76.8)
Change in trade receivables		(23.1)	113.7
Change in trade payables		144.1	(55.5)
Changes in other working capital items		(45.0)	(18.6)
Change in working capital requirements		**50.6**	**(37.2)**
Net cash from operating activities		**461.1**	**398.2**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of tangible and intangible assets		(95.2)	(90.9)
Proceeds from disposal of tangible and intangible assets		22.9	7.1
Acquisition of subsidiaries, net of cash acquired	3.1	(12.7)	(595.6)
Proceeds from disposal of subsidiaries, net of cash disposed of	10.4	10.4	–
Change in long-term investments		(1.0)	0.4
Dividends received from associates		–	3.8
Net cash from investing activities		**(75.6)**	**(675.2)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of capital	15	3.2	2.9
Disposal / (Purchase) of treasury shares		2.2	(1.5)
Acquisition of non-controlling interests		–	(22.2)
Issuance of senior notes net of transaction costs	20.2	1 025.2	366.2
Repayment / Buy-out of senior notes due 2016	20.2	(640.3)	(69.1)
Settlement of interest rate swaps qualified as fair value hedge	20.2	30.4	–
Net change in credit facilities and other financial borrowings	20.2	(55.8)	(6.4)
Net change in securitization	20.2	16.9	14.8
Net change in finance lease liabilities	20.2	(48.9)	9.4
Dividends paid	15	(53.1)	(143.0)
Net cash from financing activities		**279.7**	**151.1**
Net (decrease) / increase in cash and cash equivalents		**665.2**	**(125.9)**
Cash and cash equivalents at the beginning of the period		291.9	413.7
Effect of exchange rate changes on cash and cash equivalents		0.8	4.1
Cash and cash equivalents at the end of the period		**957.9**	**291.9**

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	FOREIGN CURRENCY TRANSLATION	CASH FLOW HEDGE RESERVE	REMEASUREMENT OF NET DEFINED BENEFIT LIABILITY	TOTAL ATTRIBUTABLE TO THE GROUP	NON-CONTROLLING INTERESTS	TOTAL
FOR THE YEAR ENDED DECEMBER 31, 2012										
As of January 1, 2012		**1,344.1**	**1,412.2**	**1,188.0**	**129.7**	**(5.8)**	**(37.8)**	**4,030.4**	**11.5**	**4,041.9**
Net income		–	–	318.1	–	–	–	318.1	0.5	318.6
Other comprehensive income		–	–	–	8.6	2.8	(111.1)	(99.7)	–	(99.7)
Total comprehensive income for the period		**–**	**–**	**318.1**	**8.6**	**2.8**	**(111.1)**	**218.4**	**0.5**	**218.9**
Appropriation of net income	15	–	–	(173.5)	–	–	–	(173.5)	–	(173.5)
Share capital increase		15.5	6.1	11.8	–	–	–	33.4	–	33.4
Share based payments (1)		–	–	21.0	–	–	–	21.0	–	21.0
Acquisition of non-controlling interests		–	–	(18.9)	0.5	–	–	(18.4)	(3.7)	(22.1)
Disposal (Purchase) of treasury shares		–	–	(2.0)	–	–	–	(2.0)	–	(2.0)
As of December 31, 2012		**1,359.6**	**1,418.3**	**1,344.5**	**138.8**	**(3.0)**	**(148.9)**	**4,109.3**	**8.3**	**4,117.6**
FOR THE YEAR ENDED DECEMBER 31, 2013										
As of January 1, 2013		**1,359.6**	**1,418.3**	**1,344.5**	**138.8**	**(3.0)**	**(148.9)**	**4,109.3**	**8.3**	**4,117.6**
Net income		–	–	210.6	–	–	–	210.6	0.4	211.0
Other comprehensive income		–	–	–	(160.2)	1.3	83.8	(75.1)	(0.4)	(75.5)
Total comprehensive income for the period		**–**	**–**	**210.6**	**(160.2)**	**1.3**	**83.8**	**135.5**	**–**	**135.5**
Appropriation of net income	15	–	–	(203.1)	–	–	–	(203.1)	(0.1)	(203.2)
Share capital increase	15	57.1	92.5	4.2	–	–	–	153.8	2.0	155.8
Share based payments (1)		–	–	17.2	–	–	–	17.2	–	17.2
Acquisition of non-controlling interests		–	–	0.1	–	–	–	0.1	(0.1)	–
Disposal (Purchase) of treasury shares		–	–	1.8	–	–	–	1.8	–	1.8
As of December 31, 2013		**1,416.7**	**1,510.8**	**1,375.3**	**(21.4)**	**(1.7)**	**(65.1)**	**4,214.6**	**10.1**	**4,224.7**

(1) Of which €14.4 million (€19.9 million in 2012) free shares expense (see note 16.4) and €2.7 million relating to the tax effect of free shares allocated in the United States (€1.1 million in 2012).

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

Accompanying notes

1. General information

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (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 offering 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), Asia-Pacific (mainly in Australia, New Zealand and China) and Latin America (mainly Brazil and Chile).

These consolidated financial statements cover the period from January 1 to December 31, 2013, and were authorized for issue by the Management Board on February 6, 2014.

2. Significant accounting policies

2.1 Statement of Compliance

The consolidated financial statements (hereafter referred to as "the financial statements") for the period ending December 31, 2013 have been prepared in accordance with 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 as at December 31, 2013.

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 financial statements 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 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.

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, 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.

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 19),
- Provisions and contingent liabilities (notes 2.16, 18, and 25),
- Measurement of financial instruments (notes 2.10.4 and 21),
- Recognition of deferred tax assets (notes 2.20 and 9),
- Measurement of share-based payments (notes 2.15 and 16).

2.2.1 Changes in accounting policies and amended standards and interpretations

Effective January 1, 2013, the Group has applied the following new amendments, standards and interpretations previously endorsed by the European Union. Their application has no material effect on the Group's financial statements.

The application of IFRS 10, IFRS 11, IFRS 12 and their subsequent amendments are compulsory for fiscal years starting on January 1, 2014. The Group opted for the early adoption of these standards.

- IFRS 10 "Consolidated Financial Statements" provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities".

– IFRS 11 "Joint Arrangements" provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as was previously the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities that meet definition of a joint venture.

– IFRS 12 "Disclosures of Interests in Other Entities" combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.

The adoption of these standards did not have any impact on the Group's financial situation as Rexel holds a 100% ownership interest in most of its direct and indirect subsidiaries or has contractually the control over the operations in the rare cases where non-controlling interests are participating in the share capital.

In addition, following the issuance of IFRS 10, IFRS 11 and IFRS 12, IAS 27 and IAS 28 have been revised as follows:

– IAS 27 "Separate Financial Statements" now only includes requirements for separate financial statements and is thus no longer applicable to Rexel, and

– IAS 28 "Investments in Associates and Joint Ventures" prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

IFRS 13 "Fair Value Measurement" defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about its measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value. IFRS 13 is applicable for fiscal years starting on January 1, 2013 on prospective basis. As of December 31, 2013, the fair value of derivatives has been adjusted to reflect the credit risk associated to Rexel and its counterparties. This adjustment was estimated based on counterparty credit spreads observed on the market and taking into account a probability of recovery. IFRS 13 also requires specific disclosures on fair values. These disclosures are provided in note 14 and in note 22. As of December 31, 2013, the fair value adjustment related to the non-performance risk according to IFRS 13 guidance was recognized in the income statement for €3.1million after tax (€4.8 million before tax).

The amendment to IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities" increases disclosures requirements to improve comparability with US GAAP with regard to the set-off of financial instruments.

The amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities" clarifies the requirement for offsetting financial instruments and is applicable for fiscal years starting on January 1, 2013.

Other changes to IFRS issued in 2012 include:

– Amendment to IAS 1 clarifying the requirements for comparative information,

– Amendment to IAS 16 clarifying the classification of servicing equipment, and

– Amendment to IAS 32 clarifying the accounting for the tax effect of distributions to holders of equity instruments.

2.2.2 New accounting standards and interpretations endorsed by the European Union with effect in future periods

Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets" address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting" allows hedge accounting to continue when derivatives are novated to effect clearing with a central counterparty as a result of laws or regulations, if specific conditions are met.

2.2.3 Accounting standards and interpretations issued by IASB and IFRS Interpretation Committee but not yet approved by the European Union

The following standards and interpretations issued by IASB are not yet approved by the European Union. Except if otherwise noted, their potential impact is currently under review by the Group.

– IFRS 9 "Financial Instruments" aims at replacing IAS 39 "Financial Instruments – Recognition and Measurement". It is a 3-phase project where only phase 1, "Classification and Measurement" was issued. Phase 2, "Impairment Methodology", and phase 3 "Hedge Accounting", have not been issued yet. The endorsement process by the European Union has been placed on hold, pending the completion of the whole project by the IASB.

– Amendment to IFRS 9 and IFRS 7 “Mandatory Effective Date and Transition Disclosures” postpones the mandatory application date of IFRS to January 1, 2015 and modifies the requirements on transition disclosures.

– Amendment to IFRS 9 “Hedge Accounting” and amendments to IFRS 9, IFRS 7 and IAS 39 :

  • bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements;

  • allow the changes to address the “own credit” issue included in IFRS 9 Financial Instruments to be applied in isolation without applying the other changes introduced by IFRS 9 ; and

  • remove the January 1, 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

– IFRIC Interpretation 21 “Levies” clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC Interpretation 21 applies for accounting period starting from January 1, 2014 with retrospective application as of January 1, 2013. In 2013, the Group reviewed the impact of applying IFRIC Interpretation 21 and estimated the adjustment to be an increase in shareholders’ equity of €2.6 million after tax (€3.9 million before tax) as of January 1, 2013 as a result of a timing difference in the liability recognition. In addition, IFRIC Interpretation 21 prohibits the progressive recognition of a liability for tax levies over the fiscal year and rather requires the one-time recognition of the liability when the obligating event for the payment of the levy is met. As a result of this guidance, the Group expects that 2014 interim financial statements will be impacted by timing differences in the recognition of tax levies due to the adoption of IFRIC Interpretation 21.

– Amendment to IAS 19 “Defined Benefits Plans: Employee Contributions”: the narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

– Improvements cycles 2010-2012 and 2011-2013, issued in December 2013, include minor changes to several standards. These changes are applicable for annual statements beginning on or after July 1, 2014, or for transactions after that date in limited instances, and are not expected to have any material impact on the Group’s financial statements.

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 December 31, 2013. The subsidiaries (including Special Purpose Entities) are controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In assessing control, present and potential 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 corresponding period 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 when 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:

– derecognizes the assets (including goodwill) and liabilities of the subsidiary,

– derecognizes the carrying amount of any non-controlling interests,

– reclassifies the foreign currency translation into the net income,

– recognizes the fair value of the consideration received,

– recognizes the fair value of any investment retained,

– recognizes any benefit or deficit in profit or loss, and

– reclassifies components previously recognized 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 recognized in the income statement, except when 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 euro at rates approximating the foreign exchange rates ruling at the dates of the transactions. All resulting translation differences are recognized as a separate component of equity (foreign currency translation reserve).

Net Investment in Foreign Operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on disposal.

Hedge of Net Investment in Foreign Operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognized directly in other comprehensive income. The ineffective portion is recognized immediately in profit or loss. Gains and losses accumulated in equity are recognized in the income statement when the foreign operation is disposed of.

2.5 Intangible Assets

Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at acquisition date as the aggregate of the 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 recognized as expenses.

Any contingent considerations are recognized at their fair value at the acquisition date. Subsequent changes in the fair value of contingent considerations classified 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 amortized 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.

Other Intangible Assets

Intangible assets other than goodwill are stated at cost less accumulated amortization (see below) and impairment losses (see note 2.8).

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 1.0% of sales depending on each country.

Strategic partnerships and distribution networks are regarded as having an indefinite useful life when there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group. They are not amortized and are tested for impairment annually or as soon as there is an indication that these assets may be impaired.

Customer relationships are recognized when the acquired entity establishes relationships with key customers through contracts. Customer relationships are measured using an excess profit method and are amortized over their useful lives based on historical attrition ranging from 5 to 15 years.

Computer software purchased for routine processing operations is recognized as an intangible asset. Internally developed software which enhances productivity is capitalized.

Amortization

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are tested for impairment at each annual balance sheet date, at least. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the assessment of indefinite useful life for this asset continues to be justified. If not, a change in the useful life assessment from indefinite to finite is made on a prospective basis. Other intangible assets are amortized from the date that they are available for use. Estimated useful lives of capitalized software development costs range from 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 recognized in full upon sale when the lease qualifies as an operating lease and the transaction is realized at fair value. They are spread on a straight-line basis over the lease term in case of a finance lease.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, when shorter, the term of the finance lease.

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized in the income statement on a straight-line basis as an integral part of the total lease expense.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives are as follows:

– Commercial and office buildings	20 to 35 years
– Building improvements and operating equipment	5 to 10 years
– Transportation equipment	3 to 8 years
– Computers and hardware	3 to 5 years

The assets' residual values, useful lives, and methods of depreciation are reviewed and adjusted if appropriate at each balance sheet date.

2.7 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 homogenization 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 amortized but subject to an impairment test, as soon as there is an indication that it may be impaired, and at least once a year. Indications that goodwill may be impaired include material adverse changes of a lasting nature affecting the economic environment or the assumptions and objectives made at the time of acquisition.

An impairment loss is recognized whenever the carrying amount of an asset or of its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement (in "Other expenses").

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a *prorata* basis.

Calculation of the Recoverable Amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (*i.e.*, the effective interest rate computed at initial recognition of these financial assets) when the effect is material.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate before tax that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The Group performs impairment tests of goodwill at the country level, which represents the lowest level within the entity at which operations are monitored by management for the purpose of measuring return on investment.

Reversal of Impairment Losses

An impairment loss in respect of a held-to-maturity security or receivable carried at amortized cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

Impairment losses in respect of goodwill may not be reversed.

With respect to other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.9 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.

2.10 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 recognized in other comprehensive income 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 recognized in profit or loss.

The fair value of financial instruments classified as held for trading is their quoted bid price at the balance sheet date. Change in fair value is recognized in profit or loss.

2.10.3 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 2.13) 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.

2.10.4 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 authorize speculative transactions), are designated as and accounted for as trading instruments.

Derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss. However, when derivatives qualify for hedge accounting, the recognition of any resulting gain or loss is dependent on the nature of the item being hedged (see note 2.10.5). They are classified 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 measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 13.

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 models incorporating various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and forward interest rate curves. 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 13.

Whether a financial instrument is valued using one or the other of these methods is indicated in the summary of financial assets (note 14) and the summary of financial liabilities (note 22).

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 recognized asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized in the cash-flow hedge reserve as other comprehensive income. 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 the cash-flow hedge reserve and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognized as other comprehensive income are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (*i.e.*, when interest income or expense is recognized).

For cash flow hedges, other than those covered by the two preceding policy statements, the associated cumulative gain (loss) is removed from the cash-flow hedge reserve and recognized in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognized immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes the designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain (loss) at that point is retained in cash flow hedge reserve and is recognized in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealized gain (loss) recognized as other comprehensive income is immediately reclassified to profit or loss.

Fair value hedges

Fair value hedge accounting is used when a derivative financial instrument is designated as a hedge of the variability of the fair value of a recognized asset or liability (or firm commitment), including fixed rate indebtedness such as indexed bonds and other fixed rate borrowings.

The hedging instrument is measured at fair value with changes in fair value recognized in the income statement. The hedged item is remeasured to fair value in respect of the hedged risk. Any resulting adjustment to the carrying amount of the hedged item related to the hedged risk is recognized in the income statement.

Hedge of monetary assets and liabilities denominated in foreign currency

When a derivative financial instrument is used as an economic hedge of the foreign exchange exposure of a recognized monetary asset or liability, hedge accounting is not applied and any gain or loss on the hedging instrument is recognized in profit or loss (“natural hedge”).

2.10.6 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 recognized 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 recognized as a change in equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and presented as a deduction from total equity.

Dividends

Dividends are recognized as a liability in the period in which the distribution has been approved by the shareholders.

2.13 Financial liabilities

Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the proceeds (net of the transaction costs) and redemption value being recognized in the income statement over the period of the borrowings on an effective interest rate basis.

Effective interest rate

The effective interest rate is the rate that exactly discounts the expected stream of future cash flows through to maturity to the current net carrying amount of the liability on initial recognition. When calculating the effective interest rate of a financial liability, future cash flows are determined on the basis of contractual commitments.

Transaction costs

Transaction costs are incremental costs that are directly attributable to the issue of the 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 amortized cost, transaction costs are included in the calculation of amortized cost using the effective interest rate method and, in effect, amortized through the income statement over the life of the instrument.

Net financial debt

Net financial debt includes interest-bearing borrowings and accrued interest less cash and cash equivalents.

2.14 Employee benefits

Short-term employee benefits include wages, salaries, social security contributions, compensated absences, profit-sharing and bonuses and are expected to be settled wholly before twelve months after the end of the reporting period. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized in operating income as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term benefits include various post-employment benefit schemes operated by Group companies. Some of these schemes are funded by insurance companies or trustee-administered funds in accordance with local regulation.

Post-employment and other long-term benefits include:

– 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 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.

When the calculation results in plan assets exceeding liability, the recognized asset is limited to the present value of any currently available future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved (reduced), the portion of the increased (decreased) benefit relating to past service by employees is recognized immediately as an expense (income) in the income statement. The current and past service costs as well as administrative costs paid from registered pension plans' assets are presented in the income statement as part of the distribution and administrative expenses. The net interest expenses (income) relating to the discounting of the net funded position (defined benefit obligation less plan assets) is presented in net financial expenses in the income statement.

Remeasurements of net defined benefit obligation including (i) actuarial gains and losses, (ii) actual return on plan assets including administrative expenses allocated to manage plan assets and (iii) changes in the effect of the asset ceiling are recognized in other comprehensive income.

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 recognized in the income statement as part of the distribution and administrative expenses.

2.15 Share-based payments

Bonus share programs allow Group employees to receive shares of the parent company of the Group. The fair value of bonus shares allocated is recognized as a personnel expense with a corresponding increase in other reserves in equity (when the plan qualifies as equity-settled) over the period during which the employees become unconditionally entitled to the options (the vesting period). The expense is based on fair value estimate of the equity instruments in accordance with conditions of granting.

Fair value of bonus shares is measured at grant date using an appropriate model depending on the characteristics of the plans.

2.16 Provisions

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and when the amount can be estimated reliably.

If the effect of time value is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

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 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" (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 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 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 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.

2.18 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 recognized in profit or loss (see note 2.10.5).

Interest income is recognized in profit or loss as it accrues, using the effective interest rate method. Dividend income is recognized in profit or loss on the date the entity's right to receive payment is established which in the case of quoted securities is the ex-dividend date. The interest expense component of finance lease payments is recognized in profit or loss using the effective interest rate method.

2.20 Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: (i) goodwill not deductible for tax purposes, (ii) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and (iii) 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 deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available to recover this asset. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Practically, this is achieved through a valuation allowance recognized against deferred tax assets.

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.

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 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 present substantially similar characteristics 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, including the electrical equipment distribution business of the Group, are:

- Europe, aggregating Southern continental Europe, Central and Eastern Europe and Northern Europe,
- North America, aggregating United States and Canada,
- The Asia-Pacific area,
- Latin America.

The Group's financial reporting is reviewed monthly 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 and free shares granted to employees.

3. Acquisitions

3.1 2013 business combinations

As part of Rexel's external growth policy, which aims to strengthen its presence in emerging markets, and improve the offering of its high value-added services, in 2013 the Group completed the following acquisitions in Asia:

- Lenn International Pte Ltd, based in Singapore and operating in South East Asia, was acquired on November 29, 2013. It recorded annual sales of around €18 million in 2012.
- Rexel Quality Trading Co. Ltd, based in Thaïland, was created on September 19, 2013 and is 70% held by Rexel South East Asia Pte. Ltd. It acquired the assets of Quality Trading Co., Ltd, Quality Lighting Co., Ltd, QTN Co, Ltd, Quality Trading (Hatyai) Co., Ltd, and QT Lighting Co., Ltd on November 29, 2013. Those entities recorded annual sales of around €37 million in 2012.

The overall consideration paid for these acquisitions was €21.1 million of which €10.9 million was paid in 2013. As these entities do not have a material impact on the Group's financial statements and given their acquisition date late in 2013, they will be consolidated as from January 1, 2014.

In addition, Rexel made some minor business combinations in Central Europe for an aggregated consideration of €1.6 million of which €1.1 million were paid in 2013.

3.2 2012 business combinations

The Group completed the following acquisitions in 2012:

Europe

United Kingdom

Wilts Wholesale Electrical business was acquired on February 24, 2012. The entity, based in Trowbridge (Witshire), recorded annual sales of around €40 million in 2011. This entity has been consolidated starting on March 1, 2012.

France

The business of Société Commerciale Toutelectric (SCT), based in Toulouse, was acquired on April 5, 2012. This entity generated around €72 million of sales in 2012 on an annualized basis and has been consolidated starting on its acquisition date.

Spain

Suministros Electricos Erka S.L., Erka Materiales Electricos S.L. and Erka Bizkaia S.L, based in San Sebastian, were acquired on April 30, 2012. They recorded annual sales of around €35 million in 2011. These companies have been consolidated starting on their acquisition date.

In 2013, the Group finalized the purchase price allocation of Erka, after completion of the identification of the acquired assets. An intangible asset of €19.0 million (€13.7 million, net of tax) was recognized with respect to the rights and benefits attached to an export license. This license is amortized over 6 years. After completion of the purchase price acquisition, Erka's residual goodwill stands at €1.2 million (€13.5 million as of December 31, 2012).

Belgium

L.G.B. NV (La Grange), based in Gent, was acquired on May 31, 2012. It recorded annual sales of around €45 million in 2011. This entity has been consolidated starting on its acquisition date.

North America

Canada

Liteco Inc., operating from 13 branches located in the provinces of New Brunswick, Nova Scotia and Prince Edward Island, was acquired on February 1, 2012. It recorded annual sales of around €50 million in 2011. The company has been consolidated starting on its acquisition date.

United States

On July 2, 2012, the Group completed the acquisition of Platt Electric Supply, a premier independent distributor of electrical products & services in the Western U.S, operating 111 branches located in 7 states and which posted sales of around €310 million in 2011. The Group acquired 100% ownership interest for a total consideration, of €325.7 million (US$410.0 million). The goodwill recognized on acquisition was €199.3 million. Platt Electric Supply has been consolidated starting on its acquisition date.

On November 30, 2012, the Group completed the acquisition of Munro Distributing Company, a progressive, independent distributor of electrical products and services in the Eastern United States of America and California, specializing in energy efficiency and conservation solutions which posted sales of around €88 million in 2011. The Group acquired a 100% ownership interest for a total consideration, of €114.2 million (US$147.0 million). As of December 31, 2012, the goodwill was recognised on a provisional basis for €86.6 million (US$112.4 million), the purchase price allocation being outstanding as of the balance sheet date. In 2013, the Group completed the purchase price allocation and recognized €8.4 million (US$10.9 million) as distribution network and €17.6 million (US$22.9 million) as customer relationships, and other minor fair value adjustments on fixed assets and working capital. After completion of the purchase price allocation, the residual goodwill stands at €64.1 million (US$83.2 million) and is deductible for income tax purposes over a 15-year period.

Munro Distributing Company has been consolidated starting on its acquisition date.

Asia-Pacific

Singapore

LuxLight Pte Ltd, based in Singapore and operating in South East Asia, was acquired on November 30, 2012. It recorded annual sales of around €10 million in 2011. This entity has been consolidated starting on January 1, 2013. The consolidation of this entity did not have material impact on the Group's financial statements.

China : acquisition of non-controlling interests

Pursuant to the share purchase agreement dated October 7, 2008 and the supplemental agreement to the Joint Venture Contract for the Establishment of Suzhou Xidian Co., dated March 12, 2011, Rexel acquired the non-controlling interests of Xidian, corresponding to 36.5% of the equity interest. The purchase price amounted to €22.3 million (US$26.9 million), on July 25, 2012.

This transaction was accounted for as an equity transaction. As a result, the difference between the carrying amount of the non-controlling interests acquired and the consideration paid was recognized directly as a decrease of the Group shareholders' equity for €19.1 million.

Latin America

Brazil

Etil Comercio de Material Electrico Ltda, based in São Paulo, was acquired on February 3, 2012. It recorded annual sales of around €40 million in 2011. The company has been consolidated starting on April 1, 2012.

Peru

Distribudora Romero S.L., operating in Peru, was acquired on July 31, 2012. It recorded annual sales of around €10 million in 2011. This entity has been consolidated starting on October 1, 2012.

The table below shows the consideration allocated to identifiable assets and liabilities for the entities acquired in 2012 and those acquired in late 2011 that were consolidated as of January 1, 2012, such as disclosed in note 3.1 in the financial statements as of December 31, 2011:

- Delamano Solucões EM MRO Ltda and Delamano Montagens e Instalações Industriais Ltda, based in Santo André in the state of São Paulo (Brazil),
- V&F Tecnologia Comercial SAC, based in Lima (Peru),
- Eurodis Sécurité and Eurobat, based in France.

STATUS OF 2012 ACQUISITION AS AT DECEMBER 31, 2013	PLATT		MUNRO [2]		OTHERS	TOTAL
(in millions of)	*(USD)*	*(euros)*	*(USD)*	*(euros)*	*(euros)*	*(euros)*
Distribution networks	57.7	45.8	10.9	8.4	–	54.2
Customer relationship	61.6	48.9	23.0	17.7	8.7	75.3
Other fixed assets	6.3	5.0	1.0	0.7	34.7	40.4
Other non-current assets	0.1	0.1	6.0	4.6	(0.7)	4.0
Current assets	123.9	98.4	38.0	29.3	111.0	238.6
Financial debt	–	–	0.8	0.6	(23.6)	(23.0)
Other non-current liabilities	(37.5)	(29.8)	(0.0)	(0.0)	(5.6)	(35.4)
Current liabilities	(53.0)	(42.1)	(14.6)	(11.2)	(52.2)	(105.6)
Net asset acquired (except goodwill acquired)	**159.1**	**126.3**	**65.0**	**50.1**	**72.2**	**248.6**
Goodwill acquired	250.9	199.3	83.2	64.1	126.1	389.5
Consideration transferred	**410.0**	**325.7**	**148.3**	**114.2**	**198.3**	**638.1**
Cash acquired	–	–	(0.0)	(0.0)	(3.8)	(3.8)
Deferred payments	–	–	–	–	(1.5)	(1.5)
Net cash paid for acquisitions	**410.0**	**325.7**	**148.2**	**114.2**	**193.0**	**632.9**
Payments in 2012 [1]	(410.0)	(325.7)	(147.0)	(113.2)	(156.2)	(595.0)
Payments in 2011 [1]	–	–	–	–	(32.8)	(32.8)
Net cash flow for the 2013 period	**–**	**–**	**1.3**	**1.0**	**4.1**	**5.1**

(1 Converted at the exchange rate on the acquisition date.
(2) Munro purchase plan allocation has been finalized in 2013 (see comments above).

The amount of fees associated with these acquisitions totaled €8.7 million, of which €6.4 million (€1.0 million for Platt Electric Supply and €1.0 million for Munro) was incurred during the period ended December 31, 2012.

For the period ended December 31, 2012, the contribution of the entities newly consolidated in 2012 to the Group's sales and operating income amounts approximately to €509.9 million and €12.0 million respectively.

Had these acquisitions been consolidated from January 1, 2012, the income statement would have included sales of €792.3 million and operating income of €17.2 million on a yearly basis.

4. Segment reporting

In 2013, the Group made minor changes in its organization. Some insignificant non-operational entities were reclassified from the "Europe" segment under the heading "Corporate Holdings and other reconciling items".

Information by geographic segment for the periods ending December 31, 2013 and 2012

	2013						
(in millions of euros)	EUROPE	NORTH AMERICA	ASIA-PACIFIC	LATIN AMERICA	TOTAL OPERATING SEGMENTS	CORPORATE HOLDINGS AND OTHER RECONCILING ITEMS	TOTAL GROUP
INCOME STATEMENT ITEMS							
Sales to external customers [(2)]	7,078.6	4,441.1	1,196.8	294.8	**13,011.3**	0.3	**13,011.6**
Depreciation	(50.4)	(16.5)	(5.4)	(2.0)	**(74.3)**	(2.8)	**(77.0)**
EBITA [(1)]	455.5	230.2	48.9	0.5	**735.1**	(48.2)	**686.9**
Goodwill impairment	(46.2)	–	–	(21.1)	**(67.3)**	–	**(67.3)**
CASH FLOW STATEMENT ITEM							
Capital expenditures net of disposals	(31.3)	(19.0)	(5.1)	(2.4)	**(57.8)**	(14.5)	**(72.2)**
BALANCE SHEET ITEMS							
Working capital	610.5	509.5	141.7	46.9	**1,308.6**	(17.8)	**1,290.8**
Goodwill	2,619.6	1,230.0	224.7	37.0	**4,111.2**	–	**4,111.2**

	2012						
(in millions of euros)	EUROPE	NORTH AMERICA	ASIA-PACIFIC	LATIN AMERICA	TOTAL OPERATING SEGMENTS	CORPORATE HOLDINGS AND OTHER RECONCILING ITEMS	TOTAL GROUP
INCOME STATEMENT ITEMS							
Sales to external customers [(2)]	7,448.6	4,348.6	1,341.9	310.0	**13,449.0**	0.2	**13,449.2**
Depreciation	(48.3)	(16.4)	(5.5)	(1.5)	**(71.7)**	(2.0)	**(73.7)**
EBITA [(1)]	535.4	225.6	60.0	6.2	**827.2**	(59.8)	**767.4**
Goodwill impairment	(25.5)	–	(20.2)	–	**(45.7)**	–	**(45.7)**
CASH FLOW STATEMENT ITEM							
Capital expenditures net of disposals	(53.0)	(14.8)	(7.1)	(4.6)	**(79.5)**	(4.3)	**(83.8)**
BALANCE SHEET ITEMS							
Working capital	734.9	496.0	173.6	50.2	**1,454.7**	(26.1)	**1,428.6**
Goodwill	2,714.9	1,340.0	248.0	66.3	**4,369.2**	–	**4,369.2**

(1) EBITA is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses.
(2) Of which €2,423.7 million generated in France in 2013 (€2,484.6 million in 2012).

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

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
EBITA – Total Group	**686.9**	**767.4**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(19.7)	(13.3)
Other income and other expenses	(146.2)	(106.7)
Net financial expenses	(213.5)	(200.1)
Share of profit/(loss) of associates	0.4	3.1
Group consolidated income before income tax	**307.9**	**450.3**

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

	AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Working capital	1,290.8	1,428.5
Goodwill	4,111.2	4,369.2
Total allocated assets & liabilities	**5,402.0**	**5,797.7**
Liabilities included in allocated working capital	2,629.1	2,590.0
Other non-current assets	1,368.1	1,408.8
Deferred tax assets	162.9	171.9
Current tax assets	18.3	26.1
Other current assets	–	0.4
Assets classified as held for sale	3.4	21.2
Derivatives	0.3	8.1
Cash and cash equivalents	957.8	291.9
Group consolidated total assets	**10,541.9**	**10,316.1**

5. Distribution & administrative expenses

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Personnel costs (salaries & benefits)	1,518.9	1,535.0
Building and occupancy costs	270.1	269.5
Other external costs	601.4	622.3
Depreciation expense	77.0	73.7
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	19.7	13.3
Bad debt expense	34.2	47.1
Total distribution and administrative expenses	**2,521.3**	**2,560.9**

6. Salaries & benefits

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Salaries and social security charges	1,452.5	1,460.7
Share-based payments	14.4	19.9
Pension and other post-retirement benefits-defined benefit plans	12.7	10.8
Other employee expenses	39.3	43.5
Total employee expenses	**1,518.9**	**1,535.0**

7. Other income & other expenses

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Gains on disposal of tangible assets	2.9	2.3
Write-back asset impairment	0.8	0.1
Release of unused provisions	2.8	11.7
Gains on earn-out	0.2	–
Other operating income	4.7	1.8
Total other income	**11.4**	**15.9**
Restructuring costs	(63.6)	(49.9)
Losses on non-current assets disposed of	(4.6)	(2.2)
Impairment of goodwill and fixed assets	(74.0)	(46.8)
Acquisition related costs	(2.5)	(7.8)
Losses on earn-out	–	(2.3)
Other operating expenses	(12.9)	(13.6)
Total other expenses	**(157.6)**	**(122.6)**

7.1 Other Income

Release of unused provisions

In 2013, there was no significant transaction under this caption.

In 2012, this line item mainly includes the release of a provision of €7.8 million on a tax reassessment with respect to the deduction of VAT related to services rendered by the investment funds, at the time of Rexel's LBO. The Group filed a claim to the Administrative Court, which dismissed the French tax authority from its request.

Other operating income

In 2013, a settlement gain of €4.4 million has been recognized following the wind-up of the Irish defined benefit pension scheme and the implementation of a defined contribution plan (see note 19.4).

7.2 Other expenses

Restructuring costs

In 2013, restructuring costs were mainly related to the rationalization of logistics and branch closures of which restructuring plans in Europe for €56.8 million (€39.6 million in 2012), mainly in the United Kingdom, France, Sweden, Germany, Spain and in The Netherlands; in North America for €4.0 million (€5.1 million in 2012) and in Asia-Pacific for €1.9 million (€4.4 million in 2012).

Goodwill and assets impairment

In 2013, the Group recognized a goodwill impairment expense of €67.3 million, of which €42.8 million attributable to The Netherlands, €21.1 million to Brazil, €2.2 million to Slovenia and €1.2 million to Spain (see note 10.1) reflecting the decreasing demand of electrical supply in these countries. In addition, assets were written down for €6.6 million, mainly IT assets as a result of a reorganization process in The Netherlands.

In 2012, impairment on goodwill was recognized on the following cash-generating units: The Netherlands for €23.9 million, New Zealand for €20.2 million and Slovenia for €1.6 million.

Other operating expenses

In 2013, other operating expenses mainly include (i) €4.7 million litigation costs primarily with customers in Canada and Germany; (ii) sales tax reassessments in Canada for €2.5 million; (iii) the termination of senior executive contracts in Brazil for €0.9 million; and (iv) corporate headquarters relocation expenses for €1.4 million.

In 2012, other operating expenses mainly included (i) the cost of indemnities for termination of employee contracts for €4.8 million, (ii) the early settlement of incentive schemes granted to prior owners of Nortel in Brazil for €1.6 million, (iii) tax reassessments from French tax authorities regarding salaries tax and property tax for respectively €1.3 million and €1.1 million and (iv) the settlement of claim from previous owner of Gexpro in the United States for €1.0 million.

8. Net financial expenses

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Interest income on cash and cash equivalents	1.8	0.7
Interest income on receivables and loans	0.7	1.6
Financial income	**2.5**	**2.3**
Interest expense on financial debt (stated at amortized cost)	(177.2)	(182.6)
Gains and losses on derivative instruments previously deferred in other comprehensive income and recycled in the income statement	1.4	(5.6)
Foreign exchange gain (loss)	0.5(2)	(8.6)
Change in fair value of exchange rate derivatives through profit and loss	(2.6)	8.8
Change in fair value of interest rate derivatives through profit and loss	10.4	9.2
Interest expense on borrowings	**(167.5)**	**(178.8)**
Non-recurring refinancing costs	**(23.5)(1)**	**–**
Net financial expense on employee benefit obligations	(13.0)	(11.8)
Others	(12.1)	(11.9)
Other financial expenses	**(25.1)**	**(23.7)**
Financial expenses (net)	**(213.5)**	**(200.1)**

(1) Loss related to the refinancing transactions such as disclosed in note 20.1.2 including the redemption premium, and the write-back of transaction fees after deducting fair value hedge adjustments.
(2) Including a gain of €2.0 million related to the impact of Rexel KK liquidation and the recycling of foreign currency adjustments from equity to financial expenses.

9. Income tax

Rexel and its French subsidiaries have formed a tax group from January 1, 2005. Rexel uses tax consolidation in other countries where similar options exist.

9.1 Income tax expense

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Current tax	(99.3)	(119.4)
Prior year adjustments on current income tax	(1.0)	(0.8)
Deferred tax	3.4	(11.5)
Total income tax expense	**(96.9)**	**(131.7)**

9.2 Deferred tax assets and liabilities

Changes in net deferred tax assets / liabilities are as follows:

(in millions of euros)	**2013**	**2012**
Net deferred tax at the beginning of the year	**19.6**	**42.1**
Deferred tax income (expense)	3.4	(11.5)
Other comprenhensive income(1)	(34.1)	21.8
Change in consolidation scope	(5.2)	(30.1)
Translation differences	2.7	(0.2)
Other changes	4.4	(2.4)
Net deferred tax at the end of the year	**(9.2)**	**19.6**

(1) Including the tax impact of the remeasurement of net defined benefit plans liability that accounted for a loss of €19.6 million in 2013 (a gain of €22.6 million in 2012).

Analysis of Deferred tax assets and liabilities by nature is as follows:

	AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Intangible assets	(312.7)	(314.2)
Property, plant and equipment	(1.8)	3.5
Financial assets	10.7	10.2
Trade accounts receivable	22.2	21.8
Inventories	14.4	13.0
Employee benefits	87.8	122.6
Provisions	7.1	6.8
Financing fees	(8.0)	2.3
Other items	25.8	13.3
Tax losses carried forward	316.4	327.2
Deferred tax assets / (liabilities), net	**161.9**	**206.5**
Valuation allowance on deferred tax assets	(171.1)	(186.8)
Net deferred tax assets / (liabilities)	**(9.2)**	**19.7**
of which deferred tax assets	162.9	171.9
of which deferred tax liabilities	(172.1)	(152.3)

A valuation allowance on deferred tax assets of €171.1 million was recognized as of December 31, 2013 (€186.8 million as of December 31, 2012), as a result of the recoverability assessment of the net deferred tax assets by each tax entity. The recoverable amount is based on the expected taxable profits over the next 5 years as well as risks arising from notified tax reassessments and contested by the Group. As of December 31, 2013, deferred tax assets arising on tax losses carried forward that are not expected to be used within five years were subject to a valuation allowance mostly in the United Kingdom, France, Germany, Brazil and Spain. The expiry date of such tax losses carried forward is as follows:

	AS OF DECEMBER 31,	
	2013	**2012**
One year	9.0	12.0
Two years	4.7	5.0
Three years	3.1	3.0
Four years	4.4	4.0
Five years	5.6	6.0
Thereafter	502.2	494.0

9.3 Effective tax rate

(in millions of euros)	2013		2012	
Income before tax and before share of profit in associates	307.5		447.3	
French legal tax rate		*38.0%*		*36.1%*
Income tax calculated at the legal tax rate	(116.9)		(161.5)	
Differences of tax rates between french and foreign jurisdictions[1]	31.0	(10.1%)	32.7	(7.3%)
Changes in tax rates	(5.6)	1.8%	(4.2)	0.9%
(Current year losses unrecognized), prior year losses utilized	(4.0)	1.3%	(1.3)	0.3%
(Non-deductible expenses), tax exempt revenues	(1.4)	0.5%	2.6	(0.6%)
Actual income tax expense	**(96.9)**	**31.5%**	**(131.7)**	**29.4%**

(1) Mainly arising from lower legal tax rate in Australia, Austria, Canada, Ireland, the United Kingdom, Switzerland, and in The Netherlands.

In 2013, non-deductible expenses and tax exempt revenues include the tax impact of a deductible liquidation loss of a dormant subsidiary in Ireland of €13.2 million, mainly offset by the tax impact of non-deductible goodwill impairment expenses for a negative amount of €18.8 million.

In 2012, non-deductible expenses and tax exempt revenues included a release of provision of €15.3 million in connection with the dismissal by Administrative Court of a tax reassessment, partially offset by the tax effect of goodwill impairment for an amount of €11.9 million.

10. Long-term assets

10.1 Goodwill and intangible assets

(in millions of euros)	STRATEGIC PARTNERSHIPS	DISTRIBUTION NETWORKS	SOFTWARE AND INTANGIBLE ASSETS WITH FINITE USEFUL LIVES (1)	TOTAL INTANGIBLE ASSETS	GOODWILL
Gross carrying amount as of January 1, 2012	**185.6**	**608.1**	**402.7**	**1,196.4**	**4,211.4**
Effect of acquisitions and divestitures	–	45.8	59.7	**105.5**	**405.6**
Additions	–	–	32.2	**32.2**	**–**
Disposals	–	–	(4.9)	**(4.9)**	**–**
Exchange differences	–	0.7	(2.6)	**(1.9)**	**9.1**
Other changes	–	–	–	**–**	**(0.3)**
Gross carrying amount as of December 31, 2012	**185.6**	**654.6**	**487.1**	**1,327.3**	**4,625.8**
Effect of acquisitions and divestitures	–	8.4	37.2	**45.6**	**(21.5)**
Additions	–	–	34.6	**34.6**	**–**
Disposals	–	–	(10.1)	**(10.1)**	**–**
Exchange differences	–	(24.4)	(20.1)	**(44.5)**	**(176.0)**
Other changes	–	–	2.0	**2.0**	**–**
Gross carrying amount as of December 31, 2013	**185.6**	**638.6**	**530.7**	**1,354.9**	**4,428.3**
Accumulated amortization and depreciation as of January 1, 2012	**–**	**(5.8)**	**(254.9)**	**(260.7)**	**(209.2)**
Change in consolidation scope	–	–	(2.6)	**(2.6)**	**–**
Amortization expense	–	–	(32.5)	**(32.5)**	**–**
Impairment losses (2)	–	–	(0.7)	**(0.7)**	**(45.7)**
Decrease of amortization	–	–	3.5	**3.5**	**–**
Exchange differences	–	–	1.1	**1.1**	**(1.7)**
Other changes	–	–	0.4	**0.4**	**–**
Accumulated amortization and depreciation as of December 31, 2012	**–**	**(5.8)**	**(285.7)**	**(291.5)**	**(256.6)**
Change in consolidation scope	–	–	2.6	**2.6**	**–**
Amortization expense	–	–	(41.3)	**(41.3)**	**–**
Impairment losses (3)	–	–	(5.4)	**(5.4)**	**(67.3)**
Decrease of amortization	–	–	8.6	**8.6**	**–**
Exchange differences	–	–	11.1	**11.1**	**6.8**
Other changes	–	–	(0.6)	**(0.6)**	**–**
Accumulated amortization and depreciation as of December 31, 2013	**–**	**(5.8)**	**(310.7)**	**(316.5)**	**(317.1)**
Carrying amount as of January 1, 2012	**185.6**	**602.3**	**147.8**	**935.7**	**4,002.2**
Carrying amount as of December 31, 2012	**185.6**	**648.8**	**201.4**	**1,035.8**	**4,369.2**
Carrying amount as of December 31, 2013	**185.6**	**632.8**	**220.0**	**1,038.3**	**4,111.2**

(1) Including customer relationships for a net book value of €69.5 million as of December 31, 2013 (€67.2 million as of December 31, 2012).
(2) Goodwill impairment in The Netherlands, New Zealand and Slovenia. Assets impairment in Spain.
(3) Goodwill & IT assets impairment in The Netherlands, Brazil, Slovenia and Spain.

Impairment testing of goodwill and intangibles with indefinite lives

Goodwill arising in a business combination represents a payment made in anticipation of future economic benefits arising from assets that are not capable of being identified individually and accounted for separately, such as market shares, the value of workforce, 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 and administration. Goodwill is tested at least annually for impairment purposes.

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:

		AS OF DECEMBER 31,					
(in millions of euros)		2013			2012		
CGU	GEOGRAPHIC SEGMENT	GOODWILL	OTHER INTANGIBLE ASSETS (1)	TOTAL	GOODWILL	OTHER INTANGIBLE ASSETS (1)	TOTAL
France	Europe	968.4	169.4	1,137.8	966.3	169.4	1,135.7
United States	North America	776.8	126.0	902.8	839.1	123.4	962.5
Canada	North America	453.2	69.1	522.3	506.1	77.1	583.2
United Kingdom	Europe	195.9	61.4	257.3	199.8	62.7	262.5
Switzerland	Europe	222.6	34.3	256.9	226.3	34.9	261.2
Germany	Europe	172.9	51.7	224.6	172.9	51.7	224.6
Sweden	Europe	201.9	21.2	223.1	208.4	21.9	230.3
Norway	Europe	179.4	14.8	194.2	204.1	16.9	221.0
Australia	Asia-Pacific	157.6	25.2	182.8	191.3	30.5	221.8
Austria	Europe	83.3	13.0	96.3	83.3	13.0	96.3
The Netherlands	Europe	59.3	17.3	76.6	102.1	17.3	119.4
Belgium	Europe	65.6	–	65.6	65.6	–	65.6
Other		574.3	215.1	789.4	603.9	215.6	819.5
Total		**4,111.2**	**818.4**	**4,929.6**	**4,369.2**	**834.4**	**5,203.6**

(1) Intangible assets with an indefinite useful life.

Key assumptions retained in the determining of the value-in-use

The recoverable amount of the cash-generating units was determined based on value in use. The calculation of the value in use is based on a discounted cash flow model. The cash flows are derived from the strategic plan performed in June 2013 and updated during the yearly budget process in November 2013 for the next 3 years and also include an extrapolation of two additional years and a normative terminal value. A perpetuity growth rate has been used for the calculation of the terminal value. Cash-flows were discounted on the basis of the weighted average cost of capital net of tax calculated for each country. Country-specific risk is incorporated by applying individual risk-free rates and beta factors. The weighted average cost of capital reflects the time value of money and the specific risks of the asset, not already factored in the cash-flow forecasts, by taking into account the financial structure and the financing terms and conditions of a standard market participant.

The calculation of value in use is mostly sensitive to the EBITA margin computed in the terminal value, the discount rate and the perpetuity growth rate:

EBITA Margin

EBITA margin factored in the terminal value cash-flow is set on a country by country basis based on both historical and expected performance, Rexel's market share and characteristics of the local market and by reference to other cash generating units within the group with similar profile. EBITA margin is set in increments of 50 base points.

Discount rate

The following after tax discount rates were used to estimate the value-in-use of the CGUs:

	2013	2012
France	7.4%	7.4%
United States	7.6%	7.5%
Canada	6.9%	6.7%
United Kingdom	7.3%	7.2%
Switzerland	6.5%	6.4%
Germany	7.4%	7.4%
Sweden	7.9%	7.8%
Norway	8.3%	8.3%
Australia	9.0%	9.0%
Austria	8.0%	8.0%
The Netherlands	7.8%	7.8%
Belgium	8.1%	8.1%
Other	7.7% to 13.0%	6.9% to 13.0%

Perpetuity growth rate

This growth rate is used to extrapolate cash flows beyond a five-year horizon and is based on expected long-term inflation, assuming no growth in volume. The perpetuity growth rate used to measure the terminal value was 2% except for China and India (3%) and for Brazil (4.5%). Growth rates remained unchanged compared to 2012.

As a result of impairment testing, a loss of €67.3 million was recognized in 2013 (€45.7 million in 2012) and allocated to goodwill: (i) in The Netherlands for €42.8 million (23.9 million 2012), (ii) in Brazil for €21.1 million (nil in 2012), (iii) in Slovenia for €2.2 million (€1.6 million in 2012), (iv) in Spain for €1.2 million (nil in 2012). This impairment loss reflects the decreasing demand in electrical supplies in those countries due to on-going economic uncertainty.

Sensitivity analysis

The table below summarizes the sensitivity analysis by CGU on EBITA margin, discount rate and perpetuity growth rate:

	GOODWILL & INTANGIBLE ASSETS	DISCOUNT RATE	PERPETUITY GROWTH RATE	EBITA MARGIN (-50 BPS)	DISCOUNT RATE (+50 BPS)	PERPETUITY GROWTH RATE (-50 BPS)
France	1,137.8	7.4%	2.0%	–	–	–
United States	902.8	7.6%	2.0%	–	–	–
Canada	522.3	6.9%	2.0%	–	–	–
United Kingdom	257.3	7.3%	2.0%	–	–	–
Switzerland	256.9	6.5%	2.0%	–	–	–
Germany	224.6	7.4%	2.0%	–	–	–
Sweden	223.1	7.9%	2.0%	–	–	–
Norway	194.2	8.3%	2.0%	–	–	–
Australia	182.8	9.0%	2.0%	–	–	–
Austria	96.3	8.0%	2.0%	–	–	–
The Netherlands	76.6	7.8%	2.0%	(12.3)	(9.1)	(6.1)
Belgium	65.6	8.1%	2.0%	–	–	–
Other[(1)]	789.4	7.7% to 13.0%	2% to 4.5%	(17.5)	(11.7)	(6.8)
Total	**4,929.6**			**(29.8)**	**(20.8)**	**(12.9)**
(1) Of which Brazil				(7.6)	(5.1)	(2.1)

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 January 1, 2012	**244.9**	**635.9**	**25.7**	**906.5**
Effect of acquisitions and divestitures	8.5	47.5	0.4	**56.4**
Additions	4.0	46.4	8.0	**58.4**
Disposals	(7.2)	(47.0)	(3.2)	**(57.4)**
Exchange differences	1.1	(0.4)	0.2	**0.9**
Other changes	1.8	1.5	(5.7)	**(2.4)**
Gross carrying amount as of December 31, 2012	**253.1**	**683.9**	**25.4**	**962.4**
Effect of acquisitions and divestitures	(1.0)	(22.7)	–	**(23.7)**
Additions	4.5	56.2	6.9	**67.6**
Disposals	(24.0)	(36.2)	(3.1)	**(63.3)**
Exchange differences	(3.9)	(25.1)	(0.2)	**(29.2)**
Other changes	28.8	(16.2)	(0.2)	**12.4**
Gross carrying amount as of December 31, 2013	**257.5**	**639.9**	**28.8**	**926.2**
Accumulated amortization and depreciation as of January 1, 2012	**(122.6)**	**(503.4)**	**(18.8)**	**(644.8)**
Change in consolidation scope	(1.2)	(33.2)	–	**(34.4)**
Depreciation expense	(10.1)	(42.8)	(1.7)	**(54.6)**
Impairment losses	(0.2)	(0.1)	–	**(0.3)**
Release	4.7	44.4	3.0	**52.1**
Exchange differences	(0.4)	–	(0.1)	**(0.5)**
Other changes	(0.5)	1.0	2.3	**2.8**
Accumulated amortization and depreciation as of December 31, 2012	**(130.3)**	**(534.1)**	**(15.3)**	**(679.7)**
Change in consolidation scope	–	21.9	–	**21.9**
Depreciation expense	(10.2)	(42.9)	(2.2)	**(55.3)**
Impairment losses	(0.1)	(0.2)	(0.2)	**(0.5)**
Release	6.0	33.7	0.5	**40.2**
Exchange differences	1.6	19.1	0.1	**20.8**
Other changes	(2.1)	7.6	(1.0)	**4.5**
Accumulated amortization and depreciation as of December 31, 2013	**(135.1)**	**(494.9)**	**(18.1)**	**(648.1)**
Carrying amount as of January 1, 2012	**122.3**	**132.5**	**6.9**	**261.7**
Carrying amount as of December 31, 2012	**122.8**	**149.8**	**10.1**	**282.7**
Carrying amount as of December 31, 2013	**122.4**	**145.0**	**10.7**	**278.1**

Additions of the period include €3.1 million of assets (€10.4 million in 2012) acquired through finance lease contracts. In the consolidated cash flow statement, these acquisitions have been included in cash flows from investing activities and the corresponding variation of financial debt was included in "Net change in finance lease liabilities" in cash flows from financing activities.

Tangible assets impairment

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

	AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Loans	2.5	0.1
Deposits	26.7	23.3
Derivatives	–	42.2
Other long-term investments	22.5	13.8
Long-term investments	**51.7**	**79.5**

As of December 31, 2013, other long-term investments mainly include the purchase price of Lenn International Pte Ltd. and Rexel Quality trading for respectively €13.7 million and €8.7 million. These companies were acquired in late 2013 and will be consolidated in 2014.

As of December 31, 2012, other long-term investments mainly included the purchase price of the shares of Luxlight for €13.6 million. This company was acquired in late 2012 and consolidated in 2013.

10.4 Investments in associates

Under a stock redemption agreement dated November 15, 2013 entered into by DPI, Inc., a US company specialized in the distribution of consumer electronics and Hagemeyer Finance BV, a wholly owned indirect subsidiary of Rexel, DPI, Inc. committed to redeem all its shares held by Hagemeyer Finance BV, representing an interest of 66.67% in the share capital (of which 59.52% of non-voting preference shares). This transaction was completed on November 27, 2013 for an aggregate consideration received of €10.4 million (US$ 14.3 million). The derecognition gain or loss resulting from this transaction was nil.

Prior to its disposal, the investment in DPI, Inc. was accounted for under the equity method up to September 30, 2013. The share of profit recognized for the year ended December 31, 2013 was €0.4 million (€3.1 million for the period ended December 31, 2012) and the amount of dividends received was nil (€3.8 million for the period ended December 31, 2012).

11. Current assets

11.1 Inventories

	AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Cost	1,484.6	1,530.6
Allowance	(95.0)	(103.9)
Net inventories	**1,389.5**	**1,426.7**

Changes in impairment losses

(in millions of euros)	**2013**	**2012**
Allowance for inventories the beginning of the year	**(103.9)**	**(94.0)**
Change in consolidation scope	(2.6)	(17.7)
Net change in allowance	3.9	7.2
Translation difference	4.6	0.6
Other changes	3.0	–
Allowance for inventories at the end of the year	**(95.0)**	**(103.9)**

11.2 Trade accounts receivable

	AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Nominal value	2,213.5	2,276.5
Impairment losses	(150.7)	(152.6)
Trade accounts receivable	**2,062.8**	**2,123.9**

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 €241.0 million as of December 31, 2013 (€252.5 million as of December 31, 2012).

The Group has put in place credit insurance programs in certain countries. Trade accounts receivable covered by these programs amounted to €758.3 million as of December 31, 2013 (€723.0 million as of December 31, 2012).

Also, in some countries, the Group benefits from supplementary guarantees according to the specificities of local jurisdictions, notably in the United States and in Canada. Trade accounts receivable covered by these guarantees represented €244.9 million as of December 31, 2013 (€260.1 million as of December 31, 2012).

Changes in impairment losses

(in millions of euros)	**2013**	**2012**
Impairment losses on trade accounts receivable as of January 1	**(152.6)**	**(147.0)**
Change in consolidation scope	(2.6)	(8.3)
Net depreciation	0.6	3.1
Translation difference	3.8	(0.4)
Other changes	0.1	–
Impairment losses on trade accounts receivable as of December 31	**(150.7)**	**(152.6)**

As of December 31, 2013, customer receivables were subject to impairment losses estimated on an individual basis following the assessment of a confirmed default risk for the customer in question for €105.5 million (€98.1 million as of December 31, 2012).

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 DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
From 1 to 30 days	267.2	262.4

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 DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Purchase rebates	328.1	324.3
VAT receivable and other sales taxes	38.0	30.7
Prepaid expenses	31.7	38.2
Derivatives	0.3	8.1
Other receivables	69.7	75.2
Total accounts receivable	**467.8**	**476.4**

12. Assets held for sale

As of December 31, 2012, assets held for sale amounted to €21.2 million. They mainly included a vacant property in the United Kingdom, held under a lease agreement, which was disposed of to a third party on January 9, 2013 for €15.4 million (£12.5 million).

13. Cash and cash equivalents

	AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Cash equivalents	790.2	133.9
Cash at bank	166.4	156.6
Cash in hand	1.2	1.3
Cash and cash equivalents	**957.8**	**291.9**

As of December 31, 2013, short-term investments include units in mutual funds, valued at their fair market value, for a total of €790.2 million (€133.9 million as of December 31, 2012). These investments were made 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.

14. Summary of financial assets

				AS OF DECEMBER 31,			
				2013		2012	
(in millions of euros)	NOTE	IAS 39 CATEGORY	FAIR VALUE HIERARCHY*	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Loans		L&R		2.5	2.5	0.1	0.1
Deposits		L&R		26.7	26.7	23.3	23.3
Hedging derivatives (1)		FV P&L		–	–	39.8	39.8
Other derivative instruments not elligible to hedge accounting		FV P&L		–	–	2.4	2.4
Others (2)		NA		22.5	NA	13.9	NA
Total long-term investments	10.3			**51.7**	**–**	**79.5**	**–**
Trade accounts receivable		L&R		**2,062.8**	**2,062.8**	**2,123.9**	**2,123.9**
Supplier rebates receivable		L&R		328.1	328.1	324.3	324.3
VAT and other taxes receivable (2		NA		38.0	NA	30.7	NA
Other accounts receivable		L&R		69.7	69.7	75.2	75.2
Other derivative instruments not eligible to hedge accounting		FV P&L	2	0.3	0.3	8.1	8.1
Prepaid expenses (2)		NA		31.7	NA	38.2	NA
Total other current assets	11.3			**467.8**	**–**	**476.4**	**–**
Cash equivalents		FV	2	790.2	790.2	133.9	133.9
Cash		L&R		167.6	167.6	157.9	157.9
Cash and cash equivalents	13			**957.8**	**–**	**291.9**	**–**

(1) Specific accounting treatment for hedging.
(2) Not a financial instrument under IAS 39.

Loans and receivables	L&R
Assets available for sale	AFS
Fair value through profit or loss	FV P&L
Not applicable	NA

* For fair value hierarchy see note 2.10.4.

15. Share capital and premium

15.1 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 changes in the share capital and issuance premium:

	NUMBER OF SHARES	SHARE CAPITAL (in millions of euros)	ISSUANCE PREMIUM (in millions of euros)
As of January 1, 2012	**268,819,759**	**1,344.1**	**1,412.2**
Exercise of share subscription rights	65,936	0.3	–
Issuance of shares in connection with payments of dividends	2,273,474	11.4	18.8
Issuance of shares in connection with free shares plan	426,595	2.1	(14.4)
Employee share purchase plan	337,465	1.7	1.7
As of December 31, 2012	**271,923,229**	**1,359.6**	**1,418.3**
Exercise of share subscription rights (1)	34,276	0.2	–
Issuance of shares in connection with payments of dividends (2)	10,287,149	51.4	98.2
Employee share purchase plan (3)	302,870	1.5	2.0
Issuance of shares in connection with free shares plans (4)	789,690	3.9	–
Allocation of free shares	–	–	(13.8)
Free shares cancelled	–	–	6.1
As of December 31, 2013	**283,337,214**	**1,416.7**	**1,510.8**

(1) *Exercise of share subscription rights*

For the period ended December 31, 2013, 34,276 shares options were exercised by senior employees and key management personnel (65,936 for the period ended December 31, 2012).

(2) *Issuance of shares in connection with payments of dividends*

The Shareholders' Meeting of May 22, 2013 approved the payment of a dividend of €0.75 per share, either in cash or in Rexel shares at a price of €14.59, at the option of each shareholder. The total amount of the dividend distributed was €203.1 million, of which €53.0 million was paid in cash and €150.1 million was settled by the issuance of 10,287,149 new shares. Capital increase related costs of €0.4 million were recognized in reduction of the share premium.

	FOR THE YEAR ENDED DECEMBER 31, 2013	FOR THE YEAR ENDED DECEMBER 31, 2012
Dividends on ordinary shares	€0.75	€0.65
Dividends paid *(in millions of euros)*	**203.1**	**173.5**
of which:		
– dividends paid in cash	53.0	143.0
– dividends paid in shares	150.1	30.5

(3) *Issuance of shares in connection with the Employee Share Purchase Plans*

The settlement and delivery of the shares subscribed by employees under the 2013 Employee Share Purchase Plan occurred in November 2013. 230,006 shares were issued at a price of €14.34 and 26,745 shares at a price of €15.99 for US employees. Capital increase related costs of €0.9 million were recognized in reduction of the share premium. Under the 2012 Employee Share Purchase Plan, 45,953 shares were issued at a price of €15.55 for UK employees and 80 shares were issued at a price of €5.0.

(4) *Issuance of shares in connection with bonus shares plans*

In May 2013, 766,228 shares were issued in connection with the 2009 bonus shares plan ("Plan 4+0").

In May and October 2013, 23,462 shares were issued in connection with the 2011 bonus free shares plan ("Plan 2+2").

15.2 Capital Management and treasury shares

The Shareholders' Meeting of May 22, 2013 authorized the Company's Management Board, subject to the prior approval by the Supervisory Board, with the option of sub-delegation, to have Rexel buy up to a maximum number of shares representing up to 10% of the company's share capital for a maximum price of €22 per share. This program is capped at €250 million with a term of 18 months from the date of the Shareholders' Meeting (ending November 21, 2014).

The objectives of this program in decreasing order of priority are as follows:

- ensuring liquidity and activity in the market for the shares through an investment services provider;
- setting up any stock option plan of the Company;
- retaining and delivering shares further to an exchange or as a consideration in the context of external growth transactions 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 to Rexel shares;
- cancelling all or part of any shares so repurchased;
- any other actions that comply with applicable regulations in force.

In connection with this share buy-back program, Rexel entered into a mandate with Natixis, complying with a Code of Ethics recognized by the *Autorité des marchés financiers* (AMF), the French securities regulator, to promote the liquidity of Rexel shares transactions for an amount of €17.4 million as of December 31, 2013 (€16.2 million as of December 31, 2012).

In addition to this agreement, Rexel also mandated Natixis to buy 1,975,000 treasury shares to serve its free share plans, in the fourth quarter 2011 for an amount of €23.7 million and 500,000 treasury shares for €7.0 million in the second quarter 2012. In May 2012, 459,723 treasury shares were delivered in order to serve 2010 Free Share Plans. In May and October 2013, 500,696 treasury shares were delivered in order to serve 2011 Free Share Plan.

As of December 31, 2013, Rexel held 1,670,202 treasury shares (2,292,534 as of December 31, 2012) valued at an average price of €13.21 per share (€12.72 per share as of December 31, 2012) that were recognized as a reduction in shareholders' equity, for a total of €22.1 million (€29.2 million as of December 31, 2012).

Net capital gains realized on the sale of treasury shares in 2013 amounted to €0.8 million net of tax and were recognized as an increase in shareholders' equity (net capital gain of €1.3 million in 2012).

16. Share-based payments

16.1 Bonus share plans

In addition to its long-term profit sharing policy for employees, Rexel has bonus share plans in place, the principal characteristics of which are described below:

Plans issued in 2013

On April 30, and July 25, 2013, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,131,539 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date these being restricted for an additional two-year period, the so-called "2+2 Plan", or four years after the granting date with no subsequent restrictions, the so-called "4+0 Plan".

Furthermore, on April 30, 2013, Rexel entered into free share plans for its operational managers amounting to a maximum of 521,600 shares. According to these plans, these employees will either be eligible to receive Rexel shares three years after the grant date (May 2, 2016) these being restricted for an additional two-year period (May 2, 2018), the so-called "3+2 Plan", or five years after the grant date with no subsequent restrictions, the so-called "5+0 Plan".

The actual delivery of these bonus shares is subject to service and performance conditions set forth in the plan and also to service and market conditions as described below:

BENEFICIARIES	MEMBERS OF GROUP EXECUTIVE COMMITTEE AND TOP MANAGERS		OPERATIONAL MANAGERS		TOTAL
Vesting conditions	Two year service condition from grant date and performance conditions based on: (i) 2013 adjusted EBITA, (ii) 2012/2014 adjusted EBITA margin increase (iii) average free cash flow before interest and tax / EBITDA between 2013 and 2014 (iv) free cash flow before interest and tax 2013 and (v) Two-year service condition from grant date and Rexel share performance compared with a panel of shares from firms of the same activity segment conditions		Three-year service condition from grant date		
Plan	2+2	4+0	3+2	5+0	
Delivery date	May 4, 2015	May 2, 2017	May 2, 2016	May 2, 2018	
Share fair value at grant date April 30, 2013	13.70	12.04	14.37	12.71	
Maximum number of shares granted on April 30, 2013	793,310	1,259,819	99,100	422,500	**2,574,729**
Delivery date	July 27, 2015	July 26, 2017			
Share fair value at grant date July 25, 2013	15.73	14.07			
Maximum number of shares granted on July 25, 2013	50,694	27,716			**78,410**
Total maximum number of shares granted in 2013	**844,004**	**1,287,535**	**99,100**	**422,500**	**2,653,139**
Forfeited in 2013	(368,148)	(563,165)	(11,100)	(18,200)	**(960,613)**
Total maximum number of shares granted as of December 31, 2013	**475,856**	**724,370**	**88,000**	**404,300**	**1,692,526**

The fair value of Rexel's shares granted to key employees was computed based on a Monte Carlo model which simulates the evolution of Rexel's and panel shares' quotations at the end of the two years vesting period. Also, restrictions attached to the dividends until the delivery date of the shares to the beneficiaries were deducted from the fair value.

Plans issued in 2012

On May 2, 2012 and on July 26, 2012, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,262,404 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (May 3, 2014 and July 27, 2014), these being restricted for an additional two-year period (until May 3, 2016 and July 27, 2016), the so-called "2+2 Plan", or four years after the grant date with no subsequent restrictions, the so-called "4+0 Plan". The delivery of these shares is subject to service and performance conditions of the schemes as described below:

BENEFICIARIES	MEMBERS OF GROUP EXECUTIVE COMMITTEE AND TOP MANAGERS		TOTAL
Vesting conditions	Two-year service condition from grant date and performance conditions based on: (i) 2012 adjusted EBITA, (ii) 2011/2013 adjusted EBITA margin increase and (iii) average free cash flow before interest and tax / EBITDA between 2012 and 2013 (iv) free cash flow before interest and tax 2012		
Plan	2+2	4+0	
May plan's delivery date	May 3, 2014	May 3, 2016	
Share fair value at grant date May 2, 2012	€14.47	€13.14	
Maximum number of shares granted on May 2, 2012	737,024	1,282,300	**2,019,324**
July plan's delivery date	July 27, 2014	July 27, 2016	
Share fair value at grant date July 26, 2012	€11.85	€10.46	
Maximum number of shares granted on July 26, 2012	59,243	183,837	**243,080**
Total maximum number of shares granted in 2012	**796,267**	**1,466,137**	**2,262,404**
Forfeited in 2012	(118,149)	(227,478)	**(345,627)**
Total maximum number of shares granted as of December 31, 2012	**678,118**	**1,238,659**	**1,916,777**
Forfeited in 2013	(470,615)	(839,965)	**(1,310,580)**
Total maximum number of shares granted as of December 31, 2013	**207,503**	**398,694**	**606,197**

The fair value of Rexel's shares granted to employees is estimated based upon the stock price at the grant date. Restrictions attached to the dividends until the delivery date of the shares to the beneficiaries are excluded from the fair value.

Plans issued in 2011

On May 12, 2011 and October 11, 2011, Rexel entered into free share plans for its top executives and key managers amounting to a maximum of 2,423,467 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares two years after the grant date (May 13, 2013 / October 14, 2013), these being restricted for an additional two-year period (until May 13, 2015 / October 12, 2015), the so-called "2+2 Plan", or four years after the grant date with no subsequent restrictions, the so-called "4+0 Plan".

The actual delivery of these bonus shares is subject to service and performance conditions set forth in the plan.

Vesting conditions are presented in the following table:

BENEFICIARIES	MEMBERS OF GROUP EXECUTIVE COMMITTEE AND TOP MANAGERS		OTHER KEY EMPLOYEES		OPERATIONAL MANAGER		TOTAL
Vesting conditions	Two-year service condition from grant date and performance conditions based on: (i) 2011 adjusted EBITDA, (ii) 2010/2012 adjusted EBITDA margin increase and (iii) 2011 ratio Net Debt to adjusted EBITDA		Two-year service condition from grant date and 80% based on additional performance conditions relative to: (i) 2011 adjusted EBITDA, (ii) 2010/2012 adjusted EBITDA margin increase and (iii) 2011 ratio Net Debt to adjusted EBITDA		Two-year service condition from grant date		
Plan	2+2	4+0	2+2	4+0	2+2	4+0	
May plan's delivery date	May 13, 2013	May 13, 2015	May 13, 2013	May 13, 2015	May 13, 2013	May 13, 2015	
Share fair value at grant date May 12, 2011	€17.22	€16.42	€17.22	€16.42	€17.22	€16.42	
Maximum number of shares granted on May 12, 2011	429,203	507,879	177,931	484,110	96,375	387,250	**2,082,748**
October plan's delivery date	October 14, 2013	October 12, 2015	October 14, 2013	October 12, 2015			
Share fair value at grant date October 11, 2011	€11.39	€10.34	€11.39	€10.34			
Maximum number of shares granted on October 11, 2011(1)	295,550	8,381	10,929	25,859			**340,719**
Total maximum number of shares granted in 2011	**724,753**	**516,260**	**188,860**	**509,969**	**96,375**	**387,250**	**2,423,467**
Forfeited in 2011	(65,301)	(82,178)	(18,474)	(60,197)	(9,750)	(11,500)	**(247,400)**
Maximum number of shares granted as of December 31, 2011	**659,452**	**434,082**	**170,386**	**449,772**	**86,625**	**375,750**	**2,176,067**
Forfeited in 2012	(311,597)	(239,950)	(76,333)	(203,856)	(3,625)	(24,625)	**(859,986)**
Maximum number of shares granted as of December 31, 2012	**347,855**	**194,132**	**94,053**	**245,916**	**83,000**	**351,125**	**1,316,081**
Delivered in 2013	(347,855)	–	(94,053)	–	(82,250)	–	**(524,158)**
Forfeited in 2013	–	(1,938)	–	(2,766)	(750)	(9,250)	**(14,704)**
Maximum number of shares granted as of December 31, 2013	**–**	**192,194**	**–**	**243,150**	**–**	**341,875**	**777,219**

(1) Of witch 59,018 shares granted to members of Group Executive Committee with only two year service.

The fair value of Rexel's shares granted to employees is estimated based upon the stock price at the grant date. Restrictions attached to the dividends until the delivery date of the shares to the beneficiaries are excluded from the fair value.

Furthermore, on October 11, 2011, Rexel entered into free share plans for its Group Executive Committee members and top managers amounting to a maximum of 1,343,310 shares. According to these plans, these employees and executives will either be eligible to receive Rexel shares three years after the grant date (October 13, 2014), these being restricted for an additional two-year period (October 12, 2016), the so-called "3+2 Plan", or five years after the grant date with no subsequent restrictions, the so-called "5+0 Plan".

The delivery of these shares is subject to service and market conditions as described below:

BENEFICIARIES	MEMBERS OF GROUP EXECUTIVE COMMITTEE AND TOP MANAGERS		TOTAL
Vesting conditions	Three-year service condition from grant date and Rexel share performance compared with a panel of shares from firms of the same activity segment condition		
Plan	3+2	5+0	
Delivery date	October 13, 2014	October 12, 2016	
Share fair value at grant date	€7.17	€6.15	
Maximum number of shares granted on October 11, 2011	840,334	502,976	**1,343,310**
Maximum number of shares granted as of December 31, 2011	**840,334**	**502,976**	**1,343,310**
Forfeited in 2012	–	(56,387)	**(56,387)**
Maximum number of shares granted as of December 31, 2012	**840,334**	**446,589**	**1,286,923**
Forfeited in 2013	(90,419)	–	**(90,419)**
Maximum number of shares granted as of December 31, 2013	**749,915**	**446,589**	**1,196,504**

The fair value of Rexel's shares granted to key employees was computed based on a Monte Carlo model which simulates the evolution of Rexel's and panel shares' quotations at the end of the three years vesting period. Also, restrictions attached to the dividends until the delivery date of the shares to the beneficiaries were deducted from the fair value.

Plans issued in 2010 and before

In 2010 and 2009, Rexel entered into several bonus share plans for its senior executives and key employees for a total of 2,892,028 shares. Depending on local regulations and plan characteristics, these employees and executives will be eligible to receive Rexel shares, either after a period of two years from the grant dates, with a restriction on their sale for an additional two year period, or after a period of four years from the grant date 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.

	PLANS ISSUED IN 2010	PLANS ISSUED IN 2009
Share fair value at the grant date	€10.80	€6.42
Maximum number of shares granted initially	**1,519,862**	**1,372,166**
Forfeited	(173,897)	(337,522)
Delivered	(508,511)	(268,416)
Maximum number of shares granted as of December 31, 2012 and not yet delivered	**837,454**	**766,228**
Delivered in 2013	–	(766,228)
Maximum number of shares granted as of December 31, 2013 and not yet delivered	**837,454**	**0**

16.2 Stock option plans

On October 28, 2005, Rexel established a share option subscription program that entitles key management personnel to purchase Rexel shares, on May 31, 2006 and October 4, 2006, further options were granted to new management personnel. On November 30, 2005, a share option subscription arrangement was set up for a broader circle of key employees of the Group with vesting conditions based on a four-year service period or the occurrence of certain events including in particular admission of the Company's shares to trading on a regulated market. On May 31, 2006, this plan was extended to new entrants.

Options granted under these plans were 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.

DATE OF ALLOCATION / BENEFICIARIES	NUMBER OF INSTRUMENTS ORIGINALLY ALLOCATED	NUMBER OF OPTIONS ACTIVE AS OF DECEMBER 31, 2013	OPTIONS TERM	EXERCISE PRICE
OPTIONS ALLOCATED TO KEY MANAGERS ("PLAN NO. 1")				
– on October 28, 2005	2,711,000	32,820	October 28, 2016	€5.0
– on May 31, 2006	169,236	–		
– on October 4, 2006	164,460	–		
OPTIONS ALLOCATED TO KEY EMPLOYEES ("PLAN NO. 2")				
– on November 30, 2005	259,050	136,678	November 30, 2016	€5.0
– on May 31, 2006	34,550	5,476		€6.5
Total options granted by Rexel	**3,338,296**	**174,974**		

16.3 Employee share purchase plans

Pursuant to the authorization granted by the shareholders' meeting held on May 22, 2013 and by the Supervisory Board on May 22, 2013, the Management Board meeting held on September 3, 2013 decided to realize a capital increase in favour of employees in fifteen countries.

In most of these eligible countries, subscription has been carried out directly or through employee shareholding funds (*Fonds communs de placement d'entreprise* or FCPE) which received approval from the *Autorité des marchés financiers* (AMF) on June 13, 2013. The subscription period closed on September 30, 2013.

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 €14.34 per share. For US employees, the subscription price was set at 85% of the Rexel share price on the Paris Stock Exchange on September 10, 2013, *i.e.* €15.99 per share.

In France, participating employees benefit from an employer matching contribution equal to 150% of the subscribed amount up to €200 and 50% from €201 to €500 in the limit of €450.

Outside France, employees are granted two matching shares for each of the first fifteen whole shares subscribed and for subsequent shares up to €800 invested one matching share is allocated for each share subscribed. Matching shares are subject to a five-year service condition within the Group.

In the United Kingdom, a specific share incentive plan has been proposed to employees through a trustee. Subscription price will be the minimum of the Rexel share market value as measured on September 30, 2013 (€18.8) and on March 12, 2014. Employees are granted two matching shares for each of the first fifteen whole shares subscribed and for subsequent shares up to €800 invested one matching share is allocated for each share subscribed. Matching shares are subject to a three-year service condition within the Group.

The settlement and delivery of the shares subscribed for pursuant to this plan occurred on November 26, 2013 except for the United Kingdom plan that is expected to be closed in March 2014.

The overall subscription was €3.1 million. Benefits granted excluding matching shares to employees resulted in personnel costs of €1.4 million before tax of which €0.8 million related to the discount granted to employees and €0.6 million related to the employer matching contribution offered to beneficiaries in France.

16.4 Share-based payment expenses

Expenses related to free share plans accounted for in "Distribution and administrative expenses" are summarized as follows:

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Plans issued in 2009	–	0.2
Plans issued in 2010	0.9	2.3
Plans issued in 2011	5.0	13.6
Plans issued in 2012	2.9	2.7
Plans issued in 2013	4.3	–
Expense related to employee share purchase plan	1.3	1.1
Total free share plans expense	**14.4**	**19.9**

17. Earnings per share

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

	FOR THE YEAR ENDED DECEMBER 31,	
	2013	**2012**
Net income attributed to ordinary shareholders (in millions of euros)	***210.6***	***318.1***
Weighted average number of ordinary shares *(in thousands)*	275,708	267,931
Non dilutive potential shares *(in thousands)*	1,605	1,440
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	***277,313***	***269,371***
Basic earning per share *(in euros)*	**0.76**	**1.18**
Net income attributed to ordinary shareholders (in millions of euros)	***210.6***	***318.1***
Weighted average number of issued common shares and non dilutive potential shares *(in thousands)*	277,313	269,371
Potential dilutive shares resulting from the dividend payment in shares *(in thousands)*	–	1,817
Potential dilutive shares *(in thousands)*	3,191	2,822
– of which share options *(in thousands)*	125	138
– of which bonus shares *(in thousands)* [(1)]	3,066	2,684
Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)	***280,503***	***274,010***
Fully diluted earnings per share	**0.75**	**1.16**

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

18. Provisions and other non-current liabilities

	AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Provisions	65.4	75.2
Derivatives	32.6	16.4
Other non-current liabilities	10.0	10.2
Total	**108.0**	**101.8**

Other non-current liabilities comprise profit sharing related payables to French employees in the amount of €10.0 million (€10.2 million at December 31, 2012).

The variation in provisions is detailed in the table below:

(in millions of euros)	RESTRUCTURING	TAX LITIGATION	OTHER LITIGATION & WARRANTY CLAIMS	VACANT PROPERTIES	TOTAL PROVISIONS
As of January 1, 2012	**18.4**	**19.7**	**28.3**	**58.9**	**125.3**
Change in consolidation scope	–	0.2	–	–	**0.2**
Increase	27.4	0.1	3.9	9.1	**40.5**
Use	(21.3)	(1.3)	(6.3)	(18.2)	**(47.1)**
Release	(0.5)	(12.2)	(2.5)	(28.9)	**(44.1)**
Translation differences	–	–	–	1.1	**1.1**
Other changes	(0.1)	–	(0.5)	(0.1)	**(0.7)**
As of December 31, 2012	**23.9**	**6.5**	**22.9**	**21.9**	**75.2**
Increase	11.5	0.5	4.6	12.3	**28.9**
Use	(17.1)	(0.2)	(2.8)	(14.0)	**(34.2)**
Release	(0.2)	–	(1.9)	(1.0)	**(3.1)**
Translation differences	(0.6)	(0.2)	(0.7)	(0.5)	**(2.0)**
Other changes	–	0.2	0.4	–	**0.6**
As of December 31, 2013	**17.5**	**6.8**	**22.5**	**18.7**	**65.4**

Provisions mainly comprise:

- Provisions for 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. Provisions for restructuring activities undertaken at December 31, 2013, mainly concerned, Europe for €13.0 million (€18.1 million in 2012), North America for €3.5 million (€4.8 million in 2012) and Asia-Pacific for €1.0 million (€1.1 million in 2012).
- Tax litigation concerned mainly France for €4.2 million (€4.2 million in 2012) and Canada for €1.6 million (€2.0 million in 2012).
- Other litigations and warranty claims amounted to €22.5 million (€22.9 million in 2012), of which €8.6 million (€7.5 million in 2012) relating to litigation with French social security authorities, €1.8 million for employee claims (€3.5 million in 2012) and €2.9 million for commercial litigations (€2.3 million in 2012);
- Provisions for lease commitments related to vacant properties concern mainly the United Kingdom for €9.5 million (€11.0 million in 2012), the United States for €3.9 million (€6.0 million in 2012) and France for €2.0 million (€2.5 million in 2012).

19. Post-employment and long-term benefits

19.1 Defined benefit plans description

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 defined benefit pension plans sponsored by the Group are in Canada, in the United Kingdom, in The Netherlands and in Switzerland. Related funds are managed through independent vehicles.

In the United Kingdom, Rexel operates deferred final salary defined benefits through the *Rexel UK Pension Scheme* fund. All sections under this plan are closed to new entrants with effect of April 5, 2002. Accrued benefits and pensions are subject to indexation. Statutory funding objectives are agreed between the Trustee board and the company. In that respect, the Trustee board carries out a full valuation of the Scheme at least every three years, after which a recovery plan of contributions is agreed with the company to restore any funding deficit. The most recent full valuation was performed on April 5, 2011 and was rolled forward up to December 31, 2013 for accounting purposes. The Trustee board is also responsible for determining the investment strategy of the plan.

In Switzerland, Rexel provides a second pillar pension plan for their employees. Assets are managed through a pension fund *"Pension Kasse"*, the *Elektro Material Pension Plan*. The plan runs under a contribution-based pension plan agreement with guaranteed return, thus qualifying as a defined benefit plan. The Pension Board *"Conseil de Fondation"* is responsible to set up adequate Company's and employee's contribution and asset allocation strategy that seeks to meet at least guaranteed return. A full valuation of this plan is performed each year.

In The Netherlands, the main pension plan in force is a mix between defined benefit and defined contribution ("hybrid-type" plan). The defined benefit portion is subject to a ceiling. Above the defined benefit portion, a defined contribution section applies. Defined benefit pension plan is a salary average plan open for new entrants and managed through a Board, *Sagittarius Pension Fund*. This Board is responsible for applying the administration agreement, the contributions with the company, and determining the investment strategy of the plan so as to comply with minimum funding levels required by the Dutch regulator (DNB). A full valuation is performed each year on January 1 and rolled forward to December 31.

In Canada, defined benefit pension plans mainly include:

– The Employees' Plan which is a registered plan and has both defined benefit and defined contribution provisions. The defined benefit provision of the plan has a career average type formula. This plan was closed to new entrants on January 1, 2000.

– The Executives' Pension Plan and the Supplementary Executives' Retirement Plan "SERP" which provides retirees with a pension based on a percentage of their prior earnings. The Executives' Plan is a final average earnings defined benefit registered plan. The SERP has two provisions: the first provides benefit in excess of the limits of the Executives' Plan and the second portion provides a term annuity upon retirement based on a notional account.

For both Canadian plans, a full actuarial valuation is performed every three years. The most recent valuations were performed as at December 31, 2012 for the Executives' Pension Plan and the SERP and as at December 31, 2010 for the Employees' Plan. The 2013 quantitative information on these plans was prepared based on a roll forward of these full valuations.

19.2 Employee Benefit Plan information

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)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
As of January 1, 2012	**334.2**	**335.5**	**254.7**	**153.0**	**144.0**	**1,221.3**
Service cost	2.3	0.1	3.8	4.5	4.8	15.5
Interest cost	16.5	16.2	11.4	4.2	6.6	54.9
Benefit payments	(18.8)	(11.3)	(11.5)	(6.3)	(6.8)	(54.7)
Employee contributions	0.6	–	0.8	2.6	0.3	4.3
Change in consolidation scope	–	–	–	–	1.7	1.7
Translation differences	–	7.6	0.8	1.0	(0.2)	9.2
Past service cost / settlement and other	(3.0)	–	(0.7)	(1.8)	(1.1)	(6.6)
Remeasurements						
Effect of change in demographic assumptions	*0.2*	*0.2*	–	–	*(0.1)*	*0.3*
Effect of change in financial assumptions	*78.4*	*41.8*	*19.4*	*20.3*	*24.9*	*184.8*
Effect of experience adjustments	*(10.9)*	*7.0*	*(0.8)*	*(4.5)*	*0.8*	*(8.4)*
As of December 31, 2012	**399.5**	**397.1**	**277.9**	**173.0**	**174.9**	**1,422.3**
Service cost	2.7	0.1	3.7	5.4	5.3	17.2
Interest cost	12.5	15.1	10.2	2.9	5.3	46.0
Benefit payments	(18.4)	(10.4)	(12.5)	(5.2)	(18.4)	(64.9)
Employee contributions	0.7	–	0.7	2.7	0.2	4.3
Translation differences	–	(8.6)	(27.6)	(2.9)	(6.3)	(45.4)
Past service cost / settlement and other	(0.3)	–	(3.0)	0.2	(5.9)	(8.9)
Remeasurements						
Effect of change in demographic assumptions	*18.9*	–	*9.1*	–	*1.6*	*29.6*
Effect of change in financial assumptions	–	*(16.7)*	*(31.9)*	*(11.0)*	*(6.0)*	*(65.6)*
Effect of experience adjustments	*(6.4)*	*1.1*	*1.7*	*(3.0)*	*(3.5)*	*(10.0)*
As of December 31, 2013	**409.2**	**377.7**	**228.4**	**162.2**	**147.1**	**1,324.6**

The change in the fair value of the defined benefit plan assets breaks down as follows:

	PLAN ASSETS					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
As of January 1, 2012	**346.5**	**261.9**	**160.6**	**142.0**	**49.6**	**960.6**
Employer contributions	2.8	16.1	14.3	5.2	6.6	45.0
Employee contributions	0.6	–	0.8	2.6	0.3	4.3
Interest income	17.6	12.1	7.3	4.0	2.1	43.1
Benefit payments	(18.8)	(11.3)	(11.5)	(6.3)	(6.8)	(54.7)
Translation differences	–	7.4	0.7	1.0	0.2	9.3
Return on plan assets excluding interest income (OCI)	33.7	4.4	1.7	0.2	2.1	42.1
As of December 31, 2012	**382.4**	**290.6**	**173.9**	**148.7**	**54.1**	**1,049.7**
Employer contributions	2.7	9.5	7.5	7.2	6.7	33.6
Employee contributions	0.7	–	0.7	2.7	0.2	4.3
Interest income	12.3	10.0	6.6	2.6	1.5	33.0
Benefit payments	(19.2)	(11.2)	(12.5)	(5.2)	(19.5)	(67.5)
Translation differences	–	(4.6)	(19.0)	(2.4)	(3.9)	(30.0)
Return on plan assets excluding interest income (OCI)	27.0	11.3	9.1	6.7	4.1	58.1
As of December 31, 2013	**405.9**	**305.6**	**166.4**	**160.3**	**43.0**	**1,081.2**

The change in the net liability / (asset) breaks down as follows:

	NET LIABILITY / (ASSET)					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
As of January 1, 2012	**(12.4)**	**73.6**	**94.1**	**10.9**	**94.3**	**260.7**
Service cost	2.3	0.1	3.8	4.5	4.8	15.5
Interest cost	(1.1)	4.1	4.1	0.2	4.5	11.8
Past service cost / settlement and other	(3.0)	–	(0.7)	(1.8)	(1.1)	(6.6)
Employer contributions	(2.8)	(16.1)	(14.3)	(5.2)	(6.6)	(45.0)
Change in consolidation scope	–	–	–	–	1.7	1.7
Translation differences	–	0.2	0.1	–	(0.4)	(0.1)
Remeasurements	34.0	44.6	16.9	15.6	23.5	134.6
As of December 31, 2012	**17.0**	**106.5**	**104.0**	**24.2**	**120.7**	**372.6**
Service cost	2.7	0.1	3.7	5.4	5.3	17.2
Interest cost	0.2	5.1	3.6	0.3	3.8	13.0
Past service cost / settlement and other	(0.3)	–	(3.0)	0.2	(5.9)	(8.9)
Employer contributions	(2.7)	(9.5)	(7.5)	(7.2)	(6.7)	(33.6)
Benefit payments	0.8	0.8	–	(0.0)	1.1	2.7
Translation differences	–	(4.0)	(8.6)	(0.5)	(2.3)	(15.4)
Remeasurements	(14.6)	(26.9)	(30.1)	(20.6)	(12.0)	(104.1)
As of December 31, 2013	**3.3**	**72.2**	**62.0**	**1.9**	**104.0**	**243.4**

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:

	LIABILITY RECONCILIATION					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
For the year ended December 31, 2012						
Defined benefit obligations	**399.5**	**397.1**	**277.9**	**173.0**	**174.9**	**1,422.3**
of which funded schemes	*399.5*	*395.7*	*236.1*	*170.6*	*91.7*	*1,293.6*
of which unfunded schemes	–	*1.4*	*41.8*	*2.4*	*83.2*	*128.7*
Fair value of plan assets	(382.4)	(290.6)	(173.9)	(148.7)	(54.1)	(1,049.7)
Recognized net liability for defined benefit obligations	**17.0**	**106.5**	**104.0**	**24.2**	**120.7**	**372.6**
of which "Employee benefits"	*17.0*	*106.5*	*104.0*	*24.2*	*120.7*	*372.6*
of which "Other financial assets"	–	–	–	–	–	–
For the year ended December 31, 2013						
Defined benefit obligations	**409.2**	**377.7**	**228.4**	**162.2**	**147.1**	**1,324.6**
of which funded schemes	*409.2*	*376.1*	*200.9*	*159.6*	*67.2*	*1,213.0*
of which unfunded schemes	–	*1.6*	*27.5*	*2.6*	*79.9*	*111.6*
Fair value of plan assets	(405.9)	(305.6)	(166.4)	(160.3)	(43.0)	(1,081.2)
Recognized net liability for defined benefit obligations	**3.3**	**72.2**	**62.0**	**1.9**	**104.0**	**243.4**
of which "Employee benefits"	*3.3*	*72.2*	*62.0*	*1.9*	*104.0*	*243.4*
of which "Other financial assets"	–	–	–	–	–	–

19.3 Re-measurements of the net defined benefit liability

	OTHER COMPREHENSIVE INCOME					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Return on plan assets excluding interest income	(33.7)	(4.4)	(1.7)	(0.2)	(2.2)	(42.2)
Effect of change in demographic assumptions	0.2	0.2	–	–	(0.1)	0.3
Effect of change in financial assumptions	78.4	41.8	19.3	20.2	24.5	184.2
Effect of experience adjustments	(10.9)	7.0	(0.8)	(4.5)	0.7	(8.5)
OCI recognized for the year ended December 31, 2012	**34.0**	**44.6**	**16.8**	**15.5**	**22.9**	**133.8**
Return on plan assets excluding interest income and asset ceiling	(27.0)	(11.3)	(9.1)	(6.7)	(4.1)	(58.1)
Effect of change in demographic assumptions	18.9	–	9.1	–	1.5	29.5
Effect of change in financial assumptions	–	(16.7)	(31.8)	(11.0)	(6.1)	(65.6)
Effect of experience adjustments	(6.4)	1.1	2.1	(3.0)	(3.0)	(9.2)
OCI recognized for the year ended December 31, 2013	**(14.6)**	**(26.9)**	**(29.7)**	**(20.6)**	**(11.7)**	**(103.4)**

19.4 Employee Benefit expense

The expense recognized in the consolidated income statement breaks down as follows:

(in millions of euros)	EXPENSE RECOGNIZED THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHERS	GROUP
Service cost (1)	2.3	0.1	3.8	4.5	4.8	15.5
Past service costs (1)	(3.0)	–	(0.7)	(1.8)	(1.1)	(6.6)
Net Interest expense (2)	(1.1)	4.1	4.1	0.2	405	11.8
Other (1)	–	–	–	0.1	0.5	0.6
Expense recognized for the year ended December 31, 2012	**(1.8)**	**4.2**	**7.2**	**3.0**	**8.7**	**21.3**
Service cost (1)	2.7	0.1	3.7	5.4	5.3	17.2
Past service costs (1)	(0.3)	–	(3.0)	0.2	(5.9)	(8.9)
Net Interest expense (2)	0.2	5.1	3.6	0.3	3.8	13.0
Other (1)	0.7	–	(0.5)	0.1	0.1	0.4
Expense recognized for the year ended December 31, 2013	**3.3**	**5.2**	**3.8**	**6.0**	**3.2**	**21.6**

(1) Recognized as personnel costs (see note 6) and in other income (see note 7).
(2) Recognized as net financial expenses (see note 8).

Significant plan amendments

For the period ended December 31, 2013

Effective on June 30, 2013, post-employment benefits scheme (other than pensions) in Canada was amended to enable employees to elect for a cash lump-sum settlement benefits in lieu of post-employment coverage (health & dental care, life insurance) on retirement. As a result of this amendment, a gain of €3.1 million (CAD4.2 million) was recognized in the income statement as a reduction in administrative expenses (salaries and benefits).

Following a resolution of the Trustee board of the Irish pension plan dated June 26, 2013, the pension scheme was wound-up and the benefits were transferred to a new defined contribution plan. A full valuation was performed at the date of the wind-up of this defined benefit retirement plan resulting in the recognition of a profit in the income statement of €4.4 million (see note 7.1).

In France, a curtailment gain of €1.6 million was recognized as a result of the reduction in the participating members of a supplemental executive retirement scheme.

For the period ended December 31, 2012

In The Netherlands, following a reduction in workforce a curtailment gain was recognized for €0.8 million. In addition, plan changes affecting retirement age, partner pension and conditional indexation have been implemented during 2012. The gain resulting from plan amendment was recognized in the income statement for €2.2 million.

The Swiss retirement plan was amended as a result of a decision of the Trustees board to improve funding levels, comprising of a decrease in conversion rates and increase in future employee and employer contributions resulting in a gain of €1.8 million recognized in the income statement.

In Canada, medical care benefits rationalization of post-employment healthcare program have led to a reduction of the defined benefit obligation recognized in the income statement for €0.9 million.

19.5 Plan asset allocation

	PLAN ASSET CLASS			
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND
Cash and cash equivalents	–	30.5	0.8	–
Equity instruments (quoted in an active market)	109.1	16.2	75.2	44.6
Debt instruments (quoted in an active market)	190.0	107.9	94.5	66.9
Real estate	–	–	–	26.8
Investment funds	–	135,4	–	–
Asset held by insurance company	83.3	–	3.4	–
Other	–	0,6	–	10,4
As of December 31, 2012	**382.4**	**290.6**	**173.9**	**148.7**
Cash and cash equivalents	0.6	16.6	0.8	11.9
Equity instruments (quoted in an active market)	124.6	17.1	72.2	52.4
Debt instruments (quoted in an active market)	197.4	124.2	90.4	60.9
Real estate	–	–	–	31.8
Investment funds	–	147.1	–	3.3
Asset held by insurance company	83.3	–	3.0	–
Other	–	0,6	–	–
As of December 31, 2013	**405.9**	**305.6**	**166.4**	**160.3**

19.6 Actuarial assumptions

The main actuarial assumptions are as follows:

	THE NETHERLANDS		UNITED KINGDOM		CANADA		SWITZERLAND	
(in %)	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Average plan duration	15	15	17	17	14	13	16	12
Discount rate	3.25	3.25	4.50	4.00	4.75	3.98	2.00	1.75
Future salary increases	3.00	3.00	–	–	3.11	3.00	2.00	2.00

Discount rates have been set by reference to market yields on high quality corporate bonds (AA rated-bonds by at least one of the top three rating agencies: Standard & Poor's, Moody's and Fitch) with a similar duration to the underlying obligation. Each future year expected benefit payments are discounted by the corresponding of the yield curve and when there is no deep market in bonds with a sufficiently long maturity to match the maturity of the benefit payments, the discount rate is estimated by extrapolating current market rates along the yield curve. Then a single discount rate is calculated that, when applied to all cash-flows, results in the same interest cost as the application of the individual rates would have produced.

19.7 Post-employment plan risks

In order to identify and deal with the risks in relation to the management of pension and other post-retirement plans, a pension committee made up by Finance and Human Resources representatives, meets on a quarterly basis. This pension committee, supported by experts, reviews, in particular, the funding of pension plans, and the performance of the pension plan's assets. It is informed of any material event in relation to the benefits granted to employees, the financial impact in relation to the plans, or changes in the regulations. The committee reports to Audit Committee on a yearly basis.

The Group's major defined benefit plans are subject to funding requirements that mainly fluctuate based on interest rates, performance of plan assets and changes in local regulations. Depending on changes in the above parameters, the Group may be required to make additional contributions to the pension funds in a defined time frame.

Volatility in discount rates and inflation

The defined benefit liability is calculated by discounting future expected cash flows. Discount rates are determined based upon bonds yield prevailing at the measurement date which may fluctuate from one period to another. In addition, accrued benefits and pension annuities are usually subject to salary increase and conditional or unconditional indexation which vary depending on inflation level. Any change in the above parameters may adversely affect the defined benefit liability and the service cost, and thus triggers additional contributions to comply with local minimum funding requirements.

Volatility in asset values

Plan assets mainly include equities, fixed incomes securities and other assets which values are subject to market volatility. A downturn in financial markets would result in an increase of the net liability and, therefore, in reduced funding ratios requiring additional contributions from the Group in a defined time frame.

Sensitivity analysis

	SENSITIVITY TO A 25 BASIS POINTS DECREASE IN DISCOUNT RATE					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Service cost	0.1	–	0.1	0.1	0.1	0.4
Defined Benefit Obligation	15.7	15.8	7.8	6.6	4.0	50.0

	SENSITIVITY TO A 10% DOWNTURN IN FINANCIAL MARKET					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Plan assets	(12.5)	(1.7)	(7.2)	(5.2)	(1.9)	(28.5)

Risk Management

To mitigate risks identified above, the Group has already implemented or is currently setting up the following actions which include changes in the design of the defined benefit schemes as well as financial measures:

- closure of defined benefits schemes, where appropriate, and move to defined contribution plans, with frozen benefit rights,
- rationalization of benefits including the level of pension benefits, conversion rate factors and indexation caps,
- selective additional cash contributions to increase funding level, on top of regular contributions,
- inflation and interest rate hedging,
- adoption of investment strategies that broadly match the nature of the liabilities, with a progressive alignment of asset allocation and pension plans duration,
- regular meetings with trustees, and
- periodic review of investment performance by independent advisors to monitor investment volatility.

19.8 Expected cash flows

	EXPECTED CASH FLOW					
(in millions of euros)	THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHER	GROUP
Expected benefit payments for 2014	18.7	11.6	11.7	5.1	6.3	53.5
Expected benefit payments for 2015	18.7	12.0	11.9	5.2	8.6	56.4
Expected benefit payments for 2016	18.7	12.6	12.3	5.2	5.7	54.5
Expected benefit payments for 2017	18.7	13.7	12.8	5.3	6.1	56.6
Expected benefit payments for 2018 and after	113.8	99.2	85.7	45.4	53.6	397.6
Expected benefit contributions for 2014	2.6	9.7	7.1	3.9	4.5	27.8

20. Financial liabilities

This note provides information on financial liabilities as of December 31, 2013. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interest less transaction costs.

20.1 Net financial debt

	AS OF DECEMBER 31,					
	2013			2012		
(in millions of euros)	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Senior Notes	–	1,835.6	1,835.6	–	1,504.3	1,504.3
Credit Facilities	–	–	–	–	25.9	25.9
Securitization	–	1,067.5	1,067.5	351.7	747.8	1,099.5
Bank loans	35.6	19.2	54.8	43.3	16.7	60.0
Commercial paper	119.1	–	119.1	114.8	–	114.8
Bank overdrafts and other credit facilities	54.3	–	54.3	77.6	–	77.6
Finance lease obligations	7.3	24.7	32.0	51.2	31.1	82.3
Accrued interests (1)	11.6	–	11.6	9.4	–	9.4
Less transaction costs	(11.2)	(38.8)	(50.0)	(20.5)	(22.6)	(43.1)
Total financial debt and accrued interest	***216.7***	***2,908.2***	***3,124.9***	***627.6***	***2,303.2***	***2,930.8***
Cash and cash equivalents			(957.8)			(291.9)
Debt hedge derivatives			25.1			(39.8)
Net financial debt			**2,192.0**			**2,599.2**

(1) Of which accrued interests on Senior Notes for €4.6 million as of December 31, 2013 (€4.5 million as of December 31, 2012).

20.1.1 Senior Facility Agreement

On March 15, 2013, Rexel refinanced its €1,100 million existing revolving credit facilities agreement dated December 21, 2009 by entering into a new revolving credit facility agreement (the “Senior Facility Agreement”) with BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, HSBC France, ING Belgium SA, French branch, Natixis and Société Générale Corporate & Investment Banking as Mandated Lead Arrangers and Bookrunners.

The Senior Facility Agreement provides a five-year multicurrency revolving credit facility for an aggregate maximum amount of €1.1 billion which can also be drawn down through swingline loans for an aggregate amount of €165 million.

Interest and margin

Amounts drawn bear interest at a rate determined in reference to (i) the EURIBOR rate when funds are made available in Euro or the LIBOR rate when funds are made available in currencies other than Euro, (ii) the applicable margin, (iii) certain premia for loans in currencies other than euro and (iv) mandatory costs (representing the costs to be borne by the lenders for the financing of the banking control system imposed by the banking regulatory authorities of their respective countries), if any.

Swingline drawings bear interest at a rate determined in reference to (i) the EONIA rate, (ii) the applicable margin and (iii) mandatory costs, if any.

The initial applicable margin is 2.00% *per annum* and 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 Facility Agreement) calculated as of December 31 and June 30 of every year. The margin ranges from 1.45% to 3%.

In addition, the applicable margin shall be increased by a utilization fee that varies depending on the percentage of the total commitment drawn under the Senior Facility Agreement at any given time.

Rexel shall also pay a commitment fee in the base currency on that lender’s available commitment the amount of which varies based on the leverage ratio.

Under the Senior Credit Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as at December 31 and June 30 of each year.

The 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, *prorata* 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;

– after adding back EBITDA of assets held for sale and not taking into account EBITDA of assets sold during the Measurement Period; and

– adjusted to exclude the non-recurring impact on the Group's consolidated EBITDA related to the price of copper in cables.

Adjusted consolidated net debt means all financial debt (whether the interest with respect to such debt is paid or capitalized) converted to the average rate of the last 12 months when the debt is in a currency other than the euro:

– less intra-group loans and transaction costs, as well as the financial charges accounted for as a result of the repayment of the debt outstanding under the previous facilities agreement;

– plus all indebtedness relating to the issuance of securities that are not mandatorily redeemable into shares and any other amount relating to a loan under international accounting standards;

– plus accrued interest (including capitalized interest), excluding interest accrued on intra-group loans; and

– minus cash and cash equivalents.

This ratio may exceed 3.50 on three accounting dates during the life of the Senior Facility Agreement, provided that (i) such ratio does not exceed 3.75 times on two accounting dates during the life of the Senior Facility Agreement and (ii) such ratio does not exceed 3.90 times on one accounting date during the life of the Senior Facility Agreement (it being specified that only two of such three accounting dates may be consecutive).

This refinancing transaction was accounted for as an exchange of debt without any recognition of gain and loss in the income statement.

In September 2013, the maximum commitment under the 2013 Senior Facility Agreement was reduced by €45 million following the execution of a bilateral €45.0 million Term Loan Agreement. Terms and conditions under this Term Loan Agreement are similar to those applied to the 2013 Senior Facility Agreement.

As of December 31, 2013, this credit facility was not drawn down.

20.1.2 Senior notes

	AS OF DECEMBER 31,									
	2013					**2012**				
		NOMINAL AMOUNT *(in millions of currency)*	NOMINAL AMOUNT *(in millions of euros)*	FAIR VALUE ADJUST-MENTS	TOTAL		NOMINAL AMOUNT *(in millions of currency)*	NOMINAL AMOUNT *(in millions of euros)*	FAIR VALUE ADJUST-MENTS	TOTAL
Senior notes due 2016	EUR	–	–	–	**–**	EUR	586.3	586.3	43.7	**630.0**
Senior notes due 2018	EUR	488.8	488.8	(0.3)	**488.5**	EUR	488.8	488.8	5.4	**494.2**
Senior notes due 2019	USD	500.0	362.6	(11.5)	**351.1**	USD	500.0	379.0	1.2	**380.1**
Senior notes due 2020	USD	500.0	362.6	(8.6)	**354.0**	–	–	–	–	**–**
Senior notes due 2020	EUR	650.0	650.0	(7.9)	**642.1**	–	–	–	–	**–**
TOTAL			**1,863.9**	**(28.3)**	**1,835.6**			**1,454.1**	**50.3**	**1,504.3**

Notes due 2020

Concurrently with the refinancing of the Senior Facility Agreement in the first half of 2013, Rexel issued on April 3, 2013, €650 million and US$500 million of senior unsecured notes due 2020 with coupons of 5.125% and 5.250% respectively.

The notes rank *pari passu* with Rexel's senior credit facility and other senior unsecured notes. Rexel pays interest on the notes semi-annually on June 15 and December 15, starting from December 15, 2013. The notes mature on June 15, 2020 and are listed on the Luxembourg Stock Exchange.

These notes are redeemable in whole or in part at any time prior to June 15, 2016 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest. On or after June 15, 2016, 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) EURO BONDS	DOLLAR BONDS
June 15, 2016	103.844%	103.938%
June 15, 2017	102.563%	102.625%
June 15, 2018	101.281%	101.313%
June 17, 2019 and after	100.000%	100.000%

The net proceeds of these notes were used on April 17, 2013 to redeem the 8.25% senior notes due 2016.

These notes were redeemed at their principal amount of €586.3 million plus accrued and unpaid interest of €16.0 million and an applicable "make-whole" redemption premium of €54.0 million.

In the first half of 2013, in relation to the repayment of the senior notes due 2016, the Group revised the amortized cost of such notes and recognized a financial expense of €23.5 million as a result of the effective interest rate method. This loss includes the "make-whole" premium plus the unamortized initial transaction costs of €9.1 million after deducting fair value hedge adjustments of €39.6 million.

As of December 31, 2013, the fair value of notes due 2020 is hedged for an amount of €500 million and US$500.0 million (€362.6 million). The notes carrying value has been adjusted to reflect interest rate fluctuations on the hedged part.

Notes due 2019

On March 28, 2012, Rexel issued US$400 million (€299.9 million) senior unsecured notes. The notes were issued at 100% of their nominal amount and bear interest annually at 6.125%. They are listed on the Luxembourg Stock Exchange. On April 23, 2012, an additional US$100 million principal amount of these notes was issued at a price of 100.75% of nominal (*i.e.* an issuance price of €76.7 million). The additional notes are fully fungible with the previously-issued notes and have identical terms and conditions.

Rexel will pay interest on the notes semi-annually in arrears on June 15 and December 15, with the first payment on December 15, 2012. The notes will mature on December 15, 2019.

The notes are redeemable in whole or in part at any time prior to December 15, 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 December 15, 2015, the notes are redeemable in whole or in part by paying the redemption price set forth below.

REDEMPTION PERIOD BEGINNING ON:	REDEMPTION PRICE (AS A % OF PRINCIPAL AMOUNT)
December 15, 2015	103.063%
December 15, 2016	101.531%
December 15, 2017 and after	100.000%

In addition, at any time on or prior to June 15, 2015, Rexel may redeem up to 35% of the outstanding aggregate principal amount of the notes using the net proceeds from one or more specified equity offerings.

As of December 31, 2013, the fair value of notes due 2019 is hedged for an amount of US$500.0 million (€362.6 million). As of December 31, 2012, these notes due 2019 were hedged for an amount of US$300.0 million. The notes carrying value has been adjusted to reflect interest rate fluctuations on the hedged part.

Notes due 2018

On May 27, 2011, Rexel issued €500 million senior unsecured notes, the proceeds of which were applied to partially repay its senior credit facilities. The notes were issued at 99.993% of their nominal amount and bear interest annually at 7%. They are listed on the Luxembourg Stock Exchange. Rexel pays interest on the Notes semi-annually in arrears on June 17 and December 17, with the first payment made on December 17, 2011. The notes will mature on December 17, 2018.

Notes due 2018 and all of Rexel's existing and future unsecured senior debt rank *pari passu* and senior to all its existing and future subordinated debt.

Notes due 2018 are redeemable in whole or in part at any time prior to June 17, 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 June 17, 2015, 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)
June 17, 2015	103.500%
June 17, 2016	101.750%
June 17, 2017 and after	100.000%

In addition, at any time on or prior to June 17, 2014, Rexel may redeem up to 35% of the outstanding aggregate principal amount of the Notes using the net proceeds from one or more specified equity offerings.

As of December 31, 2013, the fair value of Senior Notes due 2018 is hedged for an amount of €300 million (€300 million as of December 31, 2012). The notes carrying value has been adjusted to reflect interest rate fluctuations on the hedged part.

Call options embedded in the senior notes have not been bifurcated as on each exercise date:

- the exercise price of the option is approximately equal to the amortized cost of the senior notes;
- the exercise price approximates the present value of lost interest for the holders of the senior notes.

20.1.3 Securitization programs

The Rexel Group runs several on-going securitization programs which enable it to obtain financing at a lower cost than issuing bonds or incurring bank loans.

The specific characteristics of the Rexel Group's securitization programs vary depending on the country. The relevant subsidiaries remain responsible for the collection of receivables once assigned. These receivables are assigned to special-purpose entities 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 certain programs, the Group also has the option of contributing its receivables in exchange for subscribing the securitization 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 programs, with the exception of an off-balance sheet US program described in the following paragraphs, 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.

In addition to these on-balance sheets programs, in 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 securitization program matures in December 2015.

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 cost. 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 this agreement, credit risk, interest risk and late payments risk attached to the receivables assigned in relation to the Ester program are transferred to the purchaser through the credit and funding discounts. The dilution risk is not considered for risks and rewards analysis as this risk is not attached to the receivables but is analyzed as a risk of misuse of the securitization program as disputed receivables are not eligible to the program or a risk attached to the servicing of the receivables are guaranteed by a collateral. Therefore, receivables sold under this agreement are derecognized from the balance-sheet at the transfer date.

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 December 31, 2013, derecognized receivables totaled €106.3 million (€112.2 million as of December 31, 2012) and the resulting loss was recorded as a financial expense for €5.1 million (€5.3 million in 2012). Carrying value and fair value of cash collected under the servicing agreement in relation to derecognized receivables and not yet transferred to the purchaser totaled €7.3 million and was recognized in financial liabilities (€18.5 as of December 31, 2012).

Securitization programs 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 December 31, 2013, Rexel had satisfied all of these covenants. All the programs are on-going programs and therefore are not subject to seasonality other than seasonality arising in the ordinary course of business.

Information with respect to Rexel's securitization programs including the off-balance sheet programs is provided in the table below:

PROGRAM	COMMITMENT	AMOUNT OF RECEIVABLES ASSIGNED AS OF DECEMBER 31, 2013	AMOUNT DRAWN DOWN AS OF DECEMBER 31, 2013	BALANCE AS OF DECEMBER 31, 2013	2012	REPAYMENT
		(in millions of currency)		*(in millions of euros)*		
2011 – Europe and Australia	EUR 425.0	EUR 531.6	EUR 402.4	402.4	422.3	12/16/2016
United States	USD 470.0	USD 619.9	USD 450.0	326.3	280.7	12/18/2015
Canada(1)	CAD 190.0	CAD 286.4	CAD 190.0	129.5	144.6	11/17/2017
2008 – Europe(2)	EUR 384.0	EUR 421.8	EUR 308.0	308.0	351.8	12/19/2018
TOTAL				**1,166.2**	**1,199.6**	
Of which:						
– on balance sheet				1,067.5	1,099.6	
– off balance sheet (Ester program)				98.7	99.9	

(1) On November 19, 2012, Rexel renewed the securitization program in Canada over a five-year period.
(2) On November 29, 2013, Rexel renewed the securitization program in Europe over a five-year period.

These securitization programs pay interest at variable rates plus a spread which is specific to each program. As of December 31, 2013, the total outstanding amount authorized for these securitization programs was €1,279.3 million, of which €1,166.2 million was used.

20.1.4 Commercial paper program

In September 2010, Rexel launched a €500 million commercial paper program with fixed maturities ranging from one to three months depending on the notes issued to diversify its investor base and minimize the cost of financing.

As of December 31, 2013, the company had issued €119.1 million of commercial paper (€114.8 million as of December 31, 2012).

20.2 Change in net financial debt

As of December 31, 2013 and 2012, the change in net financial debt was as follows:

	FOR THE PERIOD ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
As of January 1	**2,599.2**	**2,078.2**
Issuance of Senior Notes net of transaction cost	1,025.2	376.6
Buy-out of Senior Notes	(640.3)	(69.1)
Net change in term loan facilities	(25.9)	2.6
Transaction costs and refinancing costs	(15.5)	(10.6)
Net change in other credit facilities and bank overdrafts	(14.4)	(9.0)
Net change in credit facilities	**329.1**	**290.6**
Net change in securitization	16.9	14.8
Net change in finance lease liabilities	(48.9)	9.4
Net change in financial liabilities	***297.0***	***314.8***
Change in cash and cash equivalents	(665.2)	125.8
Translation differences	(103.2)	(8.5)
Effect of changes in consolidation scope on gross indebtedness	–	27.4
Amortization of transaction costs	13.8	21.1
Non recurring refinancing costs	23.5	–
Other changes[1]	26.8	40.2
As of December 31	**2,192.0**	**2,599.2**

(1) Of which in 2013, €30.4 million relating to the settlement of interest swap qualified as fair value hedge on the Senior notes due 2016 and in 2012, €43.4 million relating to the recognition of financial lease obligation following amendments to lease agreement of vacant properties in the United Kingdom.

21. Market risks and financial instruments

21.1 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%, 50% on a two-year rolling basis, and 25% on a three-year rolling basis 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 DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Senior Notes and other fixed rate debt	1,866.4	1,522.1
Floating to fixed rate swaps	1,550.0	1,026.1
Fixed to floating rate swaps	(1,525.1)	(938.7)
Sub-total fixed or capped rate instruments	**1,891.3**	**1,609.5**
Floating rate debt before hedging	1,283.4	1,369.0
Floating to fixed rate swaps	(1,550.0)	(1,026.1)
Fixed to floating rate swaps	1,525.1	938.7
Cash and cash equivalents	(957.8)	(291.9)
Sub-total floating rate debt instruments	**300.7**	**989.7**
Total net financial debt	**2,192.0**	**2,599.2**

Fair value hedge derivatives

As of December 31, 2013, the portfolio associated with derivative financial instruments qualified as fair value hedges is as follows:

	TOTAL NOTIONAL AMOUNT *(in millions of currency)*	TOTAL NOTIONAL AMOUNT *(in millions of euros)*	MATURITY	WEIGHTED AVERAGE FIXED RATE RECEIVED	FLOATING RATE PAID	FAIR VALUE [1] *(in millions of euros)*
SWAPS PAYING VARIABLE RATE						
Euro	300.0	300.0	December 2018	1.08%	3M EURIBOR	(0.1)
	500.0	500.0	June 2020	1.19%	3M EURIBOR	(6.0)
American dollar	500.0	362.6	December 2019	1.57%	3M LIBOR	(10.4)
	500.0	362.6	June 2020	1.91%	3M LIBOR	(7.1)
Total		**1,525.1**				**(23.4)**

(1) Derivative instruments are presented at fair value, including accrued interest receivable for €0.8 million.

The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the income statement as interest expenses on borrowings. The changes in fair value of the derivatives and 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 swaps for the period ending December 31, 2013 represented a loss of €37.4 million, partially offset by a gain of €38.9 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 fixed interest rate swap contracts.

Cash-flow hedge swaps mature until June 2016. 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.

19.4 Employee Benefit expense

The expense recognized in the consolidated income statement breaks down as follows:

(in millions of euros)	EXPENSE RECOGNIZED THE NETHERLANDS	UNITED KINGDOM	CANADA	SWITZERLAND	OTHERS	GROUP
Service cost [(1)]	2.3	0.1	3.8	4.5	4.8	15.5
Past service costs [(1)]	(3.0)	–	(0.7)	(1.8)	(1.1)	(6.6)
Net Interest expense [(2)]	(1.1)	4.1	4.1	0.2	405	11.8
Other [(1)]	–	–	–	0.1	0.5	0.6
Expense recognized for the year ended December 31, 2012	**(1.8)**	**4.2**	**7.2**	**3.0**	**8.7**	**21.3**
Service cost [(1)]	2.7	0.1	3.7	5.4	5.3	17.2
Past service costs [(1)]	(0.3)	–	(3.0)	0.2	(5.9)	(8.9)
Net Interest expense [(2)]	0.2	5.1	3.6	0.3	3.8	13.0
Other [(1)]	0.7	–	(0.5)	0.1	0.1	0.4
Expense recognized for the year ended December 31, 2013	**3.3**	**5.2**	**3.8**	**6.0**	**3.2**	**21.6**

(1) Recognized as personnel costs (see note 6) and in other income (see note 7).
(2) Recognized as net financial expenses (see note 8).

As of December 31, 2013, derivative instruments classified as cash flow hedges are as follows:

	TOTAL NOTIONAL AMOUNT *(in millions of currency)*	TOTAL NOTIONAL AMOUNT *(in millions of euros)*	MATURITY	FLOATING RATE RECEIVED	WEIGHTED AVERAGE FIXED RATE PAID	FAIR VALUE (1) *(in millions of euros)*
SWAPS PAYING FIXED RATE						
Euro	200.0	200.0	March 2014	1M EURIBOR	2.12%	(4.0)
American dollar	200.0	145.0	June 2015	1M LIBOR	0.38%	(0.4)
Canadian dollar	90.0	61.3	March 2015	1M C-DOR	1.45%	(0.4)
	90.0	61.3	September 2015	3M C-DOR	1.61%	(0.2)
Australian dollar	100.0	64.8	June 2016	1M BB AUD	2.98%	(0.7)
British pound	50.0	60.0	March 2014	3M LIBOR	0.48%	0.0
Total		**592.5**				**(5.7)**

(1) Derivative instruments are presented at fair value, including accrued interest payable for €4.5 million.

The change in fair value of the cash flow hedging instruments for the period ending December 31, 2013 was recorded as a €2.3 million increase in cash-flow hedge reserve (before tax). The ineffectiveness recognized in 2013 was immaterial.

Derivatives not eligible for hedge accounting

	TOTAL NOTIONAL AMOUNT *(in millions of currency)*	TOTAL NOTIONAL AMOUNT *(in millions of euros)*	MATURITY	FLOATING RATE RECEIVED (PAID)	WEIGHTED AVERAGE FIXED RATE PAID (RECEIVED)	FAIR VALUE (1) *(in millions of euros)*
SWAPS PAYING FIXED RATE						
Euro	62.5	62.5	May 2018	6M EURIBOR	3.21%	(6.4)
American dollar	100.0	72.5	September 2014	3M LIBOR	1.56%	(0.7)
	250.0	181.3	September 2015	3M LIBOR	0.53%	(0.3)
	300.0	217.5	June 2016	3M LIBOR	0.79%	(0.9)
Swedish Krona	1,300.0	146.7	September 2016	3M STIBOR	1.73%	(1.1)
Swiss franc	90.0	73.3	March 2014	3M LIBOR	0.81%	(0.6)
	100.0	81.5	March 2015	3M LIBOR	(0.02)%	0.0
	150.0	122.2	December 2016	3M LIBOR	0.39%	(0.6)
Total		**957.5**				**(10.5)**

(1) Derivative instruments are presented at fair value, including accrued interest payable of €1.8 million.

These derivatives are designated primarily as hedges of variable cash flows arising from interest rate swaps and are not eligible to hedge accounting under IAS 39 provisions.

Sensitivity to interest rate variation

As of December 31, 2013, a 1% increase in interest rates on variable debt after effective interest rate hedging would lead to an increase in the yearly interest expense estimated at €7.8 million and a €25.9 million rise in the fair value of the hedging instruments, of which a €20.6 million financial income and a €5.4 million gain in other comprehensive income, before tax effect.

21.2 Foreign exchange risk

The Group's financing policy is to centralize external borrowings and to provide financing to its foreign subsidiaries in their own functional currencies. The foreign currency risk arises principally from intercompany financings denominated in currencies other than euro and is managed at corporate level. In order to neutralize foreign exchange risk exposure, the group's parent company incurs external indebtedness in foreign currencies other than euro or enters into foreign exchange derivatives (forward contracts or exchange rate swaps). As part of this policy, the group issued senior notes denominated in US dollars in 2012 and 2013 for an aggregate amount of

US$1,000 million of which US$919 million were qualified as net investment hedges of the US group's net assets. As of December 31, 2013, unrealized exchange gains in other comprehensive income related to external borrowings qualified as net investment hedges account for €46.4 million.

As of December 31, 2013, the notional value of foreign exchange derivatives was €0.2 million (€0.1 million of forward sales and €0.1 million of forward purchases). Forward contracts are recognized at their fair value for a net positive amount of €0.6 million. The change in fair value of forward contracts for the period ending December 31, 2013 was recorded as financial loss for €1.8 million.

Sensitivity to changes in foreign exchange rates

The Group's financial statements are presented in euros, and it is therefore required to translate into euro those assets, liabilities, revenues and expenses denominated in currencies other than the euro.

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 €303.1 million and a decrease (increase) in operating income before other income and other expenses of €15.1 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 December 31, 2013 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €84.5 million and €92.5 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 KRONE	SWEDISH KRONA	BRITISH POUND	SWISS FRANC	OTHER CURRENCIES	TOTAL
Financial liabilities	1,762.0	945.0	129.8	96.8	1.6	0.3	151.9	0.5	62.1	3,150.0
Cash and cash equivalents	(1,266.9)	(59.7)	99.1	20.8	(65.2)	175.8	(55.9)	227.1	(33.1)	(957.8)
Net financial position before hedging	**495.1**	**885.3**	**228.9**	**117.6**	**(63.6)**	**176.1**	**96.0**	**227.6**	**29.0**	**2,192.0**
Impact of hedges	6.1	1.1	(9.9)	–	28.1	–	(34.0)	(0.4)	9.0	–
Net financial position after hedging	**501.2**	**886.4**	**219.0**	**117.6**	**(35.5)**	**176.1**	**62.0**	**227.2**	**38.0**	**2,192.0**
Impact of a 5% increase in exchange rates	–	*44.3*	*11.0*	*5.9*	*(1.8)*	*8.8*	*3.1*	*11.4*	*1.9*	*84.5*

21.3 Liquidity Risk

The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its financial liabilities when they are due. The Group aims to maintain the level of its cash and cash equivalents and available credit facilities at an amount in excess of its cash outflows on financial liabilities over the next 12 months.

The contractual repayment schedule of financial liabilities is as follows:

(in millions of euros)	AS OF DECEMBER 31, 2013	2012
DUE WITHIN		
One year	227.9	648.1
Two years	252.2	198.0
Three years	411.5	34.7
Four years	134.3	1,065.2
Five years	798.2	147.8
Thereafter	1,350.9	880.1
Total financial debt	**3,174.9**	**2,973.9**
Transaction costs	(50.0)	(43.1)
Financial debt	**3,124.9**	**2,930.8**

As of December 31, 2013, the remaining contractual cash-flows in relation to financial indebtedness and derivatives, including interest owed, are as follows:

(in millions of euros)	FINANCIAL DEBT & INTERESTS	DERIVATIVES	TOTAL
DUE WITHIN			
One year	372.6	(4.4)	368.2
Two years	395.6	(10.3)	385.3
Three years	546.8	(0.9)	545.9
Four years	259.6	11.4	271.0
Five years	913.4	19.9	933.3
Thereafter	1,448.4	28.7	1,477.1
Total financial deb	**3,936.3**	**44.4**	**3,980.7**

The senior notes issued in May 2011, whose nominal value amounts to €488.8 million, mature in December 2018, the US$500 million senior notes issued in April 2012 mature in December 2019, and the €650 million and the US$500 million senior notes issued in April 2013 mature in June 2020.

The Senior Facility Agreement was refinanced in March 2013 for a period of 5 years ending in March 2018. The Senior Facility Agreement together with the Bilateral Term loans provide a five-year multicurrency revolving credit facility for an aggregate maximum available amount of €1.1 billion which can also be drawn down through swingline loans for an aggregate amount of €165 million (see note 20.1.1).

Lastly, securitization programs mature in 2015, 2016, 2017 and 2018. The financing under 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.

In addition, the trade accounts payable amounted to €2,009.9 million as of December 31, 2013 (€1,937.2 million as of December 31, 2012) and are due in less than one year.

As of December 31, 2013, the Group's liquidity amounted to €1,884.3 million (€1,173.4 million as of December 2012) in excess of €1,656.4 million compared to €227.9 million expected to be paid within the next twelve months with respect to debt repayment.

(in millions of euros)	AS OF DECEMBER 31, 2013	2012
Cash and cash equivalents	957.8	291.9
Bank overdrafts	(54.3)	(77.6)
Commercial paper	(119.1)	(114.8)
Undrawn Senior credit agreement	1,100.0	1,074.1
Others	(0.2)	(0.1)
Liquidity	**1,884.3**	**1,173.4**

21.4 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 guarantees and impairment amounted to €2,062.8 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 €958.1 million as of December 31, 2013 (€342.1 million as of December 31, 2012), which equals the net book value of the aforementioned items.

The maximum counterparty risk on the Group's other financial assets was €496.6 million (€491.7 million as of December 31, 2012) and mainly corresponds to supplier discounts receivable.

22. Summary of financial liabilities

(in millions of euros)	CATEGORY IAS 39	IFRS 7 HIERARCHY*	AS OF DECEMBER 31, 2013 CARRYING AMOUNT	2013 FAIR VALUE	2012 CARRYING AMOUNT	2012 FAIR VALUE
Bonds	AC	1	1,835.6	1,961.1	1,504.3	1,590.6
Other financial debts, including accrued interest	AC		1,289.3	1,289.3	1,426.5	1,426.5
Total financial liabilities			**3,124.9**		**2,930.8**	
Hedging derivatives (1)	FV P&L	2	24.2	24.2	–	–
Hedging derivatives (1)	FV OCI	2	0.4	0.4	4.9	4.9
Other derivative instruments not eligible to hedge accounting	FV P&L	2	7.9	7.9	11.5	11.5
Other liabilities (2)	NA		10.0	NA	10.2	NA
Total other non-current liabilities			**42.5**		**26.6**	
Trade accounts payable	AC		**2,009.9**	**2,009.9**	**1,937.2**	**1,937.2**
Vendor rebates receivable	AC		104.0	104.0	114.6	114.6
Personnel and social obligations (2)	NA		225.9	NA	260.5	NA
VAT payable and other sales taxes (2)	NA		69.1	NA	69.8	NA
Hedging derivatives (1)	FV P&L	2	–	–	–	–
Hedging derivatives (1)	FV OCI	2	0.8	0.8	0.8	0.8
Other derivative instruments not eligible to hedge accounting	FV P&L	2	1.7	1.7	7.6	7.6
Other liabilities	AC		213.0	213.0	201.1	201.1
Deferred income	NA		7.2	NA	6.7	NA
Total other debts			**621.6**		**661.1**	

(1) Specific accounting measurements for hedging.

(2) Not classified as a financial instrument under IAS 39.

Financial liabilities – stated at amortized cost	AC
Fair value through profit or loss	FV P&L
Fair value through other comprehensive income	FV OCI
Not applicable	NA

* For fair value hierarchy see note 2.10.4.

23. Operating leases

The following table details the Group's obligations in relation to operating lease contracts, representing the minimum payments under non-cancelable leases:

	PAYMENTS OUTSTANDING AS OF DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
DUE WITHIN		
One year	201.9	201.9
Two years	147.6	148.8
Three years	103.5	106.8
Four years	65.3	69.3
Thereafter	140.6	130.4
Total	**658.8**	**657.2**

The total expense under operating lease contracts was €214.6 million for the year ended December 31, 2013 (€226.2 million as of December 31, 2012).

24. Related party transactions

Executive compensation

Expenses relating to compensation of the executive committee members of the Group are as follows:

	FOR THE YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Salaries and other short-term benefits	14.1	14.0
Post-employment benefits (service costs)	0.9	1.0
Indemnities at termination of contract	-	3.2
Free shares and stocks options [(1)]	6.1	8.3

(1) Share-based payment expense is detailed in Note 16 – Share based payments.

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 €11.2 million.

25. Litigation & other contingencies

25.1 Litigation

The Rexel Group is subject to legal, administrative and regulatory proceedings in the normal course of its business. A provision is recognized in the balance sheet when it is probable that an outflow of economic benefits 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.

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 fully 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.

The principal tax proceedings involving Group companies as of December 31, 2013 are described below:

Manudax Belgium

Manudax Belgium N.V., one of Hagemeyer's Belgian subsidiaries, entered into voluntary liquidation on November 27, 2000. During 1999 and 2000, Manudax Belgium was subject to a tax reassessment for VAT in connection with fraudulent transactions allegedly entered into by former employees during the period beginning late 1996 until early 1998. The amount of this tax reassessment, including penalties and excluding interest, is €78.2 million. The interest accrued until December 31, 2011 amounts to €78.0 million. All reassessments have been challenged by Manudax Belgium.

In 2013, Manudax's liquidator entered into an agreement with the Belgian tax authorities to settle the matter for an amount of €13 million, and the parties withdrew all pending claims before courts. This agreement has no impact on the results and the financial situation of the Rexel Group, as the investment in Manudax has been entirely written off.

Rexel Distribution (absorbed by Rexel Développement in 2011)

The French tax authorities alleged that the selling price of Rexel Distribution's shareholding in Rexel Inc. (Rexel's US subsidiary), transferred in 2005 to its Luxembourg subsidiary Rexel Luxembourg, was €46 million lower than its market value, resulting in an income tax reassessment of €18 million, which was covered in full by a provision. In March 2011, the case was referred to the Administrative Court, which issued a judgment in November 2012 rejecting the tax reassessment entirely. The tax authorities lodged an appeal in January 2013.

Rexel

Following a tax audit, Rexel received in December 2011 a proposed tax reassessment in which the French tax authorities allege that Rexel did not demonstrate that its borrowings from Ray Finance LP (subsidiary of Ray Investment SARL) amounting to €952 million were real transactions; they also alleged that Ray Finance LP enjoyed a privileged tax regime and accordingly, rejected the deduction of €91 million of interest expense related to the 2005 to 2007 tax years. Rexel disputes the tax authority's position entirely. A provision amounting to €32 million was recorded by writing down deferred tax assets on tax losses carried forward.

Hagemeyer Finance BV Finnish branch

In a preliminary report, Finnish tax authorities asserted that the interest on the financing used to acquire Elektroskandia Oÿ in 2008 should be allocated to the Dutch head office of Hagemeyer Finance BV, rather than to the Finnish branch. The Group disputed this analysis in a response letter sent in September 2013. The tax amount at stake for the period 2008-2013 amounted to 11.2 million euros. Rexel considers that it is more likely than not that the matter will be resolved favorably for Rexel and has therefore not recorded a provision.

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.

25.2 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 as of the balance sheet date, except where stated otherwise.

Tax warranties

In connection with previous divestment transactions, the Group committed to indemnify purchasers for tax liabilities of the companies sold relating to events occurred prior to their sale.

As of December 31, 2013, only Techpac Holdings Ltd has notified to Hagemeyer N.V. various claims under the warranty provisions of the Share Sale Agreement dated June 12, 2003 between several Hagemeyer group companies as "Vendors" and Techpac Holdings Ltd as "Purchaser" ("the SSA"). The claims relate mainly to tax litigations between Tech Pacific India Ltd and the Indian tax authorities. The SSA provides for full indemnification by the Vendor to the Purchaser as long as claims by tax authorities are not barred. Hagemeyer N.V. has recorded a provision amounting to €1.8 million to cover those risks.

Environmental warranty

Under an agreement signed on February 28, 2003 with Ashtenne, a real estate company, concerning a sale and leaseback transaction relating to 45 sites in Europe, the Group agreed to indemnify the purchaser for any environmental liabilities with respect to third party claims and governmental injunctions. This warranty covers a maximum of €4 million free of VAT 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 June 30, 2001, the Group sold the non-electrical portion of its business, namely Plumbing and Waterworks, Refrigeration & HVAC and Industrial Products, operated by various wholly-owned subsidiaries in Canada for CAD$550 million. As part of the purchase and sale agreement, the Group retained certain liabilities of the businesses which related to events occurring prior to the sale, such as taxes, acquisition earn-outs to prior owners, litigation and employment matters. The Group 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 Group. According to the purchase and sale agreement, the Group will be released from its obligations under these warranties over a 15-year period with the final obligations being released in 2016.

26. Events after the reporting period

On January 7, 2014 the Group completed the acquisition of Esabora Digital Services pursuant to a share purchase agreement dated November 14, 2013. This company, based in France, is specialized in editing advanced software tools for electrical contractors and installers. The consideration transferred was €7.0 million including €0.2 of cash acquired.

27. Consolidated entities as of December 31, 2013

All subsidiaries are fully integrated.

	HEAD OFFICE	% INTEREST
FRANCE		
Holding companies and Group services companies		
Rexel	Paris	Parent company
Rexel Développement S.A.S.	Paris	100.00
Rexel Amérique latine S.A.S.	Paris	100.00
Operating companies		
Rexel France S.A.S.	Paris	100.00
Société Coaxel Toulousaine	Paris	100.00
Dismo France S.A.S.	St-Ouen l'Aumône	100.00
Espace Elec S.A.S.	Ajaccio	100.00
SCI Adour Bastillac	Paris	70.00
Société Immobilière d'Investissement Parisienne S.N.C.	Paris	100.00
BizLine S.A.S.	Paris	100.00
Citadel S.A.S.	Paris	100.00
Conectis S.A.S.	Paris	100.00
Francofa Eurodis S.A.S.	Rosny-sous-Bois	100.00
R-Scan	Pacé	100.00
Distodiag	Pacé	100.00
Enerlogy	Pacé	100.00
SBEM	Pacé	100.00
Eurobat	Croissy-Beaubourg	100.00
La Boîte Electrique	Paris	100.00
EUROPE		
Germany		
Rexel GmbH	Munich	100.00
Hagemeyer Deutschland GmbH & Co KG	Munich	100.00
Hagemeyer Deutschland Verwaltungs GmbH	Munich	100.00
Hagemeyer Beteiligungs GmbH	Munich	100.00
Silstar Deutschland GmbH	Emmerich	100.00
Hagemeyer Holding Deutschland GmbH	Munich	100.00
United Kingdom		
Rexel Senate Ltd.	Potters Bar	100.00
Denmans Electrical Wholesalers Ltd.	Potters Bar	100.00
Senate Group Ltd.	Potters Bar	100.00
Rexel (UK) Holdings Ltd.	Potters Bar	100.00
Rexel (UK) Ltd.	Potters Bar	100.00
Newey & Eyre Ltd.	Potters Bar	100.00
Parker Merchanting Limited	Potters Bar	100.00

	HEAD OFFICE	% INTEREST
WF Electrical Plc	Potters Bar	100.00
Newey & Eyre (C.I.) Ltd.	Guernsey	100.00
Warrior Ltd.	Potters Bar	100.00
H.A. Wills (Southampton) Ltd.	Potters Bar	100.00
Rexel UK Pension Trustees Ltd.	Potters Bar	100.00
A&A Security Technologies Limited	Potters Bar	100.00
Defiance Contractor Tools Limited	Potters Bar	100.00
J&N Wade Limited	Potters Bar	100.00
Clearlight Electrical Company	Potters Bar	100.00
Power Industries Limited	Potters Bar	100.00
OLC Limited	Potters Bar	100.00
Sweden		
Rexel Sverige AB	Älvsjö	100.00
Moel AB	Bredaryd	100.00
Austria		
Rexel Central Europe Holding GmbH	Vienna	100.00
Rexel Austria GmbH	Vienna	100.00
Schäcke GmbH	Vienna	100.00
Regro Elektro-Grosshandel GmbH	Vienna	100.00
The Netherlands		
B.V. Electrotechnische Groothandel J.K. Busbroek	Zwolle	100.00
Rexel Nederland B.V.	Gouda	100.00
Cosa Liebermann B.V.	Hoofddorp	100.00
Hagemeyer NV	Hoofddorp	100.00
Hagemeyer Finance B.V.	Hoofddorp	100.00
Borsu International B.V.	Hoofddorp	100.00
Rexel NCE B.V.	Hoofddorp	100.00
Italy		
Rexel Italia SpA	Milano	100.00
Spain		
ABM-Rexel SL	Madrid	100.00
Erka Materiales Eléctricos, S.L.	Renteria	100.00
Suministros Eléctricos Erka, S.L.	Renteria	100.00
Belgium		
Rexel Belgium S.A.	Zellik	100.00
Portugal		
Rexel Distribuição de Material Elecrico S.A.	Lisboa	100.00
Ireland		
Rexel Electrical Supply & Services Holding Ltd.	Dublin	100.00
M Kelliher 1998 Ltd.	Tralee	100.00

	HEAD OFFICE	% INTEREST
Hagemeyer Industrial Ireland Ltd.	Limerick	100.00
Switzerland		
Elektro Material AG	Zurich	100.00
Luxembourg		
Rexel Luxembourg S.A.	Luxembourg	100.00
Rexel RE S.A.	Luxembourg	100.00
Czech Republic		
Rexel CZ s.r.o.	Brno	100.00
Slovakia		
Hagard. Hal, spol. Sr.o.	Nitra	100.00
Hungary		
Rexel Hungary General Supply & Services kft	Fót	100.00
Slovenia		
Elektronabava d.o.o.	Ljubljana	100.00
Poland		
Elektroskandia Polska S.A.	Poznan	100.00
Russia		
OOO Elektroskandia Rus	St. Petersburg	100.00
Estonia		
OÜ Elektroskandia Baltics	Tallinn	100.00
Finland		
Rexel Finland Oy	Hyvinkää	100.00
Norway		
Elektroskandia Norge AS	Oslo	100.00
Elektroskandia Norway Holding AS	Oslo	100.00
SOUTH AMERICA		
Peru		
Rexel Peru Holding S.A.C.	Lima	100.00
Rexel Peru S.A.C.	Lima	100.00
Chile		
Rexel Chile SA	Santiago	100.00
Flores y Kersting SA	Santiago	100.00
Brazil		
Delamano Montagens e Instalações Industriais	Santo Andre	100.00
Nortel Suprimentos Industrias S.A.	Campinas	100.00
NORTH AMERICA		
United States		
Rexel Holdings USA Corp.	Dallas	100.00
Rexel Inc.	Dallas	100.00
SKRLA LLC	Dallas	100.00

	HEAD OFFICE	% INTEREST
SPT Holdings Inc.	Dallas	100.00
Rexel of America LLC	Dallas	100.00
Rexel Patriot Acquisition, LLC	Dallas	100.00
Consolidated Electrical Supply Limited	Dallas	99.80
General Supply & Services Inc.	Dallas	100.00
Gesco General Supply & Services Puerto Rico LLC	Shelton	100.00
General Supply & Services Malaysia LLC	Shelton	100.00
General Supply & Services Macau LLC	Shelton	100.00
General Supply & Services Indonesia LLC	Shelton	100.00
General Supply & Services SA Holding LLC	Shelton	100.00
Canada		
Rexel North America Inc.	St Laurent	100.00
Rexel Canada Electrical Inc.	Mississauga	100.00
Liteco Inc.	Fredericton	100.00
ASIA-OCEANIA		
Hong Kong SAR		
Rexel Hong Kong Ltd.	Kowloon	100.00
Huazhang Electric Automation Holding Co Ltd.	Hong Kong	70.00
LuckyWell Int'l Investment Ltd.	Hong Kong	100.00
China		
Rexel Hailongxing Electrical Equipment Co., Ltd.	Beijing	65.00
Rexel Hualian Electric Equipment Commercial Co., Ltd.	Shanghai	65.00
Zhejiang Huazhang Automation Equipment Co., Ltd.	Huanzhou	70.00
GE Supply (Shanghai) Co., Ltd.	Shanghai	100.00
Rexel China Management Co., Ltd.	Shanghai	100.00
Suzhou Xidian Co., Ltd.	Suzhou	100.00
Beijing LuckyWell-ZN Electrical Co., Ltd.	Beijing	100.00
Beijing ZhongHeng Hengxin Automation Co., Ltd.	Beijing	65.00
Henan Qixin Automation Equipment Co., Ltd.	Zhengzhou	65.00
Shanghai Suhua Industrial Control Equipment Co. Ltd	Shanghai	100.00
LinElec Business Consulting (Shanghai) Limited	Shanghai	100.00
India		
Yantra Automotion Private Limited	Pune	100.00
Rexel India Private Limited	Mumbai	100.00
A.D. Electronics Private Limited	Mumbai	100.00
Macau SAR		
Gexpro Supply (Macau) Company Limited	Macau	100.00
Korea		
Gexpro korea Co., Ltd.	Seoul	100.00
Indonesia		
P.T. Hagemeyer Cosa Liebermann	Jakarta	100.00

	HEAD OFFICE	% INTEREST
Pt General Supply & Services Indonesia	Jakarta	100.00
Malaysia		
General Supply & Services (M) SND BHD	Kuala Lumpur	100.00
Singapore		
Gexpro Asia Pte Ltd.	Singapore	100.00
Rexel South East Asia Pte Ltd.	Singapore	100.00
Luxlight Pte, Ltd.	Singapore	100.00
Thailand		
Rexel General Supply and Services Co., Ltd.	Bangkok	49.00
Rexel Quality Trading Co., Ltd.	Bangkok	70.00
Vietnam		
Rexel Vietnam Co., Ltd.	Ho Chi Minh City	100.00
Australia		
Rexel Holdings Australia Pty Ltd.	Sydney	100.00
Rexel Electrical Supplies Pty Ltd.	Sydney	100.00
Australian Regional Wholesalers Pty Ltd.	Sydney	100.00
EIW Holding Pty Ltd.	Sydney	100.00
Hagemeyer Holdings (Australia) Pty Ltd.	Sydney	100.00
New Zealand		
Rexel New Zealand Limited	Auckland	100.00
Redeal Pensions Ltd	Auckland	100.00
Kingdom Saudi Arabia		
Rexel Services KSA LLC	Riyadh	100.00
United Arab Emirates		
Redco FZE	Dubaï	100.00

ANNEX A

This Annex A contains the English version of our Activity Report for the three month period ended 31 March 2015 (the "Q1 Activity Report"). The information in this Annex A has not been updated since April 30, 2015, 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 memorandum to the extent that a statement contained in this offering memorandum 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 memorandum. 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 memorandum.

REXEL
a world of energy

PRESS RELEASE
Paris, April 30, 2015

Q1 2015 RESULTS (unaudited)
SALES UP 7.1% ON A REPORTED BASIS
AND BROADLY STABLE ON A CONSTANT AND SAME-DAY BASIS
RESILIENT GROSS MARGIN OF 24.7%
ADJUSTED EBITA MARGIN OF 4.0%
EARLY REDEMPTION OF THE 7% EUR SENIOR NOTES DUE DEC. 2018
DIVESTMENT OF OPERATIONS IN LATIN AMERICA
FULL-YEAR 2015 TARGETS CONFIRMED

→ SALES OF €3,286.2m
- **Up 7.1% on a reported basis, boosted by a positive currency effect of 8.0%**
- **Broadly stable on a constant and same-day basis (-0.4% including negative copper effect; stable excluding negative copper effect)**

→ RESILIENT GROSS MARGIN OF 24.7%
- **Down 10bps year-on-year**

→ ADJUSTED EBITA MARGIN OF 4.0%
- **Down 45bps year-on-year: solid profitability in Europe while the results in North America continued to be impacted by the ongoing business transformation program in the US**

→ EARLY REDEMPTION OF THE 7% EUR SENIOR NOTES DUE DEC. 2018

→ DIVESTMENT OF OPERATIONS IN LATIN AMERICA

→ FULL-YEAR 2015 TARGETS CONFIRMED

Q1 2015 key figures[1]		YoY change
Sales	**€3,286.2m**	
On a reported basis		+7.1%
On a constant and actual-day basis		-1.0%
On a constant and same-day basis		-0.4%
Adjusted EBITA	**€130.1m**	**-11.2%**
As a percentage of sales	4.0%	
Change in bps as a % of sales	-45bps	
Reported EBITA	**€125.7m**	**-6.3%**
Operating income	**€103.9m**	**-6.7%**
Net income	**€20.7m**	**-52.0%**
Recurring net income	**€50.0m**	**-14.7 %**
Free cash flow before interest and tax	**€(148.7)m**	**vs. €(82.7)m**
Net debt at end of period	**€2,652.5m**	**+10.3%**

[1] See definition in the Glossary section of this document

Rudy PROVOOST, Chairman of the Management Board and CEO, said:

"In the first quarter, Rexel's sales grew by 7.1%, supported by a strong positive currency effect. On a constant and same-day basis, sales were broadly stable. In this context, Rexel posted solid profitability in Europe while the results in North America continued to be impacted by the ongoing business transformation program in the US.

Moreover, we further optimized our financing, leading to a reduction of our financial expenses through the early redemption of senior notes carrying a high coupon. Regarding the full year, we are confirming our 2015 financial targets, despite the challenging environment.

We are also announcing today the first step in our portfolio rationalization program, announced on February 12, with the decision to divest our businesses in Latin America and refocus on our three main geographies, Europe, North America and Asia-Pacific."

FINANCIAL REVIEW FOR THE PERIOD ENDED MARCH 31, 2015

- *Financial statements as of March 31, 2015 were authorized for issue by the Board of Directors on April 29, 2015. They are not audited by statutory auditors.*
- *The following terms: EBITA, Adjusted EBITA, EBITDA, Free Cash Flow and Net Debt are defined in the Glossary section of this document.*
- *Unless otherwise stated, all comments are on a constant and adjusted basis and, for sales, at same number of working days.*

SALES

In Q1 2015, Rexel posted stable sales on a constant and same-day basis, excluding copper effect

In the first quarter, Rexel posted sales of €3,286.2 million, up 7.1% on a reported basis and down 0.4% on a constant and same-day basis. Excluding the 0.4% negative impact due to the change in copper-based cable prices, sales were stable on a constant and same-day basis.

The 7.1% increase in sales on a reported basis reflected:

- A positive currency effect of €245.3 million (mainly due to the appreciation of the US dollar against the euro),
- A positive effect of €6.5 million from recent acquisitions (Elevite in Switzerland, 4 Knights in Thailand, Beijing Ouneng and Shanghai Maxqueen in China),
- A negative calendar effect of 0.6 percentage points.

Europe (54% of Group sales): -0.1% on a constant and same-day basis

In the first quarter, sales in Europe increased by 1.5% on a reported basis and were broadly stable on a constant and same-day basis (-0.1%).

- In France (33% of the region's sales), sales continued to reflect a challenging environment. They were down 3.6% year-on-year, impacted by a strong drop in cable sales (-5.9%). Excluding cables, sales were down 3.3%. Over 2 years, sales improved sequentially: Q1 2015 vs. Q1 2013 was down only 4.0% while Q4 2014 vs. Q4 2012 was down 5.1%.

- In the UK (15% of the region's sales), sales were down 1.2% on a constant and same-day basis, impacted by a strong 24% drop in sales of photovoltaic equipment. Excluding this impact, sales were broadly stable (-0.2%). Over 2 years, sales improved sequentially: Q1 2015 vs. Q1 2013 was down only 0.5% while Q4 2014 vs. Q4 2012 was down 3.6%.

- In Germany (11% of the region's sales), sales returned to positive territory (+0.2%). Over 2 years, sales improved sequentially: Q1 2015 vs. Q1 2013 was up 1.4% while Q4 2014 vs. Q4 2012 was down 5.7%.

- In Scandinavia (12% of the region's sales), sales continued to post solid growth of 7.6% year-on-year.

- In other European countries, performance was as follows:
  - Sales in Belgium and Austria were up 3.1% and 3.3% respectively year-on-year,
  - Spain posted double-digit growth (+24.3% year-on-year), thanks to strong domestic and export activity,
  - In Switzerland, sales were down 2.1%, impacted by lower pricing due to the evolution of the Swiss franc while volumes were slightly up.
  - In Italy and in the Netherlands, conditions remained difficult with sales down 7.6% and 13.2% respectively year-on-year.

North America (34% of Group sales): -0.2% on a constant and same-day basis

In the first quarter, sales in North America were up 16.1% on a reported basis including a significant positive currency effect of €175.9m (mainly due to the appreciation of the American dollar against the euro). On a constant and same-day basis, sales were broadly stable (-0.2%), significantly impacted by lower cable prices. Excluding cables, sales were up 0.4%.

- In the US (76% of the region's sales), sales were up 0.2% year-on-year, reflecting the differing situation in the 3 end-markets:
  - The industrial end-market was impacted by commodity deflation, export headwinds due to the strength of the USD and weakness in the Oil & gas sector as from March, mainly in upstream applications,
  - The residential end-market was impacted by softening housing starts,
  - Underlying trends in the non-residential end-market remain healthy.
- In Canada (24% of the region's sales), sales were down 1.5% year-on-year, reflecting:
  - The slowdown in Western Canada as from February, especially in Alberta, due to weakness in the Oil & Gas sector,
  - A weak economy in the province of Quebec, including a drop in sales to the mining industry as a large project ended at the start of Q2 2014,
  - And a strong drop in sales of photovoltaic equipment which dropped by 60% ; excluding this impact, sales in Canada were up 0.4%

Asia-Pacific (10% of Group sales): -2.5% on a constant and same-day basis

In the first quarter, sales in Asia-Pacific were up 12.7% on a reported basis, including a significant positive effect of €34.3m from currencies (primarily the Chinese Yuan against the euro) and a positive effect of €9.8m from the acquisitions of 4 Knights International in Thailand and Beijing Ouneng and Shanghai Maxqueen in China. On a constant and same-day basis, sales were down 2.5%.

- In Asia (51% of the region's sales), sales were up 2.5%:
  - In China (67% of Asia), sales were down 5.0% due to a challenging base effect (Q1 2014 sales posted 25.9% growth) and a 49% drop in wind sales ; excluding wind sales, sales were down only 2.5%.
  - In South-East Asia (23% of Asia), sales were up 6.2%, driven by mainstream business and lighting projects, offsetting pressure on sales to the Oil & Gas industry,
  - In the Middle-East (6% of Asia), sales almost tripled to €9.1m.
- In the Pacific (49% of the region's sales), sales were down 7.3%:
  - In Australia (81% of Pacific), sales were down 7.5%, reflecting continuing low sales to the mining industry, lower project activity and the impact of branch closures. Excluding the impact of branch closures, sales were down 4.3%,
  - In New Zealand (19% of Pacific), sales were down 6.5%, mainly attributable to weak performance in Upper North Island and a branch closure.

Latin America (2% of Group sales): -1.1% on a constant and same-day basis

In the first quarter, sales in Latin America were up 2.7% on a reported basis, including a positive currency effect of €2.4m (mainly due to the appreciation of the Chilean peso against the euro).
On a constant and same-day basis, sales decreased by 1.1%, reflecting diverging performance from country to country:

- In Brazil (56% of the region's sales), sales were down 0.3%.
- In Chile (31% of the region's sales), sales were down 11.9% in the quarter, reflecting a challenging base effect (sales in Q1 2014 were up 14.7%), the continued impact of low commodity prices on sales to the mining industry and an exceptional flooding disaster in Northern Chile.
- In Peru (13% of the region's sales), sales increased by 32.4% thanks to increased customer penetration.

PROFITABILITY

Resilient Gross margin of 24.7%
Adjusted EBITA of €130.1m, at 4.0% of sales, down 45bps year-on-year, mainly impacted by ongoing transformational project in the US

In the first quarter, gross margin stood at 24.7%, down 10 basis points year-on-year. Europe and North America proved resilient, both with limited drops of 6 basis points, while Asia-Pacific and Latin America were mainly impacted by poor sales performance in Australia and in Chile respectively.

Adjusted EBITA margin stood at 4.0% in the first quarter, down 45 basis points year-on-year. By geography, the drop in adjusted EBITA margin can be broken down as follows:

- In **Europe**, adjusted EBITA margin was stable at 5.9%, reflecting the region's solid profitability,
- In **North America**, adjusted EBITA margin stood at 2.7%, down 77 basis points, representing around 55% of the 45 basis-point drop at Group level, still impacted by ongoing transformational projects in the US,
- In **Asia-Pacific**, adjusted EBITA margin stood at 2.0%, down 68 basis points, mainly impacted by poor sales performance in the Pacific region,
- In **Latin America**, adjusted EBITA margin was negative at 2.4%, down 185 basis points, impacted by reduced gross margin in Chile and lag in operating expense adjustment.

In the first quarter, reported EBITA stood at €125.7 million, down 6.3% year-on-year.

NET INCOME

Reported net income at €20.7m, mainly impacted by one-off costs from financing optimization

Operating income stood at €103.9 million, down 6.7% year-on-year.

- Amortization of intangibles resulting from purchase price allocation amounted to €4.4 million (vs. €4.1 million in Q1 2014).
- Other income and expenses amounted to a net charge of €17.4 million (vs. a net charge of €18.7 million in Q1 2014). They included €15.3 million of restructuring costs (vs. €13.7 million in Q1 2014).

Net financial expenses amounted to €72.2 million in the quarter (vs. €46.3 million in Q1 2014) and included a one-off cost of €19.6 million, due to the early redemption of the 7.000% EUR Senior notes due December 2018. The average effective interest rate decreased by 50 basis points year-on-year: it stood at 4.5% on gross debt (vs. 5.0% in Q1 2014).

Income tax represented a charge of €11.0 million. The effective tax rate was 34.7% (vs. 33.7% in Q1 2014).

Net income was down 52.0%, at €20.7 million (vs. €43.2 million in Q1 2014).

Recurring net income amounted to €50.0 million, down 14.7% year-on-year (see appendix 2).

FINANCIAL STRUCTURE

Net debt impacted by an unfavorable currency effect of €182.6m

In the quarter, free cash flow before interest and tax was an outflow of €148.7 million (vs. an outflow of €82.7 million in Q1 2014). This net outflow included:

- Gross capital expenditure of €27.0 million (vs. €18.2 million in Q1 2014),
- An outflow of €246.2 million from change in working capital (vs. an outflow of €192.6 million in Q1 2014) on a reported basis.

At March 31, 2015, net debt stood at €2,652.5 million, up 10.3% year-on-year (vs. 2,405.3 million at March 31, 2014).

It took into account:

- €41.4 million of net interest paid,
- €34.0 million of income tax paid,
- €182.6 million of unfavorable currency effect.

Active balance-sheet management

Rexel actively manages its balance sheet in order to continuously optimize its financial structure and further reduce its financial expenses.

On March 16, Rexel redeemed its 7.000% EUR Senior notes due Dec. 2018 for a nominal amount of €488.8m. A net charge of €19.6m was recognized in Q1 2015 financial expenses, taking into account:

- A charge of €25.4m from the "Make whole" premium,
- A charge of €3.9m from the accelerated amortization of the remaining financing fees,
- A profit of €9.7m from fair value adjustments.

This step will allow savings on financial expenses of c. €34m per annum from 2016 to 2018 and its Net Present Value (NPV) is €100m.

Market conditions permitting, Rexel envisions redeeming its 6.125% USD Senior notes due Dec. 2019 and replacing them by a new financing at improved terms. The Senior notes represented an outstanding amount of €466.0m as of March 31, 2015 and are callable as from Dec. 2015. The contemplated refinancing should generate a gain in Net Present Value.

ACQUISITION

Rexel enters the datacenter market in China and strengthens its building automation value proposition with the acquisition of Shanghai Maxqueen

In February, Rexel acquired 60% of Shanghai Maxqueen, a leading distributor of building automation systems and related value-added services in China. Based in Shanghai, this company distributes data communication/cabling solutions, power management and cooling system mainly serving the banking, public and commercial building end-markets. With c.130 employees, 7 branches and 4 warehouses, Shanghai Maxqueen posted sales of c.€20 million in 2014.

a world of energy

DIVESTMENT

Rexel divests its operations in Latin America

Rexel announced today, in a separate press release, the sale of its operations in Latin America to Sonepar for an enterprise value of USD51m (c. €47m at latest exchange rate).

This divestment is part of the disposal plan announced on February 12, 2015 and represents about 40% of the total plan, which should be completed by end 2016.

In 2014, Latin America contributed €256.8m to Rexel's consolidated sales (down 3.8% organically year-on-year) and a €3.3m loss to Rexel's adjusted EBITA (vs. a profit of €0.8m in 2013).

Based on full-year 2014 consolidated accounts, the divestment of Latin America would have the following financial impacts:

- A reduction of 2% in the Group's consolidated sales,
- A positive contribution of 8bps to the Group's adjusted EBITA margin,
- A slight increase in the Group's free cash flow before interest and tax.

This transaction should represent an estimated loss of about 70 million euros, before tax.

Through this divestment, Rexel will refocus its resources and management efforts on its three main geographies (Europe, North America and Asia-Pacific) and continue its targeted acquisition policy in these regions.

The transaction remains subject to approval by the relevant anti-trust authorities.

OUTLOOK

In an environment that remains challenging, Rexel confirms its full-year 2015 financial targets (at 2014 constant structure):

- **Organic sales growth of between -2% and +2%** (on a constant and same-day basis)**,**
- **Adjusted EBITA margin of between 4.8% and 5.2%** (vs. 5.0% recorded in 2014)**,**
- **Solid free cash flow of:**
  - At least 75% of EBITDA before interest and tax,
  - Around 40% of EBITDA after interest and tax.

At its shareholders' meeting to be held on May 27:

- **Rexel will propose a dividend of €0.75 per share:**
  - Stable vs. dividend paid in 2014, reflecting Rexel's confidence in its structural ability to generate strong cash-flow throughout the cycle
  - In line with the Group's policy to pay out at least 40% of recurring net income
- **Rexel will propose to maintain:**
  - The principle of "One share = One vote"
  - Board neutrality in a takeover situation

REPORTED 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 is defined as EBITA excluding the estimated non-recurring net impact from changes in copper-based cable prices.

EBITDA (EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION) is defined as operating income before depreciation and amortization and before other income and other expenses.

RECURRING NET INCOME is defined as net income adjusted for non-recurring copper effect, other expenses and income, non-recurring financial expenses, net of tax effect associated with the above items.

FREE CASH FLOW is defined as cash from operating activities minus net capital expenditure.

NET DEBT is defined as financial debt less cash and cash equivalents. Net debt includes debt hedge derivatives.

APPENDICES

Appendix 1: Segment reporting – Constant and adjusted basis*

** Constant and adjusted = at comparable scope of consolidation and exchange rates, excluding the non-recurring effect related to changes in copper-based cables price and before amortization of purchase price allocation; the non-recurring effect related to changes in copper-based cables price was, at the EBITA level, a loss of €2.7 million in Q1 2014 and a loss of €4.4 million in Q1 2015.*

GROUP

Constant and adjusted basis (€m)	Q1 2014	Q1 2015	Change
Sales	3,319.1	**3,286.2**	**-1,0%**
on a constant basis and same days			***-0,4%***
Gross profit	824,3	**812.7**	**-1.4%**
as a % of sales	*24.8%*	*24.7%*	*-10bps*
Distribution & adm. expenses (incl. depreciation)	(677,8)	(682.6)	+0.7%
EBITA	146.4	**130.1**	**-11,2%**
as a % of sales	*4.4%*	*4.0%*	*-45bps*
Headcount (end of period)	30,079	**29,804**	**-0.9%**

EUROPE

	Constant and adjusted basis (€m)	Q1 2014	Q1 2015	Change
Sales		1,791.5	**1,785.5**	**-0.3%**
	on a constant basis and same days			***-0.1%***
o/w	France	611.3	**589.0**	*-3.6%*
	on a constant basis and same days			*-3.6%*
	United Kingdom	279.7	**276.2**	*-1.2%*
	on a constant basis and same days			*-1.2%*
	Germany	197.7	**194.9**	*-1.4%*
	on a constant basis and same days			*+0.2%*
	Scandinavia	204.8	**220.4**	*+7.6%*
	on a constant basis and same days			*+7.6%*
Gross profit		492.5	**489.7**	**-0.6%**
	as a % of sales	*27.5%*	*27.4%*	*-6bps*
Distribution & adm. expenses (incl. depreciation)		(387.7)	(385.1)	-0.7%
EBITA		104.8	**104.6**	**-0.1%**
	as a % of sales	*5.9%*	*5.9%*	*+1bps*
Headcount (end of period)		16,554	**16,198**	**-2.2%**

NORTH AMERICA

Constant and adjusted basis (€m)		Q1 2014	Q1 2015	Change
Sales		1,145.1	**1,128.5**	**-1.4%**
	on a constant basis and same days			***-0.2%***
o/w	United States	872.7	**860.1**	*-1.4%*
	on a constant basis and same days			*+0.2%*
	Canada	272.4	**268.4**	*-1.5%*
	on a constant basis and same days			*-1.5%*
Gross profit		255.1	**250.8**	**-1.7%**
as a % of sales		*22.3%*	*22.2%*	*-6bps*
Distribution & adm. expenses (incl. depreciation)		(214.8)	(219.8)	+2.3%
EBITA		40.3	**31.0**	**-23.0%**
	as a % of sales	*3.5%*	*2.7%*	*-77bps*
Headcount (end of period)		8,508	**8,621**	**1.3%**

ASIA-PACIFIC

Constant and adjusted basis (€m)		Q1 2014	Q1 2015	Change
Sales		317.0	**307.6**	**-2.9%**
	on a constant basis and same days			***-2.5%***
o/w	China	110.3	**104.8**	*-5.0%*
	on a constant basis and same days			*-5.0%*
	Australia	131.7	**121.8**	*-7.6%*
	on a constant basis and same days			*-7.5%*
	New Zealand	30.5	**28.5**	*-6.5%*
	on a constant basis and same days			*-6.5%*
Gross profit		62.1	**58.7**	**-5.4%**
	as a % of sales	*19.6%*	*19.1%*	*-49bps*
Distribution & adm. expenses (incl. depreciation)		(53.5)	(52.5)	-1.9%
EBITA		8.5	**6.2**	**-27.3%**
	as a % of sales	*2.7%*	*2.0%*	*-68bps*
Headcount (end of period)		3,218	**3,340**	**3.8%**

LATIN AMERICA

Constant and adjusted basis (€m)		Q1 2014	Q1 2015	Change
Sales		65.3	**64.6**	**-1.1%**
	on a constant basis and same days			***-1.1%***
o/w	Brazil	36.5	**36.4**	*-0.3%*
	on a constant basis and same days			*-0.3%*
	Chile	22.5	**19.9**	*-11.9%*
	on a constant basis and same days			*-11.9%*
	Peru	6.3	**8.3**	*+32.4%*
	on a constant basis and same days			*+32.4%*
Gross profit		14.4	**13.5**	**-6.6%**
	as a % of sales	*22.1%*	*20.8%*	*-122bps*
Distribution & adm. expenses (incl. depreciation)		(14.8)	(15.0)	+1.6%
EBITA		(0.4)	**(1.6)**	**n.a.**
	as a % of sales	*-0.6%*	*-2.4%*	*-185bps*
Headcount (end of period)		1,564	**1,382**	**-11.6%**

a world of energy

Appendix 2: Extract of Financial Statements

CONSOLIDATED INCOME STATEMENT

Reported basis (€m)	Q1 2014	Q1 2015	Change
Sales	**3,067.3**	**3,286.2**	**+7.1%**
Gross profit	**764.1**	**808.0**	**+5.7%**
as a % of sales	*24.9%*	*24.6%*	
Distribution & adm. expenses (excl. depreciation)	(610.1)	(660.3)	+8.2%
EBITDA	**154.0**	**147.7**	**-4.1%**
as a % of sales	*5.0%*	*4.5%*	
Depreciation	(19.8)	(22.0)	
EBITA	**134.2**	**125.7**	**-6.3%**
as a % of sales	*4.4%*	*3.8%*	
Amortization of intangibles resulting from purchase price allocation	(4.1)	(4.4)	
Operating income bef. other inc. and exp.	**130.1**	**121.3**	**-6.8%**
as a % of sales	*4.2%*	*3.7%*	
Other income and expenses	(18.7)	(17.4)	
Operating income	**111.3**	**103.9**	**-6.6%**
Financial expenses (net)	(46.3)	(72.2)	
Net income (loss) before income tax	**65.1**	**31.7**	**-51.3%**
Income tax	(21.9)	(11.0)	
Net income (loss)	**43.2**	**20.7**	**-52.0%**
Net income (loss) attr. to non-controlling interests	0.1	(0.4)	
Net income (loss) attr. to equity holders of the parent	**43.1**	**21.1**	**-51.0%**

BRIDGE BETWEEN OPERATING INCOME BEFORE OTHER INCOME AND OTHER EXPENSES AND ADJUSTED EBITA

in €m	Q1 2014	Q1 2015
Operating income before other income and other expenses	**130.1**	**121.3**
Change in scope of consolidation	0.5	
Foreign exchange effects	9.1	
Non-recurring effect related to copper	2.7	4.4
Amortization of intangibles assets resulting from PPA	4.1	4.4
Adjusted EBITA on a constant basis	**146.4**	**130.1**

Recurring Net Income

In millions of euros	Q1 2014	Q1 2015	Change
Reported net income	43.2	**20.7**	**-52.0%**
Non-recurring copper effect	2.7	**4.4**	
Other expense & income	18.7	**17.4**	
Financial expense	0.0	**19.6**	
Tax expense	-5.9	**-12.0**	
Recurring net income	58.6	**50.0**	**-14.7%**

Sales And Profitability By Segment

Reported basis (€m)	Q1 2014	Q1 2015	Change
Sales	**3,067.3**	**3,286.2**	**+7.1%**
Europe	1,759.4	1,785.5	+1.5%
North America	972.0	1,128.5	+16.1%
Asia-Pacific	272.9	307.6	+12.7%
Latin America	62.9	64.6	+2.7%
Gross profit	**764.1**	**808.0**	**+5.7%**
Europe	480.9	486.9	+1.3%
North America	215.2	248.8	+15.6%
Asia-Pacific	53.9	58.7	+9.0%
Latin America	14.0	13.5	-3.5%
EBITA	**134.2**	**125.7**	**-6.3%**
Europe	101.0	102.0	+1.0%
North America	33.4	29.2	-12.5%
Asia-Pacific	7.0	6.2	-12.0%
Latin America	(0.4)	(1.5)	n.a.

Rexel
a world of energy

CONSOLIDATED BALANCE SHEET[1]

Assets (€m)	December 31. 2014	March 31. 2015
Goodwill	4,243.9	4,447.9
Intangible assets	1,084.0	1,132.0
Property. plant & equipment	287.1	298.5
Long-term investments	24.8	36.1
Deferred tax assets	175.2	168.7
Total non-current assets	**5,815.0**	**6,083.2**
Inventories	1,487.2	1,589.4
Trade receivables	2,206.0	2,349.7
Other receivables	508.7	519.1
Assets classified as held for sale	3.7	3.8
Cash and cash equivalents	1,159.8	478.7
Total current assets	**5,365.4**	**4,940.8**
Total assets	**11,180.4**	**11,024.0**

Liabilities (€m)	December 31. 2014	March 31. 2015
Total equity	**4,343.4**	**4,481.8**
Long-term debt	2,995.9	2,518.3
Deferred tax liabilities	196.9	181.1
Other non-current liabilities	437.9	496.1
Total non-current liabilities	**3,630.7**	**3,195.5**
Interest bearing debt & accrued interests	371.2	621.9
Trade payables	2,126.8	2,027.1
Other payables	708.3	697.7
Total current liabilities	**3,206.3**	**3,346.7**
Total liabilities	**6,837.0**	**6,542.2**
Total equity & liabilities	**11,180.4**	**11,024.0**

1 *Net debt includes:*

- *Debt hedge derivatives for €6.5m at December 31. 2014 and €(4.5)m at March 31, 2015*
- *Accrued interest receivables for €(0.7)m at December, 2014 and for €(4.4)m at March 31, 2015*

Rexel

a world of energy

CHANGE IN NET DEBT

€m	Q1 2014	Q1 2015
EBITDA	**154.0**	**147.7**
Other operating revenues & costs[1]	(20.1)	(18.1)
Operating cash flow	**133.9**	**129.6**
Change in working capital	(192.6)	(246.2)
Net capital expenditure. of which:	(24.1)	(32.2)
Gross capital expenditure	*(18.2)*	*(27.0)*
Disposal of fixed assets & other	*(5.9)*	*(5.2)*
Free cash flow before interest and tax	**(82.7)**	**(148.7)**
Net interest paid / received[2]	(38.0)	(41.4)
Income tax paid	(27.6)	(34.0)
Free cash flow after interest and tax	**(148.3)**	**(224.1)**
Net financial investment	(6.8)	(10.2)
Dividends paid	0.0	0.0
Other	(63.3)	(22.6)
Currency exchange variation	5.1	(182.6)
Decrease (increase) in net debt	**(213.3)**	**(439.5)**
Net debt at the beginning of the period	**2,192.0**	**2,213.1**
Net debt at the end of the period	**2,405.3**	**2,652.5**

1 *Includes restructuring outflows of €12.1m in Q1 2014 and €16.6m in Q1 2015*

2 *Excluding settlement of fair value hedge derivatives*

Appendix 3: Working Capital Analysis

Constant basis	March 31. 2014	March 31. 2015
Net inventories		
as a % of sales 12 rolling months	***11.1%***	***11.1%***
as a number of days	*53.7*	*54.7*
Net trade receivables		
as a % of sales 12 rolling months	***16.6%***	***16.3%***
as a number of days	*53.3*	*52.5*
Net trade payables		
as a % of sales 12 rolling months	***14.0%***	***13.9%***
as a number of days	*59.6*	*59.8*
Trade working capital		
as a % of sales 12 rolling months	***13.7%***	***13.6%***
Total working capital		
as a % of sales 12 rolling months	***12.2%***	***12.2%***

Appendix 4: Headcount and branches by geography

FTEs at end of period comparable	31/03/2014	31/12/2014	31/03/2015	Year-on-Year Change
Europe	**16,554**	**16,296**	**16,198**	**-2.2%**
USA	*6,146*	*6,297*	*6,310*	*2.7%*
Canada	*2,362*	*2,355*	*2,311*	*-2.2%*
North America	**8,508**	**8,652**	**8,621**	**1.3%**
Asia-Pacific	**3,218**	**3,312**	**3,340**	**3.8%**
Latin America	**1,564**	**1,395**	**1,382**	**-11.6%**
Other	**235**	**261**	**264**	**12.3%**
Group	**30,079**	**29,915**	**29,804**	**-0.9%**

Branches comparable	31/03/2014	31/12/2014	31/03/2015	Year-on-Year Change
Europe	**1,287**	**1,260**	**1,253**	**-2.6%**
USA	*395*	*398*	*400*	*1.3%*
Canada	*214*	*207*	*207*	*-3.3%*
North America	**609**	**605**	**607**	**-0.3%**
Asia-Pacific	**271**	**264**	**264**	**-2.6%**
Latin America	**89**	**90**	**90**	**1.1%**
Group	**2,256**	**2,219**	**2,214**	**-1.9%**

Appendix 5: Calendar. scope and change effects on sales

Based on the assumption of the following average exchange rates :

- 1 USD = 1.09€
- 1 CAD = 1.38€
- 1 AUD = 1.42€
- 1 GBP = 0.73€

and based on acquisitions to date. 2014 sales should take into account the following estimated impacts to be comparable to 2015:

	Q1	Q2e	Q3e	Q4e	FYe
Calendar effect	**-0.6%**	**c. +0.2%**	**c. +0.5%**	**c. +0.8%**	**c. +0.2%**
Scope effect	**€6.5m**	**c. €13.7m**	**c. €13.2m**	**c. €10.9m**	**c. €44.4m**
Change effect	**8.0%**	**c. 10.2%**	**c.8.6%**	**c.6.7%**	**c. 8.3%**

ANNEX B

This Annex B contains extracts from the English version of our reference document for the year ended as of and for December 31, 2014, the French version of which was filed with the French Autorité des Marchés Financiers on March 25, 2015 under the number D.15-0201 (the "2014 Reference Document"). The information in this Annex B has not been updated since March 25, 2014, 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 memorandum to the extent that a statement contained in this offering memorandum 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 memorandum. Cross references to sections of the 2014 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 memorandum.

1.1 SELECTED CONSOLIDATED FINANCIAL DATA 8

1.2 HISTORY AND DEVELOPMENT 10

1.2.1 Company name 10
1.2.2 Place of registration and registration number 10
1.2.3 Date and term of incorporation 10
1.2.4 Registered office, legal form and applicable law 10
1.2.5 Rexel Group history 10

1.3 RECENT ACQUISITIONS AND DISPOSALS 11

1.4 BUSINESS AND STRATEGY 11

1.4.1 The Rexel Group's markets 11
1.4.2 Professional distribution of low- and ultra-low voltage products 15
1.4.3 The Rexel Group's competitive advantages 21
1.4.4 The Rexel Group's strategy 24
1.4.5 Research and development, patents and licenses 28

1.5 ORGANIZATION 30

1.5.1 Organizational chart 30
1.5.2 Principal subsidiaries as of December 31, 2014 31

1.6 PROPERTY AND EQUIPMENT 33

1.7 INVESTMENTS 34

1.7.1 Completed investments 34
1.7.2 Principal investments in progress 34
1.7.3 Principal planned investments 34

1.8 REGULATIONS 35

1.8.1 Product liability 35
1.8.2 Environmental regulations 35

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, 2014, 2013, and 2012. They are presented in euros and all numbers are rounded to the nearest tenth of a million, except where otherwise stated. Totals and sub-totals presented 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 rounding.

Rexel's consolidated income statement highlights

(in millions of euros)	**2014**	**2013**	**2012**
Sales	13,081.2	13,011.6	13,449.2
Gross profit	3,174.9	3,188.5	3,315.0
As a % of sales	*24.3%*	*24.5%*	*24.6%*
EBITA(1)	646.8	686.9	767.4
Adjusted EBITA(1)	649.4	702.2	765.6
As a % of sales	*5.0%*	*5.4%*	*5.7%*
Operating income	495.8	521.0	647.4
Net income	200.0	211.0	318.6
Net income attributable to the Rexel Group	199.7	210.6	318.1

(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 2.1.4.1 "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.

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

(in millions of euros)	**2014**	**2013**	**2012**
Operating income	495.8	521.0	647.4
(–) Other income(1)	(11.7)	(11.4)	(15.9)
(+) Other expenses(1)	146.5	157.6	122.6
(+) Amortization of intangible assets recognized on the occasion of purchase price allocations	16.1	19.7	13.3
= EBITA	**646.8**	**686.9**	**767.4**
(+) / (–) Non-recurring effect resulting from changes in copper-based cable prices(2)	2.6	15.3	(1.8)
= Adjusted EBITA	**649.4**	**702.2**	**765.6**
Adjusted EBITA margin	5.0%	5.4 %	5.7 %

(1) See note 7 to Rexel's consolidated financial statements for the year ended December 31, 2014, set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.
(2) See paragraphs 2.1.4.1 "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)	2014	2013	2012
Operating cash flow(1)	647.5	674.0	748.5
Changes in working capital requirements	(34.1)	50.6	(37.2)
Cash generated from operating activities before net interest and income taxes	613.4	724.6	711.3
Net capital expenditure	(102.8)	(72.1)	(83.8)
Changes in working capital requirements adjusted for timing difference in supplier payments(2)	51.9	(51.9)	–
Free cash flow before net interest and income taxes(3)	562.4	600.6	627.5

(1) Before interest, taxes and changes in working capital requirements.
(2) Working capital adjustment to reflect timing difference in supplier payments scheduled on December 31, 2013 and executed on January 2, 2014.
(3) 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

	DECEMBER 31,		
(in millions of euros)	2014	2013	2012
Non-current assets	5,815.0	5,642.2	5,910.2
Working capital requirements	1,369.8	1,273.9	1,433.5
Shareholders' equity	4,343.4	4,224.7	4,117.6
Net indebtedness	2,213.1	2,192.0	2,599.2
Other non-current liabilities	628.3	499.4	626.9

A description of the Rexel Group's indebtedness and credit ratings is provided in paragraph 4.4 "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.

Rexel was converted into a French *société anonyme* with a Board of Directors by a resolution of the general shareholders' meeting of May 22, 2014.

1.2.4 Registered office, legal form and applicable law

Rexel registered office is at 13, boulevard du Fort de Vaux, 75017 Paris, France (tel: +33 (0)1 42 85 85 00).

Rexel is a *société anonyme* under French law with a Board of Directors, 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). 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 Euronext in Paris on April 25, 2005. Rexel's shares were admitted for trading on the regulated market of Euronext in Paris market on April 4, 2007. As a result of the last disposals completed during the 2014 financial year, the consortium no longer holds any shares in Rexel.

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 2006 and 2014, the Rexel Group carried out 58 consolidating acquisitions, representing approximately €2.1 billion in sales, as well as two transforming acquisitions: the acquisition of GE Supply in 2006 and the acquisition of the Hagemeyer group in 2008.

1.3 RECENT ACQUISITIONS AND DISPOSALS

The acquisitions and divestitures carried out during the financial years ended December 31, 2013 and December 31, 2012 are described in the *Document de Référence* filed with the *Autorité des marchés financiers* on March 21, 2014 under number D.14-0181 and in the *Document de Référence* filed with the *Autorité des marchés financiers* on March 13, 2013 under number D.13-0130, respectively.

The acquisitions and divestures carried out during the financial year ended December 31, 2014 are described in note 3.1 of the Notes to Rexel's consolidated financial statements for the financial year ended on December 31, 2014 set forth in chapter 5 "Consolidated financial statements" of this *Document de Référence*.

1.4 BUSINESS AND STRATEGY

The Rexel Group believes that it is one of the leading low- and ultra-low voltage electrical products distributors worldwide based on its 2014 sales and number of branches. At December 31, 2014, the Rexel Group had operations in 38 countries across four areas: Europe, North America, Asia-Pacific and Latin America.

The consolidated sales of the Rexel Group for 2014 amounted to €13,081.2 million, 55% of which were generated in Europe, 34% in North America, 9% in Asia-Pacific and 2% in Latin America. Based on 2014 sales, the Rexel Group believes that it is the number two distributor in Europe, in North America and in Asia-Pacific. The Rexel Group recorded an Adjusted EBITA in 2014 of €649.4 million representing 5.0% of the 2014 consolidated sales.

The Rexel Group serves a wide range of contractors and of end-users, which it divides into four customer categories: contractors (58% of its 2014 sales), industrial companies (22% of its 2014 sales), commercial market companies, including municipalities and public entities (9% of its 2014 sales), as well as an "other customers" category, which includes resellers and large do-it-yourself stores (11% of its 2014 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 2014 sales: electrical installation equipment (39% of sales); cables and conduits (21% of sales); lighting (18% of sales); security and communication (5% of sales); climate control (4% of sales); tools (2% of sales); white and brown products (1% of sales); and other products (10% of sales, including services). The Rexel Group adds value to its product offering by providing related services, including logistics, technical assistance and training services.

As of December 31, 2014, the Rexel Group's branch network consisted of 2,235 branches organized around various commercial brands and had 29,933 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, 2014, 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 €174 billion worldwide in 2014. This market is slightly up as compared to 2013, at constant foreign exchange rates.

In addition to the products sold by professional distributors of electrical products, there are at least four 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;
- distributors that specialize in e-commerce and that sell electrical equipment; and
- distributors that specialize in certain adjacent segments (ventilation / air-conditioning equipment, sanitary or plumbing, etc.) that sell electrical equipment in addition to their core products.

The valuation of this market does not include various services that go beyond the mere distribution of electrical products, such as including the conduct of energy audits or complementary logistical services such as inventory management.

A growing market

The Rexel Group believes that its market will grow over the long term, in line with increasing energy consumption. Overall, this expected upward trend is due to a combination of a number of macroeconomic factors, including:

- 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 or the Light Emitting Diode) 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;
- 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;
- the development of solutions aiming at reducing energy consumption or launching the production of new energy solutions;
- the consolidation of global players customers looking for identical services across all their markets; and
- the emergence of growing market sub-segments requiring comprehensive solutions with strong added value, such as the oil & gas and mining markets.

A generally more mature market in countries with developed 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 and more stringent regulation.

The development of new markets

The worldwide market for the professional distribution of low and ultra-low voltage electrical products could benefit from the development of certain emerging markets where distribution markets still represent a relatively small portion of end-consumption. Economic development could enable distributors to participate in the distribution of their products and the development of value-added services.

Finally, the Rexel Group believes that the role of professional distributors is strengthened by the development of customer expectations, as customers are increasingly focused on the improvement of service levels in terms of procurement capacities, availability of products and reduction of energy consumption.

Renewal of product offering that supports 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.

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 distributors. The Rexel Group believes that, worldwide, through its network of 2,235 branches it held a market share of approximately 8% in 2014.

The level of market consolidation is extremely varied from country to country. More specifically, in the United States, the market can be divided into two categories: 7 distributors with a multi-regional scope (including the Rexel Group), which the Rexel Group believes represent approximately 24% of all sales made in 2014; and an extremely fragmented group of distributors with a regional scope, as the top 200 distributors, including the 7 largest, represent only approximately 66% of the market. This results, in particular, from the geographic breadth of the market and the historical presence of distributors active only in specific local markets. By contrast, in certain countries such as Autralia, Canada, France, The Netherlands, the United Kingdom, Scandinavia and Switzerland, a large portion of the market is occupied by a limited number of distributors, due to the strong historical presence of distributors who have consolidated and structured these markets.

The Rexel Group estimates that, in 2014, approximately 25% of worldwide sales in the market for the professional distribution of low and ultra-low voltage electrical products were made by 8 major distributors: Rexel, Sonepar and Consolidated Electrical Distributors, acting on the principal world markets, Graybar Electric Company, W.W. Grainger and WESCO International, which principally operate in North America, and Solar and Ahlsell, which principally operate in Northern continental Europe.

The remaining approximately 75% of worldwide sales on the market for the professional distribution of low and ultra-low voltage electrical products is generated by a large number of medium-sized businesses that operate on a national, regional or local level. This market fragmentation in certain countries, combined with the quest for productivity gains and economies of scale, favors the consolidation of distributors.

Meanwhile, in certain countries, small 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.

Risks related to acquisitions are described in paragraph 2.1.1.2 "Risks relating to acquisitions" 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 44% of the market in 2014 (€76 billion). In 2014, Europe represented approximately 24% of the market (€41 billion) and the Asia-Pacific region represented approximately 22% of the market (€38 billion, of which Japan represented €10 billion). The other geographic zones (Latin America, Africa and the Middle-East) represented approximately €18 billion.

Breakdown of the market for professional distribution of electrical products by major country(1)

COUNTRY	UNITED STATES	CANADA	GERMANY	FRANCE	ITALY	UNITED KINGDOM	CHINA
Size (billions of euros)	71	5	8	7	6	4	15
Exchange rate (€1)	1.3	1.5	1.0	1.0	1.0	0.8	8.2

(1) Source: Rexel estimates. In 2014, Rexel carried out an exhaustive country-by-country review of the distributed electrical market.

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, 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 as well as energy production facilities, public networks 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, 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 2014 by end-markets was as follows:

END-MARKET	REPORTED
Commercial	44%
Industrial	35%
Residential	21%

1.4.1.2 The Rexel Group's customers and their markets

The Rexel Group offers solutions 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 ten most important customers of the Rexel Group represent less than 10% of the Rexel Group sales for 2014.

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

Contractors

General and specialty contractors represented 58% of the Rexel Group's 2014 sales (22% were generated through large contractors and 36% 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 22% of the Rexel Group's 2014 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, including municipalities and public entities, and represented 9% of the Rexel Group's 2014 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 other categories of clients, including resellers and large do-it-yourself stores. These customers generated 11% of the Rexel Group's 2014 sales.

1.4.1.3 Geographic breakdown of the Rexel Group's markets

The Rexel Group's operations are organized around four principal geographic areas (Europe, North America, Asia-Pacific and Latin America). The Rexel Group's 2014 sales amounted to €13,081.2 million, broken down among the various regions as follows:

	IN MILLIONS OF EUROS	IN PERCENTAGE
Europe	**7,145.5**	**55**
• France	2,376.4	18
• United Kingdom	1,005.2	8
• Germany	803.2	6
• Scandinavia	906.5	7
• Benelux	541.2	4
• Others	1,512.9	12
North America	**4,477.9**	**34**
• United States	3,315.4	25
• Canada	1,162.6	9
Asia-Pacific	**1,200.9**	**9**
Latin America	**256.8**	**2**
Total	**13,081.2**	**100**

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 approximately 18% in 2014. The Rexel Group believes that the industrial, commercial and residential markets, respectively, represented 25%, 43% and 32% of its 2014 sales in Europe.

As of December 31, 2014, the Rexel Group had operations in 21 European countries. The Rexel Group believes that it is the number one or number two player in 14 of these countries.

North America

According to its estimates and based on its 2014 sales, the Rexel Group's market share in 2014 amounted to approximately 6% of the North American market for the professional distribution of low and ultra-low voltage electrical products. The Rexel Group believes that it is number two in this area, with market shares of approximately 5% in the United States and 25% in Canada.

In North America, the Rexel Group operates essentially in the industrial and commercial markets, and to a lesser extent in the residential market. The Rexel Group believes that the industrial, commercial and residential markets respectively represented 46%, 50% and 4% of its 2014 sales in North America.

Asia-Pacific

Based on its estimates and 2014 sales, the Rexel Group believes that it is the number two in the Asia-Pacific region.

The Rexel Group has increased its operations in China in the last few years, and is now one of the main international distributors with operations in China, with €383.4 million in sales in 2014, in a country where the portion of products distributed by structured groups is still low due to the level of maturity of the market. With its early 2011 acquisitions, the Rexel Group now has branches in India. The acquisitions of Quality Trading and of 4 Knights International at the end of 2013 and the end of 2014, respectively, allowed the Rexel Group to become the number 3 player in Thailand, one of the more dynamic markets in Asia. Lastly, the Rexel Group also operates in Indonesia, Malaysia, Singapore and Vietnam.

Based on its estimates, the industrial, commercial and residential markets respectively represented 50%, 31% and 19% of the Rexel Group's 2014 sales in the Asia-Pacific region.

Latin America

The Latin America region accounts for 2% of Rexel's 2014 sales. It includes distribution of electrical equipment in Chile and, since 2011, Brazil and Peru.

Based on its estimates, the industrial, commercial and residential markets respectively represented 69%, 18% and 13% of the Rexel Group's 2014 sales in the Latin America region.

The risks related to the general economic environment are described in paragraph 2.1.1.1 "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 offerings allow 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** (39% of 2014 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); sensors, actuators and consumption devices (such as pumps, fans, ventilators and compressors) as well as solar panels. All of these equipments are key in the electric power consumption control and optimization;
- **cables and conduits** (21% of 2014 sales), which allow for the distribution of electricity and include raceways, moldings and cable trays;
- **lighting** (18% of 2014 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 on the other hand, such as interior and exterior lighting systems, sensors as well as decorative accessories;

- **security and communication** (5% of 2014 sales), which principally includes voice, data and image (VDI) transmission equipment, intruder and fire detection equipment, and monitoring and access control equipment;
- **climate control** (4% of 2014 sales), which includes ventilation, air conditioning, heating equipment (in particular those relying on renewable energy);
- **tools** (2% of 2014 sales), which include hand tools, electrical tools and measuring instruments; and
- **white and brown products** (1% of 2014 sales), which include 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. These product offerings not include the specific services provided by certain specialized entities of the Rexel Group, such as Gexpro Services in the United States. These other businesses generated approximately 10% of the Rexel Group's sales in 2014.

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

The Rexel Group offers a wide range of technical solutions, which allows it to adapt its product offerings 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. 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, where it achieves, on average, margins above those for equivalent product categories distributed under suppliers' brands. Rexel's own-brand strategy is organized around three principal own brands:

- Newlec, which focuses on residential and commercial equipment as well as climate control engineering and electrical control and lighting equipment, mainly in the United Kingdom and Germany;
- BizLine, for tools and other convenience products (consumables, etc.), and
- Gigamedia, for VDI products (voice, data, image).

In addition to these three international brands, Rexel offers various brands that focus on a single country and that have value on their local market.

In addition, Rexel's Conectis entity allows it 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. Initially developed in France, the Conectis offering is being rolled out 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 product 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 signaling 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.);
- developments of instruments for the operation and monitoring of household electrical appliances and the management of energy consumption (home automation technologies);
- 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 pumps, etc.).

A service offering adapted to customers' needs

The Rexel Group offers its customers:

- services directly linked to the provision of technical solutions allowing for the promotion of the electrical equipment product offering;
- additional services in the fields of logistics and distribution allowing for greater proximity to end-customers and for the satisfaction of all of their needs through a broader

offering range as compared to the traditional electrical equipment offering; and

- electrical installations designing services.

Technical solutions services

The Rexel Group has positioned itself as a technical solutions provider for its customers. The Rexel Group enhances its product offerings 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 so as to master and stay apprised of technological developments.

The Rexel Group's services include:

- **Technical assistance:** The Rexel Group assists its customers in choosing solutions best adapted to them from the large range of products and services 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. In addition, the Rexel Group provides services to its clients in relation to budgetary monitoring and the project organization.

- **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 near the project sites 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 its "Inexel TV" channel.

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 (fittings, bolts, etc.) intended for industrial customers. 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 certain countries, in particular in most of the countries in which it has a significant market share, the Rexel Group relies on its various commercial networks, such as in Canada, the United Kingdom, Australia, New Zealand, The Netherlands, Spain, Austria and the United States. 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.

Sales force

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 terms, 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 that generate potential annual sales of at least €1 million per customer. 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 functions

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

Their role includes:

- regional market analysis;
- the analysis of their markets in order to ensure that product ranges evolve in partnership with suppliers;
- 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;
- 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.

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 in some countries and thus contributes to improving its operating efficiency. E-commerce covers two distinct areas:

- Web portals, through which customers of the Rexel Group, contractors in particular, have access to technical information as well as information on stock availability and prices, and are able to prepare their quotes, place orders, check the status of their orders and access their invoices. Mobile versions of these portals are made increasingly available; and
- Electronic Data Interchange (EDI) and e-procurement services, through which larger customers (principally industrial and commercial customers) may connect their purchase information systems directly to Rexel's

system enabling them to place orders, receive delivery confirmation and electronic invoices. These services are often tailored for each customer.

Most countries in which the Rexel Group is active, including in Latin America and Eastern Europe, already offer one or both of these services.

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 purchasing terms, the Rexel Group has implemented partnerships with its suppliers on a number of levels:

- at a worldwide level, approximately thirty international suppliers are viewed by the Rexel Group as "strategic suppliers". These suppliers operate in different countries on one or more continents and have joined with the Rexel Group in international development programs;
- in each country, the Rexel Group's subsidiaries negotiate specific purchasing terms with national suppliers; and
- locally, 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 2014, the Rexel Group made over 50% of its purchases from its 25 leading suppliers.

The Rexel Group favors the development of sustainable relationships with its strategic suppliers that have the capacity to contribute to the Rexel Group's business growth both globally and locally. 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*.

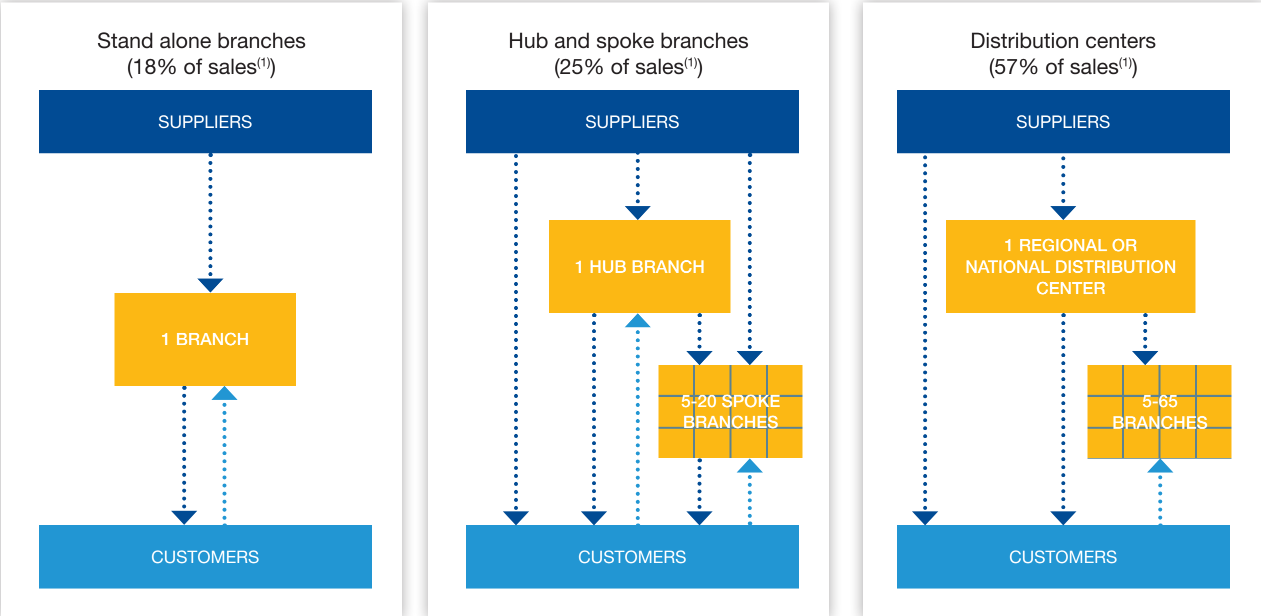
Risks related to commercial dependence are described in paragraph 2.1.1.6 "Risks relating to supplier dependence" of this *Document de Référence*.

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.

Since 2010, the Rexel Group has continued to streamline its logistics network, such as in Brazil where the São Paulo area is now centralized from the Campinas Distribution Center. In the United States, the large centralization plan is progressing as initially planned, with 5 additional distribution centers responsible for the Gexpro and Rexel Inc brands.

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 thousands of units)	2 to 10	5 to 15	20 to 50
Inventory turnover	Approximately 60 days	Approximately 55 days	Less than 50 days
Logistics costs as a percentage of sales(2)	>7.0%	6.0 to 7.0%	5.0 to 6.0%

(1) Sales excluding direct sales.
(2) 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 approximately 80% and 20%, respectively, of the Rexel Group's sales in 2014. Direct sales are not significant except in North America, where they represented approximately 40% of the Rexel Group's 2014 sales.

Regional or national distribution centers

Distribution centers are typically located in regions in which the Rexel Group's customer base is highly concentrated. 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 for same-day delivery.

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 with strong service commitments: orders may be placed until late in the afternoon for delivery at 7:00 a.m. the next morning.

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, 2014, the Rexel Group had 34 distribution centers in Europe. These centers were located in Austria, Belgium, Estonia, Finland, France, Germany, Italy, The Netherlands, Norway, Poland, Portugal, Slovenia, Spain, Sweden and the United Kingdom. The 10 distribution centers in France are on average 17,000 square meters in size and each supplies between 25 and 65 branches. The 25 distribution centers in the rest of Europe are on average 10,000 square meters in size and each supplies between 5 and 45 branches.

In North America, the Rexel Group has 9 regional distribution centers in the United States with each supplying between 5 and 45 branches. In Asia-Pacific, the

Rexel Group has one regional distribution center in New Zealand, supplying approximately 50 branches. There is one regional distribution center in Australia, principally dedicated to imports. A new distribution center opened in November 2014 in China. The Rexel Group also has 4 national distribution centers in Brazil, Chile and Peru.

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 77 hub branches worldwide (of which 35 were located in North America, 27 in Europe, 10 in Asia-Pacific and 5 in Latin America) which serve generally between 4 and 20 satellite branches. In North America, the Rexel Group had as of December 31, 2014, 16 hub branches in the United States and 19 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, 2014, the Rexel Group had 2,235 branches. The following table sets forth the change in the number of the Rexel Group branches between December 31, 2012 and December 31, 2014 by geographic area:

	AS OF DECEMBER 31,		
(number of branches)	**2014**	**2013**	**2012**
Europe	**1,280**	**1,306**	**1,359**
• France	447	469	461
• Outside of France	833	837	898
North America	**605**	**617**	**619**
• United States	398	401	401
• Canada	207	216	218
Asia-Pacific	**260**	**259**	**261**
Latin America	**90**	**90**	**96**
Total	**2,235**	**2,272**	**2,335**

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 closures.

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. The development of the use of express transportation was one of the priorities in 2014. In addition to its flexibility, this transportation method guarantees short delivery periods and a high service rate for the end customer.

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. In certain countries, such as in the United States, Australia, New Zealand, Switzerland and in the United Kingdom, it also owns its own transportation means, which only account for a portion of the distribution.

Risks related to the logistical structure of the Rexel Group are described in paragraph 2.1.1.5 "Risks relating to the Rexel Group's logistical structure" of this *Document de Référence*.

1.4.3 The Rexel Group's competitive advantages

1.4.3.1 A world leadership position

The Rexel Group recorded 2014 sales of €13,081.2 million. As of December 31, 2014, it had 2,235 branches, 29,933 employees and operations in 38 countries.

Based on its estimates, the Rexel Group is one of the leaders in the market for the professional distribution of low and ultra-low voltage electrical products in terms of both sales and number of branches. Based on 2014 sales, the Rexel Group also believes that it is the number two player 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 close to 67% of its sales.

The Rexel Group also estimates that it holds a worldwide market share of approximately 8%, which leaves it room to continue developing its market share, including by external growth, thus becoming one of the main actors in the consolidation of the market for 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 service worldwide;
- 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 2013 sales breakdown by end-market and principal geographic area as follows:

	NORTH AMERICA	EUROPE	ASIA-PACIFIC	LATIN AMERICA	REXEL GROUP
Commercial	50%	43%	31%	18%	44%
Industrial	46%	25%	50%	69%	35%
Residential	4%	32%	19%	13%	21%

The Rexel Group's presence in a range of different countries on several continents limits its exposure to local economic cycles. Europe, North America, Asia-Pacific and Latin America accounted for approximately 55%, 34%, 9% and 2% of 2014 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 believes that it holds a market share exceeding 20% in 15 out of the 38 countries in which it operated in 2014. 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'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;
- 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 designed to function in an integrated manner and to satisfy all of its customers' electrical product needs, through:

- the supply of turnkey solutions and the calculation of potential savings, in particular in energy efficiency areas; and
- large project support, in particular with regards to logistical 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 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 is therefore able to act 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 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 to develop its market share.

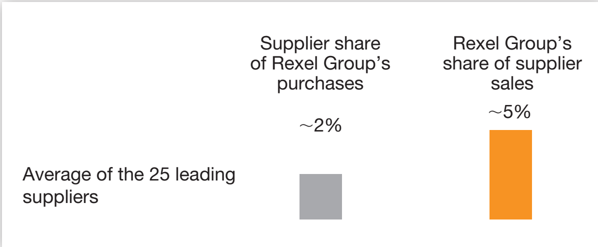
Furthermore, the Rexel Group's management team has broad experience in professional distribution, as well as operational, financial, and mergers and acquisition expertise.

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 electrical products 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:



Risks related to commercial dependence on suppliers are described in paragraph 2.1.1.6 "Risks relating to supplier 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 its services to its customers' needs by offering them a broader range of products. It also enables the Rexel Group to adapt its distribution system to its local markets at reduced cost.

Risks related to the logistical structure of the Rexel Group are described in paragraph 2.1.1.5 “Risks relating to the Rexel Group’s 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 reducing inventories and customer payment terms through the continuous optimization of logistics and credit management. 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 receivables tracking and prompting software, 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 0.7% and 0.8% of consolidated sales. This investment strategy illustrates the low capital intensity of the professional distribution of low and ultra-low voltage electrical products.

1.4.3.9 A flexible cost structure

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

Based on 2014 financial information, the Rexel Group estimates that its operating cost structure before depreciation comprises:

- variable costs based on the activity level amounting to 24% (transportation, commissions, etc.);
- fixed costs that are flexible in the very short-term amounting to 56% (wages in certain countries, advertising, various fees, etc.); and
- fixed costs that are flexible in the short or medium-term amounting to 21% (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 2014, the Rexel Group carried out 56 consolidating acquisitions, including 24 acquisitions in Europe, 9 in North America, 18 in Asia-Pacific and 5 in Latin America, as well as the acquisitions of GE Supply (renamed Gexpro) and the Hagemeyer group.

Risks related to acquisitions are described in paragraph 2.1.1.2 “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 five major trends which will have a structural impact on its business in the medium term:

- global electricity demand is expected to be multiplied by 1.5 to 2 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;
- an increase in the price of electricity and fossil energies over the long-term and increased environmental awareness opens new markets, driven by innovation and high added-value services making it possible to reduce electricity consumption or to turn to renewable energies;
- the emergence of increasingly sophisticated products (home automation, climate control, connection, security), the dematerialization of transactions, the immediate access to information, and the need to work in networks, changes the core business structure of the Rexel Group’s customers, 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, has demonstrated the capacity to offer a “global” response while keeping, through its branch network, targeted and innovative local services; and

- the emergence of growing market sub-segments (such as oil & gas and mining) that require comprehensive solutions with a strong added value, in which Rexel has strong legitimacy owing to its status as a global leader.

In this context, Rexel's mission is to assist its customers worldwide to create value and to optimize their businesses, by offering them a range of sustainable and innovative products and services in the area of automation, technical expertise and energy management.

Taking into account the above, the Rexel Group has set up a corporate project, *Energy in Motion*, orienting its strategy on four major points of focus:

- accelerate the profitable growth of the business by combining organic growth and acquisitions;
- optimize the use of assets and the allocation of resources in order to increase return on investment;
- mobilize all skills present in the organization around a common mission, and capitalize on the diversity of experience to promote innovative practices; and
- aim for operational "excellence" in order to optimize commercial efficiency and the performance of our businesses to best meet our clients' needs.

1.4.4.1 Profitable growth

Organic growth

The organic growth of the Rexel Group's traditional business relies mainly on market growth, as explained in paragraph 1.4.1.1 "The professional distribution of low and ultra-low voltage electrical products market" of this *Document de Référence*, and gain in market share. To such end, 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), and of its logistics and information systems.

Through the *Energy in Motion* project, the Rexel Group also intends to ramp up its growth by relying on market segments that are expected to be become lead markets in the medium- or long-term. These segments are grouped into three distinct categories:

- high potential categories: energy efficiency, renewable energies and home automation systems;
- international projects and clients: large infrastructure projects, major international client accounts; and
- vertical markets: in particular "mining" and "oil & gas".

In 2014, these three areas of focus represented €2.7 billion of sales, up by 9% compared to 2013 (at constant foreign exchange rates), with growth varying from one segment to another and which is expected to gain momentum in the coming years.

The high potential categories are supported by structural growth trends in the markets: need for energy consumption efficiency and reduction, development of renewable energies and of sophisticated home automation systems.

The Rexel Group has in recent years successfully developed its energy-efficient products and services offering: replacement of lighting sources, active promotion of low-energy equipments, energy audit proposals, setting up of energy measurement and control tools, energy-saving certification.

Although promising in the medium- or long-term, the renewable energies business in the short term remains subject to the volatility of the policies implemented by local governments to support the development of such energies. Rexel is consolidating its position on the photovoltaic market and intends to take part in the growth of this activity country by country. In the wind energy market, the Rexel Group proposes targeted solutions for each customer, ranging from simple cable deliveries to a fully-integrated services offering (from the supply to the provision of products on the assembly lines, as well as inventory management). In the high-growth home automation systems market, the Rexel Group has segmented its approach with offers that focus on residential buildings and are suited to commercial buildings.

The Rexel Group, a global player in the electrical equipment market, is involved in developing its clients on an international level. It offers a response that is suited to the geographic footprint of its major international accounts and develops global service offerings allowing large engineering and construction companies to externalize electrical product and other additional product or services management on large construction projects.

The mining and oil & gas infrastructure segments, which are major consumers of electrical products, are expected to develop in the coming years, driven by increasing demand for commodities and energy in emerging countries. Due in particular to its dedicated organization, its global presence and the quality of its supply chain, the Rexel Group participates in the development and construction of these 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 continue to pursue bolt-on acquisitions of regional distributors in order to strengthen its market share in regions where it is already present.

Moreover, the Rexel Group intends to increase its presence in high value added market niches, specifically on the energy efficiency and renewable energy markets. After having acquired in 2011 a 70% stake in Inoveha, a French company specializing in energy audits, in October 2012 Rexel acquired Munro, a US company that specializes in innovative energy efficiency solutions and that has developed strong partnerships with energy services companies (ESCOs) and the utilities sector.

Finally, if the opportunity arises, the Rexel Group may also undertake larger acquisitions.

1.4.4.2 Active resources management

Organization, training and development

The Rexel group bases its organization on 4 different levels:

- The Group: Rexel takes advantage of its size and its global presence to develop teams and expertises across different zones. Certain administrative activities, such as finance and human resources are concentrated at the headquarters;
- The zones: Rexel groups the countries of a same geographic zone, generally around an important country of the zone;
- The country: given the national particularities of markets, the country level allows the Rexel Group to adapt and develop its strategy depending on local constraints; and
- The trade names: the development of different trade names, in a given country, allows the Rexel Group to increase its market share by different positioning of its offerings.

Moreover, since 2012, Rexel has decided to strengthen its sales and marketing structure, by putting in place dedicated teams for high potential categories, international clients and vertical markets.

Lastly, each year, Rexel proposes to it employees numerous training programmes on various aspects of their activities: management, sales, commercial skills, logistic, e-commerce, etc.

In addition to these continuous trainings, numerous trainings are organized to accompany the strategy of the Rexel Group based on the axis of the *Energy in Motion* project: trainings relating to energy efficiency, LED, etc. (for more information, please see chapter 3 “Corporate responsibility” of this *Document de Référence*).

Brand architecture and structure of the commercial network

In the countries in which it has significant market share, the Rexel Group believes that the coexistence of different commercial networks, and thus of different brands, for 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 allow to enhance the products specifications in differentiated networks and with a specialized technical support.

However, the Rexel Group encourages its various brands to refer to the fact that they belong to the Group. This is expected to increase the visibility of the Rexel brand, and guaranties added value by showing that the brand belongs to a global leader.

1.4.4.3 Culture of cooperation

Cooperative culture lies at the heart of the *Energy in Motion* strategic project. Close cooperation is essential to the shared success of the Rexel Group’s stakeholders, by fostering team work, developing a high quality client-relationship, managing strategic partnerships with key suppliers, and delivering on its commitments to its shareholders.

Rexel has defined six key values, which define the Rexel Group’s core principles of action and interaction with its stakeholders. Rexel is committed to:

- providing the best client experience: the Group’s employees are attentive to its clients’ needs to help better serve them and are constantly striving to find the best way to help them create value;

- bringing together its strengths to succeed: the Group's employees team up with the Group's stakeholders in a mutuallybeneficial spirit of cooperation;
- encouraging innovation: the Group's employees develop new business models and inventive methods to create more value;
- involving employees in order to develop their skills: managers develop the skills of their teams while providing the stakeholders with the most experienced, expert and qualified employees;
- developing mutual confidence: the Group's employees are collectively bound by their commitments and responsibilities; and
- flourishing by making a difference: the Group's employees surpass themselves to make and promote Rexel as a partner of choice.

1.4.4.4 Excellence in operations

Information systems management

In 2013, the Rexel Group continued to streamline and standardize the diverse applications portfolio that it has come to hold as a result of its numerous acquisitions. The rationalization of the applications environment is progressing on two key aspects of the information system: the ERP on one hand, and the front-office application on the other hand, with an emphasis on the multi-channel relationship between Rexel and its customers.

The Rexel Group's objective is to ensure optimal combination between central and regional means so as to address the specific needs of the Rexel Group's markets and customers. The emphasis was put on the renegotiation of external services contracts offering greater flexibility and agility while maintaining an optimal availability level.

Expressed as a percentage of sales, information services costs have fallen from 1.45% to 1.41% in 2014, while preserving a virtuous principle of investing savings in strategic projects.

Part of the savings are used to finance strategic investments in information systems in the area of e-commerce, customer relationships and intimacy management as well as global collaborative platforms.

Risks related to the information technology systems of the Rexel Group are described in paragraph 2.1.1.4 "Risks relating to information technology systems" of this *Document de Référence*.

Logistics optimization

The supply chain is one of the Rexel Group's key assets, valued by its customers.

Operational excellence is the Rexel Group's guiding principle, and is articulated around 4 cornerstones:

1. procurement;
2. warehouses;
3. transport; and
4. customer service.

Customer satisfaction is measured daily in order to approve action plans.

The evolution of the 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.

Risks related to the logistical structure of the Rexel Group are described in paragraph 2.1.1.5 "Risks relating to the Rexel Group's logistical structure" of this *Document de Référence*.

Productivity enhancement plan

Beyond the optimization of its supply chain, the Rexel Group's operational excellence strategy entails the regular implementation of productivity enhancement plans. The purpose of these plans is, *inter alia*, to optimize the front and back office functions, to optimize the commercial network and to enhance the productivity of the logistics hubs.

Lean is a pillar of continous enhancement. In 2014, a deployment maturity assessment grid was created for the Lean programmes. It is consistent with the standards suggested by Gartner and comprises 5 levels:

0. Non systemic state
1. Lean model line
2. DC Lean
3. Advanced Lean
4. Extended Lean
5. Integrated Lean

The first level is based on the establishment of a vision and its deployment in cooperation with the country. In 2014, France, England, Sweden, Norway and Finland constituted the first wave of countries to use this method. In 2015, the second wave will include North America and Asia-Pacific.

E-commerce

Electronic commerce continues to be a sales enhancement vector thanks to tailored solutions and specific services such as order monitoring, technical information and availability in stock. Orders are delivered either on the worksite or at the client's premises or made available for pick up at the branch. Electronic commerce also enables Rexel Group customers to order 24 hours a day, 7 days a week. Finally, electronic commerce is a significant cost reduction tool.

In 2014, e-commerce increased by 10% compared to 2013, totalling over €1.7 billion in 2014, *i.e.* 13% of the total sales.

Optimize relationships with suppliers

With purchase volumes of €10.5 billion in 2014, 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 growth.

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 2014, the Rexel Group made over 50% of its purchases from its 25 leading suppliers. The optimization of logistics structures and the EDI (Electronic Data Interchange) should also contribute to the improvement of the Rexel Group's profitability.

Risks related to supplier concentration are described in paragraph 2.1.1.6 "Risks relating to supplier 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.

Rexel's own-brand strategy is organized around 3 principal own brands:

- Newlec, which focuses on residential and commercial equipment as well as climate control engineering and electrical control and lighting equipment, mainly in the United Kingdom and Germany;
- BizLine, for tools and other convenience products (consumables etc.); and
- Gigamedia, for VDI products (voice, data, image).

In addition to these 3 international brands, Rexel offers various brands that focus on a single country and that have value on their local market.

Sales of own-brand products accounted for slightly more than 3% of Rexel Group sales in 2014, stable compared to 2013. 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.

1.4.5 Research and development, patents and licenses

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

The Rexel Group's intellectual property policy is centered on protecting its brand names (mainly the Rexel brand and own brands such as BizLine, 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.

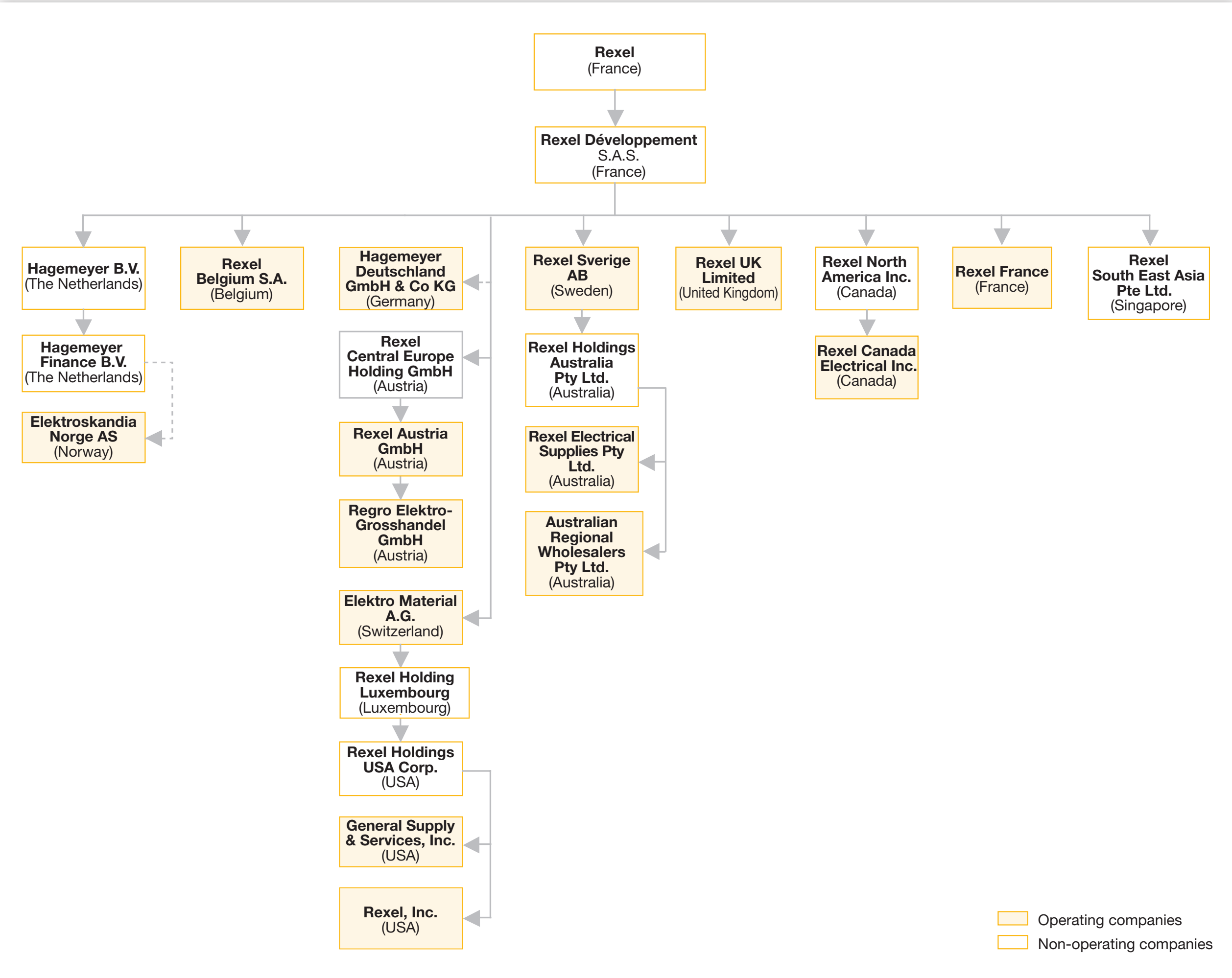
In April 1998, Rexel Distribution signed an agreement relating to the co-existence and use of the "Rexel" name around the world with a company operating in a different sector that had already registered the same trade name. Under the terms of this agreement, both of the companies are authorized to use 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, 2014.

As at December 31, 2014, the Rexel Group comprised 152 companies. The list of the companies consolidated by Rexel as of December 31, 2014 and their geographical location is detailed in note 26 of the Notes to Rexel's consolidated financial statements for the year ended December 31, 2014 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 Rexel Développement, all the companies mentioned in the simplified organizational chart hereabove are 100% held by the Rexel Group.

1.5.2 Principal subsidiaries as of December 31, 2014

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 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. It holds the Rexel Group operational companies, directly or indirectly.

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 Développement has entered into cash management agreements and / or loan agreements with certain of its subsidiaries in order to allow for their financing.

Rexel's principal direct and 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, such subsidiaries do not hold any strategic economic assets.

Rexel Développement SAS is a simplified joint stock company *(société par actions simplifiée)* governed by the laws of France with a share capital of €2,098,654,090. Its registered office is at 13, boulevard du Fort de Vaux, 75017 Paris, France. 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. Rexel Développement provides services (management, strategic planning, finance, human resources, IT/Telecoms and legal) to the Group companies. Furthermore, Rexel Développement directly or indirectly holds Rexel Group operating investments and, among other things, provides cash management services for certain Rexel Group operating subsidiaries in France and abroad.

Europe

Regro Elektro-Grosshandel GmbH is a company governed by the laws of Austria with a share capital of €1,400,000. Its registered office is at 10, Richard Strauss Strasse, Vienna, Austria. It is registered with the registry of commerce and companies of Vienna under number FN 196359s. Its main activity is the distribution of electrical products. It is indirectly wholly owned by Rexel Central Europe Holding GmbH.

Hagemeyer Deutschland GmbH & Co KG is a limited partnership with a share capital 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 Rexel Développement.

Rexel Belgium SA 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 owned at 99.99% by Rexel Développement.

Rexel Sverige AB 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. It is registered with the registry of commerce and companies under number 556062-0220. 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 Développement.

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. It is registered with the registry of commerce and companies under number 977 454 700. Its main activity is the supply and distribution of electrical products. Elektroskandia Norge AS is indirectly wholly owned by 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. It is registered with the registry of commerce and companies under number CH-626.3.005.380-6. Its main activity is the distribution of electrical products, the management of shareholdings and the provision of services. It is owned at 100% by Rexel Développement.

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 13 boulevard du Fort de Vaux, 75017 Paris, France. 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 Développement.

Rexel UK Limited is a limited company under English law with a share capital of 319,879,885 pounds sterling. Its registered office is at 5th Floor, Maple House – Mutton Lane, Potters Bar – EN6 5 BS Hertfordshire, United Kingdom. It is registered with the Companies House under number 434724. Its main activity is the sale of electrical products and the holding and the management of equity investments in other companies. Rexel UK Limited is indirectly wholly owned by Rexel Développement.

North America

Rexel Holdings 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. Rexel Holdings USA Corp. is wholly owned by Rexel Holding Luxembourg.

Rexel, Inc. (previously named Summers Group, Inc.) is a corporation governed by the laws of the Delaware with a share capital of US $10,000, registered under number 75-2304244. Its registered office is at 14951 Dallas Pkwy – Dallas, TX 75254, USA. Its main activity is the distribution of electrical products. Rexel, Inc. is wholly owned by Rexel Holdings 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 Rexel Holdings USA Corp.

Rexel North America, Inc. is a Canadian corporation with a share capital of CAD 108,904,500, 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 Développement.

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 5600 Keaton Crescent, L5R 3G3 Mississauga, Canada. Its main activity is the distribution of electrical equipment. It is wholly owned by Rexel North America Inc.

Asia-Pacific

Rexel Electrical Supplies Pty Ltd is a New South Wales corporation with a share capital of AUD 39,000,000, registered under number ACN 000 437 475 NSW. Its registered office is at First Floor - Building B, 12 Julius Avenue - North Ryde, 2113 NSW, Australia. Its main activity is the distribution of electrical equipment. It is indirectly wholly-owned by Rexel Sverige AB.

Rexel Holdings Australia Pty Ltd is a New South Wales corporation with a share capital of AUD 169,598,471, registered under number ACN 081 022 068 NSW. Its registered office is at First Floor - Building B, 12 Julius Avenue - North Ryde, 2113 NSW, Australia. Its main activity is the holding and management of interests in other companies. It is indirectly wholly-owned by Rexel Sverige AB.

Rexel South East Asia Pte. Ltd. is a Singapore corporation with a share capital of SGD 108,780,000, registered under number 201112534M. Its registered office is at No. 1 Boon Leat Terrace #08-03, Harbourside Building 1, 119843 Singapore. Its main activity is the holding and management of interests in other companies. It is directly owned by Rexel Développement.

Contributions from subsidiaries or significant sub-groups as of December 31, 2014 are as follows.

CONSOLIDATION VALUE (EXCLUDING DIVIDENDS) *(in millions 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)	0.4	2,048.8	976.0	51.2	–
Rexel Développement SAS (France)	16.1	(267.3)	26.2	(71.9)	211.5
Rexel France (France)	1,198.2	443.0	16.7	112.7	–
Rexel Holdings USA Corp. (USA)	1,135.6	267.2	23.0	60.6	–
Elektro-Material A.G. (Switzerland)	853.4	–	0.7	70.4	–
Rexel North America Inc. (Canada)	569.6	128.6	1.0	42.3	–
Rexel UK Limited (United Kingdom)	280.5	242.2	6.6	20.9	–
Hagemeyer Deutschland GmbH & Co KG (Germany)	243.2	132.3	5.3	(6.1)	–
Rexel Sverige AB (Sweden)	222.2	0.6	–	11.6	–
Rexel Holdings Australia Pty Ltd (Australia)	206.7	106.3	0.1	1.0	–
Elektroskandia Norge AS (Norway)	183.3	1.2	0.2	24.3	–
Regro Elektro-Grosshandel GmbH (Austria)	84.7	–	–	3.6	–
Rexel Belgium SA (Belgium)	77.6	63.6	0.2	13.0	–
Other	543.5	200.9	104.5	39.5	–
Total consolidated	**5,615.0**	**3,367.1**	**1,160.5**	**373.2**	**–**

The Rexel Group analyzes its sales based on geographic areas, to which the legal entities referred to above belong based on their localization. Therefore, an analyzis 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, 2014, 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 10,200 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;
- 50 distribution centers located in Europe (Estonia, France, Germany, Austria, Belgium, Italy, Poland, Spain, Finland, Norway, The Netherlands, Portugal, the United Kingdom, Slovenia and Sweden), North America (United States), Asia-Pacific (Australia, China and New Zealand) and Latin America (Brazil, Chile and Peru). Distribution centers are mainly leased and have an average surface area which varies from 10,000 sq. meters for those located in Europe (excluding France) to 17,000 sq. meters for those located in France (see paragraph 1.4.2.3 “Logistic organization of the Rexel Group” of this *Document de Référence*); and
- 2,235 branches (including hub branches) located in Europe, North America, Asia-Pacific and in Latin America. Branches are mixed-usage selling and storage premises located in areas of handicraft or industrial activity, with an average surface area of approximately 1,000 sq. meters. Branches are mainly leased (see paragraph 1.4.2.3 “Logistic organization of the Rexel Group” of this *Document de Référence*).

No single real estate asset of the Rexel Group is deemed significant to the Rexel Group as a whole and no significant investment in real estate assets is currently being considered. These assets are not subject to any encumbrance which would affect their current use or value.

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, 2014, 2013 and 2012.

(in millions of euros)	2014	2013	2012	2012-2014 Total
Capital expenditure				
IT systems	54.5	44.7	45.5	144.7
Branch renovations and openings	20.8	22.5	24.8	68.1
Logistics	11.4	14.9	17.0	43.3
Others	19.1	20.2	3.3	42.6
Total gross capital expenditure	**105.9**	**102.3**	**90.6**	**298.7**
Change in fixed assets suppliers payable	1.6	(7.3)	0.3	(5.4)
Disposals of fixed assets	(4.8)	(22.9)	(7.1)	(34.8)
Total net capital expenditure	**102.8**	**72.1**	**83.8**	**258.5**
Acquisitions and disposals of subsidiaries				
Acquisitions	36.7	12.7	595.6	645.0
Disposals	–	(10.4)	–	(10.4)
Total acquisitions and disposals of subsidiaries	**36.7**	**2.3**	**595.6**	**634.6**

Gross capital expenditure in 2014, 2013 and 2012 represented 0.8%, 0.8% and 0.7% of Rexel Group's consolidated sales, respectively.

Capital expenditures carried out in 2014 are described in paragraph 4.3 "Cash flow" of this *Document de Référence* and were financed by the Rexel Group in cash.

1.7.2 Principal investments in progress

New e-commerce and client relationship development solutions are in the process of being rolled out in Europe and North America.

The establishment of a streamlined information systems solution on most of the United States continued in 2014, together with a rationalization of the branch network and common logistics.

In a number of other European countries, particularly Sweden, The Netherlands and Germany, a consolidation plan of the logistics tools was completed in 2014.

In Australia, new commercial and logistics platforms are in the process of being rolled out.

1.7.3 Principal 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 Rexel 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 product guarantee granted by the Rexel Group is comparable to the guarantee granted by the manufacturer. In some circumstances, 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.

In most of the territories where the Rexel Group operates as an importer, 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 negotiates with its partners on the basis of 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 "RoHS" Directive

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.

Directive 2011/65/EU of July 1, 2011 has extended the reach of this Directive, specifically with regards to its scope, and imposed new obligations on the economic players. The scope of the new Directive includes an increased number of electrical and electronic appliances, in particular cables and spare parts.

The Rexel Group strives to set up adequate measures in order to conform to the Directive.

The "WEEE" Directive

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.

Directive 2002/96/EC was repealed effective as of February 15, 2014. The EU Member States were required to transpose Directive 2012/19/EU by February 14, 2014.

The "REACH" regulations

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 Rexel Group has implemented a process aiming at collecting and providing the information in accordance with the REACH regulation.

The Canadian "WEEE" regulations

Since 2010, a number of provincial authorities in Canada have adopted regulations on waste electrical and electronic equipment, financed by an "eco-tax" (fixed tax on product sales). Only a few products distributed by the Rexel Group are concerned. Because the full cost of this tax is passed on to the customers, the impact of the regulations for the Rexel Group is very limited.

[This page is intentionally left blank]

2.1 RISK FACTORS 40

2.1.1 Risks relating to the Rexel Group's industry 40
2.1.2 Legal and regulatory risks 43
2.1.3 Risks relating to the Rexel Group's financing 45
2.1.4 Market risks 46

2.2 INSURANCE 49

2.3 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES 49

2.3.1 Control environment 50
2.3.2 Risk management system 50
2.3.3 Control activities 52
2.3.4 Internal communication of relevant and reliable information 52
2.3.5 Steering and monitoring of the internal control system 53
2.3.6 Internal control procedures relating to the preparation and treatment of accounting and financial information 54

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 Rexel believes may have a material adverse effect on its financial condition or its results of operations, should they occur. Rexel conducted a review of these risk factors and considers that there are no other significant risks than the ones described in this section. Note that there may, however, be other risks that have not yet been identified as of the date of this* Document de Référence*, or whose occurrence as of the date hereof is not considered likely to have a material adverse effect. This chapter includes a description of the risk factors of the Rexel Group, as well as the risk management measures taken for each of them. Moreover, the risk management process implemented within the Rexel Group is described in paragraph 2.3 "Internal control and risk management procedures" of this* Document de Référence.

2.1 RISK FACTORS

2.1.1 Risks relating to the Rexel Group's industry

2.1.1.1 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 Latin America accounted for approximately 55%, 34%, 9%, and 2% of the Rexel Group's 2014 sales respectively. In addition, the Rexel Group estimates that the industrial, commercial and residential markets, respectively, represented 35%, 44% and 21% of its 2014 sales from the distribution of electrical equipment. However, this distribution varies by region and by country (see paragraph 1.4.1 "The Rexel Group's markets" of this *Document de Référence*). For example, the industrial market accounts for approximately 46% of 2014 sales of the Rexel Group in North America while it is close to 85% of 2014 sales of the Rexel Group in China, and circa 27% in France. In each geographical area, construction, renovation, and maintenance activities evolve differently.

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, results of operations or its ability to implement its strategic decisions.

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 Rexel Group cannot control the occurrence of external risks, the Rexel Group has implemented tools to monitor and assess the risk level and impact. For this purpose, summaries consisting of financial data and macroeconomic indicators are drawn up by the country and regional management teams as well as by the investor 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 lead to measures aimed to adapt the Rexel Group's strategy to the economic and political context.

2.1.1.2 Risks relating to acquisitions

In the last few years, the Rexel Group has carried out bolt-on acquisitions to increase 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 targets, complete acquisitions under satisfactory terms or ensure compliance with the terms of the relevant sale/purchase agreement. In addition, while the Rexel Group seeks the successful 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 employees 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 may retain interests in the share capital of the companies that the Rexel Group takes control of, including in order to ensure continuity, which implies increased complexity in decision-making 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 risks relating to acquisitions and integration processes of the acquired companies, the Rexel Group has improved the implementation and monitoring of acquisition projects. Any material acquisition or disposal (*i.e.*, with an enterprise value in excess of €50 million) is submitted for approval to the Board of Directors of Rexel upon recommendation of the Strategic Committee. Moreover, the appropriateness of each acquisition, in accordance with the Rexel Group's internal process, is considered by an Investment Committee, which meets at several stages of the acquisition process and reviews all of the issues in relation to the project. Lastly, throughout the entire acquisition process, the Rexel Group employs specialized advisors.

In relation to the post-acquisition stage, a dedicated team implements an integration plan and uses synergy follow-up tools for the larger acquisitions. Moreover a procedure for monitoring compliance with contractual undertakings in acquisitions has been established and distributed throughout the Rexel Group.

In addition, acquisitions carried out by the Rexel Group are reflected in its consolidated financial statements through the recognition of goodwill representing the expected future economic benefits from the purchased assets. Downward revisions of these expected benefits, including due to changes in macroeconomic conditions, may lead to goodwill impairments, which would then have an adverse impact on the financial position and results of the Rexel Group. At December 31, 2014, the amount of goodwill recognized in the Rexel Group's assets totaled €4,243.9 million and the depreciations recognized in the consolidated income statement for 2014 totaled €48.5 million (see note 10.1 of the Notes to the consolidated financial statements of the Rexel Group for the year ended December 31, 2014 included in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*).

2.1.1.3 Risks relating to competition

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 Ahlsell, Consolidated Electrical Distributors, W.W. Grainger, Graybar Electric Company, Solar, Sonepar, and WESCO International.

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.

The Rexel Group believes that, based on 2014 sales, it is the number two distributor in the Asia-Pacific region, in Europe and in North America.

Furthermore, the Rexel Group may compete with:

- manufacturers that sell their products directly to certain clients in the industrial and services markets, essentially in connection with large projects;
- large do-it-yourself stores that distribute products directly to residential end-users;
- general building trade distributors, who 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;
- specialists in e-commerce, distributing electrical material to professionals or end-users;
- specialized distributors on certain market segments, as for example low voltage electrical material; and
- service providers specialized in building maintenance or energy efficiency.

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 inherent in its business, the Rexel Group relies on its dense network of branches and sales personnel, the efficiency of its logistical systems as well as the quality of its services. In addition to its branch network, Rexel is developing a multichannel offer, with, in particular, e-commerce functionalities in most countries, thereby responding to clients' expectations most notably by simplifying administrative tasks and giving them technical advice.

Moreover, dealing directly with a professional distributor allows customers to have access to a larger product offering than when dealing with a manufacturer and to benefit from a higher quality of service and advice than that proposed by large do-it-yourself stores or e-commerce sites.

Each year, the Rexel Group reviews its branch network and makes strategic decisions 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.

Lastly, in order to limit the risk of its key employees joining the competition, Rexel Group entities ensure that their remuneration policies are competitive and include non-compete clauses in employment agreements when such provision makes sense in the local market.

2.1.1.4 Risks relating to information technology systems

The attention of Rexel is highly focused on the protection and maintenance of the operational capacity and availability of its information systems.

Given the decentralized IT architecture and the recourse to several IT hosting providers located in various countries, the risk that a major malfunction affects operations globally is limited. Moreover, internal control procedures define a periodic validation of disaster recovery plans. In addition, the compliance with rules related to change management, planning and execution of complex projects as well as access rights management is verified through regular audits.

In 2014, Rexel assessed the level of protection of its critical systems and redefined an organization, governance principles and technologies required to increase their protection against intrusion and hacking attempts. As new practices emerge around mobility at work, Rexel reinforces its practices regarding data management and protection on employees' laptops.

The Rexel Group cannot, however, provide assurances that all systems will continue to support permanently all activities under satisfactory conditions. A major malfunction or interruption could have a negative effect on the activity, the financial condition or results of operations of the Rexel Group. The Rexel Group may also be required to make unforeseen expenditures or may experience temporary or extended disruptions with respect to its personnel, operations or information flow.

2.1.1.5 Risks relating to the Rexel Group's logistical structure

The evolution 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 reputation and results of operations.

The Rexel Group's logistical organization, which is determined at the local level, as opposed to the international level, and with similar processes supported by warehouse management systems common between several countries, limits the impact of such a risk. Should a malfunction 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 shared within countries and within the Rexel Group. Regular monitoring of this information serves to alert Rexel to problems and implement necessary corrective action.

2.1.1.6 Risks relating to supplier dependence

While rationalizing its purchasing policy, the Rexel Group is reducing the number of its suppliers in order to strengthen its relationships with a smaller number of manufacturers. In 2014, the Rexel Group's purchases from its 25 leading suppliers accounted for more than 50% of its total purchases; more than 75% of its total purchases were from its 200 leading suppliers.

Overall, the Rexel Group believes that it is not dependent on any single supplier.

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' refusal to renew agreements or insistence to renew on 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.

In certain geographical areas, the Rexel Group may be 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, in certain countries, change their product distribution channels by reducing the role of distributors, which would temporarily affect sales and corresponding gross profit.

The occurrence of any of these 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 supervision 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, as part of a proactive approach to manage the offer by products categories.

In addition, while constantly seeking for innovation, Rexel Group companies regularly identify new suppliers for the key products categories that they offer. Lastly, the relative importance of the Rexel Group to its main suppliers limits the risks relating to the termination of contracts or a material change in the product offers.

2.1.1.7 Risks relating to the Rexel Group's reputation

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 and the social media. These communication means are characterized by real time reactions and an exponential diffusion of information, which may have an impact on the Rexel Group's reputation, financial situation or results of operations in case a crisis or negative event occurs.

In order to limit such risk and to reduce its impact, the Rexel Group, in the context of its communication strategy, ensures a proactive monitoring of Internet tools, organizes information and education campaigns to the attention of its employees, raises its employees' awareness through the distribution of its Ethics Guide, implementation of stringent communication rules, and a crisis management process which is updated on a regular basis.

2.1.1.8 Risks relating to operations in emerging or non mature countries

Rexel develops its activities notably in emerging or non mature countries, where its exposure to operational risks might be higher than generally accepted standards, due to inefficient or insufficiently controlled processes, and/or due to a potentially changing economic, political, legal or tax environment. In order to limit its exposure, risk assessment, integration and monitoring processes of these entities or activities have been defined to eventually ensure an adequate level of internal control on operational risks.

2.1.1.9 Risks relating to human resources

Attract, develop and retain talents is a priority to the Rexel Group, in order to support its growth and strategy, and develop innovative solutions. The Group's strategy to become a market reference with regards to human resources management and development, is oriented both internally and externally, and is built around 4 axes: managers and change management, culture of performance, employer brand, and organizational effectiveness.

Internally, different programs have been launched to strengthen the performance-oriented corporate culture (corporate university, top 100 development program, high potentials identification and development based on key management and technical skills…).

Externally, the recruitment of experienced profiles enables acceleration in competency gaining in key domains.

However, this dual investment is performed in difficult local contexts: local employment market evolutions, and in particular an increased competitive pressure in the recruitment of expertise, could have a negative impact on the profitability of operations.

2.1.2 Legal and regulatory risks

2.1.2.1 Risks relating to pending litigation

Risks related to pending litigation are described in detail in note 24 of the Notes to the consolidated financial statements of Rexel for the year ended December 31, 2014, which are set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*. These litigations have been analyzed by the management who concluded that, as of closing date, they should be subject to no additional provision, other than those already booked.

Considering the status of pending tax claims and ongoing tax proceedings, Rexel believes that no material effect is to be expected with regards to its financial condition or its results of operations but cannot predict the outcome of these cases with certainty or assess potential tax adjustments.

There are no other governmental, judicial or arbitration proceedings (including any outstanding or threatened proceedings of which Rexel is aware of) 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 lawsuits 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.

2.1.2.2 Risks relating to legal and tax regulations

Like any international group operating in multiple jurisdictions, the Rexel Group has structured its commercial and financial activities in a manner which takes into consideration various legal and tax requirements, derived from internal laws of countries where the Group is set up, as well as international treaties between these countries.

The application of tax regimes to the Rexel Group's operations, intra-Group transactions or reorganizations may require reasoned interpretations. Rexel 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 tax experts assist local management in their transactions in respect of local or international applicable laws.

Furthermore, the Rexel Group may record deferred tax assets on its balance sheet, reflecting future tax savings resulting from discrepancies between the tax and accounting valuation of the assets and liabilities or in respect of tax loss carry-forwards from its entities. The actual realization of these assets in future years depends on tax laws and regulations, the outcome of potential tax audits and on the expected future results of the relevant entities. Any reduction in the ability to use these assets due to changes in local laws and regulations, potential tax reassessments or lower-than-expected results could have a negative impact on the Rexel Group's financial position or results. As at December 31, 2014, the Rexel Group's deferred tax assets linked to tax loss carry-forwards totaled €318.4 million, depreciated in an amount of €127.7 million (see note 9.2 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2014, which are set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*).

In addition, the Rexel Group is committed to continue to implement and enforce policies and procedures aiming at ensuring compliance with applicable local and international laws, such as but not limited to anti-corruption, export control, anti-money-laundering, data protection, or competition law. However, Rexel cannot guarantee that none of the employees or partners of the Rexel Group will ever violate these laws and regulations or procedures, which may impact its reputation or financial situation. In order to mitigate these risks, the Rexel Group constantly enhances its compliance program and tools for its implementation. As an example, in order to prevent corruption risks and increase the awareness of its employees, Rexel launched in 2014 an e-learning module on this topic.

2.1.2.3 Risks relating to regulatory matters, including environmental regulations

In light of the sectors in which it operates, the Rexel Group must ensure, *inter alia*, that its suppliers comply with applicable standards and directives in relation to products, the environment and 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*.

2.1.2.4 Risks relating to pension plans

Risks relating to pension plans and the corresponding risk management tool are described in note 18 to the consolidated financial statements of the Rexel Group for the year ended December 31, 2014, as set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

2.1.3 Risks relating to the Rexel Group's financing

2.1.3.1 Risks relating to indebtedness

As at December 31, 2014, the Rexel Group's gross indebtedness amounted to €3,367.1 million and its net indebtedness amounted to €2,213.1 million. Moreover, in 2011, 2012 and 2013, Rexel issued bonds for a total amount of €1,962.5 million.

Subject to certain conditions, Rexel and it subsidiaries may also incur 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.

Furthermore, the Rexel Group's ability to meet its obligations, in particular complying with the restrictions and contractual obligations, contained in certain of its credit agreements (in particular those in connection with the Senior Credit Agreement, the 2011 Bonds, the 2012 Bonds, the 2013 Bonds and the securitization programs, as described in note 19.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2014 set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*), or to pay interest on its loans 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.

If at any time the Rexel Group has insufficient cash to service its debt, it may be forced to 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 on acceptable terms.

The measures implemented to manage these risks are described in paragraph 2.1.3.2 "Risks relating to bank and bond financing (excluding securitizations)" and 2.1.3.3 "Risks related to securitization programs" of this *Document de Référence*. In addition, this debt exposes the Rexel Group to interest rate risk, which is described in paragraph 2.1.4.2 "Interest rate risk" of this *Document de Référence*.

2.1.3.2 Risks relating to bank and bond financing (excluding securitizations)

Certain bank loans and bond financings, including the Senior Credit Agreement and the 2011 Bonds, the 2012 Bonds and the 2013 Bonds (as described in note 19.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2014 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 change the business operations of the Rexel Group.

The Senior Credit Agreement and the 2011 Bonds, 2012 Bonds and 2013 Bonds also contain provisions under which the Rexel Group's creditors could demand full or partial early repayment of borrowings, particularly in the event of the disposal of certain assets or changes of control. These restrictions may impact the Rexel Group's ability to respond to competitive pressures, downturns in its markets or, in general, overall economic conditions.

The Rexel Group's borrowings include various financial commitments described in note 19.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2014 set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*. As of December 31, 2014, the Rexel Group was in compliance with all of its applicable financial commitments. The Rexel Group must provide, for each financial commitment, 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 provided by Rexel's statutory auditors.

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 covenants, in particular with the financial ratios set out in the Senior Credit Agreement and the 2011 Bonds, the 2012 Bonds and the 2013 Bonds may result in early termination by the borrowers of the agreements entered into with the Rexel Group, and such borrowers may under such agreements require early repayment of any amounts of principal or interest, that are due.

In such cases, the Rexel Group may not be in a position to refinance its indebtedness 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 of its own, Rexel relies on distributions from its subsidiaries. Rexel's inability to obtain sufficient funds from its subsidiaries could have an adverse effect on its capacity to meet its obligations under its indebtedness or to distribute dividends.

In order to monitor compliance with its financing agreements, the Rexel Group's management regularly reviews the current and forecasted situation and the implementation of corrective action is proposed to the Board of Directors if needed. The Audit Committee follows-up on these situations on a regular basis.

2.1.3.3 Risks relating 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, 2014 set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*).

As at December 31, 2014, the Rexel Group was in compliance with all of its financial commitments under these securitization programs.

If Rexel Group companies do not comply with their obligations as established by the credit institutions or the investors, such programs could be terminated. Furthermore, the quality of the receivables assigned has an impact on the cost and amount of the financing obtained, which could affect the Rexel Group's financial position in the event of deterioration of the quality of the receivables. In addition, 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 exceptional circumstances, 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 be 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 treatment of the securitization programs is described in note 19.1.3 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2014, which are set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

2.1.4 Market risks

2.1.4.1 Risks relating to changes in prices of certain raw materials

In connection with the distribution of cable products, which account for approximately 14% 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 with copper prices. These changes are not, however, solely and directly linked to copper price fluctuations to the extent that the cable prices paid by the Rexel Group also depend on suppliers' commercial policies, the competitive environment of the

Rexel Group and exchange rates. 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, insofar as the Rexel Group passes-on most of the price decreases in the purchase prices of these cables through lower sales prices; 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 and margin.

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). 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.

In 2014, the Rexel Group estimates that variations in cable prices have contributed to reduce, on a recurring basis, its sales by approximately 0.6% on a constant basis and same number of 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 2014 resulted in a negative non-recurring impact on EBITA estimated at €2.6 million.

By comparison, in 2013, the Rexel Group had estimated that variations in cable prices had contributed to reduce, on a recurring basis, its sales by approximately 0.8% on a constant basis and same number of 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 2013 had resulted in a positive non-recurring impact on EBITA estimated at €15.3 million.

Although the occurrence of external risks cannot be managed, the Rexel Group has implemented tools to monitor and assess 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, aluminum or nickel) or oil. Oil also impacts transportation costs for products distributed by the Rexel Group. In 2014, transportation costs accounted for 2.7% of the Rexel Group's sales. Most of the entities of the Rexel Group have entered into transport outsourcing agreement, which allow the impact of changes in oil prices to be managed.

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

2.1.4.2 Risk relating to interest rate

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, 2014 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 19.1.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2014 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 19.1.1 to the Rexel Group's consolidated financial statements for the year ended December 31, 2014 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 0.85% and 2.50% (*i.e.*, a range of 165 basis points), which may result in an increase in the financial expenses. Based on the Indebtedness Ratio as at December 31, 2014, it amounts to 1.25%.

2.1.4.3 Risk relating to exchange rate

The exchange rate risk and the system in place to manage this risk are detailed in note 20.2 to the Rexel Group's consolidated financial statements for the year ended December 31, 2014, set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

2.1.4.4 Risk relating to liquidity

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, 2014, 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 4.4 "Sources of financing" of this *Document de Référence*.

A quarterly review of the Group's liquidity level is performed during Audit committees. Corrective measures would be taken if the level of liquidity became lower than adequate.

2.1.4.5 Risk relating to counterparty

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, 2014, set forth in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

2.1.4.6 Risk relating to equity instruments

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 at December 31, 2014, Rexel held 1,737,761 of its own shares, as detailed 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 2.1.2.4 "Risks relating to pension plans" of this *Document de Référence*.

2.2 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 by 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; and
- 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-product delivery risks.

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

These policies are regularly analyzed (based on Rexel Group's experiences, exchanges with the market, industry practices, and the advice of brokers) in order to check the adequacy of coverage with regards to potential risks. Guarantees limites widely exceed the amount of losses experienced in the past.

In addition, risks of payment default 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 the 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.

2.3 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

The methods adopted by the Rexel Group are based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) standard as well as on the reference framework suggested by the *Autorité des marchés financiers* (AMF), as completed by its application guide.

Risk management is a lever for managing the Rexel Group that helps:

- Creating and preserving the Rexel Group's value, assets and reputation;
- Securing the decision-making and the Rexel Group's processes to attain its objectives;
- Promoting the consistency of the Rexel Group's actions with its values; and
- Bringing the Rexel Group's employees together behind a shared vision of the main risks.

The risk management process aims at identifying and analyzing the main risks that the Rexel Group may face.

The risks that are beyond the acceptable limits set by Rexel, are dealt with and, as the case may be, are the subject of action plans. These action plans may include the implementation of controls, the transfer of financial consequences (through the setting up of an insurance coverage or an equivalent mechanism) or changes in the organization. Controls to be implemented are part of the internal control system.

The Rexel Group considers internal control as an ongoing process, which aims to ensure that:

- Laws and regulations are complied with;
- The instructions and directional guidelines set by the general management are implemented;
- The Group's internal control processes, are functioning correctly, particularly those related to the security of its assets; and
- Financial information is reliable.

As such, internal control contributes to risk management, fraud prevention and monitoring, transactional efficiency and the efficient use of Rexel Group's resources. However, as well conceived and applied as they may be, these measures cannot absolutely guarantee the achievement of the Rexel Group's objectives.

The Group is organized around geographic zones (the "Zones") regrouping one or several countries or entities (the Entities, which do not always match a country). Each Zone is represented on the Rexel Group's Executive Committee by its Managing Director.

At the headquarters level, the functional departments participate in defining and updating the internal control standards as well as in documenting and managing identified risks. The implementation of efficient and adequate internal controls is among their objectives.

The internal control system described below constitutes a common standard, which must be implemented by the Management of the respective Entities. They are responsible for supplementing it by setting up local procedures. This internal control system applies to all consolidated Entities.

2.3.1 Control environment

The control environment is the keystone of the internal control system. Responsibility and the sense of responsibility are thus key principles in the definition of roles and responsibilities.

The role of management in promoting ethical conduct of the Rexel Group is essential to the control environment, which relies, since 2007, on an Ethics Guide, which is available in the local languages of the countries where the Group operates. In 2013, the Ethics Guide was updated in order to reflect the values promoted through the Group's enterprise project launched in 2012, *Energy in Motion*. This approach is detailed in paragraph 3.1.6 "Ethical commitment of the Rexel Group" of this *Document de Référence*.

In addition, on May 22, 2014, the Board of Directors approved the new version of the Market Ethics Charter. This charter was initillay approved in 2007, in accordance with the recommendations of the AMF, and is updated on a regular basis since then. This charter reiterates the applicable regulations relative to the risks of having, disclosing or potentially using inside information (it being specified that inside information is a "precise non-public information relating, directly or indirectly, to one or several issuers of financial instruments, or one or several financial instruments, which would be likely to have a significant influence on the price of such financial instruments or on the price of related financial instruments if it were to be made public"). This approach is complemented by the monitoring of a list of inside information holders, who are reminded of their obligations on a regular basis.

2.3.2 Risk management system

In 2013, the Rexel Group appointed a Risk Manager and Chief Compliance Officer, thus complementing the existing system (including in particular the functions of the previous Risk Manager). He is in charge of:

- Defining, deploying and coordinating the Rexel Risk Management approach, under the oversight of the Risk Committee, and especially identifying and prioritizing operational and non-compliance risks,
- Coordinating the Rexel compliance program in its definition, implementation and maintenance,
- Providing support to risk owners in risks analysis, definitions of recommendations, and action plans follow-up,
- Enhancing the Group's Risk Management and compliance culture through trainings and communication activities.

The risk management system also relies on the Risk Committee reporting to the Executive Committee, whose duties include, in particular:

- Piloting the annual update of the Group's risk mapping and the on-going identification of risks;
- The identification of "risk owners", the determination of the related action plans and the follow-up on the implementation of these plans;

- The review of the existing procedures and identification of the procedures to be set up with respect to the general remit of the Committee to identify the risks incurred and the implementation of procedures to control such risks within the Group;
- To ensure the coordination and coherence of the aforesaid procedures and the aforesaid plans;
- More specifically, to ensure the implementation of the "Risk Management Policy"; and
- To ensure the application of the procedures and to monitor the effectiveness of risk management organization and the procedures set up.

The Risk Committee met on four occasions in 2014. The Risk Committee reported on its work and made recommendations to the Management Board once and to the Executive Committee on a second occasion during this financial year.

2.3.2.1 Risk identification and assessment

The Audit and Risk Committee has an overall view on Rexel Group risks through the risk mapping set by the Executive Committee upon the recommendations of the Risk Committee. It is kept informed by the Director of Internal Audit, the Chairman of the Risk Committee and by the functional Directors on various risks that are specific to their field. The major risks identified are presented regularly to the Audit and Risk Committee.

Under the supervision of the Risk Committee, the Risk Manager and Chief Compliance Officer carries out annually the process of updating this mapping based on interviews with members of the Risk Committee and with certain members of the Rexel Group's Executive Committee. Risk mapping is also carried out every year on selected Entities in order to deploy the approach locally and to enrich, if needed, risk mapping at the Rexel Group level. In 2014, this process included four Entities.

The risk identification and evaluation processes which allows the updating of the risk mapping begins with the updating of the risk universe which identifies and prioritizes all the potential risks identified for the Rexel Group based on their nature and impact.

This risk analysis covers the three following areas:

- Strategic risks related to the environment in which the Group operates as well as transformations in progress within the Group, such as external growth projects or innovations;
- Operational risks, resulting from the inadequation or inefficiency of processes, organization and systems, or from external events impacting the operations; and
- Legal and compliance risks, related to the organization's obligations with regards to applicable local or international laws and regulations, as well as internal guidelines and procedures (incluing the compliance program), the Ethics Guide, contracts or industry standards and best practices.

Used both as an identification and follow-up tool, this mapping also allows the vision of risks to be shared among the Rexel Group and to update risk factors disclosed in paragraph 2.1 "Risk Factors" of this *Document de Référence*. The Risk Management Committee annually reviews the consistency between the risks mapping and the risk factors.

2.3.2.2 Risk Management

The updating of the risk mapping within the Rexel Group, carried out in 2013 under the supervision of the Risk Committee allowed the Executive Committee to update the list of top-priority risks and to identify risks of lesser priority, for which a specific follow-up has nevertheless been suggested.

With respect to the top-priority risks, the Rexel Group's approach, managed by the Risk Committee, consists in proposing a sponsor for each risk, then designated by the Executive Committee. This sponsor is in charge of the risk assessment, presents the potential impacts, the indicators and the actions implemented to limit the said risk, as well as action plans aiming at reducing the risk to an acceptable level, as appropriate. The sponsor may set up a working group with relevant contributors in order to support the risk assessment and build the action plans. These action plans are presented to the Executive Committee by the Chairman of the Risk Committee for approval. The Risk Committee then monitors the effective implementation of such action plans, with the support of the Internal Audit and Internal Control Departments of the Rexel Group.

Certain risks do not directly fit in the scope of works of the Risk Committee. Thus, risks related to the Group's governance and certain transversal risks are monitored by the Rexel Group's Executive Committee which is assisted by appropriate working groups which provide it with a detailed analysis of each risk and identify measures to be taken to manage these risks. Financial market risks and compliance risks are monitored mainly by the functional Departments of the Rexel Group. They define action plans to be implemented by Entities based on procedures which they establish.

The internal control system and the action plans defined by the Entities allow the management of operational risks. Internal control teams are responsible for monitoring the implementation of these action plans.

Therefore, the risk management policy implemented within the Rexel Group, relying on the Risk Committee, the Board of Directors, the Audit and Risk Committee, the Internal Control and the Internal Audit Departments of the Rexel Group ensures an acceptable level of risk considering its activity and structure.

Although the risk identification, assessment and management procedures are deemed acceptable by the Rexel Group, assessments are regularly conducted in order to identify the areas in which improvements are necessary or desirable. Once these areas are identified, improvement actions are implemented.

The Rexel Group insurance policy (one of the risk management measures) is set out in paragraph 2.2 "Insurance" of this *Document de Référence*.

2.3.3 Control activities

The Rexel Group and its branch network is a decentralized structure that rests on the sense of responsibility throughout line management.

Relying on the control environment described in paragraph 2.3.1 "Control environment" of this *Document de Référence*, the Rexel Group has designed a Book of Guidelines which is regularly updated and communicated to the management of its Entities. For each of the main processes, the Book presents the risks, the control objectives, and the related controls. Some of these controls must be strictly integrated in the operating processes of the Entities while others are only guidelines, the implementation of which is subject to the assessment of the Entities' Management, based, in particular, on local conditions.

The Book contains, for an operational entity, approximately 650 controls divided into the following activities:

- strategic processes: external growth and development, governance and communication,
- operating processes: sales, purchasing and supply chain,
- support processes: information systems, human resources, financial and accounting information, treasury, tax, legal, real estate and insurance.

This Book is completed by additional procedures set up by the functional departments and that must be implemented by the Rexel Group's Entities.

When it comes to management reporting and the preparation of financial statements, the Financial and Administrative Department of the Rexel Group has defined a set of procedures, tools and guidelines that give it the means to ensure the quality and consistency of the information transmitted. These guidelines are discussed in paragraph 2.3.6 "Internal control procedures relating to the preparation and treatment of accounting and financial information" of this *Document de Référence*.

2.3.4 Internal communication of relevant and reliable information

The organization of the internal control system requires the mobilization of appropriate expertise (so that it is used to reduce risk through the creation of adequate controls) and communication adapted to ensure improved dissemination of the Rexel Group's objectives. This communication allows the Rexel Group's General Management to share with local management teams not only the measures and objectives of risk reduction, but also the information necessary to allow the alignment of their decisions and activities with defined objectives.

On the one hand, communication with the Rexel Group's management bodies is made on a regular basis during the meetings of the Audit and Risk Committee and of the Risk Committee. In particular, each quarterly Audit and Risk Committee meeting is used to summarize internal control and audit activities performed during the period. The Executive Committee meetings and the meetings regularly organized within the various functions of the Rexel Group also serve as occasions to mobilize the headquarters' and subsidiaries' main managers with respect to the importance of conforming the activities of the Rexel Group to the standards the Group has established.

On the other hand, communications with the subsidiaries includes regular exchanges, notably on the occasion of the annual self-assessment (see paragraph 2.3.5 "Steering and monitoring of the internal control system" of this *Document de Référence*) and of the monitoring of action plans. Since 2012, a formal meeting is organized at least once a year with the General Manager of each Zone, its Financial Controller and the Group Financial Direction, in order to monitor the various matters related to internal control. In 2014, the schedule of these meetings was revised in order to reinforce the consistency of the overall internal control system.

Finally, the Rexel Group develops through its Intranet a knowledge sharing system which is organized, in respect of the internal control, around the Book of Guidelines and the complementing procedures. In addition, various communities specific to each function ensure the diffusion of their own instructions, procedures and best practices.

2.3.5 Steering and monitoring of the internal control system

The internal control system is steered and monitored under the control of Rexel's Audit and Risk Committee. The Audit and Risk Committee reviews the organization and application of the internal control framework within the Group and reviews the risk identification and management processes. It controls internal audit work, which, together with the self-assessment process, forms the basis of the monitoring system. Other teams, from the functional departments in the headquarters, as well as the external auditors, are also involved.

2.3.5.1 Internal control self-assessment

The Rexel Group is engaged in a process to permanently improve its internal control system. To carry out this task, the Internal Control Department coordinates on an annual basis a self-assessment exercise, measuring compliance with the Book of Guidelines, through a questionnaire sent to the management of the Entities. The results of this self-assessment are shared with the Executive Committee, management of the Entities, the functional departments in the headquarters and the Audit and Risk Committee. As such, it is a tool to promote awareness on internal control as well as a measuring stick.

The last self-assessment was carried out in the third quarter of 2014, in accordance with the new schedule implemented during the year, and covered all processes of the Rexel Group framework (see paragraph 2.3.3 "Control activities" of this *Document de Référence*).

Action plans associated with these self-assessments are defined and implemented under the responsibility of the Management of the Entities. The goal of these action plans is to bring each Entity up to the level of control of its processes recommended by the Rexel Group and, by doing so, to control risks.

These self-assessments also allow more general areas of progress to be identified, that are the subject of internal control improvement action plans at the level of the functional directions at the headquarters. These plans include the definition and dissemination of good practices and assistance to local management teams.

Certain Entities are less mature in their internal control system, in particular, entities which recently entered the Rexel Group following external growth transactions. The continuous improvement plan of internal control is intended to bring these Entities to the required level.

As the self-assessment approach cannot, by its nature, guarantee that the internal control system is applied in an effective manner, the Rexel Group supplements this initiative with carrying out internal audits during which certain key controls, which are the subject of the self-assessment by the Entities, are tested. External auditors also review internal control systems within the Rexel Group on a regular basis and inform the Rexel Group's management and administration bodies of the findings of such reviews.

2.3.5.2 The internal audit role

The Internal Audit Department has been assigned by the General Management the task of ensuring compliance with the Rexel Group's rules within its Entities, and more generally evaluating the risks associated with the subjects of their audits, notably operational, financial or related to safety.

The role, the scope and the responsibilities of internal audit have been defined in an Internal Audit Charter, the updating of which has been officially approved by the Audit Committee in February 2011.

At the end of 2014, internal audit included 24 people, including 10 in the headquarters and 14 in the main subsidiaries of the Rexel Group (located in Australia, Austria, Brazil, France, the United States and the United Kingdom), each of the main Zones thus having at least one auditor.

Based on an audit plan approved by the Audit Committee in early 2014, the internal audit teams performed in 2014, 34 audits of accounting, financial and operating procedures. About more than 425 audits on the network of branches were also carried out or supervised by this team.

Following each audit and based on recommandations by the auditors, action plans are prepared by the relevant Entities to address the weaknesses identified in the audit report. The Internal Audit Department has established a process aiming to follow-up on the implementation of the action plans in order to ensure that the weaknesses detected are corrected.

In addition, these assignments allow for better control of the results of the self-assessments conducted by the Entities, about half of the controls in respect of which self-assessments have been conducted being reviewed in the context of a standard accounting and financial processes audit assignment.

Finally, each quarter, the Director of Internal Audit presents to the Audit and Risk Committee of Rexel a summary of the activity of the teams and the main conclusions of the assignments carried out as well as a monitoring of the implementation of the related actions plans.

2.3.5.3 The external audit role

External auditors contribute to the internal control system monitoring process. In addition to the reviews conducted in the context of the certification of accounts, they verify each year the reliability of the results of the self-assessment campaign in respect of a portion of the framework, which varies from one year to another. Although the scope of this review is limited, this verification which applies to all of the Entities of the Rexel Group, associated with the more complete verifications conducted by the Internal Audit teams in respect of a more restricted number of Entities, allows the Rexel Group to strengthen the reliability of the self-assessments and harmonize practices.

2.3.5.4 Headquarters functional directions

The role of the functional directions concerning the actions implemented to manage risks is integrated in the internal control and risk management system. They rely on the answers to the self-assessment questionnaires and the audit reports prepared by Internal Audit teams to identify the need for transversal action in the Rexel Group. Each functional direction supports subsidiaries in the setting-up of action plans aiming at decreasing identified risks on subjects of their competence.

2.3.6 Internal control procedures relating to the preparation and treatment of accounting and financial information

2.3.6.1 Planning, steering and reporting activities

The planning, steering and reporting processes are organized by Entities, which may be countries, holdings or commercial entities whose activities are not related to the distribution of electrical equipment. The countries are grouped by geographic Zones. The Entities and geographic Zones each have their own general management, operating management, and financial teams.

For each financial year, a budget is established at the Entity level and approved by the Entities and the related Zones operating Management, then subject to an open review with General Management, the Financial Control Department and Zones' Management. The budget, consolidated at the level of the Rexel Group, is submitted for approval to the Board of Directors of Rexel after review by the Strategic Committee. This process allows focusing the responsibility of the whole organization around the objectives of the Rexel Group and applies to all of the Entities included in the scope of consolidation of the Rexel Group.

The monthly business reviews, which bring together the members of the General Management, the Group Financial Control Department, and the Management of the Zones, allows for the understanding of financial and economic changes with respect to activities, the assessment of operational decisions to be taken, the analysis of gaps between targets and performance, the steering of the financial structure and the monitoring of the implementation of action plans. The General Management relies on monthly reporting, comments on observed changes and indicators of operational and financial performance. At the level of the Entities, Zones and Rexel Group, teams of financial controllers are responsible for monitoring the achievement of targets and for the analysis of accounting and financial information.

Three times a year, forecasts for the current year are prepared and compared with budget targets in order to implement the necessary corrective actions. These forecasts include the usual items for the monitoring of the financial structure and of the Rexel Group activity, including the forecasting of key ratios defined in the financing agreements (“covenants”).

A summary of business reviews and forecasts is communicated monthly to the members of the Board of Directors.

Each year, a three-year strategic plan is prepared at the Entity level, validated by the relevant Zones' management teams and subject to an open review with General Management, the Financial Control Department and Zones' Management. Together, this is consolidated and reviewed at the Rexel Group level and is submitted to the approval of the Board of Directors after review by the Strategic Committee.

The yearly, half-year and quarterly financial statements are presented to the Audit and Risk Committee.

2.3.6.2 Shared guidelines and procedures for the approval of financial statements

Rexel Group's financial statements are prepared in accordance with the IFRSs as adopted by the European Union and are based on information provided by the Financial Departments of the Entities. The latter are responsible for ensuring that this information complies with the Rexel Group standards (especially accounting methods and accounts structure, included in a Reporting Manual) and observance of the detailed instructions issued by the Financial and Administrative Department.

This data is transmitted by the Financial Departments of the Entities in a set format using a single consolidation tool that is used in preparing monthly reports and external financial information at each stage of consolidation:

monthly reporting, budget, forecasting and three-year strategic plan. This single format guarantees consistency between the different data used for internal steering and external communication.

The Rexel Group's Financial and Administrative Department ensures the consistency of the inflow of information from Entities before aggregating the results and consolidation entries. It prepares detailed and documented analyses of such data, explaining, in particular, changes in the scope of consolidation, exchange rate impacts and non-recurring operations.

As mentioned in paragraph 2.3.3 "Control activities" of this *Document de Référence*, internal controls relating to accounting and financial information are part of the general internal control system.

4.1 GENERAL OVERVIEW 90

4.1.1 Rexel Group overview 90
4.1.2 Seasonality 90
4.1.3 Impact of changes in copper price 91
4.1.4 Comparability of the Group's operating results and adjusted EBITA 91

4.2 CONSOLIDATED RESULTS 93

4.2.1 Rexel's consolidated financial results 93
4.2.2 Europe (55% of Group sales) 95
4.2.3 North America (34% of Group sales) 97
4.2.4 Asia-Pacific (9% of Group sales) 98
4.2.5 Latin America (2% of Group sales) 99
4.2.6 Other operations 100

4.3 CASH FLOW STATEMENT 101

4.3.1 Cash flow from operating activities 101
4.3.2 Cash flow from investing activities 102
4.3.3 Cash flow from financing activities 103

4.4 SOURCES OF FINANCING 104

4.5 OUTLOOK 105

4.5.1 Comparison of Rexel 2014 forecast with achievements 105
4.5.2 Rexel 2015 outlook and forecast 105
4.5.3 Rexel Group medium-term objectives 106

4.6 SIGNIFICANT CHANGES IN THE ISSUER'S FINANCIAL OR COMMERCIAL POSITION 106

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 of the Rexel Group for the year ended December 31, 2013, the consolidated financial statements (as well as the related report of the statutory auditors) and the annual financial statements (as well as the related report of the statutory auditors) which are included in pages 89 to 109, 110 to 178 and 181 to 204, respectively, of the *Document de Référence* filed with the *Autorité des marchés financiers* on March 21, 2014, under number D.14-0181; and
- the operating and financial review of the Rexel Group for the year ended December 31, 2012, the consolidated financial statements (as well as the related report of the statutory auditors) and the annual financial statements (as well as the related report of the statutory auditors) which are included in pages 79 to 96, 97 to 162 and 163 to 184, respectively, of the *Document de Référence* filed with the *Autorité des marchés financiers* on March 13, 2013, under number D.13-0130.

The information in 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 numbers 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 rounding.

4.1.1 Rexel 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 principally operates in four geographic areas: Europe, North America, Asia-Pacific and Latin America. This geographic segmentation is based on the Group's financial reporting structure.

In 2014, the Group recorded consolidated sales of €13,081.2 million, of which €7,145.2 million were generated in Europe (55% of sales), €4,477.9 million in North America (34% of sales), €1,200.9 million in Asia-Pacific (9% of sales) and €256.8 million in Latin America (2% of sales).

The Group's activities in Europe (55% of Group sales) are in France (which accounts for 33% of Group sales in this region), Germany, the United Kingdom, Ireland, Austria, Switzerland, The Netherlands, Belgium, Luxembourg, Sweden, Finland, Norway, Italy, Spain and Portugal, as well as several other Central and Northern European countries (Slovenia, Slovakia, the Czech Republic, Poland, Russia and the Baltic States).

The Group's activities in North America (34% of Group sales) are in the United States and Canada. The United States account for 74% of Group sales in this region, and Canada for 26%.

The Group's activities in Asia-Pacific (9% of Group sales) are in Australia, New Zealand, China and India, as well as certain countries in South-East Asia (Indonesia, Malaysia, Singapore, South Korea, Thailand and Vietnam). Australia accounts for 44% of Group sales in this region and China for 32%.

The Group's activities in Latin America (2% of Group sales) are in Brazil, Chile and Peru. Brazil accounts for 58% of Group sales in this region.

This activity report analyzes the Group's sales, gross profit, distribution and administrative expenses, and operating income before amortization of intangible assets recognized on purchase price allocations and other income and other expenses (EBITA) separately for each of the four geographic segments, as well as for the Other operations segment.

4.1.2 Seasonality

Despite the low impact of seasonality on sales, changes in the Group's working capital requirements lead to variations in cash flows over the course of the year. As a general rule, the Group's cash flows are the strongest in the fourth quarter while relatively lower in the three other quarters, because of higher working capital requirements in those periods.

4.1.3 Impact of changes in copper price

The Group is indirectly exposed to fluctuations in copper price in connection with its distribution of cable products. Cables represent approximately 14% of the Group's sales and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cable prices also reflect suppliers' commercial policies and the competitive environment of markets in which the Group operates. Changes in copper price have an estimated "recurring" and "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 sales 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 sales price of cables between the time they are purchased and the time they are sold, until such inventory has been rebuilt (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price for copper-based cable 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 corresponds to the non-recurring effect on gross profit, which may be offset, where appropriate, by the non-recurring portion of changes in distribution and administrative expenses (principally the variable portion of compensation of sales personnel, which accounts for approximately 10% of the change in gross profit).

The impact of these two effects is assessed for as much of the Group's total cable sales as possible over each period, and in any case covering at least a majority of sales. Group procedures require entities that do not have information systems capable of such comprehensive calculation to 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 for that entity. On the basis of the sales covered, the Rexel Group considers such estimates of the impact of the two effects to be reasonable.

4.1.4 Comparability of the Group's operating results and adjusted EBITA

The Group undertakes acquisitions and disposals that may alter its scope of consolidation from one period to another. Second, currency exchange rates may also fluctuate significantly. In addition, 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 price. 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 to give effect to 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 currency transaction risk, as cross-border transactions are limited. To neutralize the currency translation effect on the comparability of its results, the Group restates its comparative period results 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 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" throughout this activity report.

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 of the comparative period to match with the current period's number of working days. No attempt is made to adjust any line items other than sales for this effect, as it is not considered relevant.

Accordingly, in the following discussion of the Group's consolidated results, some or all of the following information is provided for comparison purposes:

- **On a constant basis,** which means excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison of sales;
- **On a constant and same-day basis,** which means on a constant basis (as described above) and restated for the effect of different numbers of working days in each period. Such information is used only for comparisons related to sales; and
- **On a constant basis, adjusted,** which means on a constant basis (as described above) 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 is not generated directly by the Group's accounting systems but is an estimate of comparable data in accordance with the principles explained above.

Changes in accounting policies: IFRIC Interpretation 21 "Levies"

Rexel elected to adopt IFRIC Interpretation 21 "Levies", issued by the IFRIC Interpretation Committee in 2013, as of January 1, 2014 with retrospective application as of January 1, 2013. IFRIC Interpretation 21 "Levies" clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. In addition, IFRIC Interpretation 21 prohibits the progressive recognition of a liability for tax levies over the fiscal year and rather requires the one-time recognition of the liability when the obligating event for the payment of the levy is met. The impact of the adoption of IFRIC Interpretation 21 on shareholders' equity as of January 1, 2013 was an increase of €2.5 million after tax (€3.9 million before tax). The impact on the operating income and net income for the period ended December 31, 2014 was not significant. Prior year comparative information was restated accordingly.

The Group uses the "EBITA" and "Adjusted EBITA" measures to monitor its performance. Neither EBITA nor Adjusted EBITA is an accepted accounting measure under IFRS. The table below reconciles reported operating income before other income and other expenses to Adjusted EBITA on a constant basis.

	YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2014**	**2013(1)**
Operating income before other income and other expenses	**630.6**	**667.1**
Changes in scope of consolidation	–	2.5
Foreign exchange effects	–	(7.1)
Non-recurring effect related to copper	2.6	15.3
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	16.1	19.7
Adjusted EBITA on a constant basis	**649.4**	**697.5**

(1) Restated for changes in accounting policies following the adoption of IFRIC 21.

4.2 CONSOLIDATED RESULTS

4.2.1 Rexel's consolidated financial results

The following table sets out Rexel's consolidated income statement for 2014 and 2013, in millions of euros and as a percentage of sales.

(in millions of euros)	YEAR ENDED DECEMBER 31, 2014	2013(1)	Change in %
REPORTED			
Sales	**13,081.2**	**13,011.6**	**0.5%**
Gross profit	3,174.9	3,188.5	(0.4)%
Distribution and administrative expenses (2)	(2,528.1)	(2,501.7)	1.1%
EBITA	**646.8**	**686.8**	**(5.8)%**
Amortization (3)	(16.1)	(19.7)	(18.0)%
Operating income before other income and expenses	**630.6**	**667.1**	**(5.5)%**
Other income and expenses	(134.8)	(146.2)	(7.8)%
Operating income	495.8	520.9	(4.8)%
Net financial expenses	(188.9)	(213.5)	(11.5)%
Share of profit of associates	0.0	0.4	n.s.
Income taxes	(106.9)	(96.9)	10.4%
Net income	**200.0**	**210.9**	**(5.2)%**
as a % of sales	*1.5%*	*1.6%*	
(1) Restated for changes in accounting policies following the adoption of IFRIC 21.			
(2) Of which depreciation and amortization.	(80.7)	(77.0)	4.8%
(3) 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, 2014	2013	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**13,081.2**	**12,934.7**	**1.1%**
Same-day basis			*1.1%*
Gross profit	3,177.8	3,202.9	(0.8)%
as a % of sales	*24.3%*	*24.8%*	
Distribution and administrative expenses	(2,528.4)	(2,505.4)	0.9%
as a % of sales	*(19.3)%*	*(19.4)%*	
EBITA	**649.4**	**697.5**	**(6.9)%**
as a % of sales	***5.0%***	***5.4%***	

Sales

In 2014, Rexel's consolidated sales amounted to €13,081.2 million, as compared to €13,011.6 million in 2013.

On a reported basis, sales were up 0.5% year-on-year, including a negative currency impact of 1.1% and a positive effect from acquisitions of 0.5%.

- The negative impact of currency amounted to €138.2 million, mainly due to the depreciation of the Canadian and Australian dollars against the euro, offset by the appreciation of the British Pound.
- The positive net effect from acquisitions amounted to €61.4 million and reflects mainly acquisitions made in Asia-Pacific and in Europe.

On a constant and same-day basis, sales increased by 1.1%. By geography, Europe was up by 0.5%, North America increased by 2.9%, Asia-Pacific decreased by 1.0%, and Latin America decreased by 3.5%. Excluding the 0.6 percentage point negative impact due to lower copper-based cable prices, sales increased by 1.7% as compared to 2013.

The table below summarizes the impact on sales evolution of the number of working days, changes in scope and in currency effects:

	Q1	Q2	Q3	Q4	YEAR-TO-DATE
Growth on a constant and same-day basis	0.4%	0.6%	2.2%	1.1%	1.1%
Number of working days effect	0.0%	(0.5)%	(0.4)%	1.0%	0.0%
Growth on a constant and actual-day basis	***0.4%***	***0.1%***	***1.8%***	***2.1%***	***1.1%***
Changes in scope effect	0.4%	0.4%	0.4%	0.7%	0.5%
Foreign exchange effect	(3.6)%	(3.3)%	(0.1)%	2.6%	(1.1)%
Total scope and currency effects	***(3.2)%***	***(2.9)%***	***0.3%***	***3.3%***	***(0.6)%***
Growth on a reported basis (1)	**(2.7)%**	**(2.9)%**	**2.2%**	**5.5%**	**0.5%**

(1) Growth on a constant basis and actual number of working days compounded by the scope and currency effects.

Gross profit

In 2014, gross profit amounted to €3,174.9 million, down 0.4%, on a reported basis, as compared to €3,188.5 million in 2013.

On a constant basis, adjusted gross profit decreased by 0.8% and adjusted gross margin decreased by 45 basis points to 24.3% of sales, reflecting an unfavorable geographic mix, due to cumulative effects of (i) the reduced weight of countries whose gross margin is above Group average and (ii) the increased weight of countries whose gross margin is below Group average, combined with the increased share in the Group sales of large projects whose gross margin is below Group average.

Distribution & administrative expenses

In 2014, distribution and administrative expenses amounted to €2,528.1 million, up 1.1%, on a reported basis, as compared to €2,501.7 million in 2013.

On a constant basis, adjusted distribution and administrative expenses increased by 0.9% and a 5 basis points improvement, representing 19.3% of sales in 2014 as compared to 19.4% in 2013, those reflecting cost control over the year.

EBITA

In 2014, EBITA stood at €646.8 million, down 5.8%, on a reported basis, as compared to €686.8 million in 2013.

On a constant basis, adjusted EBITA decreased by 6.9% to €649.4 million and adjusted EBITA margin stood at 5.0% of sales, down 40 basis points year-on-year.

Other income and expenses

In 2014, other income and expenses represented a net expense of €134.8 million, mainly consisting of:

- €58.9 million restructuring costs mainly related to logistics reorganization and branch network optimization in Europe (mainly in Germany, The Netherlands, the United Kingdom and France) and North America (mainly in the United-States);
- €48.5 million goodwill impairment mainly related to Brazil for €27.8 million, The Netherlands for €12.0 million and Slovakia for €3.4 million, reflecting weak industrial and construction end-markets;
- €9.4 million expenses related to the shut-down of Czech Republic operations;
- €8.2 million acquisition related costs and professional fees associated with some investment projects.

In 2013, other income and expenses represented a net expense of €146.2 million, consisting mainly of:

- €67.3 million goodwill impairment mainly related to The Netherlands for €42.8 million and Brazil for €21.1 million;
- €63.6 million restructuring costs incurred in connection with logistic reorganizations and branch closures related to Europe (mainly in the United Kingdom, France, Sweden, Germany, Spain and The Netherlands), North America and Asia-Pacific.

Net financial expenses

In 2014, net financial expenses stood at €188.9 million, as compared to €213.5 million in 2013. In 2013, net financial expenses included a €23.5 million non-recurring expense incurred in connection with the refinancing occurred in April 2013 of the 8.25% senior notes due 2016 by the €650 million 5.125% senior notes due 2020. Excluding the impact of the 2013 refinancing non-recurring expense, net financial expenses were slightly down from €190.0 million in 2013 to €188.9 million in 2014. This was primarily due to the 50 basis-point decrease of the effective interest rate on gross debt (from 5.4% in 2013 to 4.9% in 2014) and the decrease of the average net indebtedness impacted by an increased amount of cash, compensated by the negative impact of change in fair value of interest rate derivatives.

Tax expense

In 2014, income tax expense was €106.9 million, a 10.4% increase as compared to €96.9 million in 2013. This increase is due to the rise in the effective tax rate from 31.5% in 2013 to 34.8% in 2014, mainly reflecting unrecognized tax losses in Spain and Brazil, the impact of goodwill impairment and the increasing tax pressure in France.

Net income

As a result of the items above, net income stood at €200.0 million in 2014, a 5.2% decrease as compared to €210.9 million in 2013.

4.2.2 Europe (55% of Group sales)

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	**2014**	**2013**	**Change in %**
REPORTED			
Sales	**7,145.2**	**7,078.6**	**0.9%**
Gross profit	1,919.7	1,897.4	1.2%
Distribution and administrative expenses	(1,466.8)	(1,442.1)	1.7%
EBITA	**452.9**	**455.4**	**(0.5)%**
as a % of sales	*6.3%*	*6.4%*	

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	**2014**	**2013**	**Change in %**
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**7,145.2**	**7,098.5**	**0.7%**
Same-day basis			*0.5%*
Gross profit	1,920.5	1,928.9	(0.4)%
as a % of sales	*26.9%*	*27.2%*	
Distribution and administrative expenses	(1,466.8)	(1,460.9)	0.4%
as a % of sales	*(20.5)%*	*(20.6)%*	
EBITA	**453.7**	**467.9**	**(3.0)%**
as a % of sales	***6.3%***	***6.6%***	

Sales

In 2014, sales in Europe amounted to €7,145.2 million, an increase of 0.9%, on a reported basis, as compared to €7,078.6 million in 2013.

Exchange rate variations accounted for an increase of €10.9 million, mainly due to the depreciation of the Norwegian and Swedish Krona against the euro, offset by the appreciation of the British Pound.

Acquisition contributed for €9.0 million (related to Elevite AG, acquired in the third quarter of 2014 in Switzerland).

On a constant and same-day basis, sales increased by 0.5% as compared to 2013.

In **France,** sales amounted to €2,376.4 million in 2014, a decrease of 2.3% as compared to 2013 on a constant and same-day basis in a challenging environment due to low level of residential and industrial markets and deflation in cable prices. France outperformed the market throughout the year, thanks to large projects activity and multi-energy offer.

In the **United Kingdom,** sales amounted to €1,005.2 million in 2014, an increase of 0.6% from the 2013 on a constant and same-day basis, still affected by branch closures. Excluding branch closures effect, sales growth stood at +2.2%, mainly driven by photovoltaic and energy efficiency products.

In **Germany,** sales stood at €803.2 million in 2014, a decrease of 0.6% from 2013 on a constant and same-day basis, with a good performance on building equipment and lighting, offset by lower cable sales.

In **Scandinavia** sales amounted to €906.5 million in 2014, an increase of 6.9% from 2013 on a constant and same-day basis, with a good performance in the three countries, thanks to utilities and energy efficiency business: +8.3% in Sweden, +4.3% in Norway and +7.9% in Finland, reflecting gains in market share.

In **Belgium** and in **The Netherlands,** sales amounted respectively to €312.5 million and €223.7 million in 2014. Sales in Belgium increased by 4.2% thanks to the recovery of the residential market. Sales in The Netherlands were down 5.7% on a constant and same-day basis, nevertheless reflecting a slight improvement throughout the year.

In **Switzerland** and **Austria,** sales amounted respectively to €420.3 million and €316.0 million in 2014. Both countries posted increases of respectively 0.7% and 2.2% from 2013 on a constant and same-day basis.

In **Southern Europe,** sales amounted to €388.6 million in 2014, a 0.6% increase from 2013 on a constant and same-day basis. This reflects a 1.7% increase in Spain and a 3.9% drop in Italy.

Gross profit

In 2014, Europe recorded a gross profit of €1,919.7 million, up 1.2%, on a reported basis, as compared to €1,897.4 million in 2013.

On a constant basis, adjusted gross profit decreased by 0.4% and adjusted gross margin decreased by 30 basis points to 26.9% of sales, affected by tough market conditions in a number of European countries, including France, whose margin is higher than Europe's average and whose sales dropped by around 2% while the rest of Europe grew by around 2%.

Distribution & administrative expenses

In 2014, distribution and administrative expenses amounted to €1,466.8 million, up 1.7%, on a reported basis, as compared to €1,442.1 million in 2013.

On a constant basis, adjusted distribution and administrative expenses increased by 0.4% in 2014, representing 20.5% of sales as compared to 20.6% in 2013.

EBITA

In 2014, as a result, on a reported basis, EBITA amounted to €452.9 million, down 0.5% as compared to €455.4 million in 2013.

On a constant basis, adjusted EBITA decreased by 3.0% from 2013 and adjusted EBITA margin decreased by 25 basis points to 6.3% of sales.

4.2.3 North America (34% of Group sales)

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	**2014**	**2013**	**Change in %**
REPORTED			
Sales	**4,477.9**	**4,441.1**	**0.8%**
Gross profit	966.7	978.5	(1.2)%
Distribution and administrative expenses	(762.7)	(748.3)	1.9%
EBITA	**204.0**	**230.2**	**(11.4)%**
as a % of sales	*4.6%*	*5.2%*	

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	**2014**	**2013**	**Change in %**
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**4,477.9**	**4,353.4**	**2.9%**
Same-day basis			*2.9%*
Gross profit	969.2	968.5	0.1%
as a % of sales	*21.6%*	*22.2%*	
Distribution and administrative expenses	(763.1)	(740.7)	3.0%
as a % of sales	*(17.0)%*	*(17.0)%*	
EBITA	**206.1**	**227.8**	**(9.5)%**
as a % of sales	***4.6%***	***5.2%***	

Sales

In 2014, sales in North America amounted to €4,477.9 million, up 0.8%, on a reported basis, as compared to €4,441.1 million in 2013.

Unfavorable exchange rate variations accounted for €82.5 million, due to the depreciation of Canadian dollars against the euro.

On a constant and same-day basis, sales increased by 2.9% in 2014 as compared to 2013, driven by recovery in US non-residential construction end-market in the second half of the year.

In the **United States,** sales rose to €3,315.4 million in 2014, a 3.2% increase from 2013 on a constant and same-day basis, driven by recovery in non-residential construction end-market in the second half of the year.

In **Canada,** sales amounted to €1,162.6 million in 2014, up 1.8% from 2013 on a constant and same-day basis, thanks to a recovery in project sales, in particular in photovoltaic and wind businesses.

Gross profit

In 2014, in North America, gross profit amounted to €966.7 million, down 1.2%, on a reported basis, as compared to €978.5 million in 2013.

On a constant basis, adjusted gross profit increased by 0.1% and adjusted gross margin decreased by 60 basis points at 21.6% of sales. Gross margin was impacted by acceleration in non-residential sales in the United States since the third quarter, unfavorable project mix and strong sales evolution in photovoltaic and wind products that carry lower margin in both countries.

Distribution & administrative expenses

In 2014, distribution and administrative expenses amounted to €762.7 million, up 1.9%, on a reported basis, as compared to €748.3 million in 2013.

On a constant basis, adjusted distribution and administrative expenses increased by 3.0% in 2014, representing 17.0% of sales in 2014, stable as compared to 2013.

EBITA

In 2014, as a result, EBITA amounted to €204.0 million, down 11.4%, on a reported basis, as compared to €230.2 million in 2013.

On a constant basis, adjusted EBITA decreased by 9.5% from 2013 and the adjusted EBITA margin decreased by 65 basis points to 4.6% of sales.

4.2.4 Asia-Pacific (9% of Group sales)

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	**2014**	**2013**	**Change in %**
REPORTED			
Sales	**1,200.9**	**1,196.8**	**0.3%**
Gross profit	231.8	244.8	(5.3)%
Distribution and administrative expenses	(196.0)	(195.9)	–
EBITA	**35.8**	**48.9**	**(26.8)%**
as a % of sales	*3.0%*	*4.1%*	

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	**2014**	**2013**	**Change in %**
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**1,200.9**	**1,215.5**	**(1.2)%**
Same-day basis			*(1.0)%*
Gross profit	231.8	243.7	(4.9)%
as a % of sales	*19.3%*	*20.0%*	
Distribution and administrative expenses	(196.0)	(194.5)	0.8%
as a % of sales	*(16.3)%*	*(16.0)%*	
EBITA	**35.8**	**49.2**	**(27.2)%**
as a % of sales	***3.0%***	***4.0%***	

Sales

In 2014, sales in Asia-Pacific amounted to €1,200.9 million, up 0.3%, on a reported basis, as compared to €1,196.8 million in 2013.

- The entities acquired in the fourth quarter of 2013 (Rexel Quality Trading Co. Ltd in Thailand and Lenn International Pte Ltd in Singapore) and entities acquired in the fourth quarter of 2014 (4 Knights International in Thailand and Beijing Ouneng Tongxing Technology Co. Ltd in China) contributed for €57.5 million,
- Unfavorable exchange rate variation accounted for €38.9 million of the decrease, primarily due to the depreciation of the Australian dollar against the euro.

On a constant and same-day basis, sales declined by 1.0% as compared to 2013.

In **Australia,** sales amounted to €532.3 million, a 5.9% decrease from 2013, on a constant and same-day basis, still affected by branch closures and difficulties in non-residential end-market. Excluding the effect of branch closures, sales decreased by 4.0%.

In **China,** sales amounted to €383.4 million in 2014, a 3.5% increase compared to 2013, on a constant and same-day basis. Sales were driven by automation and lighting projects.

Gross profit

In 2014, in Asia-Pacific, gross profit amounted to €231.8 million, down 5.3%, on a reported basis, as compared to €244.8 million in 2013.

On a constant basis, adjusted gross profit decreased by 4.9% from 2013 and adjusted gross margin was 19.3% of sales, a 75 basis points decrease from 2013, due to tough market conditions in Australia and the increasing portion of zone revenues generated by China whose gross margin is below the zone average.

Distribution & administrative expenses

In 2014, on a reported basis, distribution and administrative expenses amounted to €196.0 million, stable as compared to €195.9 million in 2013.

On a constant basis, adjusted distribution and administrative expenses increased by 0.8% from 2013, representing 16.3% of sales in 2014 as compared to 16.0% in 2013, mainly due to the 1.7% decrease of adjusted distribution and administrative expenses that did not fully offset the 6.0% drop in sales in Australia.

EBITA

In 2014, as a result, EBITA amounted to €35.8 million, down 26.8%, on a reported basis, as compared to €48.9 million in 2013.

On a constant basis, adjusted EBITA decreased by 27.2% from 2013 and Adjusted EBITA margin decreased by 105 basis points to 3.0% of sales.

4.2.5 Latin America (2% of Group sales)

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	**2014**	**2013**	**Change in %**
REPORTED			
Sales	**256.8**	**294.8**	**(12.9)%**
Gross profit	56.3	67.5	(16.6)%
Distribution and administrative expenses	(59.4)	(67.0)	(11.3)%
EBITA	**(3.1)**	**0.5**	**N/A**
as a % of sales	*(1.2)%*	*0.2%*	

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	**2014**	**2013**	**Change in %**
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**256.8**	**267.0**	**(3.8)%**
Same-day basis			*(3.5)%*
Gross profit	56.1	61.6	(8.9)%
as a % of sales	*21.8%*	*23.1%*	
Distribution and administrative expenses	(59.4)	(60.8)	(2.3)%
as a % of sales	*(23.1)%*	*(22.8)%*	
EBITA	**(3.3)**	**0.8**	**N/A**
as a % of sales	***(1.3)%***	***0.3%***	

Sales

In 2014, sales in Latin America amounted to €256.8 million, down 12.9% from 2013, on a reported basis, as compared to €294.8 million in 2013.

Exchange rate variation, primarily due to the depreciation of the Brazilian Real and Chilean peso against the euro, had a negative impact of €27.8 million.

On a constant and same-day basis, sales decreased by 3.5% from 2013. Sales in Brazil (58% of sales in this segment) decreased by 6.9%, due to poor market conditions. In addition, Chilean operations (32% of sales in this segment) posted a 2.6% decrease in sales compared to 2013, due to lower sales to the mining sector (excluding sales to the mining industry, sales grew by 4.3%).

Gross profit

In 2014, in Latin America, gross profit amounted to €56.3 million, down 16.6%, on a reported basis, as compared to €67.5 million in 2013.

On a constant basis, the adjusted gross profit decreased by 8.9% from 2013 and adjusted gross margin was 21.8% of sales, a decrease of 125 basis points from 2013, mainly affected by last year non-recurring credit on sales tax in Brazil. Restated for this impact, adjusted gross margin would be up, as compared to 2013.

Distribution & administrative expenses

In 2014, distribution and administrative expenses amounted to €59.4 million, down 11.3%, on a reported basis, as compared to €67.0 million in 2013.

On a constant basis, adjusted distribution and administrative expenses decreased by 2.3% from 2013, representing 23.1% of sales in 2014 as compared to 22.8% in 2013, as the reduction of 2.3% did not fully offset the 3.8% drop in sales.

EBITA

In 2014, as a result, EBITA was negative to €3.1 million, on a reported basis, as compared to €0.5 million in 2013.

On a constant basis, adjusted EBITA margin decreased by 160 basis points to -1.3% of sales.

4.2.6 Other operations

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	**2014**	**2013**	**Change in %**
REPORTED			
Sales	**0.3**	**0.3**	**14.4%**
Gross profit	0.3	0.3	14.3%
Distribution and administrative expenses	(43.1)	(48.5)	(11.0)%
EBITA	**(42.9)**	**(48.2)**	**(11.1)%**
as a % of sales	*N/A*	*N/A*	

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	**2014**	**2013**	**Change in %**
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**0.3**	**0.3**	**14.4%**
Gross profit	0.3	0.3	14.4%
as a % of sales	*N/A*	*N/A*	
Distribution and administrative expenses	(43.1)	(48.5)	(11.0)%
as a % of sales	*N/A*	*N/A*	
EBITA	**(42.9)**	**(48.2)**	**(11.1)%**
as a % of sales	***N/A***	***N/A***	

This segment mostly includes unallocated corporate overhead expenses. EBITA improved by €5.3 million as compared to 2013, mainly related to corporate savings.

4.3 CASH FLOW STATEMENT

	YEAR ENDED DECEMBER 31,		
(in millions of euros)	**2014**	**2013[1]**	**Change**
Operating cash flow[2]	**647.5**	**673.9**	**(26.3)**
Interest	(155.9)	(169.3)	13.4
Taxes	(84.3)	(94.2)	9.9
Change in working capital requirements	(34.1)	50.7	(84.8)
Net cash flow from operating activities	**373.2**	**461.1**	**(87.9)**
Net cash flow from investing activities	**(133.3)**	**(75.6)**	**(57.7)**
Including operating capital expenditures[4]	*(102.8)*	*(72.1)*	*(30.7)*
Net cash flow from financing activities	**(60.9)**	**279.7**	**(340.6)**
Net cash flow	**178.9**	**665.2**	**(486.3)**
Free cash flow:			
Operating cash flow[2]	647.5	673.9	(26.3)
Change in working capital requirements	(34.1)	50.7	(84.8)
Adjustment for timing difference in suppliers payments[3]	51.9	(51.9)	103.8
Operating capital expenditures[4]	(102.8)	(72.1)	(30.7)
Free cash flow before interest and taxes	**562.4**	**600.6**	**(38.2)**
Free cash flow after interest and taxes	**322.1**	**337.2**	**(15.0)**
	DECEMBER 31,		
WCR as a % of sales [5] at:	**2014**	**2013**	
Reported basis	10.4%	10.6%	
Constant basis	11.4%	11.3%	

(1) Restated for changes in accounting policies following the adoption of IFRIC 21.
(2) Before interest, taxes and change in working capital requirements.
(3) Working capital adjustment to reflect timing difference in supplier payments scheduled on December 31, 2013 and executed on January 2, 2014 for €51.9 million.
(4) Net of disposals.
(5) Working capital requirements, end of period, divided by last 12-month sales.

4.3.1 Cash flow from operating activities

Rexel's net cash flow from operating activities was an outflow of €373.2 million in 2014 as compared to €461.1 million in 2013.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements decreased from €673.9 million in 2013 to €647.5 million in 2014. This was mainly driven by the decrease in EBITDA from €763.8 million in 2013 to €727.5 million in 2014.

Interest and taxes

In 2014, interest paid decreased to €155.9 million from €169.3 million in 2013 as a result of the combination of lower effective interest rate following the 2013 refinancing transactions and a reduction of the average net debt.

In 2014, income tax paid decreased to €84.3 million from €94.2 million in 2013 together with a lower taxable profit in 2014 as compared to 2013. This decrease is mainly due to a tax refund in 2014 associated with an excess payment of French corporate income tax installments end of 2013 that was recovered in 2014.

Change in working capital requirements

In 2014, change in working capital requirements accounted for an outflow of €34.1 million as compared to an inflow of €50.7 million in 2013. In 2014, change in trade working capital requirements included supplier payments of €51.9 million that were related to end of December 2013. Adjusted for these supplier payments, change in working capital requirements improved by €18.6 million as compared to 2013.

As a percentage of sales over the last 12 months, on a constant basis, working capital requirements slightly deteriorated by 10 basis points as compared to December 31, 2013, due to trade receivables which increased by half a day of sales outstanding, as of December 31, 2014 as compared to December 31, 2013.

4.3.2 Cash flow from investing activities

Cash flow from investing activities consisting of acquisitions and disposals of fixed assets, as well as financial investments, amounted to a €133.3 million outflow in 2014, as compared to an outflow of €75.6 million in 2013.

	YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2014**	**2013**
Acquisition of operating fixed assets	(105.9)	(102.3)
Proceed from disposal of operating fixed assets	4.8	22.9
Net change in debts and receivables on fixed assets	(1.6)	7.3
Net cash flow from operating investing activities	**(102.8)**	**(72.1)**
Acquisition of subsidiaries, net of cash acquired	(36.7)	(12.7)
Proceeds from disposal of subsidiaries, net of cash disposed of	–	10.4
Net cash flow from financial investing activities	**(36.7)**	**(2.3)**
Net change in long-term investments	**6.1**	**(1.0)**
Net cash flow from investing activities	**(133.3)**	**(75.6)**

Acquisitions and disposals of operating fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €102.8 million in 2014, as compared to €72.1 million in 2013.

In 2014, gross capital expenditures amounted to €105.9 million (€102.3 million in 2013), *i.e.* 0.8% of sales for the period, of which €54.5 million related to IT systems (€44.7 million in 2013), €20.8 million to branch acquisition and renovation (€22.5 million in 2013), €11.4 million to logistics (€14.9 million in 2013) and €19.1 million to other investments (€20.2 million in 2013). Disposals of fixed assets amounted to €4.8 million (€22.9 million in 2013). Net changes in the related payables and receivables amounted to €1.6 million, accounting for an increase in net capital expenditures for the period (€7.3 million accounting for a decrease in net capital expenditures in 2013).

Financial investments

Financial investments resulted in a net cash-out of €36.7 million in 2014 as compared to a net outflow of €2.3 million in 2013, consisting mainly in acquisition of subsidiaries.

In 2014, they were mainly comprised of the acquisition price of Esabora Digital Services in France, Elevite AG in Switzerland, 4 Knights International in Thailand, 55% controlling interest in Ouneng Tongxing Technology Co. Ltd. in China, as well as earn-out payments and price adjustments related to prior years' acquisitions.

In 2013, acquisitions net of cash of acquired entities accounted for an outflow of €12.7 million. These investments mainly include Rexel Quality Trading Co. Ltd in Thailand and Lenn International Pte Ltd in Singapore. In addition, proceeds from disposal of subsidiaries, net of cash disposed of accounted for an inflow of €10.4 million, from the redemption of the Company's shares in DPI Inc.

4.3.3 Cash flow from financing activities

Cash flow from financing activities mainly included changes in indebtedness.

In 2014, cash flow from financing activities reflected a net outflow of €60.9 million, mainly resulting from the :

- dividend distribution in cash of €65.6 million,
- purchase of treasury shares for €26.4 million,
- acquisition of non-controlling interests for €12.5 million;

partially offset by the :

- settlement of interest rate swaps qualified as fair value hedge for €36.4 million, and
- increase of €19.3 million in assigned receivables with respect to securitization programs.

In 2013, cash flow from financing activities reflected additional net inflow of €279.7 million, mainly resulting from the:

- US$ 500 million and €650 million issuance of senior notes accounting for €1,025.2 million net of transaction costs,
- settlement of interest rate swaps qualified as fair value hedge for €30.4 million,
- increase of €16.9 million in assigned receivables with respect to securitization programs;

partially compensated by the:

- redemption of the 8.25% senior notes due 2016 for €640.3 million including a redemption premium of €54.0 million,
- decrease in other borrowings amounting to €55.8 million, primarily consisting of the reimbursement of the Senior Credit Agreement for €25.9 million,
- dividend distribution in cash of €53.1 million, and
- repayment of financing lease obligation of €48.9 million.

4.4 SOURCES OF FINANCING

In addition to the cash from operations, the Group's main sources of financing are bond issuances, securitization programs and multilateral credit lines.

At December 31, 2014, Rexel's consolidated net debt amounted to €2,213.1 million, consisting of the following items:

	DECEMBER 31,					
	2014			2013		
(in millions of euros)	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Senior notes	–	1,992.2	1,992.2	–	1,835.6	1,835.6
Securitization	128.2	1,013.9	1,142.1	–	1,067.5	1,067.5
Bank loans	65.0	4.4	69.3	35.6	19.2	54.8
Commercial paper	85.9	–	85.9	119.1	–	119.1
Bank overdrafts and other credit facilities	81.7	–	81.7	54.3	–	54.3
Finance lease obligations	8.8	18.4	27.2	7.3	24.7	32.0
Accrued interest [1]	9.7	–	9.7	11.6	–	11.6
Less transaction costs	(8.0)	(32.9)	(40.9)	(11.2)	(38.8)	(50.0)
Total financial debt and accrued interest	***371.2***	***2,995.9***	***3,367.1***	***216.7***	***2,908.2***	***3,124.9***
Cash and cash equivalents			(1,159.8)			(957.8)
Accrued interest receivables			(0.7)			–
Debt hedge derivative			6.5			25.1
Net financial debt			**2,213.1**			**2,192.0**

(1) Of which accrued interest on Senior Notes for €4.6 million at December 31, 2014 (€4.5 million at December 31, 2013).

The components of the net financial debt are described in detail in note 19 of Rexel's consolidated financial statements at December 31, 2014, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

At December 31, 2014, Rexel's ratings by the financial rating agencies were as follows:

	DECEMBER 31, 2014		
Rating agency	Moody's	Standard & Poor's	Fitch Ratings
Long-term debt	Ba2	BB	BB
Outlook	Negative	Stable	Stable
Short-term debt	NP	B	B

On February 26, 2015, Moody's issued a press release confirming the Ba2 rating and announcing the change of outlook from negative to stable.

At December 31, 2013, Rexel's ratings by the financial rating agencies were as follows:

	DECEMBER 31, 2013		
Rating agency	Moody's	Standard & Poor's	Fitch Ratings
Long-term debt	Ba2	BB	BB
Outlook	Negative	Stable	Stable
Short-term debt	NP	B	B

Other Rexel Group commitments are detailed in note 22 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2014, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

4.5 OUTLOOK

The objectives and forecast presented in this chapter have been determined on the basis of data, assumptions and estimates that are considered reasonable by 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 to 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 and Internal Control" of this* Document de Référence *could have an impact on the business, the financial condition, and the results of operations of the Rexel Group and hence its ability to achieve these objectives and forecast. The Rexel Group can give no assurances and provide no guarantee that the following objectives and forecast will be met.*

4.5.1 Comparison of Rexel 2014 forecast with achievements

For 2014, Rexel had expressed the following forecast, on the basis of the assumptions set forth in the *Document de Référence* filed with the *Autorité des marchés financiers* on March 21, 2014 under number D.14-0181:

- sales in a range of around 1% below to around 2% above 2013 sales, on a constant and same-days basis;
- Adjusted EBITA margin in a range of around 10 bps below to around 20 bps above the 2013 margin, consistent with targeted annual operating efficiency ratio of a change of around 10 bps in Adjusted EBITA margin for each percentage point change in sales;
- solid free cash flow , consistent with targeted conversion ratio of at least 75% of EBITDA, before interest and tax, and of around 40% of EBITDA, after interest and tax.

This forecast was updated at the time of the half-year financial information:

- quasi-stable sales compared to 2013, on a comparable and same-day basis;
- an Adjusted EBITA margin standing at a minimum of 5% of sales;
- a solid net free cash-flow, in line with the EBITDA conversion rate objective, *i.e.* at least 75% before interest and tax and approximately 40% after interest and tax; and
- a cash allocation policy aimed at paying a dividend of at least 40% of the current net results, while continuing to improve the Rexel Group's balance sheet structure and investing in target acquisitions.

On the basis of Rexel's consolidated financial statements for the financial year ended on December 31, 2014, Rexel recorded:

- consolidated sales of €13,081.2 million, up 1.1% on a constant and same-day basis,
- an Adjusted EBITA margin at 5.0%,
- a net free cash flow before interest and tax at 77% of EBITDA and a net free cash flow after interest and tax at 44% of EBITDA.

4.5.2 Rexel 2015 outlook and forecast

Rexel anticipates that its 2015 activity would be impacted by the following elements:

- the economic outlook in Europe (55% of the Rexel Group sales) should remain uncertain, especially in France (1/3 of European sales);
- the United States (25% of the Rexel Group sales) should continue to post solid growth, driven by continued recovery in the non-residential construction;
- outlook in emerging markets is mixed: Asia (4% of the Rexel Group sales) should continue to post growth, with China driven by industrial automation, while Latin America (2% of the Rexel Group sales) should continue to be impacted by challenging conditions in Brazil; and
- lower copper prices should impact the Group's cable business (c. 14% of the Rexel Group sales), while decreasing oil prices should weigh on the Group's Oil & Gas activity (c. 4% of the Rexel Group sales).

In this context, Rexel aims at delivering in 2015:

- organic sales growth of between -2% and +2% (on a constant and same-day basis),
- Adjusted EBITA margin of between 4.8% and 5.2% (vs. 5.0% recorded in 2014),
- solid free cash flow of:
  - at least 75% of EBITDA before interest and tax,
  - around 40% of EBITDA after interest and tax.

In addition, Rexel confirms its dividend policy of paying out at least 40% of recurring net income.

4.5.3 Rexel Group medium-term objectives

Rexel's medium-term ambitions, as detailed during its latest Investor Day on November 26, 2013, and as reminded in the *Document de Référence* filed with the *Autorité des marchés financiers* on March 21, 2014 under number D.14-0181, are the following:

- outperform the market through a combination of organic growth and targeted acquisitions,
- grow Adjusted EBITA margin to around 6.5% within 3 to 5 years,
- generate strong free cash flow before interest and tax of at least 75% of EBITDA and after interest and tax of around 40% of EBITDA, thanks to low capital intensity and tight working capital requirement management, allowing for:
  - the funding of an attractive dividend amounting to at least 40% of recurring net results,
  - the allocation of an acquisition budget in an annual average amount of approximately €500 million;
  - maintain a sound and balanced financial structure, with a net-debt-to-EBITDA ratio not exceeding 3 times.

Rexel remains committed to achieving its medium-term ambitions, which are unchanged, even if, in light of the current environment, the timeframe for achieving the targeted medium-term adjusted EBITA margin of close to 6.5% of sales may take longer than initially announced.

4.6 SIGNIFICANT CHANGES IN THE ISSUER'S FINANCIAL OR COMMERCIAL POSITION

On March 16, 2015, Rexel redeemed its 7% Euro Senior Notes due December 2018 for a total cash consideration of €522,600,825.00.

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, 2014.

[This page is intentionally left blank]

On May 22, 2014, Rexel's shareholders decided to change Rexel's governance model from a dual structure with a management board and a supervisory board to a single structure with a board of directors.

This change reflects the evolution of the shareholding structure of Rexel, which was formerly controlled by a consortium of investment funds and is now a non-controlled company.

With a single-body governance structure, Rexel's governance model is now aligned with the CAC 40 best practices and industry sector benchmark. It was aimed at:

- simplifying the decision-making process;
- speeding up the implementation of the Rexel Group's strategy;
- strengthening the board of directors' responsibility; and
- creating greater proximity between the members of the Board of Directors and the members of the Executive Committee.

7.1 MANAGEMENT AND ADMINISTRATION BODIES

7.1.1 Board of Directors

7.1.1.1 Members of the Board of Directors

In accordance with the provisions of the by-laws (article 14 of the by-laws), the Board of Directors is made up of a minimum of five members and a maximum of fifteen members.

The directors are appointed by the ordinary general shareholders' meeting for a term of four years.

As an exception, the first directors appointed by the shareholders' meeting of May 22, 2014 who were members of the Company's Supervisory Board on the date of the shareholders' meeting of May 22, 2014 were appointed for a term equal to the remainder of their term of office as members of the Company's Supervisory Board.

No person above 70 years of age may be appointed as director if, as a result of such person's appointment, more than one-third of the number of directors would be more than 70 years of age.

Members of the Board of Directors

As at December 31, 2014, the Board of Directors comprises the following ten members:

Rudy Provoost (55 years old)	PROFESSIONAL ADDRESS: 13, BOULEVARD DU FORT DE VAUX – 75017 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: 191,856

EXPERIENCE AND EXPERTISE

Director and Chairman and Chief Executive Officer, member of the Strategic Committee

Rudy Provoost has served on the Management Board of Rexel since October 1, 2011 and is Chairman of the Management Board since February 13, 2012.

Rudy Provoost is a Belgian citizen.

Rudy Provoost joined Philips in 2000, as Executive Vice President of the Consumer Electronics branch in Europe. In 2004, he became CEO of the Consumer Electronics branch and was appointed as member of the Management Board of Philips in 2006. In 2008, he became CEO of its Lighting branch and Chairman of its Sustainable Development Board. Rudy Provoost previously held various management positions at Procter & Gamble (1984-1987), Canon (1987-1992) and Whirlpool (1992-2000). Born in Belgium in 1959, he holds a degree in psychology and an MBA from the University of Gand in Belgium. Rudy Provoost currently sits on the board of the Vlerick Leuven Gent Management School.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TITLE:
May 22, 2014	From May 22, 2014 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2017

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

- Director and Chairman and Chief Executive Officer of Rexel
- Member of the Strategic Committee of Rexel
- Director of Rexel France (France – unlisted company)

Abroad

- Director and president of Rexel Holdings USA Corp. (United States – unlisted company)
- Director of Rexel UK Limited. (United Kingdom – unlisted company)

Over the last five financial years:

In France

- Member of the Nomination Committee of Rexel
- Member and Chairman of Rexel's Management Board

Abroad

- Chairman of Rexel North America, Inc. (Canada – unlisted company)
- Director of Rexel Senate Limited (United Kingdom – unlisted company)

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

- Director of Vlerick Business School (Belgium – unlisted company)

Over the last five financial years:

In France

–

Abroad

- Member of the Management Board of Royal Philips Electronics (The Netherlands – listed company)
- Director of EFQM (Belgium – unlisted company)

François Henrot* (65 years old)	PROFESSIONAL ADDRESS: 23 BIS AVENUE DE MESSINE – 75008 PARIS	NUMBER OF REXEL SHARES HELD: 7,133

EXPERIENCE AND EXPERTISE

Senior independent director, Vice-Chairman of the Board of Directors, Chairman of the Nomination and Compensation Committee

François Henrot has served on the Board of Directors of Rexel since May 22, 2014. He was previously a member of the Supervisory Board of Rexel further to his cooptation by the Supervisory Board on October 30, 2013, to replace Manfred Kindle. The ratification of François Henrot's cooptation as member of the Supervisory Board was approved by the shareholders' meeting of May 22, 2014.

François Henrot is a French citizen.

François Henrot has been Managing Partner of Rothschild & Cie since 1998 and he serves as Chairman of the investment bank of the Rothschild Group. He started his career in 1974 at the French Council of State. In 1979, he became Director of France's Telecommunications Department. In 1985, he joined the Compagnie Bancaire where he became COO and Chairman of the Management Board. He was a Management Board Member at Compagnie Financière de Paribas from 1995 to 1998 before joining Rothschild. François Henrot is a Board member of Paris-Orléans SA (the holding company of the Rothschild Group), Vallourec as Observer, and Cobepa, which he presides. François Henrot is a graduate of the École Nationale d'Administration (ENA).

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TERM OF OFFICE:
October 30, 2013 (as member of the Supervisory Board)	From May 22, 2014 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2016

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

- Director of Rexel
- Chairman of Rexel's Nomination and Compensation Committee
- Member of Rexel's Strategic Committee
- Member of the Audit and Risks Committee

Abroad

–

Over the last five financial years:

In France

- Member of Rexel's Supervisory Board
- Chairman of Rexel's Nomination Committee
- Member of Rexel's Compensation Committee

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

- Chairman of the investment bank of the Rothschild Group (France – unlisted company)
- Managing partner of Rothschild et Compagnie (France – unlisted comapny)
- Member of the Supervisory Board of Paris Orléans SA (holding of the Rothschild Group) (France – listed company)
- Observer *(censeur)* of the Board of Directors of Vallourec (listed company)

Abroad

- Member of the Supervisory Board of Yam Invest NV (The Netherlands – unlisted company)
- Chairman of the Board of Directors of Cobepa (Belgium – unlisted company)

Over the last five financial years:

In France

- Managing partner of Rothschild & Cie Banque (France – unlisted company)
- Member of the Board of Directors of 3 Suisses (France – unlisted company)
- Member of the Supervisory Board of Vallourec (France – listed company)

Abroad

–

* Independent member.

Thomas Farrell* (58 years old)	PROFESSIONAL ADDRESS: LAFARGE SA – 61, RUE DES BELLES FEUILLES – 75016 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Director, member of the Audit and Risks Committee and of the Nomination and Compensation Committee

Thomas Farrell has served on the Board of Directors of Rexel since May 22, 2014. Since May 16, 2012, he had been a member of the Supervisory Board.

Thomas Farrell is a U.S. citizen.

Thomas Farrell has been with Lafarge since 1990. Prior to joining Lafarge, Thomas Farrell was a corporate attorney with Shearman & Sterling, working at both their New York and Paris offices. After joining Lafarge, Thomas Farrell first worked at the Paris headquarters as Vice-President of Strategy for two years. From 1992 to 2002, he managed various Lafarge operating units in France, Canada and India. In June 2002, Thomas Farrell was appointed EVP of Lafarge North America. In September 2007, he was appointed Lafarge Group EVP, Co-President of the Aggregates & Concrete Division, and a member of the Executive Committee. In January 2012, he became Group EVP, Operations. Thomas Farrell is a graduate of Brown University (1978) and a doctor in law (PhD) from Georgetown University (1981).

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TERM OF OFFICE:
May 16, 2012 (as member of the Supervisory Board)	From May 22, 2014 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2016

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

- Director of Rexel
- Member of Rexel's Audit and Risks Committee
- Member of Rexel's Nomination and Compensation Committee

Abroad

–

Over the last five financial years:

In France

- Member of Rexel's Nomination Committee
- Member of Rexel's Supervisory Board
- Member of Rexel's Audit Committee
- Member of Rexel's Strategic Committee
- Observer *(censeur)* of the Supervisory Board of Rexel

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

- Group EVP, Operations of Lafarge (France – listed company)

Abroad

- Chairman of the Board of Directors of Lafarge Surma Cement Limited (Bangladesh – listed company)
- Director of Lafarge Bamburi Cement ltd (Kenya – listed company)

Over the last five financial years:

In France

–

Abroad

–

* Independent member.

Fritz Fröhlich* (73 years old)	PROFESSIONAL ADDRESS: SASCHSENSTR 25 – 42287 WUPPERTAL – GERMANY	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Director, Chairman of the Audit and Risks Committee, member of the Nomination and Compensation Committee

Fritz Fröhlich has served on the Board of Directors of Rexel since May 22, 2014. Since April 4, 2007, he had been a member of Rexel's Supervisory Board.

Fritz Fröhlich is a German citizen.

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 by working in the fields of Marketing and Economic studies. Fritz Fröhlich is a member of the supervisory boards of Allianz Nederland Groep N.V., ASML N.V. and Prysmian SpA, as well as Chairman of the supervisory board of Randstad Holding N.V. He holds a doctorate in economics from Cologne University and a Master of Business Administration (MBA).

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TERM OF OFFICE:
April 4, 2007 (as member of the Supervisory Board)	From May 22, 2014 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2015

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

- Director of Rexel
- Chairman of Rexel's Audit and Risks Committee
- Member of Rexel's Nomination and Compensation Committee

Abroad

–

Over the last five financial years:

In France

- Member of Rexel's Supervisory Board
- Chairman of Rexel's Audit Committee
- Member of Rexel's Nomination Committee
- Member of Rexel Compensation Committee

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

- Chairman of the Supervisory Board of Randstad Holding N.V. (The Netherlands – listed company)
- Member of the Supervisory Board of Allianz Nederland Groep N.V. (The Netherlands – unlisted company)
- Member of the Supervisory Board of ASML N.V. (The Netherlands – listed company)
- Member of the Supervisory Board of Prysmian SpA (Italy – listed company)

Over the last five financial years:

In France

–

Abroad

- Chairman of the Supervisory Board of Altana A.G. (Germany – listed company)
- Chairman of the Supervisory Board of Draka N.V. (The Netherlands – listed company)

* Independent member.

Isabel Marey-Semper* (47 years old)	PROFESSIONAL ADDRESS: 1, AVENUE EUGÈNE SCHUELLER – BP22 – 93601 AULNAY-SOUS-BOIS, FRANCE	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Director, member of the Audit and Risks Committee, member of the Strategic Committee

Isabel Marey-Semper was coopted as director by the Board of Directors on May 22, 2014, to replace Vivianne Akriche. The ratification of Isabel Marey-Semper's cooptation as director and the renewal of her directorship have been submitted to the Shareholders' Meeting.

Isabel Marey-Semper is a French citizen.

Isabel Marey-Semper is Project Manager in the General Management of L'Oréal. She was previously Director of Advanced Research of L'Oréal Group (2011-2014), Director of Shared Services of L'Oreal Recherche & Innovation (2010-2011). She was previously Chief Financial Officer, Executive Vice President in charge of strategy and financial services of PSA Peugeot Citroen (2007-2009), Chief Operating Officer of the Intellectual Property and Licensing Business Unit of Thomson (2006-2007), Vice President Corporate Planning at Saint-Gobain (2004-2005) and Director of Corporate Planning, High Performance Materials of Saint-Gobain (2002-2004) and a Principal of A.T. Kearney (Telesis, prior to acquisition by A.T. Kearney) (1997-2002). She was also a member of the Board of Directors of Faurecia S.A. (2007-2009) and a member of the board of directors and audit committee of Nokia Oyj (2009-2013). Isabel Marey-Semper holds an MBA from the *Collège des Ingénieurs* (Paris) and a Ph.D. in neuro-pharmacology from the University of Paris Pierre et Marie Curie-College de France. She is also a graduate of *École Normale Supérieure*.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TERM OF OFFICE:
May 22, 2014	From May 22, 2014 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2014

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

- Director of Rexel
- Member of Rexel's Audit and Risks Committee
- Member of Rexel's Strategic Committee

Abroad

–

Over the last five financial years:

In France

–

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

–

Over the last five financial years:

In France

–

Abroad

- Member of the Board of Directors and of the Audit Committee of Nokia (Finland – listed company)

* Independent member.

B-74

Monika Ribar*

(55 years old)

PROFESSIONAL ADDRESS:
BÜNDTENMATTSTR. 53, 4102 BINNINGEN, SWITZERLAND

NUMBER OF REXEL SHARES HELD:
2,000

EXPERIENCE AND EXPERTISE

Director, member of the Nomination and Compensation Committee, member of the Strategic Committee

Monika Ribar has served on the Board of Directors of Rexel since May 22, 2014. She had previously been coopted as member of Supervisory Board by the Supervisory Board on October 30, 2013 to replace Eurazeo. The ratification of Monika Ribar's cooptation as member of the Supervisory Board has been approved by the shareholders' meeting of May 22, 2014.

Monika Ribar is a Swiss citizen.

Monika Ribar was the President and Chief Executive Officer of the Panalpina Group, a Swiss freight forwarding and logistics services provider, from October 2006 until May 2013. At Panalpina Group, Monika Ribar has also occupied a variety of positions, including Chief Financial Officer, Chief Information Officer and Corporate Controller, and also served in project management positions. Prior to joining Panalpina, Monika Ribar worked at Fides Group (now KPMG Switzerland), a professional services firm, as Head of Strategic Planning, and at BASF, the German chemical products company. Monika Ribar also serves on the Boards of SIKA AG, a supplier of specialty chemical products and industrial materials, Swiss International Air Lines Ltd., the flag carrier airline of Switzerland, , its mother company Lufthansa AG, the German flag carrier, and Logitech, a world leader in electronics peripherals. She has also been appointed by the Swiss government Vice Chairman of SBB, the Swiss National Railway and serves on the Board of the Chain IQ Group AG, a company for procurement outsourcing. Monika Ribar holds a Master's degree in Economics and Business Administration from the University of St.Gallen, Switzerland.

TERM OF OFFICE

FIRST APPOINTMENT:
October 30, 2013 (as member of the Supervisory Board)

CURRENT TERM OF OFFICE:
From May 22, 2014 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2016

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

- Director of Rexel
- Member of Rexel's Nomination and Compensation Committee
- Member of Rexel's Strategic Committee

Abroad

–

Over the last five financial years:

In France

- Member of Rexel's Nomination Committee
- Member of Rexel's Supervisory Board
- Member of Rexel's Compensation Committee
- Member of Rexel's Strategic Committee

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

- Director and member of the Audit and Compensation Committee of Logitech International S.A. (Switzerland – listed company)
- Director and Chair of the Audit Committee of Sika AG (Switzerland – listed company)
- Director of Swiss International Airlines (Switzerland – unlisted company)
- Director and member of the Audit Committee of Lufthansa AG (Germany – listed company)
- Vice Chairman, Chair of the Risk Committee, member of the Infrastructure Committee and member of the HR Committee of SBB (Switzerland – unlisted company)
- Director of Chain IQ Group AG (Switzerland – unlisted company)

Over the last five financial years:

In France

–

Abroad

- Chairman and Chief Executive Officer of Panalpina Welttransport (Switzerland – listed company)

* Independent member.

Maria Richter* (60 years old)	PROFESSIONAL ADDRESS: 1185 PARK AVENUE – NEW YORK NY 10128 – UNITED STATES	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Director, member of the Audit and Risks Committee, member of the Nomination and Compensation Committee

Maria Richter was coopted as director by the Board of Directors on May 22, 2014, to replace Roberto Quarta. Maria Richter's cooptation as director is submitted to the Shareholders' Meeting.

Maria Richter is a dual citizen of the Republic of Panama and the United States.

Maria Richter is a former Investment Banker and currently sits as a Non-Executive Director on public and private company Boards. From 2003 to July 2014, she was a Non-Executive Director of National Grid plc and Chairman of its Finance Committee and a member of its Audit Committee and Nominations Committee. She is currently on the Board of Directors of Bessemer Trust (since 2008), a US wealth management company and is a member of its Remuneration Committee. As of January 1, 2015 she is also a Non-Executive Director of Johannesburg based Anglo Gold Ashanti and a member of the company's Audit and Risk Committee and Human Resources & Compensation Committee. Maria Richter is also on the Board of Pro Mujer International, a women's microfinance network and Chairman of the Board of Trustees of Pro Mujer UK. Maria Richter began her career as an attorney for the then law firm Dewey Ballantine (1980-1985) before joining The Prudential (1985-1992) where she held a number of executive positions latterly as a Vice-President of Prudential Power Funding Associates. She joined Salomon Brothers (1992-1993) as Vice President and then joined Morgan Stanley (1993-2002) as Executive Director and Head of Independent Power and Structured Finance and later became Managing Director and Head of South America Investment Banking and Managing Director of Corporate Finance Retail. Maria. Richter has a Bachelor of Arts degree from Cornell University and a JurisDoctor degree from Georgetown University Law Center.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TERM OF OFFICE:
May 22, 2014	From May 22, 2014 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2015

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

- Director of Rexel
- Member of Rexel's Audit and Risks Committee
- Member of Rexel's Nomination and Compensation Committee

Abroad

–

Over the last five financial years:

In France

- Member of Rexel's Compensation Committee

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

- Member of the Board of Directors and member of the Compensation Committee of Bessemer Trust (United States – unlisted company)
- Non-executive director, member of the Audit and Risk Committee and member of the Human Resource and Remuneration Committee of Anglo Gold Ashanti (South Africa – listed company)
- Member of the Board of Directors of Pro Mujer International (United States – unlisted organization) and Chairman of the Board of Trustees of Pro Mujer UK (United Kingdom – unlisted organization)

Over the last five financial years:

In France

–

Abroad

- Non-executive director, chairman of the Finance Committee, member of the Audit Committee and member of the Nominations Committee of National Grid, plc (United Kingdom – listed company)
- Member of the Board of Directors, member of the Governance Committee and member of the Finance Committee of The Pantry, Inc. (United States – listed company)
- Non-executive director, member of the Audit Committee, member of the Nominations Committee and member of the Remuneration Committee of Vitec Group plc (United Kingdom – listed company)

* Independent member.

Patrick Sayer (57 years old)	PROFESSIONAL ADDRESS: 32, RUE DE MONCEAU – 75008 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Director, Deputy Chairman of the Nomination and Compensation Committee, member of the Strategic Committee

Patrick Sayer has served on the Board of Directors of Rexel since May 22, 2014. Since February 13, 2007, Patrick Sayer had been Deputy Chairman of Rexel's Supervisory Board.

Patrick Sayer is a French citizen.

Patrick Sayer has served as Chairman of the Management Board of Eurazeo since May 2002. He was previously Managing Partner of Lazard Frères et Cie in Paris and Managing Director of Lazard Frères & Co. in New York. Patrick Sayer is Vice-President of the Supervisory Board of ANF Immobilier, Director of Accor, Europcar, Gruppo Banca Leonardo (Italy), Tech Data (USA) and Kitara Capital (Dubai), former Chairman of *Association Française des Investisseurs pour la Croissance* (AFIC), and is also Director of the *Musée des Arts Décoratifs de Paris*, and teaches finance at the University of Paris Dauphine. Patrick Sayer is a member of the *Club des Juristes* and a judge at the Commercial Court of Paris. Patrick Sayer is a graduate of *École Polytechnique* and *École des Mines de Paris*.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TERM OF OFFICE:
February 13, 2007 (as member of the Supervisory Board)	From May 22, 2014 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2017

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France
- Director of Rexel
- Deputy Chairman of Rexel's Nomination and Compensation Committee
- Member of Rexel's Strategic Committee

Abroad

–

Over the last five financial years:

In France
- Deputy Chairman of Rexel's Supervisory Board
- Chairman of Rexel's Compensation Committee
- Chairman of Rexel's Nomination Committee
- Member of Rexel's Nomination Committee
- Member of Rexel's Strategic Committee

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France
- Chairman of the Management Board of Eurazeo (France – listed company)
- Vice-Chairman of the Supervisory Board of ANF Immobilier (France – listed company)
- Director of Accor (France – listed company)
- CEO of Legendre Holding 19 (France – unlisted company)
- Director of Europcar Group SA (France – unlisted compny)
- Chairman of Eurazeo Capital Investissement (formerly Eurazeo partners) (France – unlisted company)
- Chairman of Legendre Holding 25 (France – unlisted company)
- Chairman of Legendre Holding 26 (France – unlisted company)
- Chairman of CarryCo Capital 1 (France – unlisted company)
- Chairman of CarryCo Croissance (France – unlisted company)
- Manager of Investco 3d Bingen (France – unlisted company)

Abroad
- Director of Colyzeo Investment Advisors (United Kingdom – unlisted company)
- Member of the Board of Directors of Gruppo Banca Leonardo (Italy – unlisted company)
- Member of the Board of Directors of Tech Data Corporation (United States – listed company)
- Member of the Board of Directors of I-Pulse (United States – unlisted company)

– Member of the Advisory Board of Kitara Capital International Limited (Dubai – unlisted company)

Patrick Sayer (57 years old)	PROFESSIONAL ADDRESS: 32, RUE DE MONCEAU – 75008 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: –

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Over the last five financial years:

In France

- Member of the Supervisory Board of SASP Paris Saint-Germain Football (France – unlisted company)
- Chairman of the Supervisory Board of ANF Immobilier (France – listed company)
- CEO of Immobilière Bingen (France – unlisted company) and Legendre Holding 8 (France – unlisted company)
- Chairman of the Board of Directors of Europcar Groupe SA (France – unlisted company)
- Chairman of the Board of Directors and director of Holdelis (France – unlisted company)
- Director of Edenred (France – listed company)

Abroad

- Manager of Euraleo (Italy – unlisted company)
- Member of the Advisory Board of APCOA Parking Holdings GmbH (Germany – unlisted company)
- Director of Sportswear Industries Srl (Italy – unlisted company)
- Director of Moncler Srl (Italy – unlisted company)

Pier-Luigi Sigismondi* (49 years old)	PROFESSIONAL ADDRESS: UNILEVER PLC, UNILEVER HOUSE, 100 VICTORIA EMBANKMENT, LONDON EC4Y 0DY, UNITED KINGDOM	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Director, Chairman of the Strategic Committee, member of the Nomination and Compensation Committee

Pier-Luigi Sigismondi has served on the Board of Directors of Rexel since May 22, 2014. Since May 22, 2013, he had served as observer *(censeur)* further to his appointment by the Supervisory Board.

Pier-Luigi Sigismondi is an Italian national.

Pier-Luigi Sigismondi has been a member of the Executive Board and Chief Supply Chain Officer of Unilever since 2009. Prior to that, Pier-Luigi Sigismondi worked for Nestlé SA, where he was Vice-President of corporate operations strategies, based in Switzerland, in charge of industrial strategies of the group worldwide as well as management of global cost improvement programmes before moving to Nestlé Mexico in 2005 as Vice-President of operations and R&D. Pier-Luigi Sigismondi started his career in consulting, first with Booz Allen & Hamilton and later with AT Kearney. Pier-Luigi Sigismondi holds a Masters Degree in Industrial & Systems Engineering from the Georgia Institute of Technology, Atlanta, Georgia.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TERM OF OFFICE:
May 22, 2014	From May 22, 2014 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2017

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

- Director of Rexel
- Chairman of Rexel's Strategic Committee
- Member of Rexel's Nomination and Compensation Committee

Abroad

–

Over the last five financial years:

In France

- Member of Rexel's Compensation Committee
- Member of Rexel's Supervisory Board of Rexel
- Observer *(censeur)* of the Supervisory Board of Rexel

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

- Member of the Executive Board and Chief Supply Chain Officer of Unilever (United Kingdom – listed company)

Over the last five financial years:

In France

–

Abroad

–

* Independent member.

Hendrica Verhagen* (48 years old)	PROFESSIONAL ADDRESS: PRINSES BEATRIXLAAN 23, 2595 AK, THE HAGUE, THE NETHERLANDS	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Director, member of the Audit and Risks Committee, member of the Strategic Committee

Hendrica Verhagen has served on the Board of Directors of Rexel since May 22, 2014. She was previously a member of the Supervisory Board further to her cooptation by the Supervisory Board on November 28, 2013 to replace Akshay Singh. The ratification of Hendrica Verhagen's cooptation as member of the Supervisory Board as well as the renewal of her term of office as member of the Supervisory Board were approved by the shareholders' meeting of May 22, 2014.

Hendrica Verhagen is a Dutch citizen.

Hendrica Verhagen has been Chief Executive Officer of PostNL since April 2012. Prior to this, she served as a member of the Management Board of PostNL N.V., and was Managing Director Parcels and International PostNL, as of 2011. Hendrica Verhagen joined TNT Post in 1993 as a sales manager before going on to hold a number of senior positions including Commercial Director, Coordinating Managing Director Mail NL and Managing Director Group HR of TNT N.V. Hendrica Verhagen sits on the supervisory board of Nutreco N.V. Hendrica Verhagen obtained a Masters Degree in Law from the University of Nijmegen, a Masters degree in Human Resources from the Tilburg University, an International Management degree from INSEAD, a degree in Economics from the London School of Economics and an Executive MBA degree from Stanford University.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TERM OF OFFICE:
November 28, 2013 (as member of the Supervisory Board)	From May 22, 2014 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2017

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

- Director of Rexel
- Member of Rexel's Audit and Risks Committee
- Member of Rexel's Strategic Committee

Abroad

–

Over the last five financial years:

In France

- Member of Rexel's Nomination Committee
- Member of Rexel's Supervisory Board

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

- Chair, CEO and member of the Management Board of PostNL NV (The Netherlands – listed company)
- Member of the Supervisory Board of Nutreco NV (The Netherlands – listed company)

Over the last five financial years:

In France

–

Abroad

–

* Independent member.

Deputy Chairman and senior independent director

On May 22, 2014, considering Rudy Provoost's appointment as Chairman and Chief Executive Officer, the Board of Directors appointed François Henrot as Deputy Chairman of the Board of Directors and senior independent director.

In such capacity, François Henrot's responsibilities include the following, *inter alia*:

- Managing potential conflict of interest situations;
- Defining the independence criteria; and
- Ensuring the proper organization and operation of the Board of Directors and of its committees.

Observer *(censeur)*

In accordance with article 21 of Rexel's by-laws, the Board of Directors may appoint up to three observers *(censeurs)*.

The observers are called to attend and take part in the meetings of the Board of Directors with an advisory vote. They may be members of the committees created by the Board of Directors.

They may but need not be shareholders and may receive compensation determined by the Board of Directors.

Observers are appointed for a maximum term of four years. Observers are always eligible for re-appointment and their functions may be terminated at any time.

Citizenship of the members of the directors

Seven directors are foreign (Germany, Belgium, United States, Italy, The Netherlands, Switzerland).

Balanced representation of men and women

On the date of this *Document de Référence*, the Board of Directors comprises four female members out of a total of ten members and thus complies with the provisions of Law n°2011-103 of January 27, 2011 and with the recommendations of the AFEP-MEDEF corporate governance code on the balanced representation of men and women within management and supervisory boards and professional equality.

Departure, appointment and renewal of Board members

During the financial year ended on December 31, 2014, the following changes took place in the membership of the Board of Directors (or, prior to May 22, 2014, the Supervisory Board):

DIRECTOR (SUPERVISORY BOARD MEMBER)	APPOINTMENT TERMINATION / RESIGNATION	COMMENT
Rudy Provoost	Appointed as director by the shareholders' meeting of May 22, 2014	Appointed in connection with the conversion into a *société anonyme* with a board of directors
Roberto Quarta	Appointed as director by the shareholders' meeting of May 22, 2014	Appointed in connection with the conversion into a *société anonyme* with a board of directors
	Resigned from office effective May 22, 2014	Replaced by Maria Richter (independent director)
Vivianne Akriche	Appointed as director by the shareholders' meeting of May 22, 2014	Appointed in connection with the conversion into a *société anonyme* with a board of directors
	Resigned from office effective May 22, 2014	Replaced by Isabel Marey-Semper (independent director)
David Novak	No resolution to appoint David Novak as director was proposed to the shareholders' meeting of May 22, 2014	–
François David	No resolution to appoint François David as director was proposed to the shareholders' meeting of May 22, 2014	–
Thomas Farrell	Appointed as director by the shareholders' meeting of May 22, 2014	Appointed in connection with the conversion into a *société anonyme* with a board of directors
Fritz Fröhlich	Appointed as director by the shareholders' meeting of May 22, 2014	Appointed in connection with the conversion into a *société anonyme* with a board of directors
François Henrot	Approval of cooption and appointed as director by the shareholders' meeting of May 22, 2014	Appointed in connection with the conversion into a *société anonyme* with a board of directors
Isabel Marey-Semper	Coopted as director by the Board of Directors on May 22, 2014	Coopted to replace Vivianne Akriche This cooptation will be submitted to the approval of the Shareholders' Meeting
Monika Ribar	Approval of cooption and appointed as director by the shareholders' meeting of May 22, 2014	Appointed in connection with the conversion into a *société anonyme* with a board of directors
Maria Richter	Coopted as director by the Board of Directors on May 22, 2014	Coopted to replace Roberto Quarta This cooptation will be submitted to the approval of the Shareholders' Meeting

DIRECTOR (SUPERVISORY BOARD MEMBER)	APPOINTMENT TERMINATION / RESIGNATION	COMMENT
Patrick Sayer	Term of office as Supervisory Board member renewed by the shareholders' meeting of May 22, 2014	–
	Appointed as director by the shareholders' meeting of May 22, 2014	Appointed in connection with the conversion into a *société anonyme* with a board of directors
Pier-Luigi Sigismondi	Appointed as Supervisory Board member by the shareholders' meeting of May 22, 2014	–
	Appointed as director by the shareholders' meeting of May 22, 2014	Appointed in connection with the conversion into a *société anonyme* with a board of directors
Hendrica Verhagen	Approval of cooption and term of office as Supervisory Board member renewed by the shareholders' meeting of May 22, 2014	–
	Appointed as director by the shareholders' meeting of May 22, 2014	Appointed in connection with the conversion into a *société anonyme* with a board of directors

In addition, the term of office of Isabel Marey-Semper (who was coopted to replace Vivianne Akriche) as director is due to expire at the close of the Shareholders' Meeting. In addition, the term of office of Maria Richter and Fritz Fröhlich are due to expire at the close of the Shareholders' Meeting in accordance with article 14.2 of the by-laws Rexel. Accordingly, a proposal has been submitted to the Shareholders' Meeting to approve the renewal of their term of office for a term of four years.

Finally, Patrick Sayer resigned from his position of director and of member of committees, with effect at close of the Shareholders' Meeting.

Multiple corporate offices

In relation to the holding of multiple corporate offices, Rexel intends to comply with the recommendations of the AFEP-MEDEF Code.

7.1.1.2 Operation of the Board of Directors

The Board of Directors is organized and performs the missions entrusted to it in accordance with applicable laws and regulations, the Company's by-laws and its internal regulations.

On May 22, 2014, pursuant to Rexel's by-laws, Rexel's Board of Directors adopted its own internal regulations, which were last updated on October 28, 2014 in connection with, *inter alia*, the Board of Directors' decision to merge its Nomination Committee with its Compensation Committee, setting forth the provisions governing the organization and operation of the Board of Directors and the rights and responsibilities of its members. These internal regulations are not enforceable against third parties and may not be invoked by such parties against members of the Board of Directors.

The Board of Directors' internal regulations are available on the Company's website (www.rexel.com) and the main stipulations of the internal regulations are reproduced or summarized below.

Board of Directors

Competence

The Board of Directors determines the Company's business orientations and oversees their implementation. Subject to the powers specifically assigned to the shareholders' meeting and within the scope of the corporate purpose, it addresses any and all matters pertaining to the proper operation of the Company and settles the Company's business through its deliberations.

In its relationships with third parties, the Company is bound even by the *ultra vires* acts of the Board of Directors, unless it is able to prove that the third party was aware that the act was *ultra vires* or could not be unaware of it in the circumstances, provided always that the mere publication of the by-laws shall not suffice to establish such proof.

The Board of Directors undertakes the controls and verifications it deems fit.

Each director receives all of the information required for the purpose of discharging his/her duties and may obtain copies of any and all documents he/she deems useful from the Chairman.

The Board of Directors has the following powers, *inter alia*:

(i) Powers in the area of control:

- it controls the management;
- it reviews the financial condition, cash position and commitments of the Company and its subsidiaries;
- it review the cash position of the Company and its subsidiaries;
- it reviews the financial statements auditing process and information provided to the shareholders and to the market; and
- it authorizes related-party agreements.

(ii) Powers in the area of appointments and compensation:

- it appoints and dismisses the Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors;
- it appoints and dismisses the chief executive officer and the deputy chief executive officers, determines their number within the limits provided by the by-laws and their compensation;
- it chooses the executive management organization method (separation of the functions of chairman from the functions of chief executive officer, or merger of both functions;
- it co-opts the directors;
- it allocates attendance fees;
- it is informed on the appointment, dismissal/termination of the members of the Executive Committee; and
- it issues opinions on the compensation of the Executive Committee members.

(iii) Preparation of reports to be submitted to general shareholders' meetings:

Each year, the Board of Directors submits a report on the Company's situation and business during the financial year and on the financial statements for the financial year to the ordinary annual shareholders' meeting.

The Chairman of the Board of Directors must append to this report a report on how the Board prepares and organizes its work, and on the internal control procedures implemented by the Company.

The Board of Directors submits recommendations on the reappointment of the Board members.

(iv) Powers to grant prior authorization to the Chief Executive Officer to make certain decisions:

The Board of Directors grants the Chief Executive Officer the authorizations required by law or by a provision of the by-laws.

Under the Company's by-laws, the following decisions require the prior authorization of the Board of Directors:

- adoption of the annual budget;
- adoption of the strategic plan;
- proposed shareholder resolutions in relation to distributions (including dividends or reserves) to the shareholders;
- proposed shareholder resolutions in relation to the replacement of the statutory auditors;
- adoption of significant changes to the accounting methods;
- the Company's acceptance of and resignation from any office as a member of a board of directors or equivalent body, and the appointment and dismissal of the Company's permanent representatives at such boards or equivalent bodies;
- proposed shareholder resolutions and exercise of delegations of authority or powers granted by the shareholders' meeting in relation to the issue of shares or securities conferring access to the share capital of the Company, or of a company that holds more than one-half of its share capital (whether directly or indirectly), or of a company whose share capital is more than 50%-held by the Company (whether directly or indirectly), or of securities conferring the right to the allotment of debt securities, in each case whether immediately and/or in the future;
- proposed resolutions to the shareholders' meeting in relation to share buyback programmes;
- acquisitions and disposals of any businesses, holdings in any companies or assets, and incurrence of any investment expenditure, in each case for an enterprise value in excess of an amount determined by the Board of Directors;
- decisions to create a business division or subsidiary or to invest in a business division or to acquire an interest in a business in a country where the Company is not active;
- indebtedness (including by means of bond issues) or assumption of liabilities, in each case for an amount in excess of a threshold determined by the Board of Directors;
- allotment of stock options, free shares or other plans involving Company equity-securities in favour of employees of the Company or its subsidiaries;
- signing of any merger, demerger or contribution agreement;

- listing of securities of the Company or of any of its subsidiaries on a regulated market;
- any transaction resulting in a significant change in the business of the Company and its subsidiaries; and
- any settlement or compromise in relation to any dispute involving an amount in excess of a threshold determined by the Board of Directors.

Prior consultation of the committees

Insofar as possible and depending on the circumstances, any deliberation of the Board of Directors on a matter falling within committee's scope of competence is preceded by a referral of the relevant matter to the relevant committee and may be passed only after the relevant committee has submitted its recommendations or proposals.

For good corporate governance practices, the Chairman of the Board of Directors must provide the Chairman of the relevant committee, within a reasonable period of time (in view of the circumstances), with all information and documents required to allow the committee to perform its tasks and to express its opinions, recommendations or proposals on the relevant Board deliberation proposal.

Meetings

The Board of Directors meets whenever the best interests of the Company so require, and at least once every quarter, at meetings convened by its Chairman or Deputy Chairman.

Unless agreed in writing by all of the directors, meetings are notified in writing, by any means, including by facsimile or e-mail, at least three (3) days prior to the date of the meeting, and must include the meeting agenda as well as all documents prepared with a view to being submitted to the Board of Directors. However, where all of the directors are present or represented at a meeting (including through participation or representation at telephone or videoconferences), the meeting may be held without prior notice and without complying with the three (3) day notice period.

Meetings are held at the registered office or at any other place specified in the notice of meeting.

However, if the Board of Directors has not met for more than two months, any group of directors representing at least one-third of the directors in office may ask the Chairman to call a meeting of the Board of Directors on a given agenda. In all other cases, the agenda is decided by the Chairman and must in any event be referred to in the meeting notice.

The Board of Directors may not validly deliberate unless at least half of its members are in attendance.

An attendance record is kept and signed by those directors participating in each Board meeting; the attendance record states the name of the directors who took part in the deliberations by videoconference or any other means of telecommunication.

The deliberations of the Board of Directors 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 director or, in the event the Chairman is unavailable, by at least two directors.

The copies or extracts of these minutes are certified by the Chairman or Deputy Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officers, the director temporarily appointed to act as Chairman or a duly empowered proxy.

Meetings held by videoconference or other means of telecommunication

For the purpose of calculating the quorum and the majority, the directors who take part in Board meeting by videoconference or other means of telecommunication, in accordance with the conditions described below, shall be deemed present:

- means of videoconference or telecommunication may be used for any meeting of the Board of Directors;
- the means of videoconference or telecommunication used must ensure actual participation in the deliberations of the Board of Directors, which must take place in the ordinary course without interruption;
- each participant must be able to speak and hear what is being said;
- directors who participate in a meeting of the Board of Directors by videoconference or other means of telecommunication must inform the other participants if any other person is present and capable of hearing or seeing the deliberations;
- the attendance record for each meeting of the Board of Directors must state whether any directors are participating by videoconference or other means of telecommunications;
- the directors who attend meeting of the Board of Directors by videoconference or other means of telecommunications must sign the attendance record for such meetings; and
- the minutes of each meeting of the Board of Directors must state the names of the directors participating by videoconference or other means of telecommunication, and, as the case may be, include details of any technical disruptions that interfered with the meeting process.

Majority rules

In accordance with the Company's by-laws, decisions are made by majority vote of the members who are present or represented; each Board member holds one vote and may not represent more than one fellow director.

In the event of a tie, the Chairman of the meeting shall have a casting vote if (and only if) the Board of Directors comprises an even number of directors in office, and only at meetings presided by the Chairman of the Board of Directors.

Membership

The Board of Directors comprises at least 5 members but no more than 15 members, subject to the exception provided by law in the event of a merger.

During the Company's lifetime, directors are appointed or renewed in office by the ordinary shareholders' meeting.

The maximum term of office for a director is 4 years.

However, the first directors who were appointed by the shareholders' meeting of May 22, 2014 and who were members of the Company's Supervisory Board on the date of the shareholders' meeting of May 22, 2014, have been appointed for a term equal to the remainder of their term of office as members of the Supervisory Board of the Company.

The duties of a director expire at the close of the ordinary shareholders' meeting called to approve the financial statements for the financial year and held in the year during which the relevant director's term of office is due to expire.

One-fourth of the Board of Directors, rounded up to the nearest whole number, is renewed every year so that the Board is fully renewed every four years. The order of early termination of the terms of office is determined by unanimous decision of the directors present or represented or, if unanimity cannot be reached, by random draw. The term of office of the persons so designated lapses and expires on the date determined by the unanimous decision of the Board of Directors or by the Chairman of the Board of Directors prior to the draw. The directors are then renewed according to the order of length of service

Directors are always eligible for re-appointment.

They may be dismissed at any time by the ordinary shareholders' meeting.

No person above 70 years of age may be appointed as director where, as a result of such appointment, more than one-third of the number of directors would be above 70 years of age.

The directors may be private persons or legal entities. Legal entities acting as directors must, upon their appointment, nominate a permanent representative who is subject to the same conditions and duties and is exposed to the same responsibilities as if he/she was a director in his/her own name, without prejudice to the joint and several liability of the legal entity he/she represents. The permanent representative is appointed for the entire term of office of the legal entity he/she represents. He/she must be renewed as permanent representative with each renewal of the legal entity's term of office.

In the event of a termination of the representative's duties by the legal entity, the legal entity must promptly give notice of such termination, and of the name of its new permanent representative, to the Company, by registered letter. The same applies in the event of death or resignation of the permanent representative, of if he/she is unable to act for an extended period of time.

In the event of one or more vacancy(ies) between two shareholders' meetings, as a result of the death or resignation of one or more director(s), the Board of Directors may co opt one or more director(s), on a temporary basis, in accordance with the provisions of the law.

The Board of Directors' director cooptations are subject to ratification at the next ordinary shareholders' meeting.

Any deliberations made and acts performed prior to ratification remain valid notwithstanding the absence of ratification.

If the number of directors falls below three, the remaining directors must immediately call an ordinary shareholders' meeting in order to appoint the requisite number of directors to supplement Board membership.

A director appointed to replace another director remains in office only for the remainder of the replaced director's term of office.

A person may not be appointed as director unless such person complies with the rules on multiple corporate offices, incompatibilities, disqualifications and prohibitions provided by the laws and regulations.

The number of directors bound by an employment contract with the Company may not exceed one-third of the directors in office.

Chairman, Deputy Chairman and senior independent director

The Board of Directors elects a Chairman and, as the case may be, a Deputy Chairman from among its members, for a term of office equal to their term of office as director, unless the Board of Directors elects to appoint a new Chairman and, as the case may be, a new Deputy Chairman.

Chairman

The Chairman of the Board of Directors represents the Board of Directors. He/she calls meetings of the Board and organizes and leads the Board's activities and reports on such activities to the shareholders' meeting. The Chairman sees to the proper operation of the Company's bodies and in particular ensures that the directors are able to discharge their duties.

Deputy Chairman and senior independent director

If the Chairman is unable to act, the Deputy Chairman performs the same functions and enjoys the same powers as the Chairman. In the event of inability, this temporary replacement is valid for the duration of the inability. In the event of death, this temporary replacement is valid until another Chairman is elected.

In the Chairman's absence, the Deputy Chairman chairs meetings of the Board of Directors.

The Deputy Chairman may also perform the functions of senior independent director. The Deputy Chairman acting as senior independent director must qualify as an independent member under the criteria made public by the Company.

The appointment of a Deputy Chairman is mandatory where the functions of Chairman of the Board of Directors and of Chief Executive Officer are exercised by a single person. In such case, the Deputy Chairman shall also perform the functions of senior independent director.

In his/her capacity as senior independent director, the Deputy Chairman:

- manages conflict of interest situations, if any;
- defines the independence criteria; and
- ensures the proper organization and operation of the Board of Directors and of its committees.

To such effect, the Deputy Chairman:

- is kept informed of significant events affecting the life of the Company and of its Group;
- may be consulted by the Chairman of the Board of Directors on the organization of the meetings of the Board of Directors;
- may, at least once a year, call a meeting of the directors in the absence of the corporate officers;
- presents any conflict of interest situations he/she may identify to the Chairman of the Board of Directors and to the Board of Directors as well as his/her recommendations with regard to the management of such conflict of interest situations;
- may attend meetings of any committees of which he/she is not a member, without the right to vote;
- may access any documents and information he/she deems necessary or useful for the discharge of his/her duties;
- conducts annual assessments of the organization and operation of the Board of Directors and its committees;
- may meet current or potential shareholders, at their request, and forwards their concerns in relation to governance to the Board.

The Deputy Chairman reports on his/her work to the Board of Directors.

Executive Management

The Company's executive management is performed, under his/her responsibility, by the Chairman of the Board of Directors, or by another private person, who need not be a director, appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The Board of Directors elects one of the aforementioned two forms of executive management by majority decision as described in article 17§2 of the by-laws. The shareholders and third parties are informed of such election in accordance with the rules provided by law.

This form of executive management remains valid until another decision is made, in accordance with the same rules.

In order to ensure the continuous operation of the Company should the Chairman and Chief Executive Officer cease or be unable to perform his/her functions, unless otherwise decided by the Board of Directors, the Deputy Chief Executive Officer(s) are in charge of the Company's executive management until a new Chief Executive Officer is appointed, and the Deputy Chairman acts as temporary Chairman of the Board of Directors.

Code of Conduct of the Board of Directors

The Board of Directors, a collegiate body, is required to act in Rexel's corporate interests under all circumstances.

The Board members carry out their duties with loyalty and professionalism.

The Board members also make sure to avoid conflicts of interest between their personal interests and those of Rexel. Accordingly:

- the Board members ensure that their independence of judgment, decision and action is at all times protected. They agree not to be influenced by any factors contrary to the corporate interest that they are duty bound to defend;

- the Board members undertake to avoid conflicts between their moral and material interests and those of the Company. They inform the Board of Directors of any conflicts of interest in which they may be involved. In such case, they abstain from taking part in the debates and in any decision on the relevant matters.

Compensation

The ordinary shareholders' meeting may allocate attendance fees to Board members, in an amount recorded in the Company's operating expenses. Such compensation remains valid until another decision is made by the shareholders' meeting.

The Board of Directors allocates this compensation among the directors as it deems appropriate.

The compensation of the Chairman of the Board of Directors, of the Chief Executive Officer and of the Deputy Chief Executive Officers is determined by the Board of Directors; such compensation may be fixed or proportional or both.

The Board of Directors may allot exceptional compensation for special missions or functions assigned to Board members. Any such compensation is recorded in operating expenses and is subject to approval by the ordinary shareholders' meeting in accordance with the procedure set forth in articles L.225-38 to L.225-42 of the French Commercial Code.

The Board of Directors may authorize the reimbursement of travel and other expenses incurred by its members in the best interest of the Company.

No other compensation, whether permanent or temporary, other than that provided hereunder, may be allotted to Board members unless they are bound to the Company by an employment agreement under the conditions allowed by applicable law and regulations.

Independent Directors

In accordance with the good corporate governance principles and practices set out in its internal regulations, the Board of Directors and each of the committees comprise independent members who are elected or appointed as such.

Definition of independence and related criteria

The definition of independence as well as the independence criteria are set by reference to the AFEP and MEDEF corporate governance guidelines.

Accordingly, in assessing the situation of each director, the Board of Directors analyses the following criteria:

- not be (or have been, over the past five years) an employee or an executive corporate officer of the Company, or an employee or a director of its parent company or of any company consolidated by the parent company;
- not be an executive corporate officer of a company in which the Company holds a directorship (whether directly or indirectly) or in which an employee appointed as a director or an executive corporate officer of the Company (currently or over the past five years) hold as directorship;
- not be a client, supplier, investment banker, finance banker:
  - of significant importance to the Company or its group,
  - or for whom the Company or its group presents a substantial part of its business.

  For the purpose of the analysis of this criterion, the Board of Directors analyses:

  - the weight of the supplier in the total expenses of the group / the weight of the client in to the total sales of the group, or the fact that the Company or its group presents a substantial part of the business of the supplier / of the client; and
  - the existence of exclusive relationships.

  On this basis, the Board of Directors has concluded that there were no significant business relations.
- not have any close family ties with a corporate officer;
- not have been a statutory auditor of the business in the past five years; and
- not be a director of the business for more than twelve years.

The Board of Directors may find that even where a director satisfies the independence criteria defined by the recommendations of the AFEP and of the MEDEF, that director may not be qualified as independent owing to his/her individual situation or to the situation of Rexel, in light of its shareholder base or for any other reason. Conversely, the Board of Directors may consider that a director who does not satisfy the criteria detailed above is nonetheless independent.

Qualification procedure for independent members

The Nomination Committee (since October 28, 2014, the Nomination and Compensation Committee) reviews the designation of independent members each year and draws up a report to the Board of Directors on the matter. Each year, in light of this report, the Board of Directors reviews the situation of each director with respect to independence criteria.

The Board of Directors submits the findings of its review to the shareholders in the annual report.

Based on this review, as at December 31, 2014, 8 members of the Board of Directors were independent: Thomas Farrell, Fritz Fröhlich, François Henrot, Isabel Marey-Semper, Monika Ribar, Maria Richter, Pier-Luigi Sigismondi and Hendrica Verhagen.

This review also shows that, as at December 31, 2014, 6 out of the 6 members of the Audit and Risks Committee were independent (Fritz Fröhlich, Thomas Farrell, Isabel Marey-Semper, Maria Richter, Hendrica Verhagen and François Henrot).

As at December 31, 2014, 6 out of the 7 members of the Nomination and Compensation Committee were independent (François Henrot, Thomas Farrell, Monika Ribar, Maria Richter, Pier-Luigi Sigismondi and Fritz Fröhlich).

As at December 31, 2014, 5 out of the 7 members of the Strategic Committee were independent (Pier-Luigi Sigismondi, Monika Ribar, Isabel Marey-Semper, Hendrica Verhagen and François Henrot).

Board of Directors observer *(censeur)*

The Board of Directors may appoint up to three observers *(censeurs)*, who may be but are not required to be shareholders, and who shall be asked to attend Board meetings, exclusively for purposes of information.

Board Committees

The Board of Directors may create committees to assist it in carrying out its functions. The internal regulations of the Board of Directors set the rules that apply to each committee, in particular the rules relating to their composition and operational procedures. In addition, the Board international regulations set certain rules that are specific to the Audit and Risks Committee, the Nomination and Compensation Committee and the Strategic Committee.

Assessment of organization and operation of the Board of Directors

The Board of Directors undertakes a self-assessment of its performance on a periodic basis and at least once a year. The assessment of the performance of the Board of Directors is conducted by the observer(s) in office or by an independent director. It may take the form of anonymous questionnaires sent to each director. Once a year, the results of such assessment are presented to and debated at a meeting of the Board of Directors, under the conduct of an observer or of an independent director. On this occasion, the various items of the mission and duties of the Board and of the directors are reviewed and assessed, and recommendations (as the case may be) are made for the improved operation of the Board.

In addition, an assessment of the Board of Directors' performance is carried out at least once every three years, with the assistance of an external consultant.

For 2014, the Board of Directors conducted a self-assessment of its performance on the basis of anonymous questionnaires sent to each of the directors.

The evaluation conducted in respect of the financial year ended December 31, 2014 showed that the members of the Board of Directors favourably welcomed the changes in the governance that occurred in 2014. The Board of Directors, which has been deeply renewed in its organization and its membership, globally gives satisfaction to the directors, either in its membership, its organization or its functioning. Recommendations have however been made by the directors in order to improve:

- the organisation of the Board of Directors and its Committees: merge the Strategic Committee with the Board of Directors and create an M&A Committee;
- the relationship and the training of the directors: organize a deeper knowledge of Rexel and the Rexel Group, including through sites and countries visits, and develop the collegiality of the Board of Directors; and
- the relationship with the management: meet with further n-1 managers during the meetings of the Board of Directors.

7.1.1.3 The work of the Board of Directors during the 2014 financial year

During the financial year ended on December 31, 2014, the Supervisory Board and, from May 22, 2014, the Board of Directors, met 14 times.

The Supervisory Board and, from May 22, 2014, the Board of Directors, by-laws deliberated on, *inter alia*:

- the review of the financial statements for the financial year ended on December 31, 2013, as drawn up by the Management Board;
- the review of the 2013 *Document de Référence*;
- the preparation of the Company's shareholders' meeting of May 22, 2014;
- the review of the quarterly and half-year financial statements and related financial communication;
- the review of the work of the special Committees;
- the appointment of the Chairman and Chief Executive Officer and of the Deputy Chief Executive Officer;
- the Rexel Group's budget for the 2014 financial year as well as the strategic three-year plan;
- Rexel Group's development projects;
- the risk-mapping review; and
- the merger of the Nomination Committee with the Compensation Committee and the modification of the powers of the Board of Directors in relation to the appointment, resignation/dismissal of the members of the Executive Committee resulting in a modification of the internal regulations of the Board of Directors.

The Board of Directors was further informed of the progress made on the main structuring projects conducted by the Rexel Group subsidiaries.

The presence rate at the meetings of the Supervisory Board and, from May 22, 2014, at the meetings of the Board of Directors and of the special Committees was as follows:

	SUPERVISORY BOARD / BOARD OF DIRECTORS		AUDIT AND RISK COMMITTEE		NOMINATION COMMITTEE		COMPENSATION COMMITTEE		NOMINATION AND COMPENSATION COMMITTEE		STRATEGIC COMMITTEE	
DIRECTORS	NUMBER OF MEETINGS	PRESENCE RATE	NUMBER OF MEETINGS	PRESENCE RATE	NUMBER OF MEETINGS	PRESENCE RATE	NUMBER OF MEETINGS	PRESENCE RATE	NUMBER OF MEETINGS	PRESENCE RATE	NUMBER OF MEETINGS	PRESENCE RATE
Rudy Provoost	8/8	100%	–	–	3/3	100%	–	–	–	–	4/4	100%
Vivianne Akriche	7/7	100%	2/2	100%	–	–	–	–	–	–	–	–
François David	4/6	67%	–	–	–	–	2/2	100%	–	–	2/3	67%
Thomas Farrell	13/14	93%	4/4	100%	3/3	100%	–	–	1/1	100%	3/3	100%
Fritz Fröhlich	14/14	100%	4/4	100%	1/1	100%	5/5	100%	1/1	100%	–	–
François Henrot	13/14	93%	–	–	3/3	100%	2/3	67%	1/1	100%	1/1	100%
Isabel Marey-Semper	6/7	86%	2/2	100%	–	–	–	–	–	–	2/4	50%
David Novak	5/6	83%	1/2	50%	–	–	–	–	–	–	3/3	100%
Roberto Quarta	7/7	100%	–	–	1/1	100%	2/2	100%	–	–	–	–
Monika Ribar	11/14	79%	–	–	4/4	100%	–	–	0/1	0%	6/7	86%
Maria Richter	7/7	100%	2/2	100%	–	–	3/3	100%	1/1	100%	–	–
Patrick Sayer	13/14	93%	–	–	1/1	100%	5/5	100%	1/1	100%	7/7	100%
Pier-Luigi Sigismondi (observer then director)	13/14	93%	–	–	1/1	100%	5/5	100%	1/1	100%	4/4	100%
Hendrica Verhagen	12/14	86%	2/2	100%	2/3	67%	–	–	–	–	0/1	–
Average rate		**91%**		**94%**		**95%**		**96%**		**83%**		**86%**

7.1.2 Committees of the Board of Directors

At its meeting of May 22, 2014, the Board of Directors created four special committees and determined their composition and responsibilities: the Audit and Risks Committee, the Compensation Committee, the Nomination Committee and the Strategic Committee.

At its meeting of October 28, 2014, the Board of Directors decided to merge the Nomination Committee with the Compensation Committee, thereby reducing to three the number of Board committees.

The committees are responsible for providing the Board of Directors with their opinions, proposals or recommendations. Their powers are strictly advisory and they discharge their duties under the Board of Directors' responsibility.

Each of the Board of Directors' special committees has drawn up internal regulations that have been approved by the Board of Directors and set out the provisions of the internal regulations of the Board of Directors.

The Supervisory Board's objective was to enhance the presence of female members and independent members within the special committees. This objective was completed at December 31, 2014, as the Board of Directors comprised 8 independent members out of a total of 10, including 4 female members. The Board of Directors of February 11, 2015, upon the recommendations of the Nomination and Compensation Committee, decided that its objectives to maintain the same number of independent members and women within the Board of Directors. The Board of Directors also intends to maintain the diversity of nationalities within the Board, and to keep its multicultural dimension.

7.1.2.1 Audit and Risks Committee

Members of the Audit and Risks Committee

As at December 31, 2014, the Audit and Risks Committee was made up of the following persons:

- Fritz Fröhlich (Chairman and independent member);
- Thomas Farrell (independent member);
- Isabel Marey-Semper (independent member);
- Maria Richter (independent member);
- François Henrot (independent member); and
- Hendrica Verhagen (independent member).

The members of the Audit and Risks 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 Board of Directors are set out in the internal regulations of the Board of Directors (see paragraph 7.1.1.2 "Operation of the Board of Directors" of this *Document de Référence*). The criteria for independent members of the Committees, in particular of the Audit and Risks Committee, are identical. Within the Audit and Risks Committee, in the financial year ended December 31, 2014, all of the members were therefore considered as independent.

Each of the other members of the Audit and Risks Committee has skills in the financial and/or accounting fields. In addition, the members of the Audit and Risks Committee are informed of the Rexel Group's accounting, financial or operational specificities.

Operation of the Audit and Risks Committee

The main provisions of the internal regulations of the Audit and Risks 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 and Risks Committee is made up of a maximum of seven members and includes independent directors. At least one of the independent directors must have expertise in financial and accounting matters.

The Chairman of the Board of Directors is not a member of the Audit and Risks Committee.

The members of the Audit and Risks Committee shall be appointed for their expertise in accounting and finance matters.

Competence

The Audit and Risks Committee monitors the elaboration and the control of the financial and accounting information. It assists the Board of Directors in ascertaining the accuracy and fairness of the Company and consolidated financial statements of Rexel and the quality of the information provided. Its mission, as assigned by the Board of Directors 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 Board of Directors 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 Board of Directors 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 quarterly, 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 Board of Directors on the proposed shareholder resolutions to appoint, replace and reappoint statutory auditors;

  – knowledge of the amount of fees paid to the statutory auditors and recommendation thereon to the Board of Directors;

  – 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 Board of Directors;

  – 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.

Operation

The Audit and Risks Committee meets at least four times per year and whenever it deems it necessary. It meets prior to those meetings of the Board of Directors at which matters falling within its scope are to be reviewed. The frequency and duration of Audit and Risks Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Committee's scope.

The Audit and Risks Committee must report on its activities to the Board of Directors on a regular basis, and when the Board of Directors adopts the annual, half-year and quarterly financial statements.

The Audit and Risks Committee is duly convened only if a quorum consisting of at least half of its members is present. Committee members may not be represented by proxy.

The Audit and Risks Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not have a casting vote.

The work of the Audit and Risks Committee during the financial year ended on December 31, 2014

The Audit and Risks Committee met 4 times in the course of the financial year, in particular prior to the meetings of the Supervisory Board then of the Board of Directors called to approve the financial statements, and reported on its work to the Supervisory Board then to the Board of Directors.

The Company's Chief Finance, Control and Legal Officer (also assuming the functions of Deputy Chief Executive Officer), the Chief Administrative and Financial Officer, the Chief Internal Audit Officer, the Chief Internal Control Officer, the Chief Consolidation and Accounting Standards Officer, the Chief Finance and Treasury Officer and the auditors attended each of these meetings. Other members of the management of the Rexel Group attended some of these meetings when matters requiring their expertise were on the agenda.

In addition, the Audit and Risks Committee may ask to hear the Chairman and Chief Executive Officer if it deems it necessary in view of the matters on the agenda.

Its work related to, in particular, (i) the financial statements for the financial year ended on December 31, 2013, the summary half-year financial statements as at June 30, 2014 and the summary quarterly financial statements as at March 31, 2014 and September 30, 2014, (ii) the proper application of the accounting principles, (iii) the functioning of the Company's internal control bodies (see in particular paragraph 2.3 "Internal control and risk management procedures" of this *Document de Référence*), (iv) the tax situation of the Rexel Group and (v) the Rexel Group's performance forecasting processes.

The Statutory Auditors presented their findings in connection with the audit of the annual financial statements for the financial year ended on December 31, 2013, the limited review of the summary half-year financial statements as at June 30, 2014 and of the procedures followed for the purpose of the summary quarterly financial statements as at March 31, 2014 and September 30, 2014.

The attendance rate for Audit and Risks Committee meetings was 94%.

7.1.2.2 Nomination and Compensation Committee

Upon a decision of October 28, 2014, the Board of Directors decided to merge the Nomination Committee and the Compensation Committee.

Members of the Nomination and Compensation Committee

As at December 31, 2014, the Nomination and Compensation Committee was made up of the following persons:

- François Henrot (Chairman and independent member);
- Patrick Sayer (deputy chairman);
- Thomas Farrell (independent member);
- Monika Ribar (independent member);
- Maria Richter (independent member);
- Fritz Fröhlich (independent member); and
- Pier-Luigi Sigismondi (independent member).

Operation of the Nomination and Compensation Committee

The main provisions of the internal regulations of the Nomination and Compensation Committee are set out below.

Members

The Nomination and Compensation Committee is made up of a maximum of seven members and includes the independent directors. The executive corporate officers are not members of the Nomination and Compensation Committee. The Nomination and Compensation Committee is chaired by an independent director, chosen from amongst its members. The Chairman may appoint a vice-chairman in order to help him performing his assignments. The vice-Chairman has no powers. If the Chairman is temporarily impeached, the members of the Committee appoint among themselves a competent and independent member to assume the chairmanship of the Committee for the relevant meeting.

Powers in relation to nominations

The Nomination and Compensation Committee has the following responsibilities:

- make proposals in relation to appointment, termination/dismissal and on the renewal of the offices of the directors and of the Chairman of the Board of Directors, of the members and of the chairman of the Audit and Risks Committee and of the Strategic Committee, of the Chief Executive Officer and of the Deputy Chief Executive Officers, and to issue recommendations on the candidates considered, in terms of expertise, availability, appropriateness and complementarity with other members of the Board of Directors or of executive management;
- be informed of any appointment or dismissal or termination of the functions of any Executive Committee member;
- proposals in relation to the qualification as independent directors of members of the Board of Directors;
- verify compliance with the independence criteria and issue opinions thereon, as required, and advise the Chairman of the Board of Directors on the number of independent directors;
- be in a position at any time to formulate a proposal on a potential successor to the Chairman of the Board of Directors or of the Chief Executive Officer;
- issue a recommendation, on the Chief Executive Officer's proposal, on the Company's acceptance of and resignation from any office as a member of the board of directors or any equivalent body and on the appointment and dismissal of permanent representatives of Rexel on such board of directors or equivalent bodies; and
- in connection with the aforementioned powers, the members of the Committee may invite the executive corporate officers to participate in the works in order to express their views on the proposed nominations, except where their personal situation is concerned.

Powers in relation to compensation

The Nomination and Compensation Committee has the following responsibilities:

- make recommendations to the Board of Directors on the compensation of the Chairman of the Board of Directors and of the Chief Executive Officer and Deputy Chief Executive Officers, and on the rules for determining the variable components of such compensation as well as any additional items such as retirement schemes and benefits in kind;
- make recommendations to the Board of Directors on the allocation of the directors' fees;
- be informed of the proposed severance payments in connection with the termination of the employment contract of the Chief Executive Officer or Deputy Chief Executive Officers, and provide its opinion in relation thereto to the Chairman of the Board of Directors;
- express its views on the stock options and free shares allotment policy in respect of all categories of beneficiaries and particularly the Chief Executive Officer, the Deputy Chief Executive Officers and the members of the Company's Executive Committee;

make a recommendation on the allotment periodicity and allotment terms and conditions; and

- make recommendations on the compensation policy for members of the Executive Committee. On this occasion, the Committee may invite the executive corporate officers to participate in the meeting dedicated to the compensation of the members of the Executive Committee.

Operations

The Nomination and Compensation Committee meets at least once each year and, in any case, prior to those Board of Directors' meetings at which matters falling within its scope of competence are to be reviewed. The frequency and duration of Nomination and Compensation Committee meetings must be such that they allow for in-depth review and discussion of the matters falling within its scope of competence.

The Nomination and Compensation Committee is duly convened only if a quorum consisting of at least half of its members is present. Members of the Nomination and Compensation Committee may not be represented by proxy.

The Nomination and Compensation Committee adopts decisions by a simple majority. In case of a tie, the Chairman does not have a casting vote.

The work of the Nomination and Compensation Committee during the financial year ended on December 31, 2014

During 2014, the Nomination and Compensation Committee met once in its merged form. The presence rate at such meeting was 83%.

Prior to the merger, the Nomination Committee met 4 times during 2014. It reported on its work to the Supervisory board then to the Board of Directors. In particular, the Nomination Committee recommended:

- the cooptation of Maria Richter and Isabel Marey-Semper as directors to replace Roberto Quarta and Vivianne Akriche, respectively;
- the appointment of Rudy Provoost as Chairman and Chief Executive Officer, of Catherine Guillouard as Deputy Chief Executive Officer, of François Henrot as Deputy Chairman and senior independent director;
- the merger of the Nomination Committee with the Compensation Committee and the modification of the membership of the Board committees;
- the modification of the powers of the Board of Directors in connection with the nomination, resignation/dismissal of the members of the Executive Committee; and
- the appointment of Brian McNally as Senior Vice-President North America and member of the Executive Committee, the appointment of Patrick Berard as Senior Vice-President Southern Europe, Central and Eastern Europe.

The attendance rate for Nomination Committee meetings was 95%.

Prior to the merger of the Nomination Committee with the Compensation Committee, the Compensation Committee met 5 times and reported on its work to the Supervisory Board then to the Board of Directors. The main points of focus of its work were most notably (i) making proposals in relation to the compensation of the Chairman and Chief Executive Officer, of the Deputy Chief Executive Officers and of the other members of the Executive Committee, (ii) making proposals in relation to free shares allotments, and (iii) reviewing the compensation of the directors (directors' fees).

The attendance rate for Compensation Committee meetings was 96%.

7.1.2.3 Strategic Committee

Members of the Strategic Committee

As at December 31, 2014, the Strategic Committee was made up of the following persons:

- Pier-Luigi Sigismondi (Chairman and independent member);
- Isabel Marey-Semper (independent member);
- Hendrica Verhagen (independent member);
- Monika Ribar (independent member);
- Patrick Sayer;
- François Henrot (independent member); and
- Rudy Provoost.

Operation of the Strategic Committee

The main provisions of the internal regulations of the Strategic Committee are set out below.

Members

The Strategic Committee is made up of a maximum of seven members and includes independent directors.

Powers

The Strategic Committee's responsibilities are:

- review and issue recommendations to the Board of Directors on the Company's proposed strategic plans and annual budgets drawn up by the Chief Executive Officer. In this respect, the Strategic Committee may interview the Chief Executive Officer or the Deputy Chief Executive Officers on the assumptions on the basis of which such plans were drawn up;

- review and issue recommendations to the Board of Directors 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 Board of Directors;
- review and issue recommendations to the Board of Directors 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 Board of Directors 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 Board of Directors;
- review and issue recommendations to the Board of Directors on all proposed mergers, spin-offs or asset transfers involving Rexel;
- review and issue recommendations to the Board of Directors 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 Board of Directors on any transaction entailing a significant alteration in the scope of the business activities of Rexel and its subsidiaries; and
- review the Rexel Group's financial position, in conjunction with the Audit and Risks Committee.

Operations

The Strategic Committee meets at least once each year and whenever it deems it necessary. It meets prior to those Board of Directors' meetings during which matters falling within its scope of competence 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.

The work of the Strategic Committee during the financial year ended on December 31, 2014

During 2014, the Strategic Committee met 7 times and reported on its work to the Supervisory Board then to the Board of Directors.

During the year, the Strategic Committee most notably worked on the principal acquisition and disposal projects of the Rexel Group, the 2015-2017 strategic plan and the 2015 budget.

The attendance rate for Strategic Committee meetings was 86%.

7.1.3 Executive Management

Rexel's executive management comprises the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer.

7.1.3.1 Chairman and Chief Executive Officer

On May 22, 2014, further to the approval by Rexel's shareholders of the conversion into a *société anonyme* with a board of directors, the Board of Directors decided to merger the functions of Chairman of the Board of Directors and of Chief Executive Officer and to appoint Rudy Provoost as Chairman and Chief Executive Officer.

Rudy Provoost was appointed for the duration of his term of office as a director, *i.e.* for a term of four years expiring at the close of the shareholders' meeting called to approve the financial statements for the financial year ending on December 31, 2017, to be held in 2018.

The Board of Directors decided to merge the functions of Chairman of the Board of Directors and of Chief Executive Officer and to appoint Rudy Provoost as Chairman and Chief Executive Officer, in consideration of his strong contribution and results since he joined the Management Board as a member in October 2011, then as Chairman of the Management Board in February 2012. This appointment reflects, on the one hand, a will to simplify the decision-making process, as initiated by the change in Rexel's governance method and, on the other hand, a cohesion between the management and administrative powers, which facilitates the implementation of Rexel's strategy.

In addition, the Board of Directors appointed François Henrot as Deputy Chairman of the Board of Directors and senior independent director, in charge of (*inter alia*) managing potential conflict of interest situations.

Finally, the decisions requiring the prior authorization of the Board of Directors are described in paragraph 7.1.1.2 "Operation of the Board of Directors" of this *Document de Référence*.

7.1.3.2 Deputy Chief Executive Officer

On May 22, 2014, the Board of Directors also decided to appoint Catherine Guillouard as Deputy Chief Executive Officer.

Catherine Guillouard was appointed for the duration of the Chairman and Chief Executive Officer's term of office, *i.e.* for a term of four years expiring at the close of the shareholders' meeting called to approve the financial statements for the financial year ended on December 31, 2017, to be held in 2018.

Catherine Guillouard (50 years old)	PROFESSIONAL ADDRESS: 13, BOULEVARD DU FORT DE VAUX – 75017 PARIS – FRANCE	NUMBER OF REXEL SHARES HELD: –

EXPERIENCE AND EXPERTISE

Deputy Chief Executive Officer

Catherine Guillouard has been Deputy Chief Executive Officer of Rexel since May 22, 2104. She had previously been a member of the Management Board of Rexel since April 30, 2013.

Catherine Guillouard is a French citizen.

Prior to joining Rexel, Catherine Guillouard had been Chief Financial Officer of Eutelsat and a member of the Executive Committee since 2007. Prior to joining Eutelsat, Catherine Guillouard held various positions within Air France. From 2005 to September 2007, she was Senior Vice-President of Finance. Prior to that, she was Senior Vice-President of Human Resources and Change Management, Senior Vice-President of Flight Operations, and Deputy Vice-President of Corporate Control. She began her career in 1993 at the Treasury of the French Ministry of Finance in the Africa – CFA zone department and then in the Banking Affairs department. Born in 1965, Catherine Guillouard graduated from the Institut d'Études Politiques of Paris and the École Nationale d'Administration. She also holds a post-graduate degree (DESS) in European Union Law.

TERM OF OFFICE

FIRST APPOINTMENT:	CURRENT TITLE:
May 22, 2014	From May 22, 2014 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2017

TITLES AND OTHER DUTIES EXERCISED IN FRENCH AND FOREIGN COMPANIES OVER THE COURSE OF THE LAST FIVE FINANCIAL YEARS

TITLES AND DUTIES WITHIN THE REXEL GROUP:

Current:

In France

- Deputy Chief Executive Officer of Rexel
- Director of Rexel France (France – unlisted company)

Abroad

- Director and Chairman of the Board of Directors of Rexel Ré S.A. (Luxembourg – unlisted company)

Over the last five financial years:

In France

- Member of the Management Board of Rexel

Abroad

–

TITLES AND DUTIES OUTSIDE THE REXEL GROUP:

Current:

In France

–

Abroad

–

Over the last five financial years:

In France

- Director of ADP (France – listed company)
- Independent director of Technicolor (France – listed company)
- Member of the Supervisory Board of Atria Capital Partenaires (France – unlisted company)

Abroad

–

The decisions requiring the prior authorization of the Board of Directors are described in paragraph 7.1.1.2 "Operation of the Board of Directors" of this *Document de Référence*.

7.1.4 Executive Committee

Rexel's operational organization is structured around an Executive Committee.

The Executive Committee includes the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer, the senior vice-presidents of Rexel's geographic areas and Rexel's operating officers. 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: Rudy Provoost (Chairman and Chief Executive Officer); Catherine Guillouard (Deputy Chief Executive Officer); Pascal Martin (Group Senior Vice-President, Corporate Strategy, Business Portfolio Management and New Business Development); Sharon MacBeath (Group Senior Vice-President Human Resources); Pascale Giet (Group Senior Vice-President Communications and Sustainable Development, Rexel Foundation Vice-Chairman); Peter Hakanson (Group Senior Vice-President Operations); Patrick Berard (Senior Vice-President Southern Europe, Central and Eastern Europe); Henri-Paul Laschkar (Senior Vice-President Northern Europe); Brian McNally (Senior Vice-President North America) and Mitch Williams (Senior Vice-President Asia Pacific).

Patrick Berard has been appointed Senior Vice President Rexel Europe, effective July 1, 2015. This appointment will extend Patrick Berard's responsibilities to the entire region, replacing the previous structure under which Rexel's European operations were divided into two zones: Southern, Central and Eastern Europe, headed by Patrick Berard, and Northern Europe, under the management of Henri-Paul Laschkar, who will retire from the Group after a long and successful career.

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's performance and ensure the implementation of cross-divisional projects for the Rexel Group.

7.1.5 Statements concerning the Board of Directors

To Rexel's knowledge:

- there are no family ties between the members of the Board of Directors and the members of Rexel's executive management;
- no member of the Board of Directors or of Rexel's executive management has been convicted of fraud within the last five years;
- no member of the Board of Directors or of Rexel's executive management has been associated with any "bankruptcy", receivership or liquidation within the last five years;
- no member of the Board of Directors or of Rexel's executive management 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 Board of Directors or of Rexel's executive management 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

All potential conflicts of interest are submitted to a debate within the Board of Directors. In addition, the Board of Directors has appointed François Henrot as Deputy Chairman of the Board of Directors and senior independent director in charge of (*inter alia*) managing conflict of interest situations.

As of the date of this *Document de Référence* and to Rexel's knowledge, there exists no situation that could give rise to a conflict between the private interests of members of the Board of Directors or of Rexel's executive management and Rexel's interests.

7.1.7 Service agreements between members of the Board of Directors and Rexel or one of its subsidiaries

There are no service agreements between members of the Board of Directors or members of Rexel's executive management, Rexel or any of its subsidiaries and providing for the award of any benefits.

7.2 IMPLEMENTATION OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE OF LISTED COMPANIES

The corporate governance code of the *Association Française des Entreprises Privées* (AFEP) and of the *Mouvement des Entreprises de France* (MEDEF) are the Company's point of reference with regards to corporate governance.

Rexel believes to be in compliance with the corporate governance guidelines as set forth in the corporate governance code of the AFEP and the MEDEF, to the extent that such guidelines are compatible with the organization, size and means of the Rexel Group, subject to the following items:

AFEP-MEDEF RECOMMENDATIONS	REXEL GROUP PRACTICE AND EXPLANATIONS
Holding of a minimum number of Company shares (recommendation 14) The by-laws or internal regulations must set a minimum number of shares of the relevant company that each member of the Board of Directors must hold in person, and which must be set forth in the annual report and/or brochure or meeting notice sent to the shareholders.	The Board of Directors of February 11, 2015 decided to submit to the Shareholders' Meeting a modification of article 15 of the by-laws of Rexel to provide that the directors should hold at least 1,000 shares of Rexel. Following the Shareholders' Meeting, the Board of Directors will consider the opportunity to amend its internal regulations to provide that the directors should hold a significant number of shares.
Review of the financial statements by the Audit Committee (recommendation 16.2.1) The financial statement review periods must be sufficient (at least 2 days prior to review by the Board of Directors).	The Rexel Audit and Risks Committee that reviews the financial statements meets on the day before, or the day of, the meeting of the Board of Directors during which such financial statements are closed. The procedures set up within Rexel however enable the Audit Committee members to review the financial statements within a reasonable period prior to the meeting of the Audit and Risks Committee and of the Board of Directors: the documents are sent to the members of the Audit and Risks Committee and of the Board of Directors at least three business days prior to the Committee and Board meetings.
Holding of shares by Board members (recommendation 20) Board members are required to be shareholders in their own name and to hold a fairly significant number of shares considering the amount of attendance fees received by them.	The Board of Directors of February 11, 2015 decided to submit to the Shareholders' Meeting a modification of article 15 of the by-laws of Rexel to provide that the directors should hold at least 1,000 shares of Rexel. Following the Shareholders' Meeting, the Board of Directors will consider the opportunity to amend its internal regulations to provide that the directors should hold a significant number of shares.
Fixed compensation of the executive corporate officers (recommendation 23.2.2) The fixed compensation should be reviewed at long intervals only, such as three years. Fixed compensation increases should be linked to events affecting the Company, and should take account of the performance compensation paid by virtue of the other components of compensation, including benefits in kind. If however the Company opts for yearly increases of its executive corporate officers' fixed compensation, such increase should be in a moderate amount and comply with the principle of consistency.	The fixed compensation of the corporate officers has been progressively reviewed in order to ensure the competiveness of their compensation since the beginning of their functions, which resulted in a yearly review over the last financial years.

AFEP-MEDEF RECOMMENDATIONS	REXEL GROUP PRACTICE AND EXPLANATIONS
Stock options (recommendation 23.2.4)	The share subscription options plans set up by Rexel prior to the publication of the October 2008 AFEP-MEDEF recommendations (which are included in the AFEP-MEDEF Code of corporate governance) have not been modified to take account of such recommendations, because of the practical difficulties that such modifications would have implied.
Performance shares (recommendation 23.2.4)	
Make the allotment of performance shares to executive corporate officers subject to the purchase of a defined number of shares at the time the allocated shares become available, in accordance with terms set by the Board of Directors and made public at the time of allotment of such shares.	The free share allotments decided on May 11, 2010, May 12, 2011, October 11, 2011, May 2, 2012, April 30, 2013 and May 22, 2014 in favor of, *inter alia*, the members of Rexel's Management Board or, as from May 22, 2014, corporate officers, did not provide for an obligation for such members to purchase a given number of shares on the market at the time the free shares became available. The Supervisory Board and, after May 22, 2014, the Board of Directors, upon the recommendations of the Compensation Committee, considered that the obligation for the members of the Management Board and, as from May 22, 2014, the corporate officers 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%).
The allotment of options and shares to executive corporate officers must provide for performance conditions.	The "Ordinary Plan" relating to the allotment of free shares to Rudy Provoost decided by the Management Board on October 11, 2011 (see paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*) provides that the vesting of the shares is subject to a presence criteria but does not provide for any performance criteria. This exceptional allotment of free shares to Rudy Provoost, which has been approved by the Supervisory Board, upon the recommendation of the Compensation Committee, is justified by (i) the appointment at the head of the Rexel Group of Rudy Provoost who has a unique manager profile considering the industry and (ii) the desire of the Rexel Group to compensate, to a certain extent, certain deferred compensation items which were owed to Rudy Provoost under his previous employment which he forfeited upon joining the Rexel Group.
Ensure that the options and shares valued in accordance with IFRS standards do not represent a disproportionate percentage of the overall compensation, options and shares allocated to each executive corporate officer.	The free share plans set up by the Management Board on October 11, 2011 (see paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*) for Rudy Provoost account for a significant percentage of his gross compensation. The Supervisory Board of Rexel, on the recommendations of the Compensation Committee, took into account the specific context resulting from the arrival of Rudy Provoost within the Rexel Group. In particular, the Supervisory Board took the view that this allotment was justified by the importance of the transition period resulting from Jean-Charles Pauze's departure, the replacement of Jean-Charles Pauze by Rudy Provoost and the ambitious mid-term objectives of the Rexel Group.
Avoid an excessive concentration of the allotments in the hands of the executive corporate officers.	At the time when Rudy Provoost joined the Rexel Group, the Supervisory Board of Rexel, upon the recommendations of the Compensation Committee, authorized the exceptional allotment of free shares solely to the members of the Executive Committee of Rexel (including the members of the Management Board) and two key operations managers of the Rexel Group. The vesting of these free shares is subject to a "TSR" performance criteria (Total Shareholder Return, as such term is defined in paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*). The Supervisory Board of Rexel, on the recommendations of the Compensation Committee, took into account the specific context resulting from the arrival of Rudy Provoost within the Rexel Group. In particular, the Supervisory Board took the view that this allotment was justified by the importance of the transition period resulting from Jean-Charles Pauze's departure, the replacement of Jean-Charles Pauze by Rudy Provoost and the ambitious mid-term objectives of the Rexel Group.
Make allotments at the same periods of time.	The free shares allocated by the Management Board on October 11, 2011, upon the arrival of Rudy Provoost (see paragraph 8.1.2.6 "Allotment of free shares" of this *Document de Référence*) were not granted at the same periods as the previous allotments. These allotments were approved by the Supervisory Board in order to take into account the exceptional context resulting from the arrival of Rudy Provoost within the Rexel Group at this time of the year.

The AFEP and MEDEF corporate governance code is available on the MEDEF's website (www.medef.com).

7.3 COMPENSATION OF CORPORATE OFFICERS

7.3.1 Compensation and benefits in kind

7.3.1.1 Executive Management

Compensation of the Chairman and Chief Executive Officer and of the Deputy Chief Executive Officer is set by the Board of Directors following the advice of the Nomination and Compensation Committee.

In accordance with Rexel's policy on compensation, the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer 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. The Chairman and Chief Executive Officer and the Deputy Chief Executive Officer also receive a variable compensation. This variable compensation is paid in order to correlate the compensation of the Chairman and Chief Executive Officer and of the Deputy Chief Executive Officer with the results of the business activity of the Rexel Group. The variable compensation is calculated on the basis of the attainment of individual goals and other criteria relative to the Rexel Group. Individual goals are qualitative criteria determined based on the person in question, the duties carried out within the Rexel Group and the objectives pursued by such person. Rexel 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 Chairman and Chief Executive Officer and the Deputy Chief Executive Officer 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 Chairman and Chief Executive Officer and the Deputy Chief Executive Officer are also 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 the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer.

Compensation and benefits of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer

The compensation of the corporate officers has been determined by the Supervisory Board of February 12, 2014 and the Board of Directors of May 22, 2014, upon the recommendations of the Compensation Committee, as well as by the Board of Directors of February 11, 2015, upon the recommendations of the Nomination and Compensation Committee.

Rudy Provoost, Chairman of the Management Board and then Chairman and Chief Executive Officer (1)

2015 financial year

Fixed compensation

The annual gross fixed compensation of Rudy Provoost was fixed at €875,500 (unchanged as compared to 2014).

Variable compensation

The annual variable target-based compensation has been maintained (as compared to 2014) at 110% of the annual gross fixed compensation if 100% of the individual and financial set targets are reached.

In terms of target value, the variable compensation is based for 75% on financial criteria and for 25% on individual criteria.

The financial criteria are adjusted EBITA in volume (45%), average trade operating working capital (35%) and sales growth (20%). The targets to be reached are those set in the 2015 budget.

The financial part of the variable compensation is capped at 150% if the achieved financial results exceed 100% of the set financial targets. The individual part of the variable compensation is capped at 100%, if the achieved individual results exceed 100% of the set individual targets.

The Board of Directors also decided to apply a specific mechanism in respect of 2015 in order to specifically recognize a steady financial overperformance. The financial part of the variable compensation as described

(1) Rudy Provoost has been appointed as Chairman and Chief Executive officer following the conversion of Rexel into a *société anonyme* with a Board of Directors on May 22, 2014.

above may be increased by applying a multiplier coefficient if the following cumulative conditions are satisfied:

- the weighted average achievement level of the annual financial objectives reaches at least 100%; and
- the weighted average achievement level of the quarterly financial objectives exceeds 100%; during at least 3 quarters.

The 2015 global variable compensation will be capped at 200% of the target value.

Other compensation items

Rudy Provoost benefits from a housing allowance for an annual gross amount of €60,000.

2014 financial year

Fixed compensation

The annual gross fixed compensation of Catherine Guillouard was fixed at €875,500.

Variable compensation

The annual variable target-based compensation has been fixed at 110% of the annual fixed compensation if 100% of the individual and financial targets are reached.

In terms of target value, this variable compensation was based for 75% on financial criteria and for 25% on individual criteria.

The financial criteria were EBITA in volume (45%), average trade operating working capital (35%) and sales growth in volume (20%). The targets to be reached were those set in the 2014 budget.

The financial part of the variable compensation was capped at 150% if the achieved financial results exceeded 100% of the set financial targets. The individual part of the variable compensation was capped at 100%, if the achieved individual results exceeded 100% of the set individual targets.

The Board of Directors of February 11, 2015 assessed the performance of Rudy Provoost for 2014 and set the variable compensation for 2014, to be paid in 2015, at €703,412 gross, representing a global performance of 73%.

The levels of achievement of the financial and individual criteria have been validated by the Nomination and Compensation Committee as well as by the Board of Directors. They have not been made public for confidentiality reasons.

Other compensation items

Rudy Provoost benefited from the following other compensation items:

- a housing allowance for an annual gross amount of €60,000;
- benefits in kind in the amount of €9,179, consisting of a company car and a gas card, as well as €16,226 for executive director's unemployment coverage (GSC);
- a supplemental health insurance *(mutuelle)*, a welfare insurance *(contrat de prévoyance)*, a basic and supplementary pension, a health check-up, and compensation for tax and retirement advisors' fees; and
- directors' fees in respect of the corporate offices of Rudy Provoost held in 2014 within Rexel UK Ltd, British subsidiary, and Rexel Holdings USA Corp., US subsidiary, in a global amount of €90,000 to be paid in 2015.

2013 financial year

Fixed compensation

The annual gross fixed compensation of Catherine Guillouard was fixed at €850,000.

Variable compensation

The gross amount of the variable compensation of Rudy Provoost for 2013, which was paid in 2014, was €458,129.

Other compensation items

Rudy Provoost benefited from the following other compensation items:

- a housing allowance for an annual gross amount of €60,000;
- benefits in kind in the amount of €9,180, consisting of a company car and a gas card, as well as €16,226 for executive director's unemployment coverage (GSC);
- a supplemental health insurance *(mutuelle)*, a welfare insurance *(contrat de prévoyance)*, a basic and supplementary pension, a health check-up, and compensation for tax and retirement advisors' fees; and
- directors' fees in respect of the corporate offices of Rudy Provoost held in 2013 within Rexel UK Ltd, British subsidiary, and Rexel Holdings USA Corp., US subsidiary, in a global amount of €90,000 paid in 2014.

Catherine Guillouard, member of the Management Board and then Deputy Chief Executive Officer [1]

2015 financial year

Fixed compensation

The annual gross fixed compensation of Catherine Guillouard was fixed at €475,000 (unchanged as compared to 2014).

(1) Catherine Guillouard has been appointed as Deputy Chief Executive officer following the conversion of Rexel into a *société anonyme* with a Board of Directors on May 22, 2014.

Variable compensation

The annual variable target-based compensation has been increased (as compared to 2014) to 80% of the annual gross fixed compensation if 100% of the individual and financial set targets are reached.

In terms of target value, the variable compensation for 2015 is based for 65% on financial criteria and for 35% on individual criteria.

The financial criteria are adjusted EBITA in volume (45%), average trade operating working capital (35%) and sales growth (20%). The targets to be reached are those set in the 2015 budget.

The financial part of the variable compensation is capped at 150% if the achieved financial results exceed 100% of the set financial targets. The individual part of the variable compensation is capped at 100%, if the achieved individual results exceed 100% of the set individual targets.

The Board of Directors also decided to apply a specific mechanism in respect of 2015 in order to specifically recognize a steady financial overperformance. The financial part of the variable compensation as described above may be increased by applying a multiplier coefficient if the following cumulative conditions are satisfied:

- the weighted average achievement level of the annual financial objectives reaches at least 100%; and
- the weighted average achievement level of the quarterly financial objectives exceeds 100% during at least 3 quarters.

The 2015 global variable compensation will be capped at 200% of the target value.

2014 financial year

Fixed compensation

The annual gross fixed compensation of Catherine Guillouard was fixed at €420,000 for the period from January 1 to May 31, 2014, and to €475,000 for the period from June 1 to December 31, 2014.

Variable compensation

The annual variable target-based compensation has been fixed at (i) 65% of the annual fixed compensation if 100% of the individual and financial targets are reached, for the period from January 1 to May 31, 2014 and (ii) 70% of the annual fixed compensation if 100% of the individual and financial targets are reached, for the period from June 1 to December 31, 2014.

In terms of target value, this variable compensation was based for 65% on financial criteria and for 35% on individual criteria.

The financial criteria were EBITA in volume (45%), average trade operating working capital (35%) and sales growth in volume (20%). The targets to be reached were those set in the 2014 budget.

The financial part of the variable compensation was capped at 150% if the achieved financial results exceeded 100% of the set financial targets. The individual part of the variable compensation was capped at 100%, if the achieved individual results exceeded 100% of the set individual targets.

The Board of Directors of February 11, 2015 assessed the performance of Catherine Guillouard for 2014 and set the variable compensation for 2014, to be paid in 2015, at €249,288 gross, representing a global performance of 81%.

The levels of achievement of the financial and individual criteria have been validated by the Nomination and Compensation Committee as well as by the Board of Directors. They have not been made public for confidentiality reasons.

Other compensation items

Catherine Guillouard benefited from the following other compensation items:

- benefits in kind in the amount of €6,479, consisting of a company car and a gas card, as well as €7,315 for executive director’s unemployment coverage (GSC); and
- a supplemental health insurance *(mutuelle)*, a welfare insurance *(contrat de prévoyance)*, a basic and supplementary pension, a defined benefit plan, which takes into account her seniority, a health check-up, and compensation for tax and retirement advisors’ fees.

2013 financial year

Fixed compensation

The annual gross fixed compensation of Catherine Guillouard was fixed at €420,000.

Variable compensation

The gross amount of the variable compensation of Catherine Guillouard for 2013, which was paid in 2014, was €129,320.

In addition, a gross amount of €58,088 was paid to Catherine Guillouard during the year 2013 to compensate the partial loss of the variable portion to which she was entitled from her former employer in respect of the year 2013.

Other compensation items

Catherine Guillouard benefited from the following other compensation items:

- benefits in kind in the amount of €4,319, consisting of a company car and a gas card, as well as €4,877 for executive director’s unemployment coverage (GSC); and

- a supplemental health insurance *(mutuelle)*, a welfare insurance *(contrat de prévoyance)*, a basic and supplementary pension, a defined benefit plan which takes into account her seniority, a health check-up, and compensation for tax and retirement advisors' fees.

Compensation and benefits of former members of the Management Board

Pascal Martin, former member of the Management Board

Pascal Martin served on the Management Board of Rexel until its conversion into a *société anonyme* with a Board of Directors on May 22, 2014.

2014 financial year

Fixed compensation

The annual gross fixed compensation of Pascal Martin was fixed at €474,300.

The gross fixed compensation corresponding to the period of his corporate office amounted to €186,845.

Variable compensation

The annual variable target-based compensation has been fixed 65% of the annual fixed compensation if 100% of the individual and financial targets are reached.

In terms of target value, this variable compensation was based for 65% on financial criteria and for 35% on individual criteria. The financial criteria for 2014 were EBITA in volume (45%), average trade operating working capital (35%) and sales growth in volume (20%). The targets to be reached were those set in the 2014 budget.

The financial part of the variable compensation was capped at 150% if the achieved financial results exceeded 100% of the set financial targets. The individual part of the variable compensation was capped at 100%, if the achieved individual results exceeded 100% of the set individual targets.

The Board of Directors of February 11, 2015 assessed the performance of Pascal Martin for the period from January 1 to May 22, 2014 (corresponding to this corporate office) and set the variable compensation for this period at €85,600 gross, representing a global performance of 71%.

The levels of achievement of the financial and individual criteria have been validated by the Nomination and Compensation Committee as well as by the Board of Directors. They have not been made public for confidentiality reasons.

Other compensation items

Pascal Martin benefited from the following other compensation items:

- benefits in kind for the relevant period in the amount of €3,805, consisting of: a company car, a gas card, as well as €6,761 for executive director's unemployment coverage (GSC); and
- 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, a health check-up, and compensation for tax and retirement advisors' fees.

2013 financial year

Fixed compensation

The annual gross fixed compensation of Pascal Martin was fixed at €474,300.

Variable compensation

The gross amount of the variable compensation of Pascal Martin for 2013, which was paid in 2014, was €164,304.

Lastly, at its meeting of July 26, 2011, the Supervisory Board, upon the recommendation of the Compensation Committee, determined a retention plan for the benefit of all of the members of Rexel's Executive Committee, including the corporate officers (with the exception of Jean-Charles Pauze). This retention plan is linked to the transition period at the head of the Rexel Group, for the members of the Executive Committee and the corporate officers, and comprises, on the one hand, an exceptional bonus and, on the other hand, an exceptional free share allotment subject to a performance condition, as described in paragraph 8.1.2.6 of this *Document de Référence*. Pascal Martin was effectively present as at December 31, 2012 and as such received in January 2013 an exceptional bonus in a gross amount of €226,500.

Other compensation items

Pascal Martin benefited from the following other compensation items:

- benefits in kind in the amount of €9,131, consisting of: a company car, a gas card, as well as €16,226 for executive director's unemployment coverage (GSC); and
- 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, a health check-up, and compensation for tax and retirement advisors' fees.

Michel Favre, former member of the Management Board

Michel Favre ceased to serve on the Management Board on October 30, 2012 and his employment contract expired on July 31, 2013.

Severance indemnities

On May 19, 2011, the Supervisory Board determined the items of compensation, indemnities and benefits likely to be due by reason of the termination of Michel Favre's functions as a corporate officer.

On November 29, 2012, in relation to the indemnities to be paid to Michel Favre in connection with the termination of his functions as a member of the Management Board decided by the Supervisory Board on October 30, 2012, the Supervisory Board approved the following principles:

- in consideration for reaching the performance criteria, to grant Michel Favre a contractual severance indemnity equal to 18 months of his reference monthly compensation; and
- not to enforce the non-competition clause set forth in Michel Favre's employment contract.

On February 11, 2013, the Supervisory Board finally:

- decided and established that the performance criteria attached to the indemnity due to Michel Favre in connection with the termination of his functions as a member of the Management Board decided by the Supervisory board of October 30, 2012, had been fully reached, *i.e.*:
  - a level of EBITDA, calculated on the basis of the audited consolidated financial statements of Rexel for the financial year ended on December 31, 2011, equal to at least 60% of the budgeted EBITDA for such financial year;
  - an average operating WCR, calculated on the basis of the audited consolidated financial statements of Rexel for the financial year ended on December 31, 2011, equal to a maximum of 125% of budgeted performance for such financial year; and
  - a level of ROCE, calculated on the basis of the audited consolidated financial statements of Rexel for the financial year ended on December 31, 2011, equal to at least 75% of the budgeted performance for such financial year;
- as a result, set the amount of the contractual severance indemnity due to Michel Favre at a gross amount of €1,045,000, *i.e.* a contractual severance indemnity equal to 18 months of the reference monthly compensation, including the contractual indemnity due to him by reason of his seniority;
- approved the decision not to enforce the non-competition clause set forth in Michel Favre's employment contract; and
- approved the decision to set the expiry date of Michel Favre's notice period at July 31, 2013 at the latest.

Furthermore, in addition to the contractual indemnity described above, the Supervisory Board, on February 11, 2013, also took due notice of the payment to Michel Favre of an overall, fixed and final settlement indemnity in a gross amount of €382,670.

2013 financial year

At its meeting of July 26, 2011, the Supervisory Board, upon the recommendation of the Compensation Committee, determined a retention plan for the benefit of all of the members of Rexel's Executive Committee, including the corporate officers (with the exception of Jean-Charles Pauze). This retention plan is linked to the transition period at the head of the Rexel Group, for the members of the Executive Committee and the corporate officers, and comprises, on the one hand, an exceptional bonus and, on the other hand, an exceptional free share allotment subject to a performance condition, as described in paragraph 8.1.2.6 of this *Document de Référence*. Michel Favre was effectively present as at December 31, 2012 and as such received in January 2013 an exceptional bonus in a gross amount of €232,500.

Jean-Dominique Perret, former member of the Management Board

Having reached 65 years of age, Jean-Dominique Perret resigned from his functions as member of the Management Board effective November 29, 2012.

2013 financial year

At its meeting of July 26, 2011, the Supervisory Board, upon the recommendation of the Compensation Committee, determined a retention plan for the benefit of all of the members of Rexel's Executive Committee, including the corporate officers (with the exception of Jean-Charles Pauze). This retention plan is linked to the transition period at the head of the Rexel Group, for the members of the Executive Committee and the corporate officers, and comprises, on the one hand, an exceptional bonus and, on the other hand, an exceptional free share allotment subject to a performance condition, as described in paragraph 8.1.2.6 of this *Document de Référence*. Jean-Dominique Perret was effectively present as at December 31, 2012, and as such received an exceptional bonus in a gross amount of €144,000 in January 2013.

In addition, in the course of the year ended December 31, 2013, Jean-Dominique Perret received a variable compensation in respect of the year ended December 31, 2012 for a gross amount of €124,788.

Summary of the compensation and benefits in kind

A summary of the compensation and benefits in kind for the years ended December 31, 2014 and December 31, 2013 is set forth in the tables below.

Table 1 – Summary of the compensation, options and shares allotted to each executive corporate officer

The table below sets forth a summary of all items of compensation owed by the Rexel Group companies to the executive corporate officers of the Management Board with respect to the financial years ended on December 31, 2014 and December 31, 2013:

	FINANCIAL YEAR ENDED ON DECEMBER 31,	
	2014	**2013**
Rudy Provoost		
Compensation due for the financial year (1)	€1,754,317	€1,483,535
Valuation of options allotted for the financial year (2)	–	–
Valuation of free shares granted for the financial year (3)	€1,576,200	€1,324,543
Total	**€3,330,517**	**€2,808,078**
Catherine Guillouard		
Compensation due for the financial year (1)	€715,165	€478,195
Valuation of options allotted for the financial year (2)	–	–
Valuation of free shares granted for the financial year (3)	€764,457	€588,826
Total	**€1,479,622**	**€1,067,201**
Pascal Martin (4)		
Compensation due for the financial year (1)	€283,011	€890,461
Valuation of options allotted for the financial year (2)	–	–
Valuation of free shares granted for the financial year (3)	–	€588,826
Total	**€283,011**	**€1,479,287**
Michel Favre (5)		
Compensation due for the financial year (1)	–	€1,660,170
Valuation of options allotted for the financial year (2)	–	–
Valuation of free shares granted for the financial year (3)	–	–
Total	**–**	**€1,660,170**
Jean-Dominique Perret (6)		
Compensation due for the financial year (1)	–	€144,000
Valuation of options allotted for the financial year (2)	–	–
Valuation of free shares granted for the financial year (3)	–	–
Total	**–**	**€144,000**

(1) See paragraph 7.3.1.1 “Executive Management” of this *Document de Référence*.
(2) On the grant date, see paragraph 8.1.2.5 “Subscription or purchase options for Rexel shares” of this *Document de Référence*.
(3) On the grant date, see paragraph 8.1.2.6 “Allotment of free shares” of this *Document de Référence*.
(4) Since the conversion of Rexel into a *société anonyme* with a board of Directors on May 22, 2014, Pascal Martin is no longer an executive corporate officer of Rexel.
(5) Michel Favre ceased to be a member of the Management Board on October 30, 2012. Michel Favre left Rexel on July 31, 2013.
(6) Having reached 65 years of age, Jean-Dominique Perret resigned from office on November 29, 2012. Jean-Dominique Perret left Rexel on December 31, 2013.

Table 2 – Summary table of the compensation of each executive corporate officer

The following table sets forth the compensation of the executive corporate officers for the financial years ended December 31, 2014 and December 31, 2013:

	FINANCIAL YEAR ENDED DECEMBER 31,			
	2014		2013	
	DUE	PAID	DUE	PAID
Rudy Provoost				
Fixed compensation	€875,500	€875,500	€850,000	€850,000
Variable compensation	€703,412 (3)	€458,129 (2)	€458,129 (2)	€516,860 (1)
Housing allowance	€60,000	€60,000	€60,000	€60,000
Attendance fees	€90,000 (6)	€90,000 (5)	€90,000 (5)	€73,350 (4)
Benefits in kind	€25,405	€25,405	€25,406	€25,406
Total	**€1,754,317**	**€1,509,034**	**€1,483,535**	**€1,525,616**
Catherine Guillouard				
Fixed compensation	€452,083	€452,083	€281,591	€281,591
Variable compensation	€249,288 (3)	€129,320 (2)	€129,320 (2)	–
Exceptional compensation	–	–	€58,088	€58,088
Attendance fees	–	–	–	–
Benefits in kind	€13,794	€13,794	€9,196	€9,196
Total	**€715,165**	**€595,197**	**€478,195**	**€348,875**
Pascal Martin (7)				
Fixed compensation	€186,845	€186,845	€474,300	€474,300
Variable compensation	€85,600 (3)	€164,304 (2)	€164,304 (2)	€200,472 (1)
Exceptional compensation	–	–	€226,500	€226,500
Attendance fees	–	–	–	–
Benefits in kind	€10,566	€10,566	€25,357	€25,357
Total	**€283,011**	**€361,715**	**€890,461**	**€926,629**
Michel Favre (8)				
Fixed compensation	–	–	–	–
Variable compensation	–	–	–	
Severance payments	–	–	€1,427,670	€1,427,670
Exceptional compensation	–	–	€232,500	€232,500
Attendance fees	–	–	–	–
Benefits in kind	–	–	–	–
Total	**–**	**–**	**€1,660,170**	**€1,660,170**
Jean-Dominique Perret (9)				
Fixed compensation	–	–	–	–
Variable compensation	–	–	–	€124,788 (1)
Exceptional compensation	–	–	€144,000	€144,000
Attendance fees	–	–	–	–
Benefits in kind	–	–	–	–
Total	**–**	**–**	**€144,000**	**€268,788**

(1) Variable compensation due for the financial year ended December 31, 2012 and paid during the financial year ending December 31, 2013.
(2) Variable compensation due for the financial year ended December 31, 2013 and paid during the financial year ending December 31, 2014.
(3) Variable compensation due for the financial year ended December 31, 2014 and paid during the financial year ending December 31, 2015.
(4) Attendance fees due for the financial year ended December 31, 2012 and paid during the financial year ended December 31, 2013.
(5) Attendance fees due for the financial year ended December 31, 2013 and paid during the financial year ended December 31, 2014.
(6) Attendance fees due for the financial year ended December 31, 2014 and paid during the financial year ended December 31, 2015.
(7) Since the conversion of Rexel into a *société anonyme* with a board of directors on May 22, 2014, Pascal Martin is no longer an executive corporate officer of Rexel.
(8) Michel Favre ceased to be a member of the Management Board on October 30, 2012. Michel Favre left Rexel on July 31, 2013.
(9) Having reached 65 years of age, Jean-Dominique Perret resigned from office on November 29, 2012. Jean-Dominique Perret left Rexel on December 31, 2013.

Table 3 – Table on attendance fees and other compensation received by the non-executive corporate managers

See paragraph 7.3.1.2 “Members of the Board of Directors” of this *Document de Référence*.

Table 4 – Share subscription or purchase options allotted by Rexel and other Rexel Group companies to each executive corporate officer during the financial year

The summary tables in relation to share purchase or subscription plans and to the options allotted are set forth in paragraph 8.1.2.5 “Subscription or purchase options for Rexel shares” of this *Document de Référence*.

Rexel’s stock market ethics charter includes an undertaking by the corporate officers not to use hedging options in respect of their options, shares arising from the exercise of options or performance shares.

Table 5 – Share subscription or purchase options exercised by each executive corporate officer during the financial year

The summary tables in relation to options exercised are set forth in paragraph 8.1.2.5 “Subscription or purchase options for Rexel shares” of this *Document de Référence*.

Table 6 – Performance shares allotted to each executive corporate officer by the issuer or any group company

The summary tables in relation to free share allotments are set forth in paragraph 8.1.2.6 “Allotment of free shares” of this *Document de Référence*.

Rexel’s stock market ethics charter includes an undertaking by the corporate officers not to use hedging options in respect of their options, shares arising from the exercise of options or performance shares.

Table 7 – Newly available performance shares during the financial year for each executive corporate officer

The summary tables in relation to vested shares are set forth in paragraph 8.1.2.6 “Allotment of free shares” of this *Document de Référence*.

Table 8 – Historical information on the subscription or purchase option allotments

The share subscription or purchase option plans are described in paragraph 8.1.2.5 “Subscription or purchase options for Rexel shares” of this *Document de Référence*.

Table 9 – Records of performance share allotments

The summary tables in relation to free share allotment plans and free share allotments are set forth in paragraph 8.1.2.6 “Allotment of free shares” of this *Document de Référence*.

Table 10 – Summary table of the employment agreements, the specific pension plans, the severance indemnities and the non-competition clauses

A summary of the employment agreements, the specific pension plans, the severance indemnities and the non-competition clauses of the executive corporate officers is set forth in the table below:

CORPORATE OFFICER	EMPLOYMENT AGREEMENT	SPECIFIC PENSION PLAN	SEVERANCE INDEMNITIES	NON-COMPETITION CLAUSE
Rudy Provoost Chairman and Chief Executive Officer From May 22, 2014 until the shareholders’ meeting deciding on the accounts for the financial year ending December 31, 2017	No	No (at its meeting of March 6, 2013, the Supervisory Board, on the recommendation of the Compensation Committee, cancelled the benefit provided by the defined benefit pension plan (article 39) granted to Rudy Provoost)	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

CORPORATE OFFICER	EMPLOYMENT AGREEMENT	SPECIFIC PENSION PLAN	SEVERANCE INDEMNITIES	NON-COMPETITION CLAUSE
Catherine Guillouard Deputy Chief Executive Officer From May 22, 2014 until the shareholders' meeting deciding on the accounts for the financial year ending December 31, 2017	Yes Employment agreement suspended since April 30, 2013	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

7.3.1.2 Members of the Board of Directors

The Company's shareholders' meeting may grant attendance fees to the members of the Board of Directors.

The Board of Directors:

- distributes the attendance fees among its members, as it deems fit;
- may grant exceptional compensation for missions or tasks assigned to the members of the Board of Directors; and
- may authorize the reimbursement of travel costs and of expenses incurred by its members in the interest of the Company.

On May 22, 2014, Rexel's shareholders' meeting granted the Board of Directors an aggregate amount of €1,315,000 in attendance fees.

Following the recommendations of the Compensation Committee, the Board of Directors decided to allocate compensation from the allocated global amount to the members of the Board of Directors, as follows:

- fixed portion: €40,000;
- variable portion: €5,000 per Committee meeting, up to a maximum amount of €20,000 per member and per Committee;
- for the members serving as Chairman of a Committee: an additional amount of €15,000 for the chair of the Nomination and Compensation Committee and of the Strategic Committee, and an amount of €25,000 for the chair of the Audit Committee;
- for the Deputy Chairman and senior independent director of the Board of Directors: a fixed portion of €100,000, the variable portion remaining identical to that mentioned above. The Deputy Chairman and senior independent director of the Board of Directors is not entitled to attendance fees in connection with the chairing of a Committee.

Following the recommendations of the Compensation Committee, the Board of Directors decided to fix the compensation of its members as follows:

	FINANCIAL YEAR ENDED DECEMBER 31,			
	2014		2013	
	COMPENSATION	TOTAL	COMPENSATION	TOTAL
MEMBERS OF THE BOARD OF DIRECTORS AT DECEMBER 31, 2014				
Rudy Provoost		–		–
As director				
Fixed portion	–		–	
Variable portion	–		–	
Thomas Farrell		€80,000		€60,000
As member of the Supervisory Board, then as director				
Fixed portion	€40,000		€30,000	
Variable portion	€40,000		€30,000	

	FINANCIAL YEAR ENDED DECEMBER 31,			
	2014		2013	
	COMPENSATION	TOTAL	COMPENSATION	TOTAL
Fritz Fröhlich		€105,000		€80,000
As chairman of Committee	€25,000		€20,000	
As member of the Supervisory Board, then as director				
Fixed portion	€40,000		€30,000	
Variable portion	€40,000		€30,000	
François Henrot		€135,000		€9,400
As Deputy Chairman and senior independent director				
As chairman of Committee				
As member of the Supervisory Board, then as director				
Fixed portion	€100,000		€5,100	
Variable portion	€35,000		€4,300	
Isabel Marey-Semper		€39,600	–	–
As director				
Fixed portion	€24,600			
Variable portion	€15,000			
Monika Ribar		€75,000		€11,800
As member of the Supervisory Board, then as director				
Fixed portion	€40,000		€5,100	
Variable portion	€35,000		€6,700	
Maria Richter		€54,600	–	–
As director				
Fixed portion	€24,600			
Variable portion	€30,000			
Patrick Sayer		€95,000		€22,400
As chairman of Committee	€15,000		€4,000	
As member of the Supervisory Board, then as director				
Fixed portion	€40,000		€12,000	
Variable portion	€40,000		€6,400	
Pier-Luigi Sigismondi		€89,200		€29,000
As chairman of Committee	€9,200			
As member of the Supervisory Board, then as director				
Fixed portion	€40,000		€18,400	
Variable portion	€40,000		€10,600	
Hendrica Verhagen		€60,000	–	–
As member of the Supervisory Board, then as director				
Fixed portion	€40,000			
Variable portion	€20,000			

	FINANCIAL YEAR ENDED DECEMBER 31,			
	2014		2013	
	COMPENSATION	TOTAL	COMPENSATION	TOTAL
FORMER MEMBERS OF THE SUPERVISORY BOARD				
Roberto Quarta		€36,400		€24,900
As chairman of Committee	€5,900		€4,000	
As member of the Supervisory Board				
Fixed portion	€15,500		€12,000	
Variable portion	€15,000		€8,900	
Vivianne Akriche		€25,500		€17,000
As member of the Supervisory Board				
Fixed portion	€15,500		€12,000	
Variable portion	€10,000		€5,000	
François David		€30,500		€58,200
As member of the Supervisory Board				
Fixed portion	€15,500		€30,000	
Variable portion	€15,000		€28,200	
Eurazeo (represented by Marc Frappier)	–	–	–	€6,900
As member of the Supervisory Board				
Fixed portion			€6,900	
Variable portion			–	
Françoise Gri	–	–		€9,900
As chairman of Committee			€1,200	
As member of the Supervisory Board				
Fixed portion			€3,400	
Variable portion			€5,300	
Manfred Kindle	–	–		€6,900
As member of the Supervisory Board				
Fixed portion			€6,900	
Variable portion			–	
Angel L. Morales	–	–		€20,900
As member of the Supervisory Board				
Fixed portion			€10,900	
Variable portion			€10,000	
David Novak		€31,400		€24,600
As chairman of Committee	€5,900		€4,000	
As member of the Supervisory Board				
Fixed portion	€15,500		€12,000	
Variable portion	€10,000		€8,600	
Akshay Singh	–	–		€15,700
As member of the Supervisory Board				
Fixed portion			€9,300	
Variable portion			€6,400	
Total		**€857,200**		**€397,600**

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

Chairman and Chief Executive Officer and Deputy Chief Executive Officer

In the event of imposed departure, Rudy Provoost and Catherine Guillouard shall benefit from a severance indemnity, subject to certain performance criteria decided upon by the Board of Directors' meeting of May 22, 2014 which are subject to the approval of the Shareholders' Meeting.

The Board of Directors, upon the recommendations of the Nomination and Compensation Committee, decided, at its meeting of February 11, 2015, to limit the conditions giving right to a severance indemnity to the benefit of the corporate officers. The severance indemnities to the benefit of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer are now submitted to the following cumulative conditions: (i) imposed departure and (ii) change in control or strategy.

Severance indemnity of Rudy Provoost

Rudy Provoost does not have an employment contract with any of the Rexel Group companies.

In the event of imposed departure, Rudy Provoost shall benefit from a gross severance payment equal to 24 months of a monthly reference compensation. Monthly reference compensation is understood as the amount of the fixed gross annual compensation plus the average gross amount of the last two variable bonuses paid, excluding any exceptional bonus, with this sum being divided by 12.

The severance indemnity shall only be authorized in case of imposed departure and linked to a change in control or strategy. The severance indemnity shall not apply in the event of resignation, termination for gross negligence (*faute grave*) or wilful misconduct (*faute lourde*) or retirement leave or compulsory retirement leave.

In addition, regardless of the cause of departure from Rexel, a non-competition clause is stipulated. The Board of Directors may waive this non-competition clause. This non-competition undertaking is limited to a period of 12 months from the date of the termination of the corporate mandate. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

The gross severance indemnity is deemed to include the compensating indemnity for honoring the non-competition clause, if any (which is not submitted to the above-mentioned conditions).

Severance indemnity of Catherine Guillouard

Catherine Guillouard's employment contract with Rexel Développement has been suspended since April 30, 2013.

In the event of termination of her corporate office within Rexel, Catherine Guillouard's employment contract with Rexel Développement would be reinstated with a compensation package equivalent to that from which she benefited in her capacity as a corporate officer.

The employment agreement of Catherine Guillouard provides, as from April 30, 2013 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 Catherine Guillouard will benefit from a gross contractual severance indemnity equal to 18 months of her monthly reference compensation.

The monthly reference compensation is defined as the fixed 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 (to the exclusion of any exceptional bonus).

This contractual severance 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-competition clause. The severance indemnity shall only be authorized in case of imposed departure (to the exclusion of the compensating indemnity for honoring the non-competition clause) and linked to a change in control or strategy (to the exclusion of the statutory severance indemnity or severance indemnity pursuant to the collective bargaining agreement due, if any, as well as the compensating indemnity for honoring the non-competition clause).

The notice period for breach of contract at the option of the employer is 8 months. The compensation in lieu of notice is equal to 8 months of the last paid compensation, in her capacity as officer or as employee of the company, whichever the highest.

In addition, a non-competition clause is stipulated in Catherine Guillouard's suspended employment contract. This non-competition undertaking is limited to 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 her gross fixed annual compensation.

Performance conditions to which the severance indemnities are subject

Pursuant to the provisions of article L.225-42-1 of the French Commercial Code, Rudy Provoost's severance indemnities (which are subject to the approval of the Shareholders' Meeting), other than the non-competition clause compensatory indemnity, as well as the contractual indemnities for termination of the employment contracts of Catherine Guillouard (subject to the approval of the Shareholders' Meeting), other than the statutory severance indemnity or the severance indemnity pursuant to the collective bargaining agreement or the non-competition indemnity, are subject to performance criteria.

On May 22, 2014, the Board of Directors retained the following performance criteria:

- the payment of 60% of the indemnity would be dependent on the level of EBITA of the Rexel Group. This payment would be 100% if the level of EBITA, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate functions or employment contract (the reference period), reaches in average a minimum of 60% of the amount budgeted for such two periods. If, during any or both reference financial years, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this average level could be reviewed by the Board of Directors, upon the proposal of the Compensation Committee (which became the Nomination and 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 40% of the indemnity would be dependent on the level of average operating WCR (average trade operating working capital) of the Rexel Group. This payment would be 100% if the level of average operating WCR, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate functions or employment contract (the reference period), reaches in average a maximum of 125% of the performance budgeted for such two periods. If, during any or both reference financial years, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this average level could be reviewed by the Board of Directors, upon the proposal of the Compensation Committee (which became the Nomination and 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 Board of Directors acknowledging the fulfillment of these conditions.

Former members of the Management Board

Severance payments for Pascal Martin

Since Rexel's conversion into a *société anonyme* with a board of directors on May 22, 2014, Pascal Martin is no longer a corporate officer of Rexel.

Pascal Martin's employment contract with Rexel Développement, which had been suspended on January 1, 2008, was reinstated on May 22, 2014.

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-competition clause. It shall not apply in the event of a resignation, a retirement leave or compulsory retirement leave. In these hypothesis, only the statutory severance indemnity or the severance indemnity pursuant to the collective bargaining agreement will, as the case may be, be due and, as the case may be, the compensating indemnity for honoring the non-competition clause.

The notice period for termination of contract at the option of the employer 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.

In addition, a non-competition clause is stipulated in Pascal Martin's suspended employment contract. This non-competition undertaking is limited to 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.

Until May 22, 2014, Pascal Martin's contractual severance indemnities, other than the statutory severance indemnity or the severance indemnity pursuant to the collective bargaining agreement and the compensating indemnity for honoring the non-competition clause and the indemnity in lieu of notice, as the case may be, were subject to performance conditions identical to those described above.

7.3.3 Other benefits

During the financial period ended December 31, 2014, 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.

During the fiscal year 2013, certain amendments have been made with effect as from January 1, 2014, including the major following amendments:

- Ability to maintain the additional pension when the pension under the Social Security base regime is settled, provided that the beneficiary does not exercise afterwards any other professional activity, in the following cases:
  - dismissal after the age of 55 (except for gross negligence);
  - invalidity corresponding to the 2nd or 3rd class under the Social Security regime;
  - participation in an early retirement regime.

Since January 1, 2014, are eligible for 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.

At December 31, 2014, 6 managing directors, including one corporate officer, met these eligibility criteria. At its meeting of March 6, 2013, the Supervisory Board, on the recommendation of the Compensation Committee, cancelled the benefit provided under the defined benefit pension plan (article 39) granted to Rudy Provoost.

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, and
- 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 Rexel for all employees covered by this additional defined-benefit retirement plan corresponded to a commitment of €10 million as of December 31, 2014 reduced by the value of a hedge asset established with an insurance company. As of December 31, 2014, the value of this hedge asset was estimated at €1.5 million.

The current maximum percentage allowable under the additional retirement plan for the current beneficiaries of the plan is comprised between 10% and 20% of the reference income.

On the date of this *Document de Référence*, Rexel complies with all recommendations issued by the AFEP and the MEDEF, as updated in June 2013:

AFEP-MEDEF RECOMMENDATIONS	
Eligibility criteria	Compliant
Number of corporate officers compared to the total number of beneficiaries	Compliant
Seniority criteria	Compliant
Yearly accrual percentage	Compliant
Period of maximum accrual attainment	Compliant
Reference compensation	Compliant
Maximum level of benefits	Compliant
Information on potential rights	Compliant

7.3.5 Consultation on the corporate officers' individual compensation

In accordance with paragraph 24.3 of the AFEP-MEDEF Code, the table below shows the compensation of each of the corporate officers for the financial year ended on December 31, 2014 submitted to a shareholder consultation at the Shareholders' Meeting:

Rudy Provoost (Chairman of the Management Board, then Chairman and Chief Executive Officer)

COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Fixed annual compensation	€875,500	Gross fixed annual compensation in respect of the financial year ended on December 31, 2014, determined by the Supervisory Board of February 12, 2014 and the Board of Directors of May 22, 2014, on the recommendation of the Compensation Committee. The gross fixed annual compensation in respect of the financial year ended on December 31, 2013 stood at €850,000, *i.e.* an increase of 3%. See paragraph 7.3.1.1 of this *Document de Référence*.

Rudy Provoost (Chairman of the Management Board, then Chairman and Chief Executive Officer)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	**AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE**	**PRESENTATION**
Variable annual compensation	€703,412	Gross variable annual compensation in respect of the financial year ended on December 31, 2014 determined by the Board of Directors of February 11, 2015 on the proposal of the Nomination and Compensation Committee. In terms of target value, the variable compensation was based for 75% on financial criteria and for 25% on individual criteria. In percentage, financial performance stood at 70.7% and individual performance stood at 80%. This amount thus corresponds to 73% of the target bonus. See paragraph 7.3.1.1 of this *Document de Référence*.
Deferred variable compensation	Not applicable	Rudy Provoost does not benefit from any deferred variable compensation.
Multiannual variable compensation	Not applicable	Rudy Provoost does not benefit from any multiannual variable compensation.
Exceptional compensation	€60,000	Rudy Provoost benefits from a housing allowance in a total gross annual amount of €60,000. The amount for the financial year ended on December 31, 2014 is equal to the amount for the financial year ended on December 31, 2013.
Share subscription or purchase options	Not applicable	No share subscription or purchase options have been allocated to Rudy Provoost during the financial year ended on December 31, 2014.
Free share allotments	€1,576,200	In accordance with the authorizations granted by Rexel's Shareholders' Meeting of May 22, 2013 (resolution no. 15), the Board of Directors, at its meeting of May 22, 2014, decided to allocate free Rexel shares under four plans. Accordingly, 120,000 shares subject to performance conditions were allocated to Rudy Provoost under the "Transition 2+2" (50% of the allotment) and "Key Managers 3+2" plans (50% of the allotment). This number of shares is the maximum number of shares that may be vested if the performance criteria are outperformed and corresponds to a maximum vesting percentage of 100%. Such shares represented 0.04% of the share capital and voting rights of Rexel as at December 31, 2014. The final vesting of the shares allocated to Rudy Provoost is subject to: • for the "Transition 2+2" plan: a 2-year presence condition and to the achievement of performance criteria which apply to 100% of the allotment; • for the "Key Managers 3+2" plan: a 3-year presence condition and to the achievement of performance criteria which apply to 100% of the allotment. The performance criteria and their respective weight are as follows: • for the "Transition 2+2" plan: – Variation of the 2013/2015 adjusted EBITA margin (40%); – Average of the free cash flow before interest and tax / EBITDA ratio between 2014 and 2015 (30%); – Evolution of the TSR of Rexel compared to a panel of enterprises over 2 years (30%). • for the "Key Managers 3+2" plan: – Variation of the 2013/2016 adjusted EBITA margin (40%); – Average of the free cash flow before interest and tax / EBITDA ratio between 2014, 2015 and 2016 (30%); – Evolution of the TSR of Rexel compared to a panel of businesses over 3 years (30%). See paragraph 8.1.2 of this *Document de Référence*.
Other long term compensation items	Not applicable	Rudy Provoost does not benefit from any other long term compensation items.

Rudy Provoost (Chairman of the Management Board, then Chairman and Chief Executive Officer)

COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Directors' fees	€90,000	In respect of his corporate offices within Rexel UK Ltd, British subsidiary, and Rexel Holdings USA Corp., US subsidiary, Rudy Provoost received directors' fees in an amount of €90,000, paid in 2014 in respect of the financial year ended on December 31, 2013. The attendance fees paid in 2013 in respect of the financial year ended on December 31, 2012, amounted to €73,350.
Valuation of benefits in kind	€25,405	Rudy Provoost benefits from benefits in kind in an amount of €9,179, comprising a company car, a gas card, and €16,226 for executive director's unemployment coverage (GSC). For the financial year ended on December 31, 2013, such benefits in kind amounted to €25,406. See paragraph 7.3.1.1 of this *Document de Référence*.
Severance indemnities	No payment	In the event of termination of his corporate office, Rudy Provoost shall receive a gross severance indemnity in an amount equal to 24 months of reference monthly compensation. Reference monthly compensation is defined as gross fixed annual compensation increased by the average gross amount of the last two variable bonuses received, except for any exceptional bonuses, divided by 12 months. This severance indemnity includes the non-competition indemnity, as the case may be. The severance indemnity shall only be authorized in case of imposed departure and linked to a change in control or strategy. The severance indemnity shall not apply in the event of resignation, termination for gross negligence (*faute grave*) or wilful misconduct (*faute lourde*) or retirement leave or compulsory retirement leave. This severance indemnity (excluding the non-competition indemnity) is subject to the following performance conditions: • the payment of 60% of the indemnity depends on the level of EBITA of the Rexel Group; and • the payment of 40% of the indemnity depends on the level of average operating WCR (average trade operating working capital) of the Rexel Group. The payment of these indemnities requires a prior decision of the Board of Directors acknowledging the fulfillment of these conditions. This severance indemnity has been authorized by a decision of the Board of Directors of May 22, 2014 and is subject to the approval of the Shareholders' Meeting. The modifications which were authorized by the Board of Directors of February 11, 2015 will be submitted to the shareholders' meeting to be held in 2016. See paragraph 7.3.2 of this *Document de Référence*.
Non-competition indemnity	No payment	Regardless of the cause of his departure from Rexel, Rudy Provoost may be subject to a non-competition clause. This non-competition undertaking is limited to a period of 12 months as from the date of actual termination of his corporate office. In consideration for such non-competition undertaking, the monthly non-competition indemnity is equal to one twelfth of his gross fixed annual compensation. This non-competition indemnity has been authorized by a decision of the Board of Directors of May 22, 2014 and is subject to the approval of the Shareholders' Meeting. See paragraph 7.3.2 of this *Document de Référence*.
Additional retirement plan	Not applicable	In accordance with the request of Rudy Provoost, the Supervisory Board of March 6, 2013 decided to withdraw the advantage resulting from the benefit of the defined-benefits retirement plan (article 39).

Catherine Guillouard (member of the Management Board, then Deputy Chief Executive Officer)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	**AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE**	**PRESENTATION**
Fixed compensation	€452,083	Gross fixed annual compensation in respect of the financial year ended on December 31, 2014 determined by the Supervisory Board of February 12, 2014 and the Board of Directors on May 22, 2014, on the recommendation of the Compensation Committee, as follows: • from January 1, 2014 until May 31, 2104: €420,000; • from June 1, 2014 until December 31, 2104: €475,000. The gross fixed annual compensation in respect of the financial year ended on December 31, 2013 stood at €420,000, *i.e.* an increase of 7.64%, following the change in the structure in May 2014. See paragraph 7.3.1.1 of this *Document de Référence*.
Variable annual compensation	€249,288	Gross variable annual compensation in respect of the financial year ended on December 31, 2014 determined by the Board of Directors of February 11, 2015 on the proposal of the Nomination and Compensation Committee. In terms of target value, the variable compensation was based for 65% on financial criteria and for 35% on individual criteria. In percentage, financial performance stood at 70.7% and individual performance stood at 100%. This amount thus corresponds to 81% of the target bonus. See paragraph 7.3.1.1 of this *Document de Référence*.
Deferred variable compensation	Not applicable	Catherine Guillouard does not benefit from any deferred variable compensation.
Multiannual variable compensation	Not applicable	Catherine Guillouard does not benefit from any multiannual variable compensation.
Exceptional compensation	Not applicable	Catherine Guillouard does not benefit from any exceptional compensation.
Share subscription or purchase options	Not applicable	No share subscription or purchase options have been allocated to Catherine Guillouard during the financial year ended on December 31, 2014.
Free share allotments	€764,457	In accordance with the authorizations granted by Rexel's Shareholders' Meeting of May 22, 2013 (resolution no.15), the Board of Directors, at its meeting of May 22, 2014, decided to freely allocate Rexel shares under four plans. Accordingly, 58,200 shares which are subject to performance conditions were allocated to Catherine Guillouard under the "Transition 2+2" (50% of the allotment) and "Key Managers 3+2" (50% of the allotment) plans. This number of shares is the maximum number of shares that may be vested if the performance criteria are outperformed and corresponds to a maximum vesting percentage of 100%. Such shares represented 0.02% of the share capital and voting rights of Rexel as at December 31, 2014. The final vesting of the shares allocated to Catherine Guillouard is subject to: • for the "Transition 2+2" plan: a 2-year presence condition and to the achievement of performance criteria which apply to 100% of the allotment; • for the "Key Managers 3+2" plan: a 3-year presence condition and to the achievement of performance criteria which apply to 100% of the allotment. The performance criteria and their respective weight are as follows: • for the "Transition 2+2" plan: – Variation of the 2013/2015 adjusted EBITA margin (40%); – Average of the free cash flow before interest and tax / EBITDA ratio between 2014 and 2015 (30%); – Evolution of the TSR of Rexel compared to a panel of businesses over 2 years (30%); • for the "Key Managers 3+2" plan: – Variation of the 2013/2016 adjusted EBITA margin (40%); – Average of the free cash flow before interest and tax / EBITDA ratio between 2014, 2015 and 2016 (30%); – Evolution of the TSR of Rexel compared to a panel of businesses over 3 years (30%). See paragraph 8.1.2 of this *Document de Référence*.

Catherine Guillouard (member of the Management Board, then Deputy Chief Executive Officer)

COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Other long term compensation items	Not applicable	Catherine Guillouard does not benefit from any other long term compensation items.
Directors' fees	Not applicable	Catherine Guillouard does not benefit from any directors' fees.
Valuation of benefits in kind	€13,794	Catherine Guillouard benefits from benefits in kind in an amount of €6,479, comprising a company car, a gas card and €7,315 for executive director's unemployment coverage (GSC). For the financial year ended on December 31, 2013, such benefits amounted to €9,196 (*prorata temporis*). See paragraph 7.3.1.1 of this *Document de Référence*.
Severance indemnities	No payment	Catherine Guillouard's employment contract with Rexel Développement has been suspended since April 30, 2013. In the event that her corporate duties within Rexel should end, Catherine Guillouard's employment agreement with Rexel Développement would be reinstated subject to compensation conditions equivalent to those from which she benefits as a corporate officer. The employment agreement of Catherine Guillouard 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 Catherine Guillouard will benefit from a gross contractual severance indemnity equal to 18 months of her monthly reference compensation. Reference monthly compensation is defined as the applicable gross fixed annual compensation in the month preceding the termination notice, increased by the average gross amount of the last two variable bonuses received, except for any exceptional bonuses, divided by 12 months. Reference monthly compensation includes any compensation received in connection with the exercise of corporate duties during such period (to the exclusion of any exceptional bonus). This contractual severance 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-competition clause. The severance indemnity shall only be authorized in case of imposed departure (to the exclusion of the compensating indemnity for honoring the non-competition clause) and linked to a change in control or strategy (to the exclusion of the statutory severance indemnity or severance indemnity pursuant to the collective bargaining agreement due, if any, as well as the compensating indemnity for honoring the non-competition clause). The severance indemnity shall not apply in the event of a resignation, a retirement leave or compulsory retirement leave. In these hypothesis, only the statutory severance indemnity or the severance indemnity pursuant to the collective bargaining agreement will, as the case may be, be due and, as the case may be, the compensating indemnity for honoring the non-competition clause. In the event of termination of the contractual relationship at the initiative of the employer, the notice period is 8 months. The indemnity in lieu of notice period amounts to 8 months of the last compensation amount received as a corporate officer or employee, whichever is higher. This contractual severance indemnity (excluding the statutory severance indemnity or the severance indemnity pursuant to the collective bargaining agreement and the non-competition indemnity) is subject to the following performance conditions: • the payment of 60% of the indemnity depends on the level of EBITA of the Rexel Group; and • the payment of 40% of the indemnity depends on the level of average operating WCR (average trade operating working capital) of the Rexel Group. The payment of these indemnities requires a prior decision of the Board of Directors acknowledging the satisfaction of these conditions. This severance indemnity has been authorized by a decision of the Board of Directors of May 22, 2014 and is subject to the approval of the Shareholders' Meeting. The modifications which were authorized by the Board of Directors of February 11, 2015 will be submitted to the shareholders' meeting to be held in 2016. See paragraph 7.3.2 of this *Document de Référence*.

Catherine Guillouard (member of the Management Board, then Deputy Chief Executive Officer)		
COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	**AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE**	**PRESENTATION**
Non-competition indemnity	No payment	Catherine Guillouard's currently suspended employment contract contains a non-competition clause. This non-competition undertaking is limited to a period of 12 months as from the date of actual termination of her employment contract. In consideration for such non-competition undertaking, the monthly non-competition indemnity is equal to one twelfth of her gross fixed annual compensation. See paragraph 7.3.2 of this *Document de Référence*.
Additional retirement plan	No payment	Catherine Guillouard benefits from the defined-benefits retirement plan in force within Rexel Développement and Rexel since July 1, 2009. 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 to calculate the additional pension is equal to the average of the three highest 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 for an amount of up to 80% of the fixed base salary. The reference compensation does not include the amount or nature of special bonuses, particularly payments made upon retirement and/or redundancy and/or entered into amicably, judicially, through arbitration or by settlement. It also does not include benefits in kind. The reference compensation is globally capped at 40 times of the yearly French Social Security ceiling. The amount of the benefit is subject to a certain number of limits: • 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; and • the aggregate amount of mandatory pension schemes and all supplementary plans in force within Rexel may not exceed 50% of the reference compensation. On the basis of the information available on the date hereof, Catherine Guillouard's annual pension under this additional retirement plan should not exceed 13% of the reference compensation upon retirement. This additional retirement plan was authorized by a decision of the Board of Directors of May 22, 2014 and is subject to the approval of the Shareholders' Meeting. See paragraph 7.3.4 of this *Document de Référence*.

Pascal Martin (member of the Management Board until May 22, 2014)

COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Fixed compensation	€186,845	Gross fixed compensation in respect of the corporate office held from January 1, 2014 to May 22, 104 determined by the Supervisory Board of February 12, 2014 on the recommendation of the Compensation Committee. The gross fixed annual compensation in respect of the financial year ended on December 31, 2013 stood at €474,300, *i.e.* an increase of 0% (*prorata temporis*). See paragraph 7.3.1.1 of this *Document de Référence*.
Variable annual compensation	€85,600	Gross variable compensation in respect of the corporate office held from January 1, 2014 to May 22, 2014 determined by the Board of Directors of February 11, 2015 on the proposal of the Nomination and Compensation Committee. In terms of target value, the variable compensation was based for 65% on financial criteria and for 35% on individual criteria. In percentage, financial performance stood at 70.7% and individual performance stood at 71.4%. This amount thus corresponds to 71% of the target bonus. See paragraph 7.3.1.1 of this *Document de Référence*.
Deferred variable compensation	Not applicable	Pascal Martin does not benefit from any deferred variable compensation.
Multiannual variable compensation	Not applicable	Pascal Martin does not benefit from any multiannual variable compensation.
Exceptional compensation	Not applicable	Pascal Martin does not benefit from any exceptional compensation.
Share subscription or purchase options	Not applicable	No share subscription or purchase options have been allocated to Pascal Martin during the financial year ended on December 31, 2014.
Free share allotments	Not applicable	Pascal Martin did not benefit from a free share allotment in respect of his corporate office during the financial year ended December 31, 2014.
Other long term compensation items	Not applicable	Pascal Martin does not benefit from any other long term compensation items.
Directors' fees	Not applicable	Pascal Martin does not benefit from any directors' fees.
Valuation of benefits in kind	€10,566	Pascal Martin benefits from benefits in kind for the period during which he was a corporate office in an amount of €3,805, comprising a company car, a gas card and €6,761 for executive directors' unemployment coverage (GSC). For the financial year ended on December 31, 2013, such benefits amounted to €25,357. See paragraph 7.3.1.1 of this *Document de Référence*.

Pascal Martin (member of the Management Board until May 22, 2014)

COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Severance indemnities	No payment	Since the conversion of Rexel into a *société anonyme* with a board of directors on May 22, 2014, Pascal Martin is no longer a corporate officer of Rexel. Pascal Martin's employment contract with Rexel Développement, which has been suspended since January 1, 2008, was reinstated with effect as from May 22, 2014. 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. Reference monthly compensation is defined as the applicable gross fixed annual compensation in the month preceding the dismissal notice increased by the average gross amount of the last two variable bonuses received, except for any exceptional bonuses, divided by 12 months. Reference monthly compensation includes any compensation received in connection with the exercise of corporate duties during such period. This gross contractual indemnity includes the statutory severance indemnity or the severance indemnity pursuant to the collective bargaining agreement and, as the case may be, the non-competition indemnity. The contractual severance indemnity does not apply in the event of departure or compulsory retirement leave. In such cases, only the statutory severance indemnity or the severance indemnity pursuant to the collective bargaining agreement is due, as well as the non-competition indemnity, if any. In the event of termination of the contractual relationship at the initiative of the employer, the notice period is 8 months. The indemnity in lieu of notice period amounts to 8 months of the last compensation amount received as a corporate officer or employee, whichever is higher. Until May 22, 2014, this severance indemnity (excluding the statutory severance indemnity or the severance indemnity pursuant to the collective bargaining agreement and the non-competition indemnity) was subject to the following performance conditions: • the payment of 60% of the indemnity depends on the level of EBITA of the Rexel Group; and • the payment of 40% of the indemnity depends on the level of average operating WCR (average trade operating working capital) of the Rexel Group. The payment of these indemnities requires a prior decision of the Supervisory Board acknowledging the satisfaction of these conditions. This severance indemnity has been authorized by a decision of the Supervisory Board of February 12, 2014 and by a decision of the shareholders' meeting of May 22, 2014 (resolution no.8). See paragraph 7.3.2 of this *Document de Référence*.
Non-competition indemnity	No payment	Pascal Martin's employment contract contains a non-competition clause. This non-competition undertaking is limited to a period of 12 months as from the date of actual termination of his employment contract. In consideration for such non-competition undertaking, the monthly non-competition indemnity is equal to one twelfth of his gross fixed annual compensation. See paragraph 7.3.2 of this *Document de Référence*.

Pascal Martin (member of the Management Board until May 22, 2014)

COMPENSATION ITEMS DUE OR ALLOTTED IN RESPECT OF THE FINANCIAL YEAR ENDED	AMOUNT OR ACCOUNTING VALUATION SUBMITTED TO A VOTE	PRESENTATION
Additional retirement plan	No payment	Pascal Martin benefits from the defined-benefits retirement plan in force within Rexel Développement and Rexel since July 1, 2009. 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 for an amount of 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; and • the total amount of mandatory pension schemes and all supplementary plans in force within Rexel may not exceed 50% of the reference compensation. This additional retirement plan was authorized by decisions of the Supervisory Board of March 30, 2009, March 16, 2010, February 8, 2011 and October 30, 2013 and by decisions of the Shareholders’ Meeting of May 20, 2010 (resolution no. 5), of May 19, 2011 (resolution no. 9), of May 16, 2012 (resolution no. 5) and of May 22, 2014 (resolution no. 5). In addition, he benefits from the defined benefits retirement plan put in place May 31, 2005 within Rexel Développement and closed on June 30, 2009. On the basis of the information available at the date hereof, Pascal Martin’s annual pension under these two additional retirement plans should not in total exceed 20% of the reference compensation. See paragraph 7.3.4 of this *Document de Référence*.

7.4 MARKET ETHICS CHARTER

On May 22, 2014, following the transformation of Rexel into a *société anonyme* with a Board of Directors, Rexel adopted a updated 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 Board of Directors 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 entered into between Rexel and related parties, *i.e.* the members of Rexel's executive management, of Rexel's Board of Directors, the shareholders of Rexel and the subsidiaries of Rexel, within the meaning of Articles L.225-38 *et seq.* of the French Commercial Code, and that were in force at December 31, 2014 are:

Agreements referred to in article L.225-42-1 of the French Commercial Code entered into by Rexel during the financial year ended on December 31, 2014 and previously authorized by the Board of Directors:

- The commitments in favour of Rudy Provoost, Chairman and Chief Executive Officer of Rexel, providing for the payment of compensation items due or likely to be due as a result of the termination of Rudy Provoost's functions and the associated performance conditions (see paragraph 7.3.5 "Consultation on the corporate officers' individual compensation" of this *Document de Référence*). This agreement was authorized by the Board of Directors on May 22, 2014, and replaces the agreement entered into for the same purpose and containing the same provisions and authorized by the Supervisory Board of February 12, 2014;
- The commitments in favour of Catherine Guillouard, Deputy Chief Executive Officer of Rexel, providing for the payment of compensation items due or likely to be due as a result of the termination of Catherine Guillouard's functions and the associated performance conditions (see paragraph 7.3.5 "Consultation on the corporate officers' individual compensation" of this *Document de Référence*). This agreement was authorized by the Board of Directors on May 22, 2014 and replaces the agreement entered into for the same purpose and containing the same provisions authorized by the Supervisory Board of February 12, 2014.

Agreements referred to in articles L.225-38* et seq. *of the French Commercial Code entered into by Rexel during the financial year ended on December 31, 2014 which have been previously authorized by the Board of Directors:

- The complementary retirement undertakings made by Rexel to the benefit of Catherine Guillouard, Deputy Chief Executive Officer of Rexel, under the supplementary defined benefit retirement plan effective as from July 1, 2009, it being specified that the terms and conditions of the supplementary defined benefit retirement plan (article 39) set up by the Company have already been authorized by the Supervisory Board of the Company on March 30, 2009. These undertakings have been authorized by the Board of Directors on May 22, 2014.

Agreements referred to in article L.225-90-1 of the French Commercial Code entered into by Rexel during the financial year ended on December 31, 2014 and authorized by the Supervisory Board, approved by the annual shareholders' meeting of May 22, 2014 and which have ceased to be effective:

- The commitments in favour of Rudy Provoost, Chairman of the Management Board of Rexel, providing for the payment of compensation items due or likely to be due as a result of the termination of Rudy Provoost's functions and the associated performance conditions. This agreement was authorized by the Supervisory Board on October 6, 2011. The performance conditions were amended by decision of the Supervisory Board of February 12, 2014;
- The commitments in favour of Catherine Guillouard, member of the Management Board of Rexel, providing for the payment of compensation items due or likely to be due as a result of the termination of Catherine Guillouard's functions and the associated performance conditions. This agreement was authorized by the Supervisory Board on April 30, 2013. The performance conditions were amended by decision of the Supervisory Board of February 12, 2014;
- The commitments in favour of Pascal Martin, member of the Management Board of Rexel, providing for the payment of compensation items due or likely to be due as a result of the termination of Pascal Martin's functions and the associated performance conditions. This agreement was authorized by the Supervisory Board on May 19, 2011. The performance conditions were amended by decision of the Supervisory Board of February 12, 2014.

These agreements were terminated on May 22, 2014 further to the decisions of the shareholders' meeting and of the Board of Directors of Rexel in respect of the change in Rexel's governance method.

Agreements referred to in article L.225-86 and L.225-38 of the French Commercial Code, entered into by Rexel during previous financial years and ongoing during the financial year ended on December 31, 2014 and which have ceased to be effective:

- A supplementary defined benefit retirement plan effective as from July 1, 2009 authorized by the Supervisory Board on March 30, 2009 and approved by the shareholders' meeting on May 20, 2010;
- An amendment to the supplementary defined benefit retirement plan in force since July 1, 2009. The purpose of this amendment is to harmonize the plan with certain provisions of the social security regulations. This amendment was authorized by the Supervisory Board on March 16, 2010 and approved by the shareholders' meeting on May 19, 2011;
- An amendment to the defined benefit retirement plan in force since July 1, 2009, and signed on April 29, 2011. The purpose of this amendment is to harmonize the plan with the legal modifications regarding the minimum age and the required age for the full rate payment of the retirement rights under the French Social Security base regime. This amendment was authorized by the Supervisory Board on February 8, 2011 and approved by the shareholders' meeting on May 16, 2012;
- An amendment to the defined benefit retirement plan in force since July 1, 2009. The purpose of this amendment is to include certain modifications, including those introduced by the Fillon law. This amendment, which was signed on November 27, 2013, was authorized by the Supervisory Board on October 30, 2013 and approved by the shareholders' meeting on May 22, 2014;
- The complementary retirement undertakings made by Rexel to the benefit of Catherine Guillouard under the supplementary defined benefit retirement plan effective as from July 1, 2009, it being specified that the terms and conditions of the supplementary defined benefit retirement plan (article 39) set up by the Company have already been authorized by the Supervisory Board of the Company on March 30, 2009. These undertakings were authorized by the Supervisory Board on April 30, 2013.

The defined benefit retirement plan and its amendments have ceased to benefit to the members of the Management Board since May 22, 2014.

Agreements referred to in article L.225-86 and L.225-38 of the French Commercial Code which have ceased to be effective during the financial year ended on December 31, 2014:

- The Secondary Offering Cooperation Agreement entered into on April 4, 2007. This agreement was authorized by the Supervisory Board on April 4, 2007 and approved by the shareholders' meeting on May 20, 2008;
- The Amendment to the Secondary Offering Cooperation Agreement dated July 2, 2012 and amending the Secondary Offering Cooperation Agreement entered into on April 4, 2007. The purpose of this amendment was to detail the terms and conditions of the relevant parties' cooperation in the event of a sale of shares under an accelerated book-building if the proceeds of this transaction amounted to at least €75 million. This agreement was approved by the shareholders' meeting on May 22, 2013;
- This agreement lapsed further to the sale of Rexel securities completed by Ray Investment on September 23, 2014.

Ordinary agreements entered into by Rexel under ordinary terms:

- A long-term facility agreement between Elektro-Material AG and Rexel, entered into on July 1, 2013;
- A long-term facility agreement between Elektroskandia Norway Holding AS and Rexel, entered into on September 1, 2013;
- A long-term facility agreement between Rexel Sverige AB (previously Svenska Elgrossist AB Selga) and Rexel, entered into on July 1, 2013;
- A tax integration agreement entered into on May 9 and May 24, 2012 between Rexel and each of the companies included in the tax integration perimeter of the Rexel Group since January 1, 2005 under the conditions and forms required under Article 223 A *et seq.* of the French general tax Code; and
- 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.

7.5.2 Agreements between the managers or the shareholders of Rexel and the subsidiaries of Rexel

The agreements entered into between, on the one hand, the Chief Executive Officer, the Deputy Chief Executive Officer or any director of Rexel or any shareholder holding more than 10% of Rexel's share capital and, on the other hand, companies whose share capital is more than 50% held by Rexel, directly or indirectly (unless they relate to transactions in the ordinary course and entered into on arms' length terms) comprised the following transaction:

- the employment agreement between Catherine Guillouard and Rexel Développement, which is suspended since April 30, 2013 (see paragraph 7.3 "Compensation of corporate officers" of this *Document de Référence*).

7.5.3 Special reports of the Statutory Auditors in relation to related party agreements

7.5.3.1 Special report of the Statutory Auditors in relation to the related party agreements for 2014

This is a free translation into English of the Statutory Auditors' report on related party agreements and commitments 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.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
S.A.S. à capital variable

Rexel SA

13, boulevard du Fort de Vaux
CS 60002
75838 Paris Cedex 17

Statutory auditors' report on related party agreements and commitments
(Shareholders' Meeting for the approval of the financial statements for the year ended December 31, 2014)

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R.225-31 of the French Commercial Code *(Code de commerce)*, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code *(Code de commerce)* in relation to the implementation during the year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements and commitments to be submitted for the approval of the Shareholders' Meeting

Agreements and commitments authorized during the year

In accordance with article L.225-40 of the French Commercial Code *(Code de commerce)*, we were informed of the following agreements and commitments which received prior authorization from your Board of Directors.

1. Commitment taken to the benefit of Rudy Provoost, the Chairman and Chief Executive Officer, in case of termination or change of duties

Related parties

Mr Rudy Provoost, in his capacity as Chairman and Chief Executive Officer

Nature and purpose

This commitment has been authorized by your Board of Directors on May 22, 2014 following the appointment of Rudy Provoost as the Chairman and Chief Executive Officer. These commitments have the same terms as those authorized by your Supervisory Board on February 12, 2014, when Rudy Provoost was the Chairman of the Management Board of your Company.

In the event that his corporate functions are terminated, Rudy Provoost shall benefit from a gross contractual severance payment equal to 24 months of monthly reference compensation.

Monthly reference compensation is understood as the amount of the fixed gross annual compensation plus the average gross amount of the last two variable bonuses paid, excluding any exceptional bonus, with this sum being divided by 12.

This gross severance indemnity is deemed to include the compensating indemnity for honoring the non-competition clause, if any.

It shall not apply in the event of termination for gross negligence (*faute grave*) or willful misconduct (*faute lourde*) or retirement leave or compulsory retirement leave.

In addition, regardless of the cause of departure from Rexel, a non-competition clause is stipulated. The Board of Directors may waive this non-competition clause. This non-competition undertaking is limited to a period of 12 months from the date of the termination of the corporate mandate. As consideration, the monthly non-competition payment is equal to one twelfth of his gross fixed annual compensation.

Pursuant to the provisions of article L.225-42-1 of the French Commercial Code, Rudy Provoost's severance indemnities, other than the non-competition clause compensatory indemnity, are subject to the following performance criteria:

a) the payment of 60% of the severance indemnity would be dependent on the level of EBITA of Rexel Group. This payment would be 100% if the level of EBITA, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate functions (the reference period), reaches in average a minimum of 60% of the amount budgeted for such two periods. If, during any or both reference financial years, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this average level could be reviewed by the Board of Directors, 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

b) the payment of 40% of the indemnity would be dependent on the level of average operating WCR (average trade operating working capital) of Rexel Group. This payment would be 100% if the level of average operating WCR, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate functions (the reference period), reaches in average a maximum of 125% of the performance budgeted for such two periods. If, during any or both reference financial years, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this average level could be reviewed by the Board of Directors, 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.

Conditions

This commitment had no impact on the financial statements of your Company for the financial year ended December 31, 2014.

2. Commitment taken to the benefit of Catherine Guillouard, Deputy Chief Executive Officer, in case of termination or change of duties

Related parties

Ms Catherine Guillouard, in her capacity of Deputy Chief Executive Officer.

Nature and purpose

This commitment has been authorized by your Board of Directors on May 22, 2014 following the appointment of Catherine Guillouard as Deputy Chief Executive Officer. This commitment has the same terms as that authorized by your Supervisory Board on February 12, 2014, when Catherine Guillouard was member of the Management Board of your Company.

In the event of termination of her corporate office within Rexel, Catherine Guillouard's employment contract with Rexel Développement SAS would be reinstated with a compensation package equivalent to that from which she benefitted in her capacity as a corporate officer.

The employment agreement of Catherine Guillouard provides, as from April 30, 2013, 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 willful misconduct (*faute lourde*) or compulsory retirement leave, that Catherine Guillouard will benefit from a gross contractual severance indemnity equal to 18 months of her 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.

This contractual indemnity is deemed to include the statutory severance indemnity or severance indemnity pursuant to the collective bargaining agreement due, if any, as well as the compensating indemnity for honoring the non-competion 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-competion clause.

The notice period for breach of contract at the option of the employer is 8 months. The compensation in lieu of notice is equal to 8 months of the last paid compensation, in her capacity as officer or as employee of the company, whichever the highest.

A non-competition clause is stipulated in Catherine Guillouard's suspended employment contract. This non-competition undertaking is limited to a period of 12 months from the date of the termination of the employment contract (Rexel has the right to apply this clause in case of departure or retirement). As consideration, the monthly noncompetition payment is equal to one twelfth of his gross fixed annual compensation.

Pursuant to the provisions of article L.225-42-1 of the French Commercial Code, Catherine Guillouard severance indemnities other than the competition clause compensatory indemnity, as well as the contractual indemnities for termination of the employment contracts are subject to the following performance criteria:

a) the payment of 60% of the severance indemnity would be dependent on the level of EBITA of Rexel Group. This payment would be 100% if the level of EBITA, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate functions or employment contract (the reference period), reaches in average a minimum of 60% of the amount budgeted for such two periods. If, during any or both reference financial years, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this average level could be reviewed by the Board of Directors, 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

b) the payment of 40% of the indemnity would be dependent on the level of average operating WCR (average trade operating working capital) of Rexel Group. This payment would be 100% if the level of average operating WCR, calculated on the basis of Rexel's consolidated audited financial statements for the last two financial years preceding the date of termination of the corporate functions or employment contract (the reference period), reaches in average a maximum of 125% of the performance budgeted for such two periods. If, during any or both reference financial years, Rexel's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this average level could be reviewed by the Board of Directors, 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.

Conditions

This commitment had no impact on the financial statements of your Company for the financial year ended December 31, 2014

3. Supplementary defined-benefit pension commitments taken by Rexel to the benefit of Catherine Guillouard, following her appointment as Deputy Chief Executive Officer

Related parties

Ms Catherine Guillouard, in her capacity of Deputy Chief Executive Officer.

Nature and purpose

This commitment has been authorized by your Board of Directors on May 22, 2014 following the appointment of Catherine Guillouard as Deputy Chief Executive Officer. This commitment has the same terms as that authorized by your Supervisory Board on April 30, 2013 when Catherine Guillouard was member of the Management Board of your Company.

The terms and conditions of the supplementary defined-benefit pension plan (Article 39) implemented by your company have already been authorized in the past by your Supervisory Board on March 30, 2009.

Conditions

No payments occurred in 2014 with regards to these commitments.

Agreements and commitments already approved by the Shareholders' Meeting

Agreements and commitments approved in prior years with execution during the year

We hereby inform you that we have not been advised of any agreements or commitments already approved by the General Meeting of Shareholders, whose implementation continued during the year.

Agreements and commitments approved in prior years without execution 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. Commitments taken in favor of the members of your Company's Management Board in the event of termination of their duties

Related parties

Mr Rudy Provoost, in his capacity as Chairman of the Management Board of your Company until May 22, 2014.

Mr Pascal Martin, in his capacity as member of the Management Board of your Company until May 22, 2014.

Ms Catherine Guillouard, in her capacity as member of the Management Board of your Company until May 22, 2014.

Nature and purpose

On October 6, 2011, your Supervisory board authorized the commitments taken in favor of Rudy Provoost, Chairman of the Management Board of your Company until May 22, 2014, consisting on severance indemnity to be paid by your Company in the event of termination of its duties. This indemnity is subject to performance criteria.

The related performance criteria have been amended by your Supervisory board on February 12, 2014.

On April 30, 2013, your Supervisory board authorized the commitments taken in favor of Catherine Guillouard, member of the Management Board of your Company until May 22, 2014, consisting on severance indemnity to be paid by your Company in the event of termination of its duties. This indemnity is subject to performance criteria.

The related performance criteria have been amended by your Supervisory board on February 12, 2014.

On May 19, 2011, your Supervisory board authorized the commitments taken in favor of Pascal Martin, member of the Management Board of your Company until May 22, 2014, consisting on severance indemnity to be paid by your Company in the event of termination of its duties. This indemnity is subject to performance criteria.

The related performance criteria have been amended by your Supervisory board on February 12, 2014.

These commitments have been terminated on May 22, 2014, following your shareholders meeting's decision and Board of Directors decision regarding the mode of governance of your Company.

These commitments consisting on severance indemnity to be paid by your Company in the event of termination of the duties to Rudy Provoost and Catherine Guillouard have been authorized by your Management Board on May 22, 2014 when Rudy Provoost was appointed as Chairman and Chief Executive Officer and Catherine Guillouard as Deputy Chief Executive Officer (Refer to the commitments mentioned on the first part of this report).

Conditions

These commitments had no impact on the financial statements of your Company for the financial year ended December 31, 2014.

2. Supplementary defined-benefit pension contract and its Amendments

Nature and purpose

On March 30, 2009, your Supervisory Board authorized your Company to contract a supplementary defined-benefit pension plan with effect from July 1, 2009 for the members of the Management Board. Different amendments to this contract have been signed and authorized by your Management Board and approved by your previous shareholders' meetings.

After the review of this contract by your Management Board, this latter decided that this supplementary defined-benefit pension contract and its Amendments do not benefit anymore to the members of the Management Board since May 22, 2014.

Conditions

This contract had no impact for the financial year ended December 31, 2014.

3. Amendment to the Secondary Offering Cooperation Agreement

Nature and purpose

An amendment to the Secondary Offering Cooperation Agreement of April 4, 2007 was entered into on July 2, 2012. This amendment sets out the conditions for cooperation between the parties in the event shares are sold through accelerated bookbuilding, insofar as the transaction generates income of at least €75 million.

This amendment has been approved by the shareholders' meeting on May 22, 2013.

This amendment had no effect since the shares of your company held by Ray Investment were sold on September 23, 2014.

Conditions

These commitments had no impact on the financial statements of your Company for the financial year ended December 31, 2014.

Neuilly-sur-Seine and Paris-La Défense, March 20, 2015

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Christian Perrier	Philippe Diu

7.5.3.2 Special reports of the statutory auditors in relation to the related party agreements for 2013 and 2012

The special reports of the statutory auditors of Rexel in relation to the related party agreements for the financial year ended December 31, 2013 and December 31, 2012 are set out in the *Document de Référence* filed with the *Autorité des marchés financiers* on March 21, 2014 under number D.14-0181 and in the *Document de Référence* filed with the *Autorité des marchés financiers* on March 21, 2013 under number D.13-0130, respectively.

8.1 SHAREHOLDERS 260

8.1.1 Principal shareholders 260
8.1.2 Share capital and voting rights 260
8.1.3 Shareholders' voting rights 275
8.1.4 Control structure 275
8.1.5 Agreements potentially leading to a change of control 275
8.1.6 Dividend policy 275

8.2 SHARE CAPITAL 276

8.2.1 Subscribed share capital and authorized but unissued share capital 276
8.2.2 Securities not representative of share capital 280
8.2.3 Treasury shares and purchase by Rexel of its own shares 280
8.2.4 Other securities conferring access to the share capital 283
8.2.5 Terms governing any right of acquisition and/or any obligation attached to the capital subscribed but not paid-up 283
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 283
8.2.7 Changes in share capital 284
8.2.8 Pledges, guarantees and security interests 288

8.3 BY-LAWS *(STATUTS)* 289

8.3.1 Corporate purpose (article 3 of the by-laws) 289
8.3.2 Management and administration bodies (articles 14 to 23 of the by-laws) 289
8.3.3 Rights and obligations attached to shares (articles 8, 9, 11, 12 and 13 of the by-laws) 293
8.3.4 Changes to shareholders' rights 294
8.3.5 Shareholders' meetings (articles 25 to 33 of the by-laws) 294
8.3.6 Provisions likely to have an impact on the control of Rexel 296
8.3.7 Ownership threshold disclosures and identification of shareholders (articles 10 and 11 of the by-laws) 296
8.3.8 Special provisions governing changes to share capital (article 7 of the by-laws) 297

8.4 OTHER ELEMENTS THAT MAY HAVE AN IMPACT IN CASE OF TENDER OFFER 298

8.4.1 Control mechanisms in relation to employee shareholding 298
8.4.2 Agreements entered into by Rexel to be amended or terminated in case of change of control 298

8.5 MATERIAL AGREEMENTS 298

8.6 DOCUMENTS AVAILABLE TO THE PUBLIC 299

8.6.1 Legal documents 299
8.6.2 2014 annual financial report 299

8.7 PERSON RESPONSIBLE FOR THE *DOCUMENT DE RÉFÉRENCE* 299

8.7.1 Person responsible for the *Document de Référence* 299
8.7.2 Responsibility statement 299
8.7.3 Person responsible for Investors Relations 300
8.7.4 Indicative financial information timetable 300

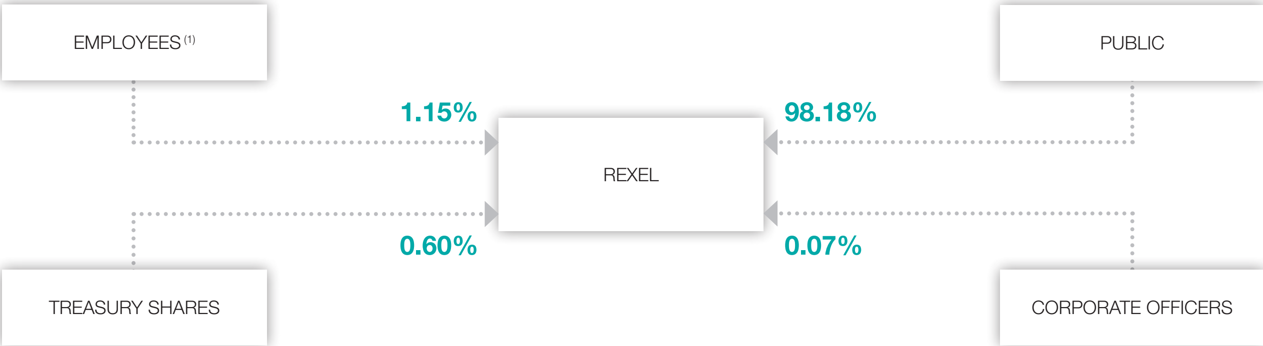
8.8 STATUTORY AUDITORS 300

8.8.1 Principal Statutory Auditors 300
8.8.2 Deputy Statutory Auditors 301
8.8.3 Fees paid to Statutory Auditors 301

8.1 SHAREHOLDERS

8.1.1 Principal shareholders

The chart below shows the simplified shareholding structure of Rexel as of December 31, 2014:



(1) Employees include the managers and the other employees of the Rexel Group as well as the Rexel FCPEs.

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, 2014, 2013 and 2012:

	DECEMBER 31,											
	2014				2013				2012			
SHAREHOLDERS	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	-	-	-	-	46,856,915	46,856,915	16.54	16.54	158,324,738	158,324,738	58.22	58.22
Corporate officers (1)	200,989	200,989	0.07	0.07	507,542	507,542	0.18	0.18	463,254	463,254	0.17	0.17
Managers and other employees (2)	2,397,601	2,397,601	0.82	0.82	2,486,768	2,486,768	0.88	0.88	3,124,125	3,124,125	1.15	1.15
Rexel FCPE	978,210	978,210	0.33	0.33	915,274	915,274	0.32	0.32	709,618	709,618	0.26	0.26
Public	286,691,015	286,691,015	98.18	98.18	230,900,513	230,900,513	81.49	81.49	107,008,960	107,008,960	39.36	39.36
Treasury shares	1,737,761	1,737,761 (3)	0.60	0.60 (3)	1,670,202	1,670,202 (3)	0.59	0.59 (3)	2,292,534	2,292,534 (3)	0.84	0.84 (3)
TOTAL	**292,005,576**	**292,005,576**	**100**	**100**	**283,337,214**	**283,337,214**	**100**	**100**	**271,923,229**	**271,923,229**	**100**	**100**

(1) The corporate officers include the directors (members of the Management Board and of the Supervisory Board before May 22, 2014), the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer.
(2) Employees include the managers and the other employees.
(3) Theoretical voting rights. For the purpose of shareholders' meetings, no voting right is actually attached to these shares.

Further to the various sales completed in 2014 and during previous financial years, the Luxembourg *société à responsabilité limitée* Ray Investment, whose shareholders were funds managed by Clayton, Dubilier & Rice, Ray France Investment SAS (a company controlled by Eurazeo), funds managed by Merrill Lynch Global Private Equity, L.P., Eurazeo and Caisse de Dépôt et placement du Québec, no longer holds any shares in Rexel.

In addition, Blackrock, Inc. (acting for the account of clients and funds managed by it), the Capital Group Companies, Inc. and Wellington Management Company, LLP (acting for the account of clients) declared that their holdings in Rexel had risen above the thresholds set forth in paragraph 8.1.2.2 "Shareholding threshold disclosures" of this *Document de Référence*.

To Rexel's knowledge and based on the declarations of crossing of thresholds that it has received, no shareholder other than those referred to above held, as of December 31, 2014, more than 5% of the share capital and/or voting rights of Rexel.

8.1.2.2 Shareholding threshold disclosures

During the financial year ended December 31, 2014, Rexel received the following thresholds crossing declarations:

- BlackRock, Inc. (55 East 52nd Street, New York, 10055, USA), acting for the account of clients and funds managed by it, declared that, on January 2, 2014, its holdings in Rexel had risen above the 10% share capital and voting right thresholds and that its holdings for the account of such clients and funds stood at 28,424,460 Rexel shares representing the same number of voting rights, *i.e.*, 10.03% of the share capital and voting rights of Rexel. This threshold crossing results from market and off-market purchases of Rexel shares. The entity making the declaration further specified, in accordance with article 223-14 III and IV of the AMF General Regulations, that it held 1,096,114 "Contracts for Differences" (taken into account in the aforementioned holding) with no stated maturity in respect of the same number of Rexel shares, settled exclusively in cash. In addition, BlackRock, Inc. issued the following declaration of intent: *"BlackRock, Inc.'s purchases of Rexel shares were made as part of its ordinary activities as a portfolio management company, which activities are conducted without any intention of implementing a specific strategy in relation to Rexel or, in this regard, of exercising a specific influence on the management of Rexel. BlackRock, Inc. is not acting in concert with any third parties and does not intend to take control of Rexel or of requesting its appointment, or the appointment of one or more persons, as a director, or as a member of the management board or of the supervisory board"*;
- BlackRock, Inc. (55 East 52nd Street, New York, 10055, USA), acting for the account of clients and funds managed by it, declared that, on January 10, 2014, its holdings in Rexel had fallen below the 10% share capital and voting rights thresholds and that its holdings for the account of such clients and funds stood at 27,187,322 Rexel shares representing the same number of voting rights, *i.e.*, 9.60% of the share capital and voting rights of Rexel. This threshold crossing results from market and off-market sales of Rexel shares. The entity making the declaration further specified, in accordance with article 223-14 III 3° and IV of the AMF General Regulations, that it held 832,540 "Contracts for Differences" (taken into account in the aforementioned holding) with no stated maturity in respect of the same number of Rexel shares, settled exclusively in cash;
- The Capital Group Companies, Inc. (333 South Hope Street, 55th Floor, Los Angeles, CA 90071-1406, USA), declared that, on January 21, 2014, its holdings in Rexel had risen above the 10% share capital and voting rights thresholds and that its holdings stood at 28,373,598 Rexel shares representing the same number of voting rights, *i.e.*, 10.01% of the share capital and voting rights of Rexel. This threshold crossing results from market purchases of Rexel shares. The Capital Group Companies, Inc. issued the following declaration of intent: *"The Capital Group Companies, Inc.'s purchases of Rexel shares were made as part of its ordinary activities as a portfolio management company, which activities are conducted without any intention of implementing a specific strategy in relation to Rexel or, in this regard, of exercising a specific influence on the management of Rexel. The Capital Group Companies, Inc. is not acting in concert with any third parties and does not intend to take control of Rexel or of requesting its appointment, or the appointment of one or more persons, as a director, or as a member of the management board or of the supervisory board"*;
- Luxembourg company Ray Investment (26, rue Glesener, L-1630 Luxembourg, Grand Duchy of Luxembourg) declared that, on April 3, 2014, its holdings in Rexel had fallen below the 15% and 10% share capital and voting rights thresholds and its holdings stood at 19,968,739 Rexel shares representing the same number of voting rights, *i.e.* 7.05% of the share capital and voting rights of Rexel. This threshold crossing results from an off-market sale of 26,888,176 Rexel shares in favour of institutional investors as part of an accelerated book building (ABB) process, which was settled on April 8, 2104;
- BlackRock, Inc. (55 East 52nd Street, New York, 10055, USA), acting for the account of clients and funds managed by it, declared that, on July 17, 2014, its holdings in Rexel had fallen below the 5% share capital and voting rights thresholds and that its holdings for the account of such clients and funds stood at 14,191,997 Rexel shares representing the same number of voting rights, *i.e.*, 4.99% of the share capital and voting rights of Rexel. This threshold crossing results from a market sale of Rexel shares. The entity making the declaration further specified, in accordance with article 223-14 III and IV of the AMF General Regulations, that it held 396,187 "Contracts for Differences" (taken into account in the aforementioned holding) with no stated maturity in respect of the same number of Rexel shares, settled exclusively in cash;
- Wellington Management Company LLP (280 Congress Street, Boston MA, 02210, USA), acting for the account of clients, declared that, on August 20, 2014, its holdings in Rexel had fallen below the 5% share capital and voting rights thresholds and that its holdings stood at 14,105,762 Rexel shares representing the same number of voting rights, *i.e.*, 4.81% of the share capital and voting rights of Rexel. This threshold crossing results from market and off-market sales of Rexel shares;

- The Capital Group Companies, Inc. (333 South Hope Street, 55th Floor, Los Angeles, CA 90071-1406, USA), declared that, on September 4, 2014, its holdings in Rexel had fallen below the 10% share capital and voting rights thresholds and that its holdings stood at 28,577,987 Rexel shares representing the same number of voting rights, *i.e.*, 9.74% of the share capital and voting rights of Rexel. This threshold crossing results from a market sale of Rexel shares;
- Luxembourg *société à responsabilité limitée* Ray Investment (26, rue Glesener, L-1630 Luxembourg, Grand Duchy of Luxembourg) declared that, on September 22, 2014, its holdings in Rexel had fallen below the 5% share capital and voting rights thresholds and that it no longer held any Rexel shares. This threshold crossing results from the off-market sale by Ray Investment of 20,917,823 Rexel shares in favour of institutional investors as part of an accelerated book building (ABB) process, which was settled on September 25, 2104;
- The five fundamental management companies of the Amundi Group (90, boulevard Pasteur, 75015 Paris, France), declared, on 26 September 2014, that their holdings stood at 9,020,102 Rexel shares representing the same number of voting rights, *i.e.*, 3.07% of the share capital and voting rights of Rexel. This threshold crossing results from market purchases of Rexel shares.

As of the date of this *Document de Référence*, Rexel had also received the following threshold crossing declarations:

- The Capital Group Companies, Inc. (333 South Hope Street, 55th Floor, Los Angeles, CA 90071-1406, USA), declared that, on January 13, 2015, its holdings in Rexel had fallen below the 5% share capital and voting rights thresholds and that its holdings stood at 13,386,616 Rexel shares representing the same number of voting rights, *i.e.*, 4.58% of the share capital and voting rights of Rexel. This threshold crossing results from a market sale of Rexel shares;
- Kiltearn Partners LLP (3 Semple Street, EH3 8BL Edinburgh), declared in a letter dated February 2, 2015 that its holdings in Rexel had risen above the 2.5% share capital and voting rights thresholds provided under the by-laws and that its holdings stood at 7,260,897 Rexel shares representing the same number of voting rights, *i.e.*, 2.49% of the share capital and voting rights of Rexel. This threshold crossing results from market purchases of Rexel shares.

8.1.2.3 Interests held by the managers in the share capital of Rexel

Rexel interests held by the members of the Board of Directors, the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer

As of December 31, 2014, the members of Rexel's Board of Directors held the following ownership interests in Rexel's share capital:

	NUMBER OF SHARES	% OF THE SHARE CAPITAL AND VOTING RIGHTS
CURRENT MEMBERS OF THE BOARD OF DIRECTORS		
Rudy Provoost	191,856	0.07%
François Henrot	7,133	NS
Patrick Sayer	–	–
Pier Luigi Sigismondi	–	–
Thomas Farrell	–	–
Fritz Fröhlich	–	–
Isabel Marey-Semper	–	–
Monika Ribar	2,000	NS
Marie Richter	–	–
Hendrika Verhagen	–	–
DEPUTY CHIEF EXECUTIVE OFFICER		
Catherine Guillouard	–	–

Transactions on Rexel securities carried out by the members of the Board of Directors, the Deputy Chief Executive Officer and the Chairman and Chief Executive Officer

No transaction was declared by the corporate officers during the financial year ended December 31, 2014.

8.1.2.4 Employees shareholding

Employee shareholding plan implemented in 2007

In accordance with the eleventh resolution of the Combined 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 group savings plan (*Plan Épargne Groupe* – PEG) and to the international group savings plan (*Plan d'Épargne Groupe International* – PEGI) in France and in certain foreign countries.

The total number of shares that have been issued 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). 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 Classique International" employee investment fund (FCPE).

The assets invested in 2007 under the PEG and the PEGI became available on April 1, 2012 and May 1, 2012, respectively.

Employee shareholding plan implemented in 2010

In accordance with the twenty-seventh resolution of the Combined Shareholders' Meeting of May 20, 2010, the Management Board, at its meetings of May 20, 2010 and August 31, 2010, decided to implement a share capital increase reserved for members of the PEG or of the PEGI.

The total number of shares created pursuant to the decisions of the Management Board of May 20, 2010 and August 31, 2010 amounted to 356,123 shares. This share capital increase was carried out and acknowledged by the Management Board on November 17, 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 allotment of free shares of the Company for 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 allotment plan and on November 19, 2010, determined the list of beneficiaries of this allotment of free shares, for a total number of 135,234 shares. These free shares are subject to a presence condition on June 30, 2015. Exceptions to this presence condition are nevertheless provided in the aforementioned plan.

Employee shareholding plan implemented in 2012

In accordance with the thirty-third resolution of the Combined Shareholders' Meeting of May 16, 2012, and with the authorization of the Supervisory Board, the Management Board, at its meetings of May 16, 2012 and September 3, 2012, decided to implement a share capital increase reserved for members of the PEG or of the PEGI.

The total number of shares created pursuant to the decisions of the Management Board of May 16, 2012 and September 3, 2012 amounted to 337,465 shares. This share capital increase was carried out and acknowledged by the Management Board on November 23, 2012.

Furthermore, in accordance with the thirty-first resolution of the Combined Shareholders' Meeting of May 16, 2012, the Management Board, further to the authorization of the Supervisory Board of May 16, 2012, adopted the free share allotment plan on the same date and, on November 23, 2012, determined the list of beneficiaries of this free share allotment plan, for a total number of 145,634 shares. These free shares are subject to a presence condition on June 30, 2017, subject to certain exceptions set forth in the aforementioned plan.

Lastly, in accordance with the thirty-fourth resolution of the Combined Shareholders' Meeting of May 16, 2012, the Management Board, at its meetings of May 16, 2012 and September 3, 2012, decided to implement a share capital increase for the benefit of Capital IRG Trusteed Limited as part of the Share Incentive Plan ("SIP") in the United Kingdom. The total number of shares created pursuant to the decisions of the Management Board of May 16, 2012 and September 3, 2012 stood at 45,953 shares. This share capital increase was carried out and acknowledged by the Management Board on March 14, 2013.

Employee shareholding plan implemented in 2013

In accordance with the sixteenth resolution of the Combined Shareholders' Meeting of May 22, 2013, and with the authorization of the Supervisory Board, the Management Board, at its meetings of May 22, 2013 and September 3, 2013, decided to implement a share capital increase reserved for members of the PEG or of the PEGI.

The total number of shares created pursuant to the decisions of the Management Board of May 22, 2013 and September 3, 2013 amounted to 256,751 shares. Two share capital increases were carried out. The first share capital increase was acknowledged by the Management Board on November 26, 2013 in respect of all subscriptions except those of employees in China. 237,210 shares were created. The second share capital increase was acknowledged by the Management Board on December 27, 2013 in respect of subscriptions of employees in China after having received the necessary authorizations from the Chinese authorities. 19,541 shares were created.

Furthermore, in accordance with the fifteenth resolution of the Combined Shareholders' Meeting of May 22, 2013, the Management Board, further to the authorization of the Supervisory Board of May 22, 2013, adopted the free share allotment plan on the same date and, on November 26, 2013 and December 27, 2013, determined the list of beneficiaries of this free share allotment plan, for a total number of 104,669 shares. These free shares are subject to a presence condition on June 30, 2018, subject to certain exceptions set forth in the aforementioned plan.

Lastly, in accordance with the seventeenth resolution of the Combined Shareholders' Meeting of May 22, 2013, the Management Board, at its meetings of May 22, 2013 and September 3, 2013, decided to implement a share capital increase for the benefit of Capital IRG Trusteed Limited as part of the Share Incentive Plan ("SIP") in the United Kingdom. The total number of shares created pursuant to the decisions of the Management Board of May 22, 2013 and September 3, 2013 stood at 35,151 shares. This share capital increase was completed and acknowledged by the Management Board on March 13, 2014.

As of December 31, 2014, 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 1,403,828 shares, *i.e.*, 0.48% 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 Développement in order to present information on the share subscription or purchase options issued and the related liquidity mechanisms.

Rexel's share purchase option plans

In accordance with the authorizations granted by the Extraordinary Shareholders' Meetings of October 28, 2005, May 31, 2006 and October 4, 2006, the Chairman of Rexel, pursuant to decisions dated as of October 28, 2005, November 30, 2005, May 31, 2006 and October 4, 2006, adopted the terms and conditions of two Rexel share subscription options plans for certain employees or corporate officers of the Rexel Group's French or foreign companies, and to proceed with the following allotments of share subscription options:

PLAN	PLAN NR.1			PLAN NR.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 top ten 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, 2013	32,820	–	–	136,678	5,476
Number of shares that have been subscribed for during the financial year ended on December 31, 2014	–	–	–	15,500	1,500
Aggregate number of options that have been cancelled or lapsed during the financial year ended on December 31, 2014	–	–	–	–	–
Outstanding options at December 31, 2014	32,820	–	–	121,178	3,976

(1) After the division of the par value of the Rexel share which occurred in 2007.

Unexercised options to subscribe for shares at December 31, 2014 may result in the creation of 157,974 new shares and a dilution of 0.05%.

During the financial year ended December 31, 2014, 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 corporate officers of Rexel.

During the financial year ended December 31, 2014, the largest exercise carried out by an employee, in respect of all plans, was as follows:

BENEFICIARIES	NUMBER OF OPTIONS EXERCISED	NUMBER OF SHARES SUBSCRIBED	EXERCISE PRICE
Martin Whitby	2,600	2,600	€5

Plans instituted by Rexel Développement

The option plans established by Rexel Développement correspond to the option plans established by Rexel Distribution and assumed by Rexel Développement further to the merger by absorption of Rexel Distribution by Rexel Développement.

Rexel Développement share subscription option plans established in 2004

At the Extraordinary Shareholders' 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 was €28.49 per Rexel Distribution share. Options to subscribe for shares under the 2004 plan were exercisable between July 6, 2008 and July 4, 2014 inclusive.

In connection with the merger by absorption of Rexel Distribution by Rexel Développement in July 2011, the price and the number of shares under option were adjusted such that, as at December 31, 2011, with due account taken of the options exercised after the merger, 992 options conferring the right to subscribe to 992 shares of Rexel Développement at the price of €14.25 per Rexel Développement share could still be exercised up to and including July 4, 2014.

2011 liquidity mechanism

Further to the merger by absorption of Rexel Distribution by Rexel Développement, Rexel offered a liquidity mechanism to the option beneficiaries. Under this liquidity mechanism, it agreed to purchase the Rexel Développement shares subscribed by the beneficiaries upon exercise of their options, for a certain period of time further to the merger by absorption. In this context, Rexel purchased 992 Rexel Développement shares subscribed to under the plan created on July 5, 2004, at a price of €17.27 per share.

The table below summarizes the status of the share purchase and subscription option plans established by Rexel Développement as of December 31, 2014:

				PRE-MERGER AND COMPLETION OF ADJUSTMENTS IN JULY 2011			POST-MERGER AND COMPLETION OF ADJUSTMENTS IN JULY 2011			AS AT DECEMBER 31, 2014		
DATE OF SHAREHOLDERS' MEETING	OPTION TYPE	NUMBER OF OPTIONS INITIALLY GRANTED	OPTION GRANT DATE	EXERCISABLE OPTIONS	PURCHASE OR SUBSCRIPTION PRICE AS OF GRANT DATE (IN EUROS)	NUMBER OF SHARES TO WHICH THE OPTIONS GIVE A RIGHT	EXERCISABLE OPTIONS	PURCHASE OR SUBSCRIPTION PRICE (IN EUROS)	NUMBER OF SHARES TO WHICH THE OPTIONS GIVE A RIGHT	EXERCISABLE OPTIONS	PURCHASE OR SUBSCRIPTION PRICE (IN EUROS)	NUMBER OF SHARES TO WHICH THE OPTIONS GIVE A RIGHT
May 24, 2004	Ordinary share subscription options	603,240	July 5, 2004	992	28.49	992	1,984	14.25	1,984	0	14.25	0
May 24, 2004	Share subscription options tied to performance criteria	179,550	July 5, 2004	–	28.49	–	–	14.25	–	–	14.25	–

During the financial year ended December 31, 2014, no option to subscribe to shares of Rexel Développement was granted. During the financial year ended December 31, 2014, no options were exercised by the employees.

8.1.2.6 Allotment of free shares

Free shares granted during 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, during its meeting of May 11, 2010, decided 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 allotment of free shares, the Supervisory Board decided that the members of the Management Board who are beneficiaries of an allotment 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 allotments 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 [(1)]	78,708	–	–	–
• Michel Favre [(2)]	35,581	–	–	–
• Pascal Martin [(3)]	46,255	–	–	–
• Jean-Dominique Perret [(4)]	39,910	–	–	–
Top eleven employees[(5)]	309,933			
Vesting date	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 allocated and valid at December 31, 2013	–	488,318	–	349,136
Number of free shares allocated and cancelled or lapsed, of which[(6)]:	–	–	–	2,592
• Number of shares lapsed pursuant to the presence condition	–	–	–	2,592
• Number of shares lapsed pursuant to the performance condition	–	–	–	–
Number of shares vested at December 31, 2014	–	488,318	–	346,544
Number of free shares allocated and valid at December 31, 2014	–	–	–	–

(1) Jean-Charles Pauze left his functions as member and Chairman of the Management Board as from February 13, 2012.
(2) Since October 30, 2012, Michel Favre is no longer a member of the Management Board. Michel Favre left Rexel on July 31, 2013.
(3) Since the conversion into a *société anonyme* with a board of directors on May 22, 2014, Pascal Martin is no longer a corporate officer.
(4) Having reached 65 years of age, Jean-Dominique Perret resigned from his functions on November 29, 2012. Jean-Dominique Perret left Rexel on December 31, 2013.
(5) Considering the number of shares allocated to employees, the first eleven allotments were selected.
(6) Presence condition not satisfied or performance condition not achieved.

As at December 31, 2014, there were no freely allotted shares remaining to be delivered.

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 vesting period (see note 15.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2014).

During the financial year ended December 31, 2014, the following shares were vested in favour of the top eleventh employees of the Rexel Group, in respect of the plans providing for a 4-year vesting period:

	NUMBER OF FINALLY-VESTED SHARES
BENEFICIARIES	LEADERSHIP REXEL 4+0 (1)
Christopher Hartmann	54,954
Mitchell Williams	39,235
Henri-Paul Laschkar	34,980
Michel Klein	20,300
Kerry Warren	19,784
Bradford Greene	13,189
John Gschwind	13,189
Robert Connors	11,764
Mark Daniel	11,764
James Hibberd	11,764
Eric Packer	11,764

(1) Share vesting conditions under the Leadership Rexel 4+0 plan: 2-year presence condition and following performance conditions:
- the vesting of 50% of the number of shares depends on the 2009/2011 EBITDA margin variation;
- the vesting of 25% of the number of shares depends on the 2010 EBITDA level;
- the vesting of 25% of the number of shares depends on the 2010 net debt/2010 EBITDA ratio.

The performance achieved under the plan stands at 128%.

Free shares granted during the financial year ended December 31, 2011

Free share plan created on May 12, 2011

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 20, 2010 and by the Supervisory Board on May 11, 2011, the Management Board, during its meeting of May 12, 2011, decided to grant 2,082,748 free Rexel shares under six plans.

On May 11, 2011, in the context of the authorization granted to the Management Board to carry out the allotment of free shares, the Supervisory Board decided that the members of the Management Board who are beneficiaries of an allotment 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 allotments carried out on May 12, 2011:

PLAN	LEADERSHIP REXEL 2+2	LEADERSHIP REXEL 4+0	MANAGERS REXEL 2+2	MANAGERS REXEL 4+0	OPERATING MANAGERS 2+2	OPERATING MANAGERS 4+0
Shareholders' Meeting	May 20, 2010					
Management Board	May 12, 2011	May 12, 2011	May 12, 2011	May 12, 2011	May 12, 2011	May 12, 2011
Number of beneficiaries	29	39	83	170	113	423
Initial number of free shares allocated	429,203	507,879	177,931	484,110	96,375	387,250
Corporate officers						
• Jean-Charles Pauze (1)	78,708	–	–	–	–	–
• Michel Favre (2)	35,581	–	–	–	–	–
• Pascal Martin (3)	39,910	–	–	–	–	–
• Jean-Dominique Perret (4)	35,581	–	–	–	–	–
Top ten employees (5)	303,224					
Vesting Date	May 12, 2013	May 12, 2015	May 12, 2013	May 12, 2015	May 12, 2013	May 12, 2015
Date of transferability of shares	May 13, 2015	May 13, 2015	May 13, 2015	May 13, 2015	May 13, 2015	May 13, 2015
Number of free shares allocated and valid at December 31, 2013	–	188,415	–	233,194	–	341,875
Number of free shares allocated and lapsed or expired, of which (6):	–	–	–	673	–	–
• Number of shares lapsed pursuant to the presence condition	–	–	–	673	–	–
• Number of shares lapsed pursuant to the performance condition	–	–	–	–	–	–
Number of shares vested at December 31, 2014	–	–	–	–	–	–
Number of free shares allocated and valid at December 31, 2014	–	188,415	–	232,521	–	341,875

(1) Jean-Charles Pauze left his functions as member and Chairman of the Management Board as from February 13, 2012.
(2) Since October 30, 2012, Michel Favre is no longer a member of the Management Board. Michel Favre left Rexel on July 31, 2013.
(3) Since the conversion into a *société anonyme* with a board of directors on May 22, 2014, Pascal Martin is no longer a corporate officer.
(4) Having reached 65 years of age, Jean-Dominique Perret resigned from his functions on November 29, 2012. Jean-Dominique Perret left Rexel on December 31, 2013.
(5) Considering the number of shares allotted to the employees, the top ten allotments were included.
(6) Presence condition not satisfied or performance condition not achieved.

Free shares allocated and not yet delivered at December 31, 2014 may result in the creation of 762,811 new shares and a dilution of 0.26%.

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 vesting period (see note 15.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2014).

Free share plan created on October 11, 2011

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 19, 2011 and by the Supervisory Board on October 6, 2011, the Management Board, at its meeting of October 11, 2011, decided:

- to grant 281,701 Rexel shares to the corporate officers and employees of Rexel under four plans: "Leadership Rexel 4+0", "Leadership Rexel 2+2", "Managers Rexel 4+0" and "Managers Rexel 2+2";
- to grant 59,018 Rexel shares to Rudy Provoost under the "Ordinary" plan. The criteria and conditions for granting the free shares decided by the Management

board included a two-year presence condition but no performance condition; and

- to allocate 1,343,310 free Rexel shares to the members of the Executive Committee, including the managing corporate officers and certain key contributors under two plans: "Exceptionnel 5+0" and "Exceptionnel 3+2".

The table below summarizes the free share allotments carried out on October 11, 2011:

PLAN	EXCEPTIONNEL 3+2	EXCEPTIONNEL 5+0	ORDINARY 2+2	LEADERSHIP REXEL 2+2	LEADERSHIP REXEL 4+0	MANAGERS REXEL 2+2	MANAGERS REXEL 4+0
Shareholders' Meeting	May 19, 2011						
Management Board	October 11, 2011	October 11, 2011	October 11, 2011	October 11, 2011	October 11, 2011	October 11, 2011	October 11, 2011
Number of beneficiaries	7	8	1	1	1	6	11
Initial number of free shares allocated	840,334	502,976	59,018	236,532	8,381	10,929	25,859
Corporate officers							
• Rudy Provoost	430,155	–	59,018	236,532	–	–	–
• Michel Favre (1)	90,419	–	–	–	–	–	–
• Pascal Martin (2)	90,419	–	–	–	–	–	–
• Jean-Dominique Perret (3)	57,485	–	–	–	–	–	–
• Jean-Charles Pauze (4)	–	–	–	–	–	–	–
Top ten employees (5)	640,900						
Vesting date	October 11, 2014	October 11, 2016	October 11, 2013	October 11, 2013	October 11, 2015	October 11, 2013	October 11, 2015
Date of transferability of shares	October 12, 2016	October 12, 2016	October 12, 2015	October 12, 2015	October 12, 2015	October 12, 2015	October 12, 2015
Number of free shares allocated and valid at December 31, 2013	749,915	446,589	–	–	3,779	–	9,956
Number of free shares allocated and cancelled or lapsed, of which (6):	749,915	446,589	–	–	–	–	–
• Number of shares lapsed pursuant to the presence condition	–	–	–	–	–	–	–
• Number of shares lapsed pursuant to the performance condition	749,915	446,589	–	–	–	–	–
Number of vested shares at December 31, 2014	–	–	–	–	–	–	–
Number of free shares allocated and valid at December 31, 2014	–	–	–	–	3,779	–	9,956

(1) Since October 30, 2012, Michel Favre is no longer a member of the Management Board. Michel Favre left Rexel on July 31, 2013.
(2) Since the conversion into a *société anonyme* with a board of directors on May 22, 2104, Pascal Martin is no longer a corporate officer.
(3) Having reached 65 years of age, Jean-Dominique Perret resigned from his functions on November 29, 2012. Jean-Dominique Perret left Rexel on December 31, 2013.
(4) Jean-Charles Pauze left his functions as member and Chairman of the Management Board as from February 13, 2012.
(5) Considering the number of shares allotted to the employees, the top ten allotments were included.
(6) Presence condition not satisfied or performance condition not achieved.

Free shares allocated and not yet delivered at December 31, 2014 may result in the creation of 13,735 new shares and a dilution of 0.005%.

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 vesting period (see note 15.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2014).

During the financial year ended on December 31, 2014, no shares were vested in favor of the corporate officers or top ten employees.

Free shares granted during the financial year ended December 31, 2012

Free share plan created on May 2, 2012

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 19, 2011 and by the Supervisory Board on May 2, 2012, the Management Board, at its meeting of May 2, 2012, decided to grant 2,019,324 free Rexel shares under two plans.

On May 2, 2012, in the context of the authorization granted to the Management Board to carry out the allotment of free shares, the Supervisory Board decided that the members of the Management Board who are beneficiaries of an allotment of free shares shall retain 20% of such shares in registered form until the end of their term of office.

Free share plan created on July 26, 2012

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 16, 2012 and by the Supervisory Board on July 26, 2012, the Management Board, at its meeting of July 26, 2012, decided to grant 243,080 free Rexel shares under two plans.

The table below summarizes the free share allotments carried out during the financial year ended on December 31, 2012:

PLAN	REXEL 2+2	REXEL 4+0	REXEL 2+2	REXEL 4+0
Shareholders' Meeting	May 19, 2011		May 16, 2012	
Management Board	May 2, 2012		July 26, 2012	
Number of beneficiaries	158	348	4	39
Initial number of free shares allocated	737,024	1,282,300	59,243	183,837
Corporate officers				
• Rudy Provoost	90,816	–	–	–
• Pascal Martin (1)	46,050	–	–	–
• Jean-Dominique Perret (2)	41,055	–	–	–
• Michel Favre (3)	41,055	–	–	–
Top ten employees (4)	400,103			
Vesting date	May 2, 2014	May 2, 2016	July 26, 2014	July 26, 2016
Date of transferability of the shares	May 3, 2016	May 3, 2016	July 27, 2016	July 27, 2016
Number of free shares allocated and valid at December 31, 2013	190,832	346,735	16,671	51,959
Number of free shares allocated, cancelled or lapsed, of which (5):	3,175	6,487	–	261
• Number of shares lapsed pursuant to the presence condition	3,175	6,487	–	261
• Number of shares lapsed pursuant to the performance condition	–	–	–	–
Number of vested shares at December 31, 2014	187,657	–	16,671	–
Number of free shares allocated and valid at December 31, 2014	–	340,248	–	51,698

(1) Since the conversion into a *société anonyme* with a board of directors on May 22, 2104, Pascal Martin is no longer a corporate officer.
(2) Having reached 65 years of age, Jean-Dominique Perret resigned from his functions on November 29, 2012. Jean-Dominique Perret left Rexel on December 31, 2013.
(3) Since October 30, 2012, Michel Favre is no longer a member of the Management Board. Michel Favre left Rexel on July 31, 2013.
(4) Considering the number of shares allotted to the employees, the top ten allotments were included.
(5) Presence condition not satisfied or performance condition not achieved.

Free shares allocated and not yet delivered at December 31, 2014 may result in the creation of 391,946 new shares and a dilution of 0.13%.

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 vesting period (see note 15.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2014).

During the financial year ended on December 31, 2014, the following shares were vested in favor of the following corporate officers and top ten employees:

BENEFICIARIES	NUMBER OF VESTED SHARES	
	REXEL 2+2 (1) MAY 2, 2012	REXEL 2+2 (2) JULY 26, 2012
CORPORATE OFFICERS		
Rudy Provoost	26,216	
Pascal Martin	13,294	
TOP TEN EMPLOYEES		
Peter Hakanson		15,925
Patrick Berard	11,853	
Jeremy de Brabant	6,879	
Pascale Giet	5,538	
Olivier Baldassari	3,809	
Laurent Delabarre	3,809	
Benoit Dutour	3,809	
Jean-François Deiss	3,174	
Marie-Pierre Marchand	3,174	
Patrick Rayet	3,174	

(1) Share vesting conditions under the Rexel 2+2 plan dated May 2, 2012: 2-year presence condition and the following performance conditions:
- the vesting of 50% of the number of shares depends on the 2011/2013 EBITA margin variation;
- the vesting of 15% of the number of shares depends on the 2012 EBITA level;
- the vesting of 25% of the number of shares depends on the average free cash flow before interest and taxes / EBITDA ratio for 2012 and 2013;
- the vesting of 10% of the number of shares depends on the 2012 free cash flow before interest and taxes.

The performance achieved under the plan stands at 43.3%.

(2) Share vesting conditions under the Rexel 2+2 plan under the July 26, 2012: 2-year presence condition and following performance conditions:
- the vesting of 50% of the number of shares depends on the 2011/2013 EBITA margin variation;
- the vesting of 15% of the number of shares depends on the 2012 EBITA level;
- the vesting of 25% of the number of shares depends on the average free cash flow before interest and taxes / EBITDA ratio for 2012 and 2013;
- the vesting of 10% of the number of shares depends on the 2012 free cash flow before interest and taxes.

The performance achieved under the plan stands at 43.3%.

Free shares granted during the financial year ended December 31, 2013

Free share plan created on April 30, 2013

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 16, 2012 and by the Supervisory Board on April 30, 2013, the Management Board, at its meeting of April 30, 2013, decided to grant 2,574,729 free Rexel shares under four plans.

On April 30, 2013, in the context of the authorization granted to the Management Board to carry out the allotment of free shares, the Supervisory Board decided that the members of the Management Board who are beneficiaries of an allotment of free shares shall retain 20% of such shares in registered form until the end of their term of office.

Free share plan created on July 25, 2013

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 22, 2013 and by the Supervisory Board on July 25, 2013, the Management Board, at its meeting of July 25, 2013, decided to grant 78,410 free Rexel shares under two plans.

The table below summarizes the free share allotments carried out during the financial year ended on December 31, 2013:

PLAN	KEY MANAGERS 2+2	KEY MANAGERS 4+0	OPERATING MANAGERS 3+2	OPERATING MANAGERS 5+0	REXEL 2+2	REXEL 4+0
Shareholders' meeting	May 16, 2012				May 22, 2013	
Management Board	April 30, 2013				July 25, 2013	
Number of beneficiaries	163	324	91	377	9	6
Initial number of free shares allocated	793,310	1,259,819	99,100	422,500	50,694	27,716
Corporate Officers						
• Rudy Provoost	96,682	–	–	–	–	–
• Pascal Martin (1)	42,980	–	–	–	–	–
• Catherine Guillouard	42,980	–	–	–	–	–
Top ten employees (4)	229,544	307,300	13,000	16,000	50,694 (2)	27,716 (3)
Vesting Date	April 30, 2015	April 30, 2017	April 30, 2016	April 30, 2018	July 25, 2015	July 25, 2017
Date of transferability of the shares	May 2, 2017	May 2, 2017	May 2, 2018	May 2, 2018	July 26, 2017	July 26, 2017
Number of free shares allocated and valid at December 31, 2013	446,806	708,484	88,000	404,300	29,050	15,886
Number of free shares allocated, cancelled or lapsed, of which (5):	146,567	267,524	–	31,500	9,052	7,026
• Number of shares lapsed pursuant to the presence conditions	10,701	67,985	–	31,500	0	3,017
• Number of shares lapsed pursuant to the performance condition	135,866	199,539	–	–	9,052	4,009
Number of vested shares at December 31, 2014	–	–	–	–	–	–
Number of free shares allocated and valid at December 31, 2014	300,239	440,960	88,000	372,800	19,998	8,860

(1) Since the conversion into a *société anonyme* with a board of directors on May 22, 2014, Pascal Martin is no longer a corporate officer.
(2) Concerns 9 beneficiaries only.
(3) Concerns 6 beneficiaries only.
(4) Considering the number of shares allotted to the employees, the top ten allotments were included.
(5) Presence condition not satisfied or performance condition not achieved.

Free shares allocated and not yet delivered at December 31, 2014 may result in the creation of 1,230,857 new shares and a dilution of 0.42%.

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 vesting period (see note 15.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2014).

During the financial year ended December 31, 2014, no shares were vested in favor of the corporate officers or the top ten employees.

Free shares granted during the financial year ended December 31, 2014

Free share plan created on May 22, 2014

The decision to proceed with the allotment of free Rexel shares was made by the Board of Directors at its meeting of May 22, 2014. The Shareholders' Meeting of May 22, 2013 authorized the Management Board to proceed with the allotment of free shares and on May 22, 2014, after having approved the conversion of Rexel from a *société anonyme* with a Supervisory Board and a Management Board into a *société anonyme* with a Board of Directors, the Shareholders' Meeting reiterated such authorization in favor of the Board of Directors. The Board of Directors decided to grant 1,641,008 free Rexel shares under four plans.

On May 22, 2014, in the context of the authorization granted to the Board of Directors to carry out the allotment of free shares, the Board of Directors decided that the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer who are beneficiaries of an allotment 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 shares allocated on May 22, 2014:

PLAN	TRANSITION 2+2	TRANSITION 4+0	KEY MANAGERS 3+2	KEY MANAGERS 4+0
Shareholders' meeting	May 22, 2013			
Board of Directors	May 22, 2014			
Number of beneficiaries	168	368	168	368
Initial number of free shares allocated	348,980	471,524	348,980	471,524
Corporate officers				
• Rudy Provoost	60,000	–	60,000	–
• Catherine Guillouard	29,100	–	29,100	–
Top ten employees (1)	285,376			
Vesting date	May 22, 2016	May 22, 2018	May 22, 2017	May 22, 2018
Date of transferability of the shares	May 23, 2018	May 23, 2018	May 23, 2019	May 23, 2018
Number of free shares allocated ,cancelled or lapsed, of which (2):	4,263	11,963	4,263	11,963
• Number of shares lapsed pursuant to the presence condition	4,263	11,963	4,263	11,963
• Number of shares lapsed pursuant to the performance condition	–	–	–	–
Number of vested shares at December 31, 2014	–	–	–	–
Number of free shares allocated and valid at December 31, 2014	344,717	459,561	344,717	459,561

(1) Considering the number of shares allotted to the employees, the top ten allotments were included.
(2) Presence condition not satisfied or performance condition not achieved.

Free shares allocated and not yet delivered at December 31, 2014 may result in the creation of 1,608,556 new shares and a dilution of 0.55%.

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 vesting period (see note 15.1 of the Notes to the consolidated financial statements of the Rexel Group for the financial year ended December 31, 2014).

During the financial year ended December 31, 2014, the Board of Directors granted free shares to the corporate officers and to the top ten employees of the Rexel Group as follows:

BENEFICIARY	NAME AND DATE OF THE PLAN	NUMBER OF SHARES	VALUATION OF SHARES ALLOCATED	VESTING DATE	DATE OF TRANSFERABILITY	CONDITIONS
CORPORATE OFFICERS						
Rudy Provoost	Transition 2+2	60,000	809,400	May 22, 2016	May 23, 2018	Transition 2+2 (1)
	Key Managers 3+2	60,000	766,800	May 22, 2017	May 23, 2019	Key Managers 3+2 (2)
Catherine Guillouard	Transition 2+2	29,100	392,559	May 22, 2016	May 23, 2018	Transition 2+2 (1)
	Key Managers 3+2	29,100	371,898	May 22, 2017	May 23, 2019	Key Managers 3+2 (2)
TOP TEN EMPLOYEES						
Mitchell Williams	Transition 4+0	22,500	273,150	May 22, 2018	May 23, 2018	Transition 4+0 (3)
	Key Managers 4+0	22,500	272,475	May 22, 2018	May 23, 2018	Key Managers 4+0 (4)
Patrick Berard	Transition 2+2	19,188	258,846.12	May 22, 2016	May 23, 2018	Transition 2+2 (1)
	Key Managers 3+2	19,188	245,222.64	May 22, 2017	May 23, 2019	Key Managers 3+2 (2)
Pascal Martin	Transition 2+2	16,150	217,863.5	May 22, 2016	May 23, 2018	Transition 2+2 (1)
	Key Managers 3+2	16,150	206,397	May 22, 2017	May 23, 2019	Key Managers 3+2 (2)
Peter Hakanson	Transition 2+2	15,350	207,071.5	May 22, 2016	May 23, 2018	Transition 2+2 (1)
	Key Managers 3+2	15,350	196,173	May 22, 2017	May 23, 2019	Key Managers 3+2 (2)
Sharon MacBeath	Transition 2+2	15,350	207,071.5	May 22, 2016	May 23, 2018	Transition 2+2 (1)
	Key Managers 3+2	15,350	196,173	May 22, 2017	May 23, 2019	Key Managers 3+2 (2)
Robert Pfarrwaller	Transition 4+0	13,600	165,104	May 22, 2018	May 23, 2018	Transition 4+0 (3)
	Key Managers 4+0	13,600	164,696	May 22, 2018	May 23, 2018	Key Managers 4+0 (4)
Michel Klein	Transition 4+0	12,700	154,178	May 22, 2018	May 23, 2018	Transition 4+0 (3)
	Key Managers 4+0	12,700	153,797	May 22, 2018	May 23, 2018	Key Managers 4+0 (4)
Henri-Paul Laschkar	Transition 4+0	12,700	154,178	May 22, 2018	May 23, 2018	Transition 4+0 (3)
	Key Managers 4+0	12,700	153,797	May 22, 2018	May 23, 2018	Key Managers 4+0 (4)
Pascale Giet	Transition 2+2	7,650	103,198.5	May 22, 2016	May 23, 2018	Transition 2+2 (1)
	Key Managers 3+2	7,650	97,767	May 22, 2017	May 23, 2019	Key Managers 3+2 (2)
Jeremy de Brabant	Transition 2+2	7,500	101,175	May 22, 2016	May 23, 2018	Transition 2+2 (1)
	Key Managers 3+2	7,500	95,850	May 22, 2017	May 23, 2019	Key Managers 3+2 (2)

(1) Share vesting conditions under the Transition 2+2 plan: 2-year presence condition and the following performance conditions:
- the vesting of 40% of the number of shares depends on the 2013/2015 adjusted EBITA margin variation;
- the vesting of 30% of the number of shares depends on the average free cash flow before interest and taxes / EBITDA ratio for 2014 and 2015;
- the vesting of 30% of the number of shares depends on Rexel's TSR (Total Shareholder Return) compared to a panel of businesses.

(2) Share vesting conditions under the Key Managers 3+2 plan: 3-year presence condition and following performance conditions:
- the vesting of 40% of the number of shares depends on the 2013/2016 adjusted EBITA margin variation;
- the vesting of 30% of the number of shares depends on the average free cash flow before interest and taxes / EBITDA ratio for 2014, 2015 and 2016;
- the vesting of 30% of the number of shares depends on Rexel's TSR (Total Shareholder Return) compared to a panel of businesses.

(3) Share vesting conditions under the Transition 4+0 plan: 2-year presence condition and following performance conditions:
- the vesting of 40% of the number of shares depends on the 2013/2015 adjusted EBITA margin variation;
- the vesting of 30% of the number of shares depends on the average free cash flow before interest and taxes / EBITDA ratio for 2014 and 2015;
- the vesting of 30% of the number of shares depends on Rexel's TSR (Total Shareholder Return) compared to a panel of businesses.

(4) Share vesting conditions under the Key Managers 4+0 plan: 3-year presence condition and following performance conditions:
- the vesting of 40% of the number of shares depends on the 2013/2016 adjusted EBITA margin variation;
- the vesting of 30% of the number of shares depends on the average free cash flow before interest and taxes / EBITDA ratio for 2014, 2015 and 2016;
- the vesting of 30% of the number of shares depends on Rexel's TSR (Total Shareholder Return) compared to a panel of businesses.

During the financial year ended on December 31, 2014, no shares were vested in favor of the corporate officers or top ten employees.

8.1.2.7 Total dilution

The number of options to subscribe for shares which have not yet been exercised and the number of shares freely allocated by Rexel which have not yet been delivered may result in the creation of 4,165,879 new shares, representing 1.43% of the share capital and voting rights of Rexel at December 31, 2014.

8.1.2.8 Shareholding of employees and former employees

At December 31, 2014, employees and former employees of the Rexel Group held, through company or group savings plans, employee investment funds (FCPE), stock options plans and free shares plans, 4,086,245 shares, or approximately 1.4% of the share capital and voting rights of Rexel.

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

The creation of committees of the Board of Directors, the appointment of independent members at the Board of Directors and at the committees of the Board of Directors, the performance of reviews of the operation and work of the Board of Directors and of its committees, in accordance with the rules described in chapter 7 "Corporate Governance" of this *Document de Référence*, enable Rexel, *inter alia*, 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

The Liquidity Agreement, the Public Offering Rights Agreement, the Rexel Shareholders' Agreement and of the Second Amended and Restated Shareholders' Agreement entered into on February 29, 2012, February 13, 2007 and April 4, 2007, respectively, among Ray Investment and its shareholders, the funds managed by Clayton, Dubilier & Rice, Ray France Investment SAS (a company controlled by Eurazeo), the funds managed by Merrill Lynch Global Private Equity, L.P., Eurazeo and Caisse de Dépôt et Placement du Québec terminated on April 2, 2014.

Rexel is not aware of any other agreements between its shareholders.

8.1.6 Dividend policy

The Board of Directors may propose a dividend distribution to the shareholders' meeting. Dividends that have not been claimed within five years after they have been declared are transferred to the French State.

Rexel will propose to shareholders a dividend of €0.75 per share, representing 78% of the Rexel Group's recurring net income (*vs.* 64% last year). It will be paid in cash or shares, subject to approval at the ordinary and extraordinary shareholders' meeting of Rexel called to be held on May 27, 2015.

This is in line with Rexel's policy of paying out at least 40% of recurring net income, reflecting the Rexel Group's confidence in its structural ability to generate strong cash-flow throughout the cycle.

Rexel has distributed the following dividends in respect of the last three financial years:

YEAR	TOTAL DIVIDEND	DIVIDEND PER SHARE
2012	€203,138,199.75	€0.75
2013	€211,250,259.00	€0.75
2014	€217,700,861.25*	€0.75*

* Amount submitted to the approval of the Shareholders' Meeting.

Rexel offered its shareholders the opportunity to opt for a payment in shares or in cash of the dividend paid in respect of the financial year ended December 31, 2013. The option was open from June 2, 2014 until June 23, 2014. For the payment in shares, the issue price of the new Rexel shares had been set at €15.78 per share. Upon expiry of the exercise period, 198,510,681 coupons had been exercised in favour of a payment in shares. The option for a dividend payment in shares resulted in the creation of 9,269,384 new shares, representing 3.16% of the share capital and voting rights of Rexel, on the basis of the outstanding shares as at July 2, 2014, *i.e.* 293,494,676 shares (against 284,225,292 shares before creation of the new shares, at June 30, 2014).

In accordance with the provisions of law n°2011-894 of July 28, 2011, Rexel, in relation to the dividend paid in 2014 in respect of 2013, paid a profit-sharing bonus in a maximum gross amount of €150 to the eligible employees within the Rexel Group. In parallel, eligible employees have been offered the ability to pay €150 in the Rexel Group savings plan *(Plan d'Épargne Groupe)* in a portfolio invested in Rexel securities and to benefit, by making this payment, from a gross contribution *(abondement)* paid by their respective employers in a gross amount of €250.

8.2 SHARE CAPITAL

8.2.1 Subscribed share capital and authorized but unissued share capital

As of December 31, 2014, Rexel's share capital amounted to € 1,459,973,380, divided into 291,994,676 shares with a par value of €5 per share, all of the same class, and all of them fully paid-up and subscribed, as acknowledged by the Board of Directors on October 28, 2014.

As of December 31, 2013, Rexel's share capital amounted to €1,416,686,070, divided into 283,337,214 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' meetings held on May 16, 2012, May 22, 2013 and May 22, 2014 granted various authorizations to the Management Board and then to the Board of Directors, which used such powers and authorizations as described below. In addition, at its meeting held on February 11, 2015, the Board of Directors decided to submit to the approval of the Shareholders' Meeting the following projects of delegations and authorizations:

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 27, 2015		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILIZATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
SHARE CAPITAL INCREASE							
Issuance with upholding of preferential subscription rights	May 16, 2012 (resolution 26)	26 months (July 15, 2014)	Shares: €800,000,000 (*i.e.* 160,000,000 shares) Debt securities: €800,000,000 Joint maximum amount applicable to all resolutions relating to the issuance of shares and/or debt securities	Deduction of: • Allotment of free shares of July 26, 2012: 243,080 shares • Allotment of free shares of November 23, 2012 (Opportunity 12): 145,634 shares • Share capital increase of November 23, 2012 (Opportunity 12): 337,465 shares, *i.e.* €1,687,325 • Share capital increase of March 14, 2013 (Opportunity 12 – UK): 45,953 shares, *i.e.* €229,765 • Allotment of free shares of April 30, 2013: 2,574,729 shares, *i.e.* €12,873,645 • Allotment of free shares of July 25, 2013: 78,410 shares, *i.e.* €392,050 • Share capital increase of November 26, 2013 (Opportunity 13): 237,210 shares, *i.e.* €1,186,050 • Allotment of free shares of November 26, 2013 (Opportunity 13): 94,289 shares, *i.e.* €471,445	18	26 months	Shares: €720,000,000 (*i.e.* 144,000,000 shares) This maximum amount is applicable to resolutions 18 to 25 Debt securities: €1,000,000,000 This maximum amount is applicable to resolutions 18 to 25

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 27, 2015		
NATURE OF THE AUTHORIZATION	**DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)**	**DURATION (EXPIRY DATE)**	**MAXIMUM AUTHORIZED AMOUNT**	**UTILIZATION**	**RESOLUTION N°**	**DURATION**	**MAXIMUM AMOUNT**
Issuance with upholding of preferential subscription rights (continued)				• Share capital increase of December 27, 2013 (Opportunity 13 – China): 19,541 shares, *i.e.* €97,705 • Allotment of free shares of December 27, 2013 (Opportunity 13 – China): 10,380 shares, *i.e.* €51,900 • Share capital increase of March 13, 2014 (Opportunity 13 – UK) : 35,151 shares, *i.e.* €175,755 Balance: €780,890,790			
Issuance by way of public offering with cancellation of the preferential subscription right	May 16, 2012 (resolution 27)	26 months (July 15, 2014)	Shares: €400,000,000 (*i.e.* 80,000,000 shares) Debt securities: €500,000,000 These maximum amounts are deductible from the maximum amounts provided under resolution 26 of the shareholders' meeting of May 16, 2012	N/A	19	26 months	Shares: €140,000,000 (*i.e.* 28,000,000 shares) This maximum amount is applicable to resolutions 19, 20 and 23 This maximum amount is deductible from the maximum amount provided under resolution 18 Debt securities: €1,000,000,000 This maximum amount is deductible from the maximum amount provided under resolution 18
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	May 16, 2012 (resolution 28)	26 months (July 15, 2014)	Shares: €400,000,000 (*i.e.* 80,000,000 shares) Debt securities: €500,000,000 These maximum amounts are deductible from the maximum amounts provided under resolution 26 of the shareholders' meeting of May 16, 2012	N/A	20	26 months	Shares: €140,000,000 (*i.e.* 28,000,000 shares) This maximum amount is deductible from the maximum amounts provided under resolution 18 and resolution 19 Debt securities: €1,000,000,000 This maximum amount is deductible from the maximum amount provided under resolution 18

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 27, 2015		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILIZATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
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	May 16, 2012 (resolution 29)	26 months (July 15, 2014)	15% of initial issuance This maximum amount is deductible from the maximum amount applicable for the initial issuance and from the maximum amount provided under resolution 26 of the shareholders' meeting of May 16, 2012	N/A	21	26 months	15% of initial issuance This maximum amount is deductible from the maximum amount applicable to the initial issuance and from the maximum amount provided under resolution 18
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	May 22, 2014 (resolution 26)	26 months (July 21, 2016), it being noted that the maximum amount is deductible from the maximum amount provided under resolution 22 of the shareholders' meeting of May 22, 2014 which has not been approved	10% of the share capital on the date of the decision of the Board of Directors determining the offering price per 12-month period This maximum amount is deductible from the maximum amount provided under resolution 22 of the shareholders' meeting of May 22, 2014 which has not been approved	N/A	22	26 months	10% of the share capital on the date of the decision of the Board of Directors determining the offering price per 12-month period This maximum amount is deductible from the maximum amount applicable to the initial issuance and from the maximum amount provided under resolution 18
Issuance of up to 10% of the share capital in consideration for contributions in kind	May 22, 2014 (resolution 29)	26 months (July 21, 2016), it being noted that the maximum amount is deductible from the maximum amount provided under resolution 22 of the shareholders' meeting of May 22, 2014 which has not been approved	10% of Rexel's share capital on the date of the decision of the Board of Directors approving the issuance This maximum amount is deductible from the maximum amount provided under resolution 22 of the shareholders' meeting of May 22, 2014 which has not been approved	N/A	23	26 months	10% of Rexel's share capital on the date of the decision of the Board of Directors approving the issuance This maximum amount is deductible from the maximum amount provided under resolution 18 and resolution 19
Issuance in consideration for shares contributed under a public exchange offering	May 16, 2012 (resolution 36)	26 months (July 15, 2014)	€250,000,000 (*i.e.* 50,000,000 shares) This maximum amount is deductible from the maximum amount provided under resolution 26 of the shareholders' meeting of May 16, 2012	N/A	N/A	N/A	NA (see issuance by way of public offering with cancellation of the preferential subscription right)

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 27, 2015		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILIZATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
Capital increase by capitalization of share premiums, reserves, profits or other items that may be capitalized	May 22, 2014 (resolution 31)	26 months (July 21, 2016)	€200,000,000 (*i.e.* 40,000,000 shares) This maximum amount is not deductible from any maximum amount	N/A	27	26 months	€200,000,000 (*i.e.* 40,000,000 shares) This maximum amount is not deductible from any maximum amount
STOCK-OPTIONS, FREE SHARE ALLOTMENTS AND EMPLOYEE SAVINGS PLAN							
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	May 22, 2014 (resolution 27)	26 months (July 21, 2015) it being noted that the maximum amount is deductible from the maximum amount provided under resolution 26 of the shareholders' meeting of May 16, 2012 which ended on July 15, 2014	2% of the share capital on the date of the decision of the Board of Directors This maximum amount is deductible from the maximum amount provided under resolution 26 of the shareholders' meeting of May 16, 2012 which ended on July 15, 2014 Issuances carried out on the basis of resolution 28 of the shareholders' meeting of May 22, 2014 should be deducted from this maximum amount	N/A	24	26 months	2% of the share capital on the date of the decision of the Board of Directors This maximum amount is deductible from the maximum amount provided under resolution 18 This maximum amount is applicable to resolutions 24 and 25
Issuances reserved to certain categories of beneficiaries in order to implement employee shareholding transactions	May 22, 2014 (resolution 28)	18 months (November 21, 2015), it being noted the maximum amount is deductible from the maximum amount provided under resolution 26 of the shareholders' meeting of May 16, 2012 which ended on July 15, 2014	1% of the share capital on the date of the decision of the Board of Directors This maximum amount shall be deducted from the 2% maximum amount of resolution 27 of the shareholders' meeting of May 22, 2014 and from the maximum amount provided under resolution 26 of the shareholders' meeting of May 16, 2012 which ended on July 15, 2014	N/A	25	18 months	1% of the share capital on the date of the decision of the Board of Directors This maximum amount shall be deducted from the 2% maximum amount of resolution 24 and from the maximum amount provided under resolution 18
Free allotments of ordinary shares	May 22, 2013 (resolution 15)	26 months (July 21, 2015), the maximum amount is deductible from the maximum amount provided under resolution 26 of the shareholders' meeting of May 16, 2012 which ended on July 15, 2014	2.5% of the share capital on the date of the decision of the Board of Directors This maximum amount should be deducted from the maximum amount provided under resolution 26 of the shareholders' meeting of May 16, 2012 which ended on July 15, 2014	• Allotment of free shares of July 25, 2013: 78,410 shares, *i.e.* €392,050 • Allotment of free shares of November 26, 2013 (Opportunity 13): 94,289 shares, *i.e.* €471,445 • Allotment of free shares of December 27, 2013 (Opportunity 13 – China): 10,380 shares, *i.e.* €51,900	26	26 months	1.5% of the share capital on the date of the decision of the Board of Directors

CURRENT AUTHORIZATIONS					AUTHORIZATIONS PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 27, 2015		
NATURE OF THE AUTHORIZATION	DATE OF THE SHAREHOLDERS' MEETING (RESOLUTION N°)	DURATION (EXPIRY DATE)	MAXIMUM AUTHORIZED AMOUNT	UTILIZATION	RESOLUTION N°	DURATION	MAXIMUM AMOUNT
DECREASE IN THE SHARE CAPITAL BY CANCELLING SHARES							
Decrease in the share capital by cancelling shares	May 22, 2014 (resolution 21)	18 months (November 21, 2015)	10% of the share capital on the date of cancellation by 24-month period	• October 28, 2014: cancellation of 1,500,000 shares (0.51% of the share capital)	17	18 months	10% of the share capital on the date of cancellation by 24-month period
BUY-BACK BY REXEL OF ITS OWN SHARES							
Shares repurchases	May 22, 2014 (resolution 18)	18 months (November 21, 2015)	10% of the share capital on the completion date Aggregate maximum amount: €250,000,000 Maximum buy-back price: €30	• Between July and September 2014: 1,500,000 shares for a global amount of €21,575,710.03 • Utilization under the Natixis liquidity contract for market-making purposes: purchase of 6,420,817 shares at an average price of €16.5042 and sale of 6,160,809 shares at an average price of €16.4736	16	18 months	10% of the share capital on the completion date Aggregate maximum amount: €250,000,000 Maximum buy-back price: €30

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

Information on the share repurchase plan approved by the shareholders' meeting of May 22, 2014

Characteristics of the share repurchase plan

The ordinary and extraordinary shareholders' meeting of May 22, 2014 authorized the Board of Directors, 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 characteristics of this repurchase plan are as follows:

RELEVANT SECURITIES	SHARES
Maximum percentage of share capital that may be repurchased	10% (being specified that the number of shares acquired by Rexel with a view to being retained and subsequently delivered as payment or exchange consideration in connection with a merger, demerger or contribution may not exceed 5% of Rexel's share capital)
Maximum number of securities that may be purchased	29,200,557 shares (*i.e.* 10% of the share capital at December 31, 2014)
Aggregate maximum amount of the plan	€250 million
Maximum price per share	€30
Duration of the plan	18 months, *i.e.* until November 21, 2015

The objectives of the plan, in order of highest to lowest priority, are the following:

- 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, *inter alia*, articles L.225-117 *et seq.* of the French Commercial Code, any allotments of free shares in connection with, *inter alia*, 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 or in connection with the provisions of articles L.225-197-1 *et seq.* of the French Commercial Code and any allocations, allotments or sales of shares, particularly in connection with profit sharing plans or employee shareholding plans in favour of group employees other than under a savings plan, in particular for the purpose of a "Share Incentive Plan" in the United Kingdom, 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 Board of Directors or person acting upon the authority of the Board of Directors 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.

In the event of a public tender offer on Rexel shares paid for in full in cash, Rexel may not pursue the implementation of its share repurchase plan.

Share repurchases carried out by Rexel during the financial year ended December 31, 2014

Overview

During the financial year ended December 31, 2014, Rexel purchased 7,920,817 shares at an average price of €16.1027 and for a total cost of €127,546,457.93, representing 2.71% of Rexel's share capital. These shares were acquired for market-making purposes under a liquidity contract (described below) as well as under a mandate relating to the purchase of shares given to Natixis on July 30, 2014 (also described below).

Transactions carried out by Rexel on its own shares for the year ended December 31, 2014 mainly consisted of:

Number of shares cancelled during the last 24 months	1,500,000
Number of shares held by Rexel as treasury shares as of December 31, 2014, including:	1,737,761
• liquidity contract entered into with Natixis (described below)	415,629
• shares held to be delivered to employees	1,322,132
Percentage of capital directly or indirectly held by Rexel as of December 31, 2014	0.60%
Book value of the treasury shares	€23,038,238.03
Market value of the treasury shares as of December 31, 2014	€25,805,750.85

Rexel did not hold open buy or sell positions on derivative instruments as of December 31, 2014.

Breakdown by objective

Liquidity contract

Rexel implemented the share repurchase plan approved by Rexel's shareholders' meeting of May 22, 2014 under a liquidity contract entered into with Natixis that complies with the AMF ethics charter.

During the financial year ended December 31, 2014, 6,420,817 shares of Rexel were acquired by Natixis pursuant to the liquidity contract, at an average price of €16.5042, and 6,160,809 shares of Rexel were sold by Natixis pursuant to the liquidity contract, at an average price of €16.4736.

The trading costs borne by Rexel in connection with these purchases amount to €27,000 (including taxes) in 2014.

As of December 31, 2014, Rexel held 415,629 treasury shares under the liquidity contract entered into with Natixis, with a par value of €5 each, acquired at an average price of €14.5221, representing an aggregate purchase value of €6,035,800.61, representing 0.14% of the share capital of Rexel.

Cancellation of shares

In addition, on July 30, 2014, pursuant to its share repurchase plan, Rexel engaged Natixis to proceed, between July 30 and September 30, 2014, with the repurchase of a maximum number of 1.5 million Rexel shares, for a maximum price of €17.

Under this engagement, Natixis proceeded with the following acquisitions:

ACQUISITION DATE	NUMBER OF SECURITIES PURCHASED
30/07/2014	129,001
31/07/2014	153,971
01/08/2014	165,882
04/08/2014	161,659
05/08/2014	180,952
06/08/2014	202,309
07/08/2014	284,618
08/08/2014	165,272
11/08/2014	56,336

Under its securities purchase engagement, Natixis thus purchased 1.5 million Rexel shares, for an average price of €14.3838. The aggregate amount for purchase of the 1.5 million Rexel shares stood at €21,575,710.03.

At its meeting of October 28, 2014, the Board of Directors decided to cancel the 1.5 million shares and to reduce the share capital of Rexel accordingly.

At December 31, 2014, Rexel also held 1,322,132 treasury shares, representing 0.45% of the share capital of Rexel, previously acquired and held to be delivered to employees under the free shares plans put in place by Rexel.

Information on the share repurchase plan submitted to the approval of the shareholders' meeting

At its meeting of February 11, 2015, the Board of Directors decided to submit a resolution to the Shareholders' Meeting authorizing it, in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code, of articles 241-1 to 241-6 of the General Regulation of the *Autorité des marchés financiers* and of Regulation n°2273/2003 of the European Commission of December 22, 2003, to purchase or cause to be purchased a maximum number of Rexel shares, representing up to 10% of Rexel's share capital.

Objectives of the share repurchase plan

The objectives of the plan, in order of highest to lowest priority, would be the following:

- ensuring liquidity and activity in the market for the shares through an investment services provider, acting independently under a liquidity agreement and in compliance with a market ethics charter recognized by the AMF;
- satisfying the obligations arising out of allotments of stock options, allotments of free shares or any other granting, allotment or sale of shares to the employees or the corporate officers of the Company or of an associated enterprise and establishing hedging operations relating to such transactions, in accordance with the conditions set forth by the market authorities and at such times that the Board of Directors or person acting upon the authority of the Board of Directors implements such actions;
- ensuring the coverage of the undertakings of the Company under rights with a settlement in cash and relating to the positive evolution of the trading price of the share of the Company granted to the employees or the corporate officers of the Company or of an associated enterprise;
- 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 or accepted by French law or the AMF or any purpose that may comply with the regulations in force.

Terms of the share repurchase plan

Maximum portion of share capital subject to purchase authorization

The Board of Directors would be authorized to purchase or cause to be purchased a maximum number of Rexel shares representing up to 10% of Rexel's share capital.

Furthermore, the number of shares acquired by Rexel with a view to being retained and subsequently delivered as payment or exchange consideration in connection with a merger, demerger or contribution transaction could not exceed 5% of Rexel's share capital.

In accordance with article L.225-209 paragraph 2 of the French Commercial Code, when the shares are repurchased in order to encourage liquidity under the conditions defined by the General Regulation of the *Autorité des marchés financiers*, the number of shares taken into consideration for the calculation of the 10% limitation provided under the first paragraph of article L.225-209 shall be equal to the number of shares purchased, less the number of shares subsequently sold back during the authorization period.

In accordance with article L.225-210 of the French Commercial Code, the number of shares held by Rexel on any given may not exceed 10% of the shares comprised in the share capital of Rexel on the given date.

Considering that, as at December 31, 2014, Rexel held 1,737,761 of its shares representing 0.60% of Rexel's share capital, the maximum number of Rexel shares capable of being repurchased, as at December 31, 2014, represents 9.40% of Rexel's share capital, *i.e.*, 27,462,796 Rexel shares.

Maximum purchase price

The maximum purchase price per share would be set at €30, it being specified that in the event of a share capital transaction, including by way of a capitalization of reserves and free share allotment, share split or reverse share split, such price would be adjusted accordingly.

Maximum amount

The maximum amount allotted to the implementation of the share repurchase plan would amount to €250 million.

Terms of purchase and sale

The acquisition, sale or transfer of shares could be effected or paid for by all means, on the market or over the counter, including by means of block trade transactions or public offers, optional mechanisms, derivative instruments, purchases of options or securities, in compliance with applicable regulations.

The Board of Directors will not be able, except with the prior approval of the shareholders' meeting, to pursue the implementation of its share repurchase program as from the filing by a third-party of a public offer on Rexel's securities and until the end of the offer period.

In the event of a public offer for Rexel's securities fully paid for in cash, Rexel would not be able to pursue the implementation of its share repurchase plan.

Duration of the share repurchase plan

The repurchase plan would have a duration of 18 months as from the shareholders' meeting, *i.e.* until November 26, 2016.

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 Allotment 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*.

8.2.5 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 December 31, 2014.

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED/ CANCELLED	NOMINAL AMOUNT OF CAPITAL INCREASE/ REDUCTION (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES*	NOMINAL VALUE PER SHARE (€)
December 16, 2004	Incorporation	8,500	–	NA	85,000	8,500	10
March 9, 2005	Share capital increase in cash	5,490,000	54,900,000	NA	54,985,000	5,498,500	10
March 21, 2005	Share capital increase in cash	56,980,869	569,808,690	NA	624,793,690	62,479,369	10
June 30, 2005	Share capital increase in cash to the benefit of Rexdir S.A.S. by the issue of shares with share subscription warrants (ABSA)	304,404	3,044,040	NA	627,837,730	62,783,773	10
October 28, 2005	Share capital increase in cash to the benefit of Rexop S.A.S.	262,001	2,620,010	NA	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	NA	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)	NA	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	NA	NA	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 vesting of free shares	2,151,817	10,759,085	NA	1,290,728,220	258,145,644	5

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED/ CANCELLED	NOMINAL AMOUNT OF CAPITAL INCREASE/ REDUCTION (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES*	NOMINAL VALUE PER SHARE (€)
October 30, 2009	Share capital increase following the vesting of free shares	7,474	37,370	NA	1,290,765,590	258,153,118	5
Exercise of share subscription options in 2009 (acknowledged by a decision of the Management Board of January 8, 2010)	Share capital increase further to the exercise of share subscription options	66,900	334,500	NA	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	NA	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	NA	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	NA	1,297,396,715	259,479,343	5
June 24, 2010	Share capital increase further to the vesting of free shares	146,031	730,155	NA	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 vesting of free shares	1,732	8,660	NA	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

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED/ CANCELLED	NOMINAL AMOUNT OF CAPITAL INCREASE/ REDUCTION (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES*	NOMINAL VALUE PER SHARE (€)
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
April 21, 2011	Share capital increase further to the vesting of free shares	2,590,621	12,953,105	NA	1,314,018,085	262,803,617	5
May 12, 2011	Share capital increase further to the vesting of free shares	268,416	1,342,080	NA	1,315,360,165	263,072,033	5
June 30, 2011	Share capital increase further to the scrip dividend distribution voted by Rexel's shareholders' meeting May 19, 2011	5,376,107	26,880,535	59,137,177	1,342,240,700	268,448,140	5
Exercise of options between January 1, 2011 and June 30, 2011 (acknowledged by a decision of the Management Board of July 21, 2011)	Share capital increase further to the exercise of share subscription options	327,652	1,638,260	1,215,684	1,343,878,960	268,775,792	5
October 31, 2011	Share capital increase further to the vesting of free shares	24,467	122,335	NA	1,344,001,295	268,800,259	5
February 2, 2012	Share capital increase further to the exercise of share subscription options	19,500	97,500	2,100	1,344,098,795	268,819,759	5
April 12, 2012	Share capital increase further to the vesting of free shares	55	275	NA	1,344,099,070	268,819,814	5
May 14, 2012	Share capital increase further to the vesting of free shares	48,788	243,940	NA	1,344,343,010	268,868,602	5
June 25, 2012	Share capital increase further to the vesting of free shares	364,440	1,822,200	NA	1,346,165,210	269,233,042	5
June 25, 2012	Share capital increase further to the scrip dividend distribution voted by Rexel's shareholders' meeting of May 16, 2012	2,273,474	11,367,370	19,074,446.86	1,357,532,580	271,506,516	5

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED/ CANCELLED	NOMINAL AMOUNT OF CAPITAL INCREASE/ REDUCTION (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES*	NOMINAL VALUE PER SHARE (€)
July 19, 2012	Share capital increase further to the exercise of share subscription options	36,336	181,680	10,350	1,357,714,260	271,542,852	5
October 2, 2012	Share capital increase further to the vesting of free shares	13,226	66,130	NA	1,357,780,390	271,556,078	5
November 23, 2012	Share capital increase reserved for employees	337,465	1,687,325	NA	1,359,467,715	271,893,543	5
February 5, 2013	Share capital increase further to the exercise of share subscription options	29,600	148,000	12,300	1,359,615,715	271,923,143	5
February 5, 2013	Share capital increase further to the vesting of free shares	86	430	NA	1,359,616,145	271,923,229	5
March 14, 2013	Share capital increase reserved for employees	45,953	229,765	485,033.91	1,359,845,910	271,969,182	5
May 13, 2013	Share capital increase further to the vesting of free shares	788,642	3,943,210	NA	1,363,789,120	272,757,824	5
July 2, 2013	Share capital increase further to the scrip dividend distribution voted by Rexel's shareholders' meeting of May 22, 2013	10,287,149	51,435,745	98,653,758.91	1,415,224,865	283,044,973	5
July 22, 2013	Share capital increase further to the exercise of share subscription options	10,200	51,000	7,800	1,415,275,865	283,055,173	5
August 19, 2013	Share capital increase further to the vesting of free shares	166	830	NA	1,415,276,695	283,055,339	5
October 14, 2013	Share capital increase further to the vesting of free shares	1,048	5,240	NA	1,415,281,935	283,056,387	5
November 26, 2013	Share capital increase reserved for employees	237,210	1,186,050	2,259,670.65	1,416,467,985	283,293,597	5
December 27, 2013	Share capital increase reserved for employees	19,541	97,705	182,512.94	1,416,565,690	283,313,138	5
February 6, 2014	Share capital increase further to the exercise of share subscription options	24,076	120,380	900	1,416,686,070	283,337,214	5

TRANSACTION SETTLEMENT DATE	TRANSACTION	NUMBER OF SHARES ISSUED/ CANCELLED	NOMINAL AMOUNT OF CAPITAL INCREASE/ REDUCTION (€)	SHARE/MERGER PREMIUM (€)	CUMULATIVE NOMINAL AMOUNT OF SHARE CAPITAL (€)	CUMULATIVE NUMBER OF SHARES*	NOMINAL VALUE PER SHARE (€)
March 13, 2014	Share capital increase further to the vesting of free shares	86	430	NA	1,416,686,500	283,337,300	5
March 13, 2014	Share capital increase reserved for employees	35,151	175,755	474,362.75	1,416,862,255	283,372,451	5
May 5, 2014	Share capital increase further to the vesting of free shares	11,879	59,395	NA	1,416,921,650	283,384,330	5
May 12, 2014	Share capital increase further to the vesting of free shares	834,862	4,174,310	NA	1,421,095,960	284,219,192	5
July 2, 2014	Share capital increase further to the scrip dividend distribution voted by Rexel's shareholders' meeting of May 22, 2014	9,269,384	46,346,920	99,923,959.52	1,467,442,880	293,488,576	5
July 29, 2014	Share capital increase further to the exercise of share subscription options	6,100	30,500	2,250	1,467,473,380	293,494,676	5
October 28, 2014	Share capital reduction further to the cancellation of shares	1,500,000	7,500,000	14,075,710.03	1,459,973,380	291,994,676	5

* Number of shares as acknowledged by the competent bodies.

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 main provisions described below are drawn from the by-laws of Rexel as updated following the decisions of Rexel's Combined Ordinary and Extraordinary Shareholders' Meeting of May 22, 2014 pursuant to which Rexel was converted into a *société anonyme* with a board of directors.

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 administration bodies (articles 14 to 23 of the by-laws)

8.3.2.1 Board of Directors (articles 14 to 18 of the by-laws)

Composition (article 14 of the by-laws)

The Board of Directors 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, members of the Board of Directors are appointed or reappointed by the ordinary shareholders' meeting.

They are appointed for a maximum term of four years.

However, the first directors who were appointed by the shareholders' meeting of May 22, 2014 and who were members of Rexel's Supervisory Board on the date of the shareholders' meeting of May 22, 2014, were appointed for a term equal to the remainder of their term of office as member of Rexel's Supervisory Board.

The term of office of a director 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 director is due to expire.

The Board of Directors is renewed in quarters, rounded up to the nearest whole number every year so that it is fully renewed every four years. The order of early termination of the terms of office is determined by unanimous decision of the members of the Board of Directors present or represented or, if unanimity cannot be reached, by random draw. The mandate of the persons so designated lapse on the date set by the unanimous decision of the Board of Directors or on the date set by the Chairman of the Board of Directors before the draw. The renewal of the members of the Board of Directors is then carried out in the order of length of service.

Directors are always eligible for re-appointment.

They may be dismissed at any time by the ordinary shareholders' meeting.

No individual exceeding 70 years of age may be appointed as director where such appointment would raise the number of directors over 70 years of age to more than one-third.

Where, at the close of a financial year, the portion of share capital held – under article L.225-102 of the French Commercial Code – by the employees of Rexel and of its affiliated companies within the meaning of article L.225-180 of such Code, is above 3%, a director representing the employee shareholders is appointed by the shareholders' meeting in accordance with the terms and conditions of the laws and regulations in force and of the by-laws, to the extent the Board of Directors does not already include an employee shareholder and director, or elected employee director.

The candidates for appointment as employee shareholder director are appointed as follows:

a) Where the voting right attached to the shares held by the employees or by the mutual funds of which they are a member is exercised by the members of the supervisory board of such mutual funds, the candidates are appointed by such board from among its members; and

b) Where the voting right attached to the shares held by the employees (or by the mutual funds of which they are a member) is directly exercised by such employees, the candidates are appointed at the time of the consultation provided under article L.225-106 of the French Commercial Code, either by the employee shareholders in a special meeting called for this specific purpose, or pursuant to a written consultation. Only those candidacies presented by a group of shareholders representing at least 5% of the shares held by the employees who exercise their voting right in their personal capacity are admissible.

The directors 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 director 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 Board of Directors become vacant between two shareholders' meetings, as a result of the death or resignation of members, the Board of Directors may co-opt one or more persons to serve as interim members.

Any cooptations of directors by the Board of Directors are subject to ratification by the shareholders at the next ordinary shareholders' meeting.

The resolutions adopted and actions carried out by the coopted directors shall be valid notwithstanding the absence of ratification.

Should the number of directors fall to less than three, the Board of Directors shall immediately convene an ordinary shareholders' meeting to bring the number of directors up to the required minimum.

A director 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 Board of Directors unless he/she complies with the rules on combining offices, conflicts of interests and disqualification or prohibitions as provided by law.

The number of directors who are linked to Rexel by an employment agreement may not exceed one third of the directors in office.

Shares held by members of the Board of Directors (article 15 of the by-laws)

The members of the Board of Directors are not required to own any share in Rexel.

The twenty-eighth resolution submitted to the ordinary and extraordinary shareholders' meeting of Rexel called to be held on May 27, 2015 aims at modifying article 15 of the by-laws of Rexel in order to provide that directors shall hold at least 1,000 shares of Rexel.

Chairman of the Board of Directors – Deputy Chairman of the Board of Directors – Officers of the Board of Directors (article 16 of the by-laws)

The Board of Directors elects from among its members who are individuals a Chairman and, as the case may be, a Deputy Chairman who shall serve in this capacity for the duration of their term of office as directors, unless the Board of Directors decides to appoint a new Chairman and, as the case may be, a new Deputy Chairman.

The Chairman of the Board of Directors may not be more than 65 years of age; his/her functions automatically lapse on December 31 of the year of his/her 65th birthday.

The Chairman of the Board of Directors represents the Board of Directors. The Chairman calls meetings of the Board of Directors and organizes and conducts the work of the Board of Directors and reports on such works to the shareholders' meeting. The Chairman sees to the proper operation of Rexel's bodies and, in particular, makes sure that the directors are able to discharge their duties.

Subject to complying with the provisions of the laws and regulations, the Chairman is always eligible for reappointment.

In the absence of the Chairman, the Deputy Chairman serves as Chairman and enjoys the same prerogatives as the Chairman.

The Deputy Chairman may also perform the functions of senior independent director. The senior independent director's functions are defined in the Rules of Procedure of the Board of Directors.

As an exception to the foregoing, the appointment of a Deputy Chairman is mandatory where the functions of Chairman of the Board of Directors and of Chief Executive Officer are exercised by the same person; in such case, the Deputy Chairman shall also perform the functions of senior independent director.

Subject to complying with the provisions of the laws and regulations, the Vice Chairman is always eligible for reappointment.

The Board of Directors also appoints a secretary who is not required to be a member of the Board and who serves as an officer of the Board, alongside the Chairman and the Deputy Chairman. In secretary's absence, the Board of Directors appoints one of its members or a third party to discharge the secretary's duties.

The Board of Directors is chaired by the Chairman or, in the Chairman's absence, by the Deputy Chairman or, in the Deputy Chairman's absence, by a director chosen by the Board at the beginning of the meeting.

Deliberations of the Board of Directors (article 17 of the by-laws)

The Board of Directors 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 Board of Directors, 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 Board of Directors. However, when all 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, if the Board of Directors has not met in more than two months, a group of directors representing at least one third of the directors in office may request the Chairman to call a meeting of the Board of Directors on a given agenda. In all other cases, the agenda is determined by the Chairman and must be mentioned in the meeting notice.

The Board of Directors 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 director has one vote and may not represent more than one fellow director.

In accordance with the applicable regulations, the Board of Director draws up the Rules of Procedure defining the methods of participating and voting at Board meetings held by videoconference or any other forms of telecommunication.

If allowed by the Rules of Procedure of the Board of Directors, directors members who participate in Board meetings by videoconference or any other forms of telecommunication shall be deemed be present for the purpose of calculating the quorum and majority, in accordance with the Rules of Procedure.

In the event of a tie, the Chairman of the meeting has a casting vote, if and only if the Board of Directors comprises an even number of directors in office and only at meetings chaired by the Chairman of the Board of Directors.

An attendance register is kept and signed by the directors who attend the Board meeting; such register must show the name of any directors who attended the meeting by videoconference or other forms of telecommunication.

The deliberations of the Board of Directors are recorded in minutes, which are drawn up in accordance with applicable law and signed by the Chairman of the meeting and at least one director or, if the Chairman is unavailable, by at least two directors.

Copies or excerpts of these minutes are certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officers, the director temporarily acting as Chairman or an authorized representative.

Powers of the Board of Directors (article 18 of the by-laws)

The Board of Directors defines Rexel's business orientations and sees to their implementation. Subject to the powers expressly assigned to the shareholders' meetings and within the scope of the corporate purpose, it handles matters relating to the proper operation of Rexel and settles Rexel's affairs through its deliberations.

In its relations with third parties, Rexel is bound even by the ultra vires acts of the Board of Directors, unless it is able to prove that the third party knew that the act was *ultra vires* or could not be unaware of it in the circumstances, provided always that the mere publication of the by-laws shall not suffice to establish such proof.

The Board of Directors conducts the controls and verifications it deems fit.

Each director receives all information required for the performance of his/her functions and may obtain copies of any and all documents it deems useful from the Chairman.

The Board of Directors grants the Chief Executive Officer the 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 Rules of Procedure of the Board of Directors define the decisions requiring the prior authorization of the Board of Directors.

The Board of Directors may entrust one or more of its members or third parties who need not be shareholders with special mandates for one or more specific purposes.

The Board of Directors may, from among its members, appoint one or more special committees which operate under its responsibility, and determines their membership and responsibilities.

The rules of operation of such committees are determined by the Rules of Procedure of the Board of Directors and, as the case may be, detailed in the rules of procedure drawn up by each committee and approved by the Board of Directors.

Observers *(censeurs)* (article 21 of the by-laws)

The Board of Directors may appoint up to three observers *(censeurs)*. The observers are called to attend and participate in Board meetings an advisory capacity. They may be members of the committees created by the Board of Directors.

They may (but need not) be chosen from among the shareholders and may receive compensation, as defined by the Board of Directors.

The observers are appointed for a maximum term of four years. The observers may always be renewed in office. The functions of the observers may be terminated at any time.

8.3.2.2 Executive Management (article 19 of the by-laws)

Rexel's executive management is performed, under his/her responsibility, by the Chairman of the Board of Directors, or by another private person, who need not be a director, appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The Board of Directors elects one of the aforementioned two forms of executive management by majority decision as described in article 17§2 of the by-laws. The shareholders and third parties are informed of such election in accordance with the rules provided by law.

This form of executive management remains valid until another decision is made, in accordance with the same rules.

The change in Rexel's executive management method does not entail any changes to the by-laws.

Where the Company's executive management is performed by the Chairman, the provisions of the laws and regulations and of the by-laws in relation to the Chief Executive Officer apply to the Chairman, who then bears the title of Chairman and Chief Executive Officer.

Where the Board of Directors elects to dissociate the functions of Chairman of the Board of Directors from the Company's executive management, the Board appoints the Chief Executive Officer and determines the Chief Executive Officer's term of office and scope of powers, in accordance with the law and the by-laws. The Board of Directors' decisions limiting the Chief Executive Officer's powers are ineffective vis-a-vis third parties.

To perform his/her functions, the Chief Executive Officer must be less than 65 years of age. If the Chief Executive Officer reaches the age of 65 while in office, such functions automatically lapse and the Board of Directors appoints a new Chief Executive Officer. The Chief Executive Officer however remains in office until the date of the meeting of the Board of Directors held to appoint his/her successor. Subject to the aforementioned age limit, the Chief Executive Officer is always eligible for reappointment.

The Chief Executive Officer may be dismissed at any time by the Board of Directors.

In the event of temporary unavailability of the Chief Executive Officer, the Board of Directors may appoint a director to perform the functions of Chief Executive Officer.

The Chief Executive Officer is vested with the broadest powers to act in the name of Rexel, in all circumstances. The Chief Executive Officer exercises such powers within the scope of the corporate purpose and subject to the powers which the law expressly assigns to the shareholders' meetings and the Board of Directors. The Chief Executive Officer represents Rexel in its dealings with third parties.

The Chief Executive Officer may request the Chairman to call a meeting of the Board of Directors on a given agenda.

If the Chief Executive Officer is not also a director, he/she may attend Board meetings in an advisory capacity.

On a proposal from the Chief Executive Officer, the Board of Directors may appoint up to a maximum of five private persons to assist the Chief Executive Officer and bearing the title of Deputy Chief Executive Officer; the Board of Directors determines the scope and term of their powers, it being understood that, vis-a-vis third parties, the Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

The Deputy Chief Executive Officer(s) may be dismissed at any time by the Board of Directors, on a proposal from the Chief Executive Officer.

In the event of unavailability or termination of the functions of the Chief Executive Officers, unless the Board of Directors decides otherwise, the Deputy Chief Executive Officer(s) retain their functions and powers until a new Chief Executive Officer is appointed.

The Chief Executive Officer and, as the case may be, the Deputy Chief Executive Officer(s), may be authorized to grant substitutions of powers, subject to the limitations provided by the laws and regulations in force.

8.3.2.3 Compensation of the directors, Chairman, Chief Executive Officer, Deputy Chief Executive Officer and officers of the Board of Directors (article 20 of the by-laws)

The ordinary shareholders' meeting may allocate a fixed annual amount, in lieu of attendance fees, to the directors as compensation for their activities; such amount is included in the operating expenses of Rexel and remains in effect until the shareholders' meeting decides otherwise.

The Board of Directors allocates this compensation among the directors as it deems fit.

The compensation of the Chairman of the Board of Directors, of the Chief Executive Officer and of the Deputy Chief Executive Officers are determined by the Board of Directors. Such compensation may be fixed or proportional, or both fixed and proportional.

The Board of Directors may allot exceptional compensation for special missions or duties assigned to Board members; any such compensation is recorded as operating expenses and is subject to approval by the ordinary shareholders' meeting in accordance with the procedure set forth in articles L.225-38 to L.225-42 of the French Commercial Code.

The Board of Directors 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 the members of the Board of Directors, unless they are linked to Rexel by an employment agreement under the conditions authorized by law.

8.3.2.4 Agreements entered into by Rexel with its shareholders or managers (article 22 of the by-laws)

Any agreement entered into between Rexel and its shareholders or any one of them, or between Rexel and its managers or any one of them, in each case whether directly or through an intermediary, is subject to the applicable procedure as defined by law.

The foregoing provisions do not apply to agreements relating to ordinary transactions entered into on arms' length terms. However, each interested party is required to notify such agreements to the Chairman of the Board of Directors, who then forwards the list and purpose of such agreements to the members of the Board of Directors and to the statutory auditors, on or before the date of the meeting of the Board called to approve the financial statements for the previous financial year.

8.3.2.5 Liability (article 23 of the by-laws)

The directors and the Chief Executive Officer are individually or, as the case may be, jointly and severally liable towards Rexel and third parties for any breach of the provisions of the laws and regulations applying to *sociétés anonymes* or of the provisions of the by-laws, and for their personal negligence in the performance of their duties, in accordance with the provisions of the law.

8.3.3 Rights and obligations attached to shares (articles 8, 9, 11, 12 and 13 of the by-laws)

Payment of shares (article 8 of the by-laws)

Shares subscribed for in cash are issued and paid-up under the terms and conditions provided for by law.

Form of the shares (article 9 of the by-laws)

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.

Sale and transfer of shares (article 11 of the by-laws)

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.

Rights and obligations attaching to the shares (article 12 of the by-laws)

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.

Indivisibility of the shares – Legal ownership *(nue propriété)* – Beneficial ownership *(usufruit)* (article 13 of the by-laws)

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 25 to 33 of the by-laws)

8.3.5.1 Shareholders' meetings (article 25 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.

8.3.5.2 Notices of meetings (article 26 of the by-laws)

Shareholders' meetings are called by the Board of Directors or by any person authorized by the law for such purpose, within the time periods and in accordance with the conditions set forth by law.

Shareholders' meetings are held at the company's registered office or at any other location indicated in the meeting notice.

8.3.5.3 Agenda (article 27 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 Board of Directors and appoint their replacements.

8.3.5.4 Access to shareholders' meetings (article 28 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 another shareholder, by his or her spouse or by his or her civil solidarity pact

(PACS) partner. Furthermore, a shareholder may be represented by any other legal entity of individual of his / her choice:

(i) where the Rexel shares are admitted to trading on a regulated market;

(ii) where the Rexel shares are admitted to trading on a multilateral trading facility that complies with the legal and regulatory provisions aiming at protecting investors against insider trading, price manipulation and the dissemination of false information in accordance with the conditions laid down in the General Regulation of the *Autorité des marchés financiers*, appearing on a list drawn up by the AMF in accordance with the terms of its General Regulation.

The proxy, as well as the withdrawal of the proxy, if applicable, must be in writing and notified to the Company, in accordance with the provisions laid down by law.

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 Board of Directors 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.

The *décret* dated December 8, 2014 amended in particular articles R.225-71, R.225-73, R.225-85 and R.225-86 of the French Commercial Code relating to the date and the conditions for establishing the list of persons authorized to participate in the shareholders' meetings. In particular, the date to establish the list of shareholders (the record date) was changed from 3 to 2 days prior to the shareholders' meeting. The thirtieth resolution submitted to the ordinary and extraordinary shareholders' meeting of Rexel called to be held on May 27, 2015 therefore aims at modifying article 28 of the by-laws of the Company relating to the shareholders' access to the shareholders' meetings.

8.3.5.5 Attendance sheet – Officers of the meeting – Minutes of meetings (article 29 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 Board of Directors or, in his/her absence, by the Deputy Chairman of the Board of Directors, or by a director 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.

8.3.5.6 Quorum – Voting – Number of votes (article 30 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.

The twenty-ninth resolution submitted to the ordinary and extraordinary shareholders' meeting of Rexel called to be held on May 27, 2015 aims at using the ability provided under article L.225-123 paragraph 3 of the French Commercial Code and at deciding that fully paid-up shares which can be proved to have been registered in the name of the same shareholder for at least two years shall not benefit from a double voting right. Article 30-2 of the by-laws of the Company would be amended accordingly.

8.3.5.7 Ordinary shareholders' meetings (article 31 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.

8.3.5.8 Extraordinary shareholders' meetings (article 32 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.

8.3.5.9 Shareholders' right to information (article 33 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 19.1 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2014, 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 Classique France" and the "Rexel Actionnariat Classique 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 Rexel Group and its outlook; information provided by the management company.

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 19.1.1 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2014, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*);
- the 2011, 2012 and 2013 senior Bonds (see note 19.1.2 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2014, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*);
- the €45 million bilateral facility agreement entered into with Bayerische Landes Bank on September 2, 2013 (see note 19.1.1 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2014, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*).

8.5 MATERIAL AGREEMENTS

During the last two years, the Rexel Group's companies have been parties to the following material agreements: the various financings obtained by the Rexel Group companies (see note 19.1 of the Notes to the consolidated financial statements of the company for the financial year ended December 31, 2014, 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

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*.

8.7 PERSON RESPONSIBLE FOR THE *DOCUMENT DE RÉFÉRENCE*

8.7.1 Person responsible for the *Document de Référence*

Rudy Provoost, Chairman and Chief Executive Officer of Rexel.

8.7.3 Person responsible for Investors Relations

Marc Maillet
Vice President, Investors Relations
Address: 13, boulevard du Fort de Vaux, 75017 Paris
Telephone: +33 (0)1 42 85 85 00
Fax: +33 (0)1 42 85 92 05

8.7.4 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, 2015, should be as follows:

Q1, 2015 results	April 30, 2015
Shareholders' meeting	May 27, 2015
H1, 2015 results	July 29, 2015
Q3, 2015 results	October 29, 2015

8.8 STATUTORY AUDITORS

8.8.1 Principal Statutory Auditors

- Ernst & Young Audit
  Represented by Philippe Diu
  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")*.

- PricewaterhouseCoopers Audit
  Represented by Christian Perrier
  63, rue de Villiers
  92208 Neuilly-sur-Seine Cedex

PricewaterhouseCoopers Audit was appointed principal statutory auditor at the shareholders' meeting of Rexel held on May 16, 2012, for a term of six financial years, in replacement of KPMG Audit. 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, 2017.

PricewaterhouseCoopers Audit 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 deputy 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.

- Anik Chaumartin
  63, rue de Villiers
  92208 Neuilly-sur-Seine Cedex

Anik Chaumartin was appointed deputy statutory auditor at the shareholders' meeting of Rexel held on May 16, 2012, for a term of six financial years. Her 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, 2017.

8.8.3 Fees paid to Statutory Auditors

The table below sets forth the fees paid to PricewaterhouseCoopers Audit and Ernst & Young Audit for services performed during 2014 and 2013:

	PRICEWATERHOUSECOOPERS AUDIT				ERNST & YOUNG AUDIT			
	AMOUNT		%		AMOUNT		%	
(in millions of euros)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
AUDIT SERVICES								
Auditor fees and fees for other Audit work (1)								
Issuer	0.5	0.5	18.0%	17.2%	0.5	0.5	15.1%	13.8%
Consolidated entities	2.2	1.9	72.5%	65.5%	2.8	2.8	78.7%	73.0%
Sub-total (1)	**2.7**	**2.4**	**90.5%**	**82.8%**	**3.3**	**3.3**	**93.8%**	**86.8%**
Other work and services directly related to Audit work (2)								
Issuer	0.1	–	1.0%	3.4%	0.1	0.3	1.7%	6.6%
Consolidated entities	0.1	0.2	3.4%	69%	0.1	0.2	3.3%	5.1%
Sub-total (2)	**0.2**	**0.2**	**4.5%**	**10.3%**	**0.2**	**0.5**	**5.0%**	**11.7%**
Sub-total	**2.9**	**2.6**	**95.0%**	**93.1%**	**3.5**	**3.8**	**98.8%**	**98.5%**
OTHER SERVICES (3)								
Legal, tax, social	0.1	0.2	5.0%	6.9%	0.1	0.1	1.2%	1.5%
Other	–	–	–	1.1%	–	–	–	–
Sub-total (3)	**0.1**	**0.2**	**5.0%**	**6.9%**	**0.1**	**0.1**	**1.2%**	**1.5%**
TOTAL	**3.0**	**2.8**	**100.0%**	**100.0%**	**3.6**	**3.9**	**100.0%**	**100.0%**

ANNEX C

This Annex C contains extracts from the English version of our reference document for the year ended as of and for December 31, 2013, the French version of which was filed with the French Autorité des Marchés Financiers on March 21, 2014 under the number D.14-0181 included herein as Annex C. (the "2013 Reference Document"). The information in this Annex C has not been updated since March 21, 2013, 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 memorandum to the extent that a statement contained in this offering memorandum 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 memorandum. Cross references to sections of the 2013 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 memorandum.

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 of the Rexel Group for the year ended December 31, 2012 and the consolidated financial statements (as well as the related report of the statutory auditors) which are included in pages 79 to 96 and 97 to 162, respectively, of the *Document de Référence* filed with the *Autorité des marchés financiers* on March 13, 2013, under number D.13-0130; and

– the operating and financial review of the Rexel Group for the year ended December 31, 2011 and the consolidated financial statements (as well as the related report of the statutory auditors) which are included in pages 77 to 93 and 96 to 154, respectively, of the *Document de Référence* filed with the *Autorité des marchés financiers* on March 15, 2012 under number D.12-0164.

The information in 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 numbers 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 rounding.

4.1.1 Rexel 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 principally operates in four geographic areas: Europe, North America, Asia-Pacific and Latin America. This geographic segmentation is based on the Group's financial reporting structure.

In 2013, the Group recorded consolidated sales of €13,011.6 million, of which €7,078.6 million were generated in Europe (55% of sales), €4,441.1 million in North America (34% of sales), €1,196.8 million in Asia-Pacific (9% of sales) and €294.8 million in Latin America (2% of sales).

The Group's activities in Europe (55% of Group sales) are in France (which accounts for 34% of Group sales in this region), Germany, the United Kingdom, Ireland, Austria, Switzerland, The Netherlands, Belgium, Luxembourg, Sweden, Finland, Norway, Italy, Spain and Portugal, as well as several other Central and Northern European countries (Slovenia, Slovakia, the Czech Republic, Poland, Russia and the Baltic States).

The Group's activities in North America (34% of Group sales) are in the United States and Canada. The United States accounts for 72% of Group sales in this region, and Canada for 28%.

The Group's activities in Asia-Pacific (9% of Group sales) are in Australia, New Zealand, China and India, as well as certain countries in Southeast Asia (Indonesia, Malaysia, Singapore, South Korea, Thailand and Vietnam). Australia accounts for 51% of Group sales in this region and China for 31%.

The Group's activities in Latin America (2% of Group sales) are in Brazil, Chile and Peru. Brazil accounts for 59% of Group sales in this region.

This activity report analyses the Group's sales, gross profit, distribution and administrative expenses, and operating income before amortization of intangible assets recognized on purchase price allocations and other income and other expenses (EBITA) separately for each of the four geographic segments, as well as for the Other operations segment.

4.1.2 Seasonality

Despite the low impact of seasonality on sales, changes in the Group's working capital requirements lead to variations in cash flows over the course of the year. As a general rule, the Group's cash flows are the strongest in the fourth quarter while relatively lower in the three other quarters, because of higher working capital requirements in those periods.

4.1.3 Impact of changes in copper price

The Group is indirectly exposed to fluctuations in copper price in connection with its distribution of cable products. Cables represent approximately 15% of the Group's sales and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cable prices also reflect suppliers' commercial policies and the competitive environment of markets in which the Group operates. Changes in copper price have an estimated "recurring" and "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 sales 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 sales price of cables between the time they are purchased and the time they are sold, until such inventory has been rebuilt (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price for copper-based cable 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 corresponds to the non-recurring effect on gross profit, which may be offset, where appropriate, by the non-recurring portion of changes in distribution and administrative expenses (principally the variable portion of compensation of sales personnel, which accounts for approximately 10% of the change in gross profit).

The impact of these two effects is assessed for as much of the Group's total cable sales as possible over each period, and in any case covering at least a majority of sales. Group procedures require entities that do not have information systems capable of such comprehensive calculation to 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 for that entity. On the basis of the sales covered, the Rexel Group considers such estimates of the impact of the two effects to be reasonable.

4.1.4 Comparability of the Rexel Group's operating results and Adjusted EBITA

The Group undertakes acquisitions and disposals that may alter its scope of consolidation from one period to another. Second, currency exchange rates may also fluctuate significantly. In addition, 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 price. 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 to give effect to 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 currency transaction risk, as cross-border transactions are limited. To neutralize the currency translation effect on the comparability of its results, the Group restates its comparative period results 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 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" throughout this activity report.

• 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 of the comparative period to match with the current period's number of working days. No attempt is made to adjust any line items other than sales for this effect, as it is not considered relevant.

Accordingly, in the following discussion of the Group's consolidated results, some or all of the following information is provided for comparison purposes:

- **on a constant basis,** which means excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison of sales and headcount;
- **on a constant and same number of working days basis,** which means on a constant basis (as described above) and restated for the effect of different numbers of working days in each period. Such information is used only for comparisons related to sales; and
- **on a constant basis, adjusted,** which means on a constant basis (as described above) 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 is not generated directly by the Group's accounting systems but is an estimate of comparable data in accordance with the principles explained above.

The Group uses the "EBITA" and "Adjusted EBITA" measures to monitor its performance. Neither EBITA nor Adjusted EBITA is an accepted accounting measure under IFRS. The table below reconciles reported operating income before other income and other expenses to Adjusted EBITA on a constant basis.

	YEAR ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Operating income before other income and other expenses	**667.2**	**754.1**
Change in scope of consolidation	–	13.1
Foreign exchange effects	–	(19.0)
Non-recurring effect related to copper	15.3	(1.9)
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	19.7	13.3
Adjusted EBITA on a constant basis	**702.2**	**759.6**

4.2 Consolidated results

4.2.1 Rexel's consolidated financial results

The following table sets out Rexel's consolidated income statement for 2013 and 2012, in millions of euros and as a percentage of sales.

	PERIOD ENDED DECEMBER 31,		
(in millions of euros)	**2013**	**2012**	**Change in %**
REPORTED			
Sales	**13,011.6**	**13,449.2**	**(3.3)%**
Gross profit	3,188.5	3,315.0	(3.8)%
Distribution and administrative expenses (1)	(2,501.6)	(2,547.6)	(1.8)%
EBITA	**686.9**	**767.4**	**(10.5)%**
Amortization (2)	(19.7)	(13.3)	47.8%
Operating income before other income and expenses	**667.2**	**754.1**	**(11.5)%**
Other income and expenses	(146.2)	(106.7)	37.0%
Operating income	521.0	647.4	(19.5)%
Financial expenses	(213.5)	(200.1)	6.7%
Share of income of associates	0.4	3.1	(87.5)%
Income taxes	(96.9)	(131.7)	(26.4)%
Net income	**211.0**	**318.6**	**(33.8)%**
as a % of sales	*1.6%*	*2.4%*	
(1) Of which depreciation and amortization.	(77.0)	(73.7)	4.5%

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

	PERIOD ENDED DECEMBER 31,		
(in millions of euros)	**2013**	**2012**	**Change in %**
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**13,011.6**	**13,415.9**	**(3.0)%**
Same number of working days			*(2.7)%*
Gross profit	3,204.7	3,309.8	(3.2)%
as a % of sales	*24.6%*	*24.7%*	
Distribution and administrative expenses	(2,502.5)	(2,550.2)	(1.9)%
as a % of sales	*(19.2)%*	*(19.0)%*	
EBITA	**702.2**	**759.6**	**(7.6)%**
as a % of sales	***5.4%***	***5.7%***	

• Sales

In 2013, Rexel's consolidated sales amounted to €13,011.6 million, as compared to €13,449.2 million in 2012.

On a reported basis, sales were down 3.3% year-on-year, including a negative currency impact of 2.7% and a positive effect from acquisitions of 2.5%.

- The negative impact of currency amounted to €367.9 million, mainly due to the depreciation of the US, Canadian and Australian dollars and the British Pound against the euro.
- The positive effect from acquisitions amounted to €334.6 million and resulted from acquisitions made in 2012, of which Europe for €59.5 million (Société Commerciale Toutelectric (SCT) in France, Wilts Electrical Wholesale in the United Kingdom, La Grange in Belgium and Erka in Spain), North America for €250.6 million (Platt Electric Supply and Munro Distributing in the United States), Asia-Pacific for €11.1 million (Luxlight in Singapore) and Latin America for €13.4 million (Dirome in Peru and Etil in Brazil).

On a constant and same number of working days basis, sales decreased by 2.7%: of which 0.8 percentage point is due to lower copper-based cable prices as compared to 2012. By geography, Europe declined by 4.2%, North America was up by 0.6%, Asia-Pacific posted a drop of 5.4% and in Latin America sales decreased by 0.5%.

On a constant and actual number of working days basis, sales decreased by 3.0% as the calendar impact was negative at 0.3 percentage point.

The table below summarizes the impact on sales evolution of the number of working days, changes in scope and in currency effects:

	Q1	Q2	Q3	Q4	YEAR-TO-DATE
Growth on a constant basis and same number of working days	(3.7)%	(3.3)%	(2.7)%	(0.9)%	(2.7)%
Number of working days effect	(2.7)%	0.3%	1.1%	(0.2)%	(0.3)%
Growth on a constant basis and actual number of working days	***(6.4)%***	***(3.0)%***	***(1.6)%***	***(1.1)%***	***(3.0)%***
Changes in scope effect	5.0%	3.6%	0.9%	0.7%	2.5%
Foreign exchange effect	(0.6)%	(1.3)%	(4.8)%	(4.0)%	(2.7)%
Total scope and currency effects	***4.4%***	***2.3%***	***(3.9)%***	***(3.4)%***	***(0.2)%***
Growth on a reported basis (1)	**(2.3)%**	**(0.8)%**	**(5.4)%**	**(4.4)%**	**(3.3)%**

(1) Growth on a constant basis and actual number of working days compounded by the scope and currency effects.

• Gross profit

In 2013, gross profit amounted to €3,188.5 million, down 3.8% year-on-year, on a reported basis, as compared to €3,315.0 million in 2012.

On a constant basis, adjusted gross profit decreased by 3.2% and adjusted gross margin decreased by 4 basis points to 24.6% of sales, as the continuous implementation of pricing management tools and suppliers relationship development did not fully offset increased pressure from competition and negative impact of the relative weight of projects and countries with lower margin.

• Distribution & administrative expenses

In 2013, distribution and administrative expenses amounted to €2,501.6 million, down 1.8% year-on-year, on a reported basis, as compared to €2,547.6 million in 2012.

On a constant basis, adjusted distribution and administrative expenses decreased by 1.9%, while sales decreased by 3.0% on a constant and actual number of working days basis. Personnel costs decreased by 1.1%, mainly linked to the 1.9% decrease of number of employees as compared to December 31, 2012 (29,851 employees at the end of December 2013, on a full time equivalent basis). Other external expenditures declined by 3.4%.

• EBITA

In 2013, EBITA stood at €686.9 million, down 10.5% year-on-year, on a reported basis, as compared to €767.4 million in 2012.

On a constant basis, Adjusted EBITA decreased by 7.6% to €702.2 million and Adjusted EBITA margin stood at 5.4% of sales, down 26 basis points year-on-year.

• Other income and expenses

In 2013, other income and expenses represented a net expense of €146.2 million, consisting mainly of:

– €67.3 million goodwill impairment on the following cash-generating units: The Netherlands for €42.8 million, Brazil for €21.1 million, Slovenia for €2.2 million and Spain for €1.2 million, reflecting the decreasing demand of electrical supplies in these countries;

– €63.6 million restructuring costs incurred in connection with logistic reorganizations and branch closures including €56.8 million for restructuring plans in Europe, mainly in the United Kingdom, France, Sweden, Germany, Spain and The Netherlands; €4.0 million in North America and €1.9 million in Asia-Pacific.

In 2012, other income and expenses represented a net expense of €106.7 million, consisting mainly of:

– €45.7 million goodwill impairment on the following cash-generating units: The Netherlands for €23.9 million, New Zealand for €20.2 million and Slovenia for €1.6 million;

– €49.9 million restructuring costs mainly related to restructuring plans in Europe for €39.6 million, mainly in the United Kingdom, Germany, France, Sweden and in The Netherlands; in North America for €5.1 million and in Asia-Pacific for €4.4 million.

• Net Financial income / (expenses)

In 2013, net financial expenses stood at €213.5 million, as compared to €200.1 million in 2012, of which €23.5 million was a non-recurring financial expense recognized in 2013 as result of the early repayment of the 8.25% senior notes due 2016. Concurrently with the repayment of the senior notes, Rexel issued €650 million and US$ 500 million senior notes due 2020 with coupons of respectively 5.125% and 5.250%. These refinancing transactions were designed to extend maturity of the Group financing and reduce their costs. Excluding the impact of the refinancing, net financial expenses stood at €190.0 million, a 5.0% decrease as compared to 2012, driven by lower effective interest rate partially compensated by an increase in the average net debt. The effective interest rate on net debt was 6.3% in 2013 (7.0% in 2012), as a result of the refinancing and lower nominal interest rates. Effective interest rate calculated on gross debt was 5.4% in 2013 (6.3% in 2012).

• Share of profit/(loss) of associates

The share of profit of associates is comprised of DPI, Inc. profits, a US consumer electronics retail distributor. This company has been disposed of on November 27, 2013 under a stock redemption agreement entered into with DPI, Inc. as buyer for a selling price of €10.4 million.

The share of DPI, Inc.'s profit recognized in 2013 was €0.4 million, as compared to €3.1 million in 2012.

• Tax expense

In 2013, income tax expense was €96.9 million as compared to €131.7 million in 2012, a 26.4% decrease. This drop is primarily due to the decrease in pre-tax income (from €447.3 million in 2012 to €307.5 million in 2013). The impact of the decrease in pre-tax income was mitigated by the increase in the effective tax rate from 29.4% in 2012 to 31.5% in 2013 as a result of a higher non-deductible goodwill impairment expense (€67.3 million in 2013 as compared to €45.7 million in 2012) and new French tax measures including an increase in the corporate income tax rate from 36.1% to 38.0%.

• Net income

As a result of the items described above, net income stood at €211.0 million in 2013, a 33.8% decrease as compared to €318.6 million in 2012.

4.2.2 Europe (55% of Group sales)

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2013	2012	Change in %
REPORTED			
Sales	**7,078.6**	**7,448.6**	**(5.0)%**
Gross profit	1,897.4	2,015.2	(5.8)%
Distribution and administrative expenses	(1,442.0)	(1,479.8)	(2.6)%
EBITA	**455.5**	**535.4**	**(14.9)%**
as a % of sales	*6.4%*	*7.2%*	

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2013	2012	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**7,078.6**	**7,437.8**	**(4.8)%**
Same number of working days			*(4.2)%*
Gross profit	1,909.5	2,006.6	(4.8)%
as a % of sales	*27.0%*	*27.0%*	
Distribution and administrative expenses	(1,442.4)	(1,482.9)	(2.7)%
as a % of sales	*(20.4)%*	*(19.9)%*	
EBITA	**467.1**	**523.7**	**(10.8)%**
as a % of sales	***6.6%***	***7.0%***	

• Sales

In 2013, sales in Europe amounted to €7,078.6 million, a decrease of 5.0% from 2012, on a reported basis, as compared to €7,448.6 million in 2012.

– Acquisitions accounted for an increase of €59.5 million.

– Exchange rate variations accounted for a decrease of €70.3 million, mainly due to the depreciation of the British Pound against the euro.

On a constant and same number of working days basis, sales decreased by 4.2% from 2012. Excluding the impact of lower photovoltaic sales in 2013 as compared to 2012, sales decreased by 3.9%, on a constant basis and same number of working days.

In **France,** sales amounted to €2,423.7 million in 2013, a 2.1% decrease as compared to 2012 on a constant and same number of working days basis, affected by the low level of residential and industrial markets, partly offset by a good performance on large projects in the commercial segment and lighting products.

In the **United Kingdom,** sales amounted to €950.7 million in 2013, a decrease of 5.8% from 2012 on a constant and same number of working days basis, reflecting the unfavorable impact of branch closures and photovoltaic sales. Excluding these effects, the performance stood at -3.6%.

In **Germany,** sales amounted to €804.0 million in 2013, a 6.0% decrease from 2012 on a constant and same number of working days basis. Excluding photovoltaic sales, sales were down 4.5% from 2013 on a constant and same number of working days basis, reflecting a slowdown in the industrial end-market and in residential construction.

In **Scandinavia** sales amounted to €888.1 million in 2013, a decrease of 3.6% from 2012 on a constant and same number of working days basis, representing a contrasted situation: sales decreased by 15.0% in Finland, reflecting continued challenging macro-economic conditions, while Norway and Sweden posted respectively a -1.8% and +1.1% performance.

In **Belgium** and in **The Netherlands,** sales amounted respectively to €300.0 million and €235.3 million in 2013.

Sales in Belgium decreased by 12.7% affected by a drop in photovoltaic sales. Excluding this impact, sales decreased by 6.0%.

Sales in The Netherlands posted a 13.1% decline from 2012 on a constant and same number of working days basis, as a result of difficult market conditions and an ongoing company reorganization process.

In **Switzerland** and **Austria,** sales amounted respectively to €402.0 million and €309.3 million in 2013. Both countries showed a resilient performance in a difficult European environment and posted respectively a 0.2% decrease and 1.5% decrease from 2012 on a constant and same number of working days basis.

In **Southern Europe,** sales amounted to €387.6 million in 2013, a 5.6% decrease from 2012 on a constant and same number of working days basis. This reflects a -1.6% performance in Spain favored by good performance of the overseas operations of the Group's Spanish entities and a 10.6% drop in Italy.

• Gross profit

In 2013, Europe recorded a gross profit of €1,897.4 million, down 5.8% year-on-year, on a reported basis, as compared to €2,015.2 million in 2012.

On a constant basis, adjusted gross profit decreased by 4.8% and adjusted gross margin remained stable at 27.0% of sales thanks to pricing management which compensated for difficult market conditions.

• Distribution & administrative expenses

In 2013, distribution and administrative expenses amounted to €1,442.0 million, down 2.6% year-on-year, on a reported basis, as compared to €1,479.8 million in 2012.

On a constant basis, adjusted distribution and administrative expenses decreased by 2.7% in 2013, while sales decreased by 4.8% on a constant and actual number of working days basis. Personnel costs decreased by 2.2% as compared to 2012. This decrease is mainly related to a reduction of workforce (16,750 employees at December 31, 2013, a 1.8% decrease compared to December 31, 2012). Other external expenditures decreased by 3.5% as compared to 2012.

• EBITA

As a result, EBITA amounted to €455.5 million in 2013, a 14.9% decrease from 2012, on a reported basis, as compared to €535.4 million in 2012.

On a constant basis, Adjusted EBITA decreased by 10.8% while the Adjusted EBITA margin decreased by 44 basis points to 6.6% of sales.

4.2.3 North America (34% of Group sales)

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2013	2012	Change in %
REPORTED			
Sales	**4,441.1**	**4,348.6**	**2.1%**
Gross profit	978.5	945.7	3.5%
Distribution and administrative expenses	(748.3)	(720.1)	3.9%
EBITA	**230.2**	**225.6**	**2.0%**
as a % of sales	*5.2%*	*5.2%*	

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2013	2012	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**4,441.1**	**4,417.6**	**0.5%**
Same number of working days			*0.6%*
Gross profit	982.3	969.9	1.3%
as a % of sales	*22.1%*	*22.0%*	
Distribution and administrative expenses	(748.7)	(738.4)	1.4%
as a % of sales	*(16.9)%*	*(16.7)%*	
EBITA	**233.5**	**231.5**	**0.9%**
as a % of sales	***5.3%***	***5.2%***	

• Sales

In 2013, sales in North America amounted to €4,441.1 million, up 2.1% year-on-year, on a reported basis, as compared to €4,348.6 million in 2012.

– The acquisitions of Platt Electric Supply and Munro Distributing in the United States, accounted for €250.6 million increased sales.

– Unfavorable exchange rate variations accounted for €181.6 million, due to the depreciation of both US and Canadian dollars against the euro.

On a constant and same number of working days basis, sales increased by 0.6% in 2013 compared to 2012.

In the **United States,** sales rose to €3,217.4 million in 2013, an increase of 2.1% from 2012 on a constant and same number of working days basis, still impacted by the drop in wind-power activity, due to a change in tax incentives in July 2012. Excluding wind-power activity, sales increased by 3.1% from 2012 on a constant and same number of working days basis. This growth was driven by the residential end-market.

In **Canada,** sales amounted to €1,223.7 million in 2013, down by 3.4% from 2012 on a constant and same number of working days basis, mainly due to lower projects.

• Gross profit

In 2013, in North America, gross profit amounted to €978.5 million, up 3.5% year-on-year, on a reported basis, as compared to €945.7 million in 2012.

On a constant basis, adjusted gross profit increased by 1.3% and adjusted gross margin increased by 16 basis points compared with 2012 at 22.1% of sales, driven mainly by better purchasing conditions.

• Distribution & administrative expenses

In 2013, distribution and administrative expenses amounted to €748.3 million, up 3.9% year-on-year, on a reported basis, as compared to €720.1 million in 2012.

On a constant basis, adjusted distribution and administrative expenses increased by 1.4% in 2013, as compared to the 0.5% increase in sales on a constant and actual number of working days basis. Personnel costs increased by 2.9% from 2012, partially compensated by a decrease of other external and bad debt expenses as compared to 2012. In addition, the workforce stood at 8,613 employees as of December 31, 2013.

• EBITA

As a result, EBITA rose to €230.2 million in 2013, up 2.0% year-on-year, on a reported basis, as compared to €225.6 million in 2012.

On a constant basis, Adjusted EBITA rose by 0.9% from 2013 and the Adjusted EBITA margin increased by 2 basis points to 5.3% of sales.

4.2.4 Asia-Pacific (9% of Group sales)

	PERIOD ENDED DECEMBER 31,		
(in millions of euros)	**2013**	**2012**	**Change in %**
REPORTED			
Sales	**1,196.8**	**1,341.9**	**(10.8)%**
Gross profit	244.8	281.2	(13.0)%
Distribution and administrative expenses	(195.9)	(221.2)	(11.4)%
EBITA	**48.9**	**60.0**	**(18.6)%**
as a % of sales	*4.1%*	*4.5%*	

	PERIOD ENDED DECEMBER 31,		
(in millions of euros)	**2013**	**2012**	**Change in %**
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**1,196.8**	**1,265.7**	**(5.4)%**
Same number of working days			*(5.4)%*
Gross profit	244.8	264.9	(7.6)%
as a % of sales	*20.5%*	*20.9%*	
Distribution and administrative expenses	(195.9)	(207.0)	(5.4)%
as a % of sales	*(16.4)%*	*(16.4)%*	
EBITA	**48.9**	**57.9**	**(15.5)%**
as a % of sales	***4.1%***	***4.6%***	

• Sales

In 2013, sales in Asia-Pacific amounted to €1,196.8 million, down 10.8% year-on-year, on a reported basis, as compared to €1,341.9 million in 2012.

- The acquisition of Luxlight in Singapore contributed €11.1 million.
- Unfavorable exchange rate variation accounted for €87.3 million of the decrease, primarily due to the depreciation of the Australian dollar against the euro.

On a constant and same number of working days basis, sales decreased by 5.4% in 2013.

In **Australia,** sales amounted to €605.1 million, a 12.7% decrease from 2012, on a constant and same number of working days basis. Macro-economic conditions remained difficult and sales were also affected by 7 branch closures and a slowdown in the mining segment. Excluding the unfavorable branch closure effect, sales decreased by 10.4% compared to 2012.

In **China,** sales amounted to €369.5 million in 2013 and a 4.6% increase compared to 2012, on a constant and same number of working days basis. Sales have been affected by lower wind-power segment sales following the anti-dumping tax that the United States enforced last year. Excluding the wind-power activity, sales grew by 6.1%, on a constant and same number of working days basis compared to 2012.

• Gross profit

In 2013, in Asia-Pacific, gross profit amounted to €244.8 million, down 13.0%, on a reported basis, as compared to €281.2 million in 2012.

On a constant basis, adjusted gross profit decreased by 7.6% from 2012 and adjusted gross margin was 20.5% of sales, a 47 basis points decrease from 2012, mainly due to the increasing portion of zone revenues generated by Asian countries whose gross margin is below the zone average.

• Distribution & administrative expenses

In 2013, distribution and administrative expenses amounted to €195.9 million, a 11.4% decrease, on a reported basis, as compared to €221.2 million in 2012.

On a constant basis, adjusted distribution and administrative expenses decreased by 5.4% from 2012, while sales decreased by 5.4% on a constant and actual number of working days basis. Personnel costs decreased by 4.1%, although workforce decreased by 1.9% compared to December 31, 2012 (2,705 employees at December 31, 2013). Moreover, other external expenses decreased by 9.5% from 2012.

• EBITA

As a result, EBITA amounted to €48.9 million in 2013, down 18.6% year-on-year, on a reported basis, as compared to €60.0 million in 2012.

On a constant basis, Adjusted EBITA decreased by 15.5% from 2012. Adjusted EBITA margin decreased by 48 basis points to 4.1% of sales.

4.2.5 Latin America (2% of Group sales)

	PERIOD ENDED DECEMBER 31,		
(in millions of euros)	**2013**	**2012**	**Change in %**
REPORTED			
Sales	**294.8**	**310.0**	**(4.9)%**
Gross profit	67.5	70.9	(4.8)%
Distribution and administrative expenses	(67.0)	(64.8)	3.4%
EBITA	**0.5**	**6.2**	**(91.1)%**
as a % of sales	*0.2%*	*2.0%*	

	PERIOD ENDED DECEMBER 31,		
(in millions of euros)	**2013**	**2012**	**Change in %**
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**294.8**	**294.6**	**0.1%**
Same number of working days			*(0.5)%*
Gross profit	67.9	66.6	1.9%
as a % of sales	*23.0%*	*22.6%*	
Distribution and administrative expenses	(67.0)	(60.5)	10.8%
as a % of sales	*(22.7)%*	*(20.5)%*	
EBITA	**0.9**	**6.2**	**(85.2)%**
as a % of sales	***0.3%***	***2.1%***	

• Sales

In 2013, sales in Latin America amounted to €294.8 million, down 4.9% from 2012, on a reported basis, as compared to €310.0 million in 2012.

– Peruvian and Brazilian entities acquired in 2012 contributed €13.4 million.

– Exchange rate variation, primarily due to the depreciation of the Brazilian Real against the euro, had a negative impact of €28.8 million.

On a constant and same number of working days basis, sales decreased by 0.5% from 2012. Sales in Brazil (59% of sales in this segment) increased by 4.4%, mainly driven by large customers. Whereas Chilean operations (32% of sales in this segment) posted a 10.0% decrease in sales compared to 2012, due to cyclical sales in mining sector. In addition, sales in Peru (8% of sales in this segment) increased by 8.0%.

• Gross profit

In 2013, in Latin America, gross profit amounted to €67.5 million, down 4.8% year-on-year, on a reported basis, as compared to €70.9 million in 2012.

On a constant basis, the adjusted gross profit increased by 1.9% from 2012 and adjusted gross margin was 23.0% of sales, an increase of 42 basis points from 2012, positively impacted by lower project activity in Chile, whose margin is lower.

• Distribution & administrative expenses

In 2013, distribution and administrative expenses amounted to €67.0 million, up 3.4% year-on-year, on a reported basis, as compared to €64.8 million in 2012.

On a constant basis, adjusted distribution and administrative expenses increased by 10.8% from 2012, while sales increased by 0.1% on a constant and actual number of working days. Personnel costs decreased by 0.5% whereas the workforce decreased by 12.6% compared to December 31, 2012 (1,552 employees at December 31, 2013), mainly due to strong salary inflation in Brazil. In addition, distribution costs were incurred to build up a centralized logistic platform in Brazil.

• EBITA

As a result, EBITA was €0.5 million in 2013, down 91.1% year-on-year, on a reported basis, as compared to €6.2 million in 2012.

On a constant basis, Adjusted EBITA decreased by 85.2% compared to 2012. Adjusted EBITA margin decreased by 178 basis points to 0.3% of sales.

4.2.6 Other operations

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2013	2012	Change in %
REPORTED			
Sales	**0.3**	**0.2**	**30.9%**
Gross profit	0.3	1.9	(86.5)%
Distribution and administrative expenses	(48.5)	(61.7)	(21.5)%
EBITA	**(48.2)**	**(59.8)**	**(19.4)%**
as a % of sales	*NA*	*NA*	

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2013	2012	Change in %
CONSTANT BASIS ADJUSTED FINANCIAL DATA			
Sales	**0.3**	**0.2**	**35.3%**
Same number of working days			*35.3%*
Gross profit	0.3	1.8	(86.1)%
as a % of sales	*NA*	*NA*	
Distribution and administrative expenses	(48.5)	(61.5)	(21.1)%
as a % of sales	*NA*	*NA*	
EBITA	**(48.2)**	**(59.6)**	**(19.2)%**
as a % of sales	***NA***	***NA***	

This segment mostly includes unallocated corporate overhead expenses, which reduced by €11.4 million over last year, which included the positive impact of lower share-based expenses.

4.3 Cash flow statement

(in millions of euros)	PERIOD ENDED DECEMBER 31, 2013	2012	Change
Operating cash flow[1]	**674.0**	**748.5**	**(74.5)**
Interest	(169.3)	(169.7)	0.4
Taxes	(94.2)	(143.4)	49.2
Change in working capital requirements	50.6	(37.2)	87.8
Net cash flow from operating activities	**461.1**	**398.2**	**62.9**
Net cash flow from investing activities	**(75.6)**	**(675.2)**	**599.6**
Including operating capital expenditures[3]	*(72.1)*	*(83.8)*	*11.7*
Net cash flow from financing activities	**279.7**	**151.1**	**128.6**
Net cash flow	**665.2**	**(125.9)**	**791.1**
Free cash flow:			
Operating cash flow[1]	674.0	748.5	(74.5)
Change in working capital requirements	50.6	(37.2)	87.8
Adjustment for timing difference in suppliers payments[2]	(51.9)	–	(51.9)
Operating capital expenditures[3]	(72.1)	(83.8)	11.7
Free cash flow before interest and taxes	**600.6**	**627.5**	**(26.9)**
Free cash flow after interest and taxes	**337.2**	**314.4**	**22.8**

WCR as a % of sales [4] at:	DECEMBER 31, 2013	2012
Reported basis	10.6%	10.6%
Constant basis	11.4%	11.2%

(1) Before interest, taxes and change in working capital requirements.
(2 Working capital adjustment to reflect timing difference in supplier payments scheduled on December 31, 2013 and executed on January 2, 2014 for €51.9 million.
(3) Net of disposals.
(4) Working capital requirements, end of period, divided by last 12-month sales.

4.3.1 Cash flow from operating activities

Rexel's net cash flow from operating activities amounted to an inflow of €461.1 million in 2013 compared to an inflow of €398.2 million in 2012.

- Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements decreased from €748.5 million in 2012 to €674.0 million in 2013. This mainly resulted from the €77.2 million decrease in EBITDA from €841.1 million in 2012 to €763.9 million in 2013, primarily as a result of lower sales in 2013 compared to 2012.

- Interest and taxes

In 2013, Interest paid totaled €169.3 million, stable compared to 2012. The impact of the decrease in the effective interest rate from 7.0% in 2012 to 6.3% in 2013 was offset by: (i) an increase in the average net debt as a result of the financing of the acquisitions completed in the second half of 2012 (Platt and Munro), and (ii) a break out premium received on an interest rate derivative that positively impacted interest paid in 2012.

In 2013, income tax paid was €94.2 million compared to €143.4 million paid in 2012, due to lower income tax installments paid in 2013 based on anticipated lower taxable income.

• Change in working capital requirements

In 2013, change in working capital requirements accounted for an inflow of €50.6 million compared to an outflow of €37.2 million in 2012. Adjusted for timing difference in supplier payments of €51.9 million, change in working capital requirements improved by €35.9 million as compared to 2012, mainly due to lower change in inventories and trade payables partially offset by lower change in trade receivables.

As a percentage of sales over the last 12 months and adjusted for timing difference in supplier payments, working capital requirements amounted to 10.6% of sales as of December 31, 2013, in line with 2012. On a constant basis, working capital requirements deteriorates by 20 basis points compared to 2012. This increase in working capital requirements is due to a slight increase in the number of days of inventory and in the number of days of sales outstanding, as of December 31, 2013 compared to December 31, 2012.

4.3.2 Cash flow from investing activities

Cash flow from investing activities consisting of acquisitions and disposals of fixed assets, as well as financial investments, amounted to a €75.6 million outflow in 2013, compared to an outflow of €675.2 million in 2012.

	PERIOD ENDED DECEMBER 31,	
(in millions of euros)	**2013**	**2012**
Acquisition of operating fixed assets	(102.3)	(90.6)
Gain/(loss) on disposal of operating fixed assets	22.9	7.1
Net change in debts and receivables on fixed assets	7.3	(0.3)
Net cash flow from operating investing activities	**(72.1)**	**(83.8)**
Acquisition of subsidiaries, net of cash acquired	(12.7)	(595.6)
Proceeds from disposal of subsidiaries, net of cash disposed of	10.4	–
Dividends received from equity associates	–	3.8
Net cash flow from financial investing activities	**(2.3)**	**(591.8)**
Net change in long-term investments	**(1.0)**	**0.4**
Net cash flow from investing activities	**(75.6)**	**(675.2)**

• Acquisitions and disposals of operating fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €72.1 million in 2013, compared to an €83.8 million outflow in 2012.

In 2013, gross capital expenditures amounted to €102.3 million, *i.e.* 0.8% of sales for the period (€90.6 million and 0.7% of sales in 2012), of which €44.7 million related to IT systems (€45.5 million in 2012), €22.5 million to branch acquisition and renovation (€24.8 million in 2012), €14.9 million to logistics (€17.0 million in 2012) and €20.2 million to other investments which includes mainly the relocation of Rexel's corporate head office (€3.3 million in 2012). Disposals of fixed assets in 2013 amounted to €22.9 million (€7.1 million in 2012). Net changes in the related payables and receivables amounted to €7.3 million, accounting for a decrease in net capital expenditures for the period (€0.3 million increase for 2012).

• Financial investments

Financial investments resulted in a net cash-out of €2.3 million in 2013 compared to a net outflow of €591.8 million in 2012.

In 2013, acquisitions net of cash of acquired entities accounted for an outflow of €12.7 million. These investments mainly include Rexel Quality Trading Co. Ltd in Thailand and Lenn International Pte Ltd in Singapore.

In 2013, proceeds from disposal of subsidiaries, net of cash disposed of accounted for an inflow of €10.4 million, from the redemption of the Company's shares in DPI Inc. on November 27, 2013.

In 2012, acquisitions resulted in an outflow of €595.6 million. These investments consisted mainly of Platt Electric Supply and Munro Distributing company in the United States, Société Commerciale Toutelectric in France, Liteco in Canada, La Grange in Belgium, Etil in Brazil, Wilts in the United Kingdom, Erka in Spain, Dirome in Peru and Luxlight Pte Ltd in Singapore.

4.3.3 Cash flow from financing activities

Cash flow from financing activities included mainly changes in indebtedness.

In 2013, cash flow from financing activities reflected additional net inflow of €279.7 million, resulting mainly from the:

- US$ 500 million and €650 million issuance of senior notes accounting for €1,025.2 million net of transaction costs,
- redemption of the 8.25% senior notes due 2016 for €640.3 million including a redemption premium of €54.0 million,
- decrease in other borrowings amounting to €55.8 million, primarily consisting of the reimbursement of the Senior Credit Agreement for €25.9 million,
- dividend distribution in cash of €53.1 million,
- repayment of financing lease obligation of €48.9 million,
- increase of €16.9 million in assigned receivables with respect to securitization programs.

In 2012, cash flow from financing activities reflected additional net inflows of €151.1 million, resulting mainly from the:

- US$ 500 million issuance of senior notes amounting to €366.2 million net of transaction costs,
- dividend distribution in cash of €143.0 million,
- buy-back of €69.1 million of senior notes due December 15, 2016,
- the acquisition of remaining non-controlling interest of Suzhou Xidian Co. company in China for €22.2 million,
- €14.8 million increase in assigned receivables with respect to securitization programs,
- increase of financing lease obligation of €9.4 million,
- decrease in other borrowings amounting to €9.1 million, and net purchase of treasury shares of €1.5 million,
- €2.6 million increase in drawings under the senior credit facilities.

4.4 Sources of financing

In addition to the cash from operations, the Group's main sources of financing are bond issuances, securitization programs and multilateral credit lines.

At December 31, 2013, Rexel's consolidated net debt amounted to €2,192.0 million, consisting of the following items:

	DECEMBER 31,					
	2013			2012		
(in millions of euros)	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Senior notes	–	1,835.6	1,835.6	–	1,504.3	1,504.3
Credit facility	–	–	–	–	25.9	25.9
Securitization	–	1,067.5	1,067.5	351.7	747.8	1,099.5
Bank loans	35.6	19.2	54.8	43.3	16.7	60.0
Commercial paper	119.1	–	119.1	114.8	–	114.8
Bank overdrafts and other credit facilities	54.3	–	54.3	77.6	–	77.6
Finance lease obligations	7.3	24.7	32.0	51.2	31.1	82.3
Accrued interest (1)	11.6	–	11.6	9.4	–	9.4
Less transaction costs	(11.2)	(38.8)	(50.0)	(20.5)	(22.6)	(43.1)
Total financial debt and accrued interest	***216.7***	***2,908.2***	***3,124.9***	***627.6***	***2,303.2***	***2,930.8***
Cash and cash equivalents			(957.8)			(291.9)
Debt hedge derivative			25.1			(39.8)
Net financial debt			**2,192.0**			**2,599.2**

(1) Of which accrued interest on Senior Notes in the amount of €4.6 million at December 31, 2013 (€4.5 million at December 31, 2012).

The components of the net financial debt are described in detail in note 20 of Rexel's consolidated financial statements at December 31, 2013, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

At December 31, 2013, Rexel's ratings by the financial rating agencies were as follows:

	DECEMBER 31, 2013		
Rating agency	Moody's	Standard & Poor's	Fitch Ratings
Long-term debt	Ba2	BB	BB
Outlook	Negative	Stable	Stable
Short-term debt	NP	B	B

At December 31, 2012, Rexel's ratings by the financial rating agencies were as follows:

	DECEMBER 31, 2012		
Rating agency	Moody's	Standard & Poor's	Fitch Ratings
Long-term debt	Ba2	BB	BB
Outlook	Stable	Stable	Stable
Short-term debt	NP	B	B

Other Rexel Group commitments are detailed in note 23 of the Notes to the Rexel Group's consolidated financial statements for the year ended December 31, 2012, set out in chapter 5 "Consolidated Financial Statements" of this *Document de Référence*.

4.5 Outlook

The objectives and forecast presented in this chapter have been determined on the basis of data, assumptions and estimates that are considered reasonable by 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 to 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 and Internal Control" of this Document de Référence could have an impact on the business, the financial condition, and the results of operations of the Rexel Group and hence its ability to achieve these objectives. The Rexel Group can give no assurances and provide no guarantee that the following objectives and forecast will be met.

4.5.1 Comparison of Rexel Group 2013 outlook and estimates with achievements

For 2013, Rexel had expressed the following objectives, which are set forth in the *Document de Référence* filed with the *Autorité des marchés financiers* on March 13, 2013 under number D.13-0130 and updated on July 26, 2013 at the time of publication of the 2013 first half results:

– organic sales down by 2% to 3% compared to 2012, taking into account the market conditions which are expected to remain challenging, particularly in Europe and in the Pacific, and assuming no rebound in the price of copper occurs in the second half of 2013;

– an Adjusted EBITA margin in the range of 5.5% to 5.6%; and

– a net free cash-flow before interest and tax in excess of €600 million, *i.e.* approximately €300 million after interest and tax.

On the basis of Rexel's consolidated financial statements for the financial year ended on December 31, 2013, Rexel recorded consolidated sales of €13,011.6 million, down 2.7% on a constant and same-day basis, while the Adjusted EBITA margin stood at 5.4%, the net free cash flow before interest and taxes stood at €600.6 million and the net free cash flow after interest and taxes at €337.2 million.

4.5.2 Rexel Group medium-term objectives

As detailed during its Investor Day, held on November 26, 2013, Rexel will remain focused on four business imperatives:

– accelerate its strategic high-growth initiatives,

– enhance its customer-centricity model in its mainstream electrical distribution business,

– boost growth through acquisitions and remain a leading market consolidator,

– drive operational excellence as an enabler for profitable growth,

and confirms its medium-term ambitions:

– outperform the market through a combination of organic growth and targeted acquisitions,

– grow Adjusted EBITA margin to around 6.5% within 3 to 5 years,

– generate strong free cash-flow before interest and tax of at least 75% of EBITDA and after interest and tax of around 40% of EBITDA,

– maintain a sound and balanced financial structure, with a net-debt-to-EBITDA ratio not exceeding 3 times.

4.5.3 Rexel Profit Forecast

4.5.3.1 Assumptions

2014 forecast includes the following assumptions:

– a progressive recovery of the American market, especially in the industrial and non-residential segments, a globally stable European market, continuing growth in emerging markets and a still difficult Australian market;

– the scope at December 31, 2013 and same number of working days;

– major foreign exchange rates of 1 euro for 1.35 United States Dollar, 1.40 Canadian Dollar, 1.50 Australian Dollar and 0.85 British Pound;

– copper price at 7,000$/ton, close to its level at the end of December 2013.

4.5.3.2 Profit Forecast

Based on the assumptions described in the previous section, Rexel aims at delivering in 2014:

- sales in a range of around 1% below to around 2% above 2013 sales, on a constant and same-day basis,
- Adjusted EBITA margin in a range of around 10bps below to around 20 bps above the 2013 margin, consistent with targeted annual operating efficiency ratio of a change of around 10 bps in Adjusted EBITA margin for each percentage point change in sales,
- solid free cash flow, consistent with targeted conversion rate of at least 75% of EBITDA, before interest and tax, and of around 40% of EBITDA, after interest and tax.

commercial position

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, 2013.

THE ISSUER

Rexel
13, boulevard du Fort de Vaux
75017 Paris
France

THE INITIAL PURCHASERS

Joint Lead Bookrunners

Crédit Agricole Corporate and Investment Bank
Broadwalk House
5 Appold Street
London EC2A 2DA
United Kingdom

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

Société Générale
29, boulevard Haussmann
75009 Paris
France

Joint Bookrunners

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

CM-CIC Securities
6, Avenue de Provence
75441 Paris Cedex 09
France

ING Bank N.V., London Branch
60 London Wall
London EC2M 5TQ
United Kingdom

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Co-Lead Managers

Bayerische Landesbank
Brinner Straße 18
80333 München
Germany

Natixis
47 quai d'Austerlitz
75013 Paris
France

Standard Chartered Bank
One Basinghall Avenue
London EC2V 5DD
United Kingdom

LEGAL ADVISORS TO THE ISSUER

as to U.S. law:

Debevoise & Plimpton LLP
65 Gresham Street
London EC2V 7NQ
United Kingdom

as to French law:

Debevoise & Plimpton LLP
4 place de l'Opéra
75002 Paris
France

LEGAL ADVISOR TO THE INITIAL PURCHASERS

as to U.S. law and French law:

Cleary Gottlieb Steen & Hamilton LLP
12, rue de Tilsitt
75008 Paris
France

INDEPENDENT AUDITORS TO THE ISSUER

Ernst & Young Audit
1/2 place des Saisons
92400 Courbevoie – Paris-La Défense 1
France

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
France

TRUSTEE

The Bank of New York Mellon
One Canada Square
Canary Wharf
London E14 5AL
England

PRINCIPAL PAYING AGENT AND REGISTRAR

The Bank of New York Mellon
One Canada Square
Canary Wharf
London E14 5AL
England

LUXEMBOURG LISTING AGENT

The Bank of New York Mellon Luxembourg (S.A.)
Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

Merrill France sarl, Paris
15ZBK12903