

APPENDIX 4

Board of Directors Report

Presentation of the agenda for the combined Ordinary and Extraordinary General Meeting of May 24, 2013

This document outlines the key issues in the draft resolutions submitted by your Board of Directors to the General Meeting of Shareholders called for May 24, 2013. As a result, it is not exhaustive and cannot replace a careful review of the draft resolutions before you exercise your voting rights at the Meeting.

For your information, no new agreement within the scope of Article L. 225-38 of the French Commercial Code was entered into during the financial year ended December 31, 2012. You may consult the special auditors' report on agreements and commitments entered into between the Company and the members of its Board of Directors in previous financial years and continued to be performed during the financial year ended December 31, 2012. Please bear in mind, however, that in accordance with recommendation no. 2012-05 of the French Financial Markets Authority (Autorité des Marchés Financiers), dated July 2, 2012, previously authorized and approved agreements and commitments will not be submitted for the approval of the General Meeting called for May 24, 2013.

The Board of Directors has resolved to call a Combined Ordinary and Extraordinary General Meeting of Shareholders on May 24, 2013 to consider the following agenda:

■ I - RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

Approval of the financial statements for financial year 2012 (1st and 2nd resolutions)

The first two resolutions give you the opportunity, after having reviewed the reports of the Board of Directors and the statutory auditors, to vote on approval of the Company and consolidated financial statements for the financial year ended December 31, 2012 and on the transactions reflected in the financial statements or summarized in these reports.

At December 31, 2012:

- the Company's financial statements show a net profit of €86,731,814.88; and
- the Company's consolidated financial statements show a net profit of €505.6 million.

Appropriation of earnings and determination of dividend (3rd resolution)

In the third resolution, you will vote on appropriating the Company's earnings and determining a dividend. The proposal before you is as follows:

- after you have observed that the Company's net book profit for the financial year ended December 31, 2012 amounts to €86,731,814.88;
- €4,336,590.74 of this net profit would be appropriated to the legal reserve;
- with the result that, factoring in retained earnings from previous years amounting to €305,647,936.82, the amount available for distribution in respect of the financial year ended December 31, 2012 would be €388,043,160.96.

Your Board has therefore proposed that you distribute a dividend amounting to €1 per share, for a total of €264,223,291, based on the number of shares making up the capital stock at December 31, 2012, minus the treasury shares held by the Company at that date.

The remaining distributable income in the amount of €123,819,869.96 would be appropriated to retained earnings.

In the event of a change in the number of shares entitling holders to a dividend, the total dividend amount would be adjusted accordingly, along with the amount appropriated to retained earnings.

No dividends would be due on any shares held by the Company itself or cancelled before the payment date.

The dividend is eligible in full for the 40% income-tax exemption provided under Article 158-3-2 of the French Tax Code (*Code Général des Impôts*) effective at the date of this report.

If this resolution is adopted, the ex-dividend date on Euronext Paris would be May 29, 2013, and the dividend would be paid to shareholders on June 3, 2013.

Ratification of the nomination of Mr. Li Dongsheng to replace a departing Director (4th resolution)

Your Board of Directors asks you to ratify the nomination of Mr. Dongsheng Li as director. At its meeting on July 26, 2012, the Board of Directors provisionally appointed Mr. Dongsheng Li to replace Mr. Mattia Caprioli, who was stepping down, for the remainder of his term.

Mr. Dongsheng Li's term would expire at the end of the General Meeting called in 2014 to consider the financial statements for the financial year ended December 31, 2013.

Mr. Dongsheng Li is the Chairman, CEO and founder of TCL Corporation. As one of the most recognized business leaders in China, Mr. Li has led TCL to stand out as a formidable player in the global consumer electronics sector and a pioneering Chinese company going global.

In 1982, Mr. Li began his career as an engineer in TTK Home Electronic Appliances Co. Ltd, the predecessor of TCL. In 1985, he was appointed General Manager of the newly established joint venture, Telephone Communication Limited and subsequently he created the TCL brand. He was then transferred to Huizhou Industrial Development Company. Mr. Li was appointed as the Deputy General Manager of Huizhou Municipal Electronic Communication Corporation in 1990. In 1993, Mr. Li became the General Manager of TCL Electronics Group. Since then, TCL launched its color TV business and quickly became an industry leader. Mr. Li took the position of Chairman and President of the company in 1996.

In 2003, Mr. Li was appointed as the Chairman of the Board and CEO of TCL Corporation, which was listed on the Shenzhen Stock Exchange afterwards. Under his leadership, TCL accomplished two landmark acquisitions: Thomson's television business and Alcatel's mobile phone business both in 2004. With years of efforts in global integration, TCL has become an international enterprise with 60,000 employees. In 2012, TCL Corporation has shipped 15.78 million LCD TV sets and 42.6 million mobile phones. The LCD TV sales leaped to the 3rd place globally and 1st place domestically.

Mr. Li was awarded "the most Socially Responsible Entrepreneur" by Xinhua net in 2012 and "Chinese Economic Leader" by Ifeng.com and *21st Century Business Herald* in 2011. He also received the "Life Achievement Award of Top 25 Influential Business Leaders" from *China Entrepreneur Magazine* at the same year. In 2009, Mr. Li was awarded "Business Leader of the Decade" by *CCTV Economy Channel*, in addition to being listed as one of the "Top 60 Branding Leaders of the Past 60 Years" by Brand China Industry Union. In 2008, Mr. Li was received the Deloitte Prize in Barcelona for entrepreneurship and was honored as an "Economic Figure" in China's reform, named China's "Top Ten Outstanding CEOs"

by *China Times*, and awarded "Brand Founder over 30 years' reform and opening up" by a New York brand consulting agency. In 2007, Mr. Li received the Corporate Leadership award from the US-China Forum in Chicago. He was also named as "one of the most influential business leaders" by *China Entrepreneur Magazine* in 2006 and 2005, "CCTV Man of the Year in the Chinese Economy" in 2004, "Asia Businessman of the Year" by *Fortune Magazine* in 2004 and one of the Top 25 Global Business Leaders by *Time Magazine* and *CNN* in 2004. Mr. Li received a medal of *Officier de la Légion d'honneur* (French national honor) in 2004.

In 2013, Mr. Li was elected as a delegate to the 12th National People's Congress. This is his third consecutive year as the delegate of National People's Congress. He has also been elected as delegate to China's 16th Party Congress. Mr. Li holds a number of prestigious positions such as: Chairman of China Electronic Imaging Industry Association, Vice Chairman of China Chamber of International Commerce, Chairman of Guangdong Home Appliances Chamber of Commerce, 11th Executive Committee member of All-China Federation of Industry & Commerce and Vice Chairman of Guangdong Federation of Industry & Commerce.

Mr. Dongsheng Li is 56 years old, graduated from South China University of Technology with a Bachelor degree in radio technology.

Because two of the Company's Chinese subsidiaries are parties to a trademark licensing agreement with TCL (resulting from the Company's acquisition of two TCL group companies in 2005 and 2008), the Board of Directors and the Nominating and Compensation Committee carefully reviewed the financial impact of the agreement to determine whether it would prevent Mr. Dongsheng Li from qualifying to serve the Company as an "independent director."

Their review showed that the financial impact of the trademark licensing agreement was immaterial. The Nominating and Compensation Committee therefore confirmed that Mr. Dongsheng Li had no relationship whatsoever with the Company, the management or the Group that could compromise his exercise of freedom of judgment or cause him to have a conflict of interest with the Company, the management or the Group.

Based on the analysis of the Nominating and Compensation Committee, therefore, on July 26, 2012 your Board of Directors found that Mr. Dongsheng Li was qualified to serve the Company as an independent Director under the independence criteria defined in the Company's internal rules and in the Afep-Medef code of corporate governance. On March 6, 2013, your Board of Directors found again that Mr. Dongsheng Li was qualified to serve the Company as an independent Director under the independence criteria defined in the Company's internal rules and in the Afep-Medef code of corporate governance.

Mr. Dongsheng Li's presence on and participation in the Company's Board of Directors would allow the Company to:

- benefit from the experience of one of China's best-known senior executives;
- increase the number of its independent directors (if this resolution is adopted, six of the Board's twelve members would be independent, raising the proportion of independent Directors to 50% as recommended by the Afep-Medef code of corporate governance, it being precised that if resolution 5 is also adopted, the proportion of independent Directors would amount to 54% given the composition of the Board of Directors as of December 31, 2012);
- continue the trend towards a more international Board of Directors, which would include Belgian, Chinese, Spanish and French and Italian (provided that resolution 5 be adopted) members.

Appointment of Ms Annalisa Loustau Elia as Director (5th resolution)

In this resolution, your Board of Directors asks you to appoint Ms. Annalisa Loustau Elia as Director for a period of four years, ending at the date of the General Meeting of shareholders called in 2017 to consider financial statements for the financial year ending December 31, 2016.

Ms Annalisa Loustau Elia is Chief Marketing Officer of Printemps and has been a member of its Executive Committee since 2008. Her rich and varied professional career has provided her with solid experience of marketing and product development in the luxury and consumer goods sectors. She worked for four years at Cartier in Geneva and Paris, for two years at L'Oréal's Luxury Products Division in Paris and for thirteen years at Procter & Gamble in Geneva as well as in the Paris and Rome offices. Ms Annalisa Loustau Elia is a graduate in law from La Sapienza University in Rome, aged 47 and an Italian national.

The Board of Directors on March 6, 2013, after review by the Nominating and Compensation Committee, found that Ms Annalisa Loustau Elia was qualified to serve as an independent Director under the independence criteria defined in the Company's internal rules and in the Afep-Medef code of corporate governance.

Provided that the previous resolution be adopted, Ms Annalisa Loustau Elia's membership of and participation in the Company's Board of Directors would enable the Company to:

- broaden the scope of competence of the Board of Directors to include marketing and product development in the fields of luxury and consumer goods;
- continue boosting the representation of women on the Board of Directors so as to ensure a greater male-female balance (if this

resolution were adopted, the share of women directors on the Board would rise to 31% given the composition of the Board of Directors as of December 31, 2012);

- increase the number of its independent directors (if adopted, this resolution would increase membership of the Board of Directors to thirteen, of whom seven would be independent directors, that is to say a proportion of 54% given the composition of the Board of Directors as of December 31, 2012);
- continue moving towards an increasingly international Board of Directors, which would then include members of Belgian, Chinese, Italian, Spanish and French nationality.

Renewal of share buyback program (6th resolution)

This resolution asks that you grant your Board of Directors a new authorization to repurchase Company shares, with concomitant cancellation of the previous authorization, granted by the General Meeting of May 25, 2012.

The share buyback program is limited to 10% of the Company's share capital at the date of the General Meeting called for May 24, 2013, minus the number of shares resold under a liquidity contract during the term of the authorization.

In any case, at no time would this authorization raise the number of shares held directly or indirectly by the Company to more than 10% of the total number of shares making up the Company's share capital at the date in question.

The shares repurchased and held by the Company would have no voting rights and would not be entitled to dividends.

The goals of the buyback program would be:

- to ensure liquidity and active trading of Company shares;
- to (i) implement, in accordance with applicable law, (a) any and all plans relating to options to purchase new or existing shares, (b) any and all employee share-ownership transactions, (c) any and all free allocations of shares and all share allotments for the purpose of profit-sharing and (ii) to undertake hedging transactions relating to these transactions;
- to hold and subsequently deliver shares by way of exchange or payment in connection with external growth operations;
- to grant shares upon the exercise of rights attached to securities providing access, either immediately or at some later date, to the Company's share capital;
- to cancel some or all of the shares so repurchased, provided that the resolution authorizing cancellation of shares repurchased under buyback programs is adopted; or

- to allow any other practice permitted or recognized by law or by the French Financial Markets Authority (*Autorité des Marchés Financiers*), or for any other purpose consistent with prevailing regulations.

We propose that you set the maximum purchase price per share at €60 (excluding acquisition fees and adjustments events) and limit the total amount appropriated for the share buyback program to €500 million.

The authorization granted by this resolution would be valid for 18 months from the date of the General Meeting called for May 24, 2013. It could not be used during any period during which shares are made available through public offerings.

For reference, the Board of Directors has used the previous authorization as follows:

- at December 31, 2012, the Company held 151,584 shares with a nominal value of €4, for a total of €606,336, representing 0.06% of the Company's capital (or 51,584 shares excluding liquidity contracts, purchased at a total cost of €1,208,758, to hedge its commitments to option grantees, recipients of performance shares, and to an FCPE employee share-ownership fund under a profit-sharing program);
- at December 31, 2012, the balance of the liquidity contract, entered into with Crédit Agricole Cheuvreux on May 29, 2007 and amended on June 30, 2011, stood at 100,000 shares.

■ II - RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING

Renewal of authorization to cancel shares repurchased under the share buyback programs (7th resolution)

Adoption of this resolution would enable the Company to reduce its share capital by cancelling some or all of the shares purchased under the share buyback programs authorized and implemented by the Company, thereby producing an accretive effect for shareholders.

In any 24-month period, these shares could be cancelled up to a limit of 10% of the Company's share capital at the date of the Combined Ordinary and Extraordinary General Meeting of May 24, 2013.

This authorization would be valid for 26 months from the date of this General Meeting of shareholders. If this authorization is approved, it would invalidate all authorizations previously granted by the shareholders to the extent not used.

Authorizations to allocate share subscription or purchase options (8th resolution) and performance shares (9th resolution)

Legrand economic model aims at creating value and rests upon two fundamental pillars: (i) the organic growth supported by

innovation and (ii) the external growth through the acquisitions of companies that generally are well-known leaders in their local markets. These pillars for the growth of Legrand rest upon Legrand key people (including experts and managers).

Long term incentive plans (in particular plans for the allocations of options and performance shares) play an important role in the Group's ability to motivate and retain managers and employees in a global market where keeping high-performance staff is a powerful competitive asset. Teams share the same objective relating to the creation of growth and value for Legrand.

Share subscription or purchase options and performance shares plans involved more than 1,500 beneficiaries in 2012. These allocations are decided through a thorough selection process conducted by an *ad hoc* committee aiming at identifying, within all of the subsidiaries of the Group, the top performers and value creator employees, holding in particular R&D, sales or marketing positions...

In this context and in order to continue its policy of retaining and motivating Group employees, which must be seen as fundamental for Legrand economic model and as value creating for the shareholders, your Board of Directors asks that you:

- renew the authorization granted by the eleventh resolution of the Combined Ordinary and Extraordinary General Meeting of May 26, 2011 to allocate share subscription or purchase options; and
- renew the authorization granted by the twelfth resolution of the Combined Ordinary and Extraordinary General Meeting of May 26, 2011 to allocate performance shares.

(i) Authorization granted to the Board of Directors to decide to make one or more allocations of share subscription or purchase options (8th resolution)

In this resolution you are asked to renew the authorization, granted by the eleventh resolution of the Combined Ordinary and Extraordinary General Meeting of May 26, 2011, to allocate share subscription or purchase options, in accordance with Articles L.225-177 *et seq.* of the French Commercial Code and on the following terms:

- **Grantees:** The allocations would be granted to employees and/or corporate officers of the Company or companies related to it, or certain of these employees and/or corporate officers.

The total number of options granted to Company's corporate officers could not represent more than 10% of the total allocations made on the basis of this authorization.

Under Article L. 225-185, paragraph 4 of the French Commercial Code, your Board of Directors would specify a number of shares resulting from the exercise of options that the corporate officers would be required to hold throughout their term of office.

- **Limit:** The share subscription or purchase options granted under this authorization could not confer the right to subscribe

or purchase a number of shares totaling more than 1.5% of the Company's share capital at the date the Board of Directors decides to allocate them (excluding adjustments).

This limit would apply to a combined total of the total of the options granted under this resolution and the total of the free shares allocated under the next resolution, if adopted.

- **Price:** The price for the shares subscribed or purchased upon exercise of the options would be set by your Board of Directors on the day the share subscription or purchase options were allocated, and could not be lower than 100% of the average price for Legrand stock on NYSE Euronext Paris on the 20 trading days preceding the date on which the options are allocated.

Once set by your Board of Directors under the rules described in the paragraph above, the price could not subsequently be changed unless, during the term of the option, the Company undertook any of the financial transactions which, under then-prevailing regulations, triggered the requirement to take measures to protect the interests of grantees.

- **Term:** The options would have a maximum term of ten years from the date of allocation. If affected corporate officers remained in office beyond this period of ten years, the period would be extended to expire three months after they ceased to hold office as regards the portion of the options for which the Board of Directors had determined, in accordance with Article L. 225-185, paragraph 4 of the French Commercial Code, that they could not be exercised as long as the grantees remain in office.
- **Presence condition:** Options would only vest on the condition that the grantee is actually present within the Group at the time the option is exercised. This requirement would apply to all grantees.
- **Performance conditions:** The Chairman and Chief Executive Officer of the Company and members of the Group's Executive Committee would be required to meet performance conditions, which would be evaluated at the end of a three-year period and would affect the number of options vested in them. For example, the following performance conditions are applicable to the performance units that have been granted in March 2013; it being specified that similar performance conditions would be applicable to the options allocated under this authorization:

- an "external" performance condition, accounting for 50% of the total allocation, would be based on a comparison between the arithmetic average of the Company's consolidated EBITDA margin, as resulting from the consolidated financial statements over a three-year period and the average of the EBITDA margins achieved by companies making up the MSCI World Capital Goods index over the same period. The number of options finally granted would be:

- zero if the difference between the two averages is less than or equal to 4 points, in favour of the Company ("Limit 1"),
- equal to 69% of half the number of options initially allocated if the difference between the two averages is 8.3 points in favour of the Company ("Limit 2"). Between Limit 1 and Limit 2, the number of options finally granted would be calculated on a linear basis, and
- equal to 100% of half the number of options initially allocated if the difference between the two averages is 12 points or more in favour of the Company ("Limit 3"). Between Limit 2 and Limit 3, the number of options finally granted would be calculated on a linear basis;

- an "internal" performance condition, accounting for 50% of the total allocation, would be based on the level of normalized free cash flow as a percentage of sales* as resulting from the consolidated financial statements, over the aforementioned three-year period. The number of options finally granted would be:

- zero if the average normalized free cash flow, as a percentage of sales, is equal to or less than 9% ("Limit 1"),
- equal to 69% of half the number of options initially allocated if the average is 12.4% ("Limit 2"). Between Limit 1' and Limit 2', the number of options finally granted would be calculated on a linear basis, and
- equal to 100% of half the number of options initially allocated if the average is 16% or more ("Limit 3"). Between Limit 2' and Limit 3', the number of options finally granted would be calculated on a linear basis.

The number of options finally granted would therefore range from 0% to 100% of the number of options initially allocated.

* Definition of normalized free cash flow

Cash flow from operations: Cash flow from current operations excluding variations in other operational assets and liabilities

Variation in WCR (Working Capital Requirement): Variations in other operational assets and liabilities

Net investments: Income from the sale of tangible, intangible or financial assets, investments and capitalized development costs

Free cash flow: Cash flow from operations + Variation in WCR + Net investments

Normalized variation in WCR: $-10\% \times \text{Sales } N-1 \times (1 + \% \text{ of variation in sales scope}) \times (1 + \text{foreign exchange effect on sales}) \times (\% \text{ organic change in sales})$

Normalized Free Cash Flow: Cash flow from operations + Normalized variation in WCR + Net investments

The Company would set up no instrument for hedging the options allocated under this authorization.

Should the Company undertake financial transactions, and in particular any transactions affecting share capital, after the options have been allocated, the Board of Directors could take all necessary measures to protect the interests of grantees as provided by law and regulation.

If subscription options are allocated, this authorization would constitute an express waiver by shareholders, in favor of the option grantees, of their preferred subscription rights to any shares issued as the subscription options are exercised.

This authorization would be valid for 38 months from the date of the General Meeting of shareholders called for May 24, 2013. If this authorization is approved, it would invalidate the authorization of the same nature granted by the Combined Ordinary and Extraordinary General Meeting of May 26, 2011, to the extent not used.

For reference, the Company has not used the authorization granted to it by the Combined Ordinary and Extraordinary General Meeting of May 26, 2011.

(ii) Authorization granted to the Board of Directors to make one or more allocations of free shares (9th resolution)

In this resolution, you are asked to renew the authorization, granted by the twelfth resolution of the Combined Ordinary and Extraordinary General Meeting of May 26, 2011, to allocate free shares, in accordance with Articles L.225-197-1 *et seq.* of the French Commercial Code and on the following terms:

■ **Grantees:** The allocations would be granted to employees and/or corporate officers of the Company or companies related to it as defined under Article L. 225-197-2 of the French Commercial Code or certain of these employees and/or corporate officers.

The total number of performance shares allocated to the Company's corporate officers could not represent more than 10% of the total allocations made on the basis of this authorization.

In accordance with Article L. 225-197-1 II of the French Commercial Code, your Board of Directors would specify the number of shares that the corporate officers would be required to hold throughout their term of office.

■ **Type of shares allocated:** The allocations would consist of existing or newly issued shares of Company stock.

■ **Limit:** The shares allocated under this authorization could not represent more than 1.5% of the Company's share capital at the date the Board of Directors decides to allocate them (excluding adjustments). This limit would apply to a combined total of the total of the free shares granted under this resolution and the total of the share subscription or purchase options allocated under the previous resolution, if adopted.

■ **Vesting period:** The term of the vesting period, which would be set by your Board of Directors, would be at least two years.

■ If a grantee were disabled as provided in the second or the third category referred to in Article L. 341-4 of the French Social Security Code (*Code de la Sécurité Sociale*), the shares would vest before the expiration of the vesting period.

■ **Holding period:** The holding period, which would be set by your Board of Directors, would be at least two years starting from the final allocation of shares. The Board would have the ability to reduce or waive the holding period depending upon the affected grantees.

■ **Presence condition:** Share would only vest on the condition that the grantee is actually present within the Group at the time the vesting period expires. This requirement would apply to all grantees.

■ **Performance conditions:** The number of shares vested in the grantees would be determined at the end of a three-year period by applying performance conditions. For example, the following performance conditions are applicable to the performance units that have been granted in March 2013; it being specified that similar performance conditions would be applicable to the shares allocated under this authorization:

■ an **"external" performance condition**, accounting for 50% of the total allocation, would be based on a comparison between the arithmetic average of the Company's consolidated EBITDA margin, as resulting from the consolidated financial statements over a three-year period and the average of the EBITDA margins achieved by companies making up the MSCI World Capital Goods index over the same period. The number of shares finally granted would be:

- zero if the difference between the two averages is less than or equal to 4 points, in favour of the Company ("**Limit 1**"),
- equal to 69% of half the number of shares initially allocated if the difference between the two averages is 8.3 points in favour of the Company ("**Limit 2**"). Between Limit 1 and Limit 2, the number of shares finally granted would be calculated on a linear basis, and
- equal to 100% of half the number of shares initially allocated if the difference between the two averages is 12 points or more in favour of the Company ("**Limit 3**"). Between Limit 2 and Limit 3, the number of shares finally granted would be calculated on a linear basis;

■ an **"internal" performance condition**, accounting for 50% of the total allocation, would be based on the level of normalized free cash flow as a percentage of sales* as resulting from the consolidated financial statements, over the aforementioned three-year period. The number of shares finally granted would be:

- zero if the average normalized free cash flow, as a percentage of sales, is equal to or less than 9% ("**Limit 1'**"),

* Please refer to the definition of normalized free cash flow above.

- equal to 69% of half the number of shares initially allocated if the average is 12.4% (“Limit 2”). Between Limit 1’ and Limit 2’, the number of shares finally granted would be calculated on a linear basis, and
- equal to 100% of half the number of shares initially allocated if the average is 16% or more (“Limit 3”). Between Limit 2’ and Limit 3’, the number of shares finally granted would be calculated on a linear basis.

The number of performance shares finally granted would therefore range from 0% to 100% of the number of shares initially allocated.

The Company would set up no instrument for hedging the shares allocated under this authorization.

During the vesting period, the number of free shares allocated could be adjusted by the Board of Directors as necessary to protect the rights of grantees in the event of any transactions involving the Company’s share capital.

In cases of free allotments of shares yet to be issued, this authorization would entail, at the end of the vesting period, a capital increase by way of incorporation of reserves, profits or share premiums in favor of the grantees of these shares. The capital increase would take full effect, without further process, on vesting of shares, and therefore this authorization also constitutes a waiver, in favor of the grantees, of shareholders’ preferred rights to subscription and to the portion of the reserves, profit and premiums so incorporated.

This authorization would be valid for 38 months from the date of the General Meeting of shareholders called for May 24, 2013. If the resolution is adopted, this authorization would invalidate the authorization of the same nature granted by the Combined Ordinary and Extraordinary General Meeting of May 26, 2011 to the extent not used.

For reference, the Company has used the authorization granted to it by the Combined Ordinary and Extraordinary General Meeting of May 26, 2011 to allocate a total of 985,656 shares, representing 0.4% of share capital at March 7, 2012, the date the Board of Directors resolved to make the allocation. Of that total, 30,710 shares, representing 0.01% of share capital, were allocated to the Chairman and Chief Executive Officer of the Company.

Delegation for purposes of issuing shares or securities giving access to the Company’s share capital, with waiver of shareholders’ preferred subscription rights in favor of participants in a Company or Group savings plan (10th resolution)

The authorizations granted to the Board of Directors to allocate share subscription or purchase options and performance shares carry with them the legal obligation to propose a draft resolution allowing for a capital increase reserved for employees. Therefore, although the eighteenth resolution adopted by the Combined Ordinary and Extraordinary General Meeting of May 25, 2012 is still valid, this resolution must still be presented for a vote by the General Meeting called for May 24, 2013.

You are therefore asked to delegate to your Board of Directors the authority to issue shares and/or securities giving access to the Company’s share capital, with waiver of shareholders’ preferred subscription rights in favor of employees and former employees of the Company and of the French and foreign companies connected to the Company within the meaning of Article L. 3344-1 of the French Labor Code, provided that these employees or former employees participate in a Company or Group savings plan (or in any other plan for whose participants Articles L. 3332-1 *et seq.* of the French Labor Code or any analogous law or regulation allow a restricted capital increase under equivalent conditions).

The total nominal amount of the capital increases effected under this delegation may not exceed €25 million, with the proviso that this amount would be applied to the overall limit of €500 million set out in the twentieth resolution adopted by the Combined Ordinary and Extraordinary General Meeting of Shareholders on May 25, 2012.

The subscription price of the new shares would be equal to the average market price for Company shares over the twenty trading days preceding the date on which the opening date for subscription is decided on, less a discount up to the maximum allowed by law at the date of the Board of Directors’ decision, which the Board would have the option to reduce.

Under this delegation, the Board of Directors could allocate free shares, or other securities giving access to the capital, in lieu of the abovementioned discount and/or of any supplement granted to employees, subject to the limits provided for in Article L. 3332-21 of the French Labor Code.

Shareholders’ preferred subscription rights would be waived in favor of the participants in the employee savings plan. The shareholders would also waive all rights to free shares or securities giving access to the share capital that would be issued under the delegation.

This delegation would be valid for 26 months, starting from the date of the General Meeting. If this resolution is adopted, this delegation would invalidate the delegation of the same nature granted by the Combined Ordinary and Extraordinary General Meeting of May 25, 2012 to the extent not used.

For reference, the Company has not used the delegation granted to it by the Combined Ordinary and Extraordinary General Meeting of May 25, 2012.

Powers to effect formalities (11th resolution)

This resolution is customary and would allow your Board of Directors to proceed with all legally required filings, formalities and publications after the General Meeting of Shareholders called for May 24, 2013.

Made on March 6, 2013 by the Board of Directors

Draft resolutions for the combined Ordinary and Extraordinary General Meeting of Shareholders on May 24, 2013

■ RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

First Resolution (Approval of the Company's financial statements as at December 31, 2012)

Meeting in accordance with the conditions as to quorum and requisite majority for Ordinary General Meetings, and being apprised of the Board of Directors' management report on the activity and general situation of the Company in 2012 financial year; of the Chairman of the Board's report appended to the management report; the auditor's report on the annual financial statements; and the auditor's report on the Chairman's report; the shareholders approve the Company's financial statements at December 31, 2012 as presented, which show a net profit of €86,731,814.88, together with the transactions reflected in these financial statements or summarized in the reports referred to.

Second Resolution (Approval of the consolidated financial statements as at December 31, 2012)

Meeting in accordance with the conditions as to quorum and requisite majority for Ordinary General Meetings, and being apprised of the Board of Directors' management report on the activity and general situation of the Group and the auditor's report on the consolidated financial statements, the shareholders approve the Company's consolidated financial statements at December 31, 2012 as presented, which show a net profit of €505.6 million excluding minority interests, together with the transactions reflected in these financial statements or summarized in the reports referred to.

Third Resolution (Appropriation of earnings and determination of dividend)

Meeting in accordance with the conditions as to quorum and requisite majority for Ordinary General Meetings, and being apprised of the Board of Directors' management report and the auditor's report on the annual financial statements; the shareholders:

1. Observe that the net book profit for the financial year ended December 31, 2012 amounts to €86,731,814.88;

2. Resolve to appropriate €4,336,590.74 of this net book profit to the legal reserve;
3. Observe that, after this appropriation of €4,336,590.74 to the legal reserve, and considering retained earnings from previous years amounting to €305,647,936.82, the amount available for distribution in respect of 2012 financial year is €388,043,160.96;
4. Resolve to distribute a dividend to shareholders amounting to €1 per share, making a total amount of €264,223,291 on the basis of the number of shares making up the capital stock at December 31, 2012 and after deduction of treasury shares held at this date; and
5. Resolve to appropriate the remaining distributable income in the amount of €123,819,869.96 to retained earnings.

In the event of a change in the number of shares entitling holders to a dividend from the 264,374,875 shares making up capital stock at December 31, 2012, the total amount of the dividend will be adjusted accordingly, and the amount appropriated to retained earnings will be calculated on the basis of dividends actually paid.

The ex-dividend date on Euronext Paris is May 29, 2013, and the dividend referred to in paragraph 4 above will be made payable from June 3, 2013

No dividends will be due on any shares that may be held by the Company itself or that have been cancelled before the payment date.

The shareholders grant the Board of Directors all necessary powers to determine, considering in particular the number of treasury shares held by the Company at the dividend payment date and, if any, the number of shares cancelled before that date, the total amount of the dividend and, by the same token, the amount of distributable income to be appropriated to retained earnings.

Pursuant to the applicable law and regulations, the dividend is eligible in full for the 40% income-tax exemption provided under Article 158-3-2 of the French Tax Code (*Code Général des Impôts*) and for the 21% non-definitive withholding tax (*acompte non libératoire*).