REGISTRATION DOCUMENT 2012

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REGISTRATION DOCUMENT

INCLUDING ANNUAL FINANCIAL REPORT

2012

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This is a non binding free translation into english of the Registration Document filed with the French Financial Markets Authority (*Autorité des Marchés Financiers*) on March 28, 2013, pursuant to Article 212- 13 of its General Regulations. The French version of the Registration Document can be used in support of a financial transaction if it is supplemented by an information memorandum duly approved by the French Financial Markets Authority. This Document was prepared by the issuer. The signatories assume responsibility for this document. The English version is provided only for the convenience of english speaking users.

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NOTE

References to the "**Group**" and "**Legrand**" are to the Company, its consolidated subsidiaries and its minority shareholdings.

References to "**Legrand France**" relate specifically to the Company's subsidiary Legrand France, which was previously named Legrand SA but was renamed by the Shareholders' General Meeting dated February 14, 2006, and not to its other subsidiaries.

In this Registration Document, references to "**Wendel**" are, unless otherwise specified, to Wendel and/or one or more of its subsidiaries.

The Company's consolidated financial statements presented in this Registration Document for the financial years ending December 31, 2012 and December 31, 2011 have been prepared in accordance with International Financial Reporting Standards,("IFRS"), as adopted by the European Union. Since the Group has not applied the carve-out arrangements proposed by the EU and specified in IAS 39, these consolidated financial statements were also prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB). References therefore to the term "**IFRS**" within this Registration Document relate to international accounting standards as adopted in the European Union or as issued by IASB. The Company prepares and presents its consolidated financial statements in accordance with IFRS as required by French law. IFRS may differ in certain significant respects from French GAAP. The separate financial statements are presented in accordance with French GAAP.

This Registration Document contains information about Legrand's markets and its competitive position therein, including market size and market share. As far as Legrand is aware, no exhaustive report exists with regard to the industry or the market for electrical and digital building infrastructures. As such, Legrand obtains data on its markets through its subsidiaries which compile information on their relevant markets on an annual basis. This information is derived from formal and informal contacts with industry professionals (notably professional associations), from the sales data of distributors of electrical products, and from building statistics and macroeconomic data. Legrand estimates its position in its markets based on the market data referred to above and on its actual sales in the relevant market.

Legrand believes that the market share information contained in this Registration Document provides fair and adequate estimates of the size of its markets and fairly reflects its competitive position within these markets. However, internal surveys, estimates, market research and publicly available information, while believed by Legrand to be reliable, have not been independently verified and Legrand cannot guarantee that a third party using different methods to assemble, analyze or compute market data would obtain the same results. In addition, Legrand's competitors may define its markets differently. Because data relating to market shares and market sizes are Company estimates, they are not data extracted from the consolidated financial statements, and Legrand cautions readers not to place undue reliance on such information.

This Registration Document contains forward-looking statements. These forward-looking statements include all matters that are not historical facts. They are mentioned in various sections of this Registration Document and contain data relating to Legrand's intentions, estimates and targets, concerning in particular its market, strategy, growth, results, financial position and cash position.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of the Group's future performance. Legrand's actual financial position, results and cash flows as well as the development of the industrial sector in which it operates may differ significantly from the forward-looking information mentioned in this Registration Document, and even where these elements are consistent with the forward-looking information mentioned in this Registration Document, they may not be representative of the results or developments in later periods. Factors that could cause such differences include, among other things, the risk factors described in chapter 4 of this Registration Document. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

The forward-looking statements referred to in this Registration Document are only made as of the date of this Registration Document. The Group will update this information as necessary in its financial communications. Legrand operates in a competitive environment subject to rapid change. It therefore may not be able to anticipate all of the risks, uncertainties and other factors that could affect its activities, their potential impact on its activities or the extent to which the occurrence of a risk or combination of risks could lead to significantly different results from those set out in any forward-looking statements, it being noted that such forward-looking statements do not constitute a guarantee of actual results.

01

RESPONSIBILITY FOR THE REGISTRATION DOCUMENT AND STATUTORY AUDITORS

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1.1 - PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1.1.1 - Name and position of the person responsible for the Registration Document

Mr. Gilles Schnepp, Chairman and Chief Executive Officer of Legrand, a French *société anonyme* whose registered office is located at 128 avenue du Maréchal de Lattre de Tassigny, 87000 Limoges, France, registered at the Limoges trade and companies register under the number 421 259 615, hereinafter referred to as "the Company".

1.1.2 - Declaration of the person responsible for the Registration Document including the annual financial report

"I hereby certify, having taken all reasonable care in this regard, that the information contained in this Registration Document is, to the best of my knowledge, accurate and that there are no omissions that could materially affect its reliability.

I further certify that, to the best of my knowledge, the financial statements have been drawn up in accordance with applicable accounting standards and provide a true and fair image of the assets, financial position and results of the Company and of its consolidated businesses, and that the Management Reports that appear in chapter 6 and Appendix 2 provide a true and fair account of developments in the business, the results and the financial position of the Company and of its consolidated businesses, together with a description of the risks and uncertainties to which they are exposed.

I have obtained from the Statutory Auditors, upon completion of their work, a letter in which they indicate that they have verified the information concerning the financial situation and financial statements presented in this Registration Document and that they have read the entire Registration Document.

The 2012 financial information presented in this Registration Document is the subject of an auditors' report that appears on page 225 of this Registration Document.

The consolidated financial statements for the year ended December 31, 2011 are included for reference in the present document and are the subject of an auditors' report that appears on page 206 of the 2011 Registration Document filed with the Autorité des Marchés Financiers under number D. 12-0291.

The consolidated financial statements for the year ended December 31, 2010 are included for reference in the present document and are the subject of an auditors' report that appears on page 196 of the 2010 Registration Document filed with the Autorité des Marchés Financiers under number D. 11-0375. "

Gilles Schnepp

Chairman and Chief Executive Officer

1.1.3 - Incorporation by reference

This Registration Document incorporates by reference the Company's consolidated financial statements for the year ended December 31, 2010 and the related statutory auditors' report, as presented on pages 142 to 196 and 196-197 in the 2010 Registration Document filed with the *Autorité des Marchés Financiers* on April 27, 2011 under number D. 11-0375, as well as the Company's consolidated financial statements for the year ended December 31, 2011 and the related statutory auditors' report, as presented on pages 151 to 205 and 206-207 in the 2011 Registration Document filed with the *Autorité des Marchés Financiers* on April 5, 2012 under number D. 12-0291.

1.2 - STATUTORY AUDITORS

1.2.1 - Principal Statutory Auditors

PricewaterhouseCoopers Audit

Member of the Versailles Regional Body
of Deputy Statutory Auditors
(Compagnie régionale des commissaires aux comptes de Versailles)

Represented by Gérard Morin

Crystal Park, 63, rue de Villiers

92200 Neuilly-sur-Seine, France

Appointed Deputy Statutory Auditors at the Ordinary General Meeting of Shareholders of June 6, 2003, became Principal Statutory Auditors following the merger between Pricewaterhouse and Coopers & Lybrand Audit, and renewed as Principal Statutory Auditors at the Ordinary General Meeting of Shareholders of May 27, 2010 for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the financial year ended December 31, 2015.

Deloitte & Associés

Member of the Versailles Regional Body
of Deputy Statutory Auditors
(Compagnie régionale des commissaires aux comptes de Versailles)

Represented by Jean-Marc Lumet

185, avenue Charles-de-Gaulle

BP 136 92524 Neuilly-sur-Seine Cedex, France

Appointed as Principal Statutory Auditors at the Ordinary General Meeting of Shareholders of December 21, 2005 and renewed as Principal Statutory Auditor at the Ordinary General Meeting of Shareholders of May 26, 2011, for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the financial year ended December 31, 2016.

1.2.2 - Deputy Statutory Auditors

Mr. Yves Nicolas

Member of the Versailles Regional Body
of Deputy Statutory Auditors
(Compagnie régionale des commissaires aux comptes de Versailles)

Crystal Park, 63, rue de Villiers

92200 Neuilly-sur-Seine, France

Appointed Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of March 2, 2004 and renewed as Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of May 27, 2010 for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the financial year ended December 31, 2015.

BEAS

Member of the Versailles Regional Body
of Deputy Statutory Auditors
(Compagnie régionale des commissaires aux comptes de Versailles)

7-9 Villa Houssay

92524 Neuilly-sur-Seine Cedex, France

Appointed Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of December 21, 2005 and renewed as Deputy Statutory Auditor at the Ordinary General Meeting of Shareholders of May 26, 2011 for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the financial year ended December 31, 2016.

1.3 - FINANCIAL INFORMATION

1.3.1 - Person responsible for financial information

Mr. Antoine Burel,

Chief Financial Officer

Address: 82, rue Robespierre, 93170 Bagnolet, France

Telephone: +33 (0) 1 49 72 52 00

Fax: +33 (0) 1 43 60 54 92

1.3.2 - Documents available to the public

The legal documents pertaining to the Company that must be made available to shareholders in accordance with the applicable regulations, and its financial records, may be consulted at the Company's registered office.

1.3.3 - Indicative financial information schedule

The 2013 financial information to be disclosed to the public by the Company will be available from the Company's website (www.legrand.com).

As an indication only, the Company's timetable for the publication of financial information up to December 31, 2013 should be as follows:

- 2013 first-quarter results: May 7, 2013
- Ex-dividend date*: May 29, 2013
- Dividend payment*: June 3, 2013
- 2013 first-half results: August 1, 2013
- 2013 nine-month results: November 7, 2013

The Company's Board of Directors held on March 6, 2013 decided to convene the Company's Annual Combined Ordinary and Extraordinary General Meeting of Shareholders on May 24, 2013.

* *Subject to the approval of the resolution "Appropriation of earnings and determination of dividend" by the Company's Annual Combined Ordinary and Extraordinary General Meeting of Shareholders called for May 24, 2013.*

02

SELECTED FINANCIAL INFORMATION

02 SELECTED FINANCIAL INFORMATION

The selected financial information for the years ended December 31, 2012, 2011 and 2010 has been drawn from the consolidated financial statements prepared in accordance with IFRS. These can be found in chapter 9 of this Registration Document and have been audited by PricewaterhouseCoopers Audit and Deloitte & Associés.

Please read this selected financial information in tandem with the information in chapter 6 of this Registration Document, the Group's consolidated financial statements, the notes thereto (included in chapter 9 of this Registration Document) and all other financial information included elsewhere in this Registration Document.

(in millions of euros, except %)	2012	2011	2010(1)
Sales	**4,466.7**	**4,250.1**	**3,890.5**
total sales growth	+5.1%	+9.2%	+8.7%
sales growth at constant scope of consolidation and exchange rates(2)	(1.4%)	+6.4%	+3.6%
EBITDA(3)	**1,014.3**	**1,010.1**	**949.1**
Maintainable EBITDA(4)	**1,039.8**	**1,028.7**	**980.6**
Adjusted operating income(5)	**874.4**	**856.7**	**797.0**
as a percentage of sales	19.6%	20.2%	20.5%
Maintainable adjusted operating income(4)	**899.9**	**875.3**	**828.5**
Net income(6)	**507.0**	**479.3**	**419.5**
as a percentage of sales	11.4%	11.3%	10.8%
Free cash flow(7)	**627.0**	**522.7**	**645.5**
as a percentage of sales	14.0%	12.3%	16.6%
Net financial debt at December 31(8)	**1,082.5**	**1,268.8**	**1,197.5**

(1) 2010 adjusted operating income and maintainable adjusted operating income restated for €12.9 million on the basis of the items indicated in note 24 to the consolidated financial statements referred to in chapter 10 of the 2011 Registration Document.

(2) Please see section 6.3.2.8 of this Registration Document for a definition of this term.

(3) EBITDA is defined as operating income plus depreciation of property, plant and equipment and amortization of intangible assets and impairment of goodwill.

(4) Maintainable EBITDA and maintainable adjusted operating income are used to analyze EBITDA and adjusted operating income excluding the impact of restructuring costs (including capital gains or losses on the sale of assets).

(5) Adjusted operating income is defined as operating income adjusted for amortization of the revaluation of intangible assets and for expense/income relating to acquisitions, and, if applicable, for impairment of goodwill.

(6) Net income corresponds to published net income (before non-controlling interests).

(7) Free cash flow is defined as the sum of net cash provided by operating activities and the net proceeds of asset disposals less capital expenditure and capitalized development costs.

(8) Net financial debt is defined as the sum of short-term borrowings and long-term borrowings less cash and marketable securities.

The table below shows a reconciliation of EBITDA and maintainable EBITDA with net income and operating income:

(in millions of euros)	2012	2011	2010
Net income	**507.0**	**479.3**	**419.5**
Income taxes	247.6	261.4	227.1
Exchange (gain)/loss	11.7	(10.6)	39.8
Financial income	(20.8)	(15.0)	(11.7)
Finance expense	102.5	97.2	82.9
Operating income	**848.0**	**812.3**	**757.6**
Depreciation of property, plant and equipment	105.2	111.0	120.2
Amortization of intangible assets and impairment of goodwill	61.1	86.8	71.3
EBITDA	**1,014.3**	**1,010.1**	**949.1**
Restructuring charges	25.5	18.6	31.5
Maintainable EBITDA	**1,039.8**	**1,028.7**	**980.6**

The table below shows a reconciliation of the Group's adjusted operating income and maintainable adjusted operating income with net income and operating income:

(in millions of euros)	2012	2011	2010
Net income	**507.0**	**479.3**	**419.5**
Income taxes	247.6	261.4	227.1
Exchange (gain)/loss	11.7	(10.6)	39.8
Financial income	(20.8)	(15.0)	(11.7)
Finance expense	102.5	97.2	82.9
Operating income	**848.0**	**812.3**	**757.6**
Acquisition - related amortization and expense - income(1)	26.4	28.5	39.4
Impairment of goodwill	0.0	15.9	0.0
Adjusted operating income	**874.4**	**856.7**	**797.0**
Restructuring charges	25.5	18.6	31.5
Maintainable adjusted operating income	**899.9**	**875.3**	**828.5**

(1) Amortization relating to intangible asset revaluations in connection with acquisitions and related expense and income.

The table below shows a reconciliation of the Group's free cash flow with net cash from operating activities:

(in millions of euros)	2012	2011	2010
Net cash from operating activities	**739.2**	**646.2**	**749.4**
Net proceeds from sales of tangible and intangible assets	8.4	13.5	8.9
Capital expenditure	(92.5)	(107.1)	(82.5)
Capitalized development costs	(28.1)	(29.9)	(30.3)
Free cash flow	**627.0**	**522.7**	**645.5**

The table below shows the changes in the net financial debt of Legrand:

(in millions of euros)	2012	2011	2010
Short-term borrowings	80.1	218.0	216.8
Long-term borrowings	1,496.7	1,539.1	1,213.0
Cash and cash equivalents	(494.3)	(488.3)	(232.3)
Net financial debt	**1,082.5**	**1,268.8**	**1,197.5**

The table below shows the changes in Legrand's equity:

(in millions of euros)	2012	2011	2010
Share capital	1,057.5	1,053.6	1,052.6
Retained earnings	2,335.9	2,064.3	1,810.7
Translation reserves	(208.3)	(172.1)	(132.7)
Equity attributable to equity holders of Legrand	**3,185.1**	**2,945.8**	**2,730.6**

03

GROUP OVERVIEW

3.1 - LEGRAND AND ITS BUSINESS

3.1.1 - Overview

Legrand is the global specialist in electrical and digital building infrastructure. Its full range of control-and-command, cable management, energy distribution and "Voice-Data-Image" products and systems which are suitable for the international commercial, industrial, and residential segments of the low voltage market, makes Legrand a worldwide standard setter. The Group markets its products under internationally recognized general brand names, including *Legrand* and *Bticino*, as well as under well-known local and specialist brands. Legrand, which is close to its markets and focuses on its customer, has commercial and industrial operations in over 70 countries, and markets a wide range of products, including around 200,000 catalog items, in almost 180 countries. Legrand generated sales of €4,467 million in 2012, of which 79% was generated outside France, and recorded an adjusted operating margin of 19.6%.

Readers are invited to refer to section 6.4.1 of this Registration Document for further information on the breakdown of Legrand's sales by geographical area.

Legrand's development model relies on innovation and the continual launch of new high value-added products, as well as on targeted and self-financed acquisitions of small and medium-sized companies that are leaders on their markets and highly complementary to the Group's business activities.

With 38% of its sales generated in new economies, and 25% of its revenues in new business segments (digital infrastructure, energy efficiency, home systems and wire-mesh cable management), the Group has sound growth drivers for the long-term.

The Group is listed on NYSE Euronext, and was included in the CAC 40, FTSE4Good, MSCI World, ASPI, and DJSI Indices at the time this Registration Document was filed.

3.1.1.1 HIGH-POTENTIAL BUSINESSES

Due to deep societal, technological and macroeconomic changes, the market for electrical and digital building infrastructure offers attractive growth prospects over time. These developments have a favorable impact on the Group's expansion in new economies and in new market segments (digital infrastructure, energy efficiency, home systems and wire-mesh cable management).

3.1.1.1.1 New economies

Strong growth and increased exposure to new economies

New economies account for a steadily growing share of the global economy, due to the fact that their rate of growth is higher than that of mature countries. The long-term development of electrical and digital building infrastructure, especially in Brazil, India, China, Russia, Turkey, and Mexico, is creating demand for both low-end and high value-added products. Finally, as 20% of the world's population does not have yet access to electricity, Legrand believes that its market offers significant long-term growth potential as electricity generation and supply infrastructure develop.

In 2012, the sales generated by the Group in new economies increased by 13.5% overall, *i.e.* by around 4% at constant scope of consolidation and exchange rates, and accounted for 38% of Legrand's sales. In 2012, business in new economies was divided between over 120 countries, while Brazil accounted for around 6% of Legrand's total sales, and other major countries (Russia, China and India) for around 4% each.

3.1.1.1.2 New business segments

Boosted by technological progress and the emergence of new requirements, digital infrastructure, home systems, energy efficiency and wire-mesh cable management are continuing to grow. In 2012, 25% of Legrand's total sales were generated by these new segments, a percentage which has more than doubled over a ten-year period.

Digital infrastructure and home systems

Breakthroughs in electronic and digital technologies have led to sweeping changes in the day-to-day use of electrical appliances. Telephones, televisions, computers, and lighting and sound systems, etc. are becoming increasingly interactive, intuitive, mobile and inter-connected.

In residential buildings, the electrical system must not only supply appliances with power, but also enable the interactive management of all functions in the home, including the monitoring of energy consumption, comfort (temperatures and lighting management), security, and even audio and video broadcasts.

In commercial buildings, IT and telephony networks increasingly converge with building management systems (lighting, heating and security), and use the IP protocol to communicate, thus making their management and maintenance easier.

Legrand offers its customers solutions that are simple to use and install, and allow smart management of the building, thanks to its digital infrastructure. Over the past few years, the Group has made its mark with numerous innovations, including the *My Home* system, the Home Network communication systems for home multimedia networks, LCS[2] VDI solutions, which offer simplified installation and ensure the optimal performance of the network and the *Digital Lighting Management* range for optimized lighting management using a digital network.

Energy efficiency

Buildings currently account for around 40% of total worldwide energy consumption.

Legrand is seeing growing demand in all its markets for products and systems that reduce energy consumption and improve the quality of electricity, as a result of the introduction of new regulations such as France's RT 2012 building regulations, or "energy codes" in the United States, increasing demand for environmentally friendly products, and rising energy costs.

Legrand is responding to this demand by offering a series of solutions in the lighting and heating management, shutter control, home automation, stand-by mode, and water-heater management, as well as in the improvement and control of electricity quality (source inversion, reactive energy compensation, energy-efficient transformation, surge protection, and uninterrupted power supply).

Readers are invited to refer to section 5.3.3 of this Registration Document for further information on the energy efficiency business.

Wire-mesh cable management

Thanks to their flexibility, ease of installation and highly ventilated structure, which enables better cable cooling, wire-mesh cable management is experiencing sustained growth, particularly in datacenters. The Group offers a full range of cable management *via* its *Cablofil* brand, which can be installed in all commercial (datacenters, retail outlets etc.) and industrial buildings throughout the world.

3.1.1.1.3 Medium and long-term growth prospects

Aside from new business segments, new high-potential businesses, like assisted living, electric-vehicle charging stations and plugs, or smart grids, for example, offer the Group long-term growth prospects.

Assisted living

The aging of the population (according to the UN, by 2050, the world's population is expected to include four times as many people over 80 as in 2011) poses a major challenge, both in terms of economic and societal dependency. Faced with this challenge, and as the result of growing demand from seniors wishing to remain in their homes while remaining independent, Legrand is developing customized solutions including:

- lighting paths, which light up automatically to prevent falls;
- easy-fit-sockets;
- centralized command systems;
- door entry systems with induction loops that make bells and intercoms easier to hear for people who wear hearing aids.

Moreover, this range, which improves quality of life, has been supplemented by Intervox Systèmes' remote assistance terminals. This company joined the Group in February 2011, making Legrand the leader on the French market of electrical equipment for assisted living.

See section 5.4.3 of this Registration Document for further details on the assisted living business.

Electric-vehicle charging stations and plugs

The electric-vehicle charging market is expected to be a high-potential market in the coming years. The European Commission has set a target of close to 800,000 electric-vehicle public charging stations by 2020, a development that is expected to be accompanied by the installation of numerous recharging devices in private residential and service buildings.

To meet these future market needs, Legrand launched in 2011 and 2012 its Green' up Access range of charging plugs and Green' up Premium range of charging stations for electric vehicles to supply requirements in the home, the workplace and public areas.

See section 5.3.3.2 of this Registration Document for further details on the electric-vehicle charging station and plug business.

Smart grids

A building's electrical and digital infrastructure is a key component of smart grids. In fact, the optimization of energy management for the entire electrical network involves efficient consumption management within the buildings, and the exchange of data between the buildings and the network. These two functions are handled by the electrical and digital building infrastructure, where Legrand is the global specialist.

3.1.1.2 PRODUCTS

The Group offers around 200,000 catalog items, which can be divided into four main product and system categories:

- control and command of electric power;
- cable management;
- energy distribution; and
- Voice-Data-Image (“VDI”).

Each product category is marketed in Legrand’s major geographical markets, each country having its own specific technical or regulatory features (see section 3.2.1 of this Registration Document for further details). In addition, the technical features and the design of Legrand’s products vary, depending on whether they are intended for commercial, residential or industrial buildings.

Control and command products and systems, cable management, energy distribution, and Voice-Data-Image represented around 40%, 17%, 27% and 16% of the Group’s sales respectively in 2012 (41%, 18%, 27% and 14% respectively in 2011).

3.1.1.2.1 Control and command of electric power

Control and command products and systems act as an interface between end-users and their electrical installation, enabling them to access comfort, security and communication functions in their home or workplace, including:

- comfort systems, which include lighting control, temperature control, sound diffusion, and roller blind closing systems. These products range from electromechanical switches and wall sockets to thermostats, dimmers, switches activated by infrared presence detectors, time switches and other automated products that enable end-users to control the flow of electricity and data;
- security systems, including emergency lighting, fire and intruder alarms, and access control systems (including audio and video entry phones) for residential and commercial buildings. These security systems are designed to enable rapid set-up by electrical contractors, and to offer maximum flexibility, convenience and security to end-users;
- communication systems, which cover in-home video, telephone and IT networks. Legrand has developed significant know-how in terms of “smart” home management systems, which are known as residential, or home-automation, systems. All the household appliances and electrical networks in the home are connected, which enable the end-user to control security, comfort and energy consumption locally or remotely. These systems are contributing to the development of digital infrastructure in residential buildings.

Legrand has been designing electrical power control and command products and systems since its foundation, and benefits from unique experience, which sets it apart from its competitors.

The Group believes that it has a front-runner position in the global electrical power control and command product design market, and considers itself to be the global market leader in wiring devices (mainly switches and sockets) with an estimated market share of approximately 20%. The Group is one of the only manufacturers offering wiring devices that comply with most of the electrical standards in use around the world.

3.1.1.2.2 Cable management

Cable management systems include trunking and ducting, cable routing systems, wire-mesh cable management systems, floor boxes, electrical cable junction boxes, and various systems that enable the secure distribution of electricity and data in buildings. These items are designed to prevent any accidental contact between electrical wires and cables and other electrical or mechanical equipment, or any exposure of these wires and cables that could be hazardous for end-users. Cable management systems include a variety of plastic or metal products, which enable power and data cables to be laid either in the ground, or in a room’s surrounds, or even in the ceiling.

Legrand considers itself to be the world leader in cable management systems, with an estimated share of around 13% of the accessible market*.

3.1.1.2.3 Energy distribution

Energy distribution products include circuit breakers (modular circuit breakers, molded cases, air circuit breakers and residual current protection devices. etc.), surge protection, electrical measurement components, UPS (Uninterruptible Power Supply) and transformers, as well as the distribution panels and systems that enable the installation and connection of these devices. These products enable people and goods to be protected against major electrical risks (e.g. electric shocks, overheating, short-circuits, and surge) and the reliable supply of high-quality electric power to buildings, regardless of whether they are for residential, commercial, or industrial use. They also enable the protection of renewable energy sources.

Legrand believes that it is one of the main manufacturers of energy distribution products, and that it ranks among the top five players in the European and South American energy distribution product markets.

* *Legrand’s accessible cable management market expanded in 2012 following the development of new offers.*

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3.1.1.2.4 Voice-Data-Image (VDI)

Legrand offers a full-range of pre-wired systems for IT, telephone and video networks, like the new high-debit data transmission *RJ45* wall socket, fiber optic jacks, connection panels, cabinets, boxes, VDI cable management accessories, and copper and fiber optic VDI cables, all of which facilitate the organization of VDI (including IP) networks in residential and commercial buildings.

Legrand considers itself to be one of the four main manufacturers of a certain number of VDI applications (excluding cables, active products and Wi-Fi) and has been very successful in this area, particularly with its new LCS² range, which enables simple and quick set-up, and guarantees optimum network performance.

3.1.2 - History

The main stages in Legrand's development are:

- 1926: foundation of the Legrand company, specializing in the production and decoration of china;
- 1946: acquisition of Legrand by the Verspieren and Decoster families;
- 1949: Legrand focuses exclusively on the manufacturing of wiring devices;
- 1966: first operations outside France, primarily in Belgium and Italy;
- 1970: Legrand is admitted to the Paris Stock Market;
- 1977: first operations outside Europe and in emerging economies, *via* the acquisition of Pial, the leading Brazilian wiring device manufacturer;
- 1984: first operations in the United States with the acquisition of *Pass & Seymour*, the second largest US wiring device manufacturer;
- 1987: inclusion of Legrand in the CAC 40 Index;
- 1989: acquisition of *Bticino*, the leading Italian electrical device manufacturer;

  Legrand's total sales exceed €1 billion;
- 1995: issue of a 400 million dollar Yankee bond maturing in 2025;
- 1996: first operations in India, with the takeover of MDS; acquisition of the Watt Stopper, the US leader in the highly energy-efficient lighting systems market;
- 1998: Legrand's total sales exceed €2 billion;
- 1999: opening of *Innoval* in Limoges, which is both a showroom and a training center dedicated to the Group's clients;
- 2000: acquisition of *Wiremold*, the leading manufacturer of cable management systems in the United States;
- 2001: Schneider Electric launches a full friendly tender offer for Legrand; the Brussels Commission opposes the planned merger in October 2001.

  As Legrand had planned prior to the merger with Schneider Electric, a new organizational structure is introduced with the aim of separating Front Office and Back Office responsibilities (see section 3.3 of this Registration Document);
- 2002: finalization of the "demerger" from Schneider Electric. Legrand is acquired by a consortium consisting mainly of Wendel and KKR;
- 2003: delisting;
- 2005: Legrand becomes the leader in the Chinese electrical device market *via* the takeover of *TCL*, the market leader;

  the Group's total sales exceed €3 billion;
- 2006: Legrand is listed on NYSE Euronext; Legrand adheres to the Global Compact;
- 2007: the Group's total sales exceed €4 billion;
- 2010: first Eurobond issue, amounting to €300 million, and maturing in 2017; publication of the new sustainable development initiative roadmap;
- 2011: Legrand returns to the CAC 40 index; acquisitions of Middle Atlantic Products Inc., the leader in audio and video enclosures in North America, and SMS, the market leader in Uninterruptible Power Supply (UPS) systems in Brazil;
- 2012: acquisition of Numeric UPS, India's market leader for low- and medium-power UPS; Legrand rated A- by Standard and Poor's.

3.2 - A PROFITABLE-GROWTH STRATEGY, DRIVEN BY LEADERSHIP

Legrand's medium-term strategy, excluding the effects of economic cycles, consists in accelerating its profitable growth, primarily by growing its business in new economies and in promising new business segments through innovation and targeted acquisitions. Thanks to the soundness of its economic model, and to ongoing efforts to optimize that model, Legrand intends to continue to self-finance its expansion, and to boost its profitable growth profile, thereby creating value.

3.2.1 - A market characterized by high entry costs

Legrand believes that access to its market requires new entrants to make a high initial investment, primarily due to:

- differences in national electrical standards, local standards and regulations, and design preferences;
- the need to offer customers an extensive range of products and systems with multiple functionalities; and
- the need to establish relationships with the many players in the industry, regardless of whether they are local electrical distributors, electrical contractors, product specifiers, or end-users.

Legrand's products are subject to quality and safety controls and regulations. They are governed by standards that are primarily national and international, such as European Union directives, and by product standards adopted by international organizations, like the European Committee for Electro-Technical Standardization, and the International Electro-Technical Commission.

3.2.2 - Legrand, a market leader with a unique positioning

3.2.2.1 A GLOBAL PLAYER, SPECIALIZING IN ELECTRICAL AND DIGITAL BUILDING INFRASTRUCTURE

Unlike its large multinational competitors, Legrand focuses on the development, manufacturing and marketing of a full range of products and systems for electrical and digital building infrastructure. This specialization in its business area, without any diversification, has enabled Legrand to acquire a unique technical and commercial expertise, which covers its entire business sector.

This specialization is applied on a global scale, and guaranteed by the Group's presence in over 70 countries through subsidiaries, branches and representative offices, as well as through the marketing of the Group's products in nearly 180 countries.

By leveraging its strong local presence, Legrand has established longstanding commercial relationships with key local distributors and electrical installers, as well as with product specifiers who provide Legrand with thorough knowledge of market trends and demand.

3.2.2.2 A MARKET LEADER WITH FRONT-RUNNER MARKET SHARES

Legrand believes that it is the worldwide leader in wiring devices (mainly switches and sockets) with an estimated market share of around 20% in 2012. It also estimates that it is the world leader in the cable management segment, with a market share of approximately 13%* in 2012.

* *Legrand's accessible cable management market expanded in 2012 following the development of new offers.*

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On a more global basis, Legrand also enjoys market leader or number two positions for one or several product families in many key countries, such as:

- France, Italy, Russia, Hungary, Brazil, Chile, Peru, Mexico and China in the wiring device sector;
- the United States, Mexico, France, and other European countries in the cable management sector;
- France, Peru and Australia, in the security lighting products sector;
- India, Brazil and Turkey in the UPS sector;
- Poland, Brazil, Colombia, India, France, and Russia in the modular protection sector.

Overall, the sales generated by Legrand from a position as the market leader or as number two in respective markets, accounted for two-thirds of Group revenue in 2012, while the number of market leader or number two positions has been multiplied by two in five years. Legrand believes that this first-rate competitive positioning makes it the standard-setter for distributors, electrical installers, product specifiers, and end-users, while boosting demand for its products.

3.2.2.3 A PORTFOLIO OF RENOWNED BRANDS OFFERING A FULL RANGE OF PRODUCTS AND SYSTEMS

The Group believes that it offers a range of products that distributors, electrical installers, product specifiers, and end-users associate with a high-quality image, and to which they remain loyal. In particular, Legrand believes that electrical installers and product specifiers, who are the main drivers of demand, have trusted the Group's brands, products and systems for many years, given their safety, reliability and ease of installation and use.

Moreover, Legrand believes that its catalogs, which feature around 200,000 product references organized into some 78 product categories, are among the most exhaustive on the market. In addition, Legrand believes that it is the only market player offering a range of wiring devices that is both compliant with most international electrical standards, and that meets the expectations of electrical installers and end-users, primarily due to its easy integration into systems.

Legrand markets its products under internationally recognized general brand names, like *Legrand* and *Bticino* as well as under an extensive portfolio of some 40 specialist brands, like *Ortronics*, *Cablofil* and Zucchini or very well-known local brands. Legrand primarily markets its products under the following brands for each geographical area:

- in France, *Legrand, Arnould, Cablofil, Ortronics, Planet Watthom, Bticino, Cofrel, Sarlam, Zucchini, URA* and *Alpes Technologies*;
- in Italy, *Bticino, Legrand, Zucchini, Cablofil, Ortronics* and *Metasystem*;
- in the Rest of Europe area, *Legrand, Bticino, Cablofil, Ortronics, Van Geel, Kontaktor, Baco, Electrak, Estap, Inform* and *Aegide Minkels*;
- in the United States and Canada, under brands backed by the *Legrand* brand such as *Pass & Seymour, Wiremold, WattStopper, Ortronics, Cablofil* and *OnQ* and through own-brands such as *Vantage, PW, Electrorack* and *Middle Atlantic Products*;
- in the Rest of the World area, under brands backed by the *Legrand* brand, like *Pial, TCL, Luminex* and *Anam* and under own-brands such as *Legrand, Bticino, Cablofil, Lorenzetti, Cemar, HPM, HDL, SMS, Ortronics, Shidean, Numeric UPS*, and *Baco*.

Legrand's brand and trademark portfolio is protected in most of the markets where the Group operates. The protection granted to Legrand's brands is based on their registration or use. Legrand's brands are registered with domestic, European and international agencies for variable periods, usually individual ten-year periods, subject to the laws subjecting ongoing protection to continued use of the brands.

As a general rule, Legrand only grants licenses on its trademarks to third parties in exceptional circumstances. Moreover, with the notable exception of the *TCL* trademark, which the Group uses under license, it does not usually license trademarks belonging to third parties.

3.2.2.4 A BALANCED MARKET POSITIONING

Trends in the market for electrical and digital building infrastructure are naturally dependent on economic conditions. However, this market stands up well to the impact of economic cycles because of its diversity:

- the market covers the new-build and renovation sectors, although the last sector is less sensitive to economic cycles than the new-build sector, as it requires lower investments, and benefits from a recurring flow of activity arising from regular maintenance and modernization needs. Legrand estimates that approximately 50% of its revenue was generated by the renovation market in 2012, while the new-build market accounted for around 50% of its revenue in the same year;
- the market breaks down into three sectors, depending on the categories of buildings and end-users: the commercial sector, which includes buildings like hotels, offices and retail outlets, and also public buildings like schools or hospitals, where Legrand estimates that it generated 48% of its 2012 revenue, the residential sector (45% of its 2012 revenue), and the industrial sector (7% of its 2012 revenue), each of which has its own growth momentum;

- the market is characterized by a business flow fueled mainly by a high level of relatively low-value orders, unlike industries that are more dependent on large public or private projects. The market is therefore mostly fragmented and sustainable, and is less sensitive to the impact of economic cycles than other markets, including the medium and high-voltage or infrastructure market;
- in addition, certain businesses, like the new business segments (digital infrastructure, energy efficiency, home systems, and wire-mesh cable management), or assisted living are driven more by technological, social and societal developments than by the construction market;
- finally, a highly diversified geographical presence limits the Group's dependence on the specific economic performance of one or several countries. In fact, Legrand has commercial and industrial operations in over 70 countries, and markets a wide range of products in nearly 180 countries. Specifically, Legrand generated 38% of its 2012 revenue in new economies (see section 3.1.1.1.1 of this Registration Document).

3.2.3 - A development driven by two growth engines

Legrand is constantly seeking to develop its market share and revenue on a profitable basis, by relying on two self-financed growth engines: organic growth, which is driven by innovation and the regular launch of new products; and targeted acquisitions of companies that are front-runners in their business area.

3.2.3.1 ORGANIC GROWTH SUPPORTED BY INNOVATION AND THE LAUNCH OF NEW PRODUCTS

Innovation and new product[1] launches are at the heart of Legrand's growth and market share winning strategy. In fact, 37% of the Group's 2012 revenue was generated by new products[1].

3.2.3.1.1 A proactive and targeted research and development policy

On average, Legrand dedicates 4 to 5% of its revenue[2] to research and development, and around 50% of its capital expenditure to new products.

Legrand develops its products by concentrating primarily on the following features:

- quality, reliability and overall safety;
- simplicity, ease and speed of installation;
- incorporating new technologies in the product offering, thereby enabling end-users to enjoy the widest possible choice of technology to suit their needs, at all times;
- the ability of Legrand's product lines to work together in an integrated system;
- product functionality; and
- new designs.

3.2.3.1.2 A know-how that is recognized for its innovation

Legrand has a long, recognized track record in terms of innovation, and of the development of new products that create value for its economic chain. Legrand adds higher value-added products to its ranges on a regular basis, including by using materials like leather, wood and steel, together with new high-technology solutions. Examples of these solutions include the universal media socket, a circuit breaker with an automatic reset function, *My Home*, Legrand's home automation range, which simultaneously manages lighting, security, heating and audio and video broadcast in residential buildings in a simple, ergonomic way, the introduction of Zigbee technology in a commercial range, and Ethernet connectivity offering the highest speeds.

Legrand also focuses its efforts on low-end product ranges, which enable it to meet all the requirements in its markets, especially in new economies.

In addition, the Group has developed a special expertise in energy efficiency to reduce energy consumption and minimize the environmental impact of buildings, including lighting management, consumption measurement and management solutions, and a range of solar cell equipment protection devices.

(1) *Products sold for five years at most.*

(2) *Research and development expenses before purchase accounting charges relating to the acquisition of Legrand France and including capitalized development expenses.*

3.2.3.1.3 Effective management of research and development activities

Research and development is managed by three industrial divisions (see section 3.3.3 of this Registration Document) that decide on the allocation of projects among the various teams spread across the world at a global level. A significant portion of Legrand's research and development work is carried out in France, Italy, the United States, and China. At December 31, 2012, 2,100 employees in approximately 19 countries were employed in research and development.

This global organizational structure enables the Group to optimize its research and development by designing products that share the same platform. It enables a rationalization of the number of components and a reduction in manufacturing costs, as well as the pooling of development costs and thus the dedication of more resources to high-growth businesses like digital systems. In addition, Legrand anticipates the international roll-out of its products as soon as it designs them. The new Forix wiring device and Linkeo structured cabling system ranges launched in Eastern Europe in 2012 will, for example, be rolled out very rapidly in other countries, in order to capture the growth in this economic segment in the various geographic zones.

3.2.3.1.4 A substantial patent portfolio

Legrand holds 4,041 active patents in over 70 countries, some of which relate to the protection of the same or similar technologies in several markets. Legrand believes that its level of dependence on third party patents is not material to the assessment of its business development prospects.

The Group's patents cover approximately 1,573 different systems and technologies. The average life of the Group's patent portfolio is around eight years, which also corresponds to the average life of the patents held by Legrand's competitors.

3.2.3.2 ACQUISITION-DRIVEN GROWTH IN A MARKET THAT OFFERS A LARGE NUMBER OF EXTERNAL GROWTH OPPORTUNITIES

Legrand aims to continue making targeted and self-financed acquisitions of companies that enjoy leading positions over the long term, thereby pursuing the expansion of its market share, and fuelling its growth. Given the fragmented nature of the market in which it operates, the Group focuses on acquiring small- and medium-sized companies.

3.2.3.2.1 A fragmented market

The Group's accessible market, which Legrand estimates to be worth around €80 billion, remains highly fragmented, since around 50% of global revenue is generated by small- and medium-sized companies, which are often local, and typically enjoy only a marginal share of the global market. With an accessible global market share of some 6% in 2012, Legrand is one of the market references. Market fragmentation is partly due to differing standards and applicable technical norms, and to end-users' habits in each country. Attempts to harmonize standards to make products usable on a very large scale have failed, especially within the European Union, due primarily to the size of the investment required to replace existing electrical networks for only limited added-value. As a result, a significant portion of the electrical and digital building infrastructure product and system market has traditionally remained in the hands of small local manufacturers, the potential acquisition of which may represent a growth opportunity for Legrand.

3.2.3.2.2 Recognized experience of growth through targeted, self-financed acquisitions

In the fragmented market context in which Legrand operates, the Group has demonstrated its ability to identify and perform self-financed acquisitions of small- and medium-sized companies that are usually the leaders in their local market and enjoy strong brand awareness, thereby satisfying complementary technology, geographical location, market or product criteria.

In this respect, the ongoing role of Legrand's teams, which are very familiar with local market players, is to identify potential targets. A dedicated corporate development unit is responsible for monitoring the entire acquisition process, and is specifically responsible for coordinating the work performed by the various Group teams that may be involved in a takeover transaction.

Growth through targeted and self-financed acquisitions is a fully-fledged part of the Group's development model, and the Group has acquired, and "docked" over 135 companies into its consolidation scope since 1954.

In 2012, Legrand pursued its strategy of growth through external acquisitions in new economies with the acquisition of Numeric UPS, India's market leader for low- and medium-power UPS and signatory of a joint-venture agreement with Daneva, the Brazilian leader in connection products. The Group also reinforced its position in new business segments *via* the takeover of Aegide, the market leader in Voice-Data-Image (VDI) cabinets for datacenters in the Netherlands and front-runner in this market in Europe, and *via* the acquisition of NuVo Technologies, specialist in multi-room audio systems in the United States.

In early 2013, and on the date of filing of this Registration Document, Legrand proceeded to acquire Seico, the Saudi leader in industrial metal cable trays.

3.2.3.2.3 Financial discipline

The rate of acquisitions takes account of the economic environment and of changes in valuation multiples.

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In this context, Legrand maintains a disciplined financial approach, based on a multi-criteria assessment, and specifically uses an assessment matrix, which enables it to ensure that small and medium-sized bolt-on acquisitions:

- increase its local market share; and/or
- expand its product range and technology portfolio; and/or
- boost its presence on markets with high growth potential; and
- are performed, on average for the acquisitions taking place over the last 12 to 24 months, in compliance with its financial criteria, which primarily include:
  - an acquisition price that corresponds to valuation multiples that are lower than or equal to those applied to comparable companies in the same sector (in terms of market positioning and growth potential), and where the calculation only includes the synergies achievable in the short term, and only relating to operating expenses, except where an exception is justified,
  - a positive impact on net income from the first year onwards,
  - a value-creation target (a return on invested capital that is higher than the weighted average cost of capital) at the end of three to five years.

3.2.4 - A profitable and self-financed business model

3.2.4.1 A MODEL BASED ON PROFITABLE GROWTH

3.2.4.1.1 A market characterized by favorable pricing trends

On a global basis, Legrand's accessible market is characterized by a relative lack of range commoditization, and by a very diffuse flow of business from hundreds of thousands of electricians. These electrical installers, product specifiers, or end-users pay more attention to products' technical features than to their price. Electrical installers, for instance, tend thus to favor market-leading products that can be installed efficiently (safety, quality, reliability, and ease and speed of installation), and that offer the quality expected by the end-user (functionality, design and ease of use), over the price of products. This is one of the reasons why Legrand invests 4 to 5% of its revenue in research and development every year, and provides a steady flow of new products. See section 3.2.3.1 of this Registration Document.

Whilst some deflationary industries are seeing the price of their products eroded, Legrand's market is displaying a different overall trend. In particular, end-user sensitivity to product prices is specifically mitigated by the fact that electrical installations (including cables and labor) usually account for only a small portion of the total average cost of a new-build construction project (between 6 and 7% for a residential project, for example).

In addition, Legrand enjoys a certain degree of control over its tariff structure, through its ability to innovate on a regular basis, which has been strengthened by developing pricing expertise ensured by around 40 pricing managers all over the world who are responsible for managing sale prices. More generally, all the Group's management and finance staff have been trained on, and made aware of price management. On a historical basis, Legrand's sale prices have increased by an overall average of 2% per year between 1992 and 2012.

3.2.4.1.2 Profitability driven by an ongoing improvement in competitiveness

Legrand relies on its efficient and responsive Back Office (see section 3.3.3 of this Registration Document), to constantly improve its competitiveness. Therefore, by drawing inspiration from methods based on creativity and "lean manufacturing", as well as from innovative approaches such as the concept of a product and industry platform, Legrand is continuously optimizing its cost base. A portion of these gains are specifically reinvested in research and development, and in Front-Office initiatives aimed at boosting organic growth.

More generally, the ongoing improvement in productivity, combined with the operational leverage provided by revenue growth and strong commercial positions (two thirds of sales are generated from market leader or number two positions) enables the Group to generate a high level of profitability while consolidating, year after year, new acquisitions where profit margins are lower than the Group's.

The Group's adjusted operating margin amounted thus to 16% on average between 2002 and 2009, and to 20% between 2010 and 2012.

3.2.4.2 HIGH FREE CASH FLOW GENERATION

By combining a high level of profitability and tight controls on capital employed (working capital requirements and capital expenditure), Legrand's economic model enables the Group to generate high levels of free cash flow over the long-term. Based on a constant working capital requirement to sales ratio of 10% at constant scope of consolidation and exchange rates, the free cash flow generated amounted to over 13% over the last three years, a much better performance than those the Group has historically achieved.

Legrand has historically been able to generate high and sustained cash flows , which have enabled it to benefit from significant financial and operational flexibility to self-finance the development of its business through innovation and acquisitions. Between 2002 and 2012, free cash flow amounted to 73% of adjusted operating income, and to over 12% of sales, compared with 39% and almost 6% respectively between 1990 and 2001. This reflects the structural improvement in Legrand's ability to convert its adjusted operating income into cash , and to generate a significant level of free cash flow on a recurring basis.

The development of product platforms, the systematic application of its "make or buy" approach to all planned investments, the transfer of certain manufacturing processes to less capital intensive countries, and a reduction in capital expenditure requirements have therefore enabled Legrand to reduce its ratio of capital expenditure to sales from an average of around 9% between 1990 and 2001 to around 4% between 2002 and 2012. Legrand believes that the development of its business model and its improved operational structure should enable it to maintain capital expenditure to sales ratio within a normalized range of, on average, between 3% and 3.5%.

At the same time, Legrand lowered its working capital requirement to revenue ratio from an average of 21% between 1990 and 2001 to an average of around 11% between 2002 and 2012, and of even less than 10% in 2009, 2010, 2011 and 2012. The Group believes it is in a position to maintain its working capital requirement to revenue ratio at under 10%, excluding significant acquisitions.

3.3 - AN ORGANIZATIONAL STRUCTURE THAT SUPPORTS THE GROUP'S STRATEGY AND CUSTOMERS

Legrand has manufacturing and marketing sites and subsidiaries in over 70 countries. In late 2001, Legrand introduced a certain number of operational and organizational initiatives aimed at accelerating growth, increasing the Group's responsiveness, and the generation of free cash flow , in order to self-finance that growth. Following this reorganization, Legrand's organizational structure is based on two distinct roles: sales and marketing activities (the Front Office), and manufacturing, purchasing, logistics and general administration activities (the Back Office).

- The Front Office is organized by country in order to respond to the specific requirements of each market in terms of relations with distributors, electrical installers, product specifiers, and end-users. This aim of this decentralized organizational structure, run by local managers, is to develop sales in accordance with the strategy set out by the Strategy and Development Department and approved by Senior Management, to raise commercial profitability, and to reduce working capital requirements for each country.
- The Back Office, is organized on a centralized basis, and includes the Group's Manufacturing, Research and Development, Purchasing, Logistics and General Administration Departments. Three industrial divisions are responsible for product manufacturing and research and development. Their goal is to make the Group even more competitive, thanks to the optimization of its industrial organizational structure and to the development of new products through intensifying research and development efforts, reducing costs and optimizing capital employed at a global level. The Heads of the various industrial divisions, as well as the Head of each of the main operational departments, report directly to Legrand's Senior Management. This operational structure enables the Group to increase its worldwide efficiency and responsiveness.

3.3.1 - Experienced and motivated directors and management

On average, most members of Legrand's Senior Management team have around 20 years of experience in the electrical and digital building infrastructure industry. In addition, the Group's current, and former senior and main executive managers held 3.8% of the Company's share capital at December 31, 2012. As a result, the Group's current managers have a strong incentive to create value for shareholders.

Their experience and commitment have allowed Legrand to create and maintain a unique corporate culture, which inspires and rewards talent and initiative. The influence of its Senior Management team has enabled Legrand to record sustained growth and a strong financial performance.

The Group has also set up long-term performance-linked profit sharing schemes involving over 1,500 beneficiaries, in order to create value over the long term and to increase the management team's loyalty to the Group (see sections 8.2 and 8.3 of this Registration Document).

3.3.2 - Front office

Legrand's relationship with its distributors, electrical installers, product specifiers, and end-users represents a strategic priority for the Group. Legrand is extending the marketing coverage for its markets as a whole by prioritizing areas with high long-term growth potential, like new economies, digital infrastructure, home systems and energy efficiency.

3.3.2.1 THE FRONT OFFICE'S ROLE AND RESPONSIBILITIES

The Front Office acts as an interface with Legrand's distributor customers, electrical installers, product specifiers, and end-users. In each country, Front Office activities are run by a country manager who reports directly to the Group's Senior Management, and who is responsible for:

- increasing market share and sales;
- increasing commercial profitability; and
- optimizing working capital requirements through efficient inventory and accounts receivable management.

The Group's subsidiaries in each country are given significant latitude to manage their business and staff, and country managers are real entrepreneurs.

Local revenue and market share growth is achieved in line with the strategy set out by the Strategy and Development Department and approved by Senior Management.

Furthermore, the Group is developing its pricing expertise with around 40 pricing managers all over the world, backed by the local marketing and finance teams, who devote part of their time to managing pricing. Their role is to reflect the innovation that Legrand's products bring to the market in pricing, and to adjust sale prices by product category, or even by catalog reference, specifically taking into account trends in raw material and component prices, inflation, and market conditions.

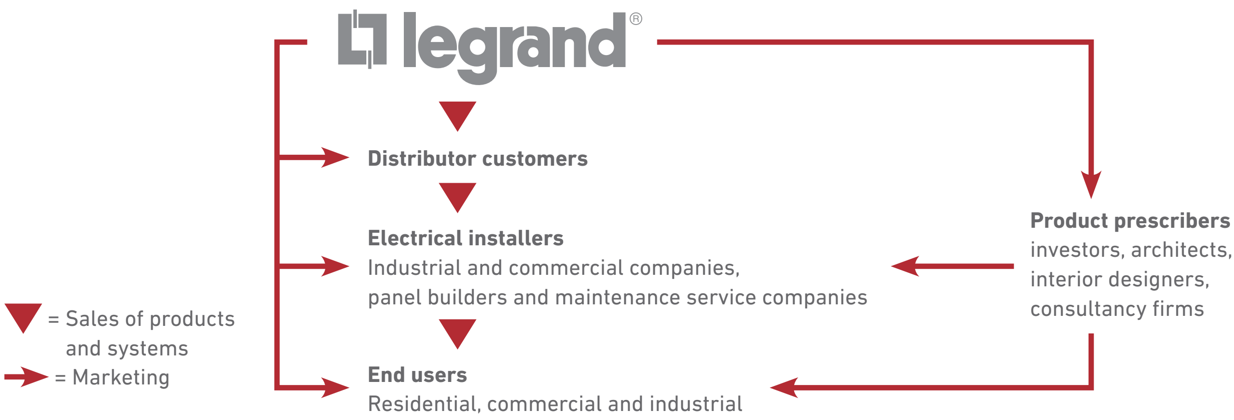
3.3.2.2 AN ECONOMIC CHAIN SUITED TO MARKET FLOWS

As part of its business, Legrand distinguishes between distributors, electrical installers, product specifiers, and end-users:

- Legrand's distributors are electrical and digital device and equipment distributors. Sales to distributors amounted to around 95% of the Group's consolidated revenue in 2012.
- Electrical installers are professionals and individuals who buy, install and use Legrand's products. The professional category includes electricians, business-owners, panel builders, and industrial and commercial companies with a business activity connected to the installation of electrical products and systems.
- "Product specifiers" are the architects, decorators and design firms that fuel the demand for Legrand's products by recommending their installation to end-users or by specifying them in the design of certain building projects.
- "End-users" are the clients who use Legrand's products in the environment where these products are installed or used.

Legrand's relations with its distributors are generally governed by the terms and conditions of sale specific to each local market.

The chart below describes the distribution chain where manufacturers like Legrand sell their products, primarily to distributors, who in turn sell the products to the electrical installers responsible for installing them in end-users' buildings. This is a flow-driven business, as electricians may come to buy products from the distributors several times a week, depending on their requirements. Product specifiers play an active role in this chain by advising electrical contractors and end-users on product and application choices.



3.3.2.3 A "PUSH-AND-PULL" STRATEGY

Sales and marketing are the responsibility of the Front Office, where headcount amounted to 19.7% of Legrand's worldwide headcount in 2012 (see section 5.4.4.2 of this Registration Document). Marketing efforts are focused on each level of the distribution chain (distributors, electrical installers, product specifiers and end-users), in accordance with the Group's "push-and-pull" strategy, the aim of which is outlined below. These efforts are primarily aimed at providing market players with information, training, and other services relating to the Group's entire range of products and systems, alongside sales. Legrand believes that making access and use of its products easier for distributors, electrical installers and end-users enables the Group to create significant product and brand loyalty, and to generate demand for its products and systems at each level of the distribution chain.

Selling Legrand's products to electrical equipment distributors ("push")

As part of the "push" strategy, Legrand maintains close relationships with electrical equipment distributors by focusing on product availability and just-in-time delivery, and by simplifying and accelerating the ordering, stocking and dispatching of its products. The "push" strategy is also based on providing a catalog that covers all the electricians' requirements, and includes new and innovative products. In addition, Legrand makes the access to and use of its catalog easier by making an electronic version available, standardizing packaging sizes and appearance, and by introducing innovative services such as pre-sorted deliveries.

Legrand's "push" strategy includes:

- *priority inventories*. In France, many distributors have agreed to maintain permanent inventories of certain Legrand priority products. In return, Legrand ensures not only that large amounts of non-priority finished products are held in its inventory but also flexible and reactive production, based on the "Lean" concept enables it to fill its distributors' orders quickly. In the event of an emergency, products that are not stocked by distributors can be delivered anywhere in France within 24 to 48 hours *via* the "Dispo-Express" service;
- *inventory management*. In the United States, Pass & Seymour, one of the Group's US subsidiaries, can access the inventory levels of some of its main distributors on a daily basis. If inventory levels drop below a pre-defined threshold, new inventories are prepared and shipped immediately;
- *intelligent sorting*. In order to optimize the logistics chain, Legrand pre-sorts its products before dispatching them to electrical equipment distributors in France, thereby anticipating the steps these distributors will have to follow in order to distribute the products to their agencies and clients. This value-added service, which is intended for the largest product flows, decreases the preparation work that the distributors have to perform themselves, reduces dispatch errors, and lowers handling costs, giving Legrand a competitive edge that is appreciated by its customers;

- *setting up logistics platforms*. Legrand manages its international distribution *via* logistics platforms from which it dispatches its products. By reducing the distance between its products and customers, Legrand is improving the service provided, and significantly reducing delivery lead times. Legrand has installed logistics platforms in Asia, the Middle East and in Eastern Europe. All these subsidiary-owned platforms and warehouses, are connected by a single network which makes it possible to synchronize their inventories on a daily basis.

Legrand enjoys strong, long-standing commercial relationships with its electrical equipment distributors, and particularly with its two largest distributors, the Sonepar and Rexel wholesale electrical product distribution groups. In 2012, sales to Sonepar and Rexel accounted for approximately 24% of the Group's consolidated revenue, although this percentage varied from country to country. Legrand believes that no other sole distributor accounted for more than 5% of the Group's global revenue in 2012. Legrand's main customers include, in particular, CED, Partelec, Comet, FinDea, Graybar, Wesco, Home Depot, Anixter, Lowe's and Bunnings.

The electrical product and system distribution structure in most countries enables Legrand to channel its products towards distributors' centralized distribution centers, and therefore benefit from their market presence and retail outlet infrastructure. This organizational structure also limits the logistics costs and credit risk that Legrand would incur if it had to deal with electrical contractors and end-users directly.

Stimulating demand among electrical installers, product specifiers and end-users ("pull")

Where its "pull" strategy is concerned, Legrand believes that demand for its products is mostly determined by the requirements that electrical installers, product specifiers and end-users make known to distributors. As a result, Legrand focuses the bulk of its marketing efforts on developing and sustaining demand for its products, by actively promoting them to electrical installers, product specifiers, and end-users. Legrand focuses on providing training, technical handbooks, and business software applications, as well as ensuring reliable and rapid availability of its products.

Legrand offers training programs to local distributors and electrical installers, including at its *Innoval* international training centers in Limoges and Paris, France. These training programs are designed to expand electrical contractors' expertise and service offering by familiarizing them with the Group's latest product innovations and installation methods. The Innoval training centers offer 46 separate hands-on programs in different areas, ranging from home automation, the wiring of electrical cabinets, and fiber-optic cabling to installing security lighting systems, or providing training on current regulations and technical standards. In 2012, the *Innoval* centers welcomed more than 4,000 visiting customers, and over 5,600 customers on training programs. In addition, Legrand offers local training programs in many countries, including Italy, Brazil and the United Kingdom, as well as in Chile and Dubai, where training centers have been opened.

Legrand offers various software applications specifically designed to assist professionals depending on their activity (from architects to electricians) or project types. XLPro, one of the main business software applications offered by the Group, aimed at designers and manufacturers of power distribution panels, makes it possible to plan the distribution and siting of the boards and to visualize and cost entire projects. LCS Pro² can be used to configure VDI cabinets and Chantier Chrono to cost and manage lists of electrical equipment for home and small business-type projects.

Legrand also publishes e-catalogs on the websites of its various brands, making it possible to conduct ad-hoc searches for technical, commercial and logistics data, certifications and installation tools, for all product categories.

Lastly, Legrand offers applications for tablets and smartphones (including, in particular, an e-catalog for the iPhone, Ma Maison Céliane or My Home Guide Technique) facilitating searches for information on electrical installation products, configuration and costing.

Legrand promotes its products *via* marketing initiatives in particular toward electrical installers. The Group also seeks to stimulate demand among end-users by actively promoting its products through advertising campaigns and targeted marketing events promoting the design and functionalities of its products. Within this context, in 2011, Legrand launched two innovative marketing and sales initiatives: the "Lab by Legrand" in Paris where individuals, architects, decorators, distributors and electrical contractors can experience the Group's high-end wiring devices in a unique setting and the Milan concept store which offers an innovative, interactive setting in which to experience Bticino's many applications and solutions. Continuing in this vein, in 2012, Legrand opened a new multi-brand (Legrand, Bticino, Vantage) concept store in Brussels, "B inspired".

Legrand's call centers, which provide a full range of information on new applications, also contribute to this promotional effort. In France, for instance, Legrand has organized its customer

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relations by setting up a three-level call center which provides general information about its products at the first level, detailed information on the standards that apply to products at the second level, and information enabling access to customized solutions drawn from Legrand's product portfolio at the third level.

In order to support end-users' interest for simple home DIY, Legrand markets part of its product range in specialist stores, with a particular emphasis on high value-added ranges. This system enables not only to fulfill the demand from customers who want to renovate or improve their electrical installation, but also to communicate with the general public by offering aesthetically or functionally innovative solutions.

3.3.3 - Back office

Legrand's Back Office is centralized at the Group level, and is dedicated to developing new products, reducing costs, and optimizing capital employed. The Back Office organizes and manages the manufacturing process, research and development, purchasing, logistics, and general administration.

In order to improve its competitiveness and the flexibility of its cost structure on an ongoing basis, Legrand intends to pursue the operational initiatives implemented each year. By relying on organizing its product manufacturing and development activities into three industrial divisions, the Group is, therefore, seeking to optimize its expenditure and its impact on the environment on an ongoing basis, by manufacturing products as near as possible to the areas where they are marketed. In addition, the Group is continuing with the ongoing rationalization of its production system, by setting up product platforms for developing and manufacturing its range of wiring devices, for example. These platforms primarily enable the Group to make significant reductions in the number of components, and to increase the utilization rate of production equipments. Lastly, the global and centralized organization of the Back Office enables the Group to rapidly adapt its structure to changes in its business.

MANUFACTURING

Due to the close relationship between manufacturing and the technology employed, Legrand's product manufacturing and development activities are organized into three industrial divisions, which pool specific industrial process and product manufacturing expertise, and are in line with the structure of the Group's markets:

- the Wiring Devices and Home Systems Division, where the aim is to develop ranges that combine comfort, security and communication functions, while adding a strong aesthetic dimension to the products;
- the Energy Distribution and Industrial Applications Division, which aims to develop a broader product and system portfolio, in order to improve its response to commercial and industrial requirements, particularly in terms of protection;
- meanwhile, the Infrastructure and Commercial Systems Division is responsible for developing a dedicated product range for commercial buildings (lighting management, Voice-Data-Image, security, energy efficiency, and cable management).

The role of the industrial divisions is as follows:

- developing new products;
- defining and implementing its industrial plans, in line with its commercial development;
- improving the cost price on an ongoing basis; and
- reducing capital employed and, in particular, capital expenditure and inventories.

More specifically, the industrial divisions' ongoing goal is to improve their industrial performance and reduce capital employed by:

- incorporating these criteria as soon as the products are designed, and specifically by developing product platforms;
- streamlining and optimizing industrial sites;
- specializing certain plants by product line or technology, in order to reach critical mass and prevent the dispersal of resources and skills;
- systematically applying a "make or buy" approach to all new projects, in order to determine whether to invest in new manufacturing assets or to use sub-contractors and thereby gain in flexibility and adaptability whilst, at the same time, reducing the amount of capital employed; and
- executing "lean manufacturing" projects, in order to optimize productivity and capital employed.

RESEARCH AND DEVELOPMENT

Research and development is a vital driver for Legrand's profitable growth, and is the industrial divisions' responsibility. Research and development expenditure (excluding amortization charges relating to the acquisition of Legrand France, and including capitalized development costs) amounts to between 4 and 5% of revenue (see section 3.2.3.1.1 of this Registration Document).

PURCHASING

As part of its industrial reorganization, Legrand has implemented a centralized purchasing policy since 2003, in order to optimize its purchases and to reduce its consumption costs. The organization of the Group's purchases is characterized by:

- a structure that is adapted to its suppliers' worldwide organization structure, which enables Legrand to negotiate with them on an equal footing (locally or by geographic area), thereby generating economies of scale;
- managing purchases, under the responsibility of user and buyer teams who are intended to maximize the value of the Group's purchases by incorporating the price factor in procurement choice criteria; and
- involving buyers in the new product development process, in order to make savings from the product-design stage onwards, and target our future suppliers.

This new organizational structure has optimized purchasing by:

- consolidating purchases for all the Group's divisions;
- purchasing raw materials and components from countries where costs are lower, and primarily *via* international purchasing offices in Asia, Latin America and Eastern Europe; and
- optimizing raw material and component specifications on an ongoing basis.

LOGISTICS AND INVENTORY MANAGEMENT

Legrand's main goal in terms of logistics is to ensure the delivery of products to its distributors within the specified timeframe, while adapting the volume and nature of dispatches to the lowest storage, preparation and transport costs. Recent initiatives designed to rationalize inventory management have enabled Legrand to decrease its inventory value to revenue ratio from an average historical level of 17% between 1990 and 2001 to an average level of 14% between 2002 and 2012.

The Group has logistics systems that are suited to local market conditions, in every market where it distributes its products, enabling it to take orders and dispatch products from local inventory or *via* a central or regional distribution center. In addition, the various distribution sites are connected to a central distribution resource planning (DRP) tool, which records inventories, forecasts, and local customer orders every night, in order to schedule supplies at the global level, and so optimize finished product inventory levels.

This replenishment system is also connected to the management systems of the Group's various manufacturing sites, so that they are informed of market requirements almost on a real-time basis. In addition, each site uses cutting-edge planning tools, like Manufacturing Resource Planning and Kanban, to optimize the number of components required for assembly and the use of manufacturing capacities.

Legrand believes that its logistics organization must enable it to guarantee a high-quality service to its distributors, in terms of availability as well as flexibility, speed and adaptability.

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3.4 - OTHER INFORMATION

3.4.1 - Suppliers and raw materials

Legrand does not depend on any single supplier for the purchase of the main raw materials or components used in the manufacture of its products. It believes that most of the raw materials and components required by its operations will remain available in all of its major markets.

In 2012, the main raw materials used to manufacture Legrand products were:

- plastics: Legrand uses lots of different plastics of varying grades and colors for the design of its products, which are selected according to their physical properties and their ability to meet certain requirements such as durability, heat and impact resistance, and ease of molding, injection, or welding with other components;
- metals: in particular, steel which is used in mechanisms and structures, as well as brass and copper, which are used mainly for their conductive properties; and
- packaging materials.

Legrand also buys a large number of finished and semi-finished electro-mechanical and electronic components intended for incorporation in its products.

The table below sets out the relative share of the Group's raw material and component purchases as a percentage of Group revenue for the 2011 and 2012 financial years:

(% of consolidated revenue)	2012	2011
Raw materials	10.1%	10.4%
Components	21.6%	20.5%
TOTAL	**31.7%**	**30.9%**

3.4.2 - Property, plant, and equipment

Legrand intends to optimize its industrial processes, improve its efficiency and reduce its production costs by increasing the level of industrial specialization at each site according to specific technologies or product categories, by optimizing its choice of production sites and relocating manufacturing close to its sales areas, by systematically implementing a "make or buy" approach on a Group-wide basis, and by executing "lean manufacturing" projects aimed at optimizing productivity and capital.

The following table sets out the location, size and main business of Legrand's major sites. All of them are fully owned, with the notable exception of:

- the Ospedaletto site which is leased; and
- the Boxtel, Eskisehir, Fairfied, Fort Mill, Huizhou, Madrid, Milan, Mumbai, Murthal, Pantin, Pau, Rancho Cucamonga, Santiago, Scarborough, Shenzhen, Sydney, Tijuana and Wuxi sites, which are rented.

At the date of the current Registration Document was filed, and to the knowledge of the Company, there are no significant charges on the property, plant and equipment described below.

Site or subsidiary	Size *(in thousand sq.m²)*	Principal use	Location
France			
Legrand Limoges	200	Headquarters/Manufacturing/Distribution/Administrative services/Storage	Limoges and its region
Other French sites	280	Manufacturing/Administrative services/Distribution	Malaunay (and other sites in Normandy), Sillé-le-Guillaume, Senlis, Saint-Marcellin, Antibes, Strasbourg, Bagnolet, Pantin, Montbard, Pau, Lagord, Pont à Mousson and Belhomert
Verneuil	90	Storage	Verneuil-en-Halatte
Italy			
Bticino Italy, Meta System Energy	260	Manufacturing/Distribution/Administrative services/Storage	Milan, Varese, Erba, Naples, Bergamo, Tradate, Ospedaletto, Alessandria and Reggio nell'Emilia
Portugal			
Legrand Electrica	25	Manufacturing/Distribution/Administrative services/Storage	Carcavelos
United Kingdom			
Legrand Electric	30	Manufacturing/Distribution/Administrative services/Storage	Scarborough, West Bromwich, Dunstable and Consett
Spain			
Legrand Espana	40	Manufacturing/Distribution/Administrative services/Storage	Madrid, Barcelona and Pamplona
Poland			
Legrand Polska	45	Manufacturing/Distribution/Administrative services/Storage	Zabkovice
Hungary			
Legrand Zrt	35	Manufacturing/Distribution/Administrative services/Storage	Szentes
Slovakia			
Legrand Van Geel Slovakia	10	Manufacturing/Distribution/Administrative services/Storage	Kosice
Germany			
Legrand-Bticino	15	Manufacturing/Distribution/Administrative services/Storage	Soest
United States and Canada			
Wiremold, Ortronics, Pass & Seymour, Vantage, TWS, OnQ, Middle Atlantic Products, Electrorack	205	Manufacturing/Distribution/Administrative services/Storage	West Hartford, Mascoutah, Rancho Cucamonga, Concord, Pico Rivera, Fort Mill, Fairfield and Anaheim
Mexico			
Bticino de Mexico	70	Manufacturing/Distribution/Administrative services/Storage	Queretaro and Tijuana

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Site or subsidiary	Size *(in thousand sq.m²)*	Principal use	Location
Brazil			
Legrand Brazil, Cemar, HDL and SMS	100	Manufacturing/Distribution/Administrative services/Storage	Campo Largo, Caxias do Sul, Manaus, Sao Paulo and Aracaju
Colombia			
Luminex	20	Manufacturing/Administrative services/Storage	Bogota
China			
Rocom, Legrand Beijing, TCL, Legrand, Shidean	100	Manufacturing/Distribution/Administrative services/Storage	Dongguan, Beijing, Huizhou, Shenzhen and Wuxi
Russia			
Kontaktor, Leten, Firelec	140	Manufacturing/Distribution/Administrative services/Storage	Ulyanovsk, Dubna and Moscow
Australia			
HPM	50	Manufacturing/Distribution/Administrative services/Storage	Sydney and Melbourne
India			
Legrand India, Indo Asian Switchgear, Numeric UPS	80	Manufacturing/Distribution/Administrative services/Storage	Jalgaon, Nashik, Sinnar, Mumbai, Noida, Murthal, Haridwar, Chennai, Pondicherry
Malaysia			
Megapower	10	Manufacturing/Administrative services/Storage	Seri Kembangan
Netherlands			
Legrand Nederland, Aegide	40	Manufacturing/Administrative services/Storage	Boxtel, Veghel
Egypt			
EMB Egypt	10	Manufacturing/Distribution/Administrative services	Sadat City
Turkey			
Legrand Elektrik, Estap, Inform	60	Manufacturing/Administrative services/Storage	Gebze, Eskisehir and Istanbul

3.4.3 - Information by geographical area

Since Legrand's business is local, *i.e.* country-specific, its financial reporting is organized into five geographical areas.

Readers are invited to refer to section 6.3.2.9 of this Registration Document for more information on business trends by geographical area over the past two years, and to section 5.4.4.2 of this Registration Document for a breakdown of the Group's average headcount by geographical area and by category (Front Office and Back Office).

3.4.4 - Competitors

Legrand has established market positions in France, Italy, and many other European countries, as well as in North and South America and in Asia. Legrand's main direct competitors include the following:

- international players, including:
  - divisions of large multinational companies that compete with Legrand on a number of national markets, although only on some of the products offered by Legrand, like Schneider Electric, ABB, Siemens, General Electric, Panasonic, Eaton and Honeywell,
  - specialized companies which mainly offer one or two product categories, like Commscope and TE Connectivity (VDI structured cabling), Aiphone and Urmet (door entry systems), Crestron (home systems) Lutron (lighting control), Obo Bettermann (cable management), Panduit (VDI and cable management), Tyco (CCTV); and
- multi-specialist companies operating primarily in a limited number of countries, like Delta Dore in France, Hager in Germany and France, Gewiss and Vimar in Italy, Niko in Belgium, Gira and Niedax in Germany, Simon in Spain, Leviton and Hubbell in the United States and Canada.

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RISK FACTORS

At the date of this Registration Document, the risks described below are those identified by the Group that could have a material impact on its business, financial position, results or its ability to achieve its objectives. Other risks not identified or seeming likely, on this date, not to have a material impact, may also have an adverse effect on the Group.

All of the risks and threats identified are analyzed on a regular basis as part of the risk management process outlined in the report by the Chairman of the Board of Directors (see section 7.4.7 of this Registration Document).

4.1 - INDUSTRIAL AND ENVIRONMENTAL RISKS

ENVIRONMENT

The main industrial processes that take place on Legrand sites center around the injection and molding of plastic components, stamping of metal parts, assembly of plastic, metal and electronic components, and on a less frequent basis, painting. These activities may have an impact on their environment, although this impact is limited.

Through these activities, some Legrand sites are, like sites belonging to similar companies, subject to extensive and increasingly stringent environmental laws and regulations regarding a broad spectrum of issues including air emissions, asbestos, noise, health and safety, the use and handling of hazardous waste or materials, waste disposal and the remediation of environmental contamination. One of the commitments of Legrand's environment policy (see section 5.3 of this Registration Document) is compliance with the European Union's RoHS Directive and REACh regulation, beyond the strict scope of their application for all Group products.

Regulatory authorities could suspend Legrand's operations if it fails to comply with relevant regulations, and/or may not renew the permits or authorizations it requires to operate.

Moreover, Legrand may be required to pay potentially significant fines or damages as a result of past, present or future violations of environmental laws and regulations, even if these violations occurred prior to the acquisition of companies or lines of business by Legrand. Courts, regulatory authorities or third parties could also require, or seek to require, Legrand to undertake investigations and/or implement remedial measures regarding either current or historical contamination, of current or former facilities or offsite disposal facilities. Any of these actions may harm the Group's reputation and adversely affect its business, results and financial position.

Legrand has designed and developed an environmental risk prevention and measurement policy. This policy includes regulatory monitoring supported by a network of environmental correspondents appointed at each Group industrial site who interface with their functional equivalents in each industrial Division and at the Group's headquarters. In addition, Legrand deploys its environmental risk identification policy to back its ISO 14001 site certification process and the identification of corresponding Significant Environmental Aspects (SEAs). Furthermore, environmental audits are conducted as needed on the Group's historic sites and during the process of acquiring new activities as well. Accordingly, some 130 audits were conducted in 2012, the majority of which were directly associated with the ISO14001 environment certification process at the Group's sites.

Any suspected or confirmed cases of pollution are reported to the Group through the use of specific environmental reporting (see chapter 5 of this Registration Document). It sets up provisions on its financial statements when environmental assessments are made or remedial efforts are probable and the costs can be reasonably estimated. Such provisions amounted to €14.6 million as at December 31, 2012, none of which were individually significant.

INDUSTRIAL OPERATIONS AND BUSINESS CONTINUITY

Events of natural or other origin sometimes occur (such as fires, natural disasters, health risks, machine breakdowns, etc.) that could disrupt or interrupt a site's activity.

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The likelihood that such events will occur and the overall exposure that could result for the Group are limited by the following factors and measures:

- the number and geographical dispersion of its industrial sites for all operating activities;
- regular investments for the modernization and upkeep of industrial plant and logistics;
- an active industrial and logistics risk prevention policy, comprising in particular business continuity and/or crisis management plans for the most strategic sites, aimed at ensuring the maintenance or restoration of critical functions in the shortest possible time frame. As part of this policy, Legrand conducts joint audits with experts from the Group's insurance companies to evaluate the level of fire prevention installations and takes any action deemed necessary. 59 audits were completed at the Group's facilities in 2012.

Finally, Legrand has taken out a global insurance policy to cover direct property damage and potential operating loss resulting from accidents (see section 4.5 of this Registration Document).

4.2 - RISKS RELATED TO LEGRAND'S BUSINESS

MARKET ENVIRONMENT: THE CONSTRUCTION SECTOR

The Group's business could be affected by the impact that changes in general and local economic conditions have on the building sector. The sale of Legrand's products is mainly determined by the demand for such products from electrical and digital equipment professionals and building contractors. This in turn is primarily a function of the level of activity in the renovation and new construction sectors for residential, commercial and industrial buildings. The sensitivity of activity in these sectors to changes in general and local economic conditions varies according to sector. The impact of these changes may vary in time and significance across the markets and geographic zones in which Legrand operates. As is customary in its sector, Legrand does not have a customer order book which allows it to accurately predict future demand for the Group's products. If the volume of sales should decline, Legrand's profitability could be affected because certain costs are fixed over the short term.

Consequently, generalized or localized economic downturns in the countries in which Legrand markets its products could have an adverse effect on its business, results or financial position.

To anticipate these risks, the Group keeps a close eye on business trends and on profitability by geographic zone, in close collaboration with its local managers (see section 3.3.2 of this Registration Document).

COMPETITION

The market for the Group's products is competitive in terms of pricing, product and service quality, development and timing of new product launches.

Due to their size, some of Legrand's local competitors, including some of those mentioned in section 3.4.4 of this Registration Document, may have superior financial and marketing resources. The Group's competitors may have the capacity and the ability to launch products with superior characteristics or at lower prices, to integrate products and systems more effectively than Legrand does, to secure long-term agreements with some of the Group's customers or to acquire companies targeted for acquisition by Legrand. Legrand could lose market share if it is not able to offer a broad product range, prices, technologies or quality which are at least comparable to those offered by its competitors or if it does not take advantage of new business opportunities arising from acquisitions. The Group's net sales and profitability could consequently be affected. Furthermore, in order to remain competitive, Legrand regularly launches new products that, if not well-received, could negatively affect Legrand's business in the countries where these products are launched.

Some competitors could benefit from better knowledge of their national markets and long-established relationships with electrical professionals and, as a result, have a competitive advantage. In addition, as the market for the Group's products evolves towards systems that combine traditional equipment and computerized systems, increased competition from new market entrants could lead to a decline in the Group's sales, a loss of market share or an increase in its sales and marketing expenses, or research and development costs for the markets and products in question.

Moreover, in markets where the end-user is particularly sensitive to price rather than product appeal or features, imports of less expensive products manufactured in low-cost countries and sold at lower prices, including counterfeit products, could lead to a decrease in the Group's market share, an/or a decrease in the average selling price of its products in the markets in question.

Legrand is aware of these risks and therefore engages in ongoing research and development and marketing efforts to increase the added value of its products, while maintaining a tight rein on costs and preserving its market share (see sections 3.2.3.1 and 3.3.3 of this Registration Document).

EXTERNAL GROWTH

The Group's growth strategy relies in part on the acquisition of local manufacturers that provide new technologies, new product lines, access to new markets and/or synergies with Legrand's existing operations. Legrand may not be able to consummate transactions or obtain financing on satisfactory terms, successfully integrate acquired businesses, technologies or products, effectively manage newly acquired operations or realize anticipated cost savings. Legrand may also experience problems in integrating acquired businesses, including the possible incompatibility of systems and business cultures and inconsistencies in procedures (including accounting systems and controls) and policies, the departure of key employees and the assumption of liabilities, particularly environmental liabilities. All these risks could have a material adverse impact on the Group's business, results and financial position.

A dedicated acquisitions team in the Sustainable Development and Strategic Processes Division works closely with country managers to identify appropriate targets and coordinates the acquisition process with the central departments - finance, legal, industrial, logistics and marketing (see section 3.2.3.2 of this Registration Document). Audits and due diligence are carried out prior to any planned acquisition, based where relevant on advice provided by outside consultants, in order to ensure in-depth examination of the target company's position. At every important stage of the process and according to a formal process, each planned acquisition is subject to validation reviews to confirm its advantages and to set the terms and conditions for its completion. The acquired company is then integrated into the Group's financial reporting system, and, in broader terms, anchored in the Group in accordance with dedicated processes overseen by a multidisciplinary steering committee, with the participation of senior management. An initial internal audit is conducted as part of this integration process, usually within the first 12 months of the acquisition, to establish the action programs required to ensure the compliance of the acquisition's processes with the Group's standards.

When these acquisitions are first consolidated in the financial statements, they result in recognition of goodwill or trademarks that can be significant. The value of these intangible assets is reviewed every year (see note 2.7 to the consolidated financial statements in chapter 9 of this Registration Document). A significant decline in the income of these companies could lead to recognition of impairment that could have a material adverse effect on Legrand's financial condition and results. The calculation assumptions used in impairment tests of goodwill take into account both known and anticipated trends in sales and results by CGU (Cash Generation Unit) at the time of calculation. Rates used can vary from one year to another depending on market conditions (risk premium, interest rates). As stated in note 5 to the consolidated financial statements in chapter 9 of this Registration Document, no impairment of goodwill was recognized by Legrand in fiscal 2012, whereas impairment of goodwill totaling €15.9 million was recognized for FY 2011. Note 5 also describes the goodwill impairment testing parameters used, as well as a sensitivity analysis of the main parameters.

SUPPLIERS

In 2012, purchases from Legrand's top ten suppliers accounted for nearly 11% of total consumption (raw materials and components), with no single supplier reaching 3% threshold.

Moreover, to ensure a secure source of supplies, Legrand policy calls for diversifying resources whenever a recognized risk of dependence is identified. Legrand thus makes the identification of alternative suppliers an integral part of its supplier risk analysis. The geographical breakdown of supplies globally (by origin: France 18%, Italy 17%, Rest of Europe 18%, United States/Canada 16%, Rest of World 31%) is not assessed as a major risk factor (country or geopolitical risks) for the Group.

As stated in section 5.2.2.1 below, the Group Purchasing Department conducts an annual supplier risk assessment campaign based on a matrix of several criteria, addressing the risks of interdependence, suppliers' financial capacity and sustainable development aspects, amongst others. Suppliers presenting significant risk for the Group are identified and dedicated action plans drawn up (reinforced integration, back-up inventories, alternative suppliers, etc.).

At the end of 2012, Legrand obtained the "Responsible Supplier Relations" seal of approval, distinguishing French companies that demonstrate sustainable and balanced relations with their suppliers. The seal is granted for a three-year period based on the recommendations of an audit conducted by Vigeo[1] For Legrand, the Responsible Supplier Relations label confirms the success of its Charter of inter-company relations[2].

This seal of approval is a further step in achieving the targets of the Legrand Group's Sustainable Development roadmap (see chapter 5 of this Registration Document), which include the goal of integrating suppliers into the Sustainable Development process. The commitment in the roadmap is to advance the inclusion of environmental and social aspects in supplier evaluation and selection, while keeping a close eye on the environmental performance of the products offered.

INFORMATION SYSTEMS

Legrand considers that optimum management of information infrastructures and systems enhances the efficiency, reliability and continuous improvement of the Group's operating and functional processes.

To this end, the policy of the Information Systems Department (ISD) is to integrate and manage all of the components of the value chain (purchasing, production, sales, logistics flows, etc.) in the company's resource management tools. Accordingly, and due to the number and scope of its international operations, Legrand requires multiple linked information systems.

Failure to control and ensure the security of these systems, whether operated directly or through the intermediary of service providers, could hamper the Group's operations, its smooth running and the quality of its customer service. Such failures could originate inside (errors in configuration, obsolete systems, infrastructures not maintained, poor control of IT projects) or outside the Group (viruses, cybercrime, etc.).

Legrand relies on dedicated skills within the Information Systems Department to handle these risks:

- a team is dedicated to improving the quality and security of information systems and the implementation of IT-specific policies, including data backups and information security, data protection, and the application of charters governing the use of IT resources and information security by all employees, etc. This function is also responsible for security audits of the Group's information systems, with the support of external service providers where necessary;
- the Project teams responsible for the roll-out of information systems and infrastructures based on specifications are organized according to established governance structures;
- the Support teams responsible for systems and infrastructures define the investment and maintenance programs required.

Legrand endeavors to integrate control and audit systems to ensure optimum oversight of management tools. The correct use of these tools is checked regularly by general or specialist internal auditors.

HUMAN RESOURCES

Historically, Legrand's key personnel have a long track record with the Group and as such have extensive knowledge of the Company, its operations and of the sector as a whole. The loss of any one of these key personnel could constitute a loss of industry and Group know-how, and could result in Legrand's competitors potentially being able to obtain sensitive information. The loss of key personnel could also adversely affect the Group's ability to retain its most important distributors, to continue the development of its products or to implement its strategy. The Group's development internally and externally also depends in part on its ability to recruit, train, motivate, promote and retain new talent in all regions in which it operates.

Legrand has developed a Human Resources policy to attract, retain and develop the expertise, talents and skills required for its business worldwide. In particular, it has rolled out programs to motivate and retain its key talent (see section 3.3.1 of this Registration Document), and established dedicated structures and processes to develop the Group's human resources, in the framework of its social and community commitments to sustainable development (see section 5.4.1 below).

Reporting of consolidated quantitative and qualitative data covering a broad scope is presented to Group management three times a year, under the responsibility of the HR Division. This reporting forms the basis of the social indicators summarized in section 5.4.4 of this Registration Document.

(1) Vigeo is the leading European expert in the assessment of companies and organizations with regard to their practices and performance on environmental, social and governance ("ESG") issues.

(2) For more information on the Charter of inter-company relations, go to http://www.charte-interentreprises.fr/.

Internal communication is also important in motivating staff and creating a sense of belonging, by providing regular information on the Group's strategy and objectives. A range of media are used, all conveying the Group's core values embodied in the Charter of Fundamental Principles:

- onboarding seminars ('EVE' sessions for new hires) to share the Group's vision, strategy, culture and values;
- information media, such as the Dialeg Intranet and TV channel, Dialeg TV, featuring daily updates.

Moreover, knowledge bases, which are either freely accessible online or password protected depending on the sensitivity of the content, enable widespread communication of Group procedures and internal control best practices.

RISKS RELATING TO INTERNAL CONTROL WEAKNESSES AND/OR NON-COMPLIANCE

Legrand's international scope entails complex administrative, financial and operational processes through entities with internal controls at different levels of development, operating in different legal environments and using heterogeneous information systems.

In this context, Legrand may face significant internal control risks in connection with erroneous and/or inappropriate transactions or operations. Legrand may also be the victim of fraud (theft, embezzlement, etc.). More generally, the Group's performance may be limited by inefficient processes.

To prevent any major internal control failure, Legrand has developed a structured, formalized process for the continuing review of its internal control (see section 7.4.7 of this Registration Document). This is based on rules and procedures disseminated to all subsidiaries, and compliance is backed by regular reviews and audits. These rules and procedures are regularly updated to keep in step with changes in Legrand's business processes. The Company's fundamental principles also include an ethics component with requirements impressed upon all staff members.

In addition to internal control, the Group relies on the sustainable development policy described in chapter 5 of this Registration Document, which incorporates the roll-out and maintenance of a compliance program, overseen by a dedicated Compliance Committee (see section 5.2 of this Registration Document).

4.3 - LEGAL RISKS

RISKS RELATED TO EXISTING OR FUTURE REGULATIONS AND COMPLIANCE WITH DOMESTIC AND INTERNATIONAL STANDARDS

Legrand's products, which are sold in almost 180 countries, are subject to numerous regulations, including trade, customs and tax regulations applicable in each of these countries and on the international level. Changes to any of these regulations and their applicability to the Legrand's business could lead to lower sales or increased operating costs, and result in a decrease in Legrand's profitability and income.

In addition, Legrand's products are subject to quality and safety controls and regulations arising from national and international standards, such as European Union directives, and product norms and standards adopted by international organizations such as the European Committee for Electrotechnical Standardization and the International Electrotechnical Commission. A change or more stringent application of these quality and safety standards could require the Group to make capital expenditures or implement other measures to ensure compliance, the costs of which could have a material adverse effect on the Group's business, results and financial position.

The Group cannot give assurance that it has been or will be at all times in compliance with such standards and regulations, that it will not incur material costs or liabilities in order to ensure compliance with such regulations in the future, or that it will be able to fund any such potential future liabilities.

In order to follow regulatory developments, Legrand has established a compliance department that is in charge of managing related risks.

In addition, in the majority of markets where it sells its products, Legrand is subject to local and international competition regulations. Any issues regarding these regulations could have a material impact on the Group's business, results and financial position.

Given this risk, Legrand has prepared a competition charter to make each member of staff aware of the general legal principles regarding competition. Coinciding with the dissemination of this charter the Group provides ongoing training sessions for more than 1,500 members of staff throughout the Group's subsidiaries to reinforce and update their familiarity with this issue. This move to heighten awareness of the importance of strict respect of trade regulations is also reinforced regularly under the supervision of Legrand's Legal Department.

RISKS RELATED TO INTELLECTUAL PROPERTY

The Group's future success depends to an extent on the development and protection of its intellectual property rights, particularly its Legrand and Bticino brands. Legrand could also incur significant expenses for monitoring, protecting and enforcing its rights. If Legrand fails to adequately protect or enforce its intellectual property rights, its competitive position could suffer, which could have an adverse effect on its business, results and financial position.

Furthermore, the Group cannot guarantee that its activities will not infringe on the proprietary rights of third parties. If this were to happen, Legrand could be subject to claims for damages and could be prevented from using the contested intellectual property rights.

To minimize this risk, Legrand pays particular attention to defending its intellectual property, and relies on a dedicated team at its Sustainable Development and Strategic Processes Division. This team monitors patents and trademarks, fights counterfeits and takes joint action with other major market players in professional organizations (such as Gimelec, ASEC, etc.). It draws on inputs from intellectual property correspondents in each of the Group's industrial divisions. The primary role of these correspondents is to present the viewpoint of the industrial division to the Group in all strategic decisions relating to intellectual property, such as filing and extending rights and waiver of title. Lastly, Legrand also uses external consulting firms to assist it in drawing up patents or to defend its rights, working in close collaboration with the Group's own legal team.

A net total of €1,649.8 million in trademarks and patents is recognized in assets as at December 31, 2012, compared with €1,599.3 million at December 31, 2011.

RISKS RELATED TO THE PRODUCTS SOLD

Despite product testing, Legrand's products might not operate properly or might contain errors and present defects, particularly upon the launch of a new range of products or enhanced products. Such errors and defects could cause injury to persons and/or damage to property and equipment. Such accidents have in the past and could in the future result in product liability claims, loss of revenues, warranty claims, costs associated with product recalls, litigation, delay in market acceptance or harm to the Group's reputation for safety and quality. Legrand cannot guarantee that it will not face material product liability claims or product recalls in the future, or that it will be able to successfully dispose of any such claims or effect any such product recalls at acceptable costs. Moreover, a product liability claim or product recall, even if successfully concluded at a nominal cost, could have a material adverse effect on the Group's reputation for safety and quality, and on its business, financial condition, results and cash flows.

Given these risks, the implementation of a structured customer service has enabled it to identify product defects and take appropriate corrective action more quickly. Customer claims are systematically recorded and evaluated in real time. If necessary, an instant alert procedure is set in motion with industry contacts and the team responsible for product expertise.

Legrand may also launch product recalls at its own initiative as a preventive measure and in the event that products could represent a material risk. In 2012, three product withdrawal or recall campaigns were launched and will continue into 2013: one campaign in the French market concerns shunt releases manufactured between June 2011 and January 2012, one in the Australian market concerns extension leads manufactured from February to April 2012, and another in the French market concerns remote controls for security lighting systems manufactured between October 2011 and June 2012. Some of the expenses arising from these product recalls are covered by the civil liability insurance program described in section 4.5 below.

Provisions for product risks amount to a total of €24.1 million at December 31, 2012.

Customer satisfaction surveys on our product lines and service quality are conducted regularly by the Group, as described in section 5.2.1.1 of this Registration Document.

RISKS RELATED TO LITIGATION

The Group considers that no litigation currently in process, either individually or in aggregate, should have a material adverse impact on its business, results or financial position (see section 9.5 "Legal Proceedings and Arbitration" of this Registration Document).

There is no other governmental, legal or arbitration proceedings, including pending or threatened litigation and those proceedings of which the Company has knowledge, that might have or had a material impact on the financial position of the Company and/or Group in the past 12 months.

MATERIAL AGREEMENTS

To the Group's knowledge, other than the agreements entered into in the ordinary course of business, including those relative to acquisitions, disposals or financing operations mentioned in this Registration Document, there are no other material agreements signed by the companies in the Group in the two years preceding the date of this Registration Document, still in force on that date, and which include terms giving rise to an obligation or commitment that could have a material impact on the Group's business, financial position or cash flow.

However, in the framework of certain agreements, significant commitments and guarantees have been granted by Legrand or its subsidiaries. In the course of its operating activities, the Group is committed to the payment of rents spread over several years, under the terms of operating lease agreements, amounting to a total of €206.3 million as at December 31, 2012. All of these off balance sheet commitments are presented in note 22 to the consolidated financial statements of this Registration Document.

4.4 - FINANCIAL RISKS

CREDIT AND COUNTERPARTY RISKS

Legrand derives a significant portion of its revenues from sales to its two largest distributor customers – Sonepar and Rexel (see note 9 to the consolidated financial statements in chapter 9 of this Registration Document). Legrand's sales to Sonepar and Rexel represented approximately 24% and 26%, respectively, of its net sales in 2012 and 2011. In addition, sales to its ten largest customers (including Sonepar and Rexel) represented some 33% of the Group's net sales in 2012 (36% in 2011).

Legrand enters into short-term agreements with its distributors, which, as a result, have no long-term contractual obligation to purchase its products. Due to the nature of its relationship with its distributors, it often has a number of significant receivables outstanding from its distributors that it might not be able to recover were any of them to become insolvent or bankrupt. Furthermore, Legrand cannot guarantee that it will continue to maintain its relationship with its distributors or that, in the event that these relationships were suspended or terminated, electrical professionals and end-users would continue to purchase Legrand's products through alternative distributors. The temporary or permanent interruption of its relationship with its distributors could have a material adverse effect on the Group's business, results and financial position.

Legrand manages its outstanding receivables carefully (see section 3.2.4.2 of this Registration Document). Thus, the situation of outstanding customer receivables is monitored carefully at each of Legrand's product distribution subsidiaries. The Group's Finance Department reviews specific indicators monthly using reporting and analysis tools. These indicators are part of the elements considered to be key to assessing the commercial performance of Legrand's subsidiaries and the individual performance of their respective management teams.

The Group's exposure to counterparty risk is linked to its excess cash, invested with leading counterparties for which the Group ensures daily monitoring of external ratings as well as objective market elements such as Credit Default Swaps. The Group also selects leading insurance companies so as to restrict its countreparty risk (please refer to section 4.5 of this Registration Document).

LIQUIDITY RISK

The banking and financial indebtedness of the Group is described in section 6.5.2 of this Registration Document as well as in note 15 to the consolidated financial statements in chapter 9 of this Registration Document. The Group may be at a disadvantage with regard to competitors that are not in a comparable debt situation. Even if in the past the Group has demonstrated its capacity to generate significant levels of free cash flow enabling it to finance its growth, its capacity to comply with the covenants stipulated in certain borrowings, to refinance or redeem its borrowings according to the provisions thereof, will depend on its future operating performance and could be affected by a number of factors beyond the Company's control (economic environment, conditions of the debt market, changes in regulations, etc.).

Legrand could therefore be forced to devote a significant part of its cash flow to the payment of the principal and interest on its debt, which could consequently reduce the funds available to finance its daily operations, investments, acquisitions or the payment of dividends. In spite of this, the Group enjoys an investment-grade rating from the major rating agencies.

Liquidity risk management is discussed in note 23.2.5 to the consolidated financial statements in chapter 9 of this Registration Document. The maturity schedule of the various borrowings is set out in note 15 to the consolidated financial statements in chapter 9 of this Registration Document.

In addition, readers should refer to section 21 of Appendix 2 (Management Report on the separate financial statements for the year ended December 31, 2012) of this Registration Document relating to agreements entered into by the Company and which would be altered or lapse in the event of a change of control of the Company.

As at December 31, 2012, Legrand's total net debt was €1,082.5 million. On the same date, the Group's short-term financial debt stood at €80.1 million, it had €494.3 million in cash and cash equivalents and €900 million in undrawn lines of credit. There are no covenants associated with the credit lines.

MARKET RISKS

Interest rate risk

The Group is exposed to risks associated with the effect of fluctuations in interest rates (see note 23.2.1 to the consolidated financial statements in chapter 9 of this Registration Document). The use of derivative instruments includes the risk that counterparties will default on their obligations and terminate hedging agreements. In addition, the Group might be required to post cash-collateral in a restricted or pledged account equal to the level of the Group's commitments in order to cover liabilities arising from interest rate fluctuations or to pay costs, such as transaction fees or brokerage commissions, in the event the hedging arrangements are terminated.

Swap agreements entered into between Legrand and credit institutions could provide that the swap counterparty may require Legrand to post collateral into a pledged or restricted account equal to its net liability determined on a marked-to-market basis, pursuant to the provisions of the relevant hedging agreement. On the date of filing of this Registration Document, Legrand is not engaged in interest rate swaps.

The Group manages this risk by using a combination of fixed and floating rate debt and through interest rate hedging arrangements. Details regarding interest rate risk are discussed in note 23 (23.1 and 23.2.1) to the consolidated financial statements in chapter 9 of this Registration Document.

Currency risk

The Group has certain assets, liabilities, revenues and costs denominated in currencies other than the euro and the dollar. These are most notably the Russian ruble, the Brazilian real, the Chinese RMB, the Australian dollar, UK sterling, the Mexican peso, the Turkish pound, the Indian rupee and the Polish zloty. The preparation of the Group's consolidated financial statements, which are denominated in euro, requires the conversion of these assets, liabilities, revenues and costs into euros at the then applicable exchange rates. Consequently, fluctuations in the exchange rate for the euro versus these other currencies could affect the amount of these items in the Group's consolidated financial statements, even if their value remains unchanged in their original currency. These translations have in the past resulted, and could in the future result, in material changes to the Group's results and cash flows from one period to another.

In addition, to the extent that the Group may incur expenses that are not denominated in the same currency as that in which corresponding sales are made, exchange rate fluctuations could cause the Group's expenses to increase as a percentage of net sales, thus affecting its profitability and cash flows. However, where possible and when justified economically, the Group seeks to balance its revenues and costs by geographic region, which gives a certain degree of protection.

The details regarding the exchange rate risk are discussed in note 23.2.2 to the consolidated financial statements in chapter 9 of this Registration Document.

Commodity risk

Legrand is exposed to the risk generated by changes in the prices of raw materials, which are listed under section 3.4.1 of this Registration Document. Legrand may not immediately or in the long term be able to pass on increases in costs of raw materials and components through price increases on its products. Its costs could therefore increase without an equivalent increase in sales.

The financial instruments used by Legrand to manage its exposure to raw materials risk, as well as sensitivity testing of raw materials prices, are described in note 23.2.3 to the consolidated financial statements in chapter 9 of this Registration Document. Raw materials purchases amounted to some €450.0 million in 2012. Purchases from Legrand's top ten raw materials suppliers accounted for approximately 25% of total raw materials procurement, with no single supplier exceeding 5%. The Group implements a multisourcing strategy to guard against excessive concentration.

Risks related to pension benefit obligations

In most of the countries where Legrand operates, its subsidiaries have pension benefit obligations to their employees. These obligations can be funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined contribution and defined benefit plans. The aggregate current and non-current obligation under the Group's pension and other post-employment benefit plans consists primarily of plans in France, Italy, the United States and the United Kingdom.

Defined-contribution plans are plans where the Group pays defined contributions to a separate entity. Thus, the Group has no legal or implied obligation to pay new contributions if the fund does not have enough assets to pay benefits to all employees for their years of service in the current period and prior periods.

Other Group employees are covered by defined-benefit plans provided by the Group. They are funded by external capitalization, in accordance with applicable local regulations.

Accordingly, the Group's commitments for retirement and other post-employment benefits for its employees amounted to €316.3 million as at December 31, 2012, covered by investments totaling €135.0 million, equating to a latent provisioned funding deficit of €173.3 million.

Changes in market parameters could change the amount of the latent funding deficit, as well as the annual charges relating to defined-benefit plans. Their valuation is based on actuarial calculations, the main assumptions for which are set out in note 17 to the consolidated financial statements in chapter 9 of this Registration Document.

4.5 - INSURANCE POLICY

Legrand has taken out global insurance policies to cover its assets and income from identifiable and insurable risks. The most appropriate solutions that offer the best value for money in terms of the coverage provided are sought in the insurance market, working closely with brokers.

The major risks incurred by the Group across all its operating activities are covered in the context of a risk and insurance management policy centralized at headquarters.

These insurance programs are contracted from reputed and financially sound international insurance companies without recourse to a captive reinsurance structure. They provide global coverage for the Group and take into account the specific risks and activities related to the Group's operations, including property damage and the resulting operating losses, D&O (Directors' and Officers') liability, and product liability.

Legrand intends to continue its practice of maintaining global insurance programs where practicable, increasing coverage where necessary and reducing insurance costs through risk protection and prevention and through self-insurance (adapted deductibles).

Legrand believes that the coverage offered by these insurance programs is adequate in scope, amounts insured and limits of cover.

In 2011, Legrand issued a call for insurance tenders covering civil liability, property damage and the resulting operating losses. This call for tenders optimized insurance costs, while retaining the level of guarantees provided.

The Group's insurance and risk management policy and related prevention programs are periodically presented to the Risk Committee by the Legal Department (and to the Audit Committee as part of its annual review of the Group's main risks).

CIVIL LIABILITY

The global, integrated "civil liability" program covers possible claims arising engaging the Group's liability for physical injury, material damage and consequential loss arising during production or after product delivery, as well as damages arising from accidental pollution. More specifically, these policies cover the costs of removal/reinstallation, product withdrawals or recalls, damage to property of assets and pollution control expenses.

The limit on this civil liability coverage (subject to the usual sub-limits) is €90 million per claim and per insurance year.

PROP ERTY DAMAGE AND OPERATING LOSS INSURANCE

Property damage/operating loss insurance covers (subject to the usual deductibles, exclusions and cover limits) direct material damage arising from any event of a sudden and accidental nature (such as fire, storm, explosion, electrical damage, water damage, etc.) affecting the insured property, as well as the resulting operating losses.

This insurance program also includes a master insurance policy and local policies in the countries where the Group is present. The plan offers a contractual global maximum indemnity per event (combining direct property damage/operating losses) of €500 million with additional limitations notably for certain liabilities, such as naturally occurring events or machine breakage.

The Group's current insurance program covering property damage and operating losses is contracted with the mutual insurance company FM Insurance Company Ltd. (rated A+ by AM Best and AA by Fitch). It is due for renewal on December 31, 2014.

In addition to this insurance program, and as indicated in section 4.1 of this Registration Document, Legrand has an active industrial and logistics risk prevention policy, drawing on the expertise of FM Global, which has a global reputation for its expertise in prevention engineering. Hence, Legrand intends to continue the awareness and risk prevention campaigns in its operating entities, as part of the Group's broader sustainable development policies.

OTHER CROSS-SECTOR RISKS INSURED

The Group's other main insurance programs cover the following risks: civil liability of corporate officers and loan insurance.

05

SUSTAINABLE DEVELOPMENT

5.1 - SUSTAINABLE DEVELOPMENT COMMITMENT

5.1.1 - A structured approach

Legrand's sustainable development policy is founded on four values defined and presented in the Group's Charter of Fundamental Principles: ethical behaviour, customer focus, optimisation of resources, and innovation. This policy is structured around three aspects of Group life:

- **Corporate Governance**: The Group plans to ensure profitable, lasting and responsible growth for its operations and meet the expectations of its stakeholders to the best of its ability in terms of economic choices as well as business ethics;
- **Environment**: The Group considers protection of the environment a fundamental concern for all of its businesses. This applies at every stage from product design, manufacturing and distribution to marketing; moreover, the products concerned, by their uses, contribute to enhancing building energy efficiency;
- **Workplace and Community**: Legrand continues its business development while paying particular attention to the working conditions of its employees and its responsibilities as an employer and a social actor.

Our policy is implemented in these three areas according to eight major principles:

Sectors	Principles
1. Corporate Governance	1. Applying ethical commitments on a day-to-day basis 2. Integrating suppliers into the sustainable development process
2. Environment	3. Developing products with High Environmental Performance (HEP) 4. Limiting the environmental impact of the Group's business 5. Promoting energy efficiency
3. Workplace and Community	6. Investing in Group employees 7. Increasing access to electricity 8. Promoting assisted living

These principles are themselves reflected in objectives and actions for the Group's different businesses and entities. Monitoring progress and assessing action taken are consolidated in particular through the use of indicators, a selection of which is reviewed by the Group's Statutory Auditors. Please refer to section 5.1.4. for more information.

The deployment of this policy is overseen by the Group Vice-President of Sustainable Development and Strategic Processes who reports to the Executive Vice-President Strategy and Development. This central structure is based on several expert operational divisions (Legal, Human Resources, Group Purchasing, Quality and Environment managers for the industrial divisions, etc.) which, in turn, are in charge of managing a network of correspondents located within each of the Group's subsidiaries. These divisions are involved directly in the sectors that form part of the Sustainable Development approach (Corporate Governance, Environment, Workplace and Community). These networks of correspondents represent about 300 people throughout the Group. A Sustainable Development Steering Committee comprising all of the Group's operational divisions and the Chairman and CEO meets three times a year to approve and monitor the actions of the Sustainable Development policy.

This organizational structure gives Legrand's General Management coherent oversight of these actions in all entities of the Group. The Sustainable Development policy is thus adjusted and applied to all entities of the Group in accordance with defined deployment policies, while gradually integrating new acquisitions.

The GRI and ISO 26000 references are also used to evaluate the Group's policy in terms of Corporate Social Responsibility (CSR). The results of their analysis are included in the Group's response to the new requirements related to Article 225 of French Law no. 2010-788 of July 12, 2010 on national commitment to the environment (Grenelle 2 Law), which are applicable to financial years beginning on or after January 1, 2012. This article makes it compulsory to release CSR data with mandatory verification of this data by an independent third party. The Legrand Group's response to these requirements is detailed in this Registration Document. The relevant chapters are shown in the cross-reference table below and the certification report is presented in chapter 5.5.

ARTICLE 225 - CROSS-REFERENCE TABLE

Obligations under Article 225 of the Grenelle 2 Law			Registration Document sections	Global Reporting Index
Policy		Company efforts to take into account the social and environmental consequences of its activity, as well as its social commitments to sustainable development; its guidelines, where necessary specifying the actions or initiatives implemented	5.1.1 - 5.1.3 - 5.2.1.1 - 5.3 - 5.4. - 5.4.1.2	1.1 - 1.2 4.1 to 4.17
Labor relations	a) Employment	- Total workforce	5.4.4	LA1
		- Employees broken down by gender, age and geographical area	5.4.4.2 - 5.4.4.3	LA1
		- New employee hiring and layoffs	5.4.4.2	LA2
		- Employee compensation and salary progression	5.2.1.1 – 5.4.4.2	EC1 - EC3 - EC5
	b) Work organization	- Working hours	5.4.1. - 5.4.4.2	LA1
		- Absenteeism	5.4.1 - 5.4.4.2	
	c) Labor relations	- Organization of social dialogue	5.4.1.3	LA4
		- Collective bargaining agreements	5.4.1.1 - 5.4.1.3	LA5
	d) Health and safety	- Health and safety conditions	5.4.1.1 - 5.4.4.1	LA6
		- Agreements signed	5.4.1 - 5.4.4.1	LA9
		- Workplace accidents	5.4.4.1	
	e) Training	- Total number of training hours	5.4.4.2	LA10
		- Training policies	5.4.1.2	
	f) Equal treatment: measures taken to promote:	- Equality between men and women	5.4.1.4 - 5.4.4.3	LA14
		- Employment and integration of disabled people	5.4.1.4 - 5.4.4.3	LA13
		- Prevention of discrimination	5.4.1.4 - 5.4.4.3	LA13
	g) Promotion and compliance with the International Labor Organization's fundamental conventions	- Promotion of freedom of association and the right to collective bargaining	5.4.1.3	LA4 - LA5
		- Elimination of discrimination in employment and occupation	5.4.1.4	LA13 - LA14
		- Elimination of forced or compulsory labor	5.2.1.2	
		- Effective abolition of child labor	5.2.1.2 – 5.2.2	

Obligations under Article 225 of the Grenelle 2 Law			Registration Document sections	Global Reporting Index
Environmental aspects	a) General environmental policy	- Company organization to take environmental issues into account	5.3 - 5.3.2.2. - 5.3.4	5
		- Employee training and information actions	5.3	
		- Resources devoted to preventing environmental risks and pollution	5.3	EN30
		- Amount of provisions and guarantees for environmental risks	5.3	EN28
	b) Pollution and waste management	- Measures to prevent, reduce, or compensate for air, water, and soil emissions severely affecting the environment	5.3.2.2	EN19 - EN20 - EN22 - EN23 - EN24
		- Measures to prevent, recycle, and dispose of waste	5.3.2.3 - 5.3.4.2	EN22 to 24
		- Taking account of noise and other sources of pollution specific to an activity, where relevant	5.3.2	
	c) Sustainable use of resources	- Water consumption and water supply according to local constraints	5.3.2.3 - 5.3.4.2	
		- Consumption of raw materials and measures to improve their efficient use	5.3.1.4	
		- Energy consumption, and where relevant, measures to improve energy efficiency and the use of renewable energy sources	5.3.2.1 - 5.3.4.2	EN3 - EN4
		- Land use	5.3.2	
	d) Climate change	- Greenhouse gas emissions	5.3.2.1 - 5.3.4.2	EN16 - EN 17 - EN19 - EN20
		- Adaptation to the impacts of climate change	5.3.2.1	
	e) Protection of biodiversity	- Measures taken to protect or develop biodiversity	5.3.2	
Social commitments to sustainable development	a) Territorial, economic and social impact of the activity	- Employment and regional development	5.2.1.1	EC5
		- On neighboring and local populations	5.2.1.1	EC1 and EC6
	b) Relations with interested parties	- Conditions of dialogue with these interested parties	5.2.1.1	PR5
		- Partnership or corporate philanthropy	5.2.1.1 - 5.4.2	EC1 4.11 to 13
	c) Subcontracting and suppliers	- Incorporation of social and environmental issues in purchasing policies	5.2.1 – 5.2.2	EC6
		- The extent of subcontracting and the incorporation of social and environmental responsibility in relations with suppliers and subcontractors	5.2.2	3.6 and 4.14
	d) Fair practices	- Actions undertaken to prevent corruption	5.2 – 5.2.2.1 - 5.2.1.2	SO2 to SO5, SO7 and SO8
		- Measures to promote consumer health and safety	4.3 - 5.2.1.1	PR1 -PR3 - PR6 - PR7
		- Other actions to promote human rights	5.1.2 - 5.2.1.2 - 5.2.2	

Please note that in the context of its involvement with the GIMELEC trade association (Federation of Industries for Electrical Equipment, Control and related services), the Legrand Group participated in drawing up the CSR reporting guide for the sector in 2012. This guide is based on the structure of Article 225 of the Grenelle 2 Law as presented above and facilitates understanding for all stakeholders inasmuch as it sets out the approach adopted ('comply or explain'), according to the degree of relevance and appropriateness of each aspect, including issues specific to Legrand's sector.

5.1.2 - Legrand and the United Nations Global Compact

CONFIRMATION OF THE GROUP'S COMMITMENT TO THE GLOBAL COMPACT

"The Legrand Group stands by its commitment to the ten Global Compact principles.

Since we joined the Global Compact in 2006, we have made consistent efforts, within our sphere of influence, to favor progress in areas relating to human rights, working standards, protection of the environment and the fight against corruption. In perfect accord with our Group's Charter of Fundamental Principles, these principles are incorporated into our strategy through our Sustainable Development processes.

This results in a model for business development founded on social, societal and environmental values, which we actively promote in all our subsidiaries and in relationships with our stakeholders in all parts of the world.

In the interest of transparency and continued progress, we are including in this Registration Document a progress report on Legrand's project."

Gilles Schnepp

Chairman and Chief Executive Officer, Legrand Group

Global Compact principles and corresponding sections of this Registration Document

Global Compact principle	Registration Document sections
1. Businesses should support and respect the protection of internationally proclaimed human rights	5.2.2 Integrating suppliers into the sustainable development process 5.4.1.4 Combating discrimination and favoring diversity 5.4.1.1 Risk prevention and ensuring the health and safety of employees
2. Businesses should ensure that they are not complicit in human rights abuses.	5.2.1 Applying the Group's ethical commitments on a day-to-day basis 5.4.1.4 Combating discrimination and favoring diversity 5.4.1.1 Risk prevention and ensuring the health and safety of employees
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining 4. Elimination of all forms of forced or compulsory labor 5. The effective abolition of child labor	5.2.1 Applying the Group's ethical commitments on a day-to-day basis 5.2.2 Integrating suppliers into the sustainable development process 5.4.1.3 Improving social dialogue in a globalized context where change is occurring at a faster pace
6. The elimination of discrimination with respect to employment and occupation	5.4.1.4 Combating discrimination and favoring diversity
7. Businesses should support a precautionary approach to environmental challenges 8. The undertaking of initiatives to promote greater environmental responsibility	5.3.2 Limiting the environmental impact of the Group's business
9. The encouragement of the development and diffusion of environmentally friendly technologies	5.3.1 Developing products with High Environmental Performance 5.3.3 Promoting energy efficiency
10. Businesses should work against corruption in all its forms, including extortion and bribery	5.2.1 Applying the Group's ethical commitments on a day-to-day basis 5.2.2 Integrating suppliers into the sustainable development process

5.1.3 - 2011-2013 Roadmap

The 2011-2013 roadmap has 28 targets, for which the Group publishes an annual progress report.

The roadmap was presented and approved by the Board of Directors at its May 2011 meeting.

	2011-2013 commitments and targets	Sections of the Registration Document	Progress (measured over three years)
Corporate governance	**Applying ethical commitments**	5.2.1	
	1. Structuring dialogue with stakeholders	5.2.1.1	85%
	2. Training ethics representatives	5.2.1.2	58%
	3. Training employees	5.2.1.3	100%
	Integrating suppliers into the process	5.2.2	
	4. Extending evaluation of suppliers	5.2.2.1	56%
	5. Continuing to train buyers	5.2.2.2	66%
	6. Formalizing expectations from suppliers and subcontractors	5.2.2.3	66%
Environment	**Developing HEP* products**	5.3.1	
	7. Complying with RoHS for all products	5.3.1.1	72%
	8. Excluding the use of REACh substances	5.3.1.2	70%
	9. Internationalizing product environmental profiles	5.3.1.3	49%
	10. Increasing the proportion of eco-designed products	5.3.1.4	68%
	Limiting environmental impact	5.3.2	
	11. Recomputing the carbon footprint	5.3.2.1	70%
	12. Systematically obtaining ISO 14001 certification	5.3.2.2	87%
	13. Limiting water consumption and waste production	5.3.2.3	66%
Workplace and Community	**Investing in Group employees**	5.4.1	
	14. Consolidating health and safety indicators	5.4.1.1	100%
	15. Overseeing risk evaluation	5.4.1.1	100%
	16. Promoting an active approach to prevention	5.4.1.1	97%
	17. Enabling employees to have a medical appointment	5.4.1.1	86%
	18. Guaranteeing compliance with the Prevention Charter	5.4.1.1	80%
	19. Preparing a directive for MSD** prevention	5.4.1.1	80%
	20. Developing management training	5.4.1.2	100%
	21. Extending talent management	5.4.1.2	100%
	22. Enabling managers to have an individual appraisal review***	5.4.1.2	79%
	23. Promoting dialogue in the workplace	5.4.1.3	66%
	24. Training teams in non-discriminatory practices	5.4.1.4	66%
	25. Guaranteeing non-discriminatory HR procedures	5.4.1.4	66%
	26. Encouraging the hiring of more female managers	5.4.1.4	33%
	Increasing access to electricity	5.4.2	
	27. Strengthening the partnership with Electricians Without Borders	5.4.2.1	66%
	28. Pursuing electrification program initiatives	5.4.2.2	66%

* *HEP: High Environmental Performance.*

** *MSD: musculoskeletal disorders.*

*** *IAR: Individual appraisal review.*

The principles of "Promoting Energy Efficiency" and "Promoting assisted living" are explained in further detail in sections 5.3.3. and 5.4.3. of this Registration Document.

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Progress in the achievement of targets is calculated over the lifetime of the roadmap. Accordingly, 66% progress two years after the roadmap started means that the Group is on track to achieve the target at the end of 2013. These calculations are based on an evaluation methodology developed with the various operational departments involved and based on actual achievements. For each target, milestones were set at the end of each of the roadmap's three years. Progress is determined relative to these milestones.

It is to be noted that, towards the end of 2013, a new road map for several years to come will be drawn up.

5.1.4 - A commitment to continuous improvement

Monitoring the progress of targets takes place through a non-financial data reporting process involving:

- the entities and countries which are directly responsible for the data;
- the operational departments and Industrial Divisions which analyze the data;
- the Sustainable Development Department, which consolidates the data and compares them to the commitments of the roadmap.

Reporting enables the various units to capitalize on good practices and share them within the Group. It should be noted as regards the various reporting tools, that:

- Human Resources reporting covered 91.7% of the Group headcount in 2012. Five acquisitions were integrated in 2012 (Inform in Turkey, Intervox in France, Electrorack and Middle Atlantic in the United States and SMS in Brazil). New acquisitions are integrated in the year following their entry into the Group's scope of consolidation, with the exception of Inform, which was integrated after two years. No entities left the scope of consolidation during 2012;
- Health & Safety reporting covered 82.5% of the Group headcount in 2012. The Fort Mill site in the United States entered the scope of reporting during the course of the year 2012. New acquisitions are integrated between one and three years following the year of entry into the Group's scope of consolidation. No entities or organizations left the scope of consolidation in 2012;
- environment reporting covers production sites, administrative sites of over 200 people and sites with storage capacity exceeding 15,000 sq.m. In 2012, this reporting covered over 90% of the Group's sales, with the integration of two new units, the Fort Mill site and Middle Atlantic site in the United States. New acquisitions are integrated between one and three years following the year of entry into the Group's scope of consolidation. Three entities left the scope of consolidation during 2012: Bodio in Italy, and Oboussikov and Zuznayaen in Russia;
- if an entity is sold, it immediately exits the scope of reporting mentioned above.

For more information on the Group's reporting tools, please refer to section 5.3.4. of this Registration Document for Environment reporting, and section 5.4.4. for issues involving the Social dimension and topics related to Prevention.

The reliability of data applied *through* these reporting tools is the prerequisite for any effective measurement of results, and hence any implementation of improvements.

In order to ensure their reliability, the Group chose to anticipate the external certification requirement for these data as specified in the Grenelle 2 agreements (applicable to financial years beginning on or after January 1, 2012). As a result, the reporting process, associated references and selected indicators determined in late 2011 were certified by the Group's Statutory Auditors as having obtained a moderate level of assurance in a voluntary audit process undertaken to enhance the reliability of data preparation at end 2012.

Actions for improvement were identified, such as more specific definitions of indicators and calculation methods, and the establishment of a control process for these data as close to their sources as possible, through the formal involvement of the internal control teams in the main entities.

This audit process was repeated by the Statutory Auditors on a selection of data at end 2012, and was again certified as having obtained a moderate level of assurance. Please refer to section 5.5. of this Registration Document for further details about the scope and results of this audit.

For the purposes of this Registration Document, the symbol ☑ symbol identifies indicators that have been audited by the Statutory Auditors for 2012 with a moderate level of assurance. Indicators that have been audited in 2011 are followed by the symbol ✓ and the related report of the Statutory Auditors can be found in section 5 of the 2011 Registration Document.

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5.1.5 - Inclusion in SRI indices* and CSR awards

Extra-financial reporting

To promote transparency and openness, in particular towards investors and shareholders, Legrand regularly responds to requests relating to its non-financial performance. An area dedicated to SRI analysts has been created on the Company's website (www.legrand.com) with the aim of improving access to information.

At end 2012, Legrand shares are included in various indexes of listed companies that satisfy certain ESG criteria (Environment, Social, Governance):

- Dow Jones STOXX Sustainability Index (DJSI STOXX);
- FTSE4Good (London Stock Exchange);
- ASPI Eurozone (Advanced Sustainable Performance Indices);
- Ethibel Excellence Europe;
- ECPI EMU Ethical Equity.

CSR awards and distinctions

Legrand has been awarded a number of distinctions and rewards for its sustainable development performance, including:

Oversight and management of CSR strategy:

- **2012 CAC 40 General Meeting Grand Prize (CapitalCom) – 3rd prize**. The prize recognizes the quality and relevance of reporting to shareholders during the 2012 General Meeting, and is even more significant in light of Legrand's return to the CAC 40. The jury highlighted the Group's focus on education in explaining its value creation model, namely: its capacity for innovation, acquisitions expertise, leadership positions and footprint in new economies, all anchored in a strategy of sustainable development;
- **"Responsible Supplier Relations" seal of approval.** This seal spotlights French companies that have demonstrated sustainable and balanced relations with their suppliers. Awarded for a period of three years by VIGEO, the seal recognizes Legrand's continued application of the ten commitments to responsible purchasing set out in the Charter of inter-company relations. Legrand played a part in preparing this reference text and was one of the first signatories in 2010. Legrand is one of the four companies to be singled out for the "Responsible Supplier Relations" seal of approval;
- **Best Positive Tandem Award in the 9th CEO/HR Tandem awards in 2012**, organized by the RH&M group. The distinction is awarded in recognition of the Group's Human Resources policy, which is driven by enthusiasm, conquering spirit and the determination to innovate. It reflects the strong complementarity between these two senior managers operating in a multifaceted Group, in terms of its businesses, profiles, products, installations and target markets;
- **Ethically compliant practices.** The 8th survey on sustainable development (8ª Pesquisa de Gestão Sustentável), organized by "Aequo Research Consulting", ranked the Group's Brazilian subsidiary, Cemar Legrand, second out of 114 companies in the "ethical practices" category. This reflects the total commitment of the Company and its stakeholders (employees, suppliers, clients) in terms of their responsibilities.

Solutions, products and systems:

- **Electrical Industry Awards 2012:** Electrical Industry Awards 2012: Legrand's Swifts universal bracket for cable trays won the Best Commercial/Industrial Innovation Prize, as well as being named Overall Innovative Product of the Year;
- **Smart Grid Trophy:** Legrand presented its solutions at the 2012 Paris Smart Grid exhibition in the Smart Building category. The prize was awarded for the facilities in a building in Paris, where it installed smart ergonomic solutions providing the user with real-time information on power consumption with the ability to make adjustments to reduce energy consumption and demand;
- **Excellent Supplier for Social Housing Project 2012:** the Group's Chinese affiliate, TCL-Legrand International Electrical Co.,Ltd, was awarded this distinction by the Organizing Committee of the Chinese forum for the development of the electrical construction industry in recognition of the Company's reputation and expertise in social housing applications;
- **Green Brand for Residential Building Materials 2012:** the Group's Chinese affiliate, TCL-Legrand International Electrical Co., Ltd, received this award from the Chinese Innovative Construction Materials Board. It singles out the Company's green building initiatives;
- **Greenest AV Manufacturer:** the American affiliate, Middle Atlantic, received this award from the digital communication company RAVE. This award thereby recognizes manufacturing processes designed to make products energy-efficient, as well as the choice of VOC-reducing technologies, and compliance with the RoHS directive on hazardous substances.

* *SRI: Socially responsible investment.*

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5.2 - CORPORATE GOVERNANCE: POLICY AND RESULTS 2012

The Group plans to ensure profitable, lasting and responsible growth for its operations and meet the expectations of its stakeholders to the best of its ability in terms of economic choices as well as business ethics.

The Charter of Fundamental Principles reflects the manner in which the Group plans and conducts its business, and specifies the values shared by the men and women of the Group. It promotes behavioral ethics as one of its core values and sets outs the rules of behavior and business conduct that every employee must observe. This charter is available on the website www.legrand.com. It has been translated into around ten languages and incorporates a practical guide. All Legrand entities subscribe to it.

The Competition Charter complements the Charter of Fundamental Principles. Adopted in 2010, it sets out the rules of compliance with competition law that every employee must follow in his daily business conduct.

A Guide to Good Business Practices was prepared in 2012. It focuses on the prevention of corruption and the fight against fraud. Additional questions relating to conflicts of interest, lobbying, political contributions or compliance with international trade rules (compliance with sanctions, fight against money laundering, financing of terrorist activities) are also discussed.

The Chief Legal Officer and the Group's Executive Vice-President of Human Resources, both of whom are Group Ethics Managers jointly serve as mentors for good governance. A network of 60 ethics correspondents is deployed in the subsidiaries; it is responsible for providing local guidance on the proper application of the Group's principles, and for passing on to Group level issues that deserve priority attention.

The themes of corporate governance related to business ethics are overseen by the Legal Department, which reports to the Finance Department. The themes related to human rights are overseen by the Sustainable Development Department and the Human Resources Department.

Respect for human rights:

The Group complies with regulations in force in the countries in which it operates. It endorses the values of the UN International Charter of Human Rights, comprising the Universal Declaration of Human Rights (1948), and the International Labor Organization (ILO) Declaration, particularly the eight conventions* on the fundamental principles and rights at work. Regardless of the local context, the Group seeks to uphold the principles of Human Rights and address the risk of harm by relying on legislation

The Group's actions in favor of human rights actions are based on voluntary principles and standards of responsible behavior, including the OECD Guidelines for multinational enterprises, the Global Compact's human rights and labor standards principles, and the UN Guiding Principles on Business and Human Rights (John Ruggie report), which recommends a three-prong approach: protect, respect and remedy. All of these fundamental texts have been instrumental in aiding the Group to continue structuring its policy in 2012.

The Group is committed to the progress of rights and to ensuring a legal and human framework for the workplace, remedying rights violations against employees on its sites if such a case arises, especially in terms of freedom of association, recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labor, effective abolition of child labor, elimination of discrimination in employment and occupation and preservation of health and safety.

These commitments also apply to employees of the Group's suppliers. They are implemented for example through the Sustainable Development questionnaire that is an integral part of the supplier approval procedure, or Rule 1 of the Sustainable Purchasing Code on child labor (ILO convention 138 on minimum age). For more information on the Group's Purchasing policy, please refer to section 5.2.2.

In 2012, Legrand prepared risk mapping based on the Freedom in the World index, which demonstrated that 72% of its workforce, excluding acquisitions in the past three years,are in countries rated as free or partly free. A self-assessment, based on the methodology of the Danish Institute For Human Rights, was offered to 'not free' countries to raise awareness of human rights. The assessment will be conducted during 2013.

Business ethics:

At the Group level, business ethics focus on the prevention of corruption, the fight against fraud and compliance with rules of competition; moreover, they also cover conflicts of interest, compliance with sanctions, fight against money laundering and financing of terrorist activities.

* *No. 87 Freedom of association and protection of the right to organize convention - No. 98 Right to organize and collective bargaining convention - No. 29 Forced labor convention- No.105 Abolition of forced labor convention - No. 138 Minimum age convention – No. 182 Worst forms of child labor convention - No. 100 Equal remuneration for men and women for work of equal value convention - No. 111 Discrimination (employment and occupation) convention.*

The general management affirmed its strong commitment by signing the Global Compact and adhering to the main universal principles and international reference documents, including: the Universal Declaration of Human Rights and additional compacts, the OECD Convention on the fight against bribery of foreign public officials in international business transactions, the guiding principles of the OECD on the fight against bribery of foreign public officials in international business transactions, the guiding principles of the OECD for multinational companies, the UN Convention on corruption, the guiding principles of the OECD for multinational companies, all national laws on the fight against corruption, the European Directives on competition, and all national laws on competition law.

The business ethics compliance policy of the Group was defined with an emphasis on sharing experiences especially with other companies in its sector and within the framework of meetings of the GIMELEC trade association and also the CAPIEL (Coordinating Committee of Manufacturers of Electrical Switchgear and Controlgear).

The Group's central departments are involved in this policy as they regularly take part in reinforcing established rules and developing awareness, training and monitoring activities. The policy also implies the involvement of all the subsidiaries of the Group that locally implement the defined rules and customize them in accordance with local laws and regulations.

The Group ensures that all stakeholders are both informed and comply with its business ethics policy.

The Group believes that there is currently no exceptional fact or any governmental, legal or arbitration proceedings that may affect or have recently significantly affected, with serious probability, its financial position, its assets and liabilities or its business.

No legal action is pending against the Group for anti-competitive behavior, violations of antitrust laws or monopolistic practices. No legal action is pending against the Group for non-compliance with laws and regulations that govern business ethics. In these last two matters, no major financial or non-financial sanctions were applied to the Group.

However, it should be pointed out that a subsidiary of the Group has been indicted by the French courts following items published in the Volker report concerning the program implemented by the UN from 1996 to 2003 in the context of economic sanctions imposed on Iraq.

The compliance program set up by the Group and described below is a tool aiming at preventing the occurrence of such kind of risks.

Compliance program

In September 2011, a compliance program comprising all the constitutive areas of business ethics was formalized; these areas are as follows:

- compliance with the rules of competition;
- compliance with sanctions, prevention of money laundering, financing of terrorist activities;
- fraud risk management;
- good business practices, prevention of corruption, in particular.

This program is organized around five principles:

- a strong commitment by the Group's senior management;
- a methodology for Group risk analysis;
- clear policies and control mechanisms;
- training and communication initiatives;
- an internal audit process and implementation of action plans in response to risks.

Management of this compliance program is assigned to an internal multidisciplinary committee that meets quarterly under the leadership of the Group's Legal Department. Its two main missions are to define a set of work priorities and monitor the results achieved. This Compliance Committee reports annually on its work to the Group Risk Committee, which reports to the Audit Committee and the Board of Directors.

With specific regard to CSR risks, these are included in the Legrand Group's overall risk mapping. They are divided into three categories: environmental risks, risks related to Human Resources and social commitments, and governance and ethical risks. Within these three categories, each risk is assessed on the basis of an occurrence/impact matrix (for more information on risk management, please refer to section 4 - Risk factors). Risk management, and in particular management of governance risks, is provided by the Group's Internal Audit Department, whose work programs and internal control methodology include specific due diligence audits for these matters. Please refer to section 7.4 of this Registration Document for details on the Group's internal control principles.

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5.2.1 - Applying ethical commitments on a day-to-day basis

As part of its 2011-2013 roadmap, the Group broke down the application of ethical commitments according to the three targets detailed below.

2011-2013 targets	Progress at end 2012
Progressively structuring dialogue with the Group's stakeholders	85%
Training Group's ethics representatives in human rights and combating corruption	58%
Continuing to train Group's staff to comply with the Charter of Fundamental Principles and its supplement on competition	100%

5.2.1.1 STRUCTURING DIALOGUE WITH THE GROUP'S STAKEHOLDERS

Due to its business activity, the Group has historically been strongly involved with the actors in the electrical sector. It conducts its activities in a sustainable framework by establishing reciprocal, bilateral relationships with customers and suppliers. Similarly, the Group puts its employees and local communities at the center of its corporate social responsibility policy. It promotes knowledge sharing and dialogue on CSR.

In 2012, Legrand signed the CAPIEL* Code of Conduct: "*Diriger nos business de façon durable*" (Sustainable business management), reflecting its commitment to guide and support market stakeholders by setting demanding standards for ethics, corporate social responsibility, the environment and customer satisfaction. The Group aims to achieve continuous improvement in each of these areas, year after year, focusing on value creation in the long term. These aims are applied across the value chain, from suppliers through to marketing.

For example, the business ethics compliance policy of the Group, including the adoption of the Guide to Good Business Practices demonstrates the continued commitment of the Group to respect its customers, suppliers and business partners and to avoid involving them in any commercial activities that might be incompatible with business ethics.

Legrand drew up a map of its stakeholders in 2012. The mapping process clarified existing relations in the areas of corporate social and environmental responsibility and identified improvement priorities for the Group. These outcomes and targets have been proposed to the operational divisions with responsibility for the issues identified.

Relationships with customers

Listening to customers is part of the Group's four values. Customer relationship management is formalized through standard contracts that specify terms of sale and are adapted to various geographical areas under the responsibility of the France Director, the Export Director or the Sales Director in each country.

A number of processes and procedures are central to customer relations, such as responsible communication, exchange platforms (training and brainstorming workshops), customer satisfaction (service quality, management of dissatisfaction), safety and management of product risks.

Responsible communication

The Group undertakes to comply with responsible communication principles and codes for all information communicated (advertising, direct marketing, public relations, promotional campaigns) and all its tools (digital, booklets, brochures, etc.).

The Director of External Communications Director, reporting to the Director of Strategy, is responsible for ensuring the implementation of these principles throughout the Group's subsidiaries, with a dedicated team of 200 people in all. Local teams manage their own communications, in accordance with the regulations and voluntary codes and, where there is no self-regulation body locally, communications are systematically checked for compliance with Group values and the specific cultural requirements of some countries and validated by the Group.

Information has also been relayed to subsidiary management so that they apply these principles in their media relations.

The Group has been found to be compliant with these principles and ethics since their introduction, with no occurrences of non-compliance.

* *European Coordinating Committee of Manufacturers of Electrical Switchgear and Controlgear. A very diverse association representing a wide range of manufacturers' federations in France.*

The Group is a member of associations espousing voluntary communication principles and codes, including for example the UDA (Union des Annonceurs - Advertisers' Union) in France and the UPA (Utenti Pubblicità associati) in Italy. These associations comply with a range of European and national regulations, including:

- ICC Code no. 240-46/557 of February 3, 2010: framework for responsible environmental marketing communications, and the consolidated ICC Code of advertising and marketing communication practice;
- Charter of commitments and objectives for responsible advertising, of the French Ministry of Ecology, Energy, Sustainable Development and Territorial Development, the Secretary of State for Industry and Consumption and the French Advertising Standards Authority (BVP);
- the IAP (Istituto dell'Autodisciplina Pubblicitaria) Self-regulatory Commercial Advertising Code (Codice di Autodisciplina della Comunicazione Commerciale) in Italy.

The UDA has also established an advertising self-regulatory authority, the ARPP, which is tasked with responding to cases of non-compliance with established principles and codes. The Group undertakes to respect the ARPP's decisions, for example with regard to advertising submitted ahead of campaign launches. The UDA has published a charter setting out standards for the respectful portrayal of people in advertising, which recognized by the French Ministry for Solidarity and Social Cohesion.

The UPA is also a member of the WFA (World Federation of Advertisers) and two of its programs: "Responsible Advertising and Children Programme" and the "Responsible Marketing Pact".

Collaborative innovation

The Group's relationships with its distributors, electricians, specifiers and users are central to its strategy. Legrand has over 70 showrooms and 15 training centers, including Innoval in Pantin, Bagnolet and Limoges. These structures have welcomed more than 100,000 people since 1999 (opening date of Innoval Limoges), including more than 4,000 visiting customers and over 5,200 trainees in 2012. Assessments of service quality are conducted with key customers. Meetings are held every two years with distributors to develop, monitor and discuss business relationships. Regular meetings are also organized with specifiers to discuss their expectations. Since 2006, 550 people have met at Group headquarters for this purpose.

The Group's customers are involved in the innovation process through brainstorming workshops.

Legrand established the UCD (User Centered Design) project in 2012, based on an iterative methodology introducing the end-user into the product development process. The project is based on ISO 13407 and works according to a design approach centered on the user, concentrating specifically on product usage. A multidisciplinary group (from marketing, research and development, design, quality and sales) was trained in user-centered design methods. The first product to be designed according to this process will be launched in 2013.

Other similar initiatives include:

- the «Future Home» program in which users participated in identifying major trends impacting on housing and its use, as well as emerging expectations in terms of electrical products;
- the Group's «Energy Management Contest» was opened to customers in the My Open* community in May 2012. The challenge to contestants was to develop Android apps, particularly forenergy management. A selection of ten submissions was narrowed down to eight for development, including applications to access all My Home automation functions (automation, temperature management, voice commands, etc.), and others designed to encourage greener homes, with features such as calculation of consumption metrics and alerts in the event of over-consumption.

Measuring customer satisfaction

Another vital aspect of customer relations is satisfaction (a metric to measure perceived quality and the degree to which expectations are taken into account), and management of any dissatisfaction.

Subsidiaries' Customer Services Departments have local responsibility for ensuring the satisfaction of their customers. They use metrics such as service level indicators and daily dashboards (e.g. the percentage of calls taken or the time taken to answer calls). Satisfaction surveys covering offers or service quality are also conducted at regular intervals, with samples representative of the Group's value chain. A customer satisfaction survey conducted in June 2012 in France, based on the quotas method used by the major polling companies, revealed that 89% of customers were either satisfied or very satisfied. Action plans were rolled out to increase this rate to 95% by the end of 2013. In 2013, this survey will be repeated every three months to measure the progress of the actions implemented.

Multi-sector analyses by customer service departments are sent every month to the Industrial Divisions, with comments or improvement suggestions from customers with a view to providing inputs for product development. In addition, in 2011, the Group launched a new IT project called SOLUTIO with the objective of enabling direct communication between the after-sales departments of each subsidiary, the quality teams at the Industrial Divisions and the central Product Risk Management

* *My Open community: a community open to anyone who wishes to develop specialist integration and customization solutions for the My Home home automation offering. The community is based on the Open Web Net protocol, which was developed and placed in the public domain by BTicino (a Legrand brand) as an open system for use in My Home.*

Department. Information is shared in real time, and technical issues or customer dissatisfaction is registered immediately for optimized processing.

Major customers also evaluate the Group's performance and services. For example, every year, Legrand receives an independent global assessment of its services (marketing, technical support, supply chain, distribution policy and cooperation) from one of its main distributors. The Strategy and Development Division analyzes these results and provides feedback to all countries.

The availability of Group products for its customers is also key to customer satisfaction. As a result, Legrand monitors the service rate for each of its subsidiaries to measure the Group's ability to fill orders from its customers in the desired quantities and time frame. In 2012, the customer service rate was more than 95% for the Group as a whole. Customer satisfaction also depends on the Group's ability to guarantee the authenticity of its products to customers. Accordingly, the Copytracer device, which is currently installed on the new generations of modular circuit breakers, on Valena equipment in Russia, due to be gradually extended, applies a specific mark to the Group's products to differentiate between original products and copies and other counterfeits that are often synonymous with risk for users.

Moreover, since 2009, the process of managing customer dissatisfaction has been further improved. In particular, reasons for dissatisfaction are classified according to different levels of severity, with those that may have implications for the safety of goods or people, or present a major financial challenge, being taken into account in a specific manner.

Product risk management

A procedure for product risk management is in place and applicable to all Group products, irrespective of brand and destination market, thus providing accelerated internal processing procedures for potentially critical situations. About 80% of the countries where the Group operates are covered by the procedures described above. In view of the type of products produced by the Group, the safety impacts for people and goods are an integral part of all quality processes. 100% of our long-term industrial sites are ISO 9001 certified for all processes (R&D, product design, production, logistics, supply chain, sales, etc.). Furthermore, ISO 14001 environmental management certification at 87% of sites, the eco-design process, compliance with the European RoHS Directive[(1)] and the REACh Regulation[(2)], are all avenues towards eliminating or reducing the health and safety impacts of the Group's products for users. Technical data sheets, product markings and PEP[(3)] information sheets contain information on the safe use of the products and their components, as well as on the options for end-of-life disposal, recovery or recycling.

For more information on the RoHS European Directive, the REACh Regulation and PEPs, please refer to section 5.3.1. of this Registration Document.

For more information on product risk management, please refer to section 4.3 of this Registration Document - Legal risks (risks related to the product sold).

Relationships with Group employees and trade unions

The Group has conducted many initiatives over a number of years to involve employees in its CSR strategy: actions to raise awareness of Sustainable Development at sites, voluntary participation in meetings such as the Sustainable Development Forum, which brought together several hundred employees at Group headquarters, and proposals for action on the Group intranet site.

Legrand's employees are also very involved in the new product innovation and development processes. A Users' Club was formed in 2012 in France for Group employees as a forum for dialogue, sharing new ideas, testing products and concepts (electric car recharger, lighting path for independent living, etc.), and to contribute to surveys and discussions. The Club is an invaluable opportunity for employees to become stakeholders in Legrand's drive for innovation.

In September 2012, French employees took on the challenge of "Reinventing lighting" in commercial buildings. Five of the 150 ideas put forward were selected and presented as part of the European EnLight research project (Energy Efficient and Intelligent Lighting Systems). EnLight aims to define new LED lighting solutions for commercial buildings.

2012 also saw the formation of an ideas incubator in the Group's industrial divisions. Suggestions are examined during weekly meetings with the teams from marketing and R&D.

In employee relations, Legrand's subsidiaries ensure that employees know their rights and the social policy of the Group, through the use of various media: distribution of manuals to employees, display of written notices in accessible public places, and on the Group intranet site.

For more information on social dialogue, organizations representing employees and unions and collective agreements, please refer to section 5.4.1.3 of this Registration Document.

(1) RoHS: Restriction of Hazardous Substances.

(2) REACh: Registration, Evaluation, Authorization of Chemicals.

(3) PEP: Product Environmental Profile.

In 2010, as part of the policy to promote social dialogue within the Group, and at the request of certain trade unions, Sustainable Development negotiations began in France. Like the negotiations for "Prospective Employment and Competencies Management", "Psycho-social risks at work and improving the quality of working life" (both of which were approved unanimously), and "Professional equality between men and women", which took place over last two years, the Group has embarked upon a process of negotiation scheduled over several years (2010-2013), committed to:

- discussing many issues (environmental, social and community, particularly in terms of diversity);
- interesting all employees in Group policy in this topic.

The remuneration policy is based on mechanisms of general increase, through collective bargaining in each country, and individual increase, based on each employee's own performance. We would also point out that the performance of some functions in the Group is assessed in part using CSR criteria. These criteria reflect the Group's commitments and the Sustainable Development roadmap. Examples include the individual appraisal review (IAR) rate for some HR functions, evaluation of suppliers based on Sustainable Development criteria for purchasers, and behavioral ethics for national or subsidiary Directors.

Please refer to section 5.4.1.2. of this Registration Document for more information on the human resource management mechanisms.

Finally, the achievement of Group development objectives is based on a set of key high-performing employees. Over recent years, Legrand has implemented a retention plan linked to the Group's performance. This plan, distributed through performance shares concerned more than 1,500 people in 2012, and is at the heart of the plan to motivate and retain the Group's human capital. These allotments are determined each year on the basis of the Group's overall performance and according to a rigorous selection process conducted by an *ad hoc* committee whose purpose it is to identify in all of the Group's subsidiaries the employees who perform best and create the most value. This policy caused the Board of Directors to expand the categories of eligible beneficiaries and geographical areas. As a result, the number of beneficiaries has increased by 25% over the last two years and two thirds of allotments are currently made to employees of international subsidiaries, and close to 40% concern new economies.

This plan is a strong element of the Group's remuneration policy. In recent years, this policy was also accompanied by specific measures that went beyond regulatory requirements to give employees a share of the Group's earnings. As a result, a special bonus was paid in 2010 for 2009 earnings to all Group employees in France. In addition, an improvement to the profit-sharing and incentive formula resulted in an increase of nearly 30% in the corresponding amounts paid in 2011 for 2010 earnings. The amounts for 2011 paid in 2012 continued to benefit from the improvement in the agreement, and were close to those distributed in 2011 for 2010. Finally, since Legrand paid dividends for 2011 earnings that were higher than the previous two years, it negotiated the payment of a bonus for an individual amount of €150 (€300 in 2010), which was paid in November 2012 to Group employees in France.

These elements are complemented by other schemes such as profit-sharing and incentive mechanisms, the Employee Savings Plan and the Company Investment Fund:

- profit-sharing and incentives: Under French law, the French entities in the Group are required to pay profit shares to employees when their after-tax profit exceeds a certain level. In addition to this obligation, a number of the Group's French entities and foreign subsidiaries have set up discretionary profit-sharing plans. Under these plans, employees receive a portion of the entity's profit calculated on the basis of predetermined formulas negotiated by each entity. At the Group level, profit-sharing and incentive expenses were €35.8 million in 2012 and €37.8 million in 2011. In France, profit sharing and incentive agreements in force were signed on May 4, 2011 and May 24, 2012 respectively, by Legrand and its French subsidiaries. Total charges for the two kinds of profit-sharing for the year ended December 31, 2012 were €25.1 million, or 10% of payroll in France in 2012;
- collective retirement savings plan (PERCO): this scheme in which the Company participates voluntarily, consists of a plan to enable willing employees to build long-term retirement savings with the help of the Company, under favorable financial and fiscal conditions. This plan was signed in October 2012 at the level of the Group's French companies;
- employee savings plan: Since 2004, the Company and its French subsidiaries have had an employee savings plan (*Plan d'Épargne d'Entreprise groupe Legrand*). In accordance with the law, this plan allows all employees of the Group in France for over three months to build savings through different investment funds (*Fonds Commun de Placement*) of their choice, managed by an accredited institutions. The sums paid into employees' savings accounts, which are by law frozen for a period of five years, may include statutory profit-sharing, discretionary

profit-sharing, and voluntary payments, subject to legal limitations. Administrative costs are borne by the Company. This employee savings plan is effective for a renewable term of one year;

- company investment fund: In 2003, Legrand set up a new fund, in addition to those already in place, under the name Legrand Obligations Privées (Legrand private-sector bonds), allowing employees of the Group in France to invest their profit-sharing payments during the period they remain frozen in this fund which pays a financial return similar to the rate of interest paid on the frozen employee accounts previously used for this purpose. In 2012, this return was set at 5.5%. At December 31, 2012, employee investments in this fund totaled €63 million.

With regard to the Group's actions favoring its employees, please refer to section 5.4.1. of this Registration Document.

Relations with suppliers and subcontractors

The Group seeks to establish sustainable, balanced and mutually beneficial relations with its suppliers, within a clear relational framework. It is under these terms that the Group's Purchasing policy was updated in 2012. This policy is brought about by a centralized purchasing department and enforced by a purchasing division present in all the industrial units of the Group.

A Quality Management System

The Group Purchasing Department relies on a Quality Management System (QMS); this department has been ISO 9001 certified since 2007 for its European sites and for Turkey. This QMS was gradually extended beyond Europe; thus, in 2012, work was begun so that the purchasing departments in Russia, China and Colombia adopt a system for the approval of new suppliers in accordance with the Group's QMS procedures.

For the Group's European sites and Turkey, supplier relations are structured by this purchasing QMS, which uses different operational stages that are scaled according to the challenges, risk and type of supplier, regardless of its location. Approval, contracting, visits and audits, risk and incident management, and performance monitoring are the main components:

- approval: in 2012, 34 new supplier approvals were launched as per Group procedures. 28 suppliers were approved, six are still awaiting validation of certain points such as an assurance from the supplier regarding control over its own subcontractors;
- contracting: in 2012, rules related to the preparation and approval of Group and local contracts were extended to all Group units and included in the financial procedures;
- visits and audits: suppliers receive regular visits for technical, quality, environmental, logistical issues, etc. Buyers and quality professionals conducted on-site audits of each supplier approved in 2012 based on criteria incorporating aspects related to the organization, ethics, environment and risk management;
- risk and incident management: a supplier risk analysis campaign has been conducted annually since 2009 by leader and operational buyers. The supporting analysis grid includes 14 criteria and is reviewed at the beginning of each year for any necessary changes. The results are presented annually to the Group Risk Committee (for more information on the Risk Committee, please refer to section 7.4 of this Registration Document) and related action plans are monitored in the purchasing quality database. In 2012, 71% of purchases (which is approximately 80% of production purchases) were covered by this analysis (which included 42 sites across 24 countries), versus 73% in 2011 (41 sites in 23 countries), 58% in 2010 (35 sites in 19 countries) and 45% in 2009 (30 sites in 18 countries). This risk analysis led to the implementation and monitoring of action plans for providers deemed to be at risk. Supplier defaults are also monitored centrally every six months;
- performance monitoring, along with the establishment of an improvement plan if necessary: this monitoring is conducted monthly by the operational buyers and annually by the leader buyers. Internal users evaluate various points: product quality, timeliness of delivery, relationship quality, logistics, technical collaboration with the research and development teams, price level and relevance to need, and the results are shared with the suppliers. In 2012, this monitoring process covered 385 suppliers (as against 281 in 2011), accounting for over 900 evaluations performed both within Europe and elsewhere.

The QMS also promotes exchanges between Purchasing and other Group functions (Divisions, human resources, marketing, sales, finance, etc.) in a process of continuous improvement notably through annual interface meetings that enable the sharing of mutual expectations for better targeting of purchasing needs. During the ISO 9001 follow-up audit in 2012, the auditor made a special note of the relevance of these exchange meetings. For example, in 2012, an "interface contract" was drafted jointly by the Group Purchasing Department and the Sustainable Development Department to take better account of the Group's Sustainable Development expectations, particularly in terms of purchasing.

Collaborative actions

Supplier relations result in frequent exchanges not only between Group buyers and suppliers, but also between the Group's suppliers, quality professionals, materials experts and designers. These meetings are also occasions for sharing the best skills and creating a favorable climate, primarily for innovation.

For instance, the Group organizes Supplier Days, where supplier expertise and innovation are discussed, primarily with the product development teams, but also with materials experts or marketing. Lead buyers organized 48 such meetings in 2012.

In 2012 for example, Legrand's Art and Design Department took part in supplier meetings on projects related to the finishing on wiring accessories, in order for the supplier have a better understanding of the Group's needs.

Acknowledgment of responsible relations

An ethical purchasing code was introduced in France in late 2012 and will be rolled out at Group level in 2013 as part of the Group's compliance program. Its aim is to ensure that each player in the Group, whether involved in an ongoing or occasional relationship with a supplier or likely to influence the act of purchasing, acts in accordance with Group practices, particularly in terms of ethical behavior.

In France, Legrand has been acknowledged for its responsible supplier relations by being one of the first four French companies to receive the new "Responsible Supplier Relations" seal of approval. This seal rewards French companies that have demonstrated sustainable and balanced relations with their suppliers based on the application of the ten commitments set out in the Charter of inter-company relations. Three of these commitments relate to supplier respect, which includes the equal treatment of suppliers, a criterion on which Legrand was conclusively evaluated* by Vigeo, which is responsible for evaluating companies as part of obtaining the seal. As regards commitment in terms of sustainable and balanced relations with its suppliers, approximately half the 500 major suppliers of Legrand sites in France have been working with the Company for more than ten years.

Moreover, as part of its supplier relations, Legrand contributes to territorial development and helps to consolidate subsidiaries within the economic areas in which its sites are located, through two complementary approaches:

- using local suppliers, for example, nearly 20% of all non-production purchases from sites in the Limousin region of France are made from suppliers in the Haute-Vienne and neighboring departments;
- supporting the international development of its suppliers, especially towards areas that hold economical potential for their activity and are near the Group's production sites. Vigeo laid positive emphasis on the second point, during the "Responsible Supplier Relations" certification.

Regarding the integration of suppliers into the Group's Sustainable Development policy, please refer to section 5.2.2 of this Registration Document.

Relations with the scientific, sector and educational community

The Group is committed to the development of the electrical industry through its support for innovation, its active role in a certain number of working groups, and its involvement in training and education.

Continuous innovation is the core of Legrand's economic model for sustainable economic performance.

To ensure that we continually deliver innovation, the Group is participates in collaborative projects, competitiveness clusters or technology transfer centers.

In lighting management, for example, Legrand has been an active participant in the European CSSL (Consumerising Solid-State Lighting) project since 2010. The project aims to replace incandescent bulbs with LEDs. Program outcomes include breakthroughs in control and variation solutions for these new light sources which will be marketed early in 2013. The Smart Grid is another focus for the Group with involvement in two ambitious partnership projects in 2012: "Smart Vendée" and "Smart Lyon". The aim of the projects is to develop new energy management solutions for both commercial and residential buildings by incorporating new energy sources and optimizing consumption.

Competitiveness clusters are a key component of innovation. These structures are designed to bring businesses, training centers and research units together in a given territory in partnerships to develop innovative joint projects. Legrand is a founding member of ELOPSYS, a high-technology cluster focusing on microwaves and photonics in the Limousin region, and of S2E2 (*Science et Système de l'Énergie Électrique* - Science and Electrical Power System), focusing on electrical energy for the Center and Limousin regions. It is also active on the research front with ten or so research projects underway, aiming to enhance assistance to and monitoring of the elderly in health-care establishments and retirement homes through a system of sensors, data analysis and alerts sent to the care team. A further example is the RDLO project as part of the *Systematic* and *Image et réseaux* (Image and networks) competitiveness clusters, which studies multimedia fiber optic distributed technology throughout every room in a building.

For more information on innovation management, please refer to section 3.2.3.1 of this Registration Document.

The Legrand Group monitors developments in standards and technical laws applicable to the products and facilities within the scope of its activities. It therefore supports developments in the electrical systems market through its membership of manufacturers' associations and by actively participating in the national, international and, in particular, European work of the standardization committees. It acts in strict compliance with national and international regulations and in agreement with the

* *Rated at the 3rd highest grade on a 4-point scale in terms of maturity.*

principles of the Guide to Good Business Practices mentioned in the introduction to section 5.2 of this Registration Document.

The development of standards and their impacts on the Group's business are incorporated into Group policies at a very early stage, to manage both the risks and opportunities arising as a result. Work in this area is overseen by the Group Compliance Director, who reports to the Director of Strategy of the Legrand Group. He coordinates the work of standard-setters dedicated to a country, an industrial division, a product family or a cross-over theme. Each of the Group's subsidiaries is then responsible for monitoring standards and legislation in their own countries. The equivalent of thirty persons within the Group are thus dedicated to this activity.

The Group is also involved in the world of education, supporting training initiatives, especially in innovative fields that are a source of opportunities for the electrical industry, such as access to electricity, energy consumption control, well-being, health and safety functions, as well as assisted living and electric vehicles.

The Higher Education Relations Department implements technical support and partnership actions with training institutions, teachers, their trainers and students who are future specifiers and program implementers in the electrical sector. Legrand has also developed partnerships and exchanges with engineering schools such as ICAM Toulouse (Institut Catholique des Arts et Métiers - Catholic Institute of Arts and Crafts), ESIR/Rennes 1 (École Supérieure d'Ingénieurs de Rennes - Rennes School of Engineering and University of Rennes 1 - Legrand is also a member of the Rennes 1 foundation), INSA in Strasbourg (Institut National des Sciences Appliquées - National Institute of Applied Sciences), Exia -Cesi Paris (École Supérieure d'informatique et objets communicants - School of Computer Sciences), École des Mines d'Ales (Ales School of Mines), École Supérieure des Ingénieurs de Paris Est (ESIPE - Paris East School of Engineering), École Centrale Paris, Telecom Sud Paris, Université des sciences de Limoges (Limoges Science University), and ENSAM (École Nationale Supérieure des Arts et Métiers - National School of Arts and Crafts) in Bordeaux.

Legrand is committed to supporting initiatives for the development of training courses designed to build the skills required by future employment prospects, such as professional degrees as part of energy engineering for electro-mobility, with the aim of promoting skills in design, manufacturing and after-sales support of electric vehicles and charging infrastructures. This is carried out in association with the IUT (University Institute of Technology) of Mantes and the University of Versailles St-Quentin, with the IUT of Evry or Creil - Vitry for Immotics and Energy Efficiency or Renewable Energy, the IUT of Brive and Nantes for Eco-Management of Electrical Energy and the CNAM Pays de la Loire (Conservatoire National des Arts et Métiers - National Conservatory of Arts and Crafts) for its engineering course on Intelligent Electrical Distribution Networks).

In addition, Legrand supports promotional initiatives for the business lines in its professional sector through efforts to identify certain talent:

- Legrand is an official partner of WORLDSKILLS France, a trade Olympics in which the Gold Medal winners from each business line will participate in the World Olympics final, in July 2013;
- Legrand offers support to the Concours Général des Métiers (Worldskills Competition) organized by the Ministry of National Education, whose finals will be held in May 2013;
- Legrand organizes the "*Trophée des jeunes Talents ELEC*" in its own name, which recognizes the best apprentice electricians (about 3,700 candidates).

For the past five years, the Group has also worked in collaboration with three bodies, the IAE (*Institut d'Administration des Entreprises* - French management graduate school), the Centre Universitaire de Limoges and the AFPI, a professional training and consultancy organization. The fruit of the partnership was the creation of a Masters in Management and Innovation open to local companies.

Likewise, it developed training courses in areas related to photovoltaics with the AFPA (*Association de Formation Professionnelle pour Adultes - Adult training association*).

Furthering the Group's support for education, it has seconded two engineers (*Ingénieurs pour l'École* - IPE) to the Académie de Limoges to promote a strong link between business and the national education system. Their actions aim to provide a wider understanding of the business world not only among heads of institutions and teachers but also among middle and high school students through occupation and training discovery courses. These actions help to develop an entrepreneurial spirit among young people and help them in their career choices while increasing their chances of access to employment.

In 2012, in collaboration with the Limoges TechnoCentre, 120 teaching staff from the region's schools took part in programs introducing career pathways in the public and private sectors. Meetings were organized between teachers and heads of institutions, for example as part of the "*24 hours with...*" program supported by the French business confederation MEDEF (*Mouvement des Entreprises de France*). Legrand also welcomes young students to the Company on one half-day every month, offering them the opportunity to learn about the careers offered in the Group's business areas.

In October, IPE engineers seconded by Legrand took part, with the MEDEF, in the second special careers fair for schools (*Salon Académique de la Découverte Professionnelle*), which was held in the Innoval building to introduce teachers to tools that are available in the Limousin region in terms of career possibilities.

Legrand also welcomes middle and high school students on one half-day every month offering them the opportunity to learn about the careers offered in the Group's business areas. In all, over 1200 middle or high school students from the Limousin region benefitted from the discovery of the Company's services and jobs.

The end of 2012 also saw Legrand take part in an innovative business outreach program, known as *Graine de Performance Globale*, started by the *Centre des Jeunes Dirigeants d'Entreprises* de Limoges Haute Vienne (young company directors' center), in partnership with the anti-exclusion foundation, Fondation Agir contre l'Exclusion, the AFNOR (French standardization, certification, industry press and training group) and the LED (*Limousin Entreprises durables* - Limousin Sustainable Companies). This original program brings together businesses, young college and secondary school students and teaching staff

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with a focus on entrepreneurial values. It aims to raise awareness in young people about corporate social and environmental responsibility and the need to strive for performance in the long rather than the short term, built on respect for all stakeholders.

Relations with shareholders and the financial community

Legrand engages with its shareholders through regular communication to inform them about the results and developments of the Group. To this end, the Group publishes its full results every quarter and every year.

Moreover, Legrand provides its shareholders with new tools for facilitating access to information: the professional newswire service, Business Wire, the Legrand website (including a section dedicated to financial information, a space for shareholders and a dedicated email address), green number for individual shareholders, provision of a Registration Document, publication of a newsletter for shareholders.

In particular, the website is continuously updated to provide current information, in addition to the quarterly and annual publications. Since 2010, out of respect for the environment and for greater interactivity, the Group has opted for digital communication *via* its website www.legrand.com and email. On the occasion of its releases, it organizes direct interaction with the financial community in the form of conference calls or meetings and, where appropriate, Investor Days.

Legrand received third prize in the 2012 Annual General Meeting Award for CAC 40 members stock companies for the quality of its 2012 Shareholders' General Meeting. This award, which was presented by Capitalcom, highlights the quality and relevance of the Company's communication towards its shareholders. The jury highlighted the Group's focus on education in explaining its value creation model, namely: its capacity for innovation, acquisitions expertise, leadership positions and footprint in new economies, all anchored in a strategy of sustainable development.

Relations with civil society

The Group is involved in local development through its support for training and education efforts, participation in local charity work, and participation in events to protect the environment or promote local economic development.

Legrand is active in nurturing entrepreneurship. In the framework of the Prospective Employment and Skills Management (GPEC) agreement signed in France in 2009, it has structured support for its employees interested in mobility outside the Company to either start up their own business, take over a business, or to retrain. The support program includes practical measures (enterprise creation leave, flexible working hours, etc.), financial support and advice.

Legrand is a partner of the *Réseau Entreprendre* Limousin et Haute-Vienne Initiatives (Limousin and Haute-Vienne entrepreneurship network), formed to support projects. The Group supported thirty people to retrain in a range of sectors in 2012. With Legrand's support, an agreement was signed between the APEC (*Association pour l'Emploi des Cadres* - executive employment association) and the *Réseau Entreprendre Limousin*.

In 2012, Legrand also hosted the France Initiative awards for the most efficient companies (supporting business start-ups and takeovers), and the annual Business Angels event at its reception and training center.

Promoting inclusion is a major priority of the Group's policy to create employment, particularly through its membership of FACE (*Fondation Agir Contre l'Exclusion*). In 2012, it took part in the Job Academy project to counter exclusion from the labor force in a community employment and training outreach program called "*Insérer vers l'alternance, l'emploi ou la formation qualifiante des publics diplômés des quartiers*" (Integrating qualified people from disadvantaged districts through work-study programs, employment or trainings leading to accreditation).

In addition, a Group agreement on the prevention of discrimination and integration of disabled people was signed in 2006, and renewed for the period 2012/2014. This enables the implementation of, among other things, a hiring plan, an integration plan with the possibility of customized workstations and a training plan to ensure employee retention. The Company also set up a disability unit in the Company to raise awareness of the issues faced by disabled people both inside and outside the Company.

The Group has a special relationships with the Limousin ESAT sheltered employment centers (*Établissements de Service et d'Aide par le Travail*) and Adapted Companies (*Entreprises Adaptées*) with the APSAH association for the blind and people with disabilities (*Association pour la Promotion Sociale des Aveugles et autres Handicapés*). Annual contracts for service provision as well as production work are signed every year. Moreover, Legrand offers free training to the personnel of ESAT on the Legrand products they use as well as in safety rules and the use of fire fighting means. Trainees with disabilities are also integrated into the different establishments. Trainees from these bodies were received in Limousin, within the framework of the Disabled Employment Week, to enable them to discover a profession, a company or even a business sector in real-life situation.

The Group's different Brazilian sites are also keen to employ disabled people, either directly or through institutions like Caminhando, Adere or Mercedes Stresser. Persons with disabilities can thus participate in remunerated industrial projects, which enables them to be employed. Grants are also paid to such institutions.

Since 1981, "The International Year of the Disabled", the Bticino subsidiary has partnered the province of Varese in Italy in facilitating the integration of young people with mental and motor disabilities into working life. Governed by an agreement, this commitment translates into the integration of trainees into the Group's Italian teams.

The objectives of this partnership were mainly to promote their integration into working life. The consistent and active commitment of BTicino in the social area was rewarded with one of the five nominations for the Sodalitas Social Award, in June 2012.

Bticino was nominated for its activities to promote the integration of persons with disabilities into production operations.

For the Group's corporate philanthropy in the area of disability, please refer to section 5.4.1.4.

In France, the Group supports a range of national and regional initiatives to promote Sustainable Development and related topics. Thus, it has been an active supporter of the European Mobility Week initiative at its sites. In 2012, it teamed up with the SNCF to promote regional express transport (TER network) for travel between home and work, providing its employees with all the information required to inform their choices (transport costs compared with cars, schedules, etc.). Similarly a sustainable development forum was organized during the year to coincide with Sustainable Development Week, enabling the promotion of the work done by several bodies including the Limoges Métropole waste sorting center, the ADEME and *Limoges Espace InfoEnergie* (car pooling and carbon footprint). As a member of the Elopsys competitiveness cluster, Legrand joined with the Limoges authority in promoting new technologies in the local economy during 2012. The Group participated in the "Technological (R) Evolutions" exhibition to demonstrate the breadth of high-tech skills in the region (in research, design and production). It contributed to three areas showcased in the exhibit: home automation and the energy efficiencies captured as a result, assistance for independent living, and electric and hybrid vehicle rechargeable points and plugs.

Relations with charitable associations and NGOs

Legrand encourages social or environmental corporate philanthropy and support for charitable associations and NGOs. These actions are defined by the Group's subsidiaries, according to local needs, or by the Sustainable Development Department, which has a privileged partnership with Electricians Without Borders (EWB) for development aid or emergency aid.

The total budget allocated to charitable activities amounted to €1.25 million in 2012 in monetary or material donations.

In India, a subsidiary of the Group is involved with local NGOs to benefit the environment (tree planting in public spaces), health (lectures on stress management and campaign for ophthalmologic assessments) or education (donation of school supplies to students).

In Colombia, Legrand is a member of the Board of Directors of the Asoalamos Association, which includes executives from the top companies in the region. This association forges close ties with the local community, and some government agencies (Civil Defense, Local Mutualized Aid Committees, local municipalities, etc.) to implement measures aimed at the community, through, for example, a "Safety Committee", an "Environmental Affairs Committee" etc.

In the social domain, the Group belongs to FACE (*Fondation Agir Contre l'Exclusion*), a French foundation that fights against social exclusion. The Brazilian subsidiary is participating in the Pescar project, which provides academic support and training for disadvantaged children. US and Canadian entities are involved in health efforts through donations to the National Multiple Sclerosis Society, the Canadian Cancer Society, and to the Salvation Army.

In the framework of the agreement on the prevention of discrimination and integration of disabled people, Legrand allocates a budget for the donation of electrical equipment related to disability in the context of building renovation or construction. For example, Legrand supplied the La Richardière association in Lyon with necessary electrical equipment for renovating a building visited by adults with motor disability. This donation helped to cable the building for IT equipment and furnish it with devices enabling the installation of medical monitoring software for the residents. Another partnership led to the supply of home automation equipment to the *Maison d'Accueil Spécialisé* (Care center for disabled people) of the DELTA PLUS association located near Limoges. The donation translated into the installation of home automation features and devices in 32 rooms of the residents.

Please refer to section 5.4.2. of this Registration Document for more information on the partnership with EWB and to section 5.4.1.4. of this document for more information about social actions related to diversity.

5.2.1.2 TRAINING THE GROUP'S ETHICS REPRESENTATIVES IN HUMAN RIGHTS AND COMBATING CORRUPTION

The fight against corruption and respect for human rights are part of the principles of the Group's Charter of Fundamental Principles, in reference to the Universal Declaration of Human Rights and the Declaration of the International Labor Organization (ILO). This document has been translated into 12 languages, including Chinese and Russian. Since 2009, 60 ethics representatives have been put in place in the Group's different entities. They are local contacts for the dissemination and promotion of the Charter of Fundamental Principles and its supplements.

A Group monitoring and warning procedure has also been in place since 2009: a generic e-mail address was created as a place for employees to send their questions and problems, and training sessions are held regularly, especially for the ethics representatives, to help them identify and manage potentially difficult situations related to ethical issues in their entities. Additional training materials are available, such as guides, to facilitate understanding of the charter.

Since 2011, specific training *via* webcast on the risks of corruption, prepared in collaboration with specialist legal advisers, has been conducted for ethics correspondents and different departments of the Group (Internal Audit, Legal, Human Resources, Export, Sustainable Development) and it contributes to the definition of messages. Communication tools such as guides and presentations were created and made available to ethics representatives to facilitate their work in this area.

Thus, 1,000 senior executives received specific training on anti-corruption principles. Local initiatives are regularly showcased through the Company's internal magazine. For example, two pages were devoted to the presentation of the compliance program in July 2012.

All of the Group's subsidiaries are committed to anti-corruption measures and the promotion of ethical behaviour. For example, in the eighth survey on sustainable development organized by Aequo Research Consulting, the Brazilian subsidiary, Cemar, was placed second in the "ethically compliant practices" category. This survey is considered to be the most representative on corporate social responsibility in the Southern part of the country. The scope of the survey included 114 companies representing more than 550,000 employees in the country.

With particular regard to the risks of its downstream economic chain, since 2009, Legrand has implemented a detection procedure for economic actors subject to sanctions and/or considered to be exposed to money laundering or the financing of terrorist activities. This customer compliance program (*Know Your Customer*) relies on consolidated data through a financial services provider specializing in this field. Every two months, an updated list of companies categorized as exposed or sensitive, covering all the Group's markets, is communicated to Legrand. This list is compiled from lists defined by the US Office of Foreign Assets Control (OFAC) and the European Commission. All of these elements are forwarded to the Group's subsidiaries, which confirm several times a year that their customer portfolios do not include companies from these lists.

In 2012, the administrative and financial country heads of the Group were nominated as Compliance Officers. Specific instructions through the Group's intranet and webcasts were addressed to them in order to fully vest them with their role and responsibilities in the deployment of the compliance program and the prevention of corruption in their country.

The ethical aspect is taken into account in the annual performance appraisal of the Group's employees and more specifically in that of country managers. Any breach of Group rules by an employee gives rise to immediate sanctions (disciplinary actions can go even as far as dismissal).

Tools (risk assessment questionnaires, presentations) as well as specific procedures related to gifts, meals and entertainment and business partners were developed and made available to all ethics correspondents.

For example, the business partners of the Group are selected after verifying the compliance of their business practices to the rules of the Group and any collaboration is formalized in a written contract including prevention elements and commitment clauses on the part of the partner to the Group's rules. Any breach of these rules by a partner results in the cancellation or non-renewal of contracts.

5.2.1.3 CONTINUING TO TRAIN GROUP STAFF TO COMPLY WITH THE CHARTER OF FUNDAMENTAL PRINCIPLES AND ITS SUPPLEMENT ON COMPETITION

Since 2010, compliance with competition law and good business practices are based on several initiatives:

- creation of a competition charter and a specific guide;
- online training module for Group employees (approximately 2,500 employees were able to participate in online training sessions on competition law);
- specific intervention in Executive Committee and commercial meetings in the various entities;
- inclusion of the subject in the Group's training programs for managers in charge of industry, research and development and marketing;
- more widespread internal communication (in-house magazine, intranet);
- publication of the Good Business Practices guide.

In addition, local initiatives are worth noting. Accordingly, the Group's Chinese entities of have created a welcome booklet containing all of the Group's charters translated into Chinese, which is issued to all new employees.

Since 2006, the Group's internal control program has included an annual assessment of key controls, which are reviewed by the Internal Audit Department. Proper distribution to all employees (including new hires) of the Charter of Fundamental Principles and related charters is a specific part of the key controls, whose effective application is reviewed annually. In 2012, the Group's 40 main subsidiaries were reviewed for this control, and it was revealed that the Group charters were distributed properly.

Finally, joint audits between Internal Audit Department and Legal Department are performed annually in the Group's subsidiaries considered to be most at risk for non-compliance with good business practices. During these audits, efforts to raise awareness of these principles may be conducted with local teams based on the practices identified.

This entire process is part of the Group Compliance Committee's priority areas for action (please refer to the introduction to section 5.2 of this Registration Document for more information).

5.2.2 - Integrating suppliers into the Group sustainable development process

As part of its Sustainable Development commitments, it is essential for the Group that its partners, including suppliers, are following similar policies.

Group purchases represent nearly 31% of sales for raw materials and components, to which purchases of services and investments have to be added. All of these purchases are made with two major families of suppliers:

- "Group Panel" suppliers, who, as major players in their market and key Legrand partners, support the Group in its international projects. Lead Buyers and Lead Quality Specialists establish a close, privileged and sustainable relationship with them. These 470 partners meet the Group's multi-site needs and account for one third of the Group's total purchases;
- local suppliers, who meet the specific needs of a site and are managed locally by operational buyers.

Since 2007, in accordance with Legrand's adherence to the UN Global Compact, the Group Purchasing Department launched an awareness campaign to solicit the signing of the Global Compact by its "Group Panel" suppliers. In 2012, 64% of purchases from the "Group Panel" was made with suppliers that adhere to the Global Compact (value unchanged compared to 2011), versus 62% in 2010 and 58% in 2009.

In 2009, Legrand participated in the development of the "Ten Commitments for Responsible Purchasing" Charter through the CDAF (*Compagnie des Dirigeants et Acheteurs de France*). It has since become the Charter of inter-company relations and governs relations between prime contractors and their suppliers.

In early 2010, Legrand was one of the 28 original signatories to this charter, which currently includes more than 300 signatories.

In early 2012, the Group revised its General Purchasing Conditions to take into account the customer-supplier relation balance in the spirit of this charter, and it established a mediation process in case of disputes, in particular, by appointing an internal mediator.

At the end of 2012, to anchor its commitments to its practices, Legrand applied for the certification of the Charter and was one of the first four French companies to get the "Responsible Supplier Relations" seal of approval upon the recommendations of Vigeo, an extra-financial rating agency, mandated to verify the proper application of the Charter's commitments. This certification confirms Legrand's commitment to a process of continuous improvement in terms of environmental and societal performances of its suppliers and subcontractors.

The inclusion of suppliers in the Group's Sustainable Development policy involves taking into consideration its requirements and aims in the Purchasing Quality Management System and in the supplier relations management tools. Thus, since 2007, the Purchasing Specifications contract document has included Legrand's requirements for its suppliers, particularly in terms of compliance with the regulations and laws in force for both environmental and social matters. The document includes the ten Global Compact principles. In 2011, a section dedicated to "social, societal and environmental responsibility of suppliers" was included in supplier agreements.

To go even further, in 2012, as part of its purchasing policy updating process, Legrand established a sustainable purchasing code including three new rules for supplier selection:

- in agreement with the ILO (International Labor Organization), regardless of the laws of the country, the supplier must never employ children below 15 years of age;
- the supplier should have completed an evaluation of occupational risks associated with its business and implemented the necessary actions to control them;
- the supplier should have completed an evaluation of environmental risks associated with its business and implemented the necessary actions to control them.

All these documents and procedures constituting the QMS (Quality Management System), including the validation and analysis of supplier risks, progressively integrate CSR developments associated with the new purchasing policy. The sustainable purchasing code, as well as its three rules of supplier selection, is applicable to all Group entities.

In terms of monitoring, all Group suppliers are listed in a purchasing reporting system, which is centralized in the Group Purchasing Department. This reporting makes it possible to have not only a consolidated view of purchase amounts per supplier, whether it is a local supplier or it supplies to several Group sites, but also a view per purchasing family.

The process of incorporating suppliers into Legrand's Sustainable Development commitments is structured around three targets:

2011-2013 targets	Progress at end 2012
Extending evaluation of suppliers based on Sustainable Development criteria	56%
Continuing to train Group buyers in responsible purchasing	66%
Formally informing suppliers and subcontractors of the Group's expectations concerning the development of High Environmental Performance products	66%

To facilitate the monitoring and implementation of these targets and to coordinate the Group's sustainable purchasing policy, a Sustainable Purchasing project manager was appointed in 2011 within the Group Purchasing Department. In 2012, five sustainable purchasing correspondents were nominated in Brazil, Russia, China, India and Turkey for better coordination of international activities. The sustainable purchasing correspondent in a subsidiary is responsible for ensuring the implementation of sustainable purchasing rules for local suppliers. He also provides support to Group leader buyers to evaluate the implementation of sustainable purchasing rules of Group suppliers in their country.

5.2.2.1 EXTENDING EVALUATION OF SUPPLIERS BASED ON SUSTAINABLE DEVELOPMENT CRITERIA

The evaluation of suppliers on Sustainable Development criteria takes place through two major processes: approval of new suppliers and risk analysis carried out annually on existing suppliers.

In its new purchasing policy, the Group Purchasing Department agrees to list suppliers not only based on their know-how, competitiveness, innovation capability and compliance with the Group's quality requirements, but also based on compliance with the Group's sustainable development commitments.

Assessing new suppliers on CSR aspects as part of the approval process

In 2008, a Sustainable Development questionnaire was included in the supplier assessment procedure. The questionnaire is used to help assess the maturity of the suppliers involved in terms of Sustainable Development, during site visits conducted by buyers and purchasing quality representatives. It includes 28 questions addressing the supplier's social, workplace health and safety and environmental commitments. At end 2011, the Group had received about a hundred completed questionnaires from some of its strategic suppliers. The data made it possible to compare suppliers on five themes (environmental, social, health and safety, quality and organization), and to set a target for each relevant purchasing family. Leader buyers were the main players in this analysis.

In addition, this document was the basis for the establishment of a segment survey that was presented to the profession in February 2011 as part of the work of the Sustainable Purchasing group on the professional union GIMELEC of which Legrand is a member.

In 2012, in order to target the criteria for priority evaluation among suppliers, the approval procedure was revised to incorporate sustainable purchasing rules from the Group sustainable purchasing code. For example, particular attention was paid to the points in the Sustainable Development questionnaire relating to child labor and environmental and occupational risk control related to the supplier's activity. A question on the control of tier 2 suppliers was added, especially in subcontracting activities for operations exposed to an environmental risk, such as surface treatment. The audit procedure was revised on the same principle.

In the context of the "Responsible Supplier Relations" certification that the Group received at the end of 2012, the integration of suppliers' and subcontractors' environmental performances in purchasing processes is part of the four fundamental commitments of the Charter of inter-company relations. Legrand's policy in the matter, as well as its Sustainable Development roadmap, was therefore considered by Vigeo to be conclusive.

Assessing CSR risks in existing suppliers

A campaign on supplier risk analysis has been conducted since 2009. Supplier membership of the Global Compact is a criterion for minimizing CSR risks. CSR risks are treated in a way as to alert the buyers concerned. For example, certain purchasing families or certain geographic zones are identified and weighted more heavily. As risk criteria are reviewed annually, in 2012, focus was placed on environmental risk families, such as subcontracting of painting or surface treatment. Key pointers were sent to buyers, considering in particular the ISO 14001 certification criterion as a strong tool in environmental risk management.

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Suppliers identified in this manner are currently being analyzed. Supplier risks are measured on the accumulation of a certain number of criteria. Therefore, in order for risk detection to progress ever further during the 2013 risk campaign, there are plans to isolate CSR risks of suppliers and use the Group sustainable purchasing rules as a basis on which to assess them.

Extending the scope of application

The Purchasing Quality Management System applies to the Group's European sites and to Turkey. For the Group's sites in other countries, priority was given to supplier risk analysis. The same risk assessment grid is used by leader and operational buyers all over the world, and the number of countries conducting supplier risk analysis has thereby increased from 18 to 24 since 2009. The associated action plans are monitored at the Group Purchasing Department level in a common database. The sustainable purchasing code points out that new suppliers must be approved according to the procedure laid down in the purchasing QMS or a procedure in line with the latter for sites that are not yet in the ISO 9001 certificate of the Group Purchasing Department. Thus, in 2012, the alignment of approval procedures in Colombia, China and Russia was launched.

5.2.2.2 CONTINUING TO TRAIN GROUP BUYERS IN RESPONSIBLE PURCHASING

Supplier relation actors, including buyers and purchasing quality representatives, are regularly involved in the Group's Sustainable Development policy, either through general awareness-raising efforts (Group strategy, education about audits or rating agencies, etc.), or through operational training, particularly with regard to High Environmental Performance products (Product Environmental Profiles, substance management, etc.). In its 2012 purchasing policy update, the Group Purchasing Department made a commitment to promote accountability and to develop the skills of all actors in the purchasing division.

In early 2011, a special section on Sustainable Development was introduced in a 'fundamentals of purchasing' training module for buyers (country purchasing managers, lead buyers and operational buyers). This section lists the Group's commitments as well as the main principles of the UN Global Compact and the role of buyers in the sustainable purchasing process with a special focus on business ethics. In 2011 and 2012, over 60 buyers were thus trained in a dozen countries across the Group including China, Brazil, Mexico, France, Hungary and others. This module is used in particular for the initial training of new buyers.

In 2012, a total of 135 people, *i.e.* more than 90% of the purchasing employees in Europe and around twenty quality professionals and leader users attended a training course dedicated to Legrand sustainable purchasing. The international deployment of this training was conducted by the five sustainable purchasing correspondents based in Brazil, Russia, India, China and Turkey. The sustainable purchasing code will be included in the purchasing fundamentals training from 2013 onwards.

At the same time, the purchasing ethics code that is part of the sustainable purchasing code, is the subject of a special training course within the Group's compliance program. It recalls in particular the rules of behavior that must be followed in the context of relations with suppliers. This training, which market directors and operational managers scope and issue to their teams, will be rolled out in 2013.

Professionalization of the purchasing function and process is one of the four qualifying criteria for obtaining the Responsible Supplier Relations seal of approval. Vigeo evaluated Legrand[1] conclusively on this matter, both at the level of its policy and the associated deployment.

Purchasing teams can access the training elements for responsible purchasing on a space dedicated to the Group sustainable purchasing process on the Group Purchasing Department intranet.

5.2.2.3 FORMALLY INFORMING SUPPLIERS AND SUBCONTRACTORS OF THE GROUP'S EXPECTATIONS CONCERNING THE DEVELOPMENT OF HIGH ENVIRONMENTAL PERFORMANCE (HEP) PRODUCTS[2]

One of Legrand's commitments is to include High Environmental Performance levers in the development and marketing of its products. This development occurs in compliance with the requirements of the RoHS Directive[3] and the exclusion of REACh[4] regulation substances and subject to the availability of the information necessary for the making of PEPs[5].

(1) *Rated at the 3rd highest grade on a 4-point scale in terms of maturity.*

(2) *For more information on HEP product development in the Group, please refer to section 5.3.1.*

(3) *RoHS: Restriction of Hazardous Substances.*

(4) *REACh: Registration, Evaluation, Authorization of Chemicals.*

(5) *PEP: Product Environmental Profile.*

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In 2012, as part of its new purchasing policy, the Group Purchasing Department set itself the ambition of becoming a reference partner for its internal customers, in order to provide them promptly with economic, reliable and innovative purchasing solutions, including in terms of eco-design. As part of this process, the supporting document for interface reviews with the Divisions is being currently revised so that the needs and expectations of both parties in terms of High Environmental Performance products are established and monitored in the purchasing quality process from April 2013 onwards.

As far as suppliers are concerned, the formalization of the Group's expectations for HEP product development implies not only the adaptation of quality processes but also partnership actions.

Formalizing the Group's expectations in purchasing processes

In 2012, in particular following the recommendations of auditors in the context of monitoring the ISO 9001 certification of the Group Purchasing Department, questions relating to the eco-design of substances and ability of suppliers were further developed in the supplier evaluation questionnaire.

Thus the REACh regulation and RoHS Directive are specifically mentioned and suppliers must, for example, declare the presence of the six RoHS Directive substances in the products they deliver to the Group. In translation of the Group's commitment, one of the four rules of the sustainable purchasing code established in 2012, focuses on compliance with the restrictions on use of substances laid down by the RoHS Directive, which thus becomes a priority target for Group buyers.

Supporting suppliers

Since 2008, in response to substances regulations such as REACh, suppliers of raw materials, in particular, of plastics, are asked to send Legrand their Material Safety Data Sheets (MSDS) *via* a generic e-mail address. Since 2011, a panel of central materials laboratory experts has joined buyers to identify the types of materials and items purchased with a high probability of containing REACh substances and conduct constructive consultations with the appropriate suppliers as a priority. To comply with this regulation, a "REACh process" was put in place. For more information on this process, please refer to paragraph 5.3.1.2.

In 2011, a questionnaire for collecting data from suppliers was established to enable the production of PEPs. In addition to technical questions for the suppliers, the process plans to place a Legrand eco-design specialist at their disposal, who can explain the Group PEP process and help them to complete the questionnaire. In 2012, one of the three industrial Divisions of the Group conducted a test among five suppliers. Initial results at the end of 2012 from the collaborative work on the process between the leader buyer, the Legrand eco-design specialist and his counterpart from the supplier are encouraging. Legrand's suppliers acknowledged and appreciated its support.

5.3 - ENVIRONMENT: POLICY AND RESULTS 2012

In both the production and development of its products, Legrand favours materials and processes that respect both people and the environment. Through this approach, the Group aims to reduce the impact of its operations on the ecosystem, while at the same time enhancing business performance and the appeal of its products and services.

To carry out this process successfully, Legrand encourages grassroots action on its production and R&D sites, under the responsibility of the Group Industrial Divisions. At the same time, the Group Environment Department manages the Group's policy from within the Strategy and Development Division and contributes to environmental reporting by providing data analysis.

A total of more than 130 people worldwide work with each of the three environmental managers in the Industrial Divisions and the Group Environment team.

For example, the environmental representatives on the production sites are used to ensure the implementation of the Group's environmental policy. They are responsible in particular for implementing environmental diagnostics. Within the framework of Legrand's operational organization, they also help implement improvement plans, in most cases as part of an Environmental Management System (EMS).

A total of 82 sites, *i.e.* all industrial sites as well as the most important logistics and administrative sites, contribute to Group environmental reporting by producing about fifty indicators, such as energy and water consumption, VOC (Volatile Organic Compound) emissions, waste production, and environmental action initiatives and investments. References available in English and in several local languages provide support for the policy.

A selection of the data from this reporting is presented in section 5.3.4.

Moreover, employees' awareness of environmental issues is raised in a number of ways:

- training: in total, Group employees received more than 17,000 hours of training dedicated to the environment in 2012, representing an increase of 11% over 2011. This increase shows the importance attached to the environment in the Group's training policy;
- dedicated events: Sustainable Development Week, newsletters, brochures and posters provided to all sites, Sustainable Development Forum held at Legrand headquarters in Limoges.

Lastly, in terms of financial resources, the Group offers its subsidiaries the opportunity to present specific return on investment durations (normally longer than the durations required for other investment plans) for investment plans dedicated to improving the environmental performance on the corresponding sites. Where applicable, site renovations enable a general upgrade of the building in a quest for energy optimization.

5.3.1 - Developing products with High Environmental Performance

For Legrand, designing and manufacturing products with High Environmental Performance means taking action on different elements: control of substances, recyclability, controlling the environmental impact of the Group's manufacturing processes, eco-design, and supplying customers with information on the environmental impact of products.

The 2011-2013 Group roadmap builds on these key elements. Legrand is committed to incorporating the key elements of High Environmental Performance Products in the development and marketing of its offerings through the achievement of four targets:

2011-2013 targets	Progress at end 2012
Complying with the requirements of RoHS regulations beyond the strict scope of their application for all Group products	72%
Excluding the use of REACh "candidate list" substances for future product developments whenever an alternative, technically and economically viable solution exists	70%
Making Product Environmental Profiles (PEPs) available internationally and to all parties involved in the building sector	49%
Increasing the proportion of eco-designed products in the Group's offer which present reduced environmental impact in a multi-criteria lifecycle analysis	68%

5.3.1.1 COMPLYING WITH THE REQUIREMENTS OF ROHS REGULATIONS BEYOND THE STRICT SCOPE OF THEIR APPLICATION FOR ALL GROUP PRODUCTS

The Group complies with all restrictions on the use of hazardous substances, in particular the EU's RoHS Directive. Today, this affects a very limited part of the Group's product offering. Nevertheless, since 2004, Legrand has made it a goal to eliminate RoHS substances from all of its solutions, starting with those marketed in Europe, whether they are covered by the scope of application of the Directive or not.

As a result, all welding on products sold in Europe have been lead-free since 2007. The use of lead-free PVC (mainly in the manufacture of cable management profiles) was extended throughout the Group from 2009.

This approach is gradually being extended to the Group's products designed and produced outside of Europe for markets outside of Europe; e.g., the Group's US subsidiaries conducted a diagnostic of their offering in 2011 and 2012 to identify and limit substances that figure in the European RoHS directive. Similarly, Chinese and South American subsidiaries have initiated a process to identify RoHS substances that may be present in their offer.

5.3.1.2 EXCLUDING THE USE OF REACH "CANDIDATE LIST" SUBSTANCES FOR FUTURE PRODUCT DEVELOPMENTS WHENEVER AN ALTERNATIVE, TECHNICALLY AND ECONOMICALLY VIABLE SOLUTION EXISTS

Since 2008, Legrand has been actively involved in the application of European REACh regulations, in particular by facilitating the transmission of data on the relevant substances in the economic chain (upstream and downstream):

- collection of data from strategic suppliers *via* their Material Safety Data Sheets, the key components of REACh provisions for the transmission of product information. The management of Material Safety Data Sheets is being brought into line with REACh at all Group entities;
- provision to the Group's European customer service departments, for all brands, of a customer response system connected to the Group's intranet site. This ensures transmission of the most up-to-date information;
- a full page dedicated to REACh posted on the Legrand website for the use of all stakeholders.

Beyond regulatory requirements, Legrand has undertaken to remove, in all future product development, substances included in the REACh "candidate list" whenever a technically and economically viable alternative is available.

Achieving this goal requires the early use of the restrictions put in place by REACh starting with the design of new products.

For example, plasticizers used for the production of flexible PVC are subject to demanding restrictions starting with the design of products that include this material. None of the phthalates included among the 138 substances listed by REACh at end 2012 is therefore used by Legrand for its European production.

To strengthen and sustain this proactive policy, a REACh expert committee consisting of Group materials and process experts and supported by the purchasing organization was created in 2011. Upon the publication of lists of candidate substances, its role is to focus on promoting alternative product design solutions and defining their manufacturing process.

In 2012, Legrand's group policy was applied to a broader geographical scope of investigation and for all the listed substances, including those incorporated by ECHA (European Chemicals Agency) during the course of the year. Potential alternatives have emerged for imported items, incorporated into some of the Group's business offers. Exchanges in this direction have been initiated with the producers concerned, who are usually located outside Europe.

In addition, as it has done for the RoHS Directive, the Group has established a process for reference identification of some of the products that contain REACh "candidate list" substances. At the end of 2012, 56% of Group Research and Development teams had implemented this process.

5.3.1.3 MAKING PRODUCT ENVIRONMENTAL PROFILES (PEPS) AVAILABLE INTERNATIONALLY AND TO ALL PARTIES INVOLVED IN THE BUILDING SECTOR

Since the early 2000s, Legrand has been interested in LCA (Life Cycle Analysis) techniques to calculate the environmental impacts of its products scientifically and provide factual information that goes beyond preconceptions. It is from these LCA results that Legrand built the Product Environmental Profile (PEP) for its products and, more importantly, improved their environmental performance.

This process is primarily carried out by optimizing the materials content of products designed by the Group's R&D teams (selecting better performing and/or less harmful materials, optimizing the engineering design, etc.), which contributes to restricting the use of raw material resources.

However, Legrand favors an approach that includes other industrial partners, as it believes this to be the most appropriate approach to provide objective information about the process. As a result, since the early 2000s Legrand, in association with other actors in the electrical industry and in partnership with LCA experts, has developed calculation software which is based on ISO 14040 series standards. This EIME (Environmental Improvement Made Easy) software is now the basic tool for LCA calculation of Legrand products.

In addition, Legrand is a leading member of the PEP Ecopassport association. This association was launched in France in 2010, and it has established and developed a type III environmental declaration program that complies with the requirements of the environmental standards on LCA and of the ISO 14025 environmental standard, which governs environmental communication.

This program was developed by the electrical industry in France and strictly regulates the LCA process and the environmental information it provides: a review of the materials selected, information on hazardous substances when present, environmental impacts on air, water and natural resources from the calculation of 11 indicators. All phases of product life are taken into account, from the extraction of raw materials needed for manufacturing to the end of product life, as well as the production, distribution, implementation and product use stages.

By offering all of these environmental data in a single document, the PEP provides the economic chain with serious and reliable information that allows a technical choice to be made while also acknowledging the environmental dimension.

The PEP and PEP Ecopassport program have been recognized by the Grenelle Environment Forum in France and are becoming more widely available and used internationally.

Legrand has filed more than 500 PEPs in the official database of the PEP Ecopassport program. These documents can be accessed on the websites of the Group's various brands or upon request from customer service departments. For example, in 2012, nearly 4,000 downloads of these documents were recorded on Legrand's website in France.

Thanks to the efforts of R&D teams, at end 2012, 37% of Group sales are generated by products covered by PEPs (versus 30% at end 2011). The Group's ambitious goal is to achieve a rate of 50% by the end of 2013. In the longer term, the Group's objective is to systematize the provision of this environmental information.

In 2012, 80 new PEPs were created over the entire range of the Group's offers on an international scope; for example, the Excel Life wiring device range for the Australian market, DX3 modular products and ranges of cable trays marketed in Europe, emergency lighting products for the French market, and lighting management products marketed in Singapore.

PEPs are an information tool for the recycling sector (potential for recycling and recovery, location of substances, etc.) and facilitate the end-of-life processing of Legrand products in anticipation of changes to the European WEEE Directive.

It is in this specific area that Legrand is acting to collect and recycle products. Historically, the Group is a pioneer as, for over 20 years, it has organized the recovery and recycling of self-contained emergency lighting units. This has enabled more than 200 metric tons of products to be recycled every year (including about 70 metric tons from nickel-cadmium batteries).

The WEEE Directive has structured and regulated such initiatives in Europe. Under its leadership, eco-organizations have established collecting points for products marketed to households. To respond to the new obligations, Legrand has joined up with organizations operating collection systems in association with local authorities and DIY outlets, to recycle and process waste.

Since 2010, recycling processes adapted to the construction industry, such as the "WEEE pro" process in France with the eco-organization Recylum, have been commissioned. Legrand participated as a founding member in the launch of this professional process, which recovers end-of-life electrical and electronic equipment. The Group's sale forces are trained to promote membership of the Recylum network among their customers. Currently, approximately 1,200 partners have joined the Recylum network in France. All are equipped with special containers to collect end-of life products. About 60% of these partners are wholesalers, and the remainder installers or specialized landfills.

The above-mentioned pioneering industry sector of self-contained emergency lighting units has already created market habits that now benefit the collective WEEE sector. Similar initiatives have been implemented in European countries affected by the directive.

5.3.1.4 INCREASING THE PROPORTION OF ECO-DESIGNED PRODUCTS IN THE GROUP'S OFFER WHICH PRESENT REDUCED ENVIRONMENTAL IMPACT IN A MULTI-CRITERIA LIFECYCLE ANALYSIS

An eco-designed product is a product, which on the basis of multi-criteria indicators has a reduced environmental impact over the whole of its life cycle (according to the methodology in the ISO 14040 standard). The comparison refers to the older generation of the product or a targeted competitor's product, or even the industry standard product (as established by a trade association or a standard such as NF, BAES, etc.).

The LCA (Life Cycle Analysis) techniques which allow the PEP to be established are a powerful eco-design tool for products. Accordingly, in the design and industrialization phases, environmental impact analysis generally leads to optimization of common technical solutions.

In the end, only the most carefully developed products from an environmental perspective can claim the title of "eco-designed", thus providing a constant challenge for Legrand R&D teams.

Under the PEP Ecopassport program, Legrand classifies products into three categories:

- enclosures (cable paths, industrial cabinets, etc.) which do not consume energy during use. The choice of materials is paramount in reducing the environmental impact: priority is given to reducing volumes and to selecting the most environmentally friendly materials;
- active products (e.g. emergency lighting units) which consume energy in the consumption phase; the highest environmental impact occurs during this phase, and the major priority is therefore to reduce consumption;
- finally, passive products, which do not consume electricity themselves but marginally dissipate electrical energy (switches, protection devices, etc.): these constitute an intermediate category where the balance between material content and electricity dissipation is particularly sensitive.

Some examples of eco-designed products launched by Legrand in 2012:

- P31 sheet metal cable trays redesigned for greater rigidity and EZ+ wire cable trays, where the environmental impact of their production phase is reduced by optimized surface treatment;

- substantive work on enclosures has enabled the XL^3 surface mounted cabinets launched commercially in 2012 and the new DRIVIA modular cabinets launched in 2013 to be considered eco-designed.

The new Excel Life range of wiring accessories launched in 2011 in Australia provides another example of eco-designed products from Legrand. The presence of PEPs has been welcomed by many in the Australian market.

In 2012, Legrand trained the Hungarian R&D team and three R&D teams in China on LCA techniques and PEP drafting. This increases the percentage of Group teams trained to 74% compared to 67% in 2011 and underlines its efforts to deploy its development approach to High Environmental Performance products. The Group's goal is to achieve a coverage rate of over 80% of its R&D centers by the end of 2013.

The eco-design policy also applies to packaging. It enables the ratio of packaging volume to product volume to be lowered. For instance, 'Packaging' experts have defined best practices, which are implemented by all R&D teams, such as: using cardboard containing a high rate of recycled material, printing with water-based inks, using acrylic adhesives which emit less VOCs, etc. In 2012, the Italian R&D team designed new mono-material packaging for BTicino brand retail products. The packaging's mass is reduced by 55%, and the total volume of the packaged product by 20%.

5.3.2 - Limiting the impact of the Group's business activities on the environment

The Group deploys its environmental policy on its sites in conjunction with ISO 14001 certification, which has resulted in setting up an EMS (Environment Management System), with two main consequences:

- the determination of the site's significant environmental aspects (SEAs). The site's management and personnel will put measures in place in accordance with the site's environment, activities and local culture in order to prevent pollution and more general environmental risks;
- setting up a continual improvement process, often symbolized by the DEMING wheel (Plan-Do-Check-Act). In this initiative, the impact on the environment is reduced by local versions of actions which have proven their effectiveness in the Group pilot entities. For example, improved energetic efficiency in compressed air circuits, reduced water consumption in industrial cooling systems, reducing waste production at source and setting up recovery channels.

A positive impact of 2% a year is expected from reductions in the Group's energy and water consumption at the current scope of consolidation, which more than offsets the scope effects of the Group's continuing industrial expansion under its external growth policy.

It is important to note that the changes shown in the quantities of waste generated do not reflect real progress recorded in the field. Enhanced understanding by some of the Group's subsidiaries of the notion of waste has permitted more exhaustive accounting of waste flows, with an increase in the figures as a result. Please refer to paragraph 5.3.4 for more information on this subject.

Legrand has chosen to use its active contribution to the sector guide on CSR published by the GIMELEC (trade association) to describe the distinctive features of its business, as relating to a number of other potential environmental impacts from its activities:

- use of soils and protection of biodiversity: Legrand's activities have no impact on the soil or biodiversity. Moreover, the vast majority of the Group's production sites are located inside business or industrial zones which are subject to specific regulations. Lastly, the manufacturing nature of the Group's business means that sites can be designed using storeys, thus limiting the impact on the ground;
- noise pollution: As a manufacturing industry, noise pollution is restricted to the noise from machinery inside the buildings;
- adaptation to climate change: The Group's sites face no specific threats from the consequences of climate change. To the contrary, a number of the Group's product offers incorporate solutions which limit emissions of greenhouse gases, which cause climate change (energy efficiency solutions, products which use renewable energies, etc.). For more information on promoting energy efficiency, please refer to section 5.3.3.

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The Group is committed to improving the environmental performance of its sites and logistical flows through the achievement of three targets, as part of its 2011-2013 roadmap:

2011-2013 targets	Progress at end 2012
Determining a new way to calculate the Group's carbon footprint. Using it to determine new areas for improvement for the Legrand Climact project, which take into account the Group's growth targets	70%
Systematically obtaining ISO 14001 certification for the Group's industrial sites, in particular new sites	87%
Limiting water consumption and waste production by applying the best practices and environmental techniques in the Group to industrial sites joining Legrand	66%

5.3.2.1 DETERMINING A NEW WAY TO CALCULATE THE GROUP'S CARBON FOOTPRINT AS PART OF A 2011-2012 PROJECT USING THE GHG PROTOCOL INTERNATIONAL METHODOLOGY

Every year, Legrand contributes to the *Carbon Disclosure Project* (CDP) whose objective is to measure, publish and share environmental information, and which is a framework for actions to fight global warming.

In order to improve knowledge of the GHG (Greenhouse Gas) emissions which are directly or indirectly connected to its activities, and to identify levers for action that are most relevant to making the Legrand Climact initiative more dynamic, Legrand in 2010 launched a Crabon Footprint project. This project was deployed in 2011 with the aim of estimating the GHG emissions connected to all of the Group's activities worldwide, by using the GHG Protocol methodology, and was subject to methodology amendments in 2012.

The methodological approach of the Carbon Footprint project isolates scope 1 and 2 emissions, *i.e.*, CO_2 emissions directly related to the Group's activities, from indirect scope 3 emissions, which correspond to greenhouse gas emissions generated by other players as a result of the Group's activities.

More precisely, a distinction is made between:

- scope 1 emissions: these are Group emissions related to the consumption of fossil fuels (almost entirely natural gas) used mainly for heating buildings, and to a lesser degree for some industrial processes. Consumption by company cars, which are used overwhelmingly by sales forces in the various countries where the Group operates, is also taken into account. Finally, the contribution of refrigerant leakage was evaluated and taken into account;
- scope 2 emissions: these are indirect greenhouse gas emissions related to electricity consumption, mainly for industrial processes and marginally for heating and lighting buildings. The specific carbon content of electricity in each country was taken into account.

In all, the scope 1 and 2 emissions correspond to 177,000 metric tons of CO_2 equivalent in 2012 as against 187,000 metric tons in 2011. The methodology amendments have enabled both a more precise determination of the method of evaluating GHG emissions resulting from the combustion of natural gas, and an acknowledgement of complementary marginal energy consumptions (geothermal heating and/or urban network heating). The effects of these changes in methodology cancel each other out and the reduction in scope 1 and 2 emissions (-5.3%) reflects the Group's efforts to restrict the energy consumption of its activities.

The following items were evaluated for scope 3 emissions (ranked in decreasing percentages of emissions): raw materials (49%), purchased goods and services (28%), logistics (14%), product end-of-life (4%), capital expenditure (2%), home-work travel (2%), upstream losses for production and transportation of fuels and downstream losses for electricity, business travel and waste (1%).

In 2012, scope 3 emissions totaled 68 metric tons of CO_2 equivalent and are therefore significantly higher than scope 1 and 2 emissions.

The results of the full calculation confirm that, as a materials processing and assembly company, the Group does not have a high carbon intensity. Analysis of the contributing factors shows that, in descending order, the items related to raw materials, goods and services purchased, logistics and industrial site consumption are the main causes, directly or indirectly, of greenhouse gases.

This conclusion confirms the three priorities for action by the Legrand Clim'act initiative: eco-design, optimization of logistics flows and the limitation of energy consumption on Group sites.

This methodological work to improve the reliability of the results continued in 2012 with the gradual integration of energy consumption into monitoring of the Group's industrial performance. The industrial sites currently integrate, on a six-monthly basis, all their energy consumption indicators into their global performance management dashboards which are presented to their division.

Energy consumption on the Group's sites

As part of the Carbon Footprint initiative, a Group energy consumption inventory is conducted every year.

The energy consumption of the Group's sites in 2012 totaled 479 GWh compared to 527 GWh in 2011. This reduction by 9.1% includes an actual consumption cut of 6.5% on a current scope basis. Moreover, enhancement of the environmental reporting framework enabled to specify more precisely the methods and conversion rates enabling sites that track their natural gas consumption in terms of volume to translate their figures into energy value. This methodology adjustment entails an additional reduction by 2.6%.

The Group systematically incorporates energy efficiency measures in its new constructions and rehabilitation or maintenance of its premises. As a result, the Group's best performing solutions in this area are implemented, particularly in terms of lighting management.

Since 2007, the Group has implemented best practices that were developed as part of the "Lean Manufacturing" initiative, which is particularly concerned with optimizing operations areas, controlling energy consumption through programmed on/off switches, optimization of heating with heat recovery systems, and more efficient management of lighting and compressed air. Early initiatives took place on French industrial sites. At these sites, the priority energy consumption sources were identified, consumption associated with each work station was analyzed and metering and sub-metering was installed. The Group is determined to extend this internationally and to leverage an approach that has been proven in both buildings and industrial processes.

In France, the Company wants to extend this even further, with solutions which exceed regulatory standards. For example, in 2012, the sales agency in Nancy moved into a new building, built to low-energy building standards.

In 2012, photovoltaic panels were fitted to the Group's headquarters, with 95 modules for a total surface area of 150 sq.m (21.5 kWc) producing the equivalent in electricity needs (excluding heating) of six French homes.

In 2012, the Group partially equipped its fleet of company vehicles in France with electric vehicles. Charging stations were installed in its car packs at its headquarters and on two industrial sites. They will be available for the Group's employees who own or rent electric vehicles from the start of 2013, providing them with a parking space and access to a free charge. This action will be extended to 20 sites in France in 2013.

These actions form part of the Group's commitment to supporting sectors which provide innovative and environmentally-friendly solutions Legrand is also keen to facilitate access to the solutions which are marketed and fitted in the Group's buildings for its employees.

Other initiatives enable the Group to emphasize its commitment in these areas. Accordingly, Legrand North America has joined the White House's Better Building, Better Plants initiative for more efficient buildings and factories as a Challenge Partner by pledging to achieve ambitious energy savings and management and reporting targets. This initiative aims to create jobs in the United States by encouraging the renovation and energy upgrading of office buildings and industrial sites. As a Challenge Partner, Legrand North America has undertaken a series of high-impact actions, including:

- reducing energy consumption in its buildings by 25% over ten years;
- reducing energy consumption at a test site by 10% in just two years;
- the deployment of market innovation to achieve the goals of energy efficiency gains more quickly;
- regular progress reports on achievement of goals and lessons learned in the deployment of innovation and energy efficiency solutions.

14 of Legrand North America's administrative, industrial and logistics sites have been fitted with sub-meters. This program makes possible the instant measurement of energy consumption, identification of potential savings through management of lighting and other equipment connected to the network and the identification of improvements to the facility to further improve its energy performance.

At the end of 2011, Legrand Cablofil fitted energy-saving lighting in its 5,000 sq.m plant in California. The project included replacing existing lighting with appliances with presence sensors which turn lights off during periods of downtime in the premises. The factory thus reduced its electricity consumption for lighting by 65% *i.e.* a saving of 78,000 KWh in 2012.

Lastly, Legrand North America set up "sustainability happenings" in 2012. These action days, which are organized as inter-site competitions with group prizes going to local charities, have encouraged employees to analyze their work space and to reduce their electricity consumption through voluntary individual actions.

Energy consumption related to Group logistics flows

The Group continued its efforts to optimize logistics flows in 2012. Thus, CO_2 emissions connected to transportation of products remain stable compared to 2011.

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In addition, as part of its Lean Manufacturing initiative, the Group designs and implements:

- simplified flows to reduce the distances traveled by the products and components between production and storage sites in sales areas, and the "global cost", which takes into account environmental criteria, is analyzed;
- grouping of different stages in production on a single location, thus reducing transport between sites.

The choice of transport modes and organization of logistic flows also offer scope for improvement. Recent measures taken include:

- optimizing the loading of trucks leaving the Group's international distribution center for the main subsidiaries, resulting in an 8% reduction in the number of vehicles to these destinations;
- the use of rail transport between the Paris region and Marseille for routing a portion of containers headed to North Africa, or for inter-site exchanges between France and Italy;
- use, as far as possible, of the same mode of transport for reception and shipping at the International Distribution Center, thus reducing the number of empty journeys;
- reduced use of air freight.

A new methodology in place since 2010 and further enhanced in 2012 makes it possible to map a scope that corresponds to approximately 96% of Group flows.

Various initiatives have been undertaken since 2009 to reduce employee travel, including the promotion of webcasts and conference calls. Moreover, environmental information is regularly published on the Group intranet site and an automatic calculator allows users to translate the impact of travel into greenhouse gas emissions.

5.3.2.2 HARMONIZING THE ISO 14001 CERTIFICATION OF THE GROUP'S INDUSTRIAL SITES THROUGH THE DEPLOYMENT OF THE POLICY FOR NEW ENTITIES

The environmental risk from the Group's sites is assessed in two ways: By ensuring that the site is operated in compliance with applicable rules and by conducting an inventory of industrial risks to the environment. Where necessary, corrective action plans are adopted. The target is the continual improvement of environmental performance, which normally results in ISO 14001 certification.

Significant effort is needed each year because of the Group's acquisition policy. In 2012, five industrial units joined the list of ISO 14001 certified sites: Fairfield NJ in the United States, the new site at Preston in Australia, Wuxi in China, Koscice in Slovakia and Muscoline in Italy.

Accordingly, by the end of 2012, 87% of industrial and logistic sites integrated within the Group for more than five years were ISO 14001 certified.

The Group is determined to commit its new acquisitions to this certification process as soon as possible, by supporting the new industrial sites as they achieve the required levels. This requires considerable and continual effort, notably in some countries where the regulatory or normative framework is a long way from the criteria of the ISO 14001 certification. Thus, in the light of the entry of new industrial sites into the Group and the time required to set up improvement actions, Legrand considers the ability to maintain a minimum certification rate of 80% for the 2011-2013 period to be ambitious.

5.3.2.3 LIMITING WATER CONSUMPTION AND WASTE PRODUCTION BY APPLYING THE BEST PRACTICES AND ENVIRONMENTAL TECHNIQUES IN THE GROUP TO INDUSTRIAL SITES JOINING LEGRAND

Control of water consumption

The Group consumed 1,158,000 m^3 of water in 2012, down 16.8% compared to the figures posted in 2011.

Like greenhouse gas emissions for the GHG protocol (see section 5.3.2.1.), the main water consumption indicators related to accommodation and food services for employees on industrial sites are no longer taken into account whenever technically possible. In 2012, this reporting rule resulted in a significant decrease in the figures declared by certain sites.

Corrected by this reporting effect, the reduction is around 5% at current scope of consolidation, which underlines the effectiveness of the efforts to reduce water consumption. These actions by the Group's three industrial divisions were mainly targeted at the production sites which consumed the most water in 2011.

The Group uses public benchmarks to assess its exposure and dependency on water resources. This analysis takes both water consumption and the local availability of this resource into account.

By combining the consumption reported by the sites and the WSI (Water Scarcity Index) cartographic data published by the UNEP (United Nations Environment Programme), the Environment

Department has determined the 16 sites which account for 80% of the Group's water load worldwide. This analysis has also enabled the calculation that in excess of 85% of the Group's water consumption occurs on sites situated in zones where there is low or moderate water consumption (WSI index <or equal to 0.7). This approach will enable the industrial divisions to better target their actions in 2013 on the most sensitive sites in terms of environmental impact on local water resources.

All Legrand industrial facilities are monitored in terms of potential pollutions from discharges into the water. For surface treatment workshops, water must be treated prior to discharge and treatment facilities are strictly maintained and regularly renovated.

In addition, the Group's subcontractors for surface treatment are historic local suppliers, for which the same regulatory constraints are applied. Logistical proximity enables Group buyers to verify easily that these subcontractors implement a compliant and optimal effluent treatment system.

For more information on the inclusion of suppliers in the Group's Sustainable Development initiative, please refer to section 5.2.2. of this Registration Document.

Waste management

The environmental reporting for total waste produced, highlights a gross figure of 49.6 thousand metric tons of waste, an increase of 14% compared to the previous year. This change is mainly a reflection of the improvement in the counting of waste; the in some countries (e.g. Russia or China), the absence of a stable waste recovery system makes it more difficult to identify and categorize waste collected. This change in tonnage should not conceal the positive effects of the actions in the field which are reflected in the excellent level of the recycling rate in excess of 82% in 2012, compared to 79% in 2011.

Recycling is a sensitive issue for Legrand, especially on its industrial sites. Sorting instructions are regularly updated to maintain a historically high rate of recycling in the Group.

From an operational perspective, Legrand is working to reduce its waste in two main ways:

- better sharing of good practices in the field, with the identification of local improvement initiatives to limit the quantities of waste at the source;
- better identification of kinds of waste in order to improve sorting and thus facilitate recycling.

Some scraps are directly reused in the production process: as a result, the sprues from injection molding are ground up and reincorporated with virgin materials into the thermoplastic injection processes. On the other hand, scrap from the metal cutting process is considered to be production waste and is systematically recycled outside the company.

In 2012, the Group subsidiary, BTicino set up a campaign to promote responsible consumption of resources on its Italian sites called "3 Rs": Reduce, Reuse, Recycle. Several initiatives were set up in production workshops with the active participation of all employees: weekly meetings with analysis of indicators, improvement proposals, sharing ideas and suggestions. This initiative has resulted in several noteworthy actions, including: detection of energy losses in the machines, switching off machines during breaks, reusing consumables like gloves, and increasing selective sorting.

The Group renewed its multifunction (printer/fax/scanner) printer and copier park across all its French sites in 2012 to reduce environmental impact. The new generation of products allows the copying and printing functions which are most resource-efficient (black and white, double-sided printing) to be configured by default. The expected saving is a reduction of around 20% in the number of copies, which should limit waste production by the same amount.

5.3.3 - Promoting energy efficiency

Buildings account for 40% of the world's energy consumption and a quarter of its CO_2 emissions. The awareness of global warming, the potential financial savings, and changes in legislation and standards are all factors which argue in favor of implementing an 'eco-efficient' electrical and digital infrastructure. The Group's subsidiaries and industrial divisions take these new challenges for energy efficient buildings into account. Local marketing teams have been briefed on sustainable building practices (low consumption and/or Green Building) and energy efficiency, which they integrate in their marketing development and approach.

The Group offers simple and accessible solutions to as many people as possible (and in particular, solutions for small buildings), adapted for different types of buildings (offices, hotels, etc.). Particular attention is paid to emerging economies, which have real energy challenges ahead.

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5.3.3.1 SUPPORTING PLAYERS IN THE ELECTRICAL INDUSTRY

The Group places special emphasis on customer involvement in the promotion of more responsible electricity consumption, by communicating best practices related to electrical systems in various ways:

- **group training and information centers** offer seminars and online training dedicated to environmental and energy regulations and to green building techniques in accordance with the main standards in use, making key notions readily accessible;
- **a specific symbol and an eco-label** have been created to enable the Group's customers to easily identify energy efficiency solutions. They are repeated in the communication materials of Group subsidiaries around the world. Legrand is also committed to providing its customers with accurate information regarding the benefits of its offerings: CO_2 savings, financial savings, and depreciation periods. Calculations are based on regulatory or standard specifications, and/or evidence from recognized outside experts. Information is also backed up with concrete examples of installations presenting solutions in specific applications and building types;
- **promoting energy efficiency** through participation in conferences, trade shows or websites dedicated to these topics. For example:
  - in Brazil: participation in FIEE, EXPOSEC, and Predialtec trade fairs and the «Energy Saving Week" initiative with the distributor Sonepar,
  - in Russia: membership of several associations, including the Franco-Russian Center for Energy Efficiency, and the Association of European Business (AEB),
  - in Tunisia: in cooperation with the journal Archibat and in partnership with the Architectural College in Tunis, Legrand Tunisie brought together Tunisian and international experts in urban development and construction to discuss «Sustainable cities and buildings - lessons learned».

Moreover, Legrand supports the different green building initiatives (Leed, Green Star, Breeam, HQE, etc.). It is a member of the Green Building Council (GBC) in several countries such as the United States, Vietnam, Singapore, China, etc. In the United Arab Emirates, the Group's subsidiary has been an active member of the Emirates Green Building Council (EGBC) since 2008, as well as a member of its Board of Directors.

The Group is also involved with government authorities in the construction of the regulatory framework for energy efficiency in buildings, for example, in France (RT2012 and Effinergie label), the UK (Part L and Smart Home), and the USA (ASHRAE).

The Group's engagement with energy efficiency also extends to raising awareness among consumers and individuals. Since 2012, the Group has presented the "Positive Energy Families" (*Familles à Energie Positive*) project to its employees living in the Limoges agglomeration. Led by the ADEME (French Environment and Energy Management Agency), the project aims to mobilize people around practical, efficient and convivial actions to combat greenhouse gas emissions and reduce home energy consumption. Thirteen families are involved in this action to promote energy moderation.

Legrand also took part in "*Energize-toi* ", an event organized and coordinated by "*Récréasciences*", the Limousin CCSTI (Scientific, Technical and Industrial Cultural Center) whose aim is to communicate on and promote all forms of scientific culture and encourage dialogue between the scientific community and the public.

5.3.3.2 PROVIDING SOLUTIONS FOR ENERGY EFFICIENCY

The Group offers solutions for all types of residential and commercial buildings, both new builds and those undergoing thermal renovation.

These solutions are easy to install, adapt and use and can be implemented by the Group's usual partners in the sector.

Solutions to manage the energy consumed by applications, reducing waste and electricity bills

Lighting management

Lighting control systems and sensors, including those developed by the subsidiary WattStopper, offer savings of up to 55% on lighting consumption in an office building, which represents, for example, a saving of 2,500kg of CO_2 emissions per year for an office building of 2,000 sq.m.

These products are rounded out by products from the subsidiary Sarlam, a French architectural lighting specialist. With the help of this expertise, the Group has been deploying lighting management offers aimed at all markets since 2010. Based on sensors, it is compatible with low-energy light bulbs and requires limited installation. It generates a swift return on investment thanks to its energy efficiency.

Specific electricity management

Many households and office appliances cannot operate without electricity. These are referred to as "energy specific" goods (computers, printers etc.). Legrand offers a range of programming devices to turn off office computers, lighting and ventilation at set times. Products also include a switch control displaying programmed circuits for time-controlled cuts that can result in savings of up to 20% on energy consumption of equipment. This can mean significant savings, particularly for IT equipment, which represents the third largest item on energy bills for commercial buildings. This represents a saving of 800kg of CO_2 for a department with 100 people using computers in France.

Heating management

Heating is the largest item on household energy bills, more accurate, automated temperature control can cut it drastically. In addition to programmable thermostats, Legrand's offering includes the "Fil Pilote 3 zones" option allowing separate control of three different sections of the home, adjusting temperatures in each according to priorities and energy requirements. More broadly, the automation of heating, hot-water supplies, lighting and standby mode can save up to 10% on energy use.

Energy saving solutions for data centers

The Dutch subsidiary of the AEGIDE Group provides energy-saving solutions for data centers in large, medium and small companies as well as commercial infrastructures. The Varicondition Cold Corridor® solution, for example, is a system which is based on the complete separation of hot and cold air flows, to increase efficiency and energy savings.

Solutions for energy management in buildings: measuring and displaying consumption, monitoring the electrical system, securing high- and low-current infrastructures

Measuring energy consumption and estimating potential reductions

Analyzing, measuring and monitoring the electrical system is an essential step in changing consumption habits, which leads to average savings of around 10% on energy consumption. Alptec analyzers from the subsidiary Alpes Technologies allow the full analysis of circuits (failures, surges, etc.) in commercial and industrial buildings, to identify and correct defects. In the residential sector, solutions from the Arteor, Celiane, Axolute and LivingLight ranges centralize control of all electrical equipment with the possibility of full measurement of home consumption. Moreover, US subsidiary WattStopper has launched an Energy Calculator, a free online tool enabling individuals to calculate their own potential energy savings.

Quality of electricity

Acquired in 2008, Legrand subsidiary and leader in its field, Alpes Technologies rounds out the Group's offering in terms of electrical power and quality. Alongside network analysis tools, this subsidiary offers a full range of services and products contributing to the quality of electricity and the reduction of environmental impacts: reactive energy compensation and harmonics filtration technologies. Since 2010, Alpes Technologies has been rolling out products in several countries including Poland, Russia, Morocco, United Arab Emirates, Saudi Arabia, Chile, Belgium and Portugal. These solutions make possible significant savings of CO_2. For example, the installation of a capacitor bank of 75 kVAr in a 1,000 sq.m supermarket in France saves 1.6 metric tons of CO_2 per year.

Innovative transformers that reduce power loss

Legrand markets low loss dry-type transformers. These transformers are more economical and less polluting than traditional transformers and reduce CO_2 emissions by more than 800kg a year for an IT building with two 250 sq.m rooms.

Ensuring uninterrupted high-quality energy supply: UPS*

Through its subsidiaries Inform (Turkey), SMS (Brazil), Meta System Energy (Italy) and Numeric (India) Legrand offers conventional UPS ranges, high-tech modular UPS facilities for critically important systems (data centers and financial institutions) and photovoltaic power inverters. The energy efficiency of these solutions is based on an intelligent power factor correction circuit, which optimizes the absorption of energy input. Efficiency remains at a consistently high level even at low capacity, so that energy performance is not dependent on any capacity variations.

Energy supply management solutions: integrating renewable energy and powering electric vehicles

Photovoltaic panel connection

Legrand provides solutions for photovoltaic panel connections. For residential systems, installation by a professional is simplified with the availability of a pre-wired electrical box. For commercial systems, Legrand is gradually expanding its offer. The emphasis is on safety with connections that are reliable and long-lasting.

* *UPS: Uninterruptible Power Supply.*

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Electric vehicle charging stations

To address the major changes taking shape in the transport sector and to meet the needs of users, Legrand offers:

- a home-style electrical plug, Green'up Access, for charges of 14A (3.2kW);
- a range of charging stations (Green'up Premium) suitable for homes, corporate or public parking areas, apartment buildings and public roads.

5.3.4 - Overview of environmental indicators

A reporting tool is deployed in the Group to collect, administer and manage environmental data. This tool is available on the Group's intranet site.

This application includes a document giving a general introduction to the reporting process and a user guide. Online aids and data consistency checks and mandatory commentary zones are incorporated into the application to assist entities with qualitative data entry.

The tables below show the main Group environmental indicators. All data correspond to the scope of Environment reporting, which covers over 90% of Group sales, with the exception of GHG emissions expressed in metric tons of CO_2 equivalent which cover 100% of the Group's business.

For more information on rules for the integration of new acquisitions into the reporting process, please refer to section 5.1.4. of this Registration Document.

5.3.4.1 ENVIRONMENTAL INDICATORS - PRODUCTS

The table below shows the main indicators monitored by the Group as regards the development of High Environmental Performance products.

	2010	2011	2012
Share of Group sales generated by products with PEPs	25%	30%	37%
Share of Group design departments conducting Product Life Cycle Analyses (LCAs)	59%	67%	74%

5.3.4.2 ENVIRONMENTAL INDICATORS - SITES

The table below shows the main indicators monitored by the Group as regards impact related to site activities. Data below is at current scope of consolidation.

The comments associated with the data presented are detailed in section 5.3.2. of this Registration Document.

	2010	2011	2012
Energy consumption *(GWh)*	454	527 ✓	479 ✓
Direct energy consumption (mainly gas) *(GWh)*	178	253 ✓	213 ✓
Indirect energy consumption (mainly electricity) *(GWh)*	276	274 ✓	266 ✓
Total CO_2 emissions for scopes 1 and 2 of the carbon footprint *(thousands of metric tons of CO_2 equivalent)*	168	187*	177* ✓
Emissions from product transport *(thousands of metric tons of CO_2 equivalent)*	89	88,9	88,8
CO_2 emissions related to energy consumption *(thousands of metric tons of CO_2 equivalent)* scopes 1, 2 and 3** of the carbon footprint	-	1,847	1,856
ISO 14001 certified sites *(%)*	82%	87%	87% ✓
Water consumption *(in thousand m^3)*	1,480	1,390 ✓	1,158 ✓
Waste produced *(in thousands of metric tons)*	42.7	43.4 ✓	49.6 ✓
% of waste reclaimed	84%	79%	82% ✓
Volatile Organic Compounds (VOCs)*(metric tons)*	52	69	83 ✓

* *Assessment complies with the requirements of the GHG Protocol.*

** *Data not available for 2010.*

Additional details:

- the environmental reporting covers a special calendar consistently composed of the fourth quarter of the year N-1 and of the first three quarters of the year N;
- the energy consumption on the Group's sites totaled 479 GWh compared to 527 GWh in 2011 (please refer to section 5.3.2.1 of this Registration Document for more information on these changes);
- the Group consumed 1,158,000m³ of water in 2012, a fall of 16.8% compared to 2011; corrected for the differences in declaration for the Rocom site in China (deduction for water consumption connected to employee accommodation in 2011) the fall amounts to 5% (please refer to section 5.3.2.3 of this Registration Document for more information on these changes);
- waste produced totaled 49.6 thousand metric tons in 2012, up 14% compared to 2011 at current scope of consolidation (please refer to section 5.3.2.3 of this Registration Document for more information on these changes);
- VOC emissions totalled 83 metric tons in 2012, a 20% increase compared to 2011 at current scope of consolidation. It is important to note that this change is mainly due to an increase in the number of processes included in the scope of the estimates. However, in 2012, only 35 sites out of 55 potentially liable to emit VOCs in view of the nature of their activities, declared any VOC emissions in their contribution to environmental reporting. The remaining sites will be subject to an additional enquiry in 2013.

5.3.4.3 ENVIRONMENTAL INDICATORS - OTHERS

	2010	2011	2012
Environment training and awareness campaigns *(hours)*	11,440	15,300	17,375
Contingency provisions and guarantees relating to the environment *(in millions of euros)*	-	-	14.6

* *This data is given for the first time with respect to 2012 financial year.*

For more information on the management of environmental risks, please refer to section 4 of this Registration Document.

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5.4 - WORKPLACE AND COMMUNITY ACTIONS: POLICY AND RESULTS 2012

Legrand continues its business development while paying particular attention to the working conditions of its employees and its responsibilities as an employer and a social actor. There are four strategic areas to its Human Resources policy: Risk prevention and occupational health and safety, skills management, social dialogue, and diversity.

5.4.1 - Investing in employees

5.4.1.1 RISK PREVENTION AND ENSURING THE HEALTH AND SAFETY OF EMPLOYEES

The Group Prevention Department, which reports to the Human Resources Department, steers the Prevention policy and its implementation. To do this, it has a network of Prevention correspondents on the sites and/or Prevention managers in the Group's industrial divisions.

The Prevention Charter is the Group's policy on risk prevention. It was updated in 2009 and lays down three principles: compliance with national legislation and regulations, incorporation of safety into the industrial policies, and the harmonization of prevention strategies.

The Group has decided to define its objectives in terms of the resources used, because this is the most effective way to build on solid foundations and to make long-term progress.

For Legrand, the prerequisite for a prevention initiative is strict compliance with current legislation. Regulatory changes are incorporated through the regulatory monitoring structures in every country in which the Group has industrial activities. Accordingly, the "SécuRisk" software makes regulatory compliance diagnostics possible in France and Italy. It is backed up by monitoring of new developments in regulations and case law, allowing regular updates of audit terms of reference. It may be offered to other countries, as the need arises.

Integrating safety into industrial policies is part of the Legrand culture in all functions and at all levels.

A special communication campaign was carried out in 2012 with all the Prevention correspondents in the countries where the Group is located. This action, in addition to underlining the importance of this Charter and specifying that it forms part of the Legrand Group's Charter of Fundamental Principles, also explained the Charter in detail. At the end of this information campaign a leaflet was drafted for distribution to the employees.

Safety training is a major occupational concern, be it for risk prevention in the workplace, first aid training or fire prevention efforts.

Delegations of authority are established to formalize the responsibility of the managers of each Group entity, especially when it comes to the prevention of professional risks.

For all French employees, job descriptions are designed to ensure that occupational health and safety are recognized as a responsibility for all employees, whatever their rank and position.

Common rules are gradually being drawn up for the Group.

For example, a Group directive on workplace equipment was drawn up in 2009. The directive calls for purchasing contracts to contain clauses ensuring that newly acquired machinery complies with all applicable legal provisions. It also requires a compliance inspection to be conducted each time equipment is moved, even within the Group. Lastly, it defines rules that must be respected to ensure proper maintenance of machinery being used (in particular, regular checks that safety mechanisms are in good working order). These rules are already being promoted throughout the Group's French entities, and they may be gradually extended.

Another example is that the principle of not introducing new substances classified as CMR (carcinogenic, mutagenic or toxic for reproduction) into the manufacturing process, insofar as a technical solution exists, was added to Group Purchasing specifications.

The deployment of the "Esculape" project, which was launched in 2005, proposes the gradual implementation of a workplace health and safety management system in all Group entities that complies with the International Labor Office's ILO-OSH 2001

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reference. This reference is a framework for the structured and comprehensive management of professional risks, which allows the Group to advance in its operations and its methods.

Overall, in the Group's subsidiaries, there exists a desire to better prepare employees regarding risks to their health and safety. This is reflected in the number of training hours on these concepts: 84,500 hours in 2012, compared to around 56,000 hours in 2011.

Accordingly, each Group entity is improving its management of workplace health and safety through the establishment of appropriate measures in compliance with the Group's Prevention Policy laid down in the Prevention Charter.

At the end of 2012, 63% of the Group's workforce were covered by at least one agreement in force on the prevention of occupational risks.

The whole of the Group's French sites, for example, are covered by three national agreements signed with the unions: An agreement on the conditions for seniors accessing and staying in work, an agreement on method for the prevention of psychosocial risks and quality of life at work, and an agreement on the prevention of disabilities and integration of people with a disability. Mexico is covered by an agreement concerning the functioning of the Health and Safety Committee. Moreover, agreements have been signed in Poland, Korea, and India on the general themes of occupational health and safety (individual protection, health at work, risk assessment, etc.).

The Prevention Department uses a reporting tool which periodically consolidates statistical data on occupational risk prevention. This tool is also used to promote best practices across the Group. A communication campaign on the Prevention Charter was carried out within this framework.

The 137 entities in the reporting scope cover the whole of the Legrand Group's workforce (industrial, commercial, administrative personnel, etc.).

The correspondent in each entity is actively involved in the network for communicating information relating to the Health and Safety of employees in the Group.

Each entity is provided with an analysis at the end of each reporting cycle (three in 2012). It receives a summary of its results, together with information on all the entities in the country concerned.

A consolidation of the geographical zones of reference (France, Italy, Other European Countries, North America, Latin America, Asia and Other Countries) and a summary for the whole of the Legrand Group are also communicated.

The Prevention managers for the three industrial divisions also receive a consolidation of the indicators for their respective divisions.

The 2011-2013 roadmap formalizes the Group's commitments to promote an active professional risk prevention policy as defined by the Esculape project. As a result, the objectives used serve to implement the workplace health and safety management system based on the ILO-OSH 2001 standard:

2011-2013 targets	Progress at end 2012
Consolidation of health and safety indicators for more than 95% of Group employees*. Integration of new Group entities no later than the third reporting period after their entry into the Group.	100%
Ensuring that at least 85% of Group employees undergo a formal risk assessment*.	100%
Promotion of an active approach to prevention by enabling more than 85% of Group employees* to be represented by a Health and Safety Committee.	97%
Enabling 75% of Group employees to benefit from medical or paramedical interviews at least once every five years*.	86%
Ensuring compliance with the Prevention Charter, promoting it in new Group entities in the year following their integration.	80%
Preparation of a Group Directive on the prevention of musculoskeletal disorders (MSDs).	80%

* *Excluding acquisitions that took place within the last three years.*

These targets reflect the Group's high standards, given the integration of new acquisitions and ongoing developments in industrial processes (new technologies, new products).

During 2011, the Group appointed a person for the specific purpose of overseeing these six objectives, which contributed to good results in these areas.

Objective 1: Consolidation of health and safety indicators for more than 95% of Group employees. Integrating new Group entities no later than the third reporting period after their entry into the Group.

This indicator aims to show that the Group is striving to make progress in the prevention of professional risks. It also seeks to guarantee the representative nature of the results reported.

An application available on the intranet site has been used since 2006 to consolidate all of the workplace health and safety indicators.

In 2011, then again in 2012, the reference and the user manual for the application were revised following observations made as part of an audit conducted by the Group's Statutory Auditors. A webcast was also conducted with prevention representatives in 2011 as a reminder of the importance of reliable reporting. This webcast also served to inform them of the results of the audit.

These actions enabled the Group's results to be improved: almost 100% of the workforce were involved in the 2012 reporting; this indicator remains at a very high level.

An intermediary reporting was set up in 2012 on a four-monthly basis. This provides better follow up of accidents, which ensures greater speed of response.

This intermediary reporting also improves the annual reporting process by involving the Group's entities on a more regular basis, by providing more reliable consolidated data, and coordinating the network of Prevention correspondents.

Periodic reporting was also used for targeted communications on selected themes to improve the understanding of indicators. This was the case, for example, for the Group's prevention policy (Prevention Charter) and the evaluation of occupational risks.

For accident reporting, the involvement of Prevention teams led to improved results in 2012 (please refer to section 5.4.4.1. for data on this topic).

Objective 2: Ensuring that at least 85% of Group employees undergo a formal risk assessment.

The evaluation of different forms of professional risk constitutes the foundation of any prevention initiative. Most Group entities are already conducting this evaluation using their own tools.

In addition, an assessment method was developed in 2012 to allow entities that do not have their own risk assessment methodology to conduct this assessment using a common tool adapted to the Group's business. This method will be tested on site, before being made available to all the units.

For 2012, 87% of Group workforce are included within the scope of formal risk assessments.

Objective 3: Promotion of an active approach to prevention by enabling more than 85% of Group employees to be represented by a Health and Safety Committee

Legrand has chosen to base its prevention policy on the ILO-OSH 2001 reference. This reference, by the tri-partite nature of the organization which drafted it, places employees and their representatives at the heart of the prevention initiative.

Historically, Health and Safety Committees (employee representative bodies for safety issues), have been present in many countries, at the initiative of Country Managements and in accordance with local laws.

The Group decided to apply the principle of employee representation generally, especially for industrial and logistics sites of a certain size.

A procedure was drafted by the Group to support the gradual deployment of the initiative, especially in countries where local law does not require it. The next step will involve deploying this procedure in the area(s) where it is deemed to be most needed following the 2012 reporting campaign.

In 2012, 83% of Group employees were represented on Health and Safety Committees.

Objective 4: Enabling 75% of Group employees to benefit from medical or paramedical interviews at least once every five years

Monitoring of employee health is indispensible to guaranteeing that work does not adversely affect employees. It is also one of the essential requirements of the ILO-OSH 2001 reference.

A procedure was developed to define the minimum rules applicable to the topic throughout the Group.

It provides for a medical or paramedical interview at least once every five years.

The next step will be the deployment of the Group directive in the area(s) where it is deemed to be needed the most following the 2012 reporting campaign.

For 2012, the health of 64% of Group employees is monitored through a professional medical interview.

Objective 5: Ensuring compliance with the Prevention Charter, promoting it in new Group entities in the year following their integration

The Prevention Charter is the Group's policy on professional risks. It has been signed by the Group's Chairman and Chief Executive Officer and was updated in 2009. It has been widely circulated to employees and is available on the intranet in eleven languages.

The roadmap targets set by the Group are designed to ensure the implementation of this prevention policy. The consolidated indicators make it possible to monitor compliance with the key commitments.

In 2012, the four-monthly reporting was used to promote the Prevention Charter to the Group's units and to offer supplementary tools to ensure that it was understood and implemented. This action was warmly welcomed by the Prevention correspondents who have often reacted very quickly to satisfy the Group's expectations concerning the general communication of the prevention policy.

Compliance with the Prevention Charter can be measured against achievement of the objectives fixed in the Sustainable Development roadmap.

Objective 6: Preparation of a Group Directive on the prevention of musculoskeletal disorders (MSDs)

Musculoskeletal disorders are the leading cause of occupational disease in the Group. They result in debilitating pain.

These disorders mainly affect the neck, shoulders, elbows, wrists, hands, fingers and back, and generally result from an imbalance between biomechanical stresses and the functional capacity of the operator.

The Prevention function drafted an MSD directive. It proposes a method for screening risk situations for MSD. It contains explanatory information on MDS which are specific to Legrand's activities.

This directive formalizes the Group's intention to focus on the ergonomics of work stations, and in general, all the risk factors which increase the likelihood of the appearance of MDS, from the development phase of new production or methods of working.

The draft directive was put to different committees (HR, prevention, company doctors, industrialization methods teams) to enrich the initial draft before finally validation.

The method will be tested at three pilot sites in France and Italy in the first half of 2013, before being deployed to the whole Group.

Psychosocial Risk Prevention

Psychosocial risk prevention is a major occupational concern for Legrand. In June 2010, an agreement on method for psychosocial risk prevention and improving the quality of work life was signed for France with all unions. The agreement involves a major training element. Accordingly, the Health, Safety and Working Conditions Committees and management are gradually receiving special training to assist them in the identification of individual problems.

Local correspondent groups will be set up to provide local support in preventing psychosocial risks as part of a continuous improvement program.

The agreement led to the creation in 2011 of an anonymous questionnaire that was sent to all French employees of the Group. The goal was to identify key risks and protection factors by occupational category, business line and geographical area.

The survey contents and methods were developed with employee representatives in partnership with a company doctor. The administration and processing of the survey were the responsibility of an independent external evaluator, ARACT Limousin (Regional Association for the Improvement of Working Conditions). The results were presented to employees in November 2011. The results for each site were broken down during the first six months of 2012 in order to gradually set up action plans. Working groups have been gradually set up on each site. They define the local action plans regarding progress areas, and the leverage to be maintained.

Other Group entities also took psychosocial risks into account. These include, for example, Italy, which has implemented a psychosocial risk evaluation program. Another example is the project initiated in Colombia, which is broken down into different phases: risk analysis and qualitative diagnostics by sector. In addition, since 2009, internal training programs have been discussing emotional intelligence and harassment prevention.

5.4.1.2 DEVELOPING SKILLS MANAGEMENT AND ENCOURAGING MOBILITY

With nearly 33,000 employees around the world and sales and production units in over 70 countries, Legrand pursues its business development with particular attention to employee working conditions and its responsibility as an employer and social actor.

In starkly contrasting economic environments, in particular between the emerging and developed economies, the Group has prioritized managing the human resources of each entity by taking into account the challenges they face and their business priorities. This allows the Group to provide the best possible resources to meet each entity's needs, while at the same time promoting employee commitment.

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Legrand's approach to human resource management is structured around:

- management of local human resources by each subsidiary;
- cross-functional human resource management at Group level, focusing on key positions and resources.

The Group's Human Resources reporting mechanism is adapted each year as part of a continuous improvement process to better meet the expectations of the various participants.

This mechanism notably enables:

- better knowledge of Human Resources country activity and projected Human Resources developments;
- improved monitoring of some key Human Resources indicators for improved responsiveness;
- improved management of Group Human Resources performance.

As part of the dynamics of this organization and the needs identified, the Group committed itself to making the most of its human resources as part of its 2011-2013 roadmap by developing the skills and career paths of its employees through three objectives:

2011-2013 targets	Progress at end 2012
Building a new management training offer adapted to the challenges and changes in the Group by the end of 2012	100%
Systematizing the management of Group's talents, in particular talents by managing 90% of key positions by the Group by the end of 2013	100%
Enabling 90% of Group managers to benefit from the individual appraisal reviews by the end of 2014	79%

Objective 1: building a new management training offer adapted to the challenges and changes in the Group by the end of 2012

Worldwide economic competition necessitates enlightened use of investment in training to increase employees' skills in electrical and digital infrastructures in the building industry, in the context of economic, cultural and social performance. The Group therefore considers its training policy to be a driver for global performance. This policy is being built by factoring in the challenges posed by new business sectors, the support required for growth in fast developing countries and the innovative challenges.

The Legrand Group has equipped itself with a pragmatic and responsive training policy for these ambitions. Managerial training programs have to be regularly adapted to the new challenges facing the Group, which sets overall and strategic priorities, but which must also take account of local requirements. The Legrand Group uses this dual approach to meet the challenge of training as well as the performance of teams.

It is therefore in a highly changeable and unpredictable context that managers play a vital role as local relays for identifying priority needs, specifying the development of major skills, and maintaining and developing their employees' commitment. To accomplish this, they need new benchmarks to inform and guide their actions.

A number of managerial training sessions were conducted in 2012, both run by the Group across entities and locally within subsidiaries.

For example, a cross-functional Group training program to develop and retain the loyalty of key employees in all subsidiaries is gradually being developed. Its goals are to strengthen the sense of belonging to the Group, develop a business network and support skills development. It concerns employees positioned in strategic areas (such as marketing, R&D, and industrial) who have to play an intermediary role for the Group in their geographic areas. The people affected are, in most cases, new employees in a subsidiary or employees who have taken on a new responsibility. This new internal training policy started as a pilot scheme in 2009 among employees in Hungary and China. In 2010, it was extended to participants from ten different countries and was continued in 2011 with 47 participants from 14 countries. The Company continued to deploy this program in 2012 with the strengthening of employee loyalty within the Group, notably in high growth countries. This program therefore involved several people in the 'BRIC' countries in 2012. This program will continue in 2013 and will be adapted to focus more on working on company-wide and strategic topics within multi-disciplinary groups.

A number of training programs have been set up at local level:

- in India, 20 Indo-Asian employees attended a two-day managerial skills development program;
- in Canada, the LEAP (Leaders Engaged in Accelerating Performance) program, which had already been set up in 2011 in the USA, was deployed to the main managers. This program provides the tools and techniques to develop the leadership capabilities of managers;
- in Italy, 28 young graduates received 152 hours of training associated with an induction course. This action was performed in association with the University of Castellanza;

- in Saudi Arabia, a training program was set up on leading sales teams. This program, which was based on the principles of leadership and motivation and adapted to the local context, worked on improving the managerial skills of sales managers of long-term teams and added to these teams by participating in the recruitment of new employees;
- in Turkey, 16 new managers attended a managerial training course as part of the organizational changes in the subsidiary;
- in China, 27 people from different units attended a two-day managerial training course.

In 2012, 420,000 hours of training were provided at Group level.

Along with training, many coaching programs were conducted within the Group in 2012. These actions made it possible to support talented people as they acquire a new job and in their personal development. On various sites, team building activities were also implemented to support the creation of new teams and the inclusion of new challenges.

The Group's managerial training offer evolved markedly in 2011 and 2012 to adapt to the Group's challenges and changes. The dual cross-functional and local management enabled the roadmap's objective to be met on this point.

Objective 2: Systematizing the management of Group talents, in particular by managing 90% of key positions by the Group by the end of 2013

The optimal management of talent is a major challenge for the Group. As currently deployed, in the main subsidiaries, it relies on various processes and tools such as:

- organization and Staff Review process (OSR);
- prospective Employment and Competencies Management (GPEC);
- management of staff mobility.

In an ever-changing environment, the aim is to maintain this process optimally in major subsidiaries and deploying it in other countries, with entities that in most cases have no local HR structure.

In order to encourage the convergence of practices, Legrand has made an application for human resources teams and managers in France available to subsidiaries. This system is called Talentis, and in 2008, it received awards from Entreprise et Carrières, CEGOS (a Paris-based management and training consultancy) and Echos.fr for its usefulness and effectiveness. It is deployed in 51 countries. It makes it possible to handle talent management by storing Group employees' data (such as CVs) and to perform the Organization and Staff Review Process. The system is gradually being extended to different functionalities.

The OSR process has existed for over ten years. It helps to identify the impact of upcoming organizational changes on jobs and facilitates employee career development discussion. This process also helps to identify certain specific situations (potential, specific expertise etc.) and key post succession planning as well as development planning. The ultimate aim is to match the Company's organizational needs with its resources as closely as possible to improve the Group's performance. The OSR process was changed in 2012 permitting "Group Talent" to be identified even more accurately for development or mobility actions. It also simplified the setting up of the associated future action plans.

This process is operational in the 30 major countries of the Group. In 2012, the OSR was maintained and was additionally deployed in Turkey, China, the Middle East, Venezuela, and Eastern Europe. In addition, new acquisitions in 2011 in India (Indoasian) and Brazil (SMS) were included in the process.

In total, more than 3,000 talents were included in this process in 2012 within the Group. These talents were mainly in positions of responsibility in the Group.

Special effort was made on the Group's key-positions in line with the Group's commitment. These key positions are considered to have a significant impact on their entity's strategic orientations and results: subsidiary, industrial division, functional management. The management team positions of country manager, or for headquarters, departmental or divisional manager, are considered to be key positions. In 2012, the target of 90% of the Group's key positions was largely achieved.

Prospective employment and competencies management and its typical job functions have been deployed in France for several years. It identifies any disparities between competencies required for each position and those of the person holding the position. This makes an important contribution to identifying training priorities. The Prospective Employment and Competencies Management agreement signed with all the trade unions represented in France in 2009 formalizes an employment policy designed to underpin competitiveness, while at the same time enabling employees to better manage their own careers in a rapidly changing environment.

Internationally, a simplified approach integrating transferable skills is proposed. This initiative will gradually be deployed, in compliance with local practices and legislation.

Mobility management: this promotes employability and is a way of developing competencies. It contributes to both personal progress and business performance.

The Legrand Group has a wide range of professional positions, business sectors and geographical locations, making for multiple opportunities and possibilities for career development. Employee mobility platforms allow Group-wide management of talented staff in key positions, favoring the emergence of new dynamics for professional progress. Vacancies are posted on the Group intranet site, which helps to drive professional and geographical mobility.

Legrand encourages staff members' mobility plans with support including visits to host sites, training that can cover intercultural skills in the case of a move to another country, and financial incentives. Monitoring of talent is organized in the early stages of employees' careers.

As a result, people in the Volontariat Internationale en Entreprise (Volunteer for International Experience (VIE)) program who join the Group's subsidiaries are regularly monitored at various stages of their mission. When their contract ends, a full assessment is conducted and a detailed analysis of employment opportunities is performed by the Mobility Committee.

Group talented employees who are identified as part of the OSR process as ready for mobility are systematically taken into account in the various Group Mobility Committees.

These career opportunities constituted drivers for developing diversity, retention of key employees, and increased commitment.

Objective 3: Enabling 90% of Group managers to benefit from an individual appraisal review by the end of 2014

These individual appraisal reviews are an opportunity for exchange between the manager and the employee. They are an important management tool and help to drive Company performance. They enable human resources to focus on the annual budgetary targets and to increase personal commitment by assessing performance, setting development action plans and taking into account wishes regarding functional or geographical mobility.

Individual appraisal reviews are already established practice at a large number of Group entities. The practices in the Group's subsidiaries were analyzed in 2011. As a result, a new personal interview format with its presentation and training pack was formalized in 2012, aiming for a common approach to the notions of targets, performance, skills and mobility. In addition, a survey was performed in different countries to encourage them to develop this best practice and also to identify countries where additional support from the Group to implement, deploy or adapt this process is required. The results of this survey were used to draw up a support action plan for 2013.

The percentage of individual appraisal reviews carried out in recent years has increased in the managers category. Accordingly, 72.6% of Group managers were given a personal interview in 2009, 80% in 2010, and 82.5% in 2011.

In 2012, the percentage of IARs in the Group was 71%, markedly lower than in 2011. This is explained by the inclusion of an intentionally larger base of people identified as having a level of responsibility and autonomy justifying membership of the "Manager Category" in a certain number of countries.

In 2013, an action plan for IARs at the international level is expected to increase the rate of achievement of these reviews, bringing it closer to the target for the end of 2014.

5.4.1.3 IMPROVING SOCIAL DIALOGUE IN A GLOBALIZED CONTEXT WHERE CHANGE IS OCCURRING AT A FASTER PACE

The development of labor relations is one of the pillars of the Group's human resources policy. Social dialogue is a means for promoting the best working conditions and for driving the changes required for the Group's development. Legrand therefore is actively involved in developing labor relations and supporting the role of the representative bodies in accordance with the laws and practices of the different countries.

Social dialogue in the Legrand Group is organized at all levels, from the exchange between manager and employee, up to subsidiary (information meetings, consultations, agreements), and country (national agreements) level and even between several countries in the same geographical zone (European Works Council).

A certain number of best practices are used to manage labor relations on a daily basis. In France, the role played by employee representatives is a valuable one and employees are made aware of the importance of voting at elections in the workplace. Managers in France receive training on labor relations to help them fulfill their role as local labor relations contacts. Monthly 'Labor Relations Management' meetings are held with the main managers and HRD to steer labor relations.

Accordingly, as part of its 2011-2013 roadmap, the Group is committed to the successful completion of change initiatives in industrial developments through the following goal:

2011-2013 targets	Progress at end 2012
Improving social dialogue in a globalized world in which the pace of change is accelerating	66%

Improving social dialogue involves creating a connection and trust inside organizations. Information exchanges, consultations and negotiations inside the Group are vital levers for developing responsible social dialogue.

Social dialogue played a key dynamic role within the Group in 2012:

- 85% of Group employees are employed in entities in which there is an employee representative body or union. The slight fall in the percentage compared to 2011 is due to the Turkish subsidiary Inform, which was included in the 2012 reporting;
- 55% of the Group's employees in 2012 were covered by collective bargaining agreements or conventions applicable to their entity (*i.e.* a slight fall compared to 2011, notably connected to the Group's new acquisitions in Turkey and the United States, included in the reporting in 2012);
- 1,095 information or consultation meetings with employee representative organizations or unions were held in 2012;
- 122 new collective agreements were signed in 2012, covering 16,235 people within the Group in both mature countries and in new economies.

70 new agreements were signed in the mature countries in 2012, in particular six agreements in Italy, including the managerial and technical training agreement and the agreement on performance-related bonuses. As in previous years, social dialogue in France was affirmed with the signature of seven new agreements and two amendments, supplementing the existing provisions on different themes: notably the agreement on the conditions for the exercise of mandates as central union delegate and on the involvement of employee representatives in national negotiations, the agreement on access to and maintaining employment for seniors, the agreement on gender equality and the agreement on prevention of discrimination and the integration of people with a disability.

52 new agreements were signed in new economies: various agreements were signed in Brazil, for example, including one on flexible working hours. A number of agreements were also signed in China, including one on collective pay negotiations. In Poland an agreement was signed on new salary scales.

Structured social dialogue has existed at the European level since the early 2000's. In 2012, the Legrand Group's European Works Council (CEGL) comprised 19 social partners from 11 European Union countries in which the Group is present.

After ten years of the CEGL's existence, the social partners and the Group's management wanted to make a forward-looking assessment of the way the European Works Council functions. The aim was to strengthen the collective vision of the European social players, and to develop their skills so as to be better placed to meet the specific challenges of change and development facing the Group. A three-day training and discussion seminar was held on this basis at the end of 2012, bringing together the European social partners as well as members of Management. This resulted in the granting of a subsidy by the European Commission.

This seminar gave the European Social partners better understanding of the legal challenges and developments. They developed their skills and motivations to participate in the European Works Council's actions over the long term. This action also paved the way for the upcoming negotiations on the new European Works Council agreement (2013), thanks to more in-depth knowledge of the new 2009/38/CE directive on European Works Councils. The participation of social partners and members of Management in this seminar was innovative and permitted constructive discussion on European social dialogue in the future in an atmosphere of respect and mutual trust.

Adapting to markets involves organizational changes and therefore the adaptation of resources and funding. These organizational changes take place within the framework of local labor relationships. Social dialogue is particularly important when it involves discussing possible changes and reorganizations inside the Company. The social partners are kept closely informed and are regularly consulted about new projects. Once the adjustment decisions have been made, the Group puts in place measures to support those affected (transfer, training, coaching, help with setting up or taking over a business, etc.).

For example, in Brazil in 2012, a transfer of industrial activities from one site to another was supported by a number of measures to help mobile employees as well as those who did not accept to be transferred with their position (contact with companies in the region, CV bank, circulation of CVs to local companies as well as awareness and change preparation training actions).

5.4.1.4 COMBATING DISCRIMINATION AND FAVORING DIVERSITY

Efforts against discrimination and the promotion of diversity have been strong Group commitments since 2004, when it published its first Ethical Charter. This commitment, formalized in 2009 in the Charter of Fundamental Principles, can be seen in Legrand's membership of the UN Global Compact and is regularly demonstrated by both the internal and external actions of the Director of Human Resources and the Group Diversity Manager.

Senior Management recognizes that diversity, *i.e.* the variety of people profiles within the Group, contributes to innovation, performance and quality of life within the Company. This was recognized in 2012, in a survey by République & Diversité, the 'think & do' tank on diversity, in partnership with the Representative Council of France's Black Associations (CRAN). It ranked the Legrand Group ninth amongst the companies of the CAC 40, for diversity and the variety of people profiles on its Board of Directors, and fifteenth for gender equality.

There are twenty nationalities at the Group's headquarters today. Employees benefiting from geographical mobility not only come from headquarters but also from the Group's subsidiaries in all geographical zones. The Human Resources Department encourages the diversification of the profile of talents who support the Group's growth. Employees from more than ten nationalities profited from international geographical mobility actions in 2012.

Legrand also supports its external stakeholders by informing them of its commitments and the measures taken by the Group and also exchanging on best practices in the areas of combating discrimination and promoting diversity. Thus, in 2012, the Group was present at the Forum de la Mixité (Gender Equality Forum) and was involved in dialogue with a number of different clubs for professionals. In addition, Legrand's Financial Director for Spain and Portugal was nominated for the Trophée des Femmes de l'Industrie (Women in Industry Trophy). This trophy, awarded by Usine Nouvelle, rewards outstanding careers by women in industry.

The Group believes that the deployment of an effective diversity policy is based on a diagnosis of the situation, formalization and monitoring of commitments, and measurement and control of the objectives set.

The objectives were formalized as part of the 2011-2013 Sustainable Development roadmap, in which the Group committed itself to promoting diversity in teams and preventing all forms of discrimination.

2011-2013 targets	Progress at end 2012
Educating and training teams in the principle of non-discrimination.	66%
Guaranteeing that the Group HR processes comply with the principle of non-discrimination and equality of opportunity.	66%
Encouraging gender equality in Group management and pursuing better employment conditions for women. In particular: at least 25% of managers hired in France in 2011, 30% in 2012 and 35% in 2013 will be women.	33%

Objective 1: raising awareness among teams and training them as to the importance of non-discrimination principles

For several years, Legrand has devoted one week to specific diversity initiatives. For three years, these communication and awareness initiatives have been deployed with a growing number of employees, and a broader range of themes:

- speeches by external experts who are known to the employees of the Human Resources Department and employee representatives involved in negotiating Professional Equality and Sustainable Development agreements;
- in many subsidiaries, employees themselves were involved in raising awareness through their testimonies. Quizzes and posters were also used as communications media in Australia, the UAE, the USA, Germany, Italy, Canada, etc.;
- during a webcast that brought together all international subsidiary HR managers, the role of Group Diversity Manager was introduced, as were the Group's policy to promote diversity and the initiatives implemented to manage it.

In France, during their induction sessions all new hires are made aware of the issue of diversity and the importance of respecting the principal of non-discrimination. Local managers and human resources managers are also informed of the Group's policy on diversity and the tools at their disposal to assist in managing their teams in accordance with the principle of equal opportunities.

Objective 2: guaranteeing that the Group HR processes comply with the principle of non-discrimination and equality of opportunity

To prevent all forms of discrimination, the Human Resources processes must be transparent and objective and based on skills assessment. The Group continued the review, launched in 2011, of its Human Resources processes aiming to verify compliance with the principle of non-discrimination. An international working group on best practices consisting of Human Resources Managers from four countries (France, Italy, Turkey, and USA), worked on the recruitment process and produced a recruitment guide based on the principle of non-discrimination to be distributed to all Group HR employees. The guidelines sent to the Group's managers in France for the annual pay review, reminded them that individual pay rises must be awarded in line with objective criteria concerning the employee's good work, achievement of targets, and respect of the Group's values and that length of time spent in the Company and/or parenthood are not criteria for assessing an employee's performance.

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Furthermore, the Internal Communications Department considers that the promotion of diversity should take place at every opportunity in Company life. In its processes to define communication plans, it ensures that there is consistency between the messages transmitted, the images conveyed and the values promoted by the Group's commitments.

It should also be noted that an agreement was signed in Italy in 2012 with the social partners on employment parity and equality. The purpose of this agreement is to set up mechanisms to encourage diversity amongst the Company's employees. In particular, it will underline professional support for young people and women.

Objective 3: encouraging gender equality in Group management and pursuing better employment conditions for women. In particular: at least 25% of managers hired in France in 2011, 30% in 2012 and 35% in 2013 will be women.

In 2010, 22% of Group managers were women, with considerable disparities across countries and regions worldwide. The Group decided to set a higher recruitment target for female managers so that this percentage can increase.

In 2011, a guide detailing how to avoid hiring discrimination was distributed to all Human Resources Managers involved. The Group's recruitment partners (agencies) were also informed of the Group's stance. Committee mobility processes were modified to increase the visibility of female candidates. The Group Human Resources Department has committed to ensuring that there is at least one female candidate considered at mobility platforms for each key position to be filled, insofar as possible.

Despite this, the results for 2011 did not meet the target, with only 18% of managerial recruitments in France being women.

Legrand therefore sought to widen its policy of promoting professional gender equality in 2012. A committee entitled "Elles By Legrand" chaired by the Group HR Vice-President was set up. It coordinates the Group's professional gender equality policy and sends the applications of promising female candidates to the mobility committees.

A Legrand women's network was created at the end of 2012. Its task is to raise the profile of contributions made by women and to participate in the Group's reflections on the measures to be taken to increase their representation on all decision-making bodies and in all trade sectors.

In 2012, the Group also continued its efforts to improve employment conditions through the signature of a Group agreement on professional equality between men and women in France. The agreement brings changes to the layout and organization of working hours and increased attention to women's careers. A national commission ensures its implementation through communication and training actions. This agreement is accompanied by special measures, targets and indicators that will result in concrete and pragmatic action plans. Moreover, for three years now, Legrand has striven to reduce the pay gap between men and women wherever it is found. In France, a budget equivalent to 0.10% of payroll was spent in 2012 to reduce male/female inequality. This budget was used after performance-related increases had been awarded to make appropriate adjustments in identified cases. To achieve this, the Group implemented a mechanism permitting employees to request a review of their working conditions (coefficient, compensation, career management) to ensure that these comply with the principle of non-discrimination.

In addition, four professional gender equality guarantors were designated for France in 2012 to encourage respect of the Group's agreements and undertakings. They have a mediation and advisory role, participating in sharing best practices and must also ensure that no discriminatory situations arise in terms of hiring, vocational training, career paths and development, access for women to positions of responsibility, compensation policy, work/life balance and the organization of working time. These professional gender equality guarantors examined around ten potential cases of discrimination in 2012, five of which resulted in an adjustment, two were rejected, and three are still being examined. These guarantors are also charged with writing a code of conduct in collaboration with the HR teams in 2013.

Lastly, to speed up the Management's awareness of the weight of stereotyping and the challenges facing professional gender equality, an ambitious training plan was validated during 2012 and implemented during the first quarter of 2013. Its target is to train over 800 managers during 2013.

The Group was unable to achieve the 30% recruitment target for female managers in France in 2012, mainly due to the lack of female applications for the posts for which recruitment was under way, despite the implementation of awareness raising initiatives by the Group towards its recruiting partners.

In order to get a wider measuring of its results on feminization, Legrand decided to supplement its diversity indicators by monitoring the rates of women holding key positions in the Group worldwide. These key positions are considered to have a significant impact on their entity's strategic orientations and results: subsidiary, industrial division, functional management. The management team positions of country manager, or for headquarters, departmental or divisional manager, are considered to be key positions. At the end of 2012, 13% of these key Group positions worldwide were held by women.

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Disability mission, for greater diversity

Alongside the goals laid down in the 2011-2013 roadmap, Legrand has special initiatives for disabled people, with whom it has been involved for many years.

In France in 2012, a new agreement on the prevention of discrimination and the integration of people with a disability was signed with all the unions for the period 2012-2014. This initiative for the professional integration of people with a disability is a natural part of the Group's commitment: 'Promote equal opportunities through an improved awareness of diversity in human resources management'. This agreement proposes a hiring plan, an integration and training plan including adapted work stations, and a plan for retaining employees in the Company. The Company also set up a disability unit to raise awareness of the issues faced by disabled people both inside and outside the Company. The Group has a special relationships with the Limousin ESAT sheltered employment centers (*Établissements de Service et d'Aide par le Travail*) and particularly with the APSAH association for the blind and disabled (*Association pour la Promotion Sociale des Aveugles et autres Handicapés*).

Access to employment and job retention involve everyone today, through the adaptation of work stations. For example, improvements were made at sites in France in order to accommodate people with disabilities: work station conversions, accessibility to premises, finance for auditory aids, etc.

Actions were also taken to increase management awareness, thus improving the integration of people with a disability, and furthering career management and development and promotion prospects.

During the disability awareness week each Group employee in France received a disability folder. It sets out simple tools, enabling everyone to ask appropriate questions and analyze their attitude with respect to people with a disability, both as a work colleague and as a manager. It involves trying to change attitudes and enabling all employees to work in a general atmosphere conducive to everyone realizing their individual potential. During Disabled Employment Week, for example, the APSAH's physiotherapy-massage training institute visited the Limoges site, and visually impaired students offered stretching sessions to prevent musculoskeletal disorders. Actions of this kind are also carried out in the other countries in the Group, especially involving awareness actions on different disabilities.

In 2012, Legrand employed 340 people with a disability in France (excluding subcontracting with the protected sector). The employment rate at Group level for people with a disability is 2.55%.

The continuation of these initiatives shows Legrand's desire to conduct a proactive policy which lasts for the long term.

In Italy, for example, BTicino chose to collaborate and fund "Studying with the Senses", a project promoted by the Associazione Controluce (Backlight Association), as part of the Museo Tattile (Touch Museum) of Varese and the Territorial School of Varese. Within this framework, a series of training courses and tools for teachers to support children's learning through the use of sensory systems, and particularly the inclusion and acceptance of children who have sensory and/or cognitive limitations, have been put in place.

In Italy, Legrand is also continuing its partnership with the CFPIL Association, (Professional Training and Reinsertion Center for Varese). The Group has worked with people with a mental disability for over 30 years enabling them to discover the Company, the way it functions, and its trades, through hands-on experience. This partnership was awarded the Sodalitas prize by the province of Varese in 2007.

Finally, the Group's various subsidiaries are involved locally at their initiative in supporting the volunteer sector. Accordingly, the Dubai structure subsidizes SENSE, a local association that helps disabled children. In Brazil, the subsidiary is involved with the Mercedes Institute, which also supports children with disabilities, and an institution for the blind, the Associação Ituana de Assistência ao Deficiente Visual.

5.4.2 - Increasing access to electricity

As the global specialist in electrical and digital building infrastructure, it is Legrand's belief that it should also strive to improve access to electricity for the greatest possible number of people, and thereby to help to reduce energy inequality throughout the world. Launched in 2013, the "Electricity for All" program provides the umbrella structure for all initiatives by the Group and its subsidiaries to promote access to electricity and counter energy poverty. It is fully aligned with Legrand's corporate strategy. Electricity for All enjoys the full support of the Group's senior management. Global in scope, it is steered by Legrand's Director of Sustainable Development and Strategic Processes. Electricity for All brings together a wide range of internal and external stakeholders, from the Group's employees to development aid NGOs.

The initiative structures all Group and subsidiary actions in this area around two pillars: increasing access to electricity and countering energy poverty.

In the knowledge that access to energy is crucial to achieving economic growth and reducing poverty in developing countries, Legrand is committed to improving access to electricity for everyone throughout the world. It seeks to provide simple and sustainable electricity, either through creating independent systems, or by connecting to the grid.

The 2011-2013 roadmap has formalized the Group's commitments to act for access to electricity, as part of emergency situations or development aid, through two targets:

2011-2013 targets	Progress at end 2012
Strengthening the partnership with Electricians Without Borders	66%
Pursuing specific initiatives related to electrification programs	66%

5.4.2.1 STRENGTHENING THE PARTNERSHIP WITH ELECTRICIANS WITHOUT BORDERS

Under the partnership agreement with the NGO Electricians Without Borders and through donations of equipment or funds, since 2007 Legrand has contributed to the involvement of Electricians Without Borders in over seventy electricity access or emergency aid projects in Africa, Asia and Latin America, with actions in over 20 countries (Argentina, Benin, Burkina Faso, Cambodia, Central African Republic, Congo, Ethiopia, Haiti, India, Laos, Madagascar, Mali, Mauritania, Nepal, Niger, Pakistan, Peru, Senegal, Sudan, Chad, and Vietnam).

Legrand's support also takes the form of the participation of our employees, who offer their individual or professional skills, working directly on the ground, or providing training or technical support.

These joint actions have helped to bring energy access to 780,000* people. Initiatives focus on three major types of electrification projects:

- educational establishments, to open access to multimedia technologies for inter-college communication, or the installation of security lighting to enhance safety at sites;
- hospitals, for safer surgery, refrigerated storage of vaccines, and medical consultations at night;
- entire villages, to improve the daily lives of families through sustainable access to electricity using renewable energy.

For example, since 2011, the Legrand Group has participated in the "Green energy to 24 villages in the Province of Phongsaly" project in Laos, in the form of financial contributions or donations of equipment. The main objective is to improve the daily lives of families through sustainable access to electricity using renewable energy. The project targets the poorest people in the province. Moreover, the transfer of skills that is an integral part of the project makes it possible for local populations to autonomously deploy simple hydroelectric solutions safely. One or two pilot installations are made per village and are intended for collective use by extremely poor families identified by village leaders. The choice to deploy the initiative in 24 villages made it possible to adapt the method and to ensure reproducibility. The core of the project is to share the skills and experience of Electricians Without Borders in small-scale hydroelectric generation with groups of rice farmers in northern Laos.

In 2012, Legrand continued its support of Electricians Without Borders through its involvement in 30 projects in 15 different countries in Africa and Asia. They include the electrification of the Al Za Atari Syrian refugee camp in northern Jordan, the electrification of Ambalavao college in Madagascar, the overhaul of the electricity system for the Ipamu health and education complex in the Congo, the electrification of schools and health centers in the rural community of Gandon in Senegal, the renovation of health centers in Nonghet, Laos and the provision of electricity for the school, canteen and health center in Seva, Togo. These initiatives consist, for example, of installing the wiring for photovoltaic plant (panels, controller, inverter and storage batteries) to generate the energy required, or interior electrical installations (classrooms, canteen, village community meeting rooms, teachers' accommodation, health center, etc.).

The Group also promotes awareness in the electrical industry about access to electricity, in France in particular:

- in 2009 and again in 2011, as part of the "ELEC Young Talent Trophy", a competition organized by Legrand for students in the electricity sector, Electricians Without Borders and Legrand offered the winner the opportunity to participate in a humanitarian project in India and Senegal;
- in 2011, under the leadership of the France Director, all the sales teams of Group brands mobilized to help finance the program "1,000 solar street lights installed in Haiti" led by Electricians Without Borders. Many actions have been carried out by teams, sporting events, fairs, concerts and business operations that have helped raise funds from industry players, electrical contractors and distributors, and have helped to bring light to nearly 20,000 people in Haiti;

* *Figure provided by Electricians Without Borders indicating the number of people directly or indirectly affected by EWB projects supported by Legrand.*

- in 2012, the French subsidiary rallied its forces for the «Electricity for health and education in Africa» program, aimed at funding the electrification of schools and health centers, primarily in Burkina Faso, Togo and Madagascar. Twenty or so initiatives were organized in support of this program. The sales teams mobilized to sell charity-linked products (with a portion of the proceeds going to an NGO), and Electricians Without Borders was presented at trade fairs. Numerous volunteer programs were organized, including for example sporting events (tournaments and a marathon), lunchtime or dinner musical interludes, a concert, a major book fair and the sale of Haitian crafts. All proceeds went to Electricians Without Borders in aid of a project in a technical college in Hinche, Haiti, providing electricity for the classrooms and 100 accommodation units to house 50 students on site and 50 refugee families from the January 2010 earthquake.

In 2013, the French subsidiary will channel its efforts in support of two other electrification projects in the Haho region in Togo and in Senegal.

Subsidiaries in other countries will provide logistical and organizational support to the volunteers working for Electricians Without Borders whenever possible. This may take the form of delivering equipment or loaning premises for training. In 2012, Legrand Middle East welcomed the French NGO to provide specific training for logistics managers of humanitarian organizations working in refugee camps. Logisticians with the WAHA International[1] NGO and the Red Crescent[2] received training in installing and operating generators and solar panels. The subsidiary provided space for the NGO at its Innoval Dubaï training center, with additional storage for the generators at its warehouses. Legrand made the most of the opportunity provided by this initiative to educate local teams in Sustainable Development issues, particularly through a presentation on the work of Electricians Without Borders throughout the world at the end of the training program.

5.4.2.2 PURSUING SPECIFIC INITIATIVES RELATED TO ELECTRIFICATION PROGRAMS

As part of the "Electricity for all" program and with the support of its subsidiaries, the Group supports electrification projects, develops innovative products to meet the basic needs of target populations and designs solutions to improve access to electricity, while reducing energy consumption. The backbone of the program is solidarity partnerships with people on the ground and specific innovation.

Solidarity partnerships

Since 2008, the Group has set up a guide to help its subsidiaries with regard to the choice of philanthropic projects which they wish to support, in addition to the Group's special partnership with Electricians Without Borders.

For example, Legrand Singapore has supported a development assistance project in Cambodia. Electrical systems were refitted and made safe in the 12 buildings making up the Prey-Veng hospital, the province's only fully equipped hospital. Three young people from the orphanage near the hospital were also trained in the techniques used.

Legrand provided equipment to the association *Les Mains Ouvertes* Sénégal to open the Frédéric Ozanam training center in Warang near Mbour. The Building Trades section includes a staff of 12 young people who are being trained in the electrical trades, with the renovation of the existing building and construction of new buildings, including an applied center for the hotel and restaurant trades, as their first practical work.

In Italy, BTicino lends its support to Soomaaliya Onlus, an association formed to provide aid to disadvantaged groups in developing countries, especially in Somalia, through cooperation for development, education, health assistance, conservation of nature, the environment, culture and art. Specifically, BTicino provided the electrical equipment for the construction of the pediatric Mohamed Aden Sheikh Teaching Hospital in Hargeisa, Somaliland.

En 2012, BTicino supplied the electrical equipment for the construction of the Sacré-Cœur school complex in earthquake-damaged Finale Emilia in Italy. The new all-wood and energy-efficient structure covers an area of 1,600 sq. m. and is constructed to withstand earthquakes. It will have the capacity for 240 children aged from two to six.

"Frugality" in research and innovation

Legrand's Design Department has been working on the "Electricity for all" research program for several years now. It focuses on emerging countries and is based on observation of the constraints and customs in the Indian market. In view of the needs in India, particularly in rural areas, Legrand devised a unique solution for connecting to the power grid, allying simplicity, safety and

(1) NGO working to improve maternal health in disadvantaged communities.

(2) The international Red Cross and Red Crescent movement is the world's largest network of humanitarian organizations. It is often referred to simply as the "Red Cross".

flexibility. The equipment ranges from a socket for a lamp to a full electrical installation, with several lighting sources and a number of connections in the house. Users can add to the installation as their needs and resources change to gradually customize the electrical installation in the home.

Legrand and Electricians Without Borders also organize days focused on discussing the needs of local populations in terms of access to electricity and examining possible innovations to meet these needs. By way of example, Legrand and Electricians Without Borders worked together to adapt standard equipment to run on lower power output than the norm, particularly for photovoltaic panel protection devices installed by the NGO as part of electrification programs for remote areas. The advantage of these workshops is two-fold: Electricians Without Borders gains valuable benefits for its projects, while Legrand gains momentum to continue its innovations and develop appropriate solutions.

Some products dedicated to the entry-level market are currently marketed in Brazil and China. These solutions directly contribute to facilitating access to electrical equipment among the poorest populations.

In Brazil, Legrand launched its Zulli range under the Lorenzetti brand at the end of 2011. Positioned at the low end of the price range, this easy-to-use product line was designed specifically for small residential projects where the requirements are limited to basic functions. The product line features several innovations. The function is built in to the device and users can combine a number of ready-to-install packages. These product features correspond exactly to the needs of this local market, without compromising on either quality or safety. Legrand's aim in developing this product range is to provide the best solution for social housing projects, notably in the context of the "Minha Casa Minha Vida" initiative, set up to address the housing shortage in Brazil.

Legrand launched several product ranges in China in 2011, including Yi Pin and K2 for the government's new "Social Housing Project" designed to facilitate access to affordable housing. Legrand's objective was to position itself to offer competitive devices, in line with the budgetary constraints of these new social housing projects, while emphasizing the quality of its products. The Yi Pin and K2 product lines target a new type of low-income user, providing an inroad to a new, lower budget market segment for Legrand. TCL-Legrand International Electrical Co.,Ltd, the Group's Chinese subsidiary, was awarded the distinction of Excellent Supplier for "Social Housing Projects" in 2012 by the Organizing Committee of the Chinese forum for the development of the electrical construction industry.

5.4.3 - Promoting assisted living

Life expectancy is rising, and with it the proportion of elderly people in the world population. In 2050, the world's population will have more than four times as many octogenarians as in 2010 (source: UN). In the countries where this trend is most marked, safety at home and the prevention of domestic accidents are major issues.

To meet these societal changes, which pose new challenges for electrical and digital infrastructure, the Group is involved in promoting assisted living and home care in a partnership structure.

Legrand's solutions for assisted living for elderly people or people with health problems work on three levels: prevention of dependence and risk, emergencies and communication, and strengthening social ties.

5.4.3.1 PROVIDING SUPPORT AND PREVENTION SOLUTIONS

Legrand offers an extensive range of ergonomically designed, user-friendly products that provide practical solutions to ease access and increase safety in homes, specialized institutions and other buildings, by helping to offset sensory, cognitive and motor deficiencies. Legrand has developed a range of specific products such as easy-fit-sockets, door entry systems with induction loops to boost doorbell and intercom ring volumes, and automatic lighting paths to help prevent falls, etc. This range of products to enhance the quality of life of elderly people is complemented by the telesupport terminals marketed by the French subsidiary Intervox Systèmes.

Facilitating access to functions

In these diverse ranges, Legrand develops everyday products that can be accessed and used by the greatest number of people, for example, switches and sockets designed to be easy to use. It also develops solutions making obstacles easier to see, making it easier to find one's way in a building and prevent falls. With the aid of secure lighting systems, in the event of a power failure there is still enough light inside the house or building to allow safe movement in all situations. Several experiments, including those conducted with the Corrèze General Council, showed that the installation of the automatic light path solution led to a significant reduction in falls (up to 30%) and hospitalizations (up to 20%).

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Safety at home also requires the use of technical sensors, including smoke, gas, and carbon monoxide detectors.

Home automation products in particular can provide precious assistance for people with diminishing capacities for independent living. Automatic systems can make it safer for them to get around and reduce or help in daily tasks. The My Home automation solutions offer centralized or remote controls.

Home automation thus allows "extended accessibility" to certain features of the building that would no longer be accessible without the help of automatic controls, such as roller shutters or heating. Similarly, Céliane lighting control systems and Bticino door-entry systems make it possible to program home environments from a single control point, with lighting, hearing and access set to match personal needs and preferences. This automatic management of certain tasks further strengthens housing safety. For example, in the case of smoke detection, transmission of the alert to the outside world and the activation of certain features (lighting, shutters, etc.) are automatic and appropriate.

These home automation solutions are often supplied with specially adapted fittings, such as soft-touch switches and easy-fit-sockets that require no effort or complex gestures to turn on the lights. Céliane systems can also be coupled with remote control systems to offset specific motor or sensory deficiencies.

Enabling people with health problems to stay at home also requires facilitating communication with the outside world. Transmission of housing aspects through the home automation features also means direct or indirect transmission of information about the person occupying it.

For example, a simple smoke detector not connected with the outside world will not allow a person with health problems to respond appropriately in an emergency. Automatic transmission to the outside allows a helpline to take over and manage the alert from a distance in a controlled manner. Through alarm devices worn by the person him- or herself, the solutions of the subsidiary Intervox Systèmes also make it possible to set off a voluntary or automatic alarm (fall sensor) and send a transmission to a remote support center, in the event of illness, for example.

Strengthening social ties is also indispensable as part of home health care.

Access to broadband Internet makes it possible to upgrade remote assistance technology solutions. Assistance of this kind is historically based on the transmission of the voice, but data transmission is now possible, thus opening the door to multiple additional services.

Connected solutions from subsidiary Intervox Systèmes are evolving alongside these technologies, through the offer of VISIOVOX videophone touch pads, which allow access to services (such as weather, newspapers, shared calendars, shared photo frames, and information from local authorities, etc.) and maintaining contact with friends and family.

5.4.3.2 INVOLVEMENT OF MANY PARTNERS

Legrand has for a number of years been involved in initiatives favoring independence and continued life at home for people who require assistance. The Company takes an approach that associates multidisciplinary expertise with a range of partnerships including the direct participation of users, families, health care and welfare professionals, and research organizations. Legrand, which is currently the leader in home automation solutions for assisted living, is a founding member of Autonom'lab, a customs laboratory in the Limousin region, built on the European Living Labs model. It is also a founding member of the Centre National de Référence for health and home-living set up in 2009 by France's Ministries of Health and Industry. Alongside its partners, Legrand is involved in a wide variety of research and development projects. These include Geropass, a project headed by a group of geriatricians that focuses on outfitting homes with automated equipment to meet the needs of elderly residents in real estate developments.

Legrand's partnership with the Creuse General Council dates back several years and embodies its close involvement with France's municipalities and its nationwide reach. It focuses on two priorities:

- helping to train the participants (electricians, support teams, home visitors, etc.) who work for the Creuse General Council;
- support by Legrand for implementation of the products.

Finally, as part of a collaboration with one of its main distributors, the Group has established a network of "Well-Being" electrical contractors to train qualified installers in terms of knowledge of age-related risks and adaptation of housing in terms of safety and prevention. Accordingly, Legrand encourages the electrical industry to invest in the market for assisted living and improved housing for the elderly. This approach complements the remote assistance solutions proposed to local authorities and individuals.

2012 saw Legrand actively participate in the national "Accessibility and Independent Living" day for those involved in increasing the autonomy of the elderly and access for people with a disability. This awareness day is an opportunity to explore the challenges of independent living and discover the initiatives launched across France by craftsmen and women and small businesses to support the principles of independent living. Fifty participants visited Legrand's "Independent Living" house and the Home and Disability Lab (*Laboratoire Habitat et Handicap*) at Limoges University Hospital.

5.4.4 - Overview of social indicators

Two reporting tools are deployed in the Group to collect, administer and manage social and prevention-related data:

- a dedicated computer application for social data;
- a special software package available on the Group intranet site for prevention data.

Both applications include a general overview document for the reporting process and a user guide. Online help and data consistency checks and mandatory comments are included for these applications as support for qualitative data entry for these entities.

For more information regarding rules for the integration of new acquisitions into the reporting process, please refer to section 5.1.4. of this Registration Document.

5.4.4.1 HEALTH AND SAFETY INDICATORS

The table below summarizes the main health and safety indicators for the Group. The data presented correspond to the Prevention scope of reporting, which covers all Group employees excluding acquisitions under three years, in accordance with the integration rules described in section 5.1.4 of this Registration Document, or 27,288 ✓ people at the end of 2012.

	2010	2011	2012
Risk control: (% of Group workforce for whom risk indicators are consolidated)	95%	99.9%	99%
Risk assessment: (% of Group workforce within the scope of formal risk assessments)	86.6%	90.3%	86.5%
Health and Safety Committees: (% of Group workforce represented by a Committee)	87%	90.8%	82.5%
Workplace health: (Number of people who have had a (para)medical interview within the last five years)	62%	69%	64.2%
Frequency of workplace accidents leading to absence: (Number of accidents x 1,000,000)/(Hours worked)	9.60	8.64 ✓	7.72 ✓
Severity of workplace accidents: (Number of days absence x 1,000)/(Hours worked)	0.24	0.24 ✓	0.23 ✓
Frequency of accidents suffered by sub-contractors: (Number of subcontractor accidents occurring on a Group site x 1,000)/ (Number of employees on the Legrand site in question)	1.71	1.14	1.76
Training: (% of Group workforce who received health and safety training)	43%	51%	43.8%
Work-related illnesses (Number of recognized work-related illnesses)	92	132	73 ✓

Additional comments:

- the decline in the number of employees who had a (para) medical interview relates primarily to North America and Asia. Specific explanation and training actions will be implemented in 2013 to improve these results;
- the rise in the frequency of subcontractor accidents relates primarily to the FortMill logistics site in the US. In 2012, roughly 38% of all accidents involving subcontractors occurred at this site; however two-thirds of these did not result in absence from work. The site is included in Prevention reporting in 2012 for the first time. Specific training programs will be rolled out in 2013 to improve these results;
- the decline in the percentage of employees who received health and safety training mainly relates to the impact of training cycles, since a large number of subsidiaries only offer this training every two years.

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5.4.4.2 SKILLS MANAGEMENT AND MOBILITY INDICATORS

Group workforce at the end of 2012

The Group follows more specifically the concept of “registered workforce”, which includes employees with both fixed-term and open-ended employment contracts. The total registered workforce at the end of 2012 amounted to 33,079 people.

The table below gives the average size of the workforce, including temporary staff, employed by the Group in 2012, 2011 and 2010. The table summarizes the breakdown by region and by operating sector.

	2010		2011		2012	
TOTAL NUMBER OF EMPLOYEES *(ANNUAL AVERAGE)*		**31,405**		**33,512**		**35,250**
By geographical location:						
France		6,676		6,554		6,250
Italy		3,003		3,043		2,954
Rest of Europe		5,777		5,857		5,653
United States and Canada		2,048		2,573		2,594
Rest of the world		13,902		15,485		17,799
	of which Back Office	*of which Front Office*	*of which Back Office*	*of which Front Office*	*of which Back Office*	*of which Front Office*
TOTAL NUMBER OF EMPLOYEES *(ANNUAL AVERAGE)*	**81%**	**19%**	**81%**	**19%**	**80%**	**20%**
By geographical location:						
France	86%	14%	86%	14%	85%	15%
Italy	82%	18%	82%	18%	82%	18%
Rest of Europe	77%	23%	78%	22%	77%	23%
United States and Canada	79%	21%	79%	21%	79%	21%
Rest of the world	80%	20%	80%	20%	80%	20%

The tables below summarize the main indicators for Group employees in terms of registered workforce. All data correspond to the HR scope of reporting, which covers 91.7% of the overall workforce, or 30,336 ☑ people. Note that HR reporting does not include acquisitions completed in 2012.

Working hours - Worldwide

	2010	2011	2012
% of employees working full time	-	-	97.5%
% of employees working part time	-	-	2.5%
Actual working hours (weighted average number of hours worked per week)	-	-	38 hours

Additional note:

- *the definition of full time and part time is given in the HR reporting user guide. The relevant indicators were included in 2011 HR reporting. In 2012, a new definition and unified calculation method was implemented to enable the data to be compared;*
- *the data on actual working hours is based on Prevention reporting covering a workforce of 27,288 employees. Relative to HR reporting (workforce of 30,336), Prevention reporting does not take into account the employees in entities acquired within the last 3 years nor in sales offices. Note that 40 hours is the legal working week (weighted).*

Absenteeism by job category - Worldwide

	2010	2011	2012
Blue collar category	-	4.41%	4.50%
Other categories	-	1.85%	1.48%
TOTAL	**-**	**3.21%**	**3.00%**

Additional note: the absenteeism indicator was included in HR reporting in 2010. In 2011, a new definition and unified calculation method was implemented to enable comparability between data.
The definition of absenteeism and the definitions of job categories to be included are given in the HR reporting user guide.

Social dialogue and freedom of association – Worldwide

	2010	2011	2012
% of employees covered by a collective bargaining agreement and/or convention	46%	57%	55%

Additional note: the percentage of employees covered by a collective bargaining agreement is the percentage of the total workforce at the year-end, for the HR reporting scope.

Restructuring and reorganization - Worldwide

	2010	2011	2012
% of reporting scopes with consultation rules	-	-	22%

Additional note: the consultation rules indicator was included in HR reporting in 2012.
22% of reporting scopes (or reporting entities) have a statutory minimum notification period (notified by law or by collective bargaining agreements). This relates mainly to countries in mature economic areas.

Compensation – Worldwide

	2010	2011	2012
% of non-managers on minimum wage	-	-	2%

Additional note: nine reporting scopes have employees on minimum wage.
Note: the average entry-level wage in the Group in 2012 was 22% above minimum wage.

Compensation by gender and occupational category – Worldwide

	2010	2011	2012
Wage gap between male and female managers	-	-	14%
Wage gap between male and female non-managers	-	-	18%

Additional note: calculation of the wage gap between men and women, for both non-managers and managers, is based on the weighted workforce in each reporting scope.
With respect to the wage gap for non-managers, note that Legrand's industrial operations are assembly labor intensive. These workshops are essentially staffed by women and the qualification level required is low. Concerning the wage gap for managers, note that these jobs are essentially staffed by men, the explanation for which lies in the nature of the Group's engineering businesses (electronic, electrotechnical and electromechanical fields), and its sales and marketing activities (sales engineers). Pay for these jobs is above the average in the Company.
In addition, female employees are younger on average than their male counterparts in both categories.

Geographical breakdown of workforce

	2010	2011	2012
Mature countries	48%	45%	44%
New economies	52%	55%	56%
TOTAL	**100%**	**100%**	**100%**

Additional note: the breakdown covers 100% of employees with fixed-term or open-ended employment contracts (registered workforce).

Breakdown by professional category – Worldwide

	2010	2011	2012
Managers	18%	22%	25% ✓
Non-Managers	82%	78%	75% ✓

Additional note: the breakdown of professional categories is included in the HR reporting user guide. The increase in the number of managers observed in 2011 and 2012 is related to better consideration of these definitions by certain Group entities.

Breakdown by seniority – Worldwide

	2011	2012
Employees < 5 years	26% ✓	25% ✓
Employees ≥ 5 years and < 16 years	36% ✓	39% ✓
Employees ≥ 16 years and < 26 years	23% ✓	22% ✓
Employees ≥ 26 years and < 36 years	11% ✓	9% ✓
Employees ≥ 36 years	4% ✓	5% ✓

Note: in 2010, data for the breakdown by age was based on employees with fixed-term or open-ended employment contracts. Beginning in 2011, Legrand revised this indicator and now determines it based only on employees with open-ended employment contracts. Consequently, the 2010 data were not included due to non-comparability with 2011 and 2012 data.

Breakdown by age – Worldwide

	2010	2011	2012
Employees < 26 years	12%	12% ✓	11% ✓
Employees ≥ 26 years and < 36 years	29%	30% ✓	30% ✓
Employees ≥ 36 years and < 46 years	30%	30% ✓	30% ✓
Employees ≥ 46 years and < 56 years	22%	21% ✓	21% ✓
Employees ≥ 56 years	7%	7% ✓	8% ✓

Additional note: the age pyramid takes into account employees with fixed-term or open-ended employment contracts.

Breakdown by type of contract

	2010	2011	2012
Open-ended Worldwide	76%	78%	79% ✓
Fixed-term Worldwide	24%	22%	21% ✓

Additional note: it should be noted that the proportion of fixed-term contracts is structurally impacted by the large number of temporary contracts in China, a common local practice.

Developments during 2012 (hirings and departures) – Worldwide

	2010	2011	2012
Share of open-ended contracts in hiring of employees on open-ended and fixed-term contracts (excluding amending of fixed-term into open-ended contracts)	24%	23% ✓	29% ✓
Share of fixed-term amended to open-ended contracts in hiring of employees on open-ended contracts	11%	22	22%
Open-ended contract turnover	-	11%	13%

In 2012:

- *the number of open-ended contracts among hirings on open-ended and fixed-term contracts represented a total of 1,754;*
- *the number of fixed-term contracts transformed into open-ended contracts represented a total of 498.*

The "open-ended contract turnover" (no data available for 2010) takes into account resignations, retirements, dismissals for personal reasons, redundancies for economic reasons, departures by stipulated agreement, employees with an open-ended contract not remaining in the Company at the end of their trial period, and other reasons (according to the methodology recommended by the GRI). This "open-ended contract turnover" indicator is calculated based on the total number of terminated open-ended contracts divided by the open-ended contract workforce at the beginning of the year.
Moreover, it should be noted that the proportion of fixed-term contracts is structurally impacted by the large number of temporary contracts in China, a current local practice.

Departures*	2010	2011	2012
Of which resignations	62%*	42% ✓	36% ✓
Of which retirement	3%	6% ✓	6% ✓
Of which other departures	35%	52% ✓	58% ✓
TOTAL	**100%**	**100%**	**100%**

* *Additional note: since 2011, the departure data only take into account employees with open-ended contracts (2010 data took into account the scope of employees with fixed-term and open-ended contracts). The "other departures" indicator takes into account conventional agreements, dismissals for personal reasons and for economic reasons, employees with an open-ended contract not remaining in the Company at the end of their trial period, and various other reasons.*

For 2012, total number of departures was 6,871 ✓ people, all reasons and all types of contracts concerned. Out of that total, 3,096 departures concerned open-ended contracts; 3,775 departures concerned fixed-term contracts, out of which 83% took place within Group's Chinese entities considering the high proportion of fixed term contracts in China. To be noted, 83% of departures with fixed term contracts took place at the employee's initiative.

Hirings by gender - Worldwide

	2010	2011	2012
Percentage of women among persons hired	58%	51%	55%
Percentage of men among persons hired	42%	49%	45%

Additional note: these figures take into account open-ended and fixed-term contracts, excluding fixed-term contracts transformed into open-ended contracts.

The total number of hires in 2012 was 6,066 ✓ .

Skills management and mobility

The tables below summarize the main Group indicators in terms of skills management and mobility. Data below is at current scope of consolidation.

Number of training hours per employee per year – Open-ended and fixed-term contracts

	2010	2011	2012
Worldwide	13 hours	14 hours	14 hours ☑
Managers	24 hours	20 hours	18 hours
Non-managers	11 hours	12 hours	12 hours

Performance rate of Individual Appraisal Reviews – Worldwide

	2010	2011	2012
Managers	80%	82.5%	70.8%

Please refer to section 5.4.1.2. of this Registration Document for more information about this indicator.

5.4.4.3 DIVERSITY INDICATORS

The tables below summarize the main Group indicators in terms of diversity. Data below is at current scope of consolidation.

Percentage of disabled workers – Worldwide

	2010	2011	2012
Percentage of disabled workers	2.4%	2.4%	2.55% ☑

Additional note: In 2012, Legrand employed in France 340 disabled workers (excluding subcontracting with the protected sector). For France, the rate for disabled workers was 6.28% at the end of 2012, above the legal minimum of 6% (as provided by law, including subcontracting with the protected sector).

Breakdown of employees by gender – Worldwide – Open-ended and fixed-term contracts

	2010	2011	2012
Women	41%	39%	38% ☑
Men	59%	61%	62% ☑

Breakdown of employees by gender and age – Worldwide – Open-ended and fixed-term contracts

	2010	2011	2012
Female employees < 26 years	7%	6% ✓	6% ☑
Male employees < 26 years	5%	5% ✓	5% ☑
Female employees ≥ 26 years and < 36 years	12%	12% ✓	12% ☑
Male employees ≥ 26 years and < 36 years	17%	18% ✓	19% ☑
Female employee_s ≥ 36 years and < 46 years	10%	10% ✓	10% ☑
Male employees ≥ 36 years and < 46 years	20%	20% ✓	19% ☑
Female employees ≥ 46 years and < 56 years	9%	8% ✓	8% ☑
Male employees ≥ 46 years and < 56 years	13%	13% ✓	13% ☑
Female employees ≥ 56 years	3%	3% ✓	3% ☑
Male employees ≥ 56 years	4%	5% ✓	5% ☑

Additional note: at end 2012, the average age of male employees is 39.86 years old and 38.60 years old for female employees.

Breakdown of employees by gender and occupational categories – Worldwide – Open-ended and fixed-term contracts

	2010	2011	2012
Percentage of female managers	22%	22% ✓	22% ☑
Percentage of male managers	78%	78% ✓	78% ☑
Percentage of female non-managers	45%	44% ✓	44% ☑
Percentage of male non-managers	55%	56% ✓	56% ☑

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5.5 - REPORT OF THE STATUTORY AUDITORS

Attestation of completeness and limited assurance report of the Statutory Auditors on selected social and environmental information

Year ended on December 31, 2012

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the attention of Legrand Group Executive Management

Pursuant to your request and in our capacity as Statutory Auditors of Legrand, we hereby present you with our attestation of completeness on the consolidated social and environmental information present in the management report prepared for the year ended December 31, 2012 pursuant to Article L. 225-102-1 of the French Commercial Code (*Code du commerce*) as well as our limited assurance report on a selection of such information identified by the sign (✓).

RESPONSIBILITY OF THE COMPANY

The Board of Directors is responsible for preparing a management report including the consolidated social, environmental and other sustainable development information provided for in Article R. 225-105-1 of the French Commercial Code (hereinafter the "Information"), prepared in accordance with the Reporting Guide used by the Legrand Group (the "Reporting Guide") and available from the Sustainability & Group Strategic Processes Management teams.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in Article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures that aim to ensure compliance with rules of ethics, professional standards and the applicable legal texts and regulations.

RESPONSIBILITY OF THE STATUTORY AUDITOR

Based on our work, our responsibility is:

- to attest that the required Information is presented in the management report or, in the event of omission, is explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code and Decree no. 2012-557 of April 24, 2012 (Attestation of completeness);
- to express limited assurance on the fact that certain information selected by the Legrand Group and identified by the sign (✓) are presented, fairly, in all material aspects, in accordance with the Reporting Guide (Limited Assurance Report).

To assist us in conducting our work, we referred to the corporate responsibility experts of our Firms.

1. Attestation of completeness

We conducted the following procedures in accordance with professional standards applicable in France:

- we have compared the Information presented in the management report with the list set forth in Article R. 225-105-1 of the French Commercial Code;
- we have verified that the Information covered the consolidated scope, *i.e.*, the Company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code, subject to the limits set forth in the section 5.1.4;
- in the event of omission of certain consolidated information, we have verified that explanations were provided in accordance with Decree no. 2012-557 of April 24, 2012.

Based on our work, we attest to the completeness of the required Information in the management report.

2. Limited assurance report on a selection of consolidated social and environmental information consolidated and identified by the sign (✓)

Nature and scope of procedures

We conducted our procedures in accordance with ISAE 3000 (International Standard on Assurance Engagements) and professional guidelines applicable in France.

We have carried out the following work to obtain limited assurance on the fact that the Information selected by the Legrand Group and identified by the sign (✓) does not contain any material anomalies that would call into question its fairness, in all material aspects, in accordance with the Reporting Guide. A higher level of assurance would have required more extensive work.

We performed the following procedures:

- we assessed the appropriateness of the Reporting Guide with respect to its relevance, completeness, neutrality, clarity and reliability, by taking into consideration, when relevant, the sector's best practices;
- we have verified the set-up within the Legrand Group of a process to collect, compile, process and check the selected information with regard to its completeness and consistency. We have familiarized ourselves with the internal control and risk management procedures relating to the compilation of the information. We have conducted interviews with individuals responsible for social, environmental and prevention reporting;
- concerning the selected consolidated quantitative information[1]:
  - for the consolidating entity and controlled entities, we have set up analytical procedures and verified, using sampling techniques, the calculations as well as the consolidation of this information,
  - at the sites[2] that we have selected based on their activity, their contribution to consolidated indicators, their location and a risk analysis, we have:
    - conducted interviews to verify the proper application of procedures,
    - conducted substantive tests, using sampling techniques, to verify the calculations performed and reconcile data with supporting evidence.

CONCLUSION

The information "Volatile Organic Compounds" presented in the paragraph 5.3.4.2 relies on a partial inventory of emission sources on site. We have not been able to quantify the proportion of unreported emissions.

Subject to this qualification and based on our work, we did not identify any other material anomaly likely to call into question the fact that the information selected by the Legrand Group and identified by the sign (✓) has been presented fairly, in all material aspects, in accordance with the Reporting Guide.

OBSERVATIONS

Without questioning the conclusions of our work, expressed hereinabove, we would like to draw attention to the fact that, as explained in section 5.3.2.1, the evolution of the "energy consumption of Group sites" is partly due to a methodological adjustment.

Neuilly-sur-Seine, March 6, 2013

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit
Jean-Marc Lumet	Gérard Morin

(1) The quantitative Information selected is as follows (the impact at the Group level of the entities selected for the detailed tests is mentioned in the brackets):
Environmental information: Percentage of ISO 14001 certified sites (27%); Water consumption (56%); Direct energy consumption (mainly gas) (49%); Indirect energy consumption (mainly electricity) (31%); Greenhouse gas emissions (scope 1 and scope 2) (25%); VOC emissions (38%); Generated waste (36%); Percentage of waste recovered (36%).
Social information: Total headcount and staff breakdown by age, gender, seniority and occupational category (45%); Recruitments (percentage of UTCs among total recruitments) (37%); Departures (of which resignations, retirement, and other reasonss) (37%); Number of training hours (per person and per year) (50%).
Prevention information: Frequency rate of occupational accidents (30%); Severity rate of occupational accidents (30%); Number of disabled workers (54%); number of occupational diseases (23%).

(2) Selected entities:
For environmental information: Magré 1-2-3 (France), Fontaine-le-Bourg (France), Malaunay (France), Sillé-le-Guillaume (France), Varese (Italy), Szentes (Hungary), Rocom (China), Cemar (Brasil), Kontaktor (Russia), Wiremold (USA).
For social information: France, Italy, Hungary, Rocom (China), Cemar (Brasil), USA.
For prevention informationn: Limousin (France), Italy, Hungary, Rocom (China), Cemar (Brasil), Wiremold (USA).

06 MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2012

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6.1 - PRELIMINARY DISCLAIMER

This selected financial data of the Company should be read together with the consolidated financial statements and their related notes in chapter 9 of this Registration Document. Financial statements of the Company have been prepared in accordance with IFRS and IFRIC interpretations as adopted by the European Union. The following information includes forward-looking statements based on estimates relating to the future activity of Legrand and which may differ materially from actual results.

All percentages may be calculated on non-rounded figures and therefore may vary from percentages calculated on rounded figures.

6.2 - 2012 HIGHLIGHTS

In 2012, the Group's consolidated sales totaled €4,466.7 million, up 5.1% from €4,250.1 million in 2011. Changes in scope of consolidation accounted for +4.5%; exchange rates +1.9%; and organic growth -1.4%.

Adjusted operating income came to €874.4 million for the year, a rise of 2.1% from €856.7 million in 2011. Adjusted operating margin stood at 19.6% of 2012 sales.

Net income, excluding minority interests, reached €505.6 million in 2012, a 5.6% increase over 2011.

Free cash flow stood at €627 million and 14.0% of sales thanks to good operating performance and rigorous management of capital employed.

Since January 2012, the Group has announced five acquisitions with total annual acquired sales of over €180 million.

In February 2012, Standard & Poor's raised Legrand's rating to A- with a stable outlook, illustrating the soundness of the Group's business model and its balance sheet.

During the year, the Group also continued to diversify its sources of financing, in particular with a new €400 million bond issue maturing in April 2022. Coming after a €300 million issue in 2010 and a €400 million issue 2011, this extended the average maturity of its gross debt to around 8 years.

6.3 - OPERATING INCOME

6.3.1 - Introduction

The Group reports its finances and results of operations on the basis of five geographic zones corresponding to the zone of origin of the products sold. Information concerning the results of operations and finances for each of these five geographic zones is presented for the years 2012 and 2011 in note 25 to the consolidated financial statements shown in chapter 9 of this Registration Document. Each zone represents either a single country or the consolidated results of a number of countries

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and distinct markets. These five geographic zones are:

- France;
- Italy;
- Rest of Europe (including principally Russia, Turkey, Spain, Belgium, the United Kingdom, the Netherlands, Poland, Germany, Austria and Switzerland);
- the United States and Canada; and
- Rest of the World (including principally Brazil, India, China, Australia, Mexico, Chile, Colombia, Egypt, Saudi Arabia, Peru and Malaysia).

Since local market characteristics are the determining factor in the Company's performance and net sales by zone, consolidated financial information for multi-country zones does not always accurately reflect the financial performance of each national market. In fact, operations in the Group's geographic zones vary significantly from one country to the next. Furthermore, products may be manufactured and sold locally, or instead be imported from or exported to another member of the Group. These factors may distort the comparison of the results of the various geographic zones. Consequently, with the exception of information and data relating to net sales, the discussion of results hereafter focuses primarily on consolidated results, with reference to national markets where these have a material impact on consolidated accounts.

6.3.2 - Factors that affect the results of operations

6.3.2.1 NET SALES

Markets in the countries and regions in which Legrand operates have different characteristics, principally as a result of local economic conditions and standards of living, which affect the level of renovation and new construction of homes, stores and office buildings, as well as the level of investment in industrial facilities. Underlying demand is also linked to the rate of real-estate turnover, since newly acquired properties are frequently renovated or refurbished.

Changes in consolidated net sales principally reflect the following factors:

- changes in sales volume (*i.e.*, the number of products sold in each period) due to changes in product demand and business levels in all markets;
- product mix;
- changes in sales prices (including quantity discounts and rebates, cash discounts for prompt payment, general price changes relating to local market conditions, and specific price changes, such as those designed to pass on changes in raw material prices);
- fluctuations in exchange rates between the euro and the different billing currencies, which affect the level of consolidated net sales after conversion; and
- changes in the subsidiaries consolidated by Legrand, principally as a result of acquisitions or disposals (which are referred to as "changes in the scope of consolidation").

The table below presents a breakdown by geographic zone of the Company's consolidated net sales (by destination: market where sales are recorded) for the years ended December 31, 2012 and 2011. Sales "by destination" means all sales by the Group to third parties on a given geographic market.

	Legrand Year ended December 31			
	2012		2011	
(in millions of euros except %)	€	%	€	%
Net sales by destination				
France	954.9	21.4	984.1	23.1
Italy	545.6	12.2	623.6	14.7
Rest of Europe	821.6	18.4	804.6	18.9
United States and Canada	739.5	16.5	615.3	14.5
Rest of the World	1,405.1	31.5	1,222.5	28.8
TOTAL	**4,466.7**	**100.0**	**4,250.1**	**100.0**

6.3.2.2 COST OF SALES

Cost of sales consists principally of the following:

Cost of raw materials and components. The cost of raw materials and components accounted for, on average, approximately 65% of consolidated cost of sales over the last two financial years. Likewise, approximately 67% of the cost of raw materials and components relates to components and semi-finished goods, and approximately 33% relates to raw materials, on average. The breakdown between raw materials, components and semi-finished products varies according to the product mix, trends in market prices and choices in industrial organization, in particular with the systematic application of a "make or buy" approach to all projects.

Legrand purchases some of its raw materials and components locally. However, Company policy is to increase the percentage of raw materials and components purchased by the Group on world markets in order to benefit from economies of scale. The cost of raw materials and components may also fluctuate with macro-economic trends, which explains, for example, the steep and near-universal rise in global raw material and component prices from 2010 to 2011.

Production costs. In general, these costs change on an aggregate basis in proportion to fluctuations in production volumes and due to inflation, and decline, as a percentage of sales as a result of productivity initiatives and economies of scale associated with higher production volumes.

Other items included in production costs are:

- depreciation of fixed assets;
- subcontracting costs; and
- other general manufacturing expenses, such as expenses linked to energy consumption.

The main factors that influence cost of sales as a percentage of net sales include:

- trends in net sales;
- production volumes, insofar as the Company achieves economies of scale through higher production volumes, thereby spreading fixed production costs over a larger number of units produced;
- the "mix" of products sold, insofar as consumption and production costs vary depending on the cost of the specific technology, raw materials and other components needed to manufacture a given product;
- initiatives to improve operating efficiency, including the implementation of measures to improve productivity (in particular through deployment of "lean manufacturing" initiatives) and the optimization of inventory management;
- effective purchasing following deployment of the cost-reduction policy through the centralization, internationalization and standardization of purchasing management at Group level;
- product life cycles, insofar as the Company typically incurs higher production costs associated with surplus manufacturing capacity during the initial stages of product launches and when Legrand is phasing out products from its catalogs;
- changes in the prices of raw materials, components and semi-finished goods due to local or global economic conditions; and
- trends in inflation for other cost components (salaries, energy, etc).

6.3.2.3 ADMINISTRATIVE AND SELLING EXPENSE

Legrand's administrative and selling expense consists principally of the following:

- salary costs and benefit charges for administrative staff and sales personnel;
- other administrative expense, including expense relating to logistics and information systems;
- advertising expense;
- amortization of intangible assets, such as trademarks revalued following acquisitions; and
- other selling expense, such as printing costs for catalogs and expense incurred in connection with travel and communications.

6.3.2.4 RESEARCH AND DEVELOPMENT EXPENSE

Research and development expense consists principally of the following:

- salary costs and benefit charges for research and development employees;
- amortization expense for patents and other revalued assets recorded in connection with purchase accounting adjustments for the acquisition of Legrand France;
- other miscellaneous expense related to research and development, such as software, prototypes and patent registration costs;
- expense related to the use and maintenance of administrative offices, as well as expense related to information systems, in each case, concerning research and development activities; and
- amortization of capitalized development expense. Costs incurred on significant development projects relating to the design and testing of new or improved products are recognized as intangible assets when it is probable that the project,

considering its technical, commercial and technological feasibility, will be a success, and the costs can be reliably quantified. Once these conditions are satisfied, a portion of the relevant development expense is capitalized. Development costs are amortized from the starting date of the sale of the product on a straight-line basis over the period of its expected benefit, not exceeding a period of ten years.

6.3.2.5 OTHER OPERATING INCOME AND EXPENSE

Other operating income and expense includes restructuring expense and other expense and provisions.

6.3.2.6 OPERATING INCOME

Operating income consists of net sales, less cost of sales, administrative and selling expense, research and development expense, and other operating expense. Operating income does not include net financial expense (described below).

6.3.2.7 NET FINANCIAL EXPENSE

Net financial expense principally corresponds to financial expense related to 2006 and 2011 credit facilities; Yankee bonds; the 2010, 2011 and 2012 bond issues, and other bank borrowings (for a description of these arrangements, see paragraph 6.5 of this chapter), less financial income arising from the investment of cash and cash equivalents.

6.3.2.8 DISCUSSION AND ANALYSIS OF CHANGES IN NET SALES

In the discussion below, changes in net sales are analyzed by distinguishing variations due to changes in the scope of consolidation, organic growth (changes in net sales "using constant scope of consolidation and exchange rates"), and the impact of exchange-rates variations between the euro and other currencies. The Company believes that this measure is a useful tool for analyzing changes and trends in its historical consolidated net sales over different periods. Measures of organic growth are computed by making the following adjustments.

6.3.2.8.1 Companies acquired during the current period

Where companies are acquired during the current period, the net sales of the acquired company are reflected in the consolidated statement of income for only the portion of the current period from the date of first consolidation of such company. The calculation of the change in consolidated net sales at constant scope (*i.e.*, excluding the effects of the acquisition) takes into account sales of the acquired company, based on sales information of the acquired company prepared in a manner consistent with internal accounting policies, for the portion of the prior period equal to the portion of the current period during which Legrand actually consolidated the entity.

6.3.2.8.2 Companies acquired during a prior period

Where companies were acquired during the prior period, net sales of the acquired company are reflected in the consolidated statement of income for the entirety of the current period but only for the portion of the prior period from the date of first consolidation of such company. The calculation of the change in consolidated net sales at constant scope (*i.e.*, excluding the effects of the acquisition) takes into account the sales of the acquired company, based on sales information of the acquired company prepared in a manner consistent with internal accounting policies, for the portion of the previous year during which it was not consolidated.

6.3.2.8.3 Disposals during the current period

Where companies are disposed of during the current period, the net sales of the company sold are reflected in the consolidated statement of income for only the portion of the current period prior to the date of disposal and deconsolidation. The calculation of the change in consolidated net sales at constant scope (*i.e.*, excluding the effect of disposals) does not take into account the sales of the divested company during the period of the previous year corresponding to the period of the current year after disposal.

6.3.2.8.4 Disposals during a prior period

Where companies were disposed of during the prior period, the net sales of the company sold are not reflected in the consolidated statement of income for the current period. The calculation of the change in consolidated net sales (*i.e.*, excluding the effect of disposals) does not take into account sales of the divested company in the prior period.

6.3.2.8.5 Activity suspended during the current period

Where activities are suspended during the current period, the net sales of the activity suspended are reflected in the consolidated statement of income only for the period up to suspension. The calculation of the change in consolidated net sales at constant scope (*i.e.*, excluding the effect of activities suspended) does not take into account the sales of the activity suspended during the period of the previous year corresponding to the period of the current year after suspension.

6.3.2.8.6 Activity suspended during a prior period

Where activities were suspended during the prior period, the net sales of the activity suspended are not reflected in the consolidated statement of income for the current period. The calculation of the change in consolidated net sales does not take into account sales of the activity suspended in the prior period.

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6.3.2.8.7 Using constant exchange rates

Consolidated historical net sales include the effects of exchange rate differences between the euro and other currencies. To analyze the variation of consolidated net sales excluding the effects of these exchange rate changes, Legrand uses constant exchange rates (calculated by adjusting net sales reported for a given financial year using the exchange rates for the prior financial year) to compare year-to-year changes in net sales.

6.3.2.9 BREAKDOWN OF CHANGES IN NET SALES FROM 2011 TO 2012

The table below shows a breakdown of changes in net sales as reported by zone of destination (market where sales are recorded) between 2011 and 2012.

Net sales *(in millions of euros except %)*	Year ended December 31					
	2011	2012	Total variation	Scope of consolidation	Organic growth	Impact of exchange rates
France	984.1	954.9	(3.0)%	0.3%	(3.3)%	0.0%
Italy	623.6	545.6	(12.5)%	0.0%	(12.5)%	0.0%
Rest of Europe	804.6	821.6	2.1%	3.4%	(2.2)%	1.0%
USA/Canada	615.3	739.5	20.2%	5.5%	5.3%	8.2%
Rest of the World	1,222.5	1,405.1	14.9%	10.4%	2.5%	1.5%
CONSOLIDATED TOTAL	**4,250.1**	**4,466.7**	**5.1%**	**4.5%**	**(1.4)%**	**1.9%**

The following table presents the breakdown of changes in net sales as reported by zone of origin (zone of origin of the products sold) between 2011 and 2012.

Net sales *(in millions of euros except %)*	Year ended December 31					
	2011	2012	Total variation	Scope of consolidation	Organic growth	Impact of exchange rates
France	1,110.0	1,073.7	(3.3)%	(0.6)%	(2.7)%	0.0%
Italy	661.7	576.5	(12.9)%	0.0%	(12.9)%	0.0%
Rest of Europe	784.9	808.2	3.0%	3.8%	(1.8)%	1.0%
USA/Canada	628.0	750.3	19.5%	5.5%	4.7%	8.2%
Rest of the World	1,065.5	1,258.0	18.1%	12.6%	3.2%	1.6%
CONSOLIDATED TOTAL	**4,250.1**	**4,466.7**	**5.1%**	**4.5%**	**(1.4)%**	**1.9%**

6.3.2.10 OTHER FACTORS AFFECTING THE GROUP'S NET INCOME

- The acquisition of Legrand France in 2002 and associated purchase accounting adjustments and transactions related thereto have affected net income. In particular, the significant intangible assets recorded in connection with the acquisition of Legrand France increased the amortization charges of the Group. The purchase accounting adjustments relating to the acquisition of Legrand France principally concern the revaluation of trademarks that are being amortized on a straight-line basis until 2021 at the latest, and patents that are being amortized on a declining-balance basis until 2011.
- Acquisitions made since 2002 have also had an impact on the Group's net income. This is because intangible assets revalued as part of the purchase price allocation of entities acquired generate additional amortization.

6.4 - YEAR-ON-YEAR COMPARISONS: 2012 AND 2011

(in millions of euros)	Legrand Year ended December 31	
	2012	**2011**
Net sales	**4,466.7**	**4,250.1**
Operating expense		
Cost of sales	(2,157.8)	(2,028.0)
Administrative and selling expense	(1,197.1)	(1,137.4)
Research and development expense	(197.0)	(201.6)
Other operating income (expense)	(66.8)	(70.8)
Operating income	**848.0**	**812.3**
Financial expense	(102.5)	(97.2)
Financial income	20.8	15.0
Exchange gains (losses)	(11.7)	10.6
Total net financial expense	**(93.4)**	**(71.6)**
Income before taxes	**754.6**	**740.7**
Income taxes	(247.6)	(261.4)
Net income for the year	**507.0**	**479.3**
Net income attributable to:		
■ **Legrand**	**505.6**	**478.6**
■ **Minority interests**	**1.4**	**0.7**

The table below shows the calculation of adjusted operating income (defined as operating income adjusted for amortization of the revaluation of intangible assets and for expense/income relating to acquisitions, and, if applicable, for impairment of goodwill) and maintainable adjusted operating income (*i.e.*, excluding restructuring charges) for the periods under review.

(in millions of euros)	**2012**	**2011**
Net income for the year	**507.0**	**479.3**
Income taxes	247.6	261.4
Exchange (gain)/loss	11.7	(10.6)
Financial income	(20.8)	(15.0)
Financial expense	102.5	97.2
Operating income	**848.0**	**812.3**
Acquisition-related amortization and expense/income	26.4	28.5
Impairment of goodwill	0.0	15.9
Adjusted operating income	**874.4**	**856.7**
Restructuring charges	25.5	18.6
Maintainable adjusted operating income	**899.9**	**875.3**

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6.4.1 - Net sales

Consolidated net sales rose 5.1% to a record high of €4,466.7 million in 2012, compared with €4,250.1 million in 2011, reflecting:

- a +4.5% increase in net sales due to changes in scope of consolidation from 2011 to 2012 relating in particular to the first-time consolidations of Megapower (Malaysia) over 12 months, Aegide (Netherlands) over 10 months, and Numeric UPS (India) over 7 months; and
- a +1.9% rise in net sales due to favorable variations in exchange rates in 2012 compared to 2011;

these factors were partly offset by:

- a -1.4% decline in net sales, at constant scope of consolidation and exchange rates.

Hence despite the generally lackluster economic environment, Legrand's solid 2012 performances demonstrated once again the quality of the Group's self-financed business model and its capacity to create value over the long term.

Comments below concern sales by destination.

France. Sales declined 3.0% in 2012 to €954.9 million compared with €984.1 million in 2011. This resulted from a 3.3% organic decline, impacted by the less buoyant economy, and a change in the scope of consolidation that made a positive 0.3% contribution. Against this backdrop, some market segments in which Legrand holds strong positions reported growth, including wiring devices, emergency lighting and Voice-Data-Image systems.

Italy. Sales fell to €545.6 million in 2012, down 12.5% from the 2011 figure of €623.6 million. Sales to distributors (sell-in) were down -12.5%, but downstream sell-out of Legrand products by distributors (sell-out) remained higher than sell-in by more than 3 points and thus stood at around -9%. Amid testing economic conditions that saw a deterioration in residential and commercial markets, the Group continued to benefit from its robust leadership positions, especially in wiring devices and home systems.

Rest of Europe. Sales in the Rest of Europe rose 2.1% to €821.6 million in 2012, compared with €804.6 million in 2011. The increase resulted from a 3.4% change in scope of consolidation, due primarily to the consolidation of Aegide (Netherlands) over 10 months, plus a favorable exchange rate impact of 1.0%, partially offset by a -2.2% organic decline. Strong performances in Russia, Ukraine, Romania, Germany, Austria and the Netherlands partially offset continuing difficulties, especially in Southern Europe (Spain, Portugal and Greece). More generally, new economies account for half of business in this region.

United States and Canada. Sales in the US/Canada region rose 20.2% to €739.5 million in 2012, compared with €615.3 million in 2011. The increase resulted from organic sales growth of 5.3%, buoyed by strong showings in wiring devices, cable management and home systems; a 5.5% increase in scope of consolidation, due primarily to the full-year consolidation of Middle Atlantic Products in 2012; and a favorable exchange-rate effect of 8.2%. The residential market, which had declined for five years in a row and remains well below historic levels*, confirmed its recovery during the year and should continue to underpin Group business in the United States. Non-residential activity remained flat. By the end of 2012, the United States became the second-largest contributor to Group sales.

Rest of the World. Sales in the Rest of the World zone rose 14.9% to €1,405.1 million in 2012, compared with €1,222.5 million in 2011. This reflected organic sales growth of 2.5%, underpinned by healthy growth in new economies in Asia, Latin America and the Middle East, which more than offset lower sales in mature countries (Australia and South Korea). Other positive factors included a 10.4% increase in scope of consolidation, corresponding largely to consolidation of Megapower (Malaysia) over 12 months and Numeric UPS (India) over seven months as well as the full-year consolidation of SMS (Brazil) in 2012; and a favorable exchange-rate effect of 1.5%.

* *2012 volume in US residential construction spending was 40% below the average recorded over the period 2002-2012, source: Global Insight.*

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6.4.2 - Cost of sales

The consolidated cost of sales rose 6.4%, from €2,028.0 million in 2011 to €2,157.8 million in 2012, mainly as a result of:

- consolidation of new acquisitions; and
- exchange-rate effects, with the euro losing ground against most other currencies;

partly offset by:

- lower purchases of raw materials and components associated with lower organic sales; and
- continuing efforts to raise productivity and adjust to changing conditions. Overall, at constant scope of consolidation and exchange rates, production costs declined by 2.4% from 2011 to 2012.

The cost of sales thus rose from 47.7% of sales in 2011 to 48.3% in 2012.

6.4.3 - Administrative and selling expense

Consolidated administrative and selling expense increased by 5.2% to €1,197.1 million in 2012, compared to €1,137.4 million in 2011, essentially because of:

- consolidation of new acquisitions; and
- exchange-rate effects, with the euro losing ground against most other currencies.

Overall, at constant scope of consolidation and exchange rates, administrative and selling expense declined 0.9% from 2011 to 2012.

Administrative and selling expense, expressed as a percentage of sales, was largely unchanged, at 26.8%, reflecting ongoing efforts to raise productivity.

6.4.4 - Research and development expense

In 2012, Legrand actively pursued its innovation effort— one of its growth engines—, with many new product launches on every continent. These included the premium Adorne wiring-device line in North America, the New Modus range of residential wiring devices in Latin America, and the New Sfera video door-entry systems and CCTV electronic security systems on international markets. The group has also continued to expand its existing offer by adding new functions, in particular to wiring device ranges such as Céliane and Arteor, and energy distribution offers such as Puissance3. In 2013 it will pursue its drive for value-creating innovation.

In accordance with IAS 38 "Intangible Assets", the Group has implemented an internal measurement and accounting system for development expense to be recognized as intangible assets. As a result, €28.1 million in development expense was capitalized in 2012 compared to €29.9 million in 2011. Amortization charges for capitalized development costs amounted to €22.7 million in 2012 compared to €26.2 million in 2011.

Consolidated research and development expense totaled €197.0 million in 2012 and €201.6 million in 2011. Excluding the impact of the capitalization of development costs and purchase accounting charges relating to the acquisition of Legrand France, as well as the tax credit for research and development activities, R&D expenditure increased by 3.5% to €207.6 million in 2012 (4.6% of net sales) compared to €200.6 million in 2011 (4.7% of net sales).

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(in millions of euros)	Calculation of research & development expenditure 2012	2011
Research and development expense	**(197.0)**	**(201.6)**
Amortization related to acquisition and R&D tax credit	(5.2)	4.7
Amortization of capitalized development costs	22.7	26.2
RESEARCH AND DEVELOPMENT EXPENSE BEFORE CAPITALIZED DEVELOPMENT COSTS	**(179.5)**	**(170.7)**
Capitalized development costs	(28.1)	(29.9)
RESEARCH AND DEVELOPMENT EXPENDITURE FOR THE YEAR	**(207.6)**	**(200.6)**

In 2012, R&D operations had 2,100 employees in around 16 countries, up from 2,070 in 2011.

6.4.5 - Other operating income and expense

In 2012, other operating income and expense decreased by 5.6% to €66.8 million, compared to €70.8 million in 2011. This reflected in particular:

- the absence of recognition of impairments of goodwill on the balance sheet in 2012, whereas impairments amounting to €15.9 million were recognized in 2011; and
- a lower allocation to provisions.

These factors were partly offset by:

- higher restructuring charges.

6.4.6 - Operating income

Consolidated operating income rose 4.4% to €848.0 million in 2012 compared to €812.3 million in 2011. The increase was primarily due to:

- a 5.1% rise in sales;
- a 5.6% decline in other operating income and expense; and
- consolidation of new acquisitions.

These factors were partly offset by:

- a 6.4% rise in the cost of sales; and
- a 4.1% rise in administrative, selling and research and development expense.

As a percentage of sales, consolidated operating income remained largely unchanged, at 19.0% in 2012 compared to 19.1% in 2011.

6.4.7 - Adjusted operating income

Adjusted operating income is defined as operating income adjusted for amortization of intangible assets revalued as part of the purchase price allocation process, plus any acquisition-related expense and income as well as impairment of goodwill. Adjusted operating income rose 2.1% from €856.7 million in 2011 to €874.4 million in 2012, broken down geographically as follows:

- a 3.2% decline to €252.7 million in France in 2012, compared to €261.1 million in 2011 and representing 23.5% of sales in both 2012 and 2011;

- a decline of 18.7% in Italy, from €216.9 million or 32.8% of sales in 2011 to €176.3 million or 30.6% of sales in 2012;
- an 11.4% rise in the Rest of Europe zone, with Russia, the Netherlands and the United Kingdom the main contributors, setting the figure for 2012 at €111.0 million compared to €99.6 million in 2011, representing 13.7% of sales in 2012 compared to 12.7% in 2011;
- a rise of 16.4% to €122.2 million in the US and Canada in 2012 compared to €105.0 million in 2011, representing 16.3% of sales in 2012 compared to 16.7% in 2011; and
- a rise of 21.9% in the Rest of the World zone, with strong showings in India, China, Malaysia and Colombia, for a total of €212.2 million in 2012 compared to €174.1 million in 2011, representing 16.9% of sales in 2012 compared to 16.3% in 2011.

Adjusted operating margin comes to 19.6% of sales (19.9% excluding acquisitions), illustrating the quality of Legrand's commercial positions, its ability to keep pricing management under control, the effectiveness of its ongoing productivity initiatives, and its capacity to adapt.

6.4.8 - Net financial expense

Net financial expense fell 0.6% to €81.7 million in 2012, compared to €82.2 million in 2011, representing 1.8% of net sales in 2012 compared to 1.9% in 2011. This reflects largely unchanged average debt in 2011 and 2012.

6.4.9 - Exchange gains and losses

Exchange losses came to €11.7 million in 2012, compared to a gain of €10.6 million in 2011. This was essentially attributable to the euro's decline against most other currencies, compared to an overall rise against the same currencies in 2011. These largely non-cash exchange-rate effects are for the most part linked to inter-company positions, and are therefore offset by trends in translation reserves.

6.4.10 - Income tax

In 2012 Legrand's pre-tax income amounted to €754.6 million, up from 2011 when it was €740.7 million. This was attributable to higher operating income and lower net financial expense, partially offset by the impact of foreign exchange.

Consolidated income tax amounted to €247.6 million in 2012, compared to €261.4 million in 2011. The reduced charge for 2012 is essentially attributable to a decline in the Group's effective tax rate.

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6.4.11 -Net income

Consolidated net income increased by 5.8% to €507.0 million in 2012, compared to €479.3 million in 2011, mainly resulting from:

- a €35.7 million rise in operating income;
- a €0.5 million decrease in net financial expense; and
- a €13.8 million decrease in income tax.

These factors were partly offset by:

- exchange gain and loss variation for an amount of €22.3 million.

6.5 - CASH FLOWS AND BORROWING

For information concerning the share capital of the Company, investors should refer to note 12 to the consolidated financial statements referred to in chapter 9 of this Registration Document.

6.5.1 - Cash flows

The table below summarizes cash flows of the Company for the years ended December 31, 2012 and 2011:

	Legrand Year ended December 31	
(in millions of euros)	**2012**	**2011**
Net cash from operating activities	739.2	646.2
Net cash from investing activities*	(308.4)	(465.3)
Net cash from financing activities	(418.1)	76.2
Increase (reduction) in cash and cash equivalents	6.0	256.0

* *Of which capital expenditure and capitalized development costs* *(120.6)* *(137.0)*

For a full description of cash flows, investors should refer to the consolidated statement of cash flows provided in the consolidated financial statements of the Company.

6.5.1.1 - NET CASH FROM OPERATING ACTIVITIES

Net cash provided by operating activities totaled €739.2 million at December 31, 2012, compared to €646.2 million at December 31, 2011. This €93.0 million increase was attributable to an €81.9 million drop in working capital requirement and an €11.1 million rise in cash flow from operations (defined as net cash from operating activities, plus or minus variations in other operating assets and liabilities). The rise in cash flow from operations was related to the increase in operating income in 2012.

6.5.1.2 - NET CASH FROM INVESTING ACTIVITIES

Net cash used in investing activities for the year ended December 31, 2012 amounted to €308.4 million, compared to €465.3 million for the year ended December 31, 2011. This decrease was due to the lower amount invested in acquisitions plus a reduction

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in capital expenditure and capitalized development costs, while proceeds from sales of fixed assets decreased slightly.

Total acquisitions of subsidiaries (net of cash acquired), purchase of minority shareholdings and investments in non-consolidated entities amounted to €196.0 million in 2012.

Capital expenditure and capitalized development costs amounted to €120.6 million for the year ended December 31, 2012 (of which €28.1 million related to capitalized development costs), representing a decrease of 12.0% from €137.0 million recorded for the year ended December 31, 2011 (of which €29.9 million related to capitalized development costs). New products accounted for over 50% of 2012 investments.

6.5.1.3 - NET CASH FROM FINANCING ACTIVITIES

Net cash used by financing activities amounted to €418.1 million in 2012, compared to €76.2 million provided by financing activities in 2011. This trend is primarily due to increased reimbursements of borrowings and bank overdrafts.

6.5.2 - Debt

The Group's gross debt (defined as the sum of long-term and short-term borrowings, including commercial paper and bank overdrafts) amounted to €1,576.8 million at December 31, 2012, compared to €1,757.1 million at December 31, 2011. Cash and marketable securities amounted to €494.3 million at December 31, 2012, compared to €488.3 million at December 31, 2011. Total net debt (defined as gross debt, less cash and marketable securities) amounted to €1,082.5 million at December 31, 2012 compared to €1,268.8 million at December 31, 2011.

The ratio of net debt to shareholders' equity was 34% at December 31, 2012, compared to 43% at December 31, 2011.

At December 31, 2012, the Group's gross debt consisted of the following:

- €1,104.3 million in bonds issued in February 2010, March 2011 and April 2012;
- €296.1 million in Yankee Bonds;
- €176.4 million in other debt, consisting mainly of bank borrowings, overdrafts and debt related to acquisitions.

The repayment schedule for the non-current portion of these borrowing appears in note 15 to the consolidated financial statements referred to in chapter 9 of this Registration Document.

Cash and cash equivalents (€494.3 million at December 31, 2012 and €488.3 million at December 31, 2011) consist primarily of very short-term bank deposits placed with leading financial institutions.

A description of credit facility contracts is presented in note 15 and in note 23.2.5 to the consolidated financial statements referred to in chapter 9 of this Registration Document.

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6.6 - CAPITAL EXPENDITURE

In 2012, capital expenditure and capitalized development expenses as a percentage of consolidated net sales amounted to 2.7% (compared with 3.2% in 2011). This decrease in capital expenditure compared to historical levels is mainly the result of continuing initiatives to optimize productivity and capital employed, including a systematic application of a "make or buy" approach; the transfer of certain production activities to low-cost, less capital-intensive countries (especially products designed for sale in these countries); internationalization of purchasing; optimization of manufacturing facilities; and outsourcing of production. The effects of these measures were partly offset by the capitalization of some development costs pursuant to IAS 38. In 2012, capital expenditure amounted to €120.6 million compared with €137.0 million in 2011.

6.7 - OFF BALANCE SHEET COMMITMENTS

The Group does not have any off balance sheet arrangements that have or can be considered reasonably likely to have a current or future impact on its finances, changes in its finances, revenues, expenses, results, operating income, cash, capital expenditure or capital reserves, and that would be material to investors. (See note 22 to the consolidated financial statements referred to in chapter 9 of this Registration Document). There is no significant off balance sheet commitment given linked to acquisitions.

6.8 - CONTRACTUAL OBLIGATIONS

The following table summarizes the Company's contractual obligations, commercial commitments and principal maturity dates on a consolidated basis as of December 31, 2012.

At December 31, 2012	Payments due by period				
(in millions of euros)	Total	< 1 year	1-3 years	4-5 years	> 5 years
Borrowings	1,560.9	78.1	25.2	361.5	1,096.1
Capital lease obligations	15.9	2.0	2.5	2.5	8.9
TOTAL CONTRACTUAL OBLIGATIONS	**1,576.8**	**80.1**	**27.7**	**364.0**	**1,105.0**

6.9 - VARIATIONS IN EXCHANGE RATES

A significant number of the Group's foreign subsidiaries operate in countries outside the euro zone. In 2012, approximately 55% of the Group's net sales were denominated in currencies other than the euro. As a consequence, the Group's consolidated operating income has been and could in the future be significantly affected by variations in exchange rates between the euro and such other currencies.

In order to prepare the consolidated financial statements, the Group must convert assets, liabilities, income and expenses that are recognized in other currencies into euros. Variations in foreign currency exchange rates affect such items in the Group's consolidated financial statements, even if the value of the item remains unchanged in its original currency. To the extent that the Group incurs expenses that are not denominated in the same currency as the related revenues, changes in foreign exchange rates could cause the Group's expenses to increase as a percentage of net sales, affecting its profitability and cash flows.

The Group uses end-of-period exchange rates for the translation of balance sheet data and period average exchange rates for the translation of income statement and cash flow data. In translating financial statements of subsidiaries operating in inflationary economies, non-monetary assets are recorded at historical rates of exchange, and gains or losses arising from the translation of the financial statements of such subsidiaries are included in the consolidated income statement under "Exchange gains (losses)".

The following table shows, for the periods and dates indicated, noon buying rate information for euro/U.S. dollar exchange rates from 2008 through 2012, expressed in euros per U.S. dollar. This exchange rate information is provided as an indication only and does not represent the exchange rates used by Legrand in the preparation of its consolidated financial statements:

(euro per U.S. dollar)	Period-end rate	Average rate(1)	High	Low
2008	0.71	0.68	0.76	0.63
2009	0.69	0.72	0.80	0.66
2010	0.75	0.76	0.84	0.69
2011	0.77	0.72	0.77	0.67
2012	0.76	0.78	0.83	0.74

(1) The average exchange rate for the euro is calculated as the average of the month-end figures for the relevant year-long period or the average of the noon buying rates on each business day for the relevant month-long period.

Readers are referred to note 23.2.2 appended to the consolidated financial statements mentioned in chapter 9 of the present Registration Document for a description of management of exchange risk.

6.10 - QUANTITATIVE AND QUALITATIVE DISCLOSURES RELATING TO FINANCIAL RISKS

Legrand's exposure to financial risk mainly concerns the following areas:

- interest rate risk;
- currency risk;
- commodity risk;
- credit risk;
- liquidity risk.

The Group's cash management strategy is based on overall financial risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving financial instruments are conducted with the sole purpose of managing interest-rate, exchange-rate and commodity price risks, and as such are limited in duration and amount.

This strategy is centralized at Group level. Deployment is coordinated by the Financing and Treasury Department, which recommends appropriate measures and implements these after they have been validated by the Corporate Finance Department and the Group's senior management. A detailed reporting system has been set up to permit permanent tracking of the Group's positions and effective oversight of the management of financial risks.

A detailed description of risks and Legrand's risk management appears in note 23 to the consolidated financial statements referred to in chapter 9 of this Registration Document.

6.11 - SUMMARY OF CRITICAL ACCOUNTING POLICIES

The accounting policies described below are those the Company considers critical in preparing its consolidated financial statements:

- intangible assets;
- fair value of financial instruments;
- financial and commodity-market derivatives;
- accounting for stock option plans;
- employee benefits;
- deferred taxes; and
- use of estimates.

These policies include significant estimates made by management using information available at the time the estimates are made. A more detailed description of the significant accounting policies used by the Company in preparing its consolidated financial statements is included in note 2 to the consolidated financial statements referred to in chapter 9 of this Registration Document.

6.12 - NEW IFRS PRONOUNCEMENTS

In 2012, standards and interpretations published by the IASB but not compulsory at December 31, 2012 were as follows:

- Amendments to IAS 19 – Employee Benefits;
- IFRS 9 – Financial Instruments;
- Amendments to IAS 12 – Income Taxes;
- IFRS 10 – Consolidated Financial Statements;
- IFRS 11 – Joint Arrangements;
- IFRS 12 – Disclosure of Interests in Other Entities;
- IAS 27 – Separate Financial Statements;
- IAS 28 – Investments in Associates;
- IFRS 13 – Fair Value Measurement;
- Amendments to IAS 32 – Financial Instruments: Presentation; and
- Amendments to IFRS 7 - Financial Instruments: Disclosures.

Summaries of these publications and their possible consequences as regards the financial information provided by the Group are presented in note 2 to the consolidated financial statements referred to in chapter 9 of this Registration Document.

6.13 - TRENDS AND PROSPECTS

Macro-economic forecasts for 2013 remain varied: possible acceleration in the pace of growth in new economies in the course of the year, continued recovery in residential construction in the United States, and continuing uncertainty for trends in other mature economies. Against this backdrop and in an industry with no order book, Legrand has set its 2013 targets for organic[(1)] growth in sales at between -2% and +2% and for adjusted operating margin before acquisitions at between 19% and 20% of sales.

Moreover Legrand will pursue its value-creating acquisition policy.

Medium-term targets confirmed

In recent years, Legrand has demonstrated the soundness of it business model. In a stabilized macroeconomic environment, the Group is confident in its capacity to create value on a sustainable basis through profitable, self-financed growth and confirms its medium-term targets[(2)].

(1) Organic: at constant scope of consolidation and exchange rates.

(2) Total annual average growth in sales of 10% excluding exchange-rate effects or major economic downturn, and average adjusted operating margin of 20% including small and medium-size bolt-on acquisitions.

6.14 - TABLE OF CONSOLIDATED FINANCIAL RESULTS OVER THE LAST FIVE YEARS

(in millions of euros except number of shares, earnings per share and number of employees)	2008	2009	2010	2011	2012
End of period share capital					
Share capital	1,051.3	1,052.4	1,052.6	1,053.6	1,057.5
Number of shares	262,815,128	263,096,679	263,161,346	263,388,995	264,374,875
Earnings					
Net sales	4,202.4	3,577.5	3,890.5	4,250.1	4,466.7
Earnings before tax, depreciation and amortization	712.0	643.5	838.1	938.5	920.9
Income tax	(143.4)	(131.3)	(227.1)	(261.4)	(247.6)
Net income	351.5	291.3	419.5	479.3	507.0
Dividends paid	180.0	182.8	183.7	231.4	245.0
Earnings per share (1)					
Earnings before tax, depreciation and amortization	2.777	2.474	3.196	3.573	3.496
Profit attributable to equity holders of Legrand	1.365	1.114	1.595	1.822	1.920
Dividend per share	0.70	0.70	0.70	0.88	0.93
Personnel					
End of period number of employees	31,596	28,314	29,422	31,066	33,079
Personnel costs	1,082.0	965.7	1,018.9	1,092.8	1,155.8

(1) Earnings per share are calculated on the basis of the average number of ordinary shares outstanding during the year, i.e., 256,389,092 shares in 2008; 260,132,463 in 2009; 262,274,181 in 2010; 262,628,527 in 2011; and 263,401,182 in 2012.

07

CORPORATE GOVERNANCE

7.1 - ADMINISTRATION AND MANAGEMENT OF THE COMPANY

7.1.1 - Board of Directors

The Company is managed by a Board of Directors currently made up of twelve members, appointed for four-year terms.

The Company has three specialized Committees which facilitate the work of the Board and prepare its deliberations: the Audit Committee, the Nominating and Compensation Committee and the Strategic Committee. Information about the work of the Board of Directors and its specialized Committees during 2012 financial year can be found in paragraph 7.4.2 of this chapter.

Following the disposals of Legrand shares carried out in March 2012, KKR(1) no longer holds a stake in the Company's share capital. As a result, Mr. Mattia Caprioli, the Director representing KKR, stepped down as a Director on July 26, 2012. Replacing Mr. Mattia Caprioli, Mr. Dongsheng Li, who meets the independence criteria set out in the Company's internal rules, was appointed as a Director at the Board of Directors' meeting held on July 26, 2012. The appointment of Mr. Dongsheng Li by the Board of Directors will be subject to ratification at the General Meeting of Shareholders on May 24, 2013.

On March 6, 2013, the Board of Directors decided to propose to the General Meeting of Shareholders to be held on May 24, 2013 the appointment of Ms. Annalisa Loustau Elia, who meets the independence criteria set out in the Company's internal rules, as a Director of the Company.

The composition of the Company's Board of Directors at December 31, 2012 is referred to in paragraph 7.4.1 of this chapter, as is the composition of the committees of the Board of Directors at the same date.

The following table shows a summary of the information pertaining to the Company's directors, together with their terms of office and other positions held currently or in the last five years:

Director	Positions currently held in French and foreign companies	Positions in French and foreign companies held in the past five years and that are no longer held
Gilles Schnepp Age 54 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges Gilles Schnepp has been a Director of the Company since 2002 and has been Chairman of the Board of Directors and Chief Executive Officer since 2006. He is also Chairman of the Board of Directors and Chief Executive Officer of Legrand France. After graduating from the *École des Hautes Études Commerciales* (HEC), he started his career at Merrill Lynch France where he became Vice President. He then joined Legrand in 1989 as Deputy Chief Financial Officer. He became Company Secretary of Legrand France in 1993, CFO in 1996 and Chief Operating Officer in 2000. Mr. Schnepp holds 2,004,224 Legrand shares.	**Legrand Group** ■ Chairman and CEO of Legrand* (since 2006) ■ Mandates in various Group subsidiaries(1) (see page 279) **Outside the Legrand Group** ■ Director of Saint-Gobain*	**Legrand Group** ■ Mandates in various subsidiaries **Outside the Legrand Group** None

* *Listed company.*

(1) *No compensation in the form of attendance fees or other is paid or due for mandates held in Group subsidiaries.*

(1) *References to "KKR" relate to all companies owned and controlled by investment funds managed by Kohlberg Kravis Roberts & Co., L.P.*

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Director	Positions currently held in French and foreign companies	Positions in French and foreign companies held in the past five years and that are no longer held
Olivier Bazil Age 66 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges After completing his studies at the *École des Hautes Études Commerciales* (HEC) and Harvard Business School, he joined the Company in 1973 as Deputy to the Company Secretary, responsible for financial information and development of the Group's growth strategy. He became Chief Financial Officer of Legrand France in 1979, Deputy Chief Operating Officer in 1993 and was Vice-Chairman and Chief Operating Officer until the end of the General Meeting of the Shareholders of May 26, 2011. Mr. Bazil holds 1,986,934 Legrand shares.	**Legrand Group** ■ Director of Legrand* (since 2002) **Outside the Legrand Group** ■ Member of the Supervisory Board of Vallourec* ■ Director of Firmenich International SA ■ Member of the Supervisory Board of la Société Civile du Château Palmer ■ Chairman of Fritz SAS	**Legrand Group** ■ Vice-Chairman and Chief Operating Officer of Legrand* ■ Mandates in various subsidiaries **Outside the Legrand Group** None
Christel Bories Age 48 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges A graduate of HEC, Ms. Christel Bories began her career in 1986 as a strategy consultant with Booz-Allen & Hamilton before moving to Corporate Value Associates. She subsequently held several executive positions with Umicore, then Groupe Pechiney. Following Pechiney's integration into the Alcan Group, Ms. Christel Bories was appointed Chairman and CEO of Alcan Packaging, then Chairman and CEO of Alcan Engineered Products and finally CEO of Constellium, which she left in December 2011. Ms Christel Bories is currently a Director of Natixis and Smurfit Kappa. Ms Christel Bories was appointed Deputy Chief Executive Officer of Ipsen on February 27, 2013. Ms. Bories holds 750 Legrand shares.	**Legrand Group** ■ Director of Legrand* (since 2012) **Outside the Legrand Group** ■ Deputy Chief Executive Officer of Ipsen* (since 2013) ■ Director of Smurfit Kappa* (since 2012) ■ Director of Natixis* (since 2011) ■ Vice-President of *La Fabrique de l'Industrie* ■ Director of *Cercle de l'Industrie*	**Legrand Group** None **Outside the Legrand Group** ■ Chairman and CEO of Alcan Engineered Products (until December 2010) ■ CEO of Constellium (until November 2011) ■ Director of ATLAS CopCo AB*, Sweden (2008-2011) ■ Chairman of the European Aluminum Association (EAA) (2007-2010)
Jacques Garaïalde Age 56 Stirling Square 7 Carlton Gardens London SW1Y 5AD United Kingdom Jacques Garaïalde has been a member of senior management at KKR since 2003. Effective January 1, 2004, Jacques Garaïalde became a partner of KKR's management company. Before joining KKR, Mr. Garaïalde was a partner of Carlyle, in charge of the Europe Venture Partners fund. From 1982 to 2000, he worked at the Boston Consulting Group where he was the Managing Partner responsible for first Belgium (1992-1995), then France and Belgium (1995-2000). Between 1979 and 1981, he held various positions at Esso France. Jacques Garaïalde is also a Director of Legrand, PagesJaunes Groupe, Tarkett SA, Visma AS and Sorgenia SpA. Jacques Garaïalde received his MBA from INSEAD (Fontainebleau) and is a graduate of the *École Polytechnique*. Mr. Garaïalde holds 500 Legrand shares.	**Legrand Group** ■ Director of Legrand* (since 2003) **Outside the Legrand Group** ■ Managing Director of Kohlberg Kravis Roberts & Co. Ltd ■ Director of PagesJaunes Groupe* (since 2006) ■ Member of the Executive Committee of Société d'Investissement Familiale (SIF) (since 2007) ■ Director of Tarkett SA (since 2007) ■ Director of Visma AS (since 2010) ■ Director of Sorgenia SpA (since 2011)	**Legrand Group** None **Outside the Legrand Group** ■ Chairman of the Board of Directors of PagesJaunes Group* ■ CEO of Médiannuaire Holding ■ Director of Nexans* ■ Director of EVCA - European Private Equity & Venture Capital Association

* *Listed company.*

Director	Positions currently held in French and foreign companies	Positions in French and foreign companies held in the past five years and that are no longer held
Angeles Garcia-Poveda Age 42 83, avenue Marceau 75016 Paris Ms. Angeles Garcia-Poveda is the Managing Director of Spencer Stuart in France and a member of the European leadership team. She recruits and assesses managers and directors in the fields of Consumer Goods, Private Equity and Professional Services. Before joining Spencer Stuart in 2008, she spent 14 years with The Boston Consulting Group (BCG). She worked as a consultant at BCG in Madrid and Paris from 1993 to 1997 before taking different recruiting roles at local and international level. As BCG global recruiting manager, she has worked on cross-border recruiting projects. Ms. Angeles Garcia-Poveda holds a master's degree from ICADE in Madrid. She also attended the Business Case Study Program at Harvard University. Ms. Garcia-Poveda holds 900 Legrand shares.	**Legrand Group** ■ Director of Legrand* (since 2012) **Outside the Legrand Group** ■ Managing Director of Spencer Stuart in France	**Legrand Group** None **Outside the Legrand Group** None
François Grappotte Age 76 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges Having studied at the *École Nationale d'Administration* (ENA), Mr. Grappotte began his career at the Ministry of Industry and Treasury Department of the Ministry of the Economy and Finance. In 1970, he joined Banque Rothschild, serving successively as Assistant Director, Deputy Director and Director. In 1973, he joined Compagnie Électro Mécanique as Company Secretary, before being appointed Chief Executive Officer and then Vice-Chairman and Chief Executive Officer. Mr. Grappotte joined Legrand in 1983 as Chief Executive Officer and became Chairman and Chief Executive Officer in 1988. Mr. Grappotte is also member of the Supervisory Board of Établissements Michelin (France). Mr. Grappotte holds 1,616,000 Legrand shares.	**Legrand Group** ■ Director and Honorary Chairman of the Legrand* Board of Directors (since 2002) **Outside the Legrand Group** ■ Member of the Supervisory Board of Michelin*	**Legrand Group** ■ Director and Honorary Chairman of the Legrand France Board of Directors (Chairman of the Board and CEO until early 2006) **Outside the Legrand Group** ■ Member of the Advisory Council of Banque de France ■ Director of BNP Paribas*

* *Listed company.*

Director	Positions currently held in French and foreign companies	Positions in French and foreign companies held in the past five years and that are no longer held
Gérard Lamarche Age 51 51 Avenue Marnix 24 B – 1000 Bruxelles Belgium Gérard Lamarche holds a degree in Economics from the University of Louvain-La-Neuve and of the Management Institute of the INSEAD (Advanced Management Program for Suez Group Executives). He also took part in Wharton International Forum training in 1998-1999 (Global Leadership Series). He began his professional career in 1983 at Deloitte Haskins & Sells in Belgium and then became a Mergers and Acquisitions consultant in the Netherlands in 1987. In 1988, Gérard Lamarche joined Société Générale in Belgium as investment manager, controller from 1989 to 1991 and strategic operations advisor from 1992 to 1995. He joined Compagnie Financière de Suez as *Chargé de mission* with the Chairman and Secretary of the Executive Committee (1995-1997), then took part in the merger between Compagnie de Suez and Lyonnaise des Eaux, which became Suez Lyonnaise des Eaux (1997), before being appointed Deputy Manager in charge of Planning, Control and Accounting. In 2000, Gérard Lamarche's career took an industrial turn, and he joined NALCO (US subsidiary of the Suez Group – a world leader in industrial water processing) as Director and Managing Director. In March 2004, he was appointed Senior Executive Vice President in charge of Finance of the Suez Group, becoming Executive Vice President, CFO of GDF SUEZ and Member of the Management Committee and the Executive Committee of the GDF SUEZ Group in July 2008. On April 12, 2011, Gérard Lamarche was appointed to the Board of Directors of the Bruxelles Lambert Group (GBL). He has been Managing Director since January 2012. Gérard Lamarche was co-opted as a Director of Total S.A. in January 2012, for a term of one year. He is also a member of Total's Audit Committee and Strategic Committee. In April 2012, he was appointed as an Observer of GDF Suez and, in May 2012, as a Director of Lafarge for a term of four years. Mr. Lamarche holds 4,000 Legrand shares.	**Legrand Group** ■ Director of Legrand* (since 2006) **Outside the Legrand Group** ■ Director of the Bruxelles Lambert Group* (Belgium) (since 2011) ■ Managing Director of the Bruxelles Lambert Group* (Belgium) (since 2012) ■ Director of Total* (since 2012) ■ Director of Lafarge* (since 2012) ■ Observer of GDF Suez* (since 2012)	**Legrand Group** None **Outside the Legrand Group** ■ Director of Electrabel ■ Director of Suez Environnement Company ■ Director of International Power Plc ■ Director of Europalia ■ Director of GDF Suez Belgium ■ Director of Aguas de Barcelona ■ Director of GDF Suez E.S. ■ Director of Suez-Tractebel ■ Director of Fortis Banque ■ Director of Leo Holding Company ■ Director of Suez Environnement North America ■ Director and Chairman of Genfina ■ Director and Chairman of Gdf Suez Cc ■ Director of Distrigaz ■ Director of Suez Environnement

* *Listed company.*

Director	Positions currently held in French and foreign companies	Positions in French and foreign companies held in the past five years and that are no longer held
Thierry de La Tour d'Artaise Age 58 Chemin du Petit-Bois – BP 172 69134 Ecully Cedex A graduate of the ESCP business school and a chartered accountant, Thierry de La Tour d'Artaise began his career in the United States in 1976 as a Financial Controller at Allendale Insurance. After two years in Boston, he joined the audit firm Coopers & Lybrand in Paris. He then joined the Chargeurs Group in 1983, firstly as Head of Internal Audit, then as Chief Administrative and Financial Officer (1984-85) and finally as Chief Executive Officer of Croisières Paquet (1986-93). He became Chief Executive Officer of the SEB Group in 1994, before being appointed as Chairman and Chief Executive Officer of Calor SA. In 1998, he was named Chairman of the Group's "Home Appliances" division. In 1999, he was appointed Vice-Chairman and CEO of the Group, becoming Chairman and CEO in 2000. Mr. de La Tour d'Artaise holds 1,250 Legrand shares.	**Legrand Group** ■ Director of Legrand* (since 2006) **Outside the Legrand Group** ■ Chairman of the Board of Directors and CEO of SEB SA* ■ Chairman of SEB Internationale (SAS) ■ Director of Club Méditerranée* ■ Permanent representative of Sofinaction, Director of La Lyonnaise de Banque ■ Director of Zhejiang SUPOR (China)	**Legrand Group** None **Outside the Legrand Group** ■ Director of Plastic Omnium* ■ Director of Group SEB Japan ■ Director of Group SEB Mexicana ■ Director of Siparex Associés ■ Member of the Supervisory Board of Rowenta Invest BV
Frédéric Lemoine Age 47 89, rue Taitbout 75009 Paris Frédéric Lemoine holds a degree from HEC (1986) and the *Institut d'Études Politiques de Paris* (1987). A former student of the *École Nationale d'Administration* ("Victor Hugo" promotion), he is a tax inspector. In 1992-1993, he was head of the Ho Chi Minh City Heart Institute in Vietnam and was Company Secretary of the Alain Carpentier Foundation which supports this hospital from 2004 to May 2011. From 1995 to 1997, he was Deputy Chief of the cabinet of the Labor and Social Affairs Minister (Jacques Barrot), responsible for coordinating social security and hospital reform; he was also responsible for the mission to the Secretary of State for Health and Social Security (Hervé Gaymard). From 1997 to 2002, he worked with Serge Kampf and Management Board at Capgemini, first as an executive officer and then as Chief Financial Officer of the Group, before being appointed Group Vice President in charge of finance for Capgemini Ernst & Young. From May 2002 to June 2004, he was Deputy General Secretary to the office of the President of France, Jacques Chirac, with particular responsibility for economic and financial affairs. From October 2004 to May 2008, he was Senior Advisor at McKinsey and from March 2005 to April 2009, he chaired the Areva Supervisory Board. Since April 2009, he has been Chairman of the Management Board of Wendel. Mr. Lemoine holds 776 Legrand shares.	**Legrand Group** ■ Director of Legrand* (since 2009) **Outside the Legrand Group** ■ Chairman of the Management Board of Wendel* (since April 2009) ■ Director of Saint-Gobain* (since 2009) ■ Director of Bureau Véritas* (since 2009)	**Legrand Group** None **Outside the Legrand Group** ■ Member of the Supervisory Board of Wendel* ■ Chairman of the Supervisory Board of Areva* ■ Observer on the Supervisory Board of Générale de Santé* ■ Director of Flamel Technologies ■ Director of Groupama SA

* *Listed company.*

Director	Positions currently held in French and foreign companies	Positions in French and foreign companies held in the past five years and that are no longer held
Dongsheng Li Age 56 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges 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. Li is graduated from South China University of Technology with a Bachelor degree in radio technology. Mr. Li holds 1,000 Legrand shares.	**Legrand Group** ■ Director of Legrand* (since 2012) **Outside the Legrand Group** ■ Chairman and CEO of TCL Corporation ■ Chairman of TCL Multimedia Technology Holdings Ltd* ■ Chairman of TCL Communication Technology Holdings Limited* ■ Independent Director of Tencent*	**Legrand Group** None **Outside the Legrand Group** None

* *Listed company.*

Director	Positions currently held in French and foreign companies	Positions in French and foreign companies held in the past five years and that are no longer held
Éliane Rouyer-Chevalier Age 60 128, avenue de Lattre de Tassigny 87000 Limoges Eliane Rouyer-Chevalier holds a Masters in Economics from Université Paris II Assas. She joined the Accor group in 1983 as Manager of international finance and currency cash pooling, before becoming Investor Relations and Financial Communications Director in 1992. From 2010 to 2012, she served as a member of the Executive Committee at Edenred, a company born from the splitting of the Accor group, as Director of Internal and External Communications, Press Relations, Finance and the Corporate Social Responsibility policy. She chairs the French Association of Investor Relations (CLIFF) since 2004 and the Financial Communications Observatory since 2005. Ms. Rouyer-Chevalier holds 500 Legrand shares.	**Legrand Group** ■ Director of Legrand* (since 2011) **Outside the Legrand Group** None	**Legrand Group** None **Outside the Legrand Group** ■ Member of the Executive Committee of Edenred*
Patrick Tanguy Age 52 89, rue Taitbout 75009 Paris After graduating from the HEC business school in 1983, Patrick Tanguy joined Bain in 1984, becoming a partner in 1990. In 1991, he joined Strafor-Facom, where he was successively Sales and Marketing Director for Steelcase Strafor, then Executive Vice President at Airborne. In 1993, he was appointed Executive Vice President of DAFSA, and became Chairman in 1996. After a year as chair of the Courrier-Express division of the Hays group in France, he became Chairman of the Technal group in Toulouse from 1999 to 2004. Before joining Wendel in 2007, he was Chairman of Monné-Decroix in Toulouse and then Chairman of Prezioso-Technilor in Lyon. Since September 2007, he has been Managing Director of Wendel and a member of its Investment Committee and Management Committee. Mr. Tanguy holds 850 Legrand shares.	**Legrand Group** ■ Director of Legrand* (since 2010) **Outside the Legrand Group** ■ Managing Director of Wendel*, Member of the Investment Committee and the Management Committee ■ Chairman of Coba (SAS) ■ Director of Trief Corporation ■ Director of Wendel Japan KK ■ Manager of Winvest Conseil Sàrl ■ Director of Oranje-Nassau Parcours ■ Director and Member of the Audit Committee of DSP Group* (USA)	**Legrand Group** None **Outside the Legrand Group** ■ Chairman of the Management Board of Prézioso-Technilor ■ Chairman of Compagnie de Butterfly (SAS) ■ Member of the Executive Committee of Deutsch Group SAS

* *Listed company.*

On the date this Registration Document was filed and as far as the Company is aware, none of the Company Directors:

- have family links with other Company Directors;
- have been convicted of fraud within the last five years;
- have been associated with any bankruptcy, receivership or liquidation within the last five years;
- have been convicted of any offense and/or received a official public penalty issued by the statutory or regulatory authorities (including professional bodies); and
- have been prohibited by a court from sitting on an administrative, management or supervisory body of an issuer or from taking part in the management or conducting of the affairs of an issuer over the last five years.

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7.1.2 - General Management of the Company

Mr. Gilles Schnepp is responsible for the general management of the Company. He is also Chairman of the Board of Directors. He was appointed on March 17, 2006.

Readers are invited to refer to paragraph 7.1.1 of this Registration Document for information about Mr. Gilles Schnepp.

7.1.3 - Service agreements

As of the date of this Registration Document and as far as the Company is aware, there is no services contract in force entered into between members of administration or management bodies and the Company or any of its subsidiaries which stipulates the awarding of benefits.

7.2 - REMUNERATION AND BENEFITS OF DIRECTORS

7.2.1 - Compensation and benefits accruing to the Company's Executive Director

The summary tables of all of the components of due and paid remuneration for the 2012 and 2011 financial years to Mr. Gilles Schnepp, Chairman and Chief Executive Officer, are presented below.

Information about the application of the Afep-Medef Code of Corporate Governance, and in particular, the recommendations of October 2008 on executive directors' compensation are outlined in paragraph 7.4 of this Registration Document.

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7.2.1.1 COMPENSATION AND BENEFITS ACCRUING TO THE EXECUTIVE DIRECTOR

Table 1 – Summary of compensation, stock options and shares allocated to the Executive Director

		2011	2012[1]
Compensation **due in respect of** the financial year (detailed in Table 2 below)			
	(in euros)	1,473,371	1,473,435
Performance shares allocated **in the course** of the financial year (detailed in Table 6 below)[3]			
	Number of shares	65,737	30,710
	Value *(in euros)*	1,870,875	758,230[2]
Options allocated **in the course** of the financial year (detailed in Table 4 below)[3]			
	Number of options	-	-
	Value *(in euros)*	-	-

(1) Mr. Gilles Schnepp decided, on his own initiative, to give up a portion of his bonus due in respect of 2012 financial year (which would amount to €961,189, based on the criteria assessment made by the Nominating and Compensation Committee) and to freeze it at the amount paid to him with respect to 2011 financial year, i.e., €844,161 (see section "Variable compensation paid to the Executive Director" below).

(2) Pursuant to IFRS 2, performance shares were valued by an independent expert.

(3) Readers are invited to refer to sections 8.2 and 8.3 of this Registration Document concerning stock option and performance share plans in place in the Company.

Table 2 – Breakdown of compensation for the Executive Director

	2011		2012	
(in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Gilles Schnepp, Chairman and Chief Executive Officer				
Fixed compensation	625,000	625,000	625,000	625,000
Bonus[1]	844,161	825,000	844,161	844,161
Exceptional bonus	-	-	-	-
Attendance fees[2]	-	20,000	-	-
Benefits in kind[3]	4,210	4,210	4,274	4,274
TOTAL	**1,473,371**	**1,474, 210**	**1,473,435**	**1,473,435**

(1) The amount of Mr. Gilles Schnepp's bonus due in respect of 2012 financial year and the amount of the bonus paid to him in 2012 with respect to 2011 financial year are equal since Mr. Gilles Schnepp decided, on his own initiative, to give up a portion of his bonus due in respect of 2012 financial year (which would amount to €961,189, based on the criteria assessment made by the Nominating and Compensation Committee) and to freeze it at the amount paid to him with respect to 2011 financial year, i.e., €844,161 (see section "Variable compensation paid to the Executive Director" below).

(2) Attendance fees paid by the Company in 2011 for 2010 financial year. The Chairman and Chief Executive Officer waived his right to receive attendance fees as of 2011 financial year in respect of his duties. In addition, no compensation (attendance fees or other) was paid or is due for mandates held by the Chairman and CEO in certain Group subsidiaries.

(3) Amount for the provision of a company car and cell phone.

Fixed compensation paid to the Executive Director

For 2012 financial year, the fixed compensation paid to Gilles Schnepp was €625,000, unchanged from 2011 financial year. During its meeting of March 3, 2011, the Board of Directors decided to retain the amount of fixed compensation unchanged for a period of three financial years, in the absence of any new proposals from the Nominating and Compensation Committee, in accordance with the Afep-Medef Code of Corporate Governance.

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Variable compensation paid to the Executive Director

Variable compensation paid to Gilles Schnepp for 2012 financial year was determined:

(i) for a portion, according to a predefined quantitative criterion linked to the Company's financial performance as measured by "economic income" (*i.e.* adjusted operating income, less the cost of capital employed). This quantitative part, whose target value was set at 50% of fixed compensation, could vary between 0% and 100% of this fixed compensation, according to the economic income achieved for 2012 financial year, and

(ii) for the other portion, based on the following qualitative criteria: (i) 20% linked to sales, innovation and increased market share, (ii) 15% linked to external growth policy, and (iii) 15% linked to general criteria such as risk management, sustainable development and labor relations concerns. This qualitative part, whose target value was set at 50% of the fixed compensation, could vary between 0% and 100% of this fixed compensation.

For 2012 financial year, the quantitative and qualitative targets were met at 77%. Therefore, the variable compensation for Gilles Schnepp for 2012 financial year should amount to €961,189. However, Mr. Gilles Schnepp suggested that his variable compensation be freeze at a maximum of the amount paid to him with respect to 2011 financial year. Therefore, the total variable compensation paid to him in respect of 2012 financial year, as determined by the Board of Directors on the proposal of the Nominating and Compensation Committee, was €844,161.

7.2.1.2 LONG TERM INCENTIVE

In 2012, no options to purchase or subscribe to shares were allocated.

For allocations of performance shares made in 2012, a double set of performance conditions applies. The first is applicable at the time of the initial allocation, since certain targets to be met with respect to the economic income of the Company (*i.e.* adjusted operating profit less the cost of capital employed) were set by the Board of Directors at the start of 2011. The second applies on the final vesting date, which could potentially cancel all or part of the initial allocation. According to these conditions, vesting of the full initial allocation is conditional upon an increase in economic income (*i.e.* adjusted operating profit less the cost of capital employed) for a four-year period preceding the vesting of performance shares, thereby demonstrating long-term value creation. Should this criterion not be met, a second criterion is examined to determine whether the Group's performance, as measured by economic margin, was above that of a panel of peers over the same period.

Company plans for the grant of options to purchase or subscribe to shares and the grant of performance shares implemented by the Company are outlined in sections 8.2 ad 8.3 of this Registration Document.

No discount was applied in respect of past plans. The Company has implemented no hedging instruments for options and performance shares. Gilles Schnepp has formally undertaken not to use any hedging instrument for the stock options and/or performance shares awarded to him.

No options to purchase or subscribe to shares or performance shares were allocated in 2013.

During the meeting of the Board of Directors held on March 6, 2013, 37,732 performance units were allocated. The conditions attached to the performance units are outlined in section 7.4.4.1 of this Registration Document. The value of the performance units pursuant to IFRS standards, and in particular IFRS 2, set forth in the consolidated financial statements amounts to €1,210,442.56. The performance units are not immediately due and no payments with respect to them shall take place before March 6, 2018.

Table 4 – Options for the subscription or purchase of shares awarded by the Company and any Group company to the Executive Director during the financial year

The Company or any other Group company did not grant any options for the subscription or purchase of shares to the Executive Director during 2012 financial year.

Table 5 – Options for the subscription or purchase of shares exercised by the Executive Director during the financial year

Executive Director	Date of plan	Number of options exercised during the year	Exercise price
Gilles Schnepp	N/A	None	N/A

Table 6 – Performance shares allocated during the financial year to the Executive Director by the Company and any Group company

Executive Director	Date of plan	Number of shares allocated during the financial year	Value of shares on the basis of methods used for the consolidated financial statements	Vesting date	Exercisable from	Performance conditions
Gilles Schnepp	3/7/2012	30,710	€758,230	3/8/2014	3/9/2016	*

* *Increase in economic income (i.e. adjusted operating profit less the cost of capital employed) for a four-year period preceding the vesting of performance shares, or, if this first criterion is not met, assessment of the Group's performance, as measured by economic margin, in comparison with a panel of peers over the same periods.*

Table 7 – Vested performance shares for the Executive Director

Executive Director	Date of plan	Number of shares vested during the year	Vesting conditions*
Gilles Schnepp	3/4/2010	38,373	N/A

* *The Executive Director is not subject to a vesting condition, inasmuch as he has already substantially invested in the Company's share capital and is already subject to the requirement to hold at least 30% of all shares acquired until the termination of his duties (including stock options and performance shares) (see section 7.4.4.1 of this Registration Document).*

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7.2.1.3 COMPENSATION AND BENEFITS DUE ON TERMINATION OF EXECUTIVE DIRECTOR'S POSITIONS

Table 10

Executive Director	Employment contract(1)		Supplementary pension entitlement(2)		Indemnities or benefits due or which may become due as a result of termination or change of office		Indemnities relating to a non-competition clause(3)	
	Yes	No	Yes	No	Yes	No	Yes	No
Gilles Schnepp								
Chairman and CEO		x	x			x	x	
Commencement: 5/22/2008								
Expiration: 12/31/2013								

(1) In line with the recommendations of the Code of Corporate Governance, the Board of Directors on March 4, 2009, took due note of the decision of Gilles Schnepp to renounce his contract of employment with immediate effect and without consideration.

(2) In 2001, the Legrand Group entered into an agreement with an insurance company for the provision of services relating to pensions, retirement and services of a related nature to the members of the Group Executive Committee benefiting from the French pension system for salaried workers. Please refer to section 7.2.5 below for further details relating to the provisions made in this respect. At December 31, 2012, the Executive Committee has nine members, including the Chairman and Chief Executive Officer.

Additional pension entitlements are calculated to set total pensions, including these additional entitlements and all other amounts received after retirement, at the equivalent of 50% of the average of the two highest amounts of compensation received by the beneficiaries in their last three years with the Group. To benefit from the additional pension, employees must have been with the Group for at least ten years and have reached the legal retirement age. In the event of the beneficiary's death, the Group will pay the surviving spouse 60% of the supplementary pension.

The Executive Director's pension entitlements at retirement could potentially represent roughly 1% of his total compensation (salary and bonus) per year of service with the Group.

The benefit represented by this supplementary pension was taken into account in determining the Executive Director's total compensation.

(3) As Executive Director, Gilles Schnepp is subject to a two-year covenant not to compete that is enforceable at the Group's initiative. In consideration of this, should the Group decide to enforce the covenant, Mr. Schnepp would receive a monthly indemnity equal to 50% of his average monthly compensation, including bonus, for his last 12 months with the Group.

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7.2.2 - Compensation for non-executive directors

The table below presents the amounts paid in attendance fees for 2012 and 2011 for the participation of the Directors in the work done in the previous year. The amount of fees is adjusted according to actual attendance at meetings of the Board of Directors and, in the case of committee members, meetings of Board committees (the rules relating to the determination of the attendance fees are outlined in paragraph 7.4.4.2 of this Registration Document).

Table 3 - Attendance fees and other payments to non-executive directors

Non-executive directors	Gross amounts paid during 2011 *(in euros)*	Gross amounts paid during 2012 *(in euros)*
Olivier Bazil		
Attendance fees	20,000	23,333[1]
Other payments	345,000[2]	-
Mattia Caprioli[3]		
Attendance fees	18,000	23,000
Other payments	-	-
Arnaud Fayet[4]		
Attendance fees	4,167	-
Other payments	-	-
Jacques Garaïalde		
Attendance fees	40,000	52,000
Other payments	-	-
Edward Gilhuly[5]		
Attendance fees	23,000	9,667
Other payments	-	-
François Grappotte		
Attendance fees	20,000	32,000
Other payments	-	-
Gérard Lamarche		
Attendance fees	43,000	53,000
Other payments	-	-
Thierry de La Tour d'Artaise		
Attendance fees	18,000	23,000
Other payments	-	-
Frédéric Lemoine		
Attendance fees	35,000	50,000
Other payments	-	-
Éliane Rouyer-Chevalier[6]		
Attendance fees	-	20,417
Other payments	-	-
Ernest-Antoine Seillière[5]		
Attendance fees	19,000	11,583
Other payments	-	-

Non-executive directors	Gross amounts paid during 2011 *(in euros)*	Gross amounts paid during 2012 *(in euros)*
Patrick Tanguy		
Attendance fees	20,833	41,667
Other payments	-	-
TOTAL	**606,000**	**339,667**

(1) The amount of attendance fees paid to Mr. Olivier Bazil in the course of 2012 financial year was calculated on a pro rata temporis basis, from the date of stepping down of his duties as Vice Chairman and Chief Operating Officer. Indeed, Mr. Olivier Bazil had waived his right to receive attendance fees for his work as Director during his duties as Executive Director. He stepped down as Vice Chairman and Chief Operating Officer following the General Meeting of May 26, 2011.

(2) After Mr. Olivier Bazil had stepped down, a services agreement was entered into between the Company and Mr. Olivier Bazil, as Director and member of the Strategic Committee, so that the latter could continue to monitor the Company's strategic projects, particularly projects for which he was responsible during his mandate, and contribute useful clarifications to the Board of Directors and the Strategic Committee in this respect. This services contract, which was authorized by the Board of Directors on May 26, 2011, came to an end on December 31, 2011.

(3) Resigned on July 26, 2012.

(4) Resigned on February 10, 2010.

(5) Resigned on May 26, 2011.

(6) Appointed by the General Meeting on May 26, 2011.

On March 6, 2013, the Board approved the payment of attendance fees, *i.e.* €388,833, in respect of 2012 financial year.

Executive Director waived his right to receive attendance fees from 2011 during the exercise of his duties as Executive Director.

7.2.3 - Shareholding by Directors

Readers are invited to refer to paragraph 7.1.1 of this Registration Document.

7.2.4 - Other benefits granted to Directors

The Company has not granted any loan, advance or guarantee to any of its directors.

7.2.5 - Provisions and charges recognized on the financial statements of the Company or its subsidiaries in connection with payments of retirement benefits, pensions and other benefits

In addition to the provisions made in accordance with applicable legal provisions, the Company made provisions for a global amount of €17.5 million with respect to the agreement entered into between the Group and an insurance company to provide pension, retirement and other similar arrangements to member of the Executive Committee qualifying for the French pension system for salaried workers and to the related social security obligations.

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7.3 - FUNCTIONING OF THE BOARD AND MANAGEMENT

7.3.1 - Operation of administrative bodies

The Company's Board of Directors has adopted internal rules pursuant to the Articles of Association and which aim to complete and set them, within the framework of current legal, regulatory and statutory provisions, details of the composition, organization and functioning of the Board of Directors and its Committees, as well as the rights and obligations of Directors.

The main rules relating to the composition, organization and functioning of the Company's administration and management bodies determined by the internal rules and the Company's Articles of Association are outlined hereunder.

7.3.1.1 BOARD OF DIRECTORS

7.3.1.1.1 Missions and duties of the Board of Directors

The Board of Directors determines the broad lines of the Company's business activities and ensures their implementation. Subject to the powers expressly allocated to shareholder meetings and within the limitations of the Company purpose, it shall be referred to for any matters concerning the correct functioning of the Company and it shall decide by its deliberations the matters that concern it.

The Board of Directors rules on how the Company is managed.

The Board of Directors is authorized to allow the Chairman to issue special pledges on the issuing of bonds.

The Board of Directors may decide to set up specialized Committees to consider the matters submitted to them by the Board of Directors or its Chairman. It sets the composition and powers of its Committees, without prejudice to the powers of the Board itself; these can never be delegated to the Committees.

The Board's strategy and decisions are made within the context of the Company's sustainable development policy.

In particular, the Board of Directors is responsible for:

- reviewing and approving Company and Group decisions on strategic, economic, labor, financial and technology policies and ensuring that the executive management implements them;
- for the operations listed below, for suggesting them to shareholders when these operations are the responsibility of the General Meeting, or to give prior authorization to the Chief Executive Officer (or Chairman, as applicable) to proceed to their conclusion and implementation when these operations are the responsibility of the executive management:
  - the granting of any power or authorization relating to the issuance or buy-back of shares or equity-based securities,
  - the taking out or termination of borrowings, whether in the form of debt securities or otherwise, or the voluntary early repayment of all loans, advances or borrowings in excess of €100 million,
  - the creation of joint venture(s) or any acquisition of a business in an amount exceeding €100 million and the acquisition of any shareholding or business, or the entering into of any joint venture contract, where such transaction involves an amount in excess of €100 million,
  - the sale or transfer of asset(s) or business(es) in excess of €100 million and the disposal of any shareholding or businesses in excess of €100 million,
  - the annual budget (including industrial investments) and the approval of the Group's three-year business plan established by the Company and its subsidiaries,
  - the appointment, replacement or removal of any or all of the Company's Statutory Auditors,
  - mergers or proposed mergers concerning the Company, or more generally, any transaction regarding the transfer or disposal of all or substantially all of the Company's assets,
  - any transaction leading to a capital increase or decrease, including, as the case may be, through the issuance of equity-based securities (securities exchangeable, convertible or redeemable for shares of the Company, or preference shares), except for grants of free shares or stock options in the ordinary course of business,
  - any creation of double voting rights or any modification of voting rights relating to shares in the Company,
  - changes to corporate governance, including any amendments to corporate governance rules applicable to the Company, including in particular any modifications to the composition and functioning of the Board of Directors, and more generally, any modification of the internal rules,

- proposed appointment of new members to the Board of Directors; any proposed appointment of one or more new Directors to the Board of Directors,
- the listing of any financial instrument issued by the Company on a regulated market other than the Eurolist market of Euronext,
- a declaration of bankruptcy, the appointment of an *ad hoc* authorized agent, liquidation, voluntary dissolution or voluntary liquidation of the Company, and any decision that would result in insolvency proceedings (*procédure collective*) or the appointment of an *ad hoc* authorized agent,
- any proposed resolution to amend the Company's Articles of Association,
- the entry into any agreement or settlement, or the acceptance of any compromise, concerning any litigation where the amount in controversy exceeds €100 million, and
- the granting of a security interest in the Company's assets, where secured commitment or the asset furnished as security involves an amount in excess of €100 million;

- examining and approving reports on the operations of the Board of Directors and its Committees to be included in the annual report;
- examining and approving, upon the recommendation of the Nominating and Compensation Committee, the presentation of Directors to be included in the annual report, and in particular, the list of independent Directors and the criteria adopted;
- the appointment of temporary replacements of Directors, as necessary, and proposals for the appointment and reelection of Directors at the Ordinary General Meeting of Shareholders;
- set, upon the recommendation of the Nominating and Compensation Committee, the compensation of the Chairman, Chief Executive Officer and Chief Operating Officers, and allocate attendance fees;
- upon the recommendation of the Nominating and Compensation Committee, approvals of all proposed stock option plans and grants of free shares, and, more generally, profit-sharing plans based on the results of the Group for Group managers and employees;
- supervision of the quality of information disclosed to the Company's shareholders and the market through the financial statements or in the event of significant transactions;
- approving the Management Report, as well as sections of the annual report dealing with corporate governance or presenting the Company's policy relating to compensation and stock option plans; and
- the review of any issues relating to the efficient operations of the Company and the Group.

The Board of Directors has exclusive authority to modify the Company's internal rules.

7.3.1.1.2 Composition of the Board of Directors

Composition

The Company's Board of Directors has at least three members and no more than 18 members (subject to the exception provided for by law in the event of a merger). At least two of these must be independent and have no interests in the Company in accordance with the internal rules.

Subject to the legal exceptions, each Director must own at least five hundred shares, registered in their name, for the entire duration of their mandate. Directors' mandates run for four years. They end after the Ordinary General Meeting of Shareholders to approve the financial statements from the past year (held the year in which the Director's mandate expires). They may be reappointed for consecutive terms without limit.

When the legal conditions are met, the Board of Directors may appoint provisional members of the Board for the remaining term of office of their predecessor. Pursuant to the law, provisional appointments are subject to ratification at the first shareholders' meeting thereafter. Physical persons over 70 cannot be appointed as members of the Board of Directors if their appointment means that over a third of the Board members are over this age. If, during their mandate, more than a third of Board members are over 70, the oldest member of the Board of Directors is considered as having resigned following the Ordinary General Meeting of Shareholders called to approve the financial statements for the past year and held in the year the age limit is reached.

The Board of Directors currently has twelve members including the Chairman and Chief Executive Officer, the Honorary Chairman, a former executive director, two representatives of Wendel and six independent directors, who thus make up 50% of the Board in line with the recommendations of the Code of Corporate Governance relating to independent directors.

These twelve Board members include three women, giving a proportion of 25% in accordance with the provisions of the French Commercial Code (20% with effect from 2014) as from 2012 and the recommendations of the Code of Corporate Governance (20% with effect from 2013). The Board of Directors, furthering its review of the issue of a balanced ratio of male and female members, has proposed the appointment of Ms. Annalisa Loustau Elia at the General Meeting of Shareholders to be held on May 24, 2013. In the event of a favorable vote, the Board of Directors would have, following the Combined Ordinary and Extraordinary General Meeting of Shareholders of May 24, 2013, four female members, *i.e.* 31% in view of the composition of the Board of Directors at December 31, 2012.

For more information on the composition of the Board, readers may refer to paragraph 7.1.1 of this Registration Document.

Independent Directors

Presence of independent Directors

At the date this Registration Document was filed, Ms. Christel Bories, Ms. Angeles Garcia-Poveda, Ms. Éliane Rouyer-Chevalier, Mr. Gérard Lamarche, Mr. Dongsheng Li and Mr. Thierry de La Tour d'Artaise are independent directors (ensuring that independent directors comprise 50% of the Board).

At the General Meeting of Shareholders to be held on May 24, 2013, the Board of Directors has proposed the appointment of a new Director who meets the independence criteria of the Company's internal rules – Ms. Annalisa Loustau Elia. In the event of a favorable vote, the Board of Directors would have, following the Combined Ordinary and Extraordinary General Meeting of Shareholders of May 24, 2013, thirteen members, including seven independent Directors (*i.e.* 54% in view of the composition of the Board of Directors at December 31, 2012).

Definition of independent Director

A Director is considered to be independent if he or she has no relationship with the Company, its management or the Group which might compromise such Director's free judgment or create a conflict of interest with the Company, its management or the Group.

Under the Board of Directors' internal rules, an independent Director must not:

- be, or have been within the last five years, an employee or Executive Director of the Company or the Group or an employee or Director of a controlling shareholder (whether control is exercised alone or in concert within the meaning of Article L. 233-3 of the French Commercial Code) or of a consolidated company;
- be, or have been within the last five years, a Executive Director of a company for which the Company, directly or indirectly, is a Director or for which a Company executive officer or employee is a Director;
- be a client, supplier, investment or corporate banker:
  - of significant importance to the Company or its Group,
  - or for which the Company or Group represents a significant portion of such person's business;
- have a close family relationship with managers of the Company or the Group;
- have been an auditor of the Company or a Group company during the last five years;
- have been a manager of the Company or a Group company during the last five years;
- have been a Director of the Company for more than 12 years; or
- receive or have received significant additional compensation from the Company or the Group, excluding Directors' attendance fees, and including participation in any stock option plan or other performance-based compensation.

Directors representing significant direct or indirect shareholders of the Company may be deemed to be independent if those shareholders do not control the Company within the meaning of Article L. 233-3 of the French Commercial Code. However, when a Director represents a Company shareholder that directly or indirectly holds over 10% of the Company's share capital or voting rights, the Board of Directors, in response to a report from the Nominating and Compensation Committee, should systematically make inquiries as to the independent nature, taking into account the composition of the Company's share capital and the existence of a potential conflict of interest.

Independent Director Qualification Procedure

Director independence is reviewed by the Nominating and Compensation Committee, which prepares a report on this subject for the Board of Directors. Each year, before the Company's annual report is published, the Company's Board examines each Director's position with respect to the independence criteria defined above, using the Nominating and Compensation Committee's independence report as a reference.

The Board of Directors presents its findings on the independence of Directors to the Company's shareholders in the annual report.

7.3.1.1.3 Operation of the Board of Directors

Chairman of the Board of Directors

The Board of Directors appoints from among its members a Chairman who will be an individual aged, at the time of his/her appointment, less than 65 years. When the Chairman has reached this age limit, he is considered as having resigned at the end of the Ordinary General Meeting of Shareholders that approved the financial statements for the past financial year (held in the year this age limit is reached).

The Chairman may be reelected. The compensation of the Chairman is determined by the Board of Directors.

The Chairman of the Board organizes and directs the work of the Board, on which he must report back to the General Meeting. He / she monitors the proper operation of the bodies of the Company and ensures, in particular, that the members of the Board are in a position to exercise their duties.

The Board of Directors may appoint among its members a Vice-Chairman who will replace the Chairman in case of unavailability of the latter. The Vice-Chairman is subject to the same age limit as the Chairman.

Meetings of the Board of Directors

The Company's Board of Directors may meet as often as required in the interest of the Company, and in any event, must meet at least five times per year.

Members of the Board of Directors are called to Board meetings by the Chairman, or, in the event of unavailability of the Chairman by the Vice-Chairman.

The Chief Executive Officer may also ask the Chairman to call a Board meeting on a specific matter. When the Board of Directors has not met for over two months, at least one-third of the members of the Board of Directors may call on the Chairman to convene the Board of Directors on a specific agenda.

The Chairman is bound by the requests made to him under the previous paragraph.

Subject to the above, the agenda is decided by the Chairman and can only be set, if required, at the time of the meeting.

Notices are issued by any means, even verbally, at the registered office or in any other place indicated in the meeting notice, in France or abroad. The Company's internal rules state that meeting notices, which can be sent by the secretary of the Board of Directors, can be issued by letter, telex, telegram, fax, e-mail or verbally.

If the meeting notices so state, Board meetings may be held by videoconference or electronic telecommunication or teletransmission methods, provided that they allow participants to ensure effective participation in the Board meeting, in which deliberations are relayed continuously. Directors participating in Board meetings using such means are deemed present for the purposes of quorum and majority requirements.

If one or more Directors notify the Chairman of the Board that they cannot attend a Board meeting, the Chairman must attempt to organize a Board meeting using the means described in the preceding paragraph.

Board meetings held by videoconference or by other electronic means cannot adopt certain decisions set forth by law.

The Chairman shall strive to issue meeting notices five days prior to the actual meeting. He shall also strive to take account of the agenda constraints of the Board members so as to ensure the presence of as many members as possible at each meeting.

Deliberations take place subject to the conditions of quorum and majority provided for by law. In the event of a tie, the Chairman has a casting vote. The Board may appoint a secretary who can be chosen from outside the shareholders and members.

Attendance register

An attendance register is maintained at the Company's registered office and contains the names of the Board members who were physically or otherwise present (e.g., by telecommunication or teletransmission), represented, excused or absent at each meeting. Proxies granted by mail, fax, telex, telegram or electronic mail are annexed to the attendance register.

Minutes

Deliberations of the Board are evidenced by minutes established, signed and maintained in accordance with regulatory requirements.

The minutes of each Board meeting must include:

- the name of each Director present (either physically or by means of telecommunication or teletransmission), represented, excused or absent;
- the occurrence of any disruptive technical problem arising during a videoconference or teleconference, if any;
- the name of other persons attending all or part of the Board meeting;
- a summary of the discussions and deliberations of the Board of Directors; and
- questions raised and the reservations of participating Directors, if any.

Board meeting notices and minutes are translated into English.

Evaluation of the Board of Directors

At least once a year, a portion of a Board meeting agenda is devoted to reviewing the operations of the Board of Directors, which is thereafter described in the Company's annual report.

Director access to information

In order to allow Board members to carry out their duties effectively, the Chairman of the Board must provide each Director with all documents necessary to consider items on Board meeting agendas.

Directors may request any documents they believe relevant for the preparation of the meeting, provided that they submit such requests with reasonable notice.

When required by confidentiality, in particular where sensitive financial information is concerned, information may be communicated during the meeting.

In addition, Directors receive all relevant information on significant events or transactions for the Company.

Compensation

Attendance fees allocated at the General Meeting of Shareholders are divided between Board members upon the proposal of the Nominating and Compensation Committee.

The allocation of Directors' fees takes into account Directors' participation on the Board and its specialized Committees.

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7.3.1.2 COMMITTEES

The Board of Directors has established specialized Committees to facilitate the Board's work and the preparation of its discussions. The Committees consider issues falling within the scope of their competence and submit opinions, proposals and recommendations to the Board.

The three specialized standing Committees are:

- the Audit Committee;
- the Nominating and Compensation Committee; and
- the Strategic Committee.

Composition of permanent Committees

The Board appoints Committee members upon the recommendation of the Nominating and Compensation Committee. They can be removed by the Board following a consultative recommendation from the Nominating and Compensation Committee.

The Audit Committee Chairman is an independent Director appointed by the members of the said Committee, upon the recommendation of the Nominating and Compensation Committee.

The Strategic Committee Chairman is appointed by the members of the said Committee and among them, upon the recommendation of the Nominating and Compensation Committee.

The Nominating and Compensation Committee Chairman is appointed from among the members of the Committee by its members.

Committee members are appointed for a term determined by the Board, which in no case can be for a longer duration than their term of office as a member of the Board of Directors.

Operation of permanent Committees

Each Committee determines its annual meeting schedule, taking into account the schedules for Board meetings and General Meetings of Shareholders.

Each Committee meets as often as required to consider issues falling within its domain of competence upon convocation by the Chairman of the Committee or by half of its members. If the Chairman of the Board considers that a Committee has not met as often as necessary, he may cause a Committee meeting to be convened. The Chairman may also convene a Committee meeting if he deems it necessary for the Committee to give an opinion or a recommendation to the Board on a specific topic.

The Chairman of each Committee establishes the Committee meeting agenda and gives notice of Committee meetings to Committee and Board members within a period of time sufficient to allow each Committee member to prepare for the meeting. The notice must contain the Committee meeting agenda and all information and documentation useful to the examination of agenda items.

Committee meetings may be held at the Company's registered office or at any other location.

In performing its duties, each Committee may contact the Company's principal executives after having informed the Chairman of the Board of Directors of its intention to do so and subject to briefing the Board of Directors on the exchange with such principal executives.

Ad hoc Committees and Executive Committee

In addition to these permanent Committees, the Board of Directors may create one or more temporary or permanent *ad hoc* Committees at any time, including with respect to conflicts of interest. The Board is authorized to determine the composition and internal rules of such *ad hoc* Committees.

Finally, the Chief Executive Officer may set up an Executive Committee and may determine its composition and powers.

7.3.1.2.1 Audit Committee*

Role of the Audit Committee

The Committee assists the Board of Directors in finalizing separate and consolidated financial statements, and in preparing the information made available to the Company's shareholders and the market. It monitors the effectiveness of internal control and risk management systems. It is also responsible for ensuring monitoring of matters relating to the production and control of accounting and financial information and the legal auditing of financial statements.

Specifically, it is charged by the Board with the following:

- with respect to internal control and risk management:
  - to assess the effectiveness and quality of the Group's internal control procedures, so that they ensure the Company that the consolidated financial statements give a true and fair view of the Company and its Group and comply with accounting standards,
  - to monitor the implementation and effectiveness of risk management procedures,
  - to receive the internal control and risk management report drawn up in compliance with Article L. 225-37 of the French Commercial Code and to make any observations it sees fit,
  - to ensure the relevance and quality of the Company's financial communication;
- with respect to the financial statements:
  - to examine the draft annual and semi-annual separate and consolidated financial statements, in order to verify the manner in which they are established and to ensure the

* *The tasks and operating rules of Legrand's Audit Committee have been determined by taking into account the conclusions of the AMF's working group on Audit Committees of July 2010.*

relevance and application of the accounting standards used; to this end, the Audit Committee may interview, outside the presence of the managers or Directors that actively exercise functions within the business, any person who in one way or another participates in the preparation or control of the accounts (Finance Department, Internal Auditors, Statutory Auditors),

- to examine the methods and scope of consolidation used in the financial statements,
- to ensure the adequate treatment of significant transactions at the Group level, and
- to keep up to date on the Group's financial and cash position, as well as its significant commitments;

- with respect to external controls, the Audit Committee has the essential role of guaranteeing the control of Company and consolidated financial statements by the Statutory Auditors and the independence and objectivity of these auditors by:
  - ensuring that the Statutory Auditors fulfill their mission of legal certification of annual and consolidated accounts,
  - managing the selection process of the Company's Statutory Auditors and examining questions relating to the appointment, renewal or termination of the mandate of the Company's Statutory Auditors, and
  - examining the amount and details of compensation paid by the Group to the Statutory Auditors and the Group to which they belong; to this end, the Audit Committee is required to obtain information on the fees paid by the Company and the Group to the Statutory Auditors and the Group to which they belong and ensure that the amount, or the proportion of such amount in the revenue of the auditors and the Group to which they belong, does not compromise the independence of Statutory Auditors.

Composition of the Audit Committee

The Audit Committee has a maximum of five members. At least one must be an independent Director.

Executive directors and salaried employees of the Company or its subsidiaries may not serve on the Audit Committee.

At least one member of the Audit Committee must possess special expertise in financial or accounting matters and be independent. The Company also ensures that Audit Committee members have knowledge of the Company's business, activities and industry.

Operation of the Audit Committee

A meeting of the Audit Committee is validly held if at least a majority of its members are present. Decisions are taken by simple majority vote.

The Audit Committee must regularly report on its activities to the Board of Directors, and in any event, at the time of the approval of the annual and six-monthly financial statements.

7.3.1.2.2 Nominating and Compensation Committee

Role in appointments

The Nominating and Compensation Committee is charged with the following:

- to examine and make proposals to the Board of Directors concerning candidates for the following roles: Board members, Chief Executive Officer, Chairman of the Board of Directors, members and Chairman of the Auditing Committee and Strategic Committee; with this in mind, it must assess the skills, knowledge and experience required, describe the role and assess the time required by the role;
- evaluating proposals submitted by interested parties, including management and the shareholders;
- periodically examining the efficient operations of the Board and managers' performance; and
- annually assessing each Director's independence in the context of the criteria contained in the internal rules.

Role in determining compensation

With respect to the compensation granted to the Chairman of the Board and the managers of the Company, the Nominating and Compensation Committee:

- provides its opinion on all forms of compensation, including benefits in kind and insurance or retirement benefits received from Group companies or affiliated entities;
- examines and makes proposals to the Board of Directors on the compensation of the Chairman, the Chief Executive Officer and Chief Operating Officers, and regarding bonuses; to do this, it shall define the rules for setting the bonuses, ensuring that these rules are consistent with the annual assessment of Directors' performance and with the Company's medium-term strategy; it also controls the effective application of these rules;
- ensures that the Company complies with its obligations regarding compensation disclosure. To this end, an annual report is prepared by the Committee and submitted for the approval of the Board of Directors to be subsequently included in the Company's Annual Report. In addition, the Committee ensures that all information required by law with respect to compensation is clearly and completely communicated in the annual report.

With respect to Director compensation, the Committee:

- makes proposals on the allocation of attendance fees pursuant to the internal rules;

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- makes recommendations on any compensation granted to Directors entrusted with additional responsibilities.

With respect to stock option plans and all other forms of compensation through shares or equity-based compensation, the Committee is responsible for:

- reviewing the general policy on entitlement to such methods of compensation and submitting proposals as necessary to the Board of Directors;
- reviewing information provided on such compensation in the annual report and to the General Meetings of Shareholders;
- submitting proposals to the Board of Directors regarding the selection of a particular compensation plan from among the plans authorized by law and expressing the reasons for and consequences of such choice; and
- preparing Board of Directors' decisions regarding such compensation plans, as well as salary savings plans, for managers, employees or groups of employees of the Company, or its subsidiaries.

Composition of the Nominating and Compensation Committee

The Nominating and Compensation Committee has a maximum of five members.

Operation of the Nominating and Compensation Committee

A meeting of the Nominating and Compensation Committee is validly held if at least half of its members are present at the meeting. Decisions are taken by simple majority vote.

The Nominating and Compensation Committee meets at least twice a year. In any event, the Committee must meet before the agenda of the General Meeting of Shareholders is approved, to examine the proposed resolutions that fall within its jurisdiction.

7.3.1.2.3 Strategic Committee

The Strategy Committee is responsible for assisting the Board of Directors in determining the Company's strategy, and in particular:

- examining major projects relating to the strategic development and positioning of the Group, and in particular, strategic partnerships projects and main investment or divestment transactions; and
- examining the draft annual budget and the three-year business plans of the Company that are submitted to the Board of Directors. To this end, the Committee may interview the Company's managers on the assumptions used to prepare or modify such budgets and business plans.

Composition of the Strategic Committee

The Strategy Committee has a maximum of five members.

Operation of the Strategic Committee

A meeting of the Strategic Committee is validly held if at least half of its members are present at the meeting. Decisions are taken by simple majority vote. In the event of a tie, the vote of the Strategic Committee Chairman will carry the vote.

The Strategic Committee meets as many times as necessary, and in any event, at least two times per year.

7.3.1.3 DIRECTORS' CHARTER

In keeping with its corporate governance responsibilities, the Board of Directors adopted a Directors' Charter, which has been integrated into the internal regulations. This Directors' Charter sets forth the rights and obligations of the Directors and is binding upon each Director.

Before accepting the position of Director, each Director must ensure that he is familiar with the general and specific obligations of the position, such as those arising from law or regulation, the Company's Articles of Association, the internal rules, the Directors' Charter described below and all other applicable documents or laws:

- Directors must be competent and play an active role.
- The Director must try to act under all circumstances in the Company's interests. It undertakes to defend and promote Company values.
- Directors must dedicate sufficient time and attention to their role. They must be diligent and take part, whenever possible, in all Board meetings and, if applicable, any Committee meetings.
- To enhance transparency, the annual report includes information on Directors' attendance at Board and Committee meetings.
- Directors must attend the General Meetings of Shareholders.
- Each Director must personally hold at least 500 shares of the Company throughout his term as Director.
- Directors have a duty of loyalty and diligence.

  To this end, each Director commits to:

  - bring to the Board's attention any potential or actual conflict of interest, and refrain from taking part in the debates and voting on the matter in question,
  - not be personally involved in companies that are competitors of the Company and its Group, without notifying the Board of Directors and obtaining its permission.

- Directors have a duty of confidentiality regarding all non-public information obtained in connection with the performance of their duties.
- The Director must ensure that he receives all documents and information necessary to do their job in good time. It falls to him/her to request the Chairman to disclose any documents she/he considers essential for their information.
- A Director who does not consider that sufficient information has been provided may ask for additional information from the Board or the Chairman.
- Directors must possess broad knowledge of the specifics of the Company, its activities and the industry in which it operates.
- Each Director may, on appointment and throughout his/her term as Director, receive training on the Company, its activities and its businesses.
- The Director shall respect the provisions of the Company's Code of Conduct with respect to trading and market activities.

7.3.2 - Operation of Management

Choice relating to general management of the Company

The Board of Directors shall decide, under the conditions set out in the Company's Articles of Association, whether the General management is performed by the Chairman of the Board of Directors or by another individual bearing the title of Chief Executive Officer.

Shareholders and third parties are to be informed of this decision in accordance with applicable laws and regulations. Responsibility for the exercise of the powers of general management can be changed at any time. The Board of Directors must discuss whether to keep the current system whenever the mandate of the Chairman of the Board of Directors or the Chief Executive Officer comes to an end.

When the Chairman of the Board of Directors is responsible for the general management of the Company, the following provisions relating to the Chief Executive Officer apply.

Chief Executive Officer

The Chief Executive Officer must always be a physical person aged under 65 at the time they are appointed. When the Chief Executive Officer has reached this age limit, he is considered as having resigned from the role after the Ordinary General Meeting of Shareholders called to approve the financial statements from the past year and held in the same year the age limit is reached.

The Chief Executive Officer can always be reelected.

The Chief Executive Officer may or may not be a Director. If the Chief Executive Officer is not a Director, he/she attends meetings of the Board of Directors in an advisory capacity, except if the Board decides otherwise by a simple majority.

If the Chief Executive Officer is temporarily unable to perform his functions, the Board of Directors may appoint a Director to act as Chief Executive Officer.

Subject to internal limitations and non-invocable to third parties that the Board of Directors may fix to its powers in the internal rules, the Chief Executive Officer is vested with the widest powers to act under any circumstances on behalf of the Company. These powers are to be exercised within the limits resulting from the Company's corporate purpose and the powers expressly reserved by law to General Meetings of Shareholders and to the Board of Directors.

The internal rules list certain major decisions which require prior authorization from the Company's Board of Directors (see paragraph 7.3.1.1 of this Registration Document).

The Board of Directors shall determine the compensation and duration of the role of Chief Executive Officer. If the Chief Executive Officer is a Director, this term of office may not extend beyond his/her term of office as a Director.

Chief Operating Officers

On the proposal of the Chief Executive Officer, the Board of Directors may appoint a maximum of five Chief Operating Officers to assist him. Chief Operating Officers must always be a physical person. They may or may not be Directors.

In agreement with the Chief Executive Officer, the Board shall determine the scope and duration of the Chief Operating Officer's powers, which may not exceed the powers of the Chief Executive Officer ad well as the duration of the Chief Executive Officer's role. The Board shall determine the compensation of each Chief Operating Officer.

If the Chief Executive Officer leaves, the Chief Operating Officer shall remain in office unless a new Chief Executive Officer is appointed (unless a decision to the contrary is taken by the Board).

Chief Operating Officers can be re-appointed and are subject to the same age limits as the Chief Executive Officer.

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7.3.3 - Code of Conduct with respect to trading and market activities

In 2006, the Group adopted a Code of Conduct with respect to trading and market activities, which was reviewed in the first six months of 2011 to take into account AMF recommendation No. 2010-07 of November 3, 2010 on the prevention of insider misconduct by executives of listed companies.

This Code, adopted by the Board of Directors on June 2, 2006, applies to Company officers, similar persons, insiders and occasional insiders. The Board has appointed the Group's Chief Financial Officer to be in charge of ethical duties, responsible for ensuring compliance with the Code of Conduct.

The main provisions of this Code of Conduct aim to control the Company securities transactions that may be carried out by persons with regular access to privileged information about the Company (see paragraph 7.4.2 of this Registration Document).

7.4 - REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROLS

The Chairman's report relating to corporate governance, risk management and internal controls is drawn up pursuant to Article L. 225-37 of the French Commercial Code and after discussion with the Audit Committee, the Company's Statutory Auditors, and the Group's Audit and Internal Control Department. The Chairman's report was approved by the Board of Directors on March 6, 2013.

The Company makes formal reference to the principles of corporate governance for listed companies set out in the Afep-Medef Code of Corporate Governance issued in December 2008 completed by the recommendations issued in April 2010 ("Code of Corporate Governance"). This Code of Corporate Governance can be viewed on the MEDEF website: www.medef.com.

In line with the "apply or explain" principle espoused by the Code of Corporate Governance, any recommendations with which the Company is not in strict compliance are summarily set out and explained in the table below:

Code of Corporate Governance recommendations with which the Company is not strictly compliant	Explanations
Staggering of Directors' terms of office The Code of Corporate Governance recommends the staggering of Directors' terms of office so as to avoid replacement of the entire body and to favour a smooth replacement of directors.	For historic reasons related to the Company's share ownership structure, the membership of the Board and its specialized committees used to reflect the joint striving by two leading shareholders to achieve a lasting balance between Directors representing these shareholders, independent Directors and senior executives. For this reason, contrary to the Code of Corporate Governance recommendations, the terms of office of directors representing these shareholders have not been staggered.
Obligation to acquire a defined quantity of shares The Code of Corporate Governance recommends making the awarding of performance shares to executive directors conditional upon the purchase of a defined quantity of shares upon the availability of the awarded shares.	The Chairman and CEO has already substantially invested in the Company (0.8% at December 31, 2012) and is subject to requirement to hold at least 30% of all shares acquired (including options and performance shares) until the termination of his duties.

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7.4.1 - Composition of the Board of Directors

At December 31, 2012, the Board had twelve members. The term of office was reduced to four years for any renewals or appointments after the General Meeting of May 27, 2010. The biography and list of directorships outside the Group of Directors can be found in chapter 7.1.1 of the Company's Registration Document.

In accordance with the Company's Articles of Association, each Director must hold at least 500 Company shares.

Membership of the Board of Directors

Name	Duties	Date of first appointment	Year of the AGM during which the term expires
Mr. Gilles Schnepp	Chairman and CEO	12/10/2002	2014
Mr. François Grappotte	Honorary Chairman	12/10/2002	2014
Mr. Olivier Bazil	Director	12/10/2002	2014
Ms. Christel Bories	Independent Director	05/25/2012	2016
Mr. Jacques Garaïalde	Director	06/06/2003	2014
Ms. Angeles Garcia-Poveda	Independent Director	05/25/2012	2016
Mr. Gérard Lamarche	Independent Director	04/06/2006	2016
Mr. Thierry de La Tour d'Artaise	Independent Director	04/06/2006	2016
Mr. Frédéric Lemoine	Director	05/05/2009	2014
Mr. Dongsheng Li(1)	Independent Director	07/26/2012	2014
Ms. Éliane Rouyer-Chevalier	Independent Director	05/26/2011	2015
Mr. Patrick Tanguy	Director	02/10/2010	2014

(1) Director appointed at the Board of Directors meeting on July 26, 2012 to replace Mr. Mattia Caprioli, who was standing down. His appointment is subject to ratification by the Combined Annual General Meeting on May 24, 2013.

Induction programme for new Directors

To facilitate the induction of new Directors and their assumption of their new duties, an induction programme has been set up, including especially site guided tours and meetings with Company senior and operational management.

Independent Directors

As a result of the changes in composition of the Board of Directors during 2012, the proportion of independent Directors on the Company's Board of Directors is 50% at December 31, 2012. The membership of the Board of Directors of the Company, which is no longer controlled by majority shareholders, is thus compliant with the Code of Corporate Governance, which recommends that half of the Board members of uncontrolled companies should be independent Directors. In addition, the Board of Directors proposed to the General Meeting to be held on May 24, 2013 the appointment of a new Director that meets the independence criteria of the Company's internal rules, Ms. Annalisa Loustau Elia. In the event of a favorable vote, the Board of Directors would have, following the General Meeting of May 24, 2013, thirteen members including seven independent Directors (*i.e.* given the composition of the Board of Directors as of December 31, 2012, 54% of independent Directors).

The composition of the specialized committees of the Board of Directors at December 31, 2012, is described in section 7.4.2 of the Company's Registration Document.

Ms. Christel Bories, Ms. Angeles Garcia-Poveda, Ms. Éliane Rouyer-Chevalier, Mr. Gérard Lamarche, Mr. Thierry de La Tour d'Artaise and Mr. Dongsheng Li are all independent Directors.

In accordance with the Company's internal rules, which can be viewed on the Company's website www.legrand.com, Directors' independent status is analyzed every year by the Nominating and Compensation Committee which draws up a report on this matter. The situation of each Director is then examined by the Board of Directors with regard to the independence criteria defined by the Company's internal rules, based on the report by the Nominating and Compensation Committee. The qualification of a Director as "independent" defined by the Company's internal rules includes the independence criteria set out in the Code of Corporate Governance.

During its meeting of March 6, 2013 the Board of Directors renewed its assessment that Ms. Christel Bories, Ms. Angeles Garcia-Poveda, Ms. Éliane Rouyer-Chevalier, Mr. Gérard Lamarche, Mr. Thierry de La Tour d'Artaise and Mr. Dongsheng Li could be qualified as independent in accordance with the stipulations of the Company's internal rules.

Diversity of membership of the Board of Directors

Every year, the Board of Directors investigates the desirable balance of its membership and that of its Committees, particularly as regards the representation of women, the diversity of skills and internationalization, so as to assure shareholders and the market that their work is carried out with the necessary independence and objectivity.

At December 31, 2012, the share of female Directors on the Board of Directors is 25%. Membership of the Board of Directors is thus compliant with the Code of Corporate Governance which recommends that this share be at least 20% from 2013. Moreover, the Board of Directors is pursuing its considerations on the issue of male-female balance in its membership, with the aim of reaching a share of 40% female Directors by 2016, in line with the Code of Corporate Governance. In that respect, the Board of Directors proposed to the General Meeting to be held on May 24, 2013 that a new female Director be appointed, Ms. Annalisa Loustau Elia. In the event of a favorable vote, the Board of Directors would have following the General Meeting of May 24, 2013, thirteen members including four women (*i.e.* given the composition of the Board of Directors as of December 31, 2012, 31% of independent Directors).

The Board is also increasingly open to an international dimension. At December 31, 2012, it contains four different nationalities including one non-European nationality, with Directors who are Belgian, Chinese, French and Spanish nationals. Since Ms. Annalisa Loustau Elia is an Italian national, the Board of Directors would contain five different nationalities, should the proposed appointment of Ms. Annalisa Loustau Elia receive a favorable vote during the General Meeting of May 24, 2013.

Plurality of mandates

Mr. Gilles Schnepp, Chairman and Chief Executive Officer, is also a member of the Board of Directors of another French listed company.

The Company's Chairman and Chief Executive Officer has undertaken to inform the Chairman of the Nominating and Compensation Committee of any intention to take on another directorship.

7.4.2 - Preparation and organization of Board of Directors work

Taking the information below into account, the Company's practices in terms of preparing and organizing the work of the Board and its Committees are in compliance with the recommendations of the Code of Corporate Governance.

Internal rules and Code of Conduct with respect to trading and market activities

The Company's Board of Directors has adopted internal rules (including a Directors' Charter) which can be viewed on the Company's website: www.legrand.com.

The Group has also adopted a Code of Conduct with respect to trading and market activities, which is also available from the Company's website. Its main purpose is to define the rules governing dealings in Company's shares by executive directors, similar persons, insiders and occasional insiders. The content of this Charter was revised during the second half of 2012 to specify the appointment of the Group CFO to the role of compliance officer of the Code, in charge of issuing an opinion prior to the performance of any transaction on Company shares by a person included in the insiders' list, in line with the recommendation of the French Financial Markets Authority on November 3, 2010.

Under this Code, Executive Directors and persons with access to inside information are prohibited from effecting, directly or indirectly, whether on their own behalf or on behalf of others, transactions in Legrand shares (i) as a minimum, during the 30 days preceding publication of annual, half-yearly and quarterly financial statements, and the two stock market trading days following their publication, and (ii) where they are apprised of a project liable to constitute inside information, throughout the period from the date a meeting of the Board of Directors is called to consider this project and the date of its official public announcement by Legrand.

Directors' Charter

To promote good governance, the Board of Directors has adopted and incorporated into its internal rules a Directors' Charter setting out the rights and duties of Directors, which each Director must comply with.

Conflicts of interest

Article 7 of the Directors' Charter explicitly states that every "*Director agrees to make the Board of Directors aware of any actual or potential conflict of interest and to refrain from taking part in the corresponding discussions and voting*". Furthermore, in accordance with the Directors' Charter, Directors cannot be personally involved in companies that are competitors of the

Company and its Group, without notifying the Board of Directors and obtaining its consent.

As far as the Company is aware, there is no conflict of interest.

Furthermore, as mentioned above, the Company's Chairman and Chief Executive Officer has undertaken to inform the Chairman of the Nominating and Compensation Committee of any intention to take on another directorship.

Information of Directors

In order to allow Board members to carry out their duties effectively, the Chairman of the Board provides Directors with all documents and information necessary to consider items on Board meeting agendas at least five days prior to the meeting.

Directors may request any documents they believe relevant for the preparation of the meeting, provided that they submit such requests with reasonable notice.

When required by confidentiality, in particular where sensitive financial information is concerned, information may be communicated during the meeting.

In addition, Directors receive all relevant information on significant events or transactions for the Company.

Board of Directors

In 2012, the Board met six times. The requests expressed by the Directors through the self-evaluation process carried out at the end of 2011 have been taken into account to improve the operation and performance of the Board of Directors in 2012 (please refer to the section "Evaluation of the Board of Directors and its Committees" below).

Attendance of Directors at Board meetings was satisfactory, with the attendance rate 82% for the year. Participation in meetings of specialized Committees averaged over 97%. Representatives of the Central Works Council attend the meetings of the Board of Directors.

In order to allow it to perform its duties in the best conditions, the internal rules of the Board state that its deliberations should be prepared in certain fields by specialized Committees: the Audit Committee, the Strategy Committee, and the Nominating and Compensation Committee. At Board meetings, these Committees present detailed reports on their work.

In 2012, the Board met to consider the following agenda:

- *Company results*:
  - approval of the consolidated and company financial statements for the financial year ended December 31, 2011 and the related reports, the consolidated quarterly financial statements at March 31, 2012, the half yearly consolidated financial statement and the related report at June 30, 2012, and the consolidated quarterly financial statements at September 30, 2012,
  - report of the Audit Committee on its review of the annual, half-yearly and quarterly consolidated financial statements as well as the Company financial statements, related management reports and the half yearly activity reports, on the summary of the statutory auditors, the review of accounting options, the related press release figures, the work of external auditors and the budget for their fees, the Group's risk management approach, the internal audit plan and the review of audit summaries,
  - review and approval of the press release on the annual, half-yearly and quarterly consolidated financial statements,
  - proposal for appropriation of earnings,
  - presentation of forecast financial statements for 2012.
- *governance:*
  - changes in the membership of the Board of Directors and its committees in terms of the numbers of independent and female directors,
  - self-evaluation of the performance of the Board of Directors and its Committees (summary and proposals),
  - review of the Code of Conduct with respect to trading and market activities,
  - report of the Nominating and Compensation Committee on the selection process for new directors, the examination of applications, especially those of Ms. Christel Bories, Ms. Angeles Garcia-Poveda and Mr. Dongsheng Li as independent directors, the procedure for status of independent directors, the membership of specialized committees, fixed compensation and bonuses of Executive Directors in respect of 2011 and the principles of compensation of the Executive Director in respect of 2012, allocation of performance shares in respect of 2011, the setting-up of long term incentive scheme in respect of 2012, coverage of the performance share plan set up in March 2010, allocation of attendance fees, and approval of parts of the Registration Document, in particular parts on the compensation of Executive Directors;
- *financial management of the Company:*
  - financing of the Company and the Group,
  - renewal of annual powers granted to the Chairman for guarantee, endorsements and security,
  - delegation of financial powers to the Board of Directors to be proposed to the General Meeting of Shareholders;
- *Company strategy and growth:*
  - Strategy Committee report on the 2012 budget, on projected acquisitions, and on a review of acquisitions made and of strategic guidelines for future acquisitions,

- presentation of strategic topics, including in particular annual review of the sustainable development process and policy on equal opportunity for employment and compensation; presentation of a partnership project in the field of assisted living and a presentation of the Group's operations in the Russia/CIS area;

- *preparation for the Annual General Meeting:*
  - convening of the annual Combined Ordinary and Extraordinary Meeting of Shareholders (proposed agenda and resolutions),
  - production of reports for the General Meeting (report by the Board on Company operations in 2012 (company management report), report by the Chairman of the Board on corporate governance and internal control, and the special reports on the allocations of stock options and performance shares);

- *others:*
  - implementation of the delegation approved under the tenth resolution of the Combined Ordinary and Extraordinary Meeting of Shareholders of May 25, 2012, and
  - confirmation of capital increase following the exercise of options and terms of coverage for the performance share plan set up in March 2010.

Audit Committee

The powers and operation of the Audit Committee are outlined in the Board's internal regulations. An excerpt of these regulations can be found in section 7.3 of the Company's Registration Document. The duties and operating rules of the Company's Audit Committee were determined on the basis of the conclusions of the AMF working party on Audit Committees in July 2010.

Membership and duties

The Audit Committee is made up of three members appointed by the Board of Directors, including two independent Directors: Mr. Gérard Lamarche (independent Director), Ms. Eliane Rouyer-Chevalier (independent Director) and Mr. Patrick Tanguy. Their biographies and education can be found in chapter 7.1.1 of the Company's Registration Document. It is chaired by Mr. Gérard Lamarche, an independent Director, who has broad financial and accounting skills. Ms. Eliane Rouyer-Chevalier and Mr. Patrick Tanguy also possess financial and accounting skills.

With two independent Directors out of three members, membership of the Audit Committee is compliant with the Code of Corporate Governance which recommends that two-thirds of members be independent Directors.

The Audit Committee assists the Board of Directors in finalizing separate and consolidated financial statements, and in preparing the information made available to the Company's shareholders and the market. It monitors the effectiveness of internal control and risk management systems. It is also responsible for ensuring monitoring of matters relating to the production and control of accounting and financial information and the legal auditing of financial statements. In particular, its main roles are:

- assessing the effectiveness and quality of internal control procedures for the collection and control of information to ensure that such information is reliable, reviewing the Group's internal audit plan and the work schedule of the Statutory Auditors, apprising itself of the Group's internal audit programs;
- analyzing and monitoring the risks, and track the implementation and effectiveness of the Group's risk management processes;
- reviewing the financial statements of the Company and the Group;
- ensuring that the accounting methods used for the preparation of the consolidated and parent company financial statements are consistent and accurate, and that material transactions at Group level are adequately addressed, calling on the assistance of outside experts as necessary;
- guaranteeing the effective verification of parent company and consolidated financial statements by the Statutory Auditors, and their independence and objectivity;
- guiding the process for selecting or renewing the terms of the Statutory Auditors and examining any questions relating to their appointment, renewal, revocation and compensation;
- considering any financial or accounting issue submitted to it by the Chairman of the Board or by the Chief Executive Officer; and
- examining the report by the Chairman of the Board of Directors on internal control and risk management.

The Audit Committee meets 48 hours before the review of the annual, half-year and quarterly financial statements by the Board of Directors, as recommended by the Code of Corporate Governance.

Meetings of the Audit Committee may take place by telephone or video-conference; a quorum exists when at least half of the members are present.

The Audit Committee may question the Group Chief Financial Officer and/or members of his staff, the head of internal control, or receive the observations of the Statutory Auditors without the members of the general management being present.

Work done in 2012

The Audit Committee met on four occasions during 2012 financial year. Attendance for the year was 92%.

In 2012, the Audit Committee met to consider the following agenda:

- *Company results:*
  - presentation of parent company and consolidated annual financial statements at December 31, 2011, of the management report on the consolidated financial statements for the financial year ended December 31, 2012, of quarterly consolidated financial statements at March 31, 2012, of half-year consolidated financial statements at June 30, 2012 together with the half-year financial report, and the financial statements for the quarter ended September 30, 2012 (review of work of Statutory Auditors),

- review of key figures in the press release on annual, quarterly and half-year consolidated financial statements and prospects for 2012 as well as accounting options;
- *risk management and internal control:*
  - review of the internal control and risk management section of the report of the Chairman of the Board,
  - risk management;
- *auditing and relations with external auditors:*
  - assignments of Statutory Auditors and budget for auditors' fees,
  - review of the 2012 internal audit plan, review of the audit summaries and fraud report;
- *others:*
  - presentation of the Registration Document.

The Audit Committee meets as often as necessary and reports to the Board of Directors on the performance of its duties.

Nominating and Compensation Committee

The powers and operation of the Nominating and Compensation Committee are outlined in the Board's internal rules. An excerpt of these regulations can be found in section 7.3 of the Company's Registration Document.

Membership and duties

The Nominating and Compensation Committee is made up of three members appointed by the Board of Directors, including two independent Directors: Ms. Angeles Garcia-Poveda (independent Director), Mr. Gérard Lamarche (independent Director) and Mr. Frédéric Lemoine. It is chaired by Mr. Frédéric Lemoine.

With two independent Directors out of three members, membership of the Nominating and Compensation Committee is compliant with the Code of Corporate Governance which recommends that a majority of members be independent Directors.

In particular, the Nominating and Compensation Committee is responsible for:

- formally expressing and considering all proposals of candidates for membership of the Board, Chief Executive Officer, Chairman of the Board, members and Chair of the Audit Committee and the Strategy Committee;
- examining all proposed succession plans for Executive Directors;
- performing periodic evaluation of the operations of the Board of Directors and the performance of management;
- deciding on all types of compensation to managers, including benefits in kind received from any Group company or any affiliated company, as well as any provisions relating to their retirement;
- deciding on the establishment of stock option plans, and any other types of compensation based on shares or indexed on or otherwise connected with shares, for managers or employees or groups of employees of the Company or its subsidiaries.

The Chairman and Chief Executive Officer is involved in the Committee's work as far as examining directorship applications are concerned, as well as the succession plan for executive directors.

The Nominating and Compensation Committee meets at least twice a year, and in all cases prior to approval of the agenda of the Annual General Meeting of Shareholders, to review the draft resolutions which are to be submitted to it and which fall within the Committee's scope of competence.

Meetings of the Nominating and Compensation Committee may be held by telephone or videoconference; a quorum exists when at least half of the members are present.

Work done in 2012

The Nominating and Compensation Committee met on seven occasions during 2012 financial year. Attendance for the year was 100%.

In 2012, the Committee met to consider the following agenda:

- *compensation:*
  - compensation of Executive Directors in respect of 2011 financial year (amount of compensation: fixed compensation, quantitative and qualitative bonuses, insurance, retirement supplement, non-competition clause, benefits in kind, allocation of performance shares and setting of performance conditions),
  - attendance fees (allocation for 2011 financial year, and determination of the allocation rules for 2012),
  - rules for the compensation of the Executive Director for 2012 financial year (setting fixed compensation, principles for calculating bonuses, principles of the long term incentive plan and related performance and presence conditions),
  - implementation of plans for performance shares allocated in 2012 in respect of 2011 financial year (individual allocations of performance shares to employees and to the Executive Director, setting the number of shares to be held by the Executive Director, plan rules), and conditions of coverage of the performance share plan set up in March 2010,
  - principles relating to long term incentive plans in respect of 2012 financial year;

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- *composition of the Board of Directors and its Committees:*
  - procedure for the review of the status of independent Directors,
  - compliance with the law and the Code of Corporate Governance as regards the share of independent Directors and balanced male/female representation on the Board of Directors,
  - examination of the various directorship applications, particularly those of Ms. Christel Bories, Ms. Angeles Garcia-Poveda and Mr. Dongsheng Li,
  - renewal of the terms of office as Directors of Mr. Gérard Lamarche and Mr. Thierry de La Tour d'Artaise; and
- *others:*
  - approval of part of the report of the Chairman of the Board of Directors on corporate governance and internal control, and of certain sections of the Registration Document.

The Nominating and Compensation Committee reports on its work to the Board of Directors.

Strategy Committee

The powers and operation of the Strategy Committee are outlined in the Board's internal rules. An excerpt of these regulations can be found in section 7.3 of the Company's Registration Document.

Membership and duties

The Strategy Committee is made up of four members appointed by the Board of Directors: Mr. Olivier Bazil, Ms. Christel Bories (independent Director), Frédéric Lemoine and Gilles Schnepp. It is chaired by Ms. Christel Bories, and its responsibilities include:

- examining major projects relating to the strategic development and positioning of the Group, and in particular, strategic partnerships projects and main investment or divestment transactions; and
- reviewing the draft annual budgets and development plans of the Company submitted to the Board of Directors. In this capacity, the Strategy Committee consults with the managers of the Company concerning the assumptions on which such plans and budgets are based or amended.

The Strategy Committee meets whenever necessary, and in any case at least twice a year.

Meetings of the Strategy Committee may take place by telephone or video-conference; a quorum exists when at least half of the members take part.

Work done in 2012

The Committee met on three occasions during 2012 financial year. Attendance for the year was 100%.

In 2012, the Strategy Committee met to consider the following agenda:

- *acquisitions*:
  - review of acquisitions made from 2005 to 2012,
  - projected acquisitions,
  - strategic orientations for future acquisitions;
- *budget:*
  - presentation of the 2011 estimate and the projected 2012 budget; and
  - approval of the 2012 budget.

The Strategy Committee reports on its work to the Board of Directors.

Evaluation of the Board of Directors and its Committees

In compliance with internal rules, the work of the Board of Directors is reviewed and assessed at least once a year. This is a separate point on the agenda of the meeting concerned, and is reported on in the Company's annual report.

A self-evaluation was carried out at the end of 2011. The summary at the start of 2012 revealed that Directors were satisfied on the whole, particularly as regards (i) membership of the Board and its evolution, (ii) the operation of the Board of Directors and its specialized Committees as well as the latter's reporting to the Board, and (iii) presentations made to Directors which had enabled the latter to enhance their knowledge and awareness of the Group's expansion, its products and its markets.

During this self-evaluation, Directors expressed the following requests:

- to have further presentations organized on specific topics and major operational issues in 2012;
- to have site guided tours organized; and
- to increase the share of independent Directors on the Board.

Accordingly, in response to these requests, the Board of Directors implemented the following initiatives in 2012:

- organization of several presentations on strategic topics, namely: annual review of the sustainable development process and policy on equal opportunity for employment and compensation, presentation of a partnership project in the field of independent assisted living, and a presentation of the Group's operations in the Russia/CIS area;
- guided tours of Legrand industrial facilities for new Directors and meetings with operations managers of the Group;
- guided tour of a showroom of Legrand designed for customer training purposes and specialized in products for commercial and industrial environments;
- increase of the share of independent Directors on the Board, with the appointment in 2012 of three new independent Directors.

In November 2012, a questionnaire was sent to Company Directors to assess the functioning of the Board and its Committees for 2012 financial year.

7.4.3 - Limits on the powers of the Chief Executive Officer

The Board of Directors, at its meeting of March 17, 2006, decided to combine the functions of Chairman and Chief Executive Officer, both to be assumed by Mr. Gilles Schnepp. This decision was made as the Company was listed on the stock exchange. Combining the two functions corresponds both to Company tradition and to the reality of Legrand's operating model.

Subject to the transactions and decisions that require prior approval from the Board of Directors in accordance with Article 1 of the internal regulation (which are listed in section 7.3.1.1 of the Company's Registration Document), the Board of Directors did not place any limitation on the powers of the Chief Executive Officer.

7.4.4 - Principles and rules for determining the compensation and benefits of Executive Directors

Compensation of Executive Directors is set by the Board of Directors on the basis of recommendations made by the Nominating and Compensation Committee.

7.4.4.1 COMPENSATION AND BENEFITS OF EXECUTIVE DIRECTORS

Principles for determining compensation

The Chairman and Chief Executive Officer's compensation includes the following items:

- a fixed annual compensation;
- an annual bonus which is determined according to quantitative and qualitative criteria of an economic, strategic and social nature;
- a long term incentive;
- a supplementary pension with defined benefits;
- a company car and a cell phone as benefits in kind;
- the mandatory Group contingency insurance plan and supplementary health insurance for the Group's executives.

The Chairman and Chief Executive Officer receives no compensation either in the form of director's fees or any other in respect of directorships held in Group subsidiaries.

Annual compensation

Annual compensation for the Chairman and Chief Executive Officer includes the following items:

- fixed annual compensation of €625,000. The amount for fixed annual compensation was set at €625,000 by the Board of Directors on March 3, 2011, in view of levels of responsibility and experience as well as market practices determined by way of a survey conducted by independent consultants. It was agreed that this amount would remain unchanged for three financial years, as recommended by the Code of Corporate Governance;
- a bonus which is determined on the basis of:
  - a pre-defined quantitative criterion linked to the Company's financial performance, measured each year by the "economic result" (*i.e.* adjusted operating income, less the cost of capital used). This quantitative part, the target value of which was set at 50% of the fixed compensation, could vary between 0% and 100% of said fixed compensation, depending on the level of economic result achieved in respect of 2012 financial year, and
  - the following qualitative criteria: (i) sales growth, innovation and increased market share, (ii) the external growth policy and (iii) general criteria linked to risks management, sustainable development and labour relations concerns. This qualitative part, the target value of which was set at 50% of the fixed compensation, could vary between 0% and 100% of said fixed compensation.

Long term incentive

The long term incentive for the Chairman and Chief Executive Officer was designed to reflect the achievement by the Group of long term economic performance. It can come in the form of either of the following instruments:

- incentive in the form of future performance units ("Future Performance Units"); or
- incentive in the form of options for the subscription and/or purchase of shares, and performance share plans.

Future Performance Units

Considerations by the Nominating and Compensation Committee have led to the setting-up of an Future Performance Unit scheme in the Group. The aim of the scheme is to create a stronger bind between the compensation of the Chairman and Chief Executive Officer, members of the Group's Executive Committee and Management Committee members in subsidiaries or central functional departments, and the Group's medium term achievement of economic performance, so as to ensure better alignment between the interests of company management and those of shareholders.

In 2013, Mr. Gilles Schnepp was granted a number of Future Performance Units set at the Board of Directors meeting on March 6, 2013, namely 37,732 Future Performance Units (the "2013 Performance Unit Plan").

After a period of three years from the date of first award (the "Vesting Period"), and subject to compliance with service conditions, performance conditions will be tested to determine the number of Future Performance Units finally granted.

At the expiry of the Vesting Period, the performance conditions to be assessed in respect of the 2013 Performance Unit Plan are twofold, based on the Group's future achievements:

- An "external" performance condition, accounting for 50% of the total award, results from a comparison between the arithmetic average of Legrand's consolidated EBITDA margin as published in consolidated financial statements over the three financial years preceding the day of expiry of the Vesting Period and the average of EBITDA margins achieved by the MSCI World Capital Goods index component stock companies over the same period. The number of Future Performance Units finally granted shall be:
  - zero if the difference between the two averages is equal to 4 points or less in the Company's favour ("Limit 1"),
  - 69% of half the Future Performance Units if the difference between the two averages is equal to 8.3 points in the Company's favour ("Limit 2"). Between Limit 1 and Limit 2, the number of Future Performance Units finally granted shall be calculated in a linear way; and
  - 100% of half the Future Performance Units if the difference between the two averages is equal to 12 points or more in the Company's favour ("Limit 3"). Between Limit 2 and Limit 3, the number of Future Performance Units finally granted shall be calculated in a linear way.
- An "internal" performance condition, accounting for 50% of the total award, results from the level of normalized free cash flow as a percentage of sales, as published in consolidated financial statements over the three financial years preceding the day of expiry of the Vesting Period. The number of Future Performance Units finally granted shall be:
  - zero if the average normalized free cash flow as a percentage of sales is equal to 9% or less ("Limit 1'"),
  - 69% of half the Future Performance Units if this average is equal to 12.4% ("Limit 2'"). Between Limit 1' and Limit 2', the number of Future Performance Units finally granted shall be calculated in a linear way; and
  - 100% of half the Future Performance Units if this average is equal to 16% or more ("Limit 3'"). Between Limit 2' and Limit 3', the number of Future Performance Units finally granted shall be calculated in a linear way.

From the above, it can be seen that the final number of Future Performance Units finally acquired by Mr. Gilles Schnepp can vary between 0 and 100% of the initial number of Future Performance Units awarded to him on the date of first award.

With respect to Mr. Gilles Schnepp and to the members of the Executive Committee of the Group, an additional two-year period of unavailability is imposed, upon expiry of the Vesting Period. During the two-year period of unavailability, no payments shall be made to their benefit in respect of their Future Performance Units. Upon expiry of the two-year period of unavailability, the amount paid to them with respect to their Future Performance Units is equal to the unit value of their Future Performance Units* plus the equivalent of dividends per share paid on Legrand shares during the two-year period of unavailability and capitalised over said period and multiplied by the number of Future Performance Units finally granted to each beneficiary.

The resignation of a beneficiary during the Vesting Period automatically cancels the granting of Future Performance Units.

Plans for the allocation of options for the subscription and/or purchase of shares, and performance share plans

In 2013, no allocation of options for the subscription and/or purchase of shares was made, nor any allocation of performance shares.

The plans for the allocation of options for the subscription and/or purchase of shares implemented by the Company in respect of previous financial years are outlined in sections 8.2 and 8.3 of the Company's Registration Document. No discount was applied and the Company has implemented no hedging instruments for options and performance shares. Mr. Gilles Schnepp has formally undertaken to refrain from using any hedging instruments for the options and/or performance shares allocated to him.

* *The unit value of the Future Performance Units amounts to the closing price of Legrand shares on the NYSE Euronext Paris market on the day of the exercise by any beneficiary of his/her Future Performance Units during the two-year period of unavailability. Therefore, the unit value of the Future Performance Units depends on the company's performance on the stock market.*

The Company has for many years also implemented a system of profit sharing beyond the legal requirements for the benefit of all its employees and those of its French subsidiaries. The Chairman and Chief Executive Officer has not benefited from this.

The Company is complying with the rules on the granting of options and performance shares defined in this Code of Corporate Governance, apart from the recommendation on the granting of performance shares on the condition that a set number of shares are purchased when granted performance shares vest. Mr. Gilles Schnepp has already substantially invested in the Company's share capital and is already subject to the requirement to hold at least 30% of all shares acquired until the termination of his duties (including options and performance shares). The Board of Directors, on the proposal of the Nominating and Compensation Committee, has therefore decided not to comply with this recommendation to the letter, as the undertaking to retain shares constitutes a scheme with equivalent effect.

Pension plan

The Chairman and Chief Executive Officer benefits from a supplementary pension entitlement, compliant with the recommendations of the Code of Corporate Governance with regard to the number of beneficiaries, seniority, the limited percentage of compensation and the reference period used to calculate the entitlements (this information can be found in section 7.2.1.3 of the Company's Registration Document).

Moreover, the Chairman and Chief Executive Officer's overall compensation was determined taking account of the benefit of the abovementioned supplementary pension entitlement.

Termination benefits

With the exception of benefits due on retirement (this information is noted in section 7.2.1.3 of the Company's Registration Document) and of the covenant not to compete described below, the Chairman and Chief Executive Officer does not benefit from any commitment concerning components of compensation, indemnities or other benefits that might be due as a result of the termination of his office or assignment to a different position, or subsequently ("golden parachutes").

A non-competition agreement was entered into between the Company and Mr. Gilles Schnepp for two years with the main purpose of submitting the latter to the restrictions under a covenant not to compete. If this non-competition clause is implemented by the Company, this would occasion the payment of a monthly indemnity equal to 50% of his average fixed compensation and bonuses received over the last 12 months with the Group. The amount of this indemnity would be in line with the recommendations of the Code of Corporate Governance which limit the amount of said indemnity to two years' compensation. This non-competition covenant can only be implemented once Mr. Gilles Schnepp as left the Company and at the sole initiative of the Company.

As such, the Company is compliant with the recommendation of the Code of Corporate Governance relating to the benefit of these termination benefits.

Contract of employment of the Chairman and CEO

In accordance with the Code of Corporate Governance, the Board of Directors, on March 4, 2009, acknowledged the termination of the contract of employment between Mr. Gilles Schnepp and the Company, with immediate effect and without compensation.

7.4.4.2 ATTENDANCE FEES PAID TO DIRECTORS

The maximum amount of attendance fees was set at €600,000 by the Shareholders General Meeting of May 26, 2011. This resolution remains in force until a new one is adopted.

The Board of Directors decided, from 2011 financial year, to allocate the attendance fees paid to Directors as follows:

- €35,000 a year to be paid to each member attending all meetings of the Board of Directors, this amount being reduced by €3,000 for each absence from a meeting of the Board of Directors;
- €5,000 a year further to be paid to each Director who is also a member of a Committee, with the exception of executive directors, this amount being increased to €10,000 per year for the chairs of the Strategy Committee and the Nominating and Compensation Committee, and to €20,000 for the chair of the Audit Committee, each of these amounts being reduced by €1,000 for each absence.

These rules for attendance fees comply with the Code of Corporate Governance.

The Chairman and Chief Executive Officer waived his right to receive attendance fees from 2011 during the exercise of his duties.

Readers are invited to refer to section 7.2.2 of the Company's Registration Document on attendance fees paid to Directors in the course of financial years 2011 and 2012.

7.4.5 - Participation of shareholders in the General Meeting

Conditions for participation in the Company's General Meeting are outlined in Article 12 ("General Meetings") of the Company's Articles of Association (available on the www.legrand.com website) and in section 10.3.5 of the Company's Registration Document.

7.4.6 - Information pursuant to Article L. 225-100-3 of the French Commercial Code concerning factors likely to affect the outcome of a public offer

Readers are invited to refer to the management report, which contains factors likely to influence a public offering. This report can be found in Appendix 2 of the Company's Registration Document.

7.4.7 - Risk management and internal controls

7.4.7.1 DEFINITIONS, PURPOSES AND FRAMEWORK

Definition and purposes of risk management and internal control procedures

Risk management involves using a set of concepts, tools, methodologies and initiatives adapted to the Group's specific features to enable management to contain risk at a level considered acceptable by the Company.

A risk represents the possibility of an event occurring that might have adverse effects on people, resources, the environment, Group objectives or the Group's reputation.

Risk management aims to:

- ensure the safety of the Group's employees;
- preserve the Group's value, assets and reputation;
- make Group decision-making and processes secure, to contribute to the achievement of objectives and thereby to value creation;
- ensure that initiatives undertaken are consistent with Group values; and
- rally Group employees around a shared vision where major risks are concerned, and raise awareness of the risks inherent to their activity.

The Group's internal control system involves the use of appropriate resources and behavior for procedures and action, implemented in ways suited to the Group's special features and which:

- contribute to control of its business, the effectiveness of its operations and the efficient use of its resources; and
- enable it to take appropriate account of significant operational, financial and compliance risks.

The objective of the Group's internal control procedures is to ensure the following:

- compliance with laws, regulations and internal procedures;
- protection and safeguarding of assets through procedures such as cycle counts of inventory, inspections of plant and equipment through regular physical inventory controls, and insurance policies matching the Group's needs;
- fraud prevention and detection, particularly with regard to accounting and financial information;
- reliability and integrity of accounting information in relation to actual transactions;
- achievement of management objectives;
- optimization of operations.

It should be noted that the internal control mechanism cannot provide an absolute guarantee that the Group's targets will be met. However, the unique nature of its economic model is a major factor which facilitates understanding and appropriation of the internal control principles by all of the Group's subsidiaries.

Links between risk management and internal control procedures

Risk management and internal control procedures interact as a virtuous circle within the framework of a deliberate approach aimed at the continuous improvement of Group processes, in terms of reliability, compliance and efficiency.

Risk mapping and evaluation lay the foundation for internal control by defining risk levels that are acceptable to the Group and the guidelines for compliance. The latter are translated, where appropriate, into procedures and controls under the responsibility of the internal control department.

The risk map is updated each year and presented to the Audit Committee.

In parallel, the internal control schemes deployed by the Group and its operational and functional departments enable the identification and updating of risks and the performance of reporting according to a single framework, thereby enhancing the overall risk management approach.

Given these close links, all of these functions are grouped together in the same department: "Risk Management and Internal Control", which is attached to the Group's Finance Department. It also handles internal audits.

Scope of action

Legrand's internal control scheme covers all controlled companies that fall within the Group's scope of consolidation. Newly acquired companies are included in the internal control framework as part of their docking process, on the occasion of a first inspection by Group internal control teams within the first few months following acquisition.

Framework

In order to implement these risk management and internal control objectives, the Group's Management has established an internal control and risk management framework based on the recommendations of the AMF in the reference Framework published in June 2010.

■ 7.4.7.2 INTERNAL CONTROL AND RISK MANAGEMENT SCHEME

Risk management

Organizational framework

The Group's Risk Management strategy is led by the Risk Management and Internal Control department, under the responsibility of the Group CFO. The Group's risk management policy defines the process for identifying, analyzing and dealing with risks. The Risk Management and Internal Control department is responsible for implementing this policy, by gathering the indicators necessary to assess them and by following the action plans implemented by the Group's various Operational or Functional departments.

This general approach is overseen and monitored by a Risk Committee which is chaired by the Group's General Management and includes the Group Vice Presidents of the industrial divisions and the main functional departments. The Risk Committee met twice during 2012. Furthermore, crossover matters are regularly discussed at the Group's Executive Committee meetings.

The Group's Audit Committee is also kept informed of all issues. In particular, the policy for assessing and dealing with risks is discussed every year at a meeting with the Audit Committee, during which major risk factors are reviewed and reevaluated as appropriate, in light of risk factors external to the Company and determined by its economic, geopolitical, social and technological environment. A summary is subsequently presented to the Board of Directors.

Risk management procedures

The Group's risk management procedure has three stages:

1) Risks are identified at all levels of the Group's value chain. From this perspective, risks are defined as both threats and missed opportunities, to the extent that the latter are either inherent to the Group's business model and/or can be considered as such by other stakeholders. This risk framework is regularly updated by the Risk Committee using data gathered from the Group's main senior executives ("Top Down") or using contributions from Group subsidiaries or departments ("Bottom Up"); a detailed classification of risks has been established for this purpose, which is updated whenever necessary, enabling to address the potential impact of risks both from the point of view of the Group and its functional departments and from the point of view of its operational entities;
2) Risks are analyzed on the basis of indicators that are defined and validated by the Risk Committee (KRI - Key Risk Indicators). These indicators, produced using historic and prospective data, are fed back to the Risk Management and Internal Control Department for each risk by the operational or functional departments responsible. Indicators are then used to measure and rank risks relative to the probability of their materialization and their potential impact, assessed on the basis of a homogeneous set of criteria. The assessment is made on a "gross" basis (prior to the risk control mechanism) and on a "net" basis (after the risk control mechanism);
3) Risks are dealt with in several ways: the reduction, transfer, or acceptance of a risk. The measures are decided upon and shared between the Group's Risk Management and Internal Control Department and the risk owners identified within the operational and functional departments. The Risk Committee directly validates the procedure for dealing with the main risks;

Steering

Steering of the Risk Management scheme is continually ensured by the dedicated function within the Risk Management and Internal Control department and the risk owners within the Group's operational and functional departments. In addition, the Group has assigned each major risk to the functional department in charge of the related risk management mechanism, with coordination by the Risk Committee and the Internal Control department. The major risk factors are set out in section 4 of the Company's Registration Document.

Internal control

Control environment

The control environment is based on principles structuring Group philosophy in this area and determining the appropriate level of staff awareness regarding internal control requirements. The principal purpose of the related organization deployed by the Group is to ensure that the responsibilities of each unit and department are clearly defined. It is also based on messages and values that are broadly communicated and shared across the Group as a whole. The resulting control environment is in particular materialized by the Group's Charter of Fundamental Principles, aimed at sharing values and principles with all entities and staff members.

Risk evaluation and management

Risk evaluation and management is a fundamental aspect of the Group's internal control scheme. Related structures and processes are described in the section above dedicated to Risk Management.

Structure of communication and information flows

The Group has adopted processes and procedures ensuring timely, reliable communication of relevant information to the parties concerned. Reporting structures have been set up for all the Group's major business processes, providing a common language for the exchange of information between different levels of Group organization (subsidiaries, divisions, Group departments and management).

Internal control operations

The Group's internal control operations are defined in a manual of administrative and financial procedures that also includes accounting, management and reporting rules. This manual, designed for the Group's specific economic environment and industry, has existed for over a decade, and is updated regularly. Clear emphasis is placed on tracking product flows (reliability and safety of inventories, cycle counts, analysis and justification of inventory discrepancies), purchasing and sales transactions (compliance with rules of separation between financial years, tracking and authorization of discounts or rebates, order procedures), and more generally the compliance of operations through enforcement of the dedicated procedures.

Application of these rules ensures compliance with management objectives. The Group's dedication to a single strategic business area has allowed it to define simple operating rules for each of its functional and operational divisions.

Internal control operations are revised annually, using a process that combines detailed tests of critical controls and self-evaluation questionnaires completed by the subsidiaries concerned. Data gathered in these questionnaires and tests is documented, consolidated and analyzed using a dedicated intranet tool. This review mechanism is reflected in the implementation of dedicated action plans, which contribute to the ongoing improvement of internal control and risk management. The self-evaluation questionnaire contains some fifty questions taken from the COSO matrix and Group risk mapping, addressing both fundamental internal control aspects and wider questions relating to the main Group processes (e.g. Purchasing, Sales, Inventory management, Payroll, Fixed assets, etc.) and their potential implications in accounting and financial terms, as well as control of major risk factors such as compliance, business continuity plans, etc.

These mechanisms all contribute to fraud prevention and the optimisation of Group procedures. In the event of fraud, a detailed report specifying the relevant circumstances and amounts must be forwarded to the Group's internal control department for validation of the proposed action plans. A summary of cases of fraud is presented to the Audit Committee once a year and whenever necessary.

Steering

The Group's internal control department:

- coordinates the Group's internal control operations and ensures that reviews are conducted in keeping with appropriate methodology;
- conducts internal audits at Group entities.

Assigning these two tasks to a single department ensures consistent methodology and constant adaptation of audit procedures to the internal control risk areas.

For a dozen Group entities including the largest ones (France, Italy, United States), the Group's internal control department relies on local internal controllers who steer the approach in their respective units. In smaller subsidiaries, internal control is the responsibility of the each unit's Financial Manager. Regular audits by the Group's internal auditors and financial controllers ensure that Group procedures are properly implemented and enforced. The audit plan, which is reviewed annually and presented to the Audit Committee, takes into account major emerging risks, while ensuring a reasonable rotation of audits (performed on average every 3 to 4 years) on key processes and controls in all of the Group's operational entities and functional departments. Recommendations issued directly address underlying risks, categorized according to the Group's classification, thus boosting the previously mentioned bottom up approach. An internal audit team with strong computer skills is also deployed.

The tools, procedures and results of internal control reviews are available to the Group's Statutory Auditors at all times, and there are regular consultations to optimize the internal control framework and coverage of risk areas, which reinforce the internal control scheme and risk control.

In the Group as a whole, a total of around 20 staff members will be fully dedicated to internal control in 2013.

7.4.7.3 PROCEDURES FOR PREPARING AND PROCESSING ACCOUNTING AND FINANCIAL INFORMATION

Objectives

Internal control applied to accounts and finance must meet the following objectives:

- guarantee that the accounting and financial information published complies with regulations;
- ensure that instructions issued by the Group's general management are applied, where such information is concerned;
- preserve the Group's assets;
- detect and prevent fraud and accounting irregularities insofar as possible;
- guarantee the reliability of financial information and internal accounts, as well as the information disclosed to the markets.

Contributors

Main contributors are:

- General Management, insofar as it is responsible for setting up and structuring the Group's internal control system, as well as preparing financial statements for approval and publication;
- the Board of Directors that approves the financial statements, based in particular on the preparatory work conducted by the Audit Committee;
- the internal audit team, which, through its work, supplies various recommendations to General management and to the Audit Committee on areas for improving internal control applied to accounts and financial statements;
- external auditors who, through their work, express an independent opinion on published consolidated financial statements.

Control mechanism for accounting and financial information

This mechanism is based on the definition and implementation of processes to prepare and review financial and accounting data so that it can be used internally for steering purposes, and so that it can be disclosed externally and published by the markets. The system is deployed through concerted action involving contributions from the following staff within the Finance Department:

Financial managers in subsidiaries

Financial managers play a critical role in the finance function. Candidates for these positions are reviewed systematically by the Group's financial management, to ensure consistently outstanding levels of expertise.

Group finance control

The Group finance control department plays an important role in the monitoring and control of subsidiary performance. It coordinates the preparation of annual budgets and regularly reviews achievements and estimates. This work relies on reporting and budget rules, which can be found in the internal control procedures manual.

All subsidiaries issue a detailed consolidation report every month, which includes a balance sheet, an income statement and analysis, allowing detailed monitoring of their performance.

Corporate financial analysis

The corporate financial analysis unit prepares and analyzes the Group's consolidated financial statements. It prepares and circulates, on a monthly basis, a progress sheet showing the Group's consolidated performance and the difference between actual performance and targets.

Accounting data are consolidated by a dedicated team using the consolidation reports available online to all Group subsidiaries. Consolidated financial statements are prepared on a monthly basis, except at the end of July, according to a schedule circulated to all subsidiaries. This allows them to plan accordingly and provide the financial information in a timely manner.

Almost all consolidated entities have their annual and/or consolidation reports reviewed by the local affiliated offices of the Group's Statutory Auditors or by independent auditors.

Cash flow management

Cash flow is monitored through specific Group procedures. Investment, borrowing and hedging transactions are centralized and controlled by the Group's Finance Department. All bank accounts are managed in accordance with the Group's treasury management, ensuring a degree of overall consistency in relationships with banks.

IT department

To ensure the reliability of accounting and financial data processing, Legrand has implemented a full set of IT procedures and data back-up plans for the various IT systems used by the Group.

Implementing internal controls has also strengthened and harmonized procedures and operations relating to IT systems, and improved protection and access conditions to systems and networks.

Internal control is managed by the Risk Management and Internal Control Department. Evaluation and test methods are in place and are applied annually at all Group subsidiaries where this is required. These methods, which are applied to each of the business's major financial and accounting cycles, ensure that fundamental controls for these cycles are duly deployed.

7.4.8 - Financial ratings of the Company

At December 31, 2012, Legrand was rated as follows by financial rating agencies:

- Standard & Poor's: A- stable outlook;
- Moody's: Baa1 stable outlook.

Fitch no longer rates the Company.

This information is disclosed in accordance with the Code of Corporate Governance recommendations.

7.5 - STATUTORY AUDITORS' REPORT PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE

Statutory Auditors' report prepared in accordance with Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors of Legrand

This is a free translation into English of the statutory auditors' report issued in French prepared in accordance with Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors of Legrand on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction and construed in accordance with French law and the relevant professional standards applicable in France.

Year ended December 31, 2012

Legrand

Société Anonyme

128, avenue du Maréchal de Lattre de Tassigny

87000 LIMOGES

To the Shareholders,

In our capacity as statutory auditors of Legrand (the "Company") and in accordance with Article L. 225-235 of the French Commercial Code (*Code de Commerce*), we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the French Commercial Code for the year ended December 31, 2012.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L. 225-37 of the French Commercial Code, particularly in term of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to attest that the report sets out the other information required by Article L. 225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly discolsed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, contained in the report prepared by the Chairman of the Board, in accordance with Article L. 225-37 of the French Commercial Code.

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine, March 27, 2013

The Statutory Auditors

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Gérard Morin	Jean-Marc Lumet

08

SHARE OWNERSHIP

8.1 - BREAKDOWN OF SHARE CAPITAL

Unless otherwise indicated, the information presented in this chapter is dated December 31, 2012.

8.1.1 - Shareholding structure

Legrand's shareholding structure in the last three years is as follows:

	December 31, 2010			December 31, 2011			December 31, 2012		
	Shares *(Number)*	Share capital *(%)*	Voting rights *(%)*	Shares *(Number)*	Share capital *(%)*	Voting rights *(%)*	Shares *(Number)*	Share capital *(%)*	Voting rights *(%)*
Wendel[(1)]	51,133,964	19.43	27.69	15,389,806	5.84	10.11	14,438,049	5.46	9.73
KKR[(1)]	44,833,947	17.04	24.27	15,389,806	5.84	10.11	-	-	-
TOTAL CONCERT	**95,967,911**	**36.47**	**51.96**	**30,779,612**	**11.69**	**20.21**	**N/A**	**N/A**	**N/A**
Legrand management and employees (Employee savings plan (PEE))[(2)]	12,685,801	4.82	6.10	10,853,969	4.12	6.84	10,054,338	3.80	6.62
Treasury stock[(3)]	800,135	0.30	0.22	560,536	0.21	0.18	151,584	0.06	0.05
Free float	153,707,499	58.41	41.72	221,194,878	83.98	72.77	239,730,904	90.68	83.60
TOTAL	**263,161,346**	**100**	**100**	**263,388,995**	**100**	**100**	**264,374,875**	**100**	**100**

(1) Until March 8, 2012, Wendel and KKR were bound by a shareholders' agreement in which they have declared acting in concert in respect of the Company. For further information on the termination of the concert between these two shareholders, please refer to section 8.1.3 of this Registration Document.

(2) Relates to shares held in registered form by managers and the former managers who exercised functions in the Group, and to shares held by employees in the employee savings investment funds (FCPE).

(3) Voting rights non exercisable at General Meetings.

8.1.2 - Information on breaching of legal thresholds

The Company was notified of the following breaches of the legal thresholds during FY 2012:

Company	Declaration date	Date of breach	Legal threshold	Direction of breach	% of capital	% of voting rights
MFS Institutional Advisors Inc.	2/9/2012	2/2/2012	5% of capital	Upward	5.10%	4.41%
	2/9/2012	2/6/2012	5% of capital	Downward	4.89%	4.23%
Financière Light III S.à.r.l .and Legron BV acting in concert	3/13/2012	3/8/2012	20% and 15% of voting rights, 10% and 5% of capital and voting rights	Downward	0	0
Financière Light III S.à.r.l .	3/13/2012	3/8/2012	10% of voting rights and 5% of capital and voting rights	Downward	1.01%	1.82%
MFS Institutional Advisors Inc.	4/11/2012	4/3/2012	5% of capital	Upward	5.08%	4.63%
Legron BV[(1)]	6/15/2012	6/11/2012	10% of voting rights	Downward	5.47%	9.99%
Wendel SA (through the intermediary of Legron B.V. which it controls)	8/6/2012	7/31/2012	10% of voting rights	Downward	5.47%	9.99%
Capital Research and Management Company	8/10/2012	8/8/2012	5% of voting rights	Downward	5.43%	4.96%
Massachusetts Financial Services (MFS) Company[(2)]	08/10/2012 and 08/14/2012	8/8/2012	5% of voting rights and 10% of capital	Upward	10.88%	9.94%
Morgan Stanley Investment Management Ltd.	9/3/2012	8/28/2012	5% of voting rights	Downward	5.43%	4.96%
	9/12/2012	9/6/2012	5% of capital	Downward	4.72%	4.32%
The Capital Group Companies Inc.	9/17/2012	9/12/2012	5% of capital	Downward	4.97%	4.55%

(1) It was specified that Wendel Participations did not breach any threshold and, on this date, held directly and indirectly, through the intermediary of Legron B.V. and Wendel SA, which it controls, 5.84% of the Company's capital and 10.33% of its voting rights. Following the distribution by Wendel SA of a dividend payable in Legrand shares, Wendel Participations specified that it holds, as at June 12, 2012, directly and indirectly, through the intermediary of Legron B.V. and Wendel SA, which it controls, 5.61% of the Company's capital and 10.12% of its voting rights.

(2) Massachusetts Financial Services (MFS) Company declared that this breach of the thresholds arose from a change in the de-aggregation policy of MFS Investment Management resulting in aggregating all the companies in its group.

To the best of the Company's knowledge, and based on the breaches of thresholds filed with the French Financial Markets Authority (*Autorité des Marchés Financiers*), no shareholder, other than Wendel, MFS Institutional Advisors Inc., Capital Research and Management Company, Massachusetts Financial Services (MFS) Company, and BlackRock Inc.* , has declared that it holds more than 5% of the Company's share capital as of the date of this Registration Document.

* *Based on the disclosure of ownership thresholds dated September 28, 2010 filed with the Autorité des Marchés Financiers (6.38% of the share capital and 4.54% of the voting rights on the date of said disclosure).*

8.1.3 - Change in shareholding structure

Until March 8, 2012, Wendel and KKR, major shareholders in the Company, held in concert 11.69% of the Company's share capital and 20.21% of voting rights.

On March 8, 2012, KKR sold 12,730,394 shares in the Company, *i.e.* 4.83% of the share capital* . As a result of this sale of shares, KKR's stake broke below the threshold of 5% of the Company's voting rights, and the shareholders' agreement entered into on April 6, 2011 between Wendel and KKR, pursuant to which they declared acting in concert in respect of the Company, expired in accordance with the provisions of this agreement. On March 14, 2012, KKR sold the balance of its stake in the Company's share capital, *i.e.*, 2,659,412 shares, representing 1.01% of the Company's share capital and 1.82% of voting rights.

Following these different sale transactions, the concert formed by KKR and Wendel until March 8, 2012 no longer holds any shares in the Company and KKR no longer holds any shares in the Company.

In this context, Mr. Mattia Caprioli, whose appointment was proposed by KKR, stepped down as a Director at the Board of Directors' meeting held on July 26, 2012.

At December 31, 2012, Wendel holds 5.46% of the Company's share capital and 9.73% of voting rights.

8.1.4 - Shareholders' agreement and specific agreements

On March 21, 2006, Wendel and KKR entered into a shareholders' agreement on the occasion of the Company's initial public offering. After this agreement expired on April 6, 2011, Wendel and KKR entered into a new shareholders' agreement on the same day to continue cooperating with respect to the management of their shareholding as well as the governance of the Company, to act in concert in respect of the Company and to grant mutual first offer and tag-along rights in the event of certain transfers of shares of the Company by either party.

The main provisions of this agreement with respect to the governance of the Company and to the transfer of shares, as agreed between KKR and Wendel and reported to the Company and the *Autorité des Marchés Financiers*, are described on page 146 of the 2011 Registration Document filed with the *Autorité des Marchés Financiers* under No. D.12-0291.

In accordance with the provisions of the agreement, the agreement was terminated following KKR's downward breach of the 5% of the Company's voting rights threshold on March 8, 2012.

To the best of the Company's knowledge, there are no longer, on the date of this Registration Document, any shareholders' agreements in force governing the relationships between Company shareholders or any concert.

* *Based on the disclosure of ownership thresholds dated March 13, 2012 filed with the Autorité des Marchés Financiers.*

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8.2 - STOCK OPTION PLANS

Table 8 - Breakdown of stock options

No stock options were allocated in respect of the 2012, 2011 and 2010 financial years.

The Company's Board of Directors approved the implementation of the stock option plans listed below:

Information on stock options	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Date of Board of Directors' Meeting	5/15/2007	3/5/2008	3/4/2009	3/4/2010
Total number of options	1,638,137	2,015,239	1,185,812	3,254,726
of which to Executive Directors	*79,281*	*141,231*	*93,964*	*217,646*
■ Gilles Schnepp	40,745	72,583	48,300	134,351
■ Olivier Bazil	38,536	68,648	45,664	83,295
Vesting/exercise conditions	Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct			
Starting date of the option exercise period	5/16/2011	3/6/2012	3/5/2013	3/5/2014
End of the option exercise period	5/15/2017	3/5/2018	3/4/2019	3/4/2020
Option exercise price	€25.20	€20.58	€13.12	€21.82
Options cancelled during 2007 and 2008	(55,042)	(20,439)		
Options cancelled during 2009	(25,105)	(32,057)	(21,093)	
Options cancelled during 2010	(13,830)	(19,112)	(18,739)	(75,317)
Options exercised during 2010	(2,046)	(2,853)	(1,852)	
Options cancelled during 2011	(10,643)	(31,760)	(33,552)	(75,713)
Options exercised during 2011	(100,965)	(1,614)	(732)	(3,703)
Options cancelled during 2012	(1,023)	(10,395)	(7,416)	(30,097)
Options exercised during 2012	(350,145)	(635,735)		
Outstanding options as of 12/31/2012	**1,079,338**	**1,261,274**	**1,102,428**	**3,069,896**

If all these options (*i.e.* 6,512,936 options) were to be exercised, the Company's capital would be diluted by a maximum of 2.5% (this is a maximum dilution as it does not take into account the issue price of these options) at December 31, 2012.

The fair value of the share-based payment instruments is measures on their grant date using the Black & Scholes option pricing model or the binomial model, based on the following assumptions:

Assumptions	Plan 2007	Plan 2008	Plan 2009	Plan 2010
Risk-free rate	4.35%	3.40%	2.25%	2,91 %
Expected volatility	28.70%	30.00%	38.40%	28,00 %
Expected return	1.98%	3.47%	5.00%	3.20%

Options granted under all of these plans are considered as having a five-year life.

Table 9 – Options granted to and exercised by the ten highest beneficiaries who are not executive directors

The table below shows the options granted to and exercised by the ten highest beneficiaries who were not executive directors of the Company during the financial year ended December 31, 2012:

Stock-options granted to and exercised by the ten highest beneficiaries who are not executive directors	Total number of options granted/ exercised	Weighted average exercise price	2012 Plan	2011 Plan	2010 Plan €21.82	2009 Plan €13.12	2008 Plan €20.58	2007 Plan €25.20
Options granted during the year by the issuer and companies within the scope of the option plan to the ten employees of the issuer and those companies included in the scope to which the highest number of options was granted (total)	Nil	-	-	-	-	-	-	-
Options previously granted by the issuer and the companies referred to above and exercised in the course of the year by the ten employees of the issuer and those companies having purchased or subscribed the highest number of shares (total)	-	22.56	-	-	-	-	96,147	71,929

Information on options granted to and exercised by executive directors during the year ended December 31, 2012 is included in section 7.2.1 of this Registration Document.

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8.3 - PERFORMANCE SHARE PLANS

No performance shares were allocated in respect of 2012 financial year.

The Company's Board of Directors approved the implementation of the performance share plans listed below:

Information on performance share plans	2008 Plan	2009 Plan	2010 Plan	2011 Plan	2012 Plan
Date of Board of Directors' Meeting	3/5/2008	3/4/2009	3/4/2010	3/3/2011	3/7/2012
Total number of performance shares granted	654,058	288,963	896,556	1 592 712	985,656
of which to executive directors	47,077	23,491	62,163	127,888	30,710
■ Gilles Schnepp	24,194	12,075	38,373	65,737	30,710
■ Olivier Bazil	22,883	11,416	23,790	62,151	
Vesting/exercise conditions	Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct				
Performance shares cancelled during 2007 and 2008	(6,145)				
Performance shares vested in 2008					
Performance shares vested in 2009	(400)				
Performance shares cancelled in 2009	(9,905)	(6,281)			
Performance shares vested in 2010	(329,359)	(463)			
Performance shares cancelled in 2010	(2,908)	(3,845)	(21,358)		
Performance shares vested in 2011	(538)	(120,818)	(1,058)	(1,446)	
Performance shares cancelled in 2011	(7,358)	(7,972)	(21,635)	(34,090)	
Performance shares vested in 2012	(293,980)		(404,472)		
Performance shares cancelled in 2012	(3,465)	(1,182)	(6,326)	(17,764)	(7,738)
Outstanding performance shares as of 12/31/2012	**0**	**148,402**	**441,707**	**1,539,412**	**977,918**

If all these shares were to vest (*i.e.* a total of 3,107,439 shares), the Company's capital would be diluted by 1.2% as at December 31, 2012.

Information on options granted to or exercised by the Executive Director during the financial year ended December 31, 2012 is included in section 7.2.1 of this Registration Document.

The number of performance shares with respect to 2012 Plan granted to the ten highest beneficiaries who were not executive directors of the Company amounts to 27,911.

8.4 - RELATED PARTY TRANSACTIONS

Significant transactions entered into by, or continued between, the Company and related parties or, where they are not ordinary agreements entered into on arm's-length terms, agreements entered into by a directly- or indirectly-owned subsidiary and relating, directly or indirectly, to an Executive Director, Director or shareholder owning more than 10% of the Company's share capital, are, to the exclusion of those relating to inter-company debt, as follows:

- the 2011 refinancing agreement, approved on July 27, 2011 and considered a related-party transaction due to the beneficiaries, Legrand, as borrower and guarantor, and a number of its subsidiaries, as borrowers;
- the non-compete commitment in connection with Mr. Gilles Schnepp's status as executive director, approved on March 4, 2009;
- a tax consolidation agreement, approved on January 8, 2003. At December 31, 2012, the Company's tax group was comprised of the following companies: AE Chessy, Alpes Technologies, Distrasa, Groupe Arnould, ICM Group, Intervox, Legrand France, Legrand SNC, Pammelec, Planet Wattohm, Prefatech, Sarlam and Ura; and
- the supplementary pension plan for the members of the Group Executive Committee benefiting from the French pension system for salaried workers. Supplementary pension entitlements are calculated to ensure that the beneficiaries receive a total retirement pension equal to 50% of the average of the two highest amounts of annual compensation received during the last three years of employment with Legrand. To receive the supplementary pension, the person concerned must have at least reached the legal retirement age and must have been employed by Legrand for at least ten years. Upon such a beneficiary's death, the beneficiary's surviving spouse will receive 60% of the pension.

Note 24 to the consolidated financial statements, mentioned in chapter 9, and the Statutory Auditors' special report included in paragraph 8.5 of this chapter should also be referred to.

In accordance with AMF recommendation No. 2012-05 of July 2, 2012 pertaining to Shareholders' General Meetings of listed companies, and in particular proposal No. 20, the Company has begun to examine the implementation of an internal charter to define agreements and submit them to the regulated agreement procedure.

8.5 - STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2012

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on related agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

Legrand
Société Anonyme
128, avenue du Maréchal de Lattre de Tassigny
87000 LIMOGES
To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on related party agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de Commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized during the year

We hereby inform you that we have not been advised of any agreement or commitment authorized during the year to be submitted to the approval of the Shareholders' Meeting pursuant to article L225-40 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved in prior years (which remained in force during the year)

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments previously approved by Shareholders' Meetings of prior years have remained in force during the year.

Guarantee given to subsidiaries as part of the new Facility Agreement

On October 20, 2011, the Company, acting as a borrower and a guarantor, and certain of its subsidiaries, Legrand France S.A. and Legrand Nederland B.V., acting as borrowers, entered into a Multi Currency Revolving Facility Agreement with BNP Paribas, Société Générale Corporate & Investment Banking, Credit Agricole Corporate & Investment Bank, Crédit Industriel et Commercial (Crédit Mutuel CIC Group), HSBC France and Natixis, whose principal purpose was the set-up of new multi currency credit lines for a maximum amount of €900,000,000. At December 31, 2012, none of these lines had been drawn down.

This financing agreement stipulates that the Company shall act, vis-à-vis the lending banks, as joint guarantor of its subsidiaries' payment and repayment obligations under this agreement, including the obligations of such subsidiaries as may become parties to the agreement in future. This non-interest bearing guarantee was previously authorized by the Company's Board of Directors in a meeting held on July 27, 2011, in accordance with the provisions of Article L. 225-35 of the French Commercial Code.

Individual concerned: Messrs. Gilles Schnepp, Olivier Bazil and François Grappotte, Directors of Legrand France S.A. and/or Legrand Nederland B.V. and/or any subsidiaries which may become parties to the agreement in future.

Tax consolidation agreement

The Company has opted for the tax consolidation regime. The scope of the consolidated tax group headed by the Company was amended to retroactively incorporate as from January 1, 2003 Legrand France and the companies in the scope of Legrand France's consolidated tax group prior to the acquisition of over 95% of Legrand France's capital by Legrand.

As at December 31, 2012, the following subsidiaries are part of this tax consolidation agreement: AE Chessy, Alpes Technologies, Distrasa, Groupe Arnould, ICM Group, Intervox, Legrand France, Legrand SNC, Pammelec, Planet Wattohm, Prefatech, Sarlam and Ura.

Tax savings made by the Group through the use of tax losses of loss-making members of the consolidated tax group are not paid back to the companies concerned by Legrand when they return to profit.

Individual concerned: Messrs. Gilles Schnepp, Olivier Bazil and François Grappotte Directors of Legrand SA and of one or more subsidiaries part of this tax consolidation agreement.

Facility Agreement

BNP Paribas, Crédit Mutuel – CIC, Natexis Banque Populaire, the Royal Bank of Scotland Plc and Société Générale, acting as lenders, entered into a Facility Agreement for the benefit of Legrand France, Legrand Nederland BV and Legrand, acting as borrowers, with BNP Paribas acting as Facility Agent and Swingline Agent and the Company as party to the Agreement in the capacity of Guarantor.

Pursuant to this agreement, the lenders provided Legrand France, Van Geel Legrand B.V. and Legrand, acting as borrowers, with a maximum borrowing facility of €2,200,000,000.

The Facility Agreement borrowing costs totaled €0.8 million in respect of the fiscal year ended December 31, 2012.

In 2012, the Company had repaid €177.6 million in settlement of this Facility Agreement.

Individual concerned: Messrs. Gilles Schnepp, Olivier Bazil and François Grappotte Directors of Legrand France SA and/or Legrand Nederland BV.

Agreements and commitments authorized in previous years but not enforced during the year (not performed during the year)

In addition, we have been informed of the following agreements and commitments previously approved by the Shareholders' Meeting of prior years, which were not performed during the year.

Agreement with Mr. Gilles Schnepp, CEO of the Company

This agreement sets the methods for calculating supplementary pension benefits payable to Mr. Gilles Schnepp, as well as to the members of the Group Executive Committee benefiting from the French pension system for salaried workers. These benefits act as a top-up to statutory pension entitlements and apply to Executive Committee members who have at least ten years' service within the Company and are at least 60 years of age when they retire. Under the supplementary plan, benefits are calculated with a view to providing eligible members with an overall pension (including statutory benefits) representing 50% of the average of their highest two years' compensation (including bonuses and indemnities) out of the three years preceding their departure from the Company. The plan also provides for the spouse to be paid a reversionary pension in the event of a plan member's death, representing 60% of the total benefits.

Individual concerned: Mr Gilles Schnepp

Non-competition clause attached to the corporate office of Mr. Gilles Schnepp, CEO of the Company

This two-year non-competition clause may solely be enforced at the Company's initiative. As a consideration for this obligation, should the Company decide to enforce it, Mr. Gilles Schnepp would receive a monthly compensation equivalent to 50% of the average monthly fixed and variable remuneration he received over his last twelve months of service within the Company.

Individual concerned: Mr Gilles Schnepp

Neuilly-sur-Seine, March 27, 2013

The Statutory Auditors

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Gérard Morin	Jean-Marc Lumet

09

CONSOLIDATED FINANCIAL INFORMATION CONCERNING THE GROUP'S ASSETS, LIABILITIES, FINANCIAL POSITION AND RESULTS

9.1 - CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2012 AND DECEMBER 31, 2011

9.1.1 - Consolidated financial statements in accordance with IFRS standards for the financial years ended December 31, 2012 and December 31, 2011

9.1.1.1 CONSOLIDATED STATEMENT OF INCOME

	Legrand 12 months ended December 31	
(in millions of euros)	**2012**	**2011**
Revenue (note 2.11)	**4,466.7**	**4,250.1**
Operating expenses		
Cost of sales	(2,157.8)	(2,028.0)
Administrative and selling expenses	(1,197.1)	(1,137.4)
Research and development costs	(197.0)	(201.6)
Other operating income (expense) (note 19.2)	(66.8)	(70.8)
Operating profit (note 19)	**848.0**	**812.3**
Financial expense (note 20.2)	(102.5)	(97.2)
Financial income (note 20.2)	20.8	15.0
Exchange gains (losses) (note 20.1)	(11.7)	10.6
Total net financial expense	(93.4)	(71.6)
Profit before tax	**754.6**	**740.7**
Income tax expense (note 21)	(247.6)	(261.4)
Profit for the period	**507.0**	**479.3**
Attributable to:		
■ **Legrand**	**505.6**	**478.6**
■ **Minority interests**	**1.4**	**0.7**
Basic earnings per share *(euros)* (notes 2.18 and 12.2)	1.920	1.822
Diluted earnings per share *(euros)* (notes 2.18 and 12.2)	1.901	1.762

Statement of comprehensive income

(in millions of euros)	12 months ended December 31	
	2012	**2011**
Profit for the period	507.0	479.3
Items that may be reclassified subsequently to profit or loss		
Translation reserves (notes 2.3 and 14.2)	(35.9)	(39.4)
Income tax relating to components of other comprehensive Income	(0.8)	3.3
Items that will not be reclassified to profit or loss		
Actuarial gains and losses (notes 2.16 and 17)	(23.8)	(9.3)
Deferred taxes on actuarial gains and losses	7.2	2.8
COMPREHENSIVE INCOME FOR THE PERIOD	**453.7**	**436.7**

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

9.1.1.2 - CONSOLIDATED BALANCE SHEET

Assets

(in millions of euros)	Legrand	
	December 31, 2012	December 31, 2011
Current assets		
Cash and cash equivalents (notes 2.4 and 11)	494.3	488.3
Income tax receivables	54.2	15.0
Trade receivables (notes 2.5 and 9)	490.6	534.9
Other current assets (note 10)	140.5	141.9
Inventories (notes 2.9 and 8)	599.8	601.0
Other current financial assets (note 23)	0.0	0.2
TOTAL CURRENT ASSETS	**1,779.4**	**1,781.3**
Non-current assets		
Intangible assets (notes 2.6 and 4)	1,823.5	1,767.4
Goodwill (notes 2.7 and 5)	2,455.2	2,403.5
Property, plant and equipment (notes 2.8 and 6)	576.6	605.9
Other investments (note 7)	0.7	0.9
Deferred tax assets (notes 2.10 and 21)	93.8	91.9
Other non-current assets	2.3	4.6
TOTAL NON-CURRENT ASSETS	**4,952.1**	**4,874.2**
TOTAL ASSETS	**6,731.5**	**6,655.5**

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

Liabilities and equity

(in millions of euros)	Legrand December 31, 2012	Legrand December 31, 2011
Current liabilities		
Short-term borrowings (notes 2.19 and 15.2)	80.1	218.0
Income tax payable	16.6	31.3
Trade payables	440.7	435.0
Short-term provisions (note 16)	108.0	107.3
Other current liabilities (note 18)	478.5	483.9
Other current financial liabilities (note 23)	0.5	2.0
TOTAL CURRENT LIABILITIES	**1,124.4**	**1,277.5**
Non-current liabilities		
Deferred tax liabilities (notes 2.10 and 21)	648.8	644.2
Long-term provisions (note 16)	104.9	96.3
Other non-current liabilities	0.5	0.5
Provisions for pensions and other post-employment benefits (Notes 2.6 and 17)	165.6	148.7
Long-term borrowings (notes 2.19 and 15.1)	1,496.7	1,539.1
TOTAL NON-CURRENT LIABILITIES	**2,416.5**	**2,428.8**
Equity		
Share capital (note 12)	1,057.5	1,053.6
Retained earnings (note 14.1)	2,335.9	2,064.3
Translation reserves (note 14.2)	(208.3)	(172.1)
Equity attributable to equity holders of Legrand	3,185.1	2,945.8
Minority interests	5.5	3.4
TOTAL EQUITY	**3,190.6**	**2,949.2**
TOTAL LIABILITIES AND EQUITY	**6,731.5**	**6,655.5**

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

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9.1.1.3 - CONSOLIDATED STATEMENT OF CASH FLOWS

	Legrand 12 months ended December 31,	
(in millions of euros)	2012	2011
Profit for the period	**507.0**	**479.3**
Reconciliation of profit for the period to net cash provided of operating activities:		
■ Depreciation expense (note 19.1)	105.2	111.0
■ Amortization expense (note 19.1)	36.9	40.6
■ Amortization of development costs (note 19.1)	24.2	30.3
■ Amortization of financial expense	2.2	1.0
■ Impairment of goodwill (notes 5 and 19.2)	0.0	15.9
■ Changes in deferred taxes	10.8	7.4
■ Changes in other non-current assets and liabilities (notes 16 and 17)	32.2	38.0
■ Exchange (gains)/losses, net	8.8	(7.3)
■ Other adjustments	0.7	0.6
■ (Gains)/losses on sales of assets, net	(2.5)	(2.4)
Changes in operating assets and liabilities:		
■ Inventories (note 8)	15.8	(33.3)
■ Trade receivables (note 9)	65.0	(20.6)
■ Trade payables	(1.3)	(8.2)
■ Other operating assets and liabilities	(65.8)	(6.1)
Net cash of operating activities	**739.2**	**646.2**
■ Net proceeds from sales of fixed and financial assets	8.4	13.5
■ Capital expenditure (notes 4 and 6)	(92.5)	(107.1)
■ Capitalized development costs	(28.1)	(29.9)
■ Changes in non-current financial assets and liabilities	(0.2)	0.6
■ Acquisitions of subsidiaries, net of cash acquired (note 3)	(196.0)	(342.4)
■ Investments in non-consolidated entities		
Net cash of investing activities	**(308.4)**	**(465.3)**
■ Proceeds from issues of share capital and premium (note 12)	21.9	2.7
■ Net sales (buybacks) of treasury shares and transactions under the liquidity contract (note 12)	(6.9)	0.7
■ Dividends paid to equity holders of Legrand*	(245.0)	(231.4)
■ Dividends paid by Legrand subsidiaries	(1.3)	0.0
■ Proceeds from new borrowings and drawdowns (note 15)	414.6	433.4
■ Repayment of borrowings (note 15)	(514.9)	(96.2)
■ Debt issuance costs	(3.6)	(7.1)
■ Proceeds from sales (purchases) of marketable securities	0.0	0.0
■ Increase (reduction) in bank overdrafts	(82.9)	(25.9)
Net cash of financing activities	**(418.1)**	**76.2**
Effect of exchange rate changes on cash and cash equivalents	(6.7)	(1.1)
Increase in cash and cash equivalents	**6.0**	**256.0**
Cash and cash equivalents at the beginning of the period	488.3	232.3
Cash and cash equivalents at the end of the period (note 11)	**494.3**	**488.3**
Items included in cash flows:		
■ Free cash flow (note 25)	627.0	522.7
■ Interest paid during the period	67.1	60.3
■ Income taxes paid during the period	268.2	228.9

* *See consolidated statement of changes in equity.*

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

9.1.1.4 - CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of Legrand					
(in millions of euros)	Share capital	Retained earnings	Translation reserves	Total	Minority interests	Total equity
As of December 31, 2010	**1,052.6**	**1,810.7**	**(132.7)**	**2,730.6**	**5.4**	**2,736.0**
Profit for the period		478.6		478.6	0.7	479.3
Income (expenses) recognized directly in equity, net		(3.2)	(39.4)	(42.6)	0.0	(42.6)
Total recognized income and expenses, net		*475.4*	*(39.4)*	*436.0*	*0.7*	*436.7*
Dividends paid		(231.4)		(231.4)		(231.4)
Issues of share capital and premium	1.0	1.7		2.7		2.7
Net sales (buybacks) of treasury shares and transactions under the liquidity contract		0.7		0.7		0.7
Change in scope of consolidation		(24.2)		(24.2)	(2.7)	(26.9)
Current taxes on share buybacks		(1.1)		(1.1)		(1.1)
Stock options		32.5		32.5		32.5
As of December 31, 2011	**1,053.6**	**2,064.3**	**(172.1)**	**2,945.8**	**3.4**	**2,949.2**
Profit for the period		505.6		505.6	1.4	507.0
Income (expenses) recognized directly in equity, net		(17.4)	(36.2)	(53.6)	0.3	(53.3)
Total recognized income and expenses, net		*488.2*	*(36.2)*	*452.0*	*1.7*	*453.7*
Dividends paid		(245.0)		(245.0)	(1.3)	(246.3)
Issues of share capital and premium (note 12)	3.9	18.0		21.9		21.9
Net sales (buybacks) of treasury shares and transactions under the liquidity contract (note 12)		(6.9)		(6.9)		(6.9)
Change in scope of consolidation*		(12.2)		(12.2)	1.7	(10.5)
Current taxes on share buybacks		(0.5)		(0.5)		(0.5)
Stock options (note 13.1)		30.0		30.0		30.0
As of December 31, 2012	**1,057.5**	**2,335.9**	**(208.3)**	**3,185.1**	**5.5**	**3,190.6**

* *Changes in scope of consolidation correspond mainly to acquisitions of additional shares in companies already consolidated in the Group's financial statements.*

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

9.1.2 - Notes to the Consolidated Financial Statements

Detailed table of contents

NOTE 1 - GENERAL INFORMATION

Legrand ("the Company") along with its subsidiaries (together "Legrand" or "the Group") is the global specialist in electrical and digital building infrastructures.

The Group has manufacturing and/or distribution subsidiaries and offices in more than 70 countries, and sells its products in about 180 countries. Its key markets are France, Italy, the United States, the Rest of Europe and the Rest of the World. The last two markets accounted for 50% of annual revenue in 2012, with a steadily rising contribution from the new economies (38% of the consolidated total in 2012).

The Company is a *société anonyme* (public limited company) incorporated and domiciled in France. Its registered office is located at 128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges (France).

The 2011 Registration Document was filed with the AMF on April 5, 2012 under no D.12-0291, with an updated version filed on May 11, 2012 under no D.12-0291-A01.

The consolidated financial statements were approved by the Board of Directors on February 13, 2013.

All amounts are presented in millions of euros unless otherwise specified. Some totals may include rounding differences.

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NOTE 2 - ACCOUNTING POLICIES

As a company incorporated in France, Legrand is governed by French company laws, including the provisions of the Commercial Code.

The consolidated financial statements cover the 12 months ended December 31, 2012. They have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations adopted by the European Union and applicable or authorized for early adoption at December 31, 2012.

The IFRSs adopted by the European Union at December 31, 2012 can be downloaded from the "IAS/IFRS Standards and Interpretations" page of the European Commission's website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The areas involving a specific degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.21.

The consolidated financial statements have been prepared using the historical cost convention, except for some classes of assets and liabilities that are measured in accordance with IFRS. The classes concerned are mentioned in the notes below.

2.1 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

2.1.1 New standards, amendments and interpretations applied by the Group in 2012 that have no impact on its financial statements

Amendments to IFRS 7 – Financial Instruments: Disclosures

In October 2010, the IASB issued amendments to IFRS 7 entitled Disclosures - Transfers of Financial Assets. These amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets, and will require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of the reporting period.

These amendments are applicable to annual periods beginning on or after July 1, 2011.

2.1.2 New standards, amendments and interpretations early-applied by the Group in 2012

The Group has early applied the amendments to IAS 1 concerning the presentation of other comprehensive income (OCI). These amendments change the grouping of items presented in OCI. Items that could be reclassified (or "recycled") to profit and loss at a future point in time are to be presented separately from items that will never be reclassified, and income tax relating to components of OCI is to be allocated between items that may be reclassified and those that may not be reclassified.

2.1.3 New standards, amendments to standards or new interpretations not applicable to the Group until future periods

Standards and interpretations adopted by the European Union

Amendments to IAS 19 – Employee Benefits

In June 2011, the IASB published amendments to IAS 19 – Employee Benefits concerning the recognition of defined benefit plans. These amendments concern, in particular, elimination of the "corridor" method of accounting for actuarial gains and losses, the immediate recognition of all past service costs and the use of high quality corporate bond yields to determine the discount rate for calculating the net interest cost of employee benefit obligations to the exclusion of other benchmarks.

These amendments are applicable to annual periods beginning on or after January 1, 2013.

Amendments to IAS 12 – Income Taxes

In December 2010, the IASB issued amendments to IAS 12 entitled Deferred Tax: Recovery of Underlying Assets. The amendments introduce a presumption that the carrying amount of an asset is fully recovered upon its sale, unless it is recovered otherwise.

These amendments are applicable to annual periods beginning on or after January 1, 2013.

New standards – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests

In May 2011, the IASB issued new standards – IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities – as well as the resulting amendments to IAS 27, reissued as Separate Financial Statements, and IAS 28, reissued as Investments in Associates and Joint Ventures.

IFRS 10 – Consolidated Financial Statements introduces a single consolidation framework for all types of investee entities, based on the concept of control.

The new IFRS 11 – Joint Arrangements introduces new requirements in recognizing joint arrangements, with in particular the use of the equity method to account for joint ventures.

The new IFRS 12 – Disclosure of Interests in Other Entities integrates into a single standard the disclosures required for interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IAS 27 and IAS 28 have been amended to bring them in compliance with the changes introduced by the issuance of IFRS 10, IFRS 11 and IFRS 12.

These new standards are applicable to annual periods beginning on or after January 1, 2014.

IFRS 13 – Fair Value Measurement

In May 2011, IASB issued guidance for measuring fair value and for the related disclosures required in the notes to financial statements. The guidance is designed to establish a single framework for fair value measurement under IASs and IFRSs.

This new standard is applicable to annual periods beginning on or after January 1, 2013.

Amendments to IAS 32 – Financial Instruments: Presentation

Amendments to IFRS 7 – Financial Instruments: Disclosures

In December 2011, the IASB published amendments to IAS 32 clarifying the rules for offsetting financial assets and liabilities, as well as amendments to IFRS 7 introducing new disclosure requirements for financial assets and liabilities.

The amendments to IAS 32 are applicable retrospectively and are effective for annual periods beginning on or after January 1, 2014.

The amendments to IFRS 7 are applicable retrospectively and are effective for annual periods beginning on or after January 1, 2013.

Standards and interpretations not yet adopted by the European Union

IFRS 9 – Financial Instruments

In November 2009, the IASB published IFRS 9 – Financial Instruments to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial asset. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39.

In October 2010, the IASB issued additions to IFRS 9 – Financial Instruments for financial liability accounting. Under the new requirements, which concern the classification and measurement of financial liabilities, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income (OCI) section of the income statement, rather than within profit and loss.

This standard, including the latest additions, will be applicable for annual periods beginning on or after January 1, 2015. Its early adoption is not possible as it has not yet been approved by the European Union.

Impact of standards adopted by the European Union but not yet applicable

The IFRSs that have been published but are not yet applicable have been analyzed to assess their probable impact on the Group's consolidated financial statements. As of December 31, 2012, these standards mainly concerned consolidation principles (IFRS 10-11-12), fair value measurement (IFRS 13) and employee benefits (IAS 19 (revised)).

The standards concerning consolidation principles and fair value measurement are not expected to have any material impact.

IAS 19 (revised) which is applicable to annual periods beginning on or after January 1, 2013, will primarily affect the following two items included in the calculation of post-employment benefit obligations:

- past service costs: the costs arising from plan amendments will no longer be amortized over several years but will be recognized immediately in the year of the change. All unamortized past service costs in the opening balance sheet at January 1, 2013 will be deducted from equity, with a corresponding increase in the provision for pensions and other post-employment benefits. Early adoption of IAS 19 (revised) at December 31, 2012 would have led to a reduction in equity and an increase in provisions, of €5.8 million net of tax;
- expected return on plan assets: the expected rates of return on plan assets will be aligned with the discount rates used to determine the present value of the projected benefit obligations. Early adoption of IAS 19 (revised) at December 31, 2012 would have led to a reduction in financial income of approximately €1.5 million (partly offset by the absence of past service cost amortization which would normally have amounted to €0.8 million) and a €0.2 million reduction in income tax expense.

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2.2 BASIS OF CONSOLIDATION

Subsidiaries controlled by the Group are fully consolidated. Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date when effective control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Associates are entities over which the Group has significant influence but not control. Significant influence is generally considered to be exercised when the Group holds 20 to 50% of the voting rights. Investments in associates are initially recognized at cost and are subsequently accounted for by the equity method.

2.3 FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rate on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies using the exchange rate at the balance sheet date are recognized in the income statement under the heading 'Exchange gains (losses)'.

Assets and liabilities of Group entities whose functional currency is different from the presentation currency are translated using the exchange rate at the balance sheet date. Statements of income are translated using the average exchange rate for the period. Gains or losses arising from the translation of the financial statements of foreign subsidiaries are recognized directly in equity, under 'Translation reserves', until the entities are sold or substantially liquidated.

A receivable from or payable to a foreign Group entity, whose settlement is not planned nor likely to occur in the foreseeable future, is treated as part of the net investment in that entity. As a result, in compliance with IAS 21, translation gains and losses on such receivables or payables are recognized directly in equity, under "Translation reserves".

2.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash, short-term deposits and all other financial assets with an original maturity not in excess of three months. Cash equivalents are short-term (defined as maturing in less than three months), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Marketable securities are not considered as cash equivalents.

Bank overdrafts are considered to be a form of financing and are therefore included in short-term borrowings.

2.5 TRADE RECEIVABLES

Trade receivables are measured at fair value. A provision for impairment is recorded when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

2.6 INTANGIBLE ASSETS

2.6.1 Trademarks

Trademarks with finite useful lives are amortized:

- over 10 years when management plans to gradually replace them by other major trademarks owned by the Group;
- over 20 years when management plans to replace them by other major trademarks owned by the Group only over the long term or when, in the absence of such an intention, management considers that the trademarks may be threatened by a major competitor in the long term.

Amortization of trademarks is recognized in the income statement under 'Administrative and selling expenses'.

Trademarks are classified as having an indefinite useful life when management believes they will contribute indefinitely to future consolidated cash flows because it plans to continue using them indefinitely. Useful lives are reviewed at regular intervals, leading in some cases to trademarks classified as having an indefinite useful life being reclassified as trademarks with a finite useful life.

As the Group's trademarks that are classified as having an indefinite useful life are used internationally, they each contribute to all of the Group's cash-generating units.

2.6.2 Development costs

Costs incurred for the Group's main development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when it is probable that the project will be a success, considering its technical, commercial and technological feasibility, and costs can be measured reliably. Capitalized development costs are amortized from the starting date of the sale of the product on a straight-line basis over the period in which the asset's future economic benefits are consumed, not exceeding 10 years.

Other development costs that do not meet the definition of an intangible asset are recorded in research and development costs for the year in which they are incurred.

2.6.3 Impairment tests

In accordance with IAS 36 - Impairment of Assets, when events or changes in market environment indicate that an intangible asset or item of property, plant and equipment may be impaired, the item concerned is tested for impairment to determine whether its carrying amount is greater than its recoverable amount, defined as the higher of fair value less costs to sell and value in use.

Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use is the present value of the future cash flows expected to be derived from the use and subsequent sale of the asset.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on intangible assets may be reversed in subsequent periods if the impairment has decreased, provided that the increased carrying amount of the asset does not exceed the amount that would have been determined had no impairment loss been recognized.

Trademarks with indefinite useful lives are tested for impairment annually, on a stand alone basis, with a similar method as the one used for goodwill (note 2.7.2).

2.7 GOODWILL

2.7.1 Business combinations

In accordance with IFRS 3 (revised) – Business Combinations and IAS 27 (revised) – Consolidated and Separate Financial Statements:

- changes in the percentage of interest held in a controlled entity are recorded directly in equity without recognizing any additional goodwill;
- the cost of business combinations, as determined on the date when control is acquired, corresponds to the fair value of the acquired entities. As such, it does not include acquisition-related costs and expenses but does include contingent consideration at fair value;
- for each combination, the Group decides to use:

i. either the full goodwill method, whereby goodwill is the difference between a) the consideration paid to acquire the business combination plus the fair value of the non-controlling interests in the combination and b) the fair value at date of acquisition of the identifiable net assets acquired and liabilities assumed,

ii. or the partial goodwill method, whereby goodwill is the difference between a) the consideration paid to acquire the business combination and b) the fair value at date of acquisition of the identifiable net assets acquired and liabilities assumed, with non-controlling interests measured at the fair value of their share of the identifiable net assets.

2.7.2 Impairment tests

Goodwill is tested for impairment annually, in the fourth quarter of each year, and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

For impairment testing purposes, goodwill is allocated to a cash-generating unit (CGU) or a group of CGUs, corresponding to the lowest level at which goodwill is monitored. Within the Legrand Group, CGUs are defined as corresponding to individual countries or to a group of countries, when they either have similar market characteristics or are managed as a single unit.

The need to record an impairment loss is assessed by comparing the carrying amount of the CGU's assets and liabilities, including goodwill, and their recoverable amount, defined as the higher of fair value less costs to sell and value in use.

In accordance with IAS 36, value in use is estimated based on discounted cash flows for the next three to five years and a terminal value calculated by discounting data for the final year of the projection period. The cash flow data used for the calculation is generally taken from the most recent medium-term business plans approved by the Group. Cash flows beyond the projection period are estimated by applying a stable growth rate to subsequent years.

The discount rates applied derive from the capital asset pricing model. They are calculated for each individual country, based on financial market and/or valuation services firm data (average data over the last three years). The cost of debt used in the calculations is the same for all individual countries (being equal to the Group's cost of debt).

Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognized when the carrying amount is less than the recoverable amount. In accordance with IAS 36, impairment losses recognized on goodwill are irreversible.

2.8 PROPERTY, PLANT AND EQUIPMENT

Land, buildings, machinery and equipment, and other fixed assets are carried at cost less accumulated depreciation and any accumulated impairment losses. Impairment tests are performed annually and whenever events or changes in circumstances indicate that the assets' carrying amount may not be recoverable.

Assets acquired under lease agreements that transfer substantially all of the risks and rewards of ownership to the Group are capitalized on the basis of the present value of future minimum lease payments and are depreciated over the shorter of the lease contract period and the asset's useful life determined in accordance with Group policies (see below).

Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets; the most commonly adopted useful lives are the following:

Light buildings	25 years
Standard buildings	40 years
Machinery and equipment	8 to 10 years
Tooling	5 years
Office furniture and equipment	5 to 10 years

The depreciable amount of assets is determined after deducting their residual value when the amounts involved are material.

Each part of an item of property, plant and equipment with a useful life that is significantly different to the useful lives of other parts is depreciated separately.

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.9 INVENTORIES

Inventories are measured at the lower of cost (of acquisition or production) or net realizable value, with cost determined principally on a first-in, first-out (FIFO) basis. The production cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 DEFERRED TAXES

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amount in the consolidated balance sheet. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and deferred tax liabilities are offset when the entity has a legally enforceable right of offset and they relate to income taxes levied by the same taxation authority.

2.11 REVENUE RECOGNITION

Revenues from the sale of goods are recognized when all of the following conditions have been satisfied: (i) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (ii) the seller retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to the seller; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably. For the Group, this policy results in the recognition of revenue when ownership title and the risk of loss are transferred to the buyer, which is generally upon shipment.

The Group offers some sales incentives to customers, consisting primarily of volume rebates and cash discounts. Volume rebates are typically based on three, six, and twelve-month arrangements with customers, and rarely extend beyond one year. Based on the trade of the current period, such rebates are recognized on a monthly basis as a reduction in revenue from the underlying transactions that reflect progress by the customer towards earning the rebate, with a corresponding deduction from the customer's trade receivables balance.

2.12 VALUATION OF FINANCIAL INSTRUMENTS

2.12.1 Hierarchical classification of financial instruments

Under the amended IFRS 7, financial instruments are classified in a three-level hierarchy based on the inputs used to measure their fair value, as follows:

- level 1: quoted prices for similar instruments;
- level 2: directly observable market inputs other than level 1 inputs;
- level 3: inputs not based on observable market data.

2.12.2 Measurement of financial instruments

The carrying amounts of cash, short-term deposits, accounts receivable, accounts payable, accrued expenses and short-term borrowings approximate their fair value because of these instruments' short maturities. For short-term investments, comprised of marketable securities, fair value corresponds to the securities' market price. The fair value of long-term borrowings is estimated on the basis of interest rates currently available for issuance of debt with similar terms and remaining maturities. The fair value of interest rate swap agreements is the estimated amount that the counterparty would receive or pay to terminate the agreements, and is calculated as the present value of the estimated future cash flows.

2.12.3 Non-derivative financial instruments designated as hedges

Under IAS 39, non-derivative financial instruments may be designated as hedges only when they are used to hedge foreign currency risk and provided that they qualify for hedge accounting.

Accordingly, in the case of hedges of a net investment in a foreign operation, the portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognized in equity, as required under paragraph 102 of IAS 39.

2.12.4 Derivatives

Group policy consists of not entering into any transactions of a speculative nature involving financial instruments. All transactions in these instruments are entered into exclusively for the purpose of managing or hedging currency or interest rate risks, and changes in the prices of raw materials. For this purpose, the Group periodically enters into contracts such as swaps, caps, options, futures and forward contracts, according to the nature of its exposure.

Accounting treatment of derivative instruments

Derivatives are initially recognized at fair value at the contract inception date and are subsequently remeasured at fair value at each reporting date. The method of recognizing the resulting gain or loss depends on whether the derivative qualifies for hedge accounting, and if so, the nature of the item being hedged.

Put on non-controlling interests

In the particular case of puts written on non-controlling interests without no transfer of risks and benefits, the contractual obligation to purchase these equity instruments is recognized as a liability by adjusting equity in application of IAS 32. Any subsequent changes in the liability are recorded in equity.

Other derivative instruments

In the case of other derivative instruments, the Group analyses the substance of each transaction and recognizes any changes in fair value in accordance with IAS 39.

The fair values of derivative instruments used for hedging purposes are disclosed in note 23.

2.13 ENVIRONMENTAL AND PRODUCT LIABILITIES

In accordance with IAS 37, the Group recognizes losses and accrues liabilities relating to environmental and product liability matters. A loss is recognized if available information indicates that it is probable and reasonably estimable. In the event that a loss is neither probable nor reasonably estimable but remains possible, the contingency is disclosed in the notes to the consolidated financial statements.

Losses arising from environmental liabilities are measured on a best-estimate basis, case by case, based on available information.

Losses arising from product liability issues are estimated on the basis of current facts and circumstances, past experience, the number of claims and the expected cost of administering, defending and, in some cases, settling such cases.

In accordance with IFRIC 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment, the Group manages waste equipment under the European Union Directive on waste electrical and electronic equipment by paying financial contributions to a recycling platform.

2.14 SHARE BASED PAYMENT TRANSACTIONS

The Group operates equity-settled, share-based compensation plans.

The cost of stock options or performance shares is measured at the fair value of the award on the grant date, using the Black & Scholes option pricing model or the binomial model, and is recognized in the income statement under 'Employee benefits expense' on a straight-line basis over the vesting period with a corresponding adjustment to equity. Changes in the fair value of stock options after the grant date are not taken into account.

The expense recognized by crediting equity is adjusted at each period-end during the vesting period to take into account changes in the number of shares that are expected to be delivered to employees when the performance shares vest or the stock options are exercised.

2.15 TRANSFERS AND USE OF FINANCIAL ASSETS

In accordance with IAS 39, financial assets are derecognized when the associated cash flows and substantially all the related risks and rewards have been transferred.

2.16 PENSION AND ONTHER POST EMPLOYMENT BENEFIT OBLIGATIONS

2.16.1 Pension obligations

Group companies operate various pension plans. The plans are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined contribution and defined benefit plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Contributions are recognized as an expense for the period of payment.

The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods.

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and end-of-career salary.

The liability recognized in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, as adjusted for unrecognized past service costs, less the fair value of plan assets. Past service costs are recognized in the income statement on a straight-line basis over the average remaining vesting period.

The Group has elected to recognize all actuarial gains and losses outside profit or loss, in the statement of recognized income and expense, as allowed under IAS 19, paragraph 93A (amended).

Defined benefit obligations are calculated using the projected unit credit method. This method takes into account estimated years of service at retirement, final salaries, life expectancy and staff turnover, based on actuarial assumptions. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of investment grade corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the period to payment of the related pension liability.

2.16.2 Other post-employment benefit obligations

Some Group companies provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining with the company up to retirement age and completion of a minimum service period.

The benefits are treated as post-employment benefits under the defined benefit scheme.

2.17 SEGMENT INFORMATION

The Group is organized by country for management purposes and by geographical segment for internal reporting purposes. The geographical segments, determined according to the region of origin of invoicing, are France, Italy, Rest of Europe, United States and Canada, and Rest of the World.

2.18 BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share are calculated in accordance with IAS 33 “Earnings per Share”.

Basic earnings per share are calculated by dividing net profit attributable to equity holders of Legrand by the weighted number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated according to the treasury stock method, by dividing profit attributable to equity holders of Legrand by the weighted average number of ordinary shares outstanding during the period, plus the number of dilutive potential ordinary shares.

The weighted average number of ordinary shares outstanding used in these calculations is adjusted for the share buybacks and sales carried out during the period and does not take into account shares held in treasury.

2.19 SHORT- AND LONG-TERM BORROWINGS

Short- and long-term borrowings mainly comprise bonds and bank loans. They are initially recognized at fair value, taking into account any transaction costs directly attributable to the issue, and are subsequently measured at amortized cost, using the effective interest method.

2.20 BORROWING COSTS

In accordance with the revised version of IAS 23, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Other borrowing costs are recognized as an expense for the period in which they were incurred.

2.21 USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that are reflected in the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events, and are believed to be reasonable under the circumstances.

2.21.1 Impairment of goodwill and intangible assets

Intangible assets with indefinite useful lives and goodwill are tested for impairment at least annually in accordance with the accounting policy described in notes 2.6 and 2.7. Intangible assets with finite useful lives are amortized over their estimated useful lives and are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

Judgments regarding the existence of indications of impairment are based on legal factors, market conditions and operational performance of the acquired businesses. Future events could cause the Group to conclude that an indication of impairment exists and that goodwill or other identifiable intangible assets associated with the acquired businesses are impaired. Any resulting impairment loss could have a material adverse effect on the consolidated financial condition and results of operations of the Group.

Recognition of goodwill and other intangible assets involves a number of critical management judgments, including:

- determining which intangible assets, if any, have indefinite useful lives and, accordingly, should not be amortized;
- identifying events or changes in circumstances that may indicate that an impairment has occurred;
- allocating goodwill to cash-generating units;
- determining the recoverable amount of cash-generating units for the purposes of impairment tests of goodwill;
- estimating the future discounted cash flows to be used for the purposes of periodic impairment tests of intangible assets with indefinite useful lives; and
- determining the recoverable amount of intangible assets with indefinite useful lives for impairment testing purposes.

The recoverable amount of an asset is based either on the asset's quoted market price in an active market, if available, or, in the absence of an active market, on discounted future cash flows from operations less investments. The determination of recoverable amount requires the use of certain assumptions and estimates that may be affected by changes in the Group's economic environment. Other estimates using different, but still reasonable, assumptions could produce different results.

2.21.2 Accounting for income taxes

As part of the process of preparing the consolidated financial statements, the Group is required to estimate income taxes in each of the jurisdictions in which it operate. This involves estimating the actual current tax exposure and assessing temporary differences resulting from differing treatment of items such as deferred revenue or prepaid expenses for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are reported in the consolidated balance sheet.

The Group must then assess the probability that deferred tax assets will be recovered from future taxable profit. Deferred tax assets are recognized only when it is probable that taxable profit will be available against which the underlying deductible temporary difference can be utilized.

The Group has not recognized all of its deferred tax assets because it is not probable that some of them will be recovered before they expire. The amounts involved mainly concern operating losses carried forward and foreign income tax credits. The assessment is based on estimates of future taxable profit by jurisdiction in which the Group operates and the period over which the deferred tax assets are recoverable. If actual results differ from these estimates or the estimates are adjusted in future periods, the Group may need to record a valuation allowance against deferred tax assets carried in the balance sheet.

2.21.3 Other assets and liabilities based on estimates

Other assets and liabilities based on estimates include provisions for pensions and other post-employment benefits, impairment of trade receivables, inventories and financial assets, stock options, provisions for contingencies and charges, capitalized development costs, and any annual volume rebates offered to customers.

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NOTE 3 – CHANGES IN THE SCOPE OF CONSOLIDATION

The contributions to the consolidated balance sheets and income statements of companies acquired since January 1, 2011 were as follows:

2011	March 31	June 30	September 30	December 31
Electrorack	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Intervox Systèmes		6 months' profit	9 months' profit	12 months' profit
Middle Atlantic Products Inc.			4 months' profit	7 months' profit
SMS				5 months' profit
Megapower				Balance sheet only

2012	March 31	June 30	September 30	December 31
Intervox Systèmes	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Middle Atlantic Products Inc.	3 months' profit	6 months' profit	9 months' profit	12 months' profit
SMS	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Megapower	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Aegide		4 months' profit	7 months' profit	10 months' profit
Numeric UPS		Balance sheet only	4 months' profit	7 months' profit
NuVo Technologies				Balance sheet only

Companies consolidated in 2011 and 2012 on the basis presented in the above tables contributed in 2012 €306.7 million to consolidated revenue and €31.9 million to consolidated profit for the period attributable to Legrand.

The main acquisitions performed in 2012 were as follows:

- in February, Legrand acquired Aegide, the market leader in VDI (Voice, Data, Image) cabinets for datacenters in the Netherlands and a front-running European contender in this market. Based near Eindhoven, Aegide has 170 employees;
- in February, Legrand announced that it was acquiring Numeric UPS, India's market leader in low and medium power uninterruptible power supply (UPS) systems. The acquisition was completed in May. Based in Southeast India, Numeric UPS has eight production sites and a workforce of 2,500;
- in November, Legrand acquired NuVo Technologies, a specialist in multi-room audio systems in the United States. NuVo Technologies has a network of 40 distributors and around 1,000 dealers in the United States.

In all, acquisitions of subsidiaries (net of cash acquired) and acquisitions of minority interests and investments in non-consolidated entities came to a total of €196.0 million in 2012 (versus €342.4 million in 2011).

In addition, Legrand announced in June the signature of a joint venture agreement with Daneva, Brazil's leader in connection accessories. Completed in January 2013 after approval from the local competition authorities, the transaction involved the initial acquisition of 51% of Daneva's outstanding shares with an option to take full control from April 2014. Based near Sao Paulo, Daneva has nearly 500 employees.

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NOTE 4 - INTANGIBLE ASSETS (NOTE 2.6)

Intangible assets are as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
Trademarks with indefinite useful lives	1,408.0	1,408.0
Trademarks with finite useful lives	236.3	191.3
Developed technology	5.5	0.0
Other intangible assets	173.7	168.1
	1,823.5	**1,767.4**

The Legrand and Bticino brands represent close to 98% of the total value of trademarks with indefinite useful lives.

Trademarks can be analyzed as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
At the beginning of the period	1,686.6	1,674.1
■ Acquisitions	70.6	7.4
■ Adjustments	0.0	2.4
■ Disposals	0.0	0.0
■ Translation adjustments	(7.9)	2.7
	1,749.3	**1,686.6**
Less accumulated amortization	(105.0)	(87.3)
AT THE END OF THE PERIOD	**1,644.3**	**1,599.3**

Trademarks with an indefinite useful life were tested for impairment, using a pre-tax discount rate ranging from 9.9% to 10.3% and a growth rate to perpetuity ranging from 2.8% to 3.1%.

No trademarks with an indefinite useful life were found to be impaired in the period ended December 31, 2012.

Sensitivity tests were performed on the discount rates and long-term growth rates used for impairment testing purposes. Based on the results of these tests, a 50-basis point change in these rates would not lead to any impairment losses being recognized on trademarks with an indefinite useful life.

Developed technology can be analyzed as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
At the beginning of the period	576.8	575.1
■ Acquisitions	7.0	0,0
■ Disposals	0.0	0.0
■ Translation adjustments	(1.8)	1.7
	582.0	**576.8**
Less accumulated amortization	(576.5)	(576.8)
AT THE END OF THE PERIOD	**5.5**	**0.0**

Other intangible assets can be analyzed as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
Capitalized development costs	232.8	206.2
Software	93.1	98.7
Other	72.3	69.3
	398.2	**374.2**
Less accumulated amortization	(224.5)	(206.1)
AT THE END OF THE PERIOD	**173.7**	**168.1**

Amortization expense related to intangible assets amounted to €61.1 million in 2012, of which €20.2 million concerned trademarks and developed technology, €24.2 million development costs and €16.7 million other intangible assets.

Amortization expense related to intangible assets amounted to €70.9 million in 2011.

Amortization expense for trademarks and developed techonology for each of the next five years is expected to be as follows:

(in millions of euros)	Developed technology	Trademarks	Total
2013	0.8	19.2	20.0
2014	0.8	19.2	20.0
2015	0.8	19.2	20.0
2016	0.8	19.2	20.0
2017	0.8	19.2	20.0

NOTE 5 - GOODWILL (NOTE 2.7)

Goodwill can be analyzed as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
France	640.5	639.6
Italy	366.8	366.8
Rest of Europe	280.2	260.9
USA/Canada	420.8	462.9
Rest of the World	746.9	673.3
	2,455.2	**2,403.5**

The geographic allocation of goodwill is based on the acquired company's value, determined as of the date of the business combination, taking into account synergies with other Group companies.

In the "Rest of Europe" and "Rest of the World" regions, no final amount of goodwill allocated to a CGU (cash-generating unit) represents more than 10% of total goodwill.

Changes in goodwill can be analyzed as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
At the beginning of the period	2,403.5	2,132.2
■ Acquisitions	145.5	317.6
■ Adjustments	(65.2)	(16.3)
■ Impairment	0.0	(15.9)
■ Translation adjustments	(28.6)	(14.1)
AT THE END OF THE PERIOD	**2,455.2**	**2,403.5**

Adjustments correspond to the difference between provisional and final goodwill.

For impairment testing purposes, goodwill has been allocated to various countries, grouping units (CGU: cash-generating units) which represent the lowest level at which goodwill is monitored.

These CGU are tested for impairment annually, and whenever events or changes in circumstances indicate that their value may be impaired, by comparing their carrying amount, including goodwill, to their value in use.

Value in use corresponds to the present value of the future cash flows expected to be derived from the subsidiaries included in the cash-generating unit. As required by IAS 36, it is calculated by applying pre-tax discount rates to pre-tax future cash flows.

Goodwill arising on partial acquisitions has been measured using the partial goodwill method (note 2.7.1).

The following impairment testing parameters were used in the period ended December 31, 2012:

			Value in use	
	Recoverable amount	Carrying amount of goodwill	Discount rate (before tax)	Growth rate to perpetuity
France	Value in use	640.5	10.5%	2%
Italy	Value in use	366.8	15.9%	2%
Rest of Europe	Value in use	280.2	9.4 to 18.7%	2 to 5%
USA/Canada	Value in use	420.8	10.8%	3%
Rest of the World	Value in use	746.9	11.8 to 20.9%	2 to 5%
		2,455.2		

No goodwill impairment losses were identified in the period ended December 31, 2012.

Sensitivity tests performed on the discount rates, long-term growth rates and operating margin rates showed that a 50 basis point unfavorable change in each of these three parameters would not lead to any material impairment of goodwill.

The following impairment testing parameters were used in the period ended December 31, 2011:

	Recoverable amount	Carrying amount of goodwill	Value in use	
			Discount rate (before tax)	Growth rate to perpetuity
France	Value in use	639.6	11.5%	2%
Italy		366.8	13.6%	2%
Rest of Europe		260.9	8.5 to 15.1%	2 to 5%
USA/Canada		462.9	11.1%	3%
Rest of the World		673.3	12 to 20.3%	2 to 5%
		2,403.5		

For the year ended December 31, 2011, goodwill impairment has been recognized in an amount of €15.9 million, primarily due to the Spain CGU.

For business combinations, the fair values of the identifiable assets acquired and liabilities and contingent liabilities assumed are determined on a provisional basis. As a result, the related goodwill is subject to adjustment during the year following the provisional allocation.

Allocation of acquisition prices for the 12 months ended December 31, 2012, and December 31, 2011 has been as follows:

(in millions of euros)	Période de 12 mois close le	
	December 31, 2012	December 31, 2011
■ Trademarks	70.6	7.4
■ Deferred taxes on trademarks	(10.1)	(2.3)
■ Developed technology	7.0	0.0
■ Deferred taxes on developed technology	(2.4)	0.0
■ Other intangible assets	4.9	12.9
■ Deferred taxes on other intangible assets	(1.2)	(4.0)
■ Goodwill	145.5	317.6

■ NOTE 6 - PROPERTY, PLANT AND EQUIPMENT (NOTE 2.8)

6.1 PROPERTY, PLANT AND EQUIPMENT BY GEOGRAPHIC AREA

Property, plant and equipment, including finance leases, are as follows as of December 31, 2012:

(in millions of euros)	December 31, 2012					
	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Land	19.6	4.6	12.5	2.5	8.8	48.0
Buildings	89.5	63.7	25.9	19.3	26.4	224.8
Machinery and equipment	66.5	60.5	24.9	13.4	61.2	226.5
Assets under construction and other	18.0	6.1	14.0	13.0	26.2	77.3
	193.6	**134.9**	**77.3**	**48.2**	**122.6**	**576.6**

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Total property, plant and equipment includes €5.8 million corresponding to assets held for sale, which are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment, including finance leases, are as follows as of December 31, 2011:

	December 31, 2011					
(in millions of euros)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Land	19.8	4.6	12.4	2.5	8.9	48.2
Buildings	92.5	66.6	26.3	20.7	26.9	233.0
Machinery and equipment	72.5	68.7	25.2	14.7	64.6	245.7
Assets under construction and other	23.0	6.6	10.4	13.1	25.9	79.0
	207.8	**146.5**	**74.3**	**51.0**	**126.3**	**605.9**

6.2 ANALYSIS OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment in 2012 can be analyzed as follows:

	December 31, 2012					
(in millions of euros)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Acquisitions	19.1	12.5	15.1	8.1	27.1	81.9
Disposals	0.0	(0.1)	(0.7)	(0.4)	(3.7)	(4.9)
Depreciation expense	(33.3)	(23.9)	(16.0)	(9.5)	(22.5)	(105.2)
Transfers and changes in scope of consolidation	0.0	(0.1)	2.2	(0.1)	0.4	2.4
Translation adjustments	0.0	0.0	2.4	(0.9)	(5.0)	(3.5)
	(14.2)	**(11.6)**	**3.0**	**(2.8)**	**(3.7)**	**(29.3)**

	December 31, 2012						
(in millions of euros)	Acquisitions	Transfers from 'Assets under construction'	Disposals	Depreciation expense	Transfers and changes in scope of consolidation	Translation adjustments	Total
Land	0.0	0.3	0.0	(0.6)	0.2	(0.1)	(0.2)
Buildings	3.5	8.1	(2.3)	(20.6)	3.6	(0.5)	(8.2)
Machinery and equipment	35.1	20.7	(1.0)	(70.8)	(0.9)	(2.3)	(19.2)
Assets under construction and other	43.3	(29.1)	(1.6)	(13.2)	(0.5)	(0.6)	(1.7)
	81.9	**0.0**	**(4.9)**	**(105.2)**	**2.4**	**(3.5)**	**(29.3)**

Changes in property, plant and equipment in 2011 can be analyzed as follows:

	December 31, 2011					
(in millions of euros)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Acquisitions	23.1	20.2	11.3	6.0	35.3	95.9
Disposals	(0.3)	(7.9)	(0.6)	(0.5)	(1.8)	(11.1)
Depreciation expense	(40.5)	(24.3)	(14.4)	(9.2)	(22.6)	(111.0)
Transfers and changes in scope of consolidation	(0.9)	0.7	0.1	14.0	12.3	26.2
Translation adjustments	0.0	0.0	(3.9)	1.3	(4.9)	(7.5)
	(18.6)	**(11.3)**	**(7.5)**	**11.6**	**18.3**	**(7.5)**

	December 31, 2011						
(in millions of euros)	Acquisitions	Transfers from 'Assets under construction'	Disposals	Depreciation expense	Transfers and changes in scope of consolidation	Translation adjustments	Total
Land	0.1	0.1	(0.1)	(1.1)	1.0	(0.9)	(0.9)
Buildings	5.8	3.0	(5.1)	(23.1)	13.8	(1.6)	(7.2)
Machinery and equipment	44.3	24.1	(5.3)	(72.9)	14.1	(4.3)	0.0
Assets under construction and other	45.7	(27.2)	(0.6)	(13.9)	(2.7)	(0.7)	0.6
	95.9	**0.0**	**(11.1)**	**(111.0)**	**26.2**	**(7.5)**	**(7.5)**

6.3 PROPERTY, PLANT AND EQUIPMENT INCLUDE THE FOLLOWING ASSETS HELD UNDER FINANCE LEASES

(in millions of euros)	December 31, 2012	December 31, 2011
Land	2.3	2.3
Buildings	36.2	40.4
Machinery and equipment	31.5	31.2
	70.0	**73.9**
Less accumulated depreciation	(38.9)	(38.5)
	31.1	**35.4**

6.4 FINANCE LEASE LIABILITIES ARE PRESENTED IN THE BALANCE SHEETS AS FOLLOWS

(in millions of euros)	December 31, 2012	December 31, 2011
Long-term borrowings	13.8	15.3
Short-term borrowings	2.1	2.6
	15.9	**17.9**

6.5 FUTURE MINIMUM LEASE PAYMENTS UNDER FINANCE LEASES ARE AS FOLLOWS:

(in millions of euros)	December 31, 2012	December 31, 2011
Due in less than one year	2.4	2.9
Due in one to two years	1.6	2.3
Due in two to three years	1.5	1.5
Due in three to four years	1.5	1.4
Due in four to five years	1.5	1.4
Due beyond five years	9.3	10.7
	17.8	**20.2**
Of which accrued interest	(1.9)	(2.3)
NET PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	**15.9**	**17.9**

NOTE 7 - OTHER INVESTMENTS

(in millions of euros)	December 31, 2012	December 31, 2011
Other investments	0.7	0.9

NOTE 8 - INVENTORIES (NOTE 2.9)

Inventories are as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
Purchased raw materials and components	231.8	239.2
Sub-assemblies, work in progress	92.5	95.2
Finished products	386.0	372.0
	710.3	**706.4**
Less impairment	(110.5)	(105.4)
	599.8	**601.0**

NOTE 9 - TRADE RECEIVABLES (NOTE 2.5)

In 2012, the Group derived over 95% of its revenue from sales to distributors of electrical equipment. The two largest distributors accounted for approximately 24% of consolidated net revenue and no other distributor accounted for more than 5% of consolidated net revenue.

(in millions of euros)	December 31, 2012	December 31, 2011
Trade accounts receivable	498.8	491.2
Notes receivable	53.8	103.9
	552.6	**595.1**
Less impairment	(62.0)	(60.2)
	490.6	**534.9**

The factoring contract terms qualify the receivables for derecognition under IAS 39. The amount derecognized as of December 31, 2012 was €21.0 million (€12.5 million as of December 31, 2011).

Past-due trade receivables can be analyzed as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
Less than 3 months past due	71.6	67.7
From 3 to 12 months past due	19.5	16.1
More than 12 months past due	19.1	19.3
	110.2	**103.1**

Provisions for impairment of past-due trade receivables amounted to €54.6 million as of December 31, 2012 (€56.0 million as of December 31, 2011). These provisions break down as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
Provisions for receivables less than 3 months past due	17.2	27.4
Provisions for receivables 3 to 12 months past due	18.3	9.3
Provisions for receivables more than 12 months past due	19.1	19.3
	54.6	**56.0**

NOTE 10 - OTHER CURRENT ASSETS

Other current assets are as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
Employee advances	4.2	4.4
Other receivables	30.5	26.5
Prepayments	23.5	20.3
Prepaid and recoverable taxes other than income tax	82.3	90.7
	140.5	**141.9**

These assets are valued at historical cost and there are no events or special circumstances indicating that they may be impaired.

NOTE 11 - CASH AND CASH EQUIVALENTS (NOTE 2.4)

Cash and cash equivalents totaled €494.3 million as of December 31, 2012 and corresponded primarily to deposits with an original maturity not in excess of three months (Note 23.2.4).

NOTE 12 - SHARE CAPITAL AND EARNINGS PER SHARE (NOTE 2.18)

Share capital as of December 31, 2012 amounted to €1,057,499,500 represented by 264,374,875 ordinary shares with a par value of €4 each, for 287,329,469 voting rights.

Changes in share capital were as follows:

	Number of shares	Par value	Share capital *(in euros)*	Premiums *(in euros)*
As of December 31, 2011	263,388,995	4	1,053,555,980	1,071,588,642
Exercise of options under the 2007 plan	350,145	4	1,400,580	7,423,074
Exercise of options under the 2008 plan	635,735	4	2,542,940	10,540,486
As of December 31, 2012	264,374,875	4	1,057,499,500	1,089,552,202

Share capital consists exclusively of ordinary shares, each with a par value of €4.

Fully paid-up shares hold in registered form in the name of the same shareholder for at least two years carry double voting rights.

In 2012, 985,880 shares were issued under the 2007 and 2008 stock option plans, resulting in a €3.9 million capital increase with a €18.0 million premium.

12.1 SHARE BUYBACK PROGRAM AND TRANSACTIONS UNDER THE LIQUIDITY CONTRACT

12.1.1 Share buyback program

As of December 31, 2011, the Group held 330,036 shares in treasury. During 2012, it acquired a further 420,000 shares, at a cost of €11,288,775, and allocated 698,452 shares to employees under performance share plans.

As of December 31, 2012, the Group held 51,584 shares under the program, acquired at a total cost of €1,208,758. These shares are being held for the following purposes:

- for allocation upon exercise of performance share plans (46,663 shares purchased at a cost of €1,086,127); and
- for allocation to employees who choose to re-invest their profit-shares in Legrand stock through a corporate mutual fund (4,921 shares purchased at a cost of €122,631).

12.1.2 Liquidity contract

On May 29, 2007, the Group appointed a financial institution to maintain a liquid market for its ordinary shares on the NYSE Euronext™ Paris market under a liquidity contract complying with the Code of Conduct issued by the AMAFI (French Financial Markets Association) approved by the AMF on March 22, 2005.

Cash used to purchase shares under the liquidity contract is capped at €15.0 million.

As of December 31, 2012, the Group held 100,000 shares under this contract, purchased at a total cost of €2,945,821.

During 2012, transactions under the liquidity contract led to a cash inflow of €4,407,497 corresponding to net sales of 130,500 shares.

12.2 EARNINGS PER SHARE

Basic and diluted earnings per share, calculated on the basis of the average number of ordinary shares outstanding during the period, are as follows:

		December 31, 2012	December 31, 2011
Profit attributable to equity holders of Legrand *(in millions of euros)*	A	505.6	478.6
Number of ordinary shares outstanding:			
▪ at the period-end		264,374,875	263,388,995
▪ o/w held in treasury		151,584	560,536
▪ average for the period (excluding shares held in treasury)	B	263,401,182	262,628,527
▪ average for the period after dilution (excluding shares held in treasury)	C	266,012,909	271,602,478
Number of stock options and performance share grants outstanding at the period end		9,620,375	10,404,457
Sales (buybacks) of shares and transactions under the liquidity contract (net during the period)		(289,500)	(13,666)
Shares allocated during the period under performance share plans		698,452	253,265
Basic earnings per share *(euros)* (note 2.18)	A/B	1.920	1.822
Diluted earnings per share *(euros)* (note 2.18)	A/C	1.901	1.762
Dividend per share *(euros)*		0.930	0.880

During 2012, the Group:

- issued 985,880 shares under the stock option plans,
- transferred 698,452 shares under performance share plans, of which 420,000 shares bought back for this purpose in 2012,
- sold a net 130,500 shares under the liquidity contract.

These movements were taken into account on an accrual basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2012, earnings per share and diluted earnings per share would have amounted to €1.914 and €1.890 respectively for the 12 months ended December 31, 2012.

During 2011, the Group:

- issued 227,649 shares under the stock option plans and the performance share plans,
- transferred 253,265 shares under performance share plans,
- bought back a net 13,666 shares.

These movements were taken into account on an accruals basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2011, earnings per share and diluted earnings per share would have amounted to €1.821 and €1.761 respectively for the 12 months ended December 31, 2011.

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NOTE 13 - STOCK OPTION PLANS, PERFORMANCE SHARE PLANS AND EMPLOYEE PROFIT-SHARING (NOTE 2.14)

13.1 2007 TO 2012 LEGRAND PERFORMANCE SHARE PLANS AND STOCK OPTION PLANS

13.1.1 Performance share plans

The Board of Directors meeting on March 7, 2012 approved a plan to grant 985,656 performance shares.

The following performance shares vested during 2012: 293,980 shares granted under the 2008 plan and 404,472 shares granted under the 2010 plan.

Information on performance share plans	2008 Plan	2009 Plan	2010 Plan	2011 Plan	2012 Plan
Date of Board of Directors Meeting	March 5, 2008	March 4, 2009	March 4, 2010	March 3, 2011	March 7, 2012
Total number of performance shares granted	654,058	288,963	896,556	1,592,712	985,656
of which to corporate officers	*47,077*	*23,491*	*62,163*	*127,888*	*30,710*
■ Gilles Schnepp	24,194	12,075	38,373	65,737	30,710
■ Olivier Bazil*	22,883	11,416	23,790	62,151	-
Vesting/exercise conditions	Shares vest after a maximum of 4 years, except in the event of resignation or termination for willful misconduct.				
Performance shares vested during 2008 and 2009	(400)				
Performance shares cancelled during 2008 and 2009	(16,050)	(6,281)			
Performance shares vested during 2010	(329,359)	(463)			
Performance shares cancelled during 2010	(2,908)	(3,845)	(21,358)		
Performance shares vested during 2011	(538)	(120,818)	(1,058)	(1,446)	
Performance shares cancelled during 2011	(7,358)	(7,972)	(21,635)	(34,090)	
Performance shares vested during 2012	(293,980)		(404,472)		
Performance shares cancelled during 2012	(3,465)	(1,182)	(6,326)	(17,764)	(7,738)
TOTAL NUMBER OF PERFORMANCE SHARES OUTSTANDING AS OF DECEMBER 31, 2012	**0**	**148,402**	**441,707**	**1,539,412**	**977,918**

* *Who stepped down as Vice-Chairman and Chief Operating Officer after the General Meeting of May 26, 2011.*

If all these shares were to vest, the Company's capital would be diluted by 1.2% as of December 31, 2012.

13.1.2 Stock option plans

During 2012, 350,145 options granted under the 2007 plan and 635,735 options granted under the 2008 plan were exercised.

Information on stock options	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Date of Board of Directors Meeting	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010
Total number of options	1,638,137	2,015,239	1,185,812	3,254,726
of which to corporate officers	*79,281*	*141,231*	*93,964*	*217,646*
■ Gilles Schnepp	40,745	72,583	48,300	134,351
■ Olivier Bazil*	38,536	68,648	45,664	83,295
Vesting/exercise conditions	Options vest after a maximum of 4 years, except in the event of resignation or termination for willful misconduct.			
Starting date of the option exercise period	May 16, 2011	March 6, 2012	March 5, 2013	March 5, 2014
End of the option exercise period	May 15, 2017	March 5, 2018	March 4, 2019	March 4, 2020
Option exercise price	€25.20	€20.58	€13.12	€21.82
Options cancelled during 2007, 2008 and 2009	(80,147)	(52,496)	(21,093)	
Options cancelled during 2010	(13,830)	(19,112)	(18,739)	(75,317)
Options exercised during 2010	(2,046)	(2,853)	(1,852)	
Options cancelled during 2011	(10,643)	(31,760)	(33,552)	(75,713)
Options exercised during 2011	(100,965)	(1,614)	(732)	(3,703)
Options cancelled during 2012	(1,023)	(10,395)	(7,416)	(30,097)
Options exercised during 2012	(350,145)	(635,735)		
OUTSTANDING OPTIONS AS OF DECEMBER 31, 2012	**1,079,338**	**1,261,274**	**1,102,428**	**3,069,896**

* *Who stepped down as Vice-Chairman and Chief Operating Officer after the General Meeting of May 26, 2011.*

The weighted average price of shares purchased by employees upon exercise of stock options in 2012 was €20.04.

If all these options were to be exercised, the Company's capital would be diluted by a maximum of 2.5% (this is a maximum dilution as it does not take into account the exercise price of these options) as of December 31, 2012.

13.1.3 Valuation model applied to stock option plans

The fair value of share-based payment instruments is measured at the grant date, using the Black & Scholes option-pricing model or the binomial model, based on the following assumptions:

Assumptions	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Risk-free rate	4.35%	3.40%	2.25%	2.91%
Expected volatility	28.70%	30.00%	38.40%	28.00%
Expected return	1.98%	3.47%	5.00%	3.20%

Options granted under all of these plans are considered as having a 5-year life.

13.1.4 IFRS 2 charges

In accordance with IFRS 2, a charge of €30.0 million was recorded for 2012 (2011: €32.5 million) for all of these plans combined.

13.2 EMPLOYEE PROFIT-SHARING

Under French law, the French entities in the Group are required to pay profit shares to employees when their after-tax profit exceeds a certain level. Amounts accrued are generally payable to employees after a period of five years.

In addition to this obligation, a number of the Group's French entities and foreign subsidiaries have set up discretionary profit-sharing plans. Under these plans, employees receive a portion of the entity's profit calculated on the basis of predetermined formulas negotiated by each entity.

An accrual of €35.8 million was recorded in 2012 for statutory and discretionary profit-sharing plans (2011: €37.8 million).

NOTE 14 - RETAINED EARNINGS AND TRANSLATION RESERVES

14.1 RETAINED EARNINGS

Consolidated retained earnings of Legrand and its subsidiaries as of December 31, 2012 amounted to €2,335.9 million.

As of the same date, the parent company – Legrand – had retained earnings of €1,431.2 million available for distribution.

14.2 TRANSLATION RESERVES

As explained in note 2.3, the translation reserve reflects the effects of currency fluctuations on the financial statements of subsidiaries when they are translated into euros.

The translation reserve records the impact of fluctuations in the following currencies:

(in millions of euros)	December 31, 2012	December 31, 2011
US dollar	(148.8)	(134.7)
Other currencies	(59.5)	(37.4)
	(208.3)	**(172.1)**

As explained in note 2.12, unrealized foreign exchange gains and losses on US dollar-denominated 8½% Debentures (Yankee bonds) are recognized in the translation reserve. Gains on these bonds recognized in the translation reserve in 2012 amounted to €6.4 million, resulting in a net balance of €15.0 million at December 31, 2012.

In addition, as indicated in note 2.3, translation gains and losses on receivables or payables treated as part of a net investment in the related foreign Group entity were charged against "Translation reserves", for a loss of €4.0 million at December 31, 2012.

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NOTE 15 - LONG-TERM AND SHORT TERM BORROWINGS (NOTE 2.19)

15.1 LONG TERM BORROWINGS

The Group actively manages its debt. Through diversified sources of financing, it increases the resources available to support medium-term business growth while guaranteeing a robust financial position over the long term.

Long-term borrowings can be analyzed as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
Facility Agreement	0.0	135.2
8 ½% debentures	296.1	302.1
Bonds	1,104.3	707.8
Bank borrowings	0.0	282.5
Other borrowings*	106.7	120.5
	1,507.1	**1,548.1**
Debt issuance costs	(10.4)	(9.0)
	1,496.7	**1,539.1**

* *Including €61.7 million corresponding to private placement notes held by employees through the "Legrand Obligations Privées" corporate mutual fund (€52.0 million at December 31, 2011).*

Long-term borrowings (excluding debt issuance costs) are denominated in the following currencies:

(in millions of euros)	December 31, 2012	December 31, 2011
Euro	1,117.6	1,108.6
US dollar	333.8	397.6
Other currencies	55.7	41.9
	1,507.1	**1,548.1**

Long-term borrowings (excluding debt issuance costs) can be analyzed by maturity as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
Due in one to two years	23.2	396.8
Due in two to three years	14.9	82.4
Due in three to four years	45.7	30.9
Due in four to five years	318.3	25.9
Due beyond five years	1,105.0	1,012.1
	1,507.1	**1,548.1**

Average interest rates on borrowings are as follows:

	December 31, 2012	December 31, 2011
Facility Agreement	-	1.32%
8½% debentures	8.50%	8.50%
Bonds	3.77%	3.98%
Bank borrowings	-	2.09%
Other borrowings	3.04%	5.08%

These borrowings are secured as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
Assets mortgaged or pledged as collateral	7.8	7.6
Guarantees given to banks	190.7	203.8
	198.5	**211.4**

15.1.1 Credit Facility

2006 Credit Facility

On January 10, 2006, the Group signed a credit facility with five mandated arrangers.

Initially, this 2006 Credit Facility comprised notably (i) a €700.0 million Tranche A representing a multicurrency term loan repayable in semi-annual installments equal to 10% of the nominal amount between January 10, 2007 and July 10, 2010, with a final 20% installment due on January 10, 2011 and (ii) a €1.2 billion Tranche B consisting of a revolving multicurrency facility utilizable through drawdowns. Tranches A and B were originally five-year loans that could be rolled over for two successive one-year periods.

An initial installment of Tranche A equal to 10% of the nominal amount was paid in January 2007 and a second installment equal to 7.78% of the nominal amount was paid in July 2007. In March 2007 and November 2007, the Group exercised its option to extend the 2006 Credit Facility for two successive one-year periods, with the final installment becoming due in January 2013.

Consequently, the repayments in semi-annual installments of Tranche A are equal to 6.22% of the original nominal amount from January 10, 2008 to July 10, 2011, 7.12% of the original nominal amount on January 10, 2012, 6.02% of the original nominal amount on July 10, 2012 and 19.32% on January 10, 2013.

In August 2012, the Group redeemed an amount of €177.4 million, corresponding to the total balance of the 2006 Credit Facility due January 10, 2013.

Repayments due under the 2006 Credit Facility (Tranche A) can be analyzed as follows by maturity as of December 31, 2012, and December 31, 2011:

(in millions of euros)	December 31, 2012	December 31, 2011
Due within one year (short-term borrowings)	0.0	92.0
Due in one to two years	0.0	135.2
	0.0	**227.2**

2011 Credit Facility

In October 2011, the Group signed an agreement with six banks to set up €900.0 million revolving multicurrency facility (2011 Credit Facility) utilizable through drawdowns. The five-year facility may be extended for two successive one-year periods. In October 2012, the Group announced that all participating banks had agreed to a one-year extension. As a result, the facility now expires in October 2017.

Funds drawn down are subject to an interest rate equivalent to Euribor/Libor plus a margin determined on the basis of the Group's credit rating. As of December 31, 2012, this spread was 55 bps. In addition, the 2011 Credit Facility does not contain any covenants.

15.1.2 8½% Debentures (Yankee bonds)

On February 14, 1995, Legrand France issued $400.0 million worth of 8½% debentures due February 15, 2025, through a public placement in the United States. Interest on the debentures is payable semi-annually in arrears on February 15 and August 15 of each year, beginning August 15, 1995.

The debentures are not subject to any sinking fund and are not redeemable prior to maturity, except upon the occurrence of certain changes in the law requiring the payment of amounts in addition to the principal and interest. Should Legrand France be prevented by law from paying any such additional amounts, early redemption would generally be mandatory or, if such amounts could be paid, Legrand France may, at its option, redeem all – but not part – of the debentures in advance. Each debenture holder may also require Legrand France to redeem its debentures in advance upon the occurrence of a hostile change of control.

15.1.3 Bank borrowings

In April 2012, the Group decided to redeem in advance all of its bank borrowings in a total amount of €282.5 million.

15.1.4 Bonds

In February 2010, the Group carried out a €300.0 million 4.25% seven-year bond issue. The bonds will be redeemable at maturity on February 24, 2017.

In March 2011, the Group carried out a €400.0 million 4.375% seven-year bond issue. The bonds will be redeemable at maturity on March 21, 2018.

In April 2012, the Group carried out a €400.0 million 3.375% ten-year bond issue. The bonds will be redeemable at maturity on April 19, 2022.

15.1.5 Unused credit lines

As of December 31, 2012, the Group had access to drawdown capacity of €900.0 million (revolving facility) of the 2011 Credit Facility.

15.2 Short term borrowings

Short-term borrowings can be analyzed as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
Facility Agreement	0.0	92.0
Other borrowings	80.1	126.0
	80.1	**218.0**

NOTE 16 - PROVISIONS

Changes in provisions in 2012 are as follows:

	December 31, 2012					
(in millions of euros)	Products guarantee	Claims and litigation	Fiscal and employee risks	Restructuring	Other	Total
At beginning of period	15.7	60.3	34.9	26.3	66.4	203.6
Changes in scope of consolidation	2.5	0.0	0.0	0.0	0.6	3.1
Increases	9.2	25.3	11.9	13.3	19.9	79.6
Utilizations	(2.3)	(6.2)	(0.8)	(9.9)	(10.3)	(29.5)
Reversals of surplus provisions	(0.8)	(23.3)	(0.9)	(5.2)	(12.1)	(42.3)
Reclassifications	0.0	3.0	1.0	(1.2)	(1.8)	1.0
Translation adjustments	(0.2)	(1.2)	(0.2)	(0.7)	(0.3)	(2.6)
AT END OF PERIOD	**24.1**	**57.9**	**45.9**	**22.6**	**62.4**	**212.9**
of which non-current portion	*5.7*	*36.9*	*44.0*	*1.5*	*16.8*	*104.9*

Changes in provisions in 2011 were as follows:

	December 31, 2011					
(in millions of euros)	Products guarantee	Claims and litigation	Fiscal and employee risks	Restructuring	Other	Total
At beginning of period	11.6	61.4	36.1	34.7	61.6	205.4
Changes in scope of consolidation	0.8	0.9	0.0	0.0	3.5	5.2
Increases	5.7	13.4	0.0	7.8	34.0	60.9
Utilizations	(2.8)	(1.7)	(0.2)	(11.5)	(7.9)	(24.1)
Reversals of surplus provisions	(1.7)	(6.2)	(1.0)	(1.5)	(23.6)	(34.0)
Reclassifications	2.0	(6.6)	1.0	(2.6)	(1.1)	(7.3)
Translation adjustments	0.1	(0.9)	(1.0)	(0.6)	(0.1)	(2.5)
AT END OF PERIOD	**15.7**	**60.3**	**34.9**	**26.3**	**66.4**	**203.6**
of which non-current portion	*5.0*	*38.6*	*33.7*	*1.8*	*17.2*	*96.3*

NOTE 17 - PENSION AND OTHER POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS (NOTE 2.16)

Pension and other post-employment defined benefit obligations can be analyzed as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
Non-current portion		
France (note 17.2)	79.8	63.5
Italy (note 17.3)	35.0	35.3
United States and United Kingdom (note 17.4)	36.3	37.5
Other countries	14.5	12.4
Total non-current portion	**165.6**	**148.7**
Current portion		
France (note 17.2)	0.0	0.0
Italy (note 17.3)	5.0	5.0
United States and United Kingdom (note 17.4)	1.3	1.4
Other countries	1.4	0.7
Total current portion	**7.7**	**7.1**
TOTAL PENSION AND OTHER POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS	**173.3**	**155.8**

The total amount of those liabilities is €173.3 million as of December 31, 2012 (€155.8 million as of December 31, 2011) and is analyzed in note 17.1, which shows total liabilities of €316.3 million as of December 31, 2012 (€286.1 million as of December 31, 2011) less total assets of €135.0 million as of December 31, 2012 (€121.4 million as of December 31, 2011), adjusted for an unrecognized past service cost of €8.0 million as of December 31, 2012 (€8.9 million as of December 31, 2011).

17.1 ANALYSIS OF PENSION AND OTHER POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS

The total (current and non-current) obligation under the Group's pension and other post-employment benefit plans, consisting primarily of plans in France, Italy, the United States and the United Kingdom, is as follows:

(in millions of euros)	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008
Defined benefit obligation					
Projected benefit obligation at beginning of period	286.1	278.1	247.9	240.5	263.9
Acquisitions	0.0	0.4	0.0	0.0	0.1
Goodwill allocation	0.0	0.0	0.0	0.0	0.0
Service cost	7.6	4.7	5.7	7.5	6.1
Interest cost	11.0	10.6	10.4	11.1	11.5
Benefits paid	(17.3)	(25.3)	(17.1)	(21.0)	(19.3)
Employee contributions	0.5	0.6	0.6	0.7	0.0
Plan amendments	0.0	0.0	0.0	0.0	0.0
Actuarial loss/(gain)	29.5	6.8	11.2	8.9	(7.5)
Curtailments, settlements, special	(1.3)	0.0	0.1	(1.9)	0.2
termination benefits					
Past service cost	0.0	0.0	10.1	(0.1)	0.0
Translation adjustments	0.2	3.9	8.6	2.2	(14.3)
Other	0.0	6.3	0.6	0.0	(0.2)
PROJECTED BENEFIT OBLIGATION AT END OF PERIOD (I)	**316.3**	**286.1**	**278.1**	**247.9**	**240.5**
UNRECOGNIZED PAST SERVICE COST (II)	**8.0**	**8.9**	**9.7**	**0.0**	**0.1**
Fair value of plan assets					
Fair value of plan assets at beginning of period	121.4	124.4	111.9	89.9	131.4
Acquisitions	0.0	0.0	0.0	0.0	0.0
Expected return on plan assets	7.3	7.5	7.5	6.6	8.2
Employer contributions	12.4	9.3	5.6	12.2	6.4
Employee contributions	0.5	0.6	0.6	0.7	0.5
Benefits paid	(12.5)	(21.4)	(9.3)	(12.3)	(13.3)
Actuarial (loss)/gain	5.7	(2.5)	2.1	12.8	(32.0)
Translation adjustments	0.2	3.5	6.0	2.0	(11.3)
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD (III)	**135.0**	**121.4**	**124.4**	**111.9**	**89.9**
LIABILITY RECOGNIZED IN THE BALANCE SHEET (I) – (II) – (III)	**173.3**	**155.8**	**144.0**	**136.0**	**150.5**
Current liability	7.7	7.1	7.1	7.1	6.4
Non-current liability	165.6	148.7	136.9	128.9	144.1

Actuarial losses recognized in equity (comprehensive income for the period) as of December 31, 2012 amounted to €23.8 million (€16.6 million after tax).

The discount rates used are determined by reference to the yield on high quality bonds based on the following benchmark indices:

- Euro zone: iBoxx € Corporates AA 10+ ;
- United Kingdom: iBoxx £ Corporates AA 15+;
- United States: Citibank Pension Liability Index.

Sensitivity tests were performed on the discount rates applied and on the expected return on plan assets. According to the results of these tests, a 50-basis point decline in discount rates and in the expected return on plan assets would lead to the recognition of additional actuarial losses of around €21.0 million and would increase in proportion the value of the defined obligation as of December 31, 2012.

The impact on profit is as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
Service cost – rights acquired during the period	(7.6)	(6.3)
Service cost – cancellation of previous rights	0.0	0.0
Benefits paid (net of cancellation of liability recognized in prior periods)	0.0	0.0
Interest cost	(11.0)	(10.6)
Other	0.4	(0.8)
Expected return on plan assets	7.3	7.5
	(10.9)	**(10.2)**

The weighted-average allocation of pension plan assets is as follows as of December 31, 2012:

(as a percentage)	France	United States and United Kingdom	Weighted total
Equity instruments		49.0	47.8
Debt instruments		46.2	45.1
Insurance funds	100.0	4.8	7.1
	100.0	**100.0**	**100.0**

17.2 PROVISIONS FOR RETIREMENT BENEFITS AND SUPPLEMENTARY PENSION BENEFITS IN FRANCE

The provisions recorded in the consolidated balance sheet concern the unvested entitlements of active employees. The Group has no obligation with respect to the vested entitlements of former employees, as the benefits were settled at the time of their retirement, either directly or through payments to insurance companies in full discharge of the liability.

In France, provisions recorded in the consolidated balance sheet amount to €79.8 million as of December 31, 2012 (€63.5 million as of December 31, 2011), corresponding to the difference between the projected benefit obligation of €90.9 million as of December 31, 2012 (€74.7 million as of December 31, 2011) and the fair value of the related plan assets of €3.1 million as of December 31, 2012 (€2.3 million as of December 31, 2011), adjusted for an unrecognized past service cost of €8.0 million as of December 31, 2012 (€8.9 million as of December 31, 2011).

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In France, the calculation was based on a salary increase rate of 3.0%, a discount rate of 3.0% (3.0% and 4.5% in 2011) and an expected return on plan assets of 3.0% (3.8% in 2011). The provisions recorded in the consolidated balance sheet correspond to the portion of the total obligation remaining payable by the Group; this amount is equal to the difference between the total obligation recalculated at each balance sheet date, based on the actuarial assumptions described above, and the net residual value of the plan assets at that date.

17.3 PROVISIONS FOR TERMINATION BENEFITS IN ITALY

The changes introduced in the Italian Act no.296 dated December 27, 2006 came into effect on January 1, 2007.

From this date, Italian termination benefit plans (*Trattamento di fine rapporto*, TFR) are qualified as defined contribution plans under IFRS.

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The resulting provisions for termination benefits, which correspond to the obligation as of December 31, 2006 plus the ensuing actuarial revisions, amounted to €40.0 million as of December 31, 2012 (€40.3 million as of December 31, 2011).

The calculations for these provisions are based on a discount rate of 4.0% in 2012 (4.0% in 2011).

17.4 PROVISIONS FOR RETIREMENT BENEFITS AND OTHER POST-EMPLOYMENT BENEFITS IN THE UNITED STATES AND THE UNITED KINGDOM

In the United States and the United Kingdom, the Group provides pension benefits for employees and health care and life insurance for certain retired employees.

The provisions recorded in the consolidated balance sheet amounted to €37.6 million as of December 31, 2012 (€38.9 million as of December 31, 2011), corresponding to the difference between the projected benefit obligation of €159.9 million (€148.8 million as of December 31, 2011) and the fair value of the related plan assets of €122.3 million (€109.9 million as of December 31, 2011).

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In the United Sates, the calculation was based on a salary increase rate of 3.5%, a discount rate of 3.5% (3.5% and 4.4% in 2011) and an expected return on plan assets of 7.3% (7.5% in 2011). In the United Kingdom, the calculation was based on a salary increase rate of 3.8%, a discount rate of 4.0% (4.0% and 4.7% in 2011), and an expected return on plan assets of 5.5% (5.4% in 2011).

■ NOTE 18 - OTHER CURRENT LIABILITIES

Other current liabilities can be analyzed as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
Tax liabilities	68.8	74.7
Accrued employee benefits expense	186.3	178.8
Current portion of statutory and discretionary profit-sharing reserve	33.4	35.9
Payables related to fixed asset purchases	11.1	14.8
Accrued expenses	71.6	77.3
Accrued interest	45.7	39.4
Deferred revenue	15.8	15.8
Current portion of pension and other post-employment benefit obligations	7.7	7.1
Other current liabilities	38.1	40.1
	478.5	**483.9**

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NOTE 19 - ANALYSIS OF CERTAIN EXPENSES

19.1 ANALYSIS OF OPERATING EXPENSES

Operating expenses include the following categories of costs:

(in millions of euros)	December 31, 2012	December 31, 2011
Raw materials and component costs	(1,415.9)	(1,313.6)
Salaries and payroll taxes	(1,120.0)	(1,055.0)
Employee profit-sharing	(35.8)	(37.8)
TOTAL PERSONNEL COSTS	**(1,155.8)**	**(1,092.8)**
Depreciation expense	(105.2)	(111.0)
Amortization expense	(61.1)	(70.9)

As of December 31, 2012 the Group had 33,079 employees on the payroll (December 31, 2011: 31,066).

19.2 ANALYSIS OF OTHER OPERATING INCOME AND EXPENSE

(in millions of euros)	December 31, 2012	December 31, 2011
Restructuring costs	(25.5)	(18.6)
Goodwill impairment	0.0	(15.9)
Other	(41.3)	(36.3)
	(66.8)	**(70.8)**

NOTE 20 – TOTAL NET FINANCIAL EXPENSE

20.1 EXCHANGE GAINS (LOSSES)

(in millions of euros)	December 31, 2012	December 31, 2011
Exchange gains (losses)	(11.7)	10.6

At December 31, 2012, exchange losses were mainly attributable to the euro's decline against most of the other main currencies.

They substantially correspond to unrealized exchange gains or losses on intragroup transactions. These unrealized exchange gains or losses were offset by a corresponding change in the translation reserves.

20.2 NET FINANCIAL EXPENSE

(in millions of euros)	December 31, 2012	December 31, 2011
Financial income	20.8	15.0
Change in fair value of financial instruments	0.0	0.0
Total financial income	**20.8**	**15.0**
Financial expense	(102.1)	(97.0)
Change in fair value of financial instruments	(0.4)	(0.2)
Total financial expense	**(102.5)**	**(97.2)**
NET FINANCIAL EXPENSE	**(81.7)**	**(82.2)**

Financial expense corresponds essentially to interest costs on borrowings (note 15).

NOTE 21 - INCOME TAX EXPENSE (CURRENT AND DEFERRED) (NOTE 2.10)

Income tax expense consists of the following:

(in millions of euros)	December 31, 2012	December 31, 2011
Current taxes:		
France	(72.1)	(94.2)
Outside France	(166.0)	(160.0)
	(238.1)	**(254.2)**
Deferred taxes:		
France	5.0	14.7
Outside France	(14.5)	(21.9)
	(9.5)	**(7.2)**
Total income tax expense:		
France	(67.1)	(79.5)
Outside France	(180.5)	(181.9)
	(247.6)	**(261.4)**

The reconciliation of total income tax expense for the period to income tax calculated at the standard tax rate in France is as follows:

(Tax rate)	December 31, 2012	December 31, 2011
Standard French income tax rate	**34.43%**	**34.43%**
Increases (reductions):		
■ effect of foreign income tax rates	(4.61%)	(4.49%)
■ non-taxable items	1.60%	2.24%
■ income taxable at specific rates	0.68%	0.82%
■ other	0.68%	1.33%
	32.78%	**34.33%**
Impact on deferred taxes of:		
■ changes in tax rates	0.12%	0.05%
■ recognition or non-recognition of deferred tax assets	(0.08%)	0.92%
EFFECTIVE TAX RATE	**32.82%**	**35.30%**

Deferred taxes recorded in the balance sheet result from temporary differences between the carrying amount of assets and liabilities and their tax base and can be analyzed as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
Deferred taxes recorded by French companies	(300.0)	(310.6)
Deferred taxes recorded by foreign companies	(255.0)	(241.7)
	(555.0)	**(552.3)**
Origin of deferred taxes:		
■ impairment losses on inventories and receivables	43.3	38.9
■ margin on inventories	19.8	18.4
■ tax loss carryforwards	9.2	4.4
■ finance leases	(14.9)	(14.6)
■ fixed assets	(145.1)	(123.1)
■ trademarks	(534.8)	(533.3)
■ developed technology	(1.9)	0.0
■ other provisions	28.5	31.8
■ statutory profit-sharing	3.9	6.0
■ pensions and other post-employment benefits	43.1	36.2
■ fair value adjustments to derivative instruments	(2.1)	(4.4)
■ other	(4.0)	(12.6)
	(555.0)	**(552.3)**
■ of which deferred tax assets	93.8	91.9
■ of which deferred tax liabilities	(648.8)	(644.2)

Short and long-term deferred taxes can be analyzed as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
Deferred taxes – short term	83.8	80.1
Deferred taxes – long term	(638.8)	(632.4)
	(555.0)	**(552.3)**

Tax losses carried forward broke down as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
Net recognized operating losses carried forward	30.6	14.1
Recognized deferred tax assets	9.2	4.4
Net unrecognized operating losses carried forward	122.2	122.3
Unrecognized deferred tax assets	32.5	33.9
Total net operating losses carried forward	152.8	136.4

The recognized deferred tax assets are expected to be utilized no later than five years from the period-end.

NOTE 22 - OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

22.1 SPECIFIC TRANSACTIONS

Specific commitments and their expiry dates are discussed in the following notes:

- note 6: Property, plant and equipment;
- note 15: Long-term and short term borrowings;
- note 17: Pension and other post-employment benefit obligations.

22.2 ROUTINE TRANSACTIONS

22.2.1 Operating leases

The Group uses certain facilities under lease agreements and leases certain equipment. There are no special restrictions related to these operating leases. Future minimum rental commitments under leases are detailed below:

(in millions of euros)	December 31, 2012	December 31, 2011
Due within one year	44.4	38.7
Due in one to two years	36.9	30.9
Due in two to three years	31.2	24.7
Due in three to four years	22.8	20.8
Due in four to five years	16.6	14.4
Due beyond five years	54.4	45.8
	206.3	**175.3**

22.2.2 Commitments to purchase property, plant and equipment

Commitments to purchase property, plant and equipment amounted to €5.1 million as of December 31, 2012.

22.3 CONTINGENT LIABILITIES

The Group is involved in a number of claims and legal proceedings arising in the normal course of business. In the opinion of management, all such matters have been adequately provided for or are without merit, and are of such nature that, should the outcome nevertheless be unfavorable to the Group, they should not have a material adverse effect on the Group's consolidated financial position or results of operations.

NOTE 23 - FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISKS

23.1 FINANCIAL INSTRUMENTS

23.1.1 Derivatives

	December 31, 2012			
(in millions of euros)	Financial income and expense, net	Equity	Book value	IFRS designation
Exchange rate derivatives				
Forwards and options designated as fair value hedges	(1.9)		(0.5)	Trading
Forward contracts designated as net investment hedges				NIH*
Commodity derivatives				
Futures and options				Trading
Interest rate derivatives				
Interest rate caps	(0.2)		0.0	Trading
	(2.1)		**(0.5)**	

* *Net Investment Hedge.*

All financial instruments are classified in Level 2 of the fair value hierarchy described in note 2.12.

23.1.2 Impact of financial instruments

	12 months ended December 31, 2012			
		Impact on equity		
(in millions of euros)	Impact on financial income and expense, net	Fair value	Translation adjustment	Other
Trade receivables				
Trade payables				
Borrowings	(76.1)		6.4	
Derivatives	(2.1)		-	
	(78.2)		**6.4**	

Debentures denominated in US dollars (Yankee bonds) are designated as hedges of the foreign currency risk associated with the net investment in the United States (see discussion of net investment hedges in note 2.12).

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23.1.3 Breakdown of balance sheet items by type of financial instrument

	December 31, 2012					December 31, 2011
			Type of financial instrument			
(in millions of euros)	Carrying amount	Fair value	Instruments designated at fair value through profit or loss	Receivables, payables and borrowings at amortized cost	Derivatives	Carrying amount
ASSETS						
Current assets						
Trade receivables	490.6	490.6		490.6		534.9
Other current financial assets	0.0	0.0				0.2
TOTAL CURRENT ASSETS	**490.6**	**490.6**		**490.6**		**535.1**
EQUITY AND LIABILITIES						
Current liabilities						
Short-term borrowings	80.1	80.1		80.1		218.0
Trade payables	440.7	440.7		440.7		435.0
Other current financial liabilities	0.5	0.5			0.5	2.0
TOTAL CURRENT LIABILITIES	**521.3**	**521.3**		**520.8**	**0.5**	**655.0**
Non-current liabilities						
Long-term borrowings	1,496.7	1,621.8		1,496.7		1,539.1
TOTAL NON-CURRENT LIABILITIES	**1,496.7**	**1,621.8**		**1,496.7**		**1,539.1**

23.2 MANAGEMENT OF FINANCIAL RISKS

The Group's cash management strategy is based on overall financial risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct any trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving derivative financial instruments are conducted with the sole purpose of managing interest rate, exchange rate and commodity risks and as such are limited in duration and value.

This strategy is centralized at Group level. Its implementation is deployed by the Financing and Treasury Department who recommends appropriate measures and implements them after they have been validated by the Corporate Finance Department and Group General management. A detailed reporting system has been set up to permit permanent close tracking of the Group's positions and effective oversight of the management of the financial risks described in this note.

Current financial assets and liabilities are measured based on observable market data and are as follows:

(in millions of euros)	December 31, 2012	December 31, 2011
Other current financial assets	**0.0**	**0.2**
Swaps	0.0	0.0
Financial derivatives with a positive fair value	0.0	0.2
Other current financial liabilities	**0.5**	**2.0**
Swaps	0.0	0.0
Financial derivatives with a negative fair value	0.5	2.0

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23.2.1 Interest rate risk

As part of an interest rate risk management policy aimed mainly at managing the risk of a rate increase, the Group has structured its debt into a combination of fixed and variable rate financing.

Net debt (excluding debt issuance costs) breaks down as follows between fixed and variable interest rates before the effect of hedging instruments:

	December 31, 2012							December 31, 2011
(in millions of euros)	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Due beyond 5 years	Total	Total
Financial assets*								
Fixed rate								
Variable rate	494.3						494.3	488.3
Financial liabilities**								
Fixed rate	(3.5)	(13.1)	(13.6)	(24.0)	(315.3)	(1,096.1)	(1,465.6)	(1,065.4)
Variable rate	(76.6)	(10.1)	(1.3)	(21.7)	(3.0)	(8.9)	(121.6)	(700.7)
Net exposure								
Fixed rate	(3.5)	(13.1)	(13.6)	(24.0)	(315.3)	(1,096.1)	(1,465.6)	(1,065.4)
Variable rate	417.7	(10.1)	(1.3)	(21.7)	(3.0)	(8.9)	372.7	(212.4)

* *Financial assets: cash and marketable securities.*

** *Financial liabilities: borrowings (excluding debt issuance costs).*

Interest rate hedging instruments consist of caps and swaps and are described below.

Caps

Variable-rate debt is hedged by interest-rate instruments with maturities of no more than three years. These contracts are mainly caps, in line with the Group's policy of setting an upper limit on interest rates while retaining the opportunity to benefit from more favorable rate changes.

The portfolio of caps on euro-denominated debt breaks down as follows:

(in millions of euros)	December 31, 2012		
Period covered	Notional amount	Benchmark rate	Average guaranteed rate including premium
January 2013 – March 2013	350.0	3-month Euribor	3.57%
April 2013 – December 2013	400.0	3-month Euribor	4.72%

The caps do not fulfill the criteria for the application of hedge accounting under IAS 39 and have therefore been measured at fair value and recognized in 'Other current financial assets', in an amount equal to zero as of December 31, 2012 (December 31, 2011: €0.2 million). The effect of changes in fair value on consolidated profit was a €0.2 million loss in 2012 (2011: €0.2 million loss), recognized in 'Net financial expense' (note 20.2).

Interest-rate swaps

In April 2011, the Group purchased interest rate swaps on a notional amount of €275.0 million expiring on March 21, 2015.

In 2011, the Group cancelled the interest rate swaps and accordingly adjusted the hedged debt by €12.3 million. In accordance with IAS 39, the debt adjustment will be amortized to profit or loss as a deduction to financial expense in the period through March 2015, *i.e.* over the initial life of the swaps. The gain recognized in 2012 was €3.5 million (€1.0 million in 2011).

Further interest rate swaps may be set up in the future, based on changes in market conditions.

Sensitivity

The following table shows the sensitivity of net debt to changes in interest rates, before hedging instruments:

(in millions of euros)	December 31, 2012		December 31, 2011	
	Impact on profit before tax	Impact on equity before tax	Impact on profit before tax	Impact on equity before tax
Impact of a 100-bps increase in interest rates	1.0	1.0	(3.5)	(3.5)
Impact of a 100-bps decrease in interest rates	(1.5)	(1.5)	1.9	1.9

The impact of a 100 basis point increase in interest rates would result in a gain of €1.0 million due to a net positive exposure to variable rate. Conversely, the impact of a 100 basis points decrease in interest rates would result in a loss of €1.5 million.

23.2.2 Currency risk

The Group operates in international markets and is therefore exposed to risks through its use of several different currencies.

The following table shows the breakdown of net debt (excluding debt issuance costs) by currency:

(in millions of euros)	December 31, 2012					December 31, 2011
	Financial assets*	Financial liabilities**	Net exposure before hedging	Hedging	Net exposure after hedging	Net exposure after hedging
Euro	175.5	(1,126.1)	(950.6)	(71.2)	(1,021.8)	(1,055.5)
US dollar	104.6	(345.0)	(240.4)	37.8	(202.6)	(268.9)
Other currencies	214.2	(116.1)	98.1	33.4	131.5	46.6
	494.3	**(1,587.2)**	**(1,092.9)**	**0.0**	**(1,092.9)**	**(1,277.8)**

* *Financial assets: cash and marketable securities.*

** *Financial liabilities: borrowings (excluding debt issuance costs).*

The following table shows the sensitivity of gross debt to changes in the exchange rate of the euro against other currencies, before hedging instruments:

(in millions of euros)	December 31, 2012		December 31, 2011	
	Impact on profit before tax	Impact on equity before tax	Impact on profit before tax	Impact on equity before tax
	10% increase		10% increase	
US dollar	4.6	34.2	12.8	43.0
Other currencies	10.1	10.1	7.6	7.6

(in millions of euros)	December 31, 2012		December 31, 2011	
	Impact on profit before tax	Impact on equity before tax	Impact on profit before tax	Impact on equity before tax
	10% decrease		10% decrease	
US dollar	(4.6)	(34.2)	(12.8)	(43.0)
Other currencies	(10.1)	(10.1)	(7.6)	(7.6)

Natural hedges are favored in particular by aiming at an optimized breakdown by currency of, on the one hand, net debt and operating profit, on the other hand.

If required, when acquisition of an asset is financed using a currency other than the functional currency of the country, the Group may enter into forward-contracts to hedge its exchange rate risk. As of December 31, 2012 the Group has set up forward contracts in Brazilian reals, Australian dollars and US dollars which have a negative net fair value of €0.5 million, reported in "Other current financial liabilities" (December 31, 2011: negative net fair value of €2.0 million, reported in 'Other current financial liabilities').

Operating assets and liabilities break down as follows by reporting currency:

(in millions of euros)	December 31, 2012			December 31, 2011
	Operating assets*	Operating liabilities**	Net exposure	Net exposure
Euro	453.5	(592.0)	(138.5)	(82.9)
US dollar	164.6	(118.8)	45.8	37.9
Other currencies	612.8	(316.4)	296.4	296.6
	1,230.9	**(1,027.2)**	**203.7**	**251.6**

* *Operating assets: trade receivables, inventories and other receivables, net of impairment.*

** *Operating liabilities: trade payables, short-term provisions and other current liabilities.*

The table below presents the breakdown of net sales and operating expenses by currency as of December 31, 2012:

(in millions of euros)		Net sales		Operating expenses
Euro	2,002.4	44.8%	1,547.1	42.8%
US dollar	751.6	16.8%	636.7	17.6%
Other currencies	1,712.7	38.4%	1,434.9	39.6%
	4,466.7	**100.0%**	**3,618.7**	**100.0%**

As shown in the above table, natural hedges are also set up by matching costs and revenues in each of the Group's operating currencies.

Residual amounts are hedged by options to limit the Group's exposure to fluctuations in the main currencies concerned. These hedges are for periods of less than 18 months. No such hedges were entered into in 2012.

The Group estimates that, all other things being equal, a 10% increase in the exchange rate of the euro against all other currencies applied to 2012 figures would have resulted in a decrease in net revenue of approximately €224.0 million and a decrease in operating profit of approximately €35.7 million, while a 10% decrease would have resulted in an increase in net revenue of approximately €246.4 million and an increase in operating profit of approximately €39.3 million.

In the same way, such increase applied to 2011 figures would have resulted in a decrease in net revenue of approximately €194.9 million and a decrease in operating profit of approximately €30.7 million, while a 10% decrease would have resulted in an increase in net revenue of approximately €214.4 million and an increase in operating profit of approximately €33.8 million.

23.2.3 Commodity risk

The Group is exposed to commodity risk arising from changes in the price of raw materials.

Raw materials purchases amounted to around €450.0 million in 2012.

A 10% increase in the price of all the raw materials used by the Group would theoretically feed through to around a €45.0 million increase in annual purchasing costs. The Group believes that it could, circumstances permitting, raise the prices of its products in the short term to offset the overall adverse impact of any such increases.

Additionally, the Group can set up specific derivative financial instruments (options) for limited amounts and periods to hedge part of the risk of an unfavorable change in copper and certain other raw material prices.

The Group did not set up any such hedging contracts in 2012.

23.2.4 Credit risk

Credit risk covers both:

- risks related to outstanding customer receivables;
- counterparty risks with financial institutions.

As explained in note 9, a substantial portion of Group revenue is generated with two major distributors. Other revenue is essentially derived from distributors of electrical products but sales are diversified due to the large number of customers and their geographic dispersion. The Group actively manages its credit risk by establishing regularly reviewed individual credit limits for each customer, constantly monitoring collection of its outstanding receivables and systematically chasing up past due receivables. In addition, the situation is reviewed regularly with the Corporate Finance Department. When the Group is in a position to do so, it can resort to either credit insurance or factoring.

Financial instruments that may potentially expose the Group to counterparty risk are principally cash equivalents, short-term investments and hedging instruments. These assets are placed with well-rated financial institutions or Corporates with the aim of fragmenting the exposure to these counterparties. Those strategies are decided and monitored by the Corporate Finance Department, which ensures a daily follow up of notations and Credit Default Swap rates of any one of these counterparties.

23.2.5 Liquidity risk

The Group considers that managing liquidity risk depends primarily on having access to diversified sources of financing as to their origin and maturity. This approach represents the basis of the Group's financing policy.

The total amount of net debt (€1,082.5 million as of December 31, 2012) is fully financed by financing facilities expiring at the earliest in 2013 and at the latest in 2025. The average maturity of gross debt is eight years.

In February 2012, Standard & Poor's raised Legrand's credit rating to A- with a stable outlook, attesting to the strength of the Group's business model and balance sheet.

Rating agency	Long term debt	Outlook
S&P	A-	Stable

NOTE 24 - INFORMATION RELATING TO CORPORATE OFFICERS

24.1 SHORT-TERM BENEFITS

(in millions of euros)	December 31, 2012	December 31, 2011
Advances and loans to corporate officers	0.0	0.0
Compensation paid to corporate officers*	1.8	2.7

* *Compensation paid during the base period to executive officers and members of the Board of Directors who hold operating responsibilities within the Group.*

Compensation paid includes fixed compensation and all variable compensation payable at the beginning of the year in relation to the achievement of targets for the previous year.

Olivier Bazil's duties as Vice-Chairman and Chief Operating Officer ended at the May 26, 2011 Annual Shareholders' Meeting and on May 31, 2011, he began claiming pension benefits in respect of his past service as an employee. However, he keeps his administrator mandate and is a member of the Strategy Committee.

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24.2 REMUNERATION AND BENEFITS DUE ON TERMINATION OF CORPORATE OFFICE'S POSITION

	Employment contract(1)		Supplementary pension entitlement(2)		Indemnities or benefits due or which may become due as a result of termination or change of office		Indemnities relating to non-competition clause(3)	
Corporate officer	Yes	No	Yes	No	Yes	No	Yes	No
Gilles Schnepp								
Chairman and CEO		x	x			x	x	
Commencement: 05/22/2008								
Expiration: 12/31/2013								

(1) *In line with the recommendations of the Code of Corporate Governance, the Board of Directors on March 4, 2009, took due note of the decision of Gilles Schnepp to renounce his contract of employment with immediate effect and without consideration.*

(2) *In 2001, the Legrand Group entered into an agreement with an insurance company for the provision of services relating to pensions, retirement and services of a related nature to the members of the Group Executive Committee benefiting from the French pension system for salaried workers. At December 31, 2012, the Group's commitment in connection with this agreement amounted to approximately €11.9 million, of which approximately €0.4 million of net assets, while the remaining €11.5 million is accrued in the accounts. Furthermore, the Social Security contributions due on the capital component of annuities according to the level of the pension are accrued in the provisions for €6.0 million. At December 31, 2012, the Executive Committee has nine members, including the Chairman and Chief Executive Officer.*

Additional pension entitlements are calculated to set total pensions, including these additional entitlements and all other amounts received after retirement, at the equivalent of 50% of the average of the two highest amounts of compensation received by the beneficiaries in their last three years with the Group. To benefit from the additional pension, employees must have been with the Group for at least ten years and have reached the legal retirement age. In the event of the beneficiary's death, the Group will pay the surviving spouse 60% of the supplementary pension.

Corporate officer's pension entitlements at retirement would represent roughly 1% of his total compensation (salary and bonus) per year of service with the Group.

(3) *As a corporate officer, Gilles Schnepp is subject to a two-year covenant not to compete that is enforceable at the Group's initiative. In consideration of this, should the Group decide to enforce the covenant, Mr. Schnepp would receive a monthly indemnity equal to 50% of his average monthly compensation, including bonus, for his last 12 months with the Group.*

24.3 TERMINATION BENEFITS

Except for above-mentioned payments due upon retirement or enforcement of the covenant not to compete, the Company has no other firm or potential obligations towards Gilles Schnepp, Chairman and Chief Executive Officer for the payment of salaries, compensation or other benefits upon or subsequent to the termination of his appointment or any changes thereto.

24.4 SHARE-BASED PAYMENT

Under the 2012 performance share plans, the corporate officer was granted 30,710 shares.

Under the 2011 performance share plans, the corporate officers were granted 127,888 shares.

24.5 COMPENSATION PAID TO MEMBERS OF THE EXECUTIVE COMMITTEE OTHER THAN CORPORATE OFFICERS

(in millions of euros)	December 31, 2012	December 31, 2011
Total compensation paid	3.4	2.5

The increase in total compensation paid was primarily due to the rise in the number of Executive Committee members.

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NOTE 25 - INFORMATION BY GEOGRAPHICAL SEGMENT (NOTE 2.17)

The information by geographical segment presented below corresponds to the information used by the Group General management to allocate resources to the various segments and to assess each segment's performance. It is extracted from the Group's consolidated reporting system.

12 months ended December 31, 2012 *(in millions of euros)*	Geographical segments					Items not allocated to segments	Total
	Europe						
	France	Italy	Others	USA/Canada	Rest of the world		
Revenue to third parties	**1,073.7**	**576.5**	**808.2**	**750.3**	**1,258.0**		**4,466.7**
Cost of sales	(396.9)	(221.2)	(472.5)	(365.3)	(701.9)		(2,157.8)
Administrative and selling expenses, R&D costs	(415.2)	(172.8)	(204.8)	(269.9)	(331.4)		(1,394.1)
Other operating income (expense)	(13.6)	(3.3)	(22.5)	(3.6)	(23.8)		(66.8)
Operating profit	**248.0**	**179.2**	**108.4**	**111.5**	**200.9**		**848.0**
■ of which acquisition-related amortization, expense and income*	(4.7)	2.9	(2.6)	(10.7)	(11.3)		(26.4)
■ of which goodwill impairment							0.0
Adjusted operating profit	**252.7**	**176.3**	**111.0**	**122.2**	**212.2**		**874.4**
■ of which depreciation expense	(32.8)	(23.8)	(15.7)	(9.5)	(22.6)		(104.4)
■ of which amortization expense	(4.0)	(3.9)	(1.0)	(1.8)	(1.5)		(12.2)
■ of which amortization of development costs	(14.7)	(7.4)	0.0	(1.0)	(1.1)		(24.2)
■ of which restructuring costs	(12.0)	(1.5)	(3.7)	(0.4)	(7.9)		(25.5)
Exchange gains (losses)						(11.7)	(11.7)
Net financial expense						(81.7)	(81.7)
Income tax expense						(247.6)	(247.6)
Minority interest and share of (loss)/profit of associates						1.4	1.4
Net cash provided by operating activities						739.2	739.2
Net proceeds from sales of fixed and financial assets						8.4	8.4
Capital expenditure	(20.9)	(16.7)	(16.1)	(10.7)	(28.1)		(92.5)
Capitalized development costs	(20.3)	(6.6)	(0.2)	(0.5)	(0.5)		(28.1)
Free cash flow**						**627.0**	**627.0**
Segment assets***	229.1	128.8	262.1	163.8	447.1		1,230.9
Segment liabilities***	363.4	165.7	123.8	118.5	255.8		1,027.2

* *Amortization of intangible assets remeasured as part of the purchase price allocation process, plus any acquisition-related expense and income.*

** *Free cash flow is defined as the sum of net cash provided by operating activities and net proceeds from sales of fixed and financial assets minus capital expenditure and capitalized development costs.*

*** *Segment assets and liabilities are defined as the sum of current operating assets and liabilities excluding taxes.*

12 months ended December 31, 2011 *(in millions of euros)*	Geographical segments					Items not allocated to segments	Total
	Europe			USA/ Canada	Rest of the world		
	France	Italy	Others				
Revenue to third parties	**1,110.0**	**661.7**	**784.9**	**628.0**	**1,065.5**		**4,250.1**
Cost of sales	(397.3)	(262.9)	(466.8)	(306.5)	(594.5)		(2,028.0)
Administrative and selling expenses, R&D costs	(445.2)	(187.4)	(197.5)	(225.4)	(283.5)		(1,339.0)
Other operating income (expense)	(18.8)	2.4	(26.3)	(1.2)	(26.9)		(70.8)
Operating profit	**248.7**	**213.8**	**94.3**	**94.9**	**160.6**		**812.3**
■ of which acquisition-related amortization, expense and income*	(12.4)	(3.1)	5.7	(10.1)	(8.6)		(28.5)
■ of which goodwill impairment			(11.0)		(4.9)		(15.9)
Adjusted operating profit	**261.1**	**216.9**	**99.6**	**105.0**	**174.1**		**856.7**
■ of which depreciation expense	(40.0)	(24.2)	(14.1)	(9.2)	(22.6)		(110.1)
■ of which amortization expense	(3.6)	(4.0)	(0.9)	(1.2)	(1.0)		(10.7)
■ of which amortization of development costs	(18.3)	(6.6)	0.0	(5.2)	(0.2)		(30.3)
■ of which restructuring costs	(8.0)	0.1	(9.9)	0.9	(1.7)		(18.6)
Exchange gains (losses)						10.6	10.6
Net financial expense						(82.2)	(82.2)
Income tax expense						(261.4)	(261.4)
Minority interest and share of (loss)/profit of associates						0.7	0.7
Net cash provided by operating activities						646.2	646.2
Net proceeds from sales of fixed and financial assets						13.5	13.5
Capital expenditure	(28.1)	(23.8)	(12.1)	(7.1)	(36.0)		(107.1)
Capitalized development costs	(19.8)	(6.6)	(0.1)	(2.1)	(1.3)		(29.9)
Free cash flow**						**522.7**	**522.7**
Segment assets***	284.5	154.0	280.6	147.9	410.8		1,277.8
Segment liabilities***	369.5	176.7	118.0	110.0	252.0		1,026.2

* *Amortization of intangible assets remeasured as part of the purchase price allocation process, plus any acquisition-related expense and income.*

** *Free cash flow is defined as the sum of net cash provided by operating activities and net proceeds from sales of fixed and financial assets minus capital expenditure and capitalized development costs.*

*** *Segment assets and liabilities are defined as the sum of current operating assets and liabilities excluding taxes.*

NOTE 26 - QUARTERLY DATA – NON-AUDITED

26.1 QUARTERLY REVENUE BY GEOGRAPHICAL SEGMENT (BILLING REGION)

(in millions of euros)	1st quarter 2012	1st quarter 2011
France	280.2	284.2
Italy	160.6	187.6
Rest of Europe	189.4	187.1
USA/Canada	172.5	139.3
Rest of the world	283.5	238.2
TOTAL	**1,086.2**	**1,036.4**

(in millions of euros)	2nd quarter 2012	2nd quarter 2011
France	285.3	299.0
Italy	156.2	180.6
Rest of Europe	204.9	194.6
USA/Canada	189.9	144.9
Rest of the world	301.2	252.3
TOTAL	**1,137.5**	**1,071.4**

(in millions of euros)	3rd quarter 2012	3rd quarter 2011
France	243.4	250.6
Italy	130.6	148.6
Rest of Europe	202.1	201.0
USA/Canada	203.2	180.7
Rest of the world	331.8	259.6
TOTAL	**1,111.1**	**1,040.5**

(in millions of euros)	4th quarter 2012	4th quarter 2011
France	264.8	276.2
Italy	129.1	144.9
Rest of Europe	211.8	202.2
USA/Canada	184.7	163.1
Rest of the world	341.5	315.4
TOTAL	**1,131.9**	**1,101.8**

26.2 QUARTERLY INCOME STATEMENTS

(in millions of euros)	1st quarter 2012	1st quarter 2011
Revenue	**1,086.2**	**1,036.4**
Operating expenses		
Cost of sales	(509.3)	(474.7)
Administrative and selling expenses	(302.8)	(286.9)
Research and development costs	(49.6)	(50.9)
Other operating income (expense)	(8.6)	(14.1)
Operating profit	**215.9**	**209.8**
Financial expense	(25.0)	(21.3)
Financial income	4.7	3.4
Exchange gains (losses)	(5.1)	6.0
Total net financial expense	(25.4)	(11.9)
Profit before tax	**190.5**	**197.9**
Income tax expense	(66.5)	(70.2)
Profit for the period	**124.0**	**127.7**
Attributable to:		
■ **Equity holders of Legrand**	**123.3**	**127.5**
■ **Minority interests**	**0.7**	**0.2**

(in millions of euros)	2nd quarter 2012	2nd quarter 2011
Revenue	**1,137.5**	**1,071.4**
Operating expenses		
Cost of sales	(542.0)	(506.3)
Administrative and selling expenses	(302.3)	(283.8)
Research and development costs	(46.2)	(48.6)
Other operating income (expense)	(18.6)	(17.0)
Operating profit	**228.4**	**215.7**
Financial expense	(26.0)	(25.2)
Financial income	5.8	8.7
Exchange gains (losses)	(5.5)	4.7
Total net financial expense	(25.7)	(11.8)
Profit before tax	**202.7**	**203.9**
Income tax expense	(57.3)	(64.8)
Profit for the period	**145.4**	**139.1**
Attributable to:		
■ **Equity holders of Legrand**	**145.4**	**138.9**
■ **Minority interests**	**0.0**	**0.2**

(in millions of euros)	3rd quarter 2012	3rd quarter 2011
Revenue	**1,111.1**	**1,040.5**
Operating expenses		
Cost of sales	(546.1)	(499.5)
Administrative and selling expenses	(291.6)	(272.6)
Research and development costs	(49.8)	(48.7)
Other operating income (expense)	(12.9)	(13.2)
Operating profit	**210.7**	**206.5**
Financial expense	(25.6)	(24.3)
Financial income	4.4	(0.7)
Exchange gains (losses)	(1.6)	6.5
Total net financial expense	(22.8)	(18.5)
Profit before tax	**187.9**	**188.0**
Income tax expense	(65.8)	(65.3)
Profit for the period	**122.1**	**122.7**
Attributable to:		
■ **Equity holders of Legrand**	**121.7**	**122.5**
■ **Minority interests**	**0.4**	**0.2**

(in millions of euros)	4th quarter 2012	4th quarter 2011
Revenue	**1,131.9**	**1,101.8**
Operating expenses		
Cost of sales	(560.4)	(547.5)
Administrative and selling expenses	(300.4)	(294.1)
Research and development costs	(51.4)	(53.4)
Other operating income (expense)	(26.7)	(26.5)
Operating profit	**193.0**	**180.3**
Financial expense	(25.9)	(26.4)
Financial income	5.9	3.6
Exchange gains (losses)	0.5	(6.6)
Total net financial expense	(19.5)	(29.4)
Profit before tax	**173.5**	**150.9**
Income tax expense	(58.0)	(61.1)
Profit for the period	**115.5**	**89.8**
Attributable to:		
■ **Equity holders of Legrand**	**115.2**	**89.7**
■ **Minority interests**	**0.3**	**0.1**

NOTE 27 - LIST OF CONSOLIDATED COMPANIES

The consolidated financial statements comprise the financial statements of Legrand and 157 subsidiaries. All Legrand Group subsidiaries are fully consolidated.

The main fully consolidated operating subsidiaries as of December 31, 2012 are as follows:

French subsidiaries	
Groupe Arnould	
Legrand France	
Legrand SNC	
Foreign subsidiaries	
Bticino	Italy
Bticino Chile Ltda	Chile
Bticino de Mexico SA de CV	Mexico
Cablofil Inc	United States
Electrical Industries SAE	Egypt
GL Eletro-Eletronicos Ltda	Brazil
HDL Da Amazonia Industria Eletronica Ltda	Brazil
Inform Elektronik	Turkey
Kontaktor	Russia
Legrand	Russia
Legrand Colombia	Colombia
Legrand Electric	United Kingdom
Legrand Electrical	China
Legrand Elektrik	Turkey
Legrand Électrique	Belgium
Legrand España	Spain
Legrand Group Pty Ltd	Australia
Legrand Netherlands	Netherlands
Legrand Polska	Poland
Legrand Zrt	Hungary
Middle Atlantic Products Inc	United States
Novateur Electrical and Digital Systems (NEDS)	India
Ortronics Inc.	United States
Pass & Seymour Inc.	United States
Rocom	Hong Kong
Shidean	China
SMS Tecnologia Eletrônica Ltda	Brazil
TCL International Electrical	China
TCL Wuxi	China
WattStopper	United States
Wiremold Company	United States

At December 31, 2012 all subsidiaries were wholly owned except for Alborz Electrical Industries Ltd, Kontaktor, Legrand Polska and Shidean, which were all over 96%-owned, and Megapower, which is 80%-owned.

NOTE 28 - SUBSEQUENT EVENTS

In January 2013, the acquisition of Daneva was completed after the necessary local approvals had been obtained.

In February 2013, the Group announced the purchase of Seico, leader of the Saudi market for industrial metal cable trays. Seico has three production plants in Saudi Arabia and its 2012 sales totaled around €23.0 million.

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9.2 - STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS, IN ACCORDANCE WITH IFRS FOR THE YEAR ENDED DECEMBER 31, 2012

Statutory Auditors' Report on the consolidated financial statements for the year ended December 31, 2012

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and 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 presented below is 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 should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders

Legrand SA
Société Anonyme
128, avenue du Maréchal de Lattre de Tassigny
87000 Limoges

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you for the year ended December 31, 2012 on:

- the audit of the accompanying consolidated financial statements of Legrand;
- the justification of our assessments;
- the specific verification required by law.

The 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.

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 includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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, 2012 and of the results of its operations for the year then ended in accordance with IFRSs as adopted by the European Union.

II - JUSTIFICATION OF OUR ASSESSMENTS

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

Goodwill and intangible assets represent respectively € 2.455,2 million and € 1.823,5 million of the total consolidated assets of your Company and have been recorded as a result of the acquisition of Legrand France in 2002 and of other subsidiaries since 2005. As mentioned in notes 2.6 and 2.7 of the consolidated financial statements, your Company performs, each year, an impairment test of the value of goodwill and intangible assets with indefinite useful lives; and assesses whether changes or circumstances relating to long term assets, which could lead to an impairment loss, have occurred during the year. We have reviewed the methods by which the impairment tests are performed as well as the projected cash flow and assumptions used for these impairment tests and verified that information disclosed in notes 4 and 5 of the consolidated financial statements is appropriate.

These assessments were made as part of our audit approach 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 also verified the information presented in the Group management report in accordance with professional standards applicable in France.

We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Neuilly-sur-Seine, February 13, 2013

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Gérard Morin	Jean-Marc Lumet

9.3 - FEES PAID TO STATUTORY AUDITORS

	PricewaterhouseCoopers Audit				Deloitte & Associés			
	In euros (excluding tax)		%		In euros (excluding tax)		%	
	2012	2011	2012	2011	2012	2011	2012	2011
Auditing								
Statutory audit, certification, and review of separate and consolidated financial statements	*1,534,284*	*1,560,044*	*74%*	*56%*	*1,805,896*	*1,714,966*	*74%*	*76%*
of which:								
■ Issuer	259,351	252,668	12%	9%	259,351	252,668	11%	11%
■ Fully consolidated subsidiaries	1,274,933	1,307,376	62%	47%	1,546,546	1,462,298	63%	65%
*Services directly related to the assignment**	*154,632*	*679,409*	*7%*	*25%*	*575,142*	*442,847*	*24%*	*20%*
of which:								
■ Issuer	154,632	677,909	7%	25%	100,325	68,372	4%	3%
■ Fully consolidated subsidiaries	0	1,500	0%	0%	474,817	374,475	19%	17%
SUB-TOTAL AUDIT	**1,688,916**	**2,239,453**	**82%**	**81%**	**2,381,039**	**2,157,813**	**98%**	**96%**
Other services provided by networks to fully consolidated subsidiaries								
Legal, tax and labor	377,782	516,568	18%	19%	58,612	75,343	2%	3%
Others	2,668	10,809	0%	0%	0	20,021	0%	1%
SUB-TOTAL, OTHERS	**380,450**	**527,377**	**18%**	**19%**	**58,612**	**95,364**	**2%**	**4%**
TOTAL	**2,069,366**	**2,766,830**	**100%**	**100%**	**2,439,651**	**2,253,177**	**100%**	**100%**

* *These services mainly relate to services realized for certain acquisitions.*

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9.4 - DIVIDEND POLICY

The Company may decide to distribute dividends upon the recommendation of its Board of Directors and following a decision of its shareholders at their Annual General Meeting. However, the Company is under no obligation to do so, and the decision of whether to recommend payment of a dividend and the amount of the dividend will depend, among other factors, on:

- the Company's results and cash flows;
- the Company's financial position;
- the Company's future prospects;
- the Company's shareholders' interests;
- general business conditions; and
- any other factors that the Company's Board of Directors deems relevant.

Notwithstanding the factors listed above, there is no formula for determining the amount of dividend to be paid. In addition, the French Commercial Code and the Company's Articles of Association limit the Company's right to pay dividends in certain circumstances.

Dividends distributed for 2009, 2010 and 2011 financial years were as follows:

Financial year	Shares with dividend entitlement	Net dividend per share
2009	262,451,948 shares with a par value of €4	€0.70
2010	262,911,065 shares with a par value of €4	€0.88
2011	263,449,797 shares with a par value of €4	€0.93

All dividends distributed in 2009, 2010 and 2011 were eligible for the 40% tax credit (*abattement*) provided for in Article 158-3-2 of the French General Tax Code.

Subject to approval of the Shareholders' General Meeting to be held on May 24, 2013, the Company should pay a dividend of 1 euro per share for the 2012 financial year, on June 3, 2013.

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9.5 - LEGAL AND ARBITRATION PROCEEDINGS

With respect to environmental matters, and mainly because of past operations and the operations of predecessor companies, the Group is a party to various lawsuits and claims that are common to companies in the manufacturing sector, including claims relating to groundwater and soil contamination due to the disposal and release of hazardous substances and waste. New information or future developments, such as changes in law (or its interpretation), environmental conditions or its operations, could nonetheless result in increased environmental costs and liabilities that could have a material effect on the Group financial position or results.

Legrand is also involved in other litigation from time to time in the ordinary course of its business. The Group does not expect the outcome of such proceedings, either individually or in aggregate, to have a material adverse effect on its operations, financial position or cash flows.

The Company has no knowledge during the past 12 months of other governmental, legal or arbitration proceedings (including pending or threatened litigation and those proceedings of which the Company has knowledge) that might have or recently had a material impact on the financial position or profitability of the Company and/or Group.

9.6 - SIGNIFICANT CHANGES IN FINANCIAL AND COMMERCIAL POSITION

As of the publication date of this Registration Document, there have been no significant changes in Legrand financial or commercial position since the date of publication of the 2012 separate financial statements.

9.7 - MATERIAL AGREEMENTS

Taking into account its business, the Company has not entered into, at the date of this Registration Document, any material agreements, other than the agreements entered into in the ordinary course of business, with the exception of the 2011 Credit Facility described in note 15 to the consolidated financial statements referred to in chapter 9 of this Registration Document.

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9.8 - CAPITAL EXPENDITURE

9.8.1 - Capital expenditure and capitalized development costs

Capital expenditure and capitalized development costs totaled €120.6 million in 2012 (€137 million in 2011 and €112.8 million in 2010), representing 2.7% of the Group's consolidated sales (3.2% in 2011 and 2.9% in 2010). See sections 6.5.1.2 and 6.6 of this Registration Document for further details on these items.

Of this, 53% was allocated to new products (50% in 2011 and 61% in 2010).

9.8.2 - Investments in equity interests: the group's primary acquisitions

Legrand pursued its strategy of targeted self-financed acquisitions of small and medium-sized companies with strong positions in high-growth markets such as new economies and/or new business segments and since January 2012 announced five acquisitions with total acquired annual sales of more than €180 million.

Below are extracts from press releases published about these acquisitions:

- Numeric UPS, the leader in the small and medium rating UPS (Uninterruptible Power Supply) market in India. Mainly present in South East India, Numeric UPS has eight production sites and reported sales of approximately €80 million in 2011;
- Aegide, the leader in Voice-Data-Image cabinets for datacenters in the Netherlands and a leading player in this market in Europe. Based near Eindhoven, Aegide reported sales of more than €36 million in 2011;
- Daneva, leader in connection accessories in Brazil. Based near Sao Paulo, Daneva reported sales of around €28 million in 2011;
- NuVo Technologies, specialized in home Multi-Room Audio (MRA) solutions in the United States. Formed in 2002 and based in Hebron, Kentucky, NuVo Technologies is expected to post sales of approximately US$20 million for 2012, of which 65% will have been generated in the US;
- Seico, Saudi leader in industrial metal cable management. With three production plants in Saudi Arabia which manufacture all of its output, Seico reported sales of around €23 million in 2012.

During 2011 financial year, Legrand made five acquisitions for a total of €342.4 million (net of cash acquired and including purchases of minority interests and investments in non-consolidated entities).

Below are extracts from press releases published about these acquisitions:

- Electrorack, specialized in Voice-Data-Image (VDI) cabinets for datacenters in the United States. Based in Anaheim in California, Electrorack should post sales of over US$23 million in 2010;
- Intervox, a leader for connected security systems in France. In 2010, Intervox Systèmes reported sales of €12 million;
- SMS, the leader in UPS (Uninterruptible Power Supply) in Brazil and a leading player in this field in Latin America. With facilities near Sao Paulo and in Northern Brazil. SMS reported sales of nearly €80 million in 2010;
- Middle Atlantic Products Inc., the leader in audio and video enclosures in North America. With facilities in New Jersey, Illinois, California and Canada, Middle Atlantic Products Inc. reported sales of over US$107 million in 2010;
- Megapower, the Malaysian leader in plastic cable management. Based near Kuala Lumpur, Megapower reported sales of more than €20 million in 2010.

In 2010, Legrand made acquisitions totaling €288.6 million (net of cash acquired) and in particular Legrand self-financed the acquisition of three companies.

Below are extracts from press releases published about these acquisitions:

- "Inform, the leader in UPS (Uninterruptible Power Supply) and security equipment in Turkey. Based in Istanbul, Inform reported sales of nearly US$70 million in 2009";
- "Indo Asian Switchgear, a major player in the Indian protection market. Based near New Delhi and employing some 2,000 people at three sites, Indo Asian Switchgear should achieve sales of more than €35 million in 2010";
- "Meta System Energy, an Italian modular UPS (Uninterruptible Power Supply) specialist. Meta System Energy should generate sales of €16 million in 2010".

9.8.3 - Principal investments in progress

In 2013, the Group plans to pursue its strategy of targeted growth through acquisitions and, as of the publication date of this Registration Document, has no other transactions to point out other than those described in section 9.8.2 below.

9.8.4 - Principal future investments and growth through acquisitions policy

The Company intends to pursue its strategy of targeted acquisitions and investments, particularly in research and development, in accordance with the strategy described in this Registration Document (see in particular section 3.2.3 of this Registration Document).

10 ADDITIONAL INFORMATION

10.1 - INFORMATION ABOUT THE COMPANY

10.1.1 - Company name

The Company's name is "Legrand".

10.1.2 - Place of registration and registration number

The Company is registered with the commercial registry of Limoges (*Registre du commerce et des sociétés de Limoges*) under number 421 259 615.

10.1.3 - Date and duration of incorporation

The Company was initially incorporated on December 22, 1998, as a French stock corporation (*société anonyme*). The Company was transformed into a simplified joint stock company (*société par actions simplifiée*) by an Extraordinary General Meeting on December 5, 2001. The Company was again transformed into a stock corporation (*société anonyme*) by unanimous decision of the shareholders on November 4, 2002.

The Company's life has been extended until February 24, 2105, unless the Company is dissolved early, or this term is once again extended.

10.1.4 - Registered office

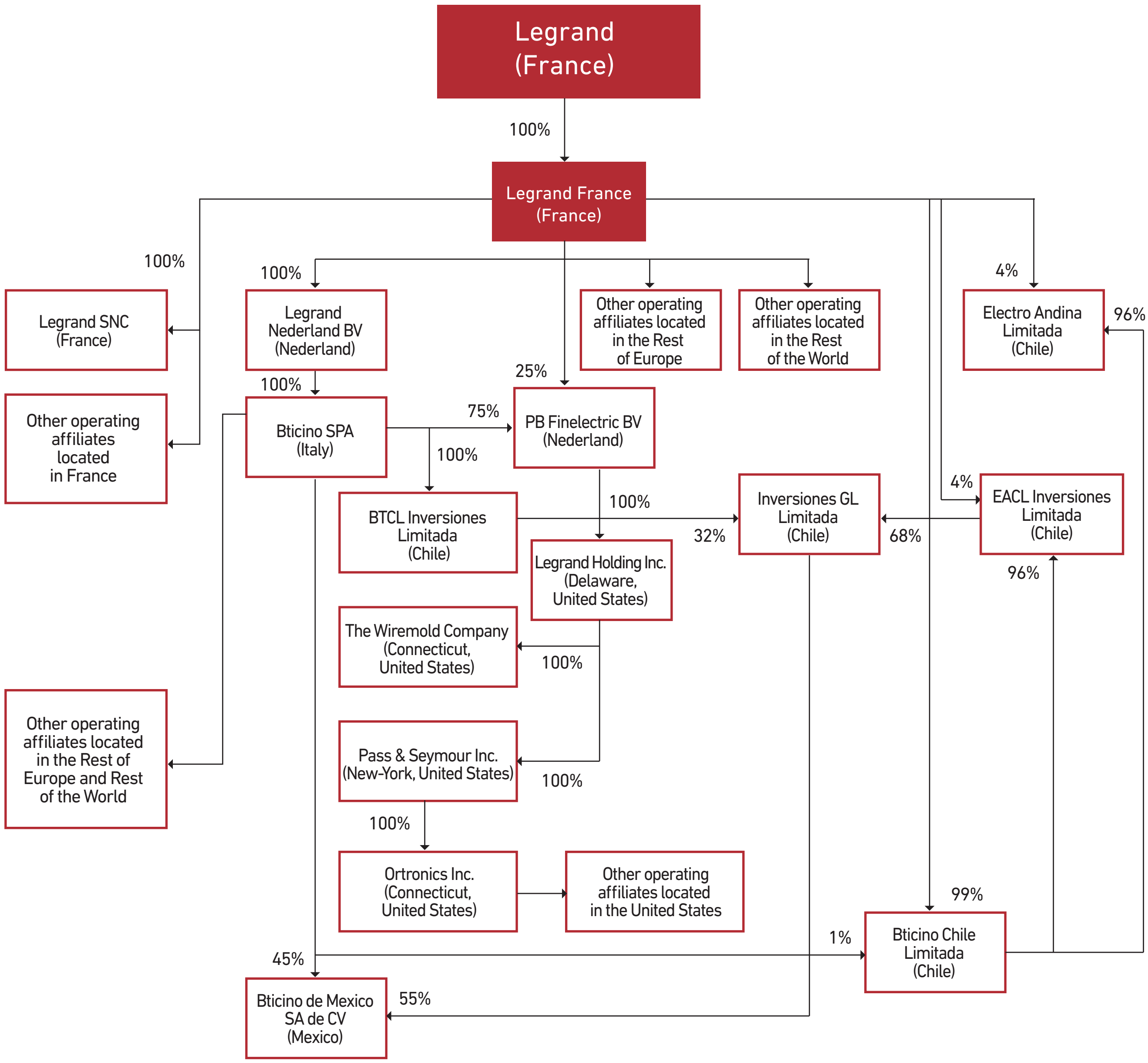
The Company's registered office is at 128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges, France.

The telephone number of the registered office is +33 (0)5 55 06 87 87.

10.1.5 - Legal form and applicable law

Legrand is a French stock corporation (*société anonyme*) with a Board of Directors. The Company is mainly governed by the provisions of Book II of the French Commercial Code.

10.1.6 - Organization chart



10.1.7 - Subsidiaries

The Group is made up of the Company and the 157 subsidiaries that it controls; the main subsidiaries are mentioned in the consolidated financial statements presented in chapter 9 (note 27) of this Registration Document. All Legrand Group subsidiaries are fully consolidated.

A list of the main fully consolidated operating subsidiaries as of December 31, 2012 is given in the consolidated financial statements in chapter 9 of this Registration Document.

The Company is the parent company of the Legrand Group. Its main business consists in providing general management and financial services to manage the Group's operations. Please see (i) sections 8.4 and 8.5 of this Registration Document for a description of related party transactions, and (ii) the Management Report in Appendix 2 below for the list of offices held by the Chairman and CEO in Group subsidiaries.

Legrand France is the Company's wholly-owned main operating subsidiary. As at December 31, 2012, the subsidiaries are all wholly controlled, either directly or indirectly, by the Company, with the exception of: Alborz Electrical Industries Ltd, Kontaktor, Legrand Polska, Shidean, all of them being over 96% owned, and Megapower, it being 80% owned.

The payment of dividends by Legrand's main subsidiaries is decided by their respective Shareholders' General Meetings, and is subject to the local laws and regulations applicable to them. At the date of this Registration Document, Legrand had not identified any restrictions that would significantly limit its access to its subsidiaries' cash flows, or to the payment of the dividends distributed by the same.

The main subsidiaries that hold interests in the Group are:

BTICINO CHILE LIMITADA (CHILE)

Bticino Chile Limitada is a limited liability company formed under Chilean law, with its registered office at Vicuña Mackenna 1292, Nuñoa, Santiago. The primary purpose of Bticino Chile Limitada is the sale of electrical products and systems. Moreover, Bticino Chile Limitada owns the Bticino brand in Chile. It entered the Group's scope on July 1st, 1989 and is wholly owned by Legrand France.

BTICINO DE MEXICO SA DE CV (MEXICO)

Bticino de Mexico SA de CV is a variable capital joint stock company formed under Mexican law, with its registered office at Carretera 57, Qro a S.L.P Km 22.7, Santa Rosa de Jauregui, 76220 Queretaro. The primary purpose of Bticino de Mexico SA de CV is the design, manufacture and marketing of electrical products and systems. It entered the Group's scope on August 15, 1989 and is 45% owned by Bticino SpA and 55% owned by Inversiones GL Limitada.

BTICINO SPA (ITALY)

Bticino SpA is a joint stock company formed under Italian law, with its registered office at Via Messina 38, 20154 Milan. The primary purpose of Bticino SpA is the design, manufacture and marketing of electrical products and systems. It entered the Group's scope on July 1st, 1989 and is wholly owned by Legrand Nederland BV.

ELECTRO ANDINA LIMITADA (CHILE)

Electro Andina Limitada is a limited liability company formed under Chilean law, with its registered office at Vicuña Mackenna 1292, Nuñoa, Santiago. The primary purpose of Electro Andina Limitada is the sale of electrical products and systems. Moreover, Electro Andina Limitada owns the Legrand brand in Chile. It entered the Group's scope on November 5, 1985 and is 96% owned by Bticino Chile Limitada, with the remaining 4% owned by Legrand France.

INVERSIONES GL LIMITADA (CHILE)

Inversiones GL Limitada is a limited liability company formed under Chilean law, with its registered office at Vicuña Mackenna 1292, Nuñoa, Santiago. The primary purpose of Inversiones GL Limitada is to take equity stakes in other companies. It entered the Group's scope on December 26, 2001 and is 68% owned by EACL Inversions Limitada, with the remaining 32% owned by BTCL Inversiones Limitada.

LEGRAND FRANCE (FRANCE)

Formerly known as Legrand SA, Legrand France is the Group's main operating subsidiary in France. It is a French *société anonyme*, registered in the Limoges Commercial register (*Registre du commerce et des sociétés*) under number 758 501 001, and has its registered office at 128 avenue du Maréchal-de-Lattre-de-Tassigny, 87000 Limoges. The primary purpose of Legrand France is the design and manufacture of products and systems for electrical installations and their components. Legrand France was formed on July 21, 1953, and is wholly owned by the Company. Legrand France holds interests in some of the Group's other operating companies, located in France, the rest of Europe and the rest of the world. Gilles Schnepp is Chairman and CEO of Legrand France.

LEGRAND HOLDING INC. (UNITED STATES)

Legrand Holding Inc. is incorporated under US law, registered in Delaware and has its registered offices at 60 Woodlawn Street, West Hartford, CT 06110. The primary purpose of Legrand Holding Inc is to take equity stakes in other companies. It entered the Group's scope on October 31, 1984 and is wholly owned by PB Finelectric BV.

LEGRAND NEDERLAND BV (NETHERLANDS)

Legrand Nederland BV is a simplified joint stock company formed under Dutch law, with its registered office at Van Salmstraat 76, 5281 RS Boxtel. The primary purpose of Legrand Nederland BV is the manufacture and marketing of metal cable trays. It entered the Group's scope on December 27, 1972 and is wholly owned by Legrand France.

LEGRAND SNC (FRANCE)

Legrand SNC is a general partnership formed under French law, registered in the Limoges Commercial register (*Registre du commerce et des sociétés*) under number 389 290 586, and has its registered office at 128 avenue du Maréchal-de-Lattre-de-Tassigny, 87000 Limoges. The primary purpose of Legrand SNC is the marketing and distribution of Legrand brand products. Legrand SNC was constituted and entered the Group's scope on December 8, 1992. It is wholly owned by Legrand France.

ORTRONICS INC. (UNITED STATES)

Ortronics Inc. is incorporated under US law, registered in Connecticut and has its registered offices at 125 Eugene O'Neill Drive, New London, CT 06320. The primary purpose of Ortronics Inc. is the design and marketing of Voice-Data-Images products. Ortronics Inc. entered the Group's scope on January 2, 1998 and is wholly-owned by Pass & Seymour Inc. In addition, Ortronics Inc. has equity stakes in other Group operating companies located in the United States.

PASS & SEYMOUR INC. (UNITED STATES)

Pass & Seymour Inc. is incorporated under US law, registered in New York and has its registered offices at 50 Boyd Avenue, Syracuse, NY 13221. The primary purpose of Pass & Seymour Inc. is the design, manufacture and marketing of electrical wiring devices. Pass & Seymour was constituted on July 23, 1984 and entered the Group's scope on October 31, 1984. It is wholly-owned by Legrand Holding Inc. In addition, Pass & Seymour holds equity stakes in other Group operating companies located in the United States.

PB FINELECTRIC BV (NETHERLANDS)

PB Finelectric BV is a simplified joint stock company formed under Dutch law, with its registered office at Van Salmstraat 76, 5281 RS Boxtel. The primary purpose of PB Finelectric BV is to take equity stakes in other companies. It was constituted and entered the Group's scope on December 19, 1991. PB Finelectric BV is 75% owned by Bticino SpA with the remaining 25% held by Legrand France.

THE WIREMOLD COMPANY (UNITED STATES)

The Wiremold Company is incorporated under US law, registered in Connecticut and has its registered offices at 60 Woodlawn Street, West Hartford, CT 06110. The primary purpose of The Wiremold Company is the design, manufacture and marketing of cable trays. It entered the Group's scope on January 8, 2000 and is wholly owned by Legrand Holding Inc.

10.2 - SHARE CAPITAL

Unless otherwise indicated, the information presented in this section is dated December 31, 2012.

10.2.1 - Subscribed share capital and share capital authorized but not issued

On December 31, 2012, the Company's share capital amounted to €1,057,499,500, divided into 264,374,875 shares with a nominal value of €4 each.

The Company's shares are fully paid up and all of the same class. The shares may be held in registered or bearer form, at the option of the shareholder. They may be registered on individual shareholder accounts in accordance with applicable laws and regulations.

10.2.1.1 DELEGATIONS AND FINANCIAL AUTHORIZATIONS CURRENTLY IN FORCE

As at the date of this Registration Document, the Company's Board of Directors was granted the following financial authorizations by the shareholders at the Shareholders' General Meetings held on May 26, 2011 and May 25, 2012:

Authorizations and delegations granted by the Shareholders' General Meeting	Date of the General Meeting that granted the delegation	Duration of the delegation and expiration date	Terms and conditions of the delegation	Use of the delegation during the 2012 financial year
General Meeting of May 26, 2011				
Allotment of options for the purchase of or subscription to shares to personnel and/or corporate officers (resolution 11)	May 26, 2011	26 months July 26, 2013	Limit: 4% of the share capital at the date of the option allotment decision (this overall limit also applies to the shares allotted pursuant to resolution 12)	None
Free allotment of existing or new shares to employees and/or corporate officers (resolution 12)	May 26, 2011	26 months July 26, 2013	Limit: 4% of the share capital at the date of the free share allotment decision (this overall limit also applies to the options allotted pursuant to resolution 11)	0.4% of the Company' share capital at the date of the allotment decision, *i.e.* March 7, 2012
General Meeting of May 25, 2012				
Authorization for the purpose of allowing the Company to trade its own shares (resolution 10)	May 25, 2012	18 months November 25, 2013	Limit: 10% of the share capital at May 25, 2012 Maximum amount allotted: €500 million Maximum purchase price per share: €40	€24 million
Authorization for the purpose of reducing the share capital by cancellation of shares (resolution 11)	May 25, 2012	26 months July 25, 2014	Limit: 10% of the share capital at May 25, 2012	None
Issue of shares or securities providing access to equity or debt securities, with preferred subscription rights maintained (resolution 12)	May 25, 2012	26 months July 25, 2014	Total nominal amount of capital increases carried out pursuant to the delegation: may not exceed €500 million (this amount is included in the overall nominal limit for capital increases by issue of shares or securities giving access to equity of €500 million - the «Overall Capital Increase Limit») Overall nominal amount of bonds and other debt securities likely to be issued pursuant to the delegation: may not exceed €3 billion (this amount is included in the overall limit for debt securities of €3 billion - the «Overall Debt Securities Limit»)	None
Issues of shares or securities providing access to equity or debt securities, by means of public offers with preferred subscription rights waived (resolution 13)	May 25, 2012	26 months July 25, 2014	Total nominal amount of capital increases carried out pursuant to the delegation: may not exceed €105 million (this amount is included in the Overall Capital Increase Limit) Total nominal amount of debt securities (including bonds) issued pursuant to the delegation: may not exceed €650 million (this amount is included in the Overall Debt Securities Limit)	None

Authorizations and delegations granted by the Shareholders' General Meeting	Date of the General Meeting that granted the delegation	Duration of the delegation and expiration date	Terms and conditions of the delegation	Use of the delegation during the 2012 financial year
Issues of shares or securities providing access to equity or debt securities, by means of an offer within the scope of section II of Article L. 411-2 II of the French Monetary and Financial Code (private placement), with preferred subscription rights waived (resolution 14)	May 25, 2012	26 months July 25, 2014	Total nominal amount of capital increases carried out pursuant to the delegation: may not exceed neither €105 million, nor the statutory limit, *i.e.* 20% of the Company's share capital as at May 25, 2012 (this nominal amount is included in the nominal limit of €105 million in resolution 13 and in the Overall Capital Increase Limit) Total nominal amount of debt securities (including bonds) issued pursuant to the delegation: may not exceed €650 million (this total nominal amount is included in the limit of €650 million in resolution 13 and in the Overall Debt Securities Limit)	None
Increase in the issue amounts, made with preferred subscription rights maintained or waived in the event of excess demand (resolution 15)	May 25, 2012	26 months July 25, 2014	Deadline: within 30 days from the closing date for subscriptions Limit: 15% of the initial offering Price: same price as that determined for the initial offering Compliance with the upper limits applicable to each type of issue decided under resolutions 12, 13 or 14	None
Capital increase by incorporation of reserves, profits, premiums, or other items which may be capitalized under applicable regulations (resolution 17)	May 25, 2012	26 months July 25, 2014	Total nominal amount of capital increases carried out pursuant to the delegation: may not exceed: €100 million, it being specified that this limit is independent of any of the other limits on issuance of shares and other securities pursuant to delegations or authorizations conferred by the Shareholders' General Meeting of May 25, 2012	None
Issues of shares or securities providing access to the Company's share capital in favor of participants in employee share-ownership programs of the Company or Group (resolution 18)	May 25, 2012	26 months July 25, 2014	Total nominal amount of capital increases carried out pursuant to the delegation: may not exceed €25 million (this amount is included in the Overall Capital Increase Limit)	None
Issue of shares or securities giving access to share capital as consideration for contributions in kind to the Company (resolution 19)	May 25, 2012	26 months July 25, 2014	Limit: 10% of the share capital at the issue date Total nominal amount of capital increases carried out pursuant to the delegation: included in the nominal limit of €105 million set by resolution 13 and in the Overall Capital Increase Limit Total nominal amount of debt securities issued pursuant to the delegation: may not exceed €650 million (this total nominal amount is included in the limit of €650 million set by resolution 13 and in the Overall Debt Securities Limit)	None

10.2.1.2 DELEGATIONS AND FINANCIAL AUTHORIZATIONS SUBMITTED TO THE COMBINED GENERAL MEETING OF MAY 24, 2013

At the General Meeting of Shareholders to be held on May 24, 2013, shareholders will be asked to renew the following authorizations and financial delegations (see the draft resolutions shown in Appendix 4 of this Registration Document):

Authorization/delegation concerned	Duration and expiry date	Maximum nominal amount
Authorization for the purpose of allowing the Company to trade its own shares (resolution 6)	18 months November 24, 2014	Limit: 10% of the share capital at May 24, 2013 Maximum amount allocated: €500 million Maximum purchase price per share: €60
Authorization for the purpose of reducing the share capital by cancellation of shares (resolution 7)	26 months July 24, 2015	Limit: 10% of the share capital at May 24, 2013
Authorization for the purpose of granting one or more allotments of stock options to employees and/or executive directors (resolution 8)	38 months July 24, 2016	Limit: 1.5% of the share capital at the date of the allotment decision; it being noted that this limit is an overall limit for the options granted pursuant to this authorization and the shares granted pursuant to resolution 9
Authorization for the free allotment of existing or new shares to employees and/or executive directors (resolution 9)	38 months July 24, 2016	Limit: 1.5% of the share capital at the date of the allotment decision; it being noted that this limit is an overall limit for the free shares allotted pursuant to this authorization and the options granted pursuant to resolution 8
Issues of shares or securities providing access to the Company's share capital in favor of participants in employee share-ownership programs of the Company or Group, without preferred subscription rights (resolution 10)	26 months July 24, 2015	Total nominal amount of capital increases pursuant to this authorization: cannot exceed €25 million (this amount is included in the Overall Maximum Capital Increase Amount)

10.2.2 - Acquisition by the company of its own shares

10.2.2.1 CURRENT SHARE BUYBACK PROGRAM

Use of the authorization granted at the Shareholders' General Meeting on May 25, 2012

On May 25, 2012, the Company implemented share buyback program pursuant to the authorization described below and granted to the Board of Directors at the Shareholders' General Meeting on May 25, 2012:

Transaction	Duration of authorization and expiration date	Maximum amount *(in millions of euros)*	Maximum number of shares
Share buyback program (resolution 10)	18 months November 25, 2013	500	10% of the Company's share capital at May 25, 2012
Cancellation of the shares so purchased, and capital reduction (resolution 11)	26 months July 25, 2014		10% of the Company's share capital at May 25, 2012, per 24-month period

The Company purchased a certain number of its shares pursuant to this share buyback program and previous programs. In the course of 2012 financial year, the Company purchased a total of 2,003,073 shares at a total cost of €53,338,056 and sold 2,133,573 shares, for a total of €57,745,553, in connection with the liquidity contract entered into with Crédit Agricole Cheuvreux on May 29, 2007, the terms of this contract being in accordance with the Charter of Ethics adopted by the *Association Française des Marchés Financiers* (Amafi) and approved by the French Financial Markets Authority (*Autorité des Marchés Financiers*) in its decision dated March 22, 2005.

The balance of the liquidity contract on December 31, 2012 stood at 100,000 shares.

Furthermore, during the first quarter 2012, the Company purchased 420,000 shares valued at a total of €11,273,775, and distributed 698,452 shares to its employees under the performance shares plan.

At December 31, 2012, the Company held 151,584 shares with a nominal value of €4 each, representing a nominal total of €606,336 or 0.06% of share capital. Valued at cost, they represented a total amount of €4,154,579.

Description of the current share buyback program

A full description of the current share buyback program is available on the Company's website (www.legrand.com).

10.2.2.2 NEW SHARE BUYBACK PROGRAM TO BE SUBMITTED FOR APPROVAL AT THE SHAREHOLDERS' GENERAL MEETING

The proposed resolutions adopted by the Company's Board of Directors on March 6, 2013 for submission to shareholders at the General Meeting on May 24, 2013 provide for the renewal of (i) the authorization to purchase Company's shares with upper limits of 10% of the share capital and €500 million, and at the maximum purchase price of €60 per share, and (ii) the authorization to cancel treasury shares, subject to the upper limit of 10% of the share capital in any 24-month period.

Proposed resolutions are reproduced in Appendix 4 of this Registration Document.

10.2.3 - Other securities providing access to equity

At the date of registration of this Registration Document, there are no securities other than shares providing access to the Company's share capital.

10.2.4 - Changes in the share capital

During 2012 financial year, the value of the Company's share capital increased by €3,943,520 due to the issue of 985,880 shares following the exercise of stock options.

Changes in the share capital since the Company's incorporation are summarized in the table below:

Transaction	Date of Board/ General Meeting	Number of shares issued/ cancelled	Nominal amount *(in euros)*	Issue Premium *(in euros)*	Share capital *(in euros)*	Number of shares	Nominal amount *(in euros)*
Incorporation	12/22/1998	40,000	40,000	–	40,000	40,000	1
Capital increase	12/08/2002	759,310,900	759,310,900	–	759,350,900	759,350,900	1
Reverse split, increase in nominal value, and decrease in the number of shares	02/24/2006	569,513,175	–	–	759,350,900	189,837,725	4
Capital increase by way of a public offering	04/11/2006	43,689,298	174,757,192	688,106,444	934,108,092	233,527,023	4
Capital increase reserved to GP Financière New Sub 1	04/11/2006	33,862,914	135,451,656	533,340,895	1,069,559,748	267,389,937	4
Capital increase reserved to employees	05/02/2006	2,303,439	9,213,756	36,279,164*	1,078,773,504	269,693,376	4
Recognition of capital increase following exercise of stock options	11/07/2007	1,282,363	5,129,452	–	1,083,902,956	270,975,739	4
Cancellation of shares	03/05/2008	9,138,395	36,553,580	(188,280,771)	1,047,349,376	261,837,344	4
Recognition of capital increase following exercise of stock options	11/05/2008	977,784	3,911,136	–	1,051,260,512	262,815,128	4
Recognition of capital increase following exercise of stock options	05/05/2009	281,551	1,126,204	185,334	1,052,386,716	263,096,679	4
Recognition of capital increase following exercise of stock options	05/05/2010	57,916	231,664	92,665	1,052,618,380	263,154,595	4
Recognition of capital increase following exercise of stock options	02/09/2011	6,751	27,004	107,568	1,052,645,384	263,161,346	4
Recognition of capital increase on vesting of free share	03/30/2011	120,635	482,540	–	1,053,127,924	263,281,981	4
Recognition of capital increase following exercise of stock options	02/08/2012	107,014**	428,056	2,239,881	1,053,555,980	263,388,995	4
Recognition of capital increase following exercise of stock options	02/13/2013	985,880 ***	3,943,520	17,963,560	1,057,499,500	264,374,875	4

* *The amount of the discount, i.e. €9.1 million, was accounted for as other operating expenses in the financial statements presented in accordance with IFRS.*

** *These 107,014 new shares were actually issued in 2011 following the exercise of options for the subscription of shares, which explains why they are not included in the 985,880 shares issued in 2012, mentioned above.*

*** *These 985,880 new shares were actually issued in 2012 following the exercise of options for the subscription of shares.*

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10.2.5 - Pledges, guarantees and security interests

At the date this Registration Document was filed, and to the Company's knowledge, no pledges, guarantees, or securities had been granted on the Company's shares.

10.2.6 - Number of voting rights

Attention is drawn to the fact that the double voting rights mechanism described in section 10.3.3 of this Registration Document has applied since February 24, 2008.

At December 31, 2012, the Company's share capital consisted of 264,374,875 shares, to which 287,177,885 exercisable voting rights were attached.

10.3 - MEMORANDUM AND ARTICLES OF ASSOCIATION

10.3.1 - Corporate purpose

The Company's direct or indirect corporate purpose in all countries, as defined in Article 2 of the Articles of Association, is as follows:

- the purchase, subscription, disposal, holding, or contribution of shares or other securities in any company;
- providing any service in connection with, inter alia, Human Resources, IT, management, communications, finance, legal affairs, marketing and purchasing to its subsidiaries and to companies in which it has a direct or indirect interest;
- and, in general, all financial, commercial, industrial, civil, real estate or movable asset transactions that may be directly or indirectly connected with the above corporate purpose, or with any similar or related purposes, or that are likely to support the goal pursued by the Company, its growth, its development, and its corporate assets, either directly or indirectly.

10.3.2 - Administration and management

For a description of the rules governing the composition, the organization, and the operation of the Company's administrative and management bodies, readers are invited to refer to chapter 7 of this Registration Document (Corporate governance).

10.3.3 - Rights, privileges, and restrictions attached to the shares

Company shares are freely negotiable and are transferred from account to account in accordance with applicable legislation and regulations.

Subject to the legal and regulatory provisions applicable, each member of the General Meeting is entitled to the same number of votes as the number of shares that they own or represent.

However a voting right that is the double of the right attached to other shares, in proportion to the share of capital represented, is awarded to all fully-paid shares where it is shown that they have been held on a registered account in the same owner's name for at least two years from February 24, 2006 onwards.

In addition, in the event of a capital increase through incorporation of reserves, profi ts, or issue premiums, the double voting right is attached, on issue, to the registered shares allocated free of charge to a shareholder, on the basis of the old shares that entitle them to this right.

Any shares converted to bearer form, or where full ownership is transferred, lose this double voting right. However, the transfer of ownership resulting from an inheritance, the dissolution of spouses' joint property, or an *intra vivos* gift for the benefi t of a spouse or relative entitled to inherit, shall not result in the loss of the right earned, and shall not interrupt the two-year period.

The merger or division of the Company has no eff ect on double voting rights, which may be exercised within the successor company or companies, provided that this is allowable under these companies' by-laws.

Where any new shares are not fully paid up on issuance, the demands for payment at the dates determined by the Board of Directors will be made by way of notices inserted, two weeks prior to the demand for payment, in one of the official gazettes (*journaux d'annonces légales*) published in the place where the registered office is located, or will be sent by registered mail with acknowledgment of receipt. Every payment on a subscribed share will be recorded by an entry on the registered account opened in the name of the subscriber. All late payments shall automatically bear interest in favor of the Company, starting from the date payment was due, without formal notice or application to a court, at the legal interest rate, notwithstanding any individual proceedings the Company may initiate against the shareholder at fault, and the forced execution measures provided for in law.

Each share grants the right to ownership of the corporate assets, to the distribution of profits, and to the liquidation premium, subject to the creation of preferred shares.

The shares are indivisible with regard to the Company, which only recognizes one owner for each share. Joint and several owners are required to be represented to the Company by a single representative. In the event of the division of share ownership, the voting rights attached to shares belong to the beneficiary at Ordinary General Meetings of Shareholders, and to the bare owner at Extraordinary General Meetings.

The heirs, creditors, trustees, and assigns of a shareholder may not place liens on the property or securities of the Company, nor request their division, nor interfere in the administration of the Company in any way on any grounds whatsoever.

To exercise their rights, they are required to refer to the corporate records and to the decisions of the General Meeting.

Whenever more than one share is required to exercise a particular right, specifically in the event of the exchange or allocation of securities as part of a transaction like a consolidation, or an increase or decrease in the share capital, either on a cash basis or *via* the incorporation of reserves, or of a merger or any other transaction, single shares or an amount of shares that is lower than the one required do not entitle their owner to any rights over the Company. In this case, shareholders shall take personal responsibility for purchasing, selling or assembling the number of shares or voting rights required.

The Company monitors the breakdown of its shareholders under the conditions specified in law. In this respect, the Company may avail itself of all the legal provisions provided for the identification of the holders of shares conferring immediate or future voting rights at the Company's Shareholder Meetings.

10.3.4 - Amendment of the rights attached to shares

Inasmuch as the Company's by-laws do not provide for any specific provisions, any amendment of the rights attached to shares is subject only to the provisions in law.

10.3.5 - General meetings

PARTICIPATION AT GENERAL MEETINGS

The following rules are drawn from the Articles of Association in force at the date this Registration Document was filed.

Subject to legal and regulatory restrictions, any shareholder has the right to attend General Meetings, and to participate in deliberations, either personally or through a proxy, regardless of the number of shares held.

The right to participate in the Company's General Meetings, either personally or through a proxy, is established by an accounting entry for the shares in the name of the holder or the intermediary registered on the shareholder's behalf (under the conditions provided for in law) no later than midnight, Paris time, on the third business day before the General Meeting:

- for registered shareholders: in the registered securities accounts kept by the Company;
- for bearer shareholders: in the bearer securities accounts held by the authorized intermediary, under the conditions provided by the regulations in force.

Any shareholder wishing to vote by post or by proxy must have delivered a proxy form, a postal vote, or a similar single document to the Company's registered office, or to any other address indicated on the notice convening the meeting, at least three days prior to the date of the General Meeting. The Board of Directors may set a later deadline for any General Meeting by means of a general measure in favor of all shareholders. Upon decision of the Board of Directors referred to in the notice of meeting, shareholders may, under the conditions and within the timeframe determined in law and by the regulations, send their postal vote and proxy form by any remote transmission means, including electronic communications, that allow their identification and whose nature and conditions are determined by current legislation.

CONVENING OF GENERAL MEETINGS

General Meetings are convened under the conditions determined in law. Meetings are held at the registered office or at any other location in France or abroad, specified in the notice of meeting.

CONDUCT OF GENERAL MEETINGS

General Meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by the Vice-Chairman or by a Director specifically appointed for this purpose by the Board of Directors. Otherwise, the Meeting elects its own Chairman.

Any shareholder may, if the Board of Directors allows them to do so in the notice of meeting, participate in this Meeting *via* videoconference or other electronic means of telecommunications or transmission, under the conditions determined by the legislation or the regulations in force. Such shareholders are then deemed present for the calculation of the quorum and majority.

An attendance sheet is kept for each meeting as required by law.

DELIBERATIONS AND POWERS OF GENERAL MEETINGS

The Ordinary and Extraordinary General Meetings, sitting under the quorum and majority conditions specified by the respective provisions that govern them, exercise the powers assigned to them in law.

10.3.6 - Provisions of a nature to delay, defer, or prevent a change of control

The Company's by-laws contain no provisions of a nature to delay, defer, or prevent a change of control.

10.3.7 - Crossing of statutory thresholds

In addition to the legal provisions applicable in this area, any natural or legal person who comes to hold, directly or indirectly (including through a company controlled according to the meaning of Article L. 233-3 of the French Commercial Code) 2% of the Company's share capital or voting rights (the total number of voting rights to be used as the denominator is calculated on the basis of all the shares to which voting rights are attached, including shares where the voting rights have been suspended), acting alone or in concert, and in any way whatsoever, must inform the Company of this fact by registered letter with a request for acknowledgment of receipt addressed to the registered office, within a period of four trading days from the date the threshold is crossed, independently of the date the shares might have been registered in any account, and must specify the total number of shares and securities giving access to the share capital, and the number of voting rights that they hold, directly or indirectly, acting alone or in concert. Notice must be given in the same manner and within the same timeframe when a holding falls below this 2% threshold.

Above this 2% threshold, disclosure must be made in the same manner when a threshold of 1% in the share capital or voting rights is crossed in either direction, under the conditions and in accordance with the procedures specified above.

In the event of non-compliance with the information obligations set out above, and at the request of one or several shareholders owning at least 1% of the share capital or voting rights, which request shall be recorded in the minutes of a General Meeting, the shares in excess of the amount that should have been declared shall be stripped of their voting rights, and the shareholder at fault shall be able neither to exercise nor delegate these rights for any General Meeting held until the expiry of a two-year period following the date when notice was properly served.

10.3.8 - Changes to the share capital

The Company's share capital may be increased or reduced under the conditions determined in law and by the regulations. The Extraordinary General Meeting may also decide to carry out stock splits or reverse splits.

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CROSS-REFERENCE TABLES

CROSS-REFERENCE TABLE - ANNUAL FINANCIAL REPORT (ARTICLE 222-3 OF THE FRENCH FINANCIAL MARKETS AUTHORITY (*AUTORITÉ DES MARCHÉS FINANCIERS*) GENERAL REGULATIONS)

General Regulations of the French Financial Markets Authority (*Autorité des Marchés Financiers*) - Article 222-3		Annual Financial Report	
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I.1	Annual financial statements	Appendix 1	254-270
I.2	Consolidated financial statements prepared in accordance with Regulation (EC) 1606/2002 of July 19, 2002 on the application of international accounting standards	Chapter 9	171-232
I.3	Management Report containing at least the information referred to in Articles L. 225-100, L. 255-100-3 and the second sub-paragraph of Article L. 225-211 of the French Commercial Code	Appendix 2	271-281
	Management Report containing information referred to in Article L. 225-100-2 of the French Commercial Code	Chapter 6	103-120
I.4	Statement made by the natural persons taking responsibility for the Annual Financial Report	1.1	4
I.5	Statutory Auditors' reports on the annual financial statements	Appendix 3	282-283
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CROSS-REFERENCE TABLE - EUROPEAN COMMISSION REGULATION (EC) 809/2004 OF APRIL 29, 2004

European Commission Regulation (EC) 809/2004 of April 29, 2004 - Appendix I		Registration Document	
No.	**Item**	**Reference**	**Page(s)**
1	**Persons responsible**		
1.1	Persons responsible for the information given in the Registration Document	1.1.1	4
1.2	Declaration of the persons responsible for the Registration Document	1.1.2	4
2	**Statutory Auditors**		
2.1	Names and addresses of the issuer's Statutory Auditors	1.2.1 and 1.2.2	5
2.2	Statutory Auditors having resigned, been removed or not been re-appointed during the period covered	N/A	-
3	**Selected financial information**		
3.1	Selected historical financial information	Chapter 2	7-10
3.2	Selected financial information for interim periods	N/A	-
4	**Risk factors**	Chapter 4	31-41
5	**Information about the issuer**		
5.1	**History and development of the Company**		
5.1.1	Legal and commercial name of the issuer	10.1.1	234

European Commission Regulation (EC) 809/2004 of April 29, 2004 - Appendix I		Registration Document	
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5.1.2	Place of registration of the issuer and its registration number	10.1.2	234
5.1.3	Date of incorporation and duration of the issuer	10.1.3	234
5.1.4	Registered office and legal form of the issuer, the legislation under which the issuer operates, its country of origin, and the address and telephone number of its registered office	10.1.4 and 10.1.5	234
5.1.5	Important events in the development of the issuer's business	3.1.2	15
5.2	**Capital expenditure**		
5.2.1	Description of the issuer's principal investments for each fiscal year for the period covered by the historical financial information up to the date of the Registration Document	6.6, 9.8.1 and 9.8.2	116, 230-231
5.2.2	Description of the issuer's principal current investments	9.8.3	231
5.2.3	Information concerning the issuer's principal future investments on which its management bodies have already made firm commitments	9.8.4	231
6	**Business overview**		
6.1	**Main activities**		
6.1.1	Nature of the issuer's operations and its principal activities	3.1	12-15
6.1.2	Significant new products or services launched	3.1.1.2	14
6.2	Principal markets	3.1 and 3.2.2	12-15, 16-18
6.3	Exceptional events that have influenced information given in accordance with items 6.1 and 6.2	N/A	-
6.4	The issuer's level of dependence on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	3.2.2.3, 3.2.3.1.4 and 3.4.1	17, 19 and 27
6.5	Basis for any statements made by the issuer regarding its competitive position	3.2.2	16-18
7	**Organizational structure**		
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7.2	List of the issuer's significant subsidiaries	10.1.6 and 10.1.7, 9.1.2 (note 27)	235-237 and 224
8	**Property, premises and equipment**		
8.1	Significant existing or planned property, plant and equipment	3.4.2	27-29
8.2	Environmental issues that may affect the issuer's utilization of property, plant and equipment	4.1 and 5.3	32-33 and 66-78
9	**Review of the financial position and results**		
9.1	Financial position of the issuer, change in financial position and profit or loss from transactions in each fiscal year and interim period for which historical financial information is required	6.3 and 6.4	104-114
9.2	**Operating profit**		
9.2.1	Significant factors, including unusual or infrequent events or new developments, materially affecting the issuer's operating income	6.3 and 6.4	104-114
9.2.2	Reasons for material changes in net sales or revenues	6.3 and 6.4	104-114
9.2.3	Governmental, economic, fiscal, monetary or political strategies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	3.2, chapter 4, 6.9 and 6.10	16-21, 31-41, 117-118
10	**Cash and capital resources**		
10.1	Information concerning the issuer's capital resources	6.5	114-115

European Commission Regulation (EC) 809/2004 of April 29, 2004 - Appendix I		Registration Document	
No.	**Item**	**Reference**	**Page(s)**
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10.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	6.5	114-115
10.5	Information regarding the anticipated sources of funds needed to fulfill the commitments referred to in items 5.2.3 and 8.1	N/A	-
11	**Research and development, patents and licenses**	**3.2.3.1, 6.3.2.4 and 6.4.4**	**18-19, 106-107 and 111**
12	**Trend information**		
12.1	The most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last fiscal year to the date of the Registration Document	6.13	119
12.2	Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current fiscal year	N/A	-
13	**Profit forecasts or estimates**		
13.1	Statement setting out the principal assumptions upon which the issuer has based its forecast or estimate	N/A	-
13.2	Report prepared by independent accountants or Statutory Auditors	N/A	-
13.3	Profit forecast or estimate prepared on a basis comparable with the historical financial information	N/A	-
13.4	Statement setting out whether or not profit forecast is still correct as at the time of the Registration Document, and, if it is not, an explanation of why such forecast is no longer valid	N/A	-
14	**Administrative, Management, and Supervisory bodies and Senior Management**		
14.1	Names, business addresses, roles and main business activities performed outside the issuing company by: (a) members of the administrative, management or supervisory bodies; (b) general partners, in the case of a partnership limited by shares, (c) founders, if the company has been established for under five years; and (d) any senior manager who is relevant to establishing that the issuing company has the appropriate expertise and experience to manage its own business. The nature of any family relationship between any of those persons. For each member of the administrative, management or supervisory bodies and for each person mentioned in points (b) and (d), details of that person's relevant management expertise and experience and (a) the names of all companies and partnerships of which such person has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years, (b) any convictions in relation to fraudulent offenses for at least the previous five years, (c) details of any bankruptcies, receiverships or liquidations for at least the previous five years and, (d) details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years. Statement that no information should be disclosed	7.1.1 and Appendix 3 to the management report	122-128, 279-281
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15.2	Total set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits	7.2.5	135
16	**Functioning of the Board and senior management**		
16.1	Expiration date of the current term of office, and the period during which the person served in that office	7.1.1 and 7.4.1	122-128, 145
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16.4	Statement as to whether or not the issuer complies with its country of incorporation's corporate governance regime	7.4	144
17	**Employees**		
17.1	The number of employees at the end of the period or the average for each fiscal year for the period covered by the historical financial information and distribution by main activity and by site	5.4.4.2	95-99
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17.3	Agreements stipulating an employee stake in the issuer's capital	8.2 and 8.43, 5.2.1.1	165-166, 167, 53-61
18	**Principal shareholders**		
18.1	The name of any person who is not a member of the Administrative, Management or Supervisory bodies who, directly or indirectly, holds a percentage of the issuer's share capital or voting rights which is notifiable under the issuer's national law, together with the amount of each person's stake or, if there are no such persons, an appropriate negative statement	8.1.2	163
18.2	Different voting rights, or an appropriate negative statement	10.3.3	243-244
18.3	Direct or indirect ownership or control of the issuer	8.1.3	164
18.4	Description of any arrangements, known to the issuer, which may at a subsequent date result in a change in control of the issuer	8.1.4	164
19	**Related party transactions**	**8.4**	**168**
20	**Financial information concerning the issuer's assets, financial position and profits and losses**		
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20.4.1	Statement that the historical financial information has been audited	9.2	225-226
20.4.2	Other information in the Registration Document which has been reviewed by the Statutory Auditors	N/A	-
20.4.3	Where financial data in the Registration Document is not extracted from the issuer's audited financial statements, state the source of the data and state that the data is unaudited	N/A	-
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20.6	**Interim and other financial information**		
20.6.1	Quarterly or half-yearly financial information published since the date of the last financial statements and (if applicable) the audit or review report	N/A	-
20.6.2	Interim financial information, which may be unaudited, covering at least the first six months of the financial year if the Registration Document is dated more than nine months after the end of the last audited financial year	N/A	-
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21	**Additional information**		
21.1	**Share capital**		
21.1.1	Subscribed capital, number of shares authorized, number of shares issued and fully paid and issued but not fully paid, nominal value per share and reconciliation of the number of shares issued and outstanding at the beginning and end of the fiscal year	10.2.1	237
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21.1.5	Information about and terms of any acquisition rights and or obligations oversubscribed but unpaid capital or an undertaking to increase the capital	8.2	165-166
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21.1.7	History of share capital for the period covered by the historical financial information	10.2.4	242
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21.2.6	Provisions of the issuer's Articles of Incorporation, statuts, charter or bylaws that would have the effect of delaying, deferring or preventing a change in its control	10.3.6	245
21.2.7	Provisions of the articles of association, statutes, charter or bylaws, if any, governing the ownership threshold above which shareholder ownership must be disclosed	10.3.7	246
21.2.8	Conditions imposed by the memorandum and Articles of Incorporation, charter or bylaw governing changes in the capital, where such conditions are more stringent than required by law	10.3.8	246
22	**Material agreements**	**9.7**	**229**
23	**Third party information and statement by experts and declarations of interest**		
23.1	Information relating to the experts having drawn up a statement or report	N/A	-
23.2	Confirmation that information has been accurately reproduced and that no facts have been omitted which would render the reproduced information inaccurate or misleading	N/A	-
24	**Documents available to the public**	**1.3.2**	**6**
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APPENDIX

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APPENDIX 1

Annual accounts for the financial year ended December 31, 2012 (Company's accounts)

Statement of income

(in thousands of euros)	2012	2011
Operating income		
Revenue	18,475	17,300
Other operating income	1,612	6,477
	20,087	**23,777**
Operating expenses		
Change in goods inventory	0	0
Change in supplies inventory	0	0
Purchases and external charges	(7,051)	(11,909)
Taxes other than on income	(331)	(248)
Employee benefits expense	(10,793)	(8,669)
Amortization and provision expense	(1,885)	(1,799)
	(20,060)	**(22,625)**
Operating profit	**27**	**1,152**
Financial income		
Dividend income	115,316	115,316
Interest income from marketable securities and receivables, net	674	2,830
Net gains on disposal of non-current assets	0	0
Exchange gains	4	9
	115,994	**118,155**
Financial expense		
Amortization and provision expense	(630)	(383)
Exchange losses	0	0
Finance costs and other	(43,182)	(36,011)
	(43,812)	**(36,394)**
Financial income and expense, net	**72,182**	**81,761**
Recurring profit before tax	**72,209**	**82,913**
Non-recurring income and expense, net	**574**	**(2,863)**
Profit before tax and employee profit-sharing	**72,783**	**80,050**
Employee profit-sharing	(76)	(179)
Income tax benefit	14,025	12,605
PROFIT FOR THE PERIOD	**86,732**	**92,476**

Assets – Net

(in thousands of euros)	December 31, 2012	December 31, 2011
Non-current assets		
Intangible assets	0	0
Property and equipment	0	0
Investments	3,790,091	3,930,677
TOTAL NON-CURRENT ASSETS	**3,790,091**	**3,930,677**
Current assets		
Inventories	0	0
Receivables	37,939	21,357
Other current assets	0	0
Marketable securities	1,209	4,594
Cash	659	0
TOTAL CURRENT ASSETS	**39,807**	**25,951**
Accruals	**8,623**	**7,694**
TOTAL ASSETS	**3,838,521**	**3,964,322**

Equity and liabilities – Before appropriation of profit

(in thousands of euros)	December 31, 2012	December 31, 2011
Equity		
Share capital	1,057,500	1,053,556
Additional paid-in capital, reserves and retained earnings	1,435,641	1,570,210
Profit for the period	86,732	92,476
Untaxed provisions and government grants	0	0
TOTAL EQUITY	**2,579,873**	**2,716,242**
Provisions	**2,332**	**4,987**
Debt		
Other debt	1,221,449	1,234,598
TOTAL DEBT	**1,221,449**	**1,234,598**
Other liabilities	**34,867**	**8,495**
Accruals	**0**	**0**
TOTAL EQUITY AND LIABILITIES	**3,838,521**	**3,964,322**

Cash flow statement (Years ended December 31)

(in thousands of euros)	2012	2011
Cash and cash equivalents at beginning of period *(note 1.13)*	**(48)**	**(74)**
Cash flows from operating activities		
Profit for the period	86,732	92,476
Adjustments to reconcile profit for the period to net cash provided by operating activities		
Amortization and provision expense	(2,716)	(4,070)
Other	0	(4)
CASH FLOW	**84,016**	**88,402**
Cash flows from changes in operating assets and liabilities		
Trade and other receivables (including group relief receivables)	(16,582)	16,646
Trade and other payables (including group relief liabilities)	26,372	(23,123)
Other operating assets and liabilities	(3,188)	(6,755)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**90,618**	**75,170**
Cash flows from investing activities		
Proceeds from the sale of assets	0	0
Investments		
Acquisitions of intangible assets	0	0
Acquisitions of investments, net	0	0
NET CASH USED IN INVESTING ACTIVITIES	**0**	**0**
Cash flows from financing activities		
Capital increases (reductions)	21,907	2,668
Share buybacks and transactions under the liquidity contract	3,793	6,795
Dividends paid	(245,008)	(231,362)
Net (decrease) increase in borrowings (including intra-group loans and borrowings)	129,395	146,755
NET CASH USED IN FINANCING ACTIVITIES	**(89,913)**	**(75,144)**
Net change in cash and cash equivalents *(note 1.13)*	**705**	**26**
Cash and cash equivalents at period-end *(note 1.13)*	**657**	**(48)**

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Significant events of the year

None.

Subsequent events

None.

1 - Summary of significant accounting policies

1.1 Accounting principles and policies

The financial statements have been prepared in accordance with French generally accepted accounting principles, applied consistently from one year to the next, under the historical cost convention.

1.2 Intangible assets

Intangible assets correspond to software, which is amortized over three years.

The difference between book amortization and amortization calculated over 12 months for tax purposes is recorded in equity under "Excess tax amortization".

1.3 Shares in subsidiaries and affiliates

Investments in subsidiaries and affiliates are stated at the lower of cost and fair value.

Fair value is determined by reference to Legrand's equity in the investee's revalued net assets, as adjusted to reflect its earnings performance and growth outlook.

1.4 Share buybacks and liquidity contract

Legrand shares acquired under share buyback programs are classified in accordance with recommendation 98-D released by the Urgent Issues Task Force of the French National Accounting Board *(Comité d'Urgence du Conseil National de la Comptabilité)*, based on the purpose for which they were purchased.

Shares acquired specifically for allocation to employees are classified as treasury shares under marketable securities and those purchased for cancellation or for any other purpose are classified as "treasury shares held for cancellation" or "treasury shares" under other investments.

Shares purchased in connection with a liquidity contract are also recorded as treasury shares under other investments, and cash and short-term investments held in the liquidity account are classified as "Other long-term receivables" within other investments.

Treasury shares held for cancellation are stated at cost.

Treasury shares held for other purposes are stated at the lower of cost and fair value, with fair value corresponding to the average share price for the last month of the fiscal year.

Reversals of provisions for impairment of treasury shares are recorded under non-recurring income and expense, net, along with the loss incurred when the shares are sold to employees.

A provision is recorded for shares purchased and allocated on exercise of stock options or for performance shares on the share purchase date, to cover the difference between the price of performance shares and stock options granted to employees and the shares' carrying amount. This provision is recorded for stock options only if it is probable that the options will be exercised and for performance shares when the Board of Directors decides to purchase the shares underlying the plan concerned.

In both cases, the provision is recognized on a straight-line basis over the vesting periods of the performance shares or stock options concerned.

In accordance with accounting standard CNC 2008-17 dated November 6, 2008 issued by the French National Accounting Board (CNC) on November 17, 2008, the carrying amount of the shares covered by the above provision has been determined based on the fair value of Legrand shares at the date of the standard's publication, *i.e.* €12.73 per share. In practice, this standard concerned the performance share plans approved by the Board of Directors in 2008.

The 2008 plan expired on March 7, 2012. As of December 31, 2012, there were no longer any plans concerned by the standard.

1.5 Marketable securities

This item includes Legrand shares purchased for allocation to employees as described in 1.4 above.

1.6 Receivables and payables

Receivables and payables are stated at nominal value.

A provision for doubtful accounts is recorded when necessary, to write down receivables to their estimated recoverable amount.

1.7 Foreign currency receivables and payables

Foreign currency receivables and payables are converted into euros at the exchange rate on the balance sheet date.

1.8 Deferred charges

Deferred charges correspond to debt issuance costs, which are written off to the income statement over the life of the debt.

1.9 Bond redemption premiums

The redemption premium reported in the balance sheet corresponds to the 2010, 2011 and 2012 bond issues, described in note 2.8.c below. It is being amortized over the life of the issues.

1.10 Provisions for retirement benefits and supplementary pension benefits in France

Legrand employees receive a statutory length-of-service award on retirement, calculated at the rates specified in the collective bargaining agreements applicable to the electrical manufacturing industry.

The related defined benefit obligation is calculated each year by the projected unit credit method. This method takes into account estimated years of service at retirement, final salaries, life expectancy and staff turnover, based on actuarial assumptions.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of investment grade corporate bonds denominated in euros that have terms to maturity approximating the period to payment of the related benefit liability.

The liability recognized in the balance sheet is the present value of the defined benefit obligation at the balance sheet date, as adjusted for unrecognized past service costs, less the fair value of plan assets. Service cost is recognized in the income statement on a straight-line basis over the average remaining service lives of employees.

Employees in the higher pay brackets are also covered by a supplementary pension plan. The plan provides for the payment of defined benefits corresponding to the theoretical pension rights of the employees concerned on the portion of their salary that exceeds a certain level (the "tranche D" used to calculate graduated Social Security contributions, capped at an amount equivalent to four times the ceiling used for the calculation of Social Security benefits) assuming that they are still on the Company's payroll at retirement.

A provision is booked for the difference between the projected benefits payable to plan participants and the discounted present value of payments made to date.

1.11 Provisions for statutory and discretionary profit-sharing

Legrand's statutory profit-sharing agreement is an "accord dérogatoire". Under this type of agreement, the Company applies a more generous profit-sharing formula in exchange for the right to record a tax-deductible "investment provision" covering future investment costs. The latest agreement was signed on May 4, 2011 and applies for the calculation of the special statutory profit-sharing reserve for the years 2011 to 2014. The plan covers employees of Legrand and also those of Legrand France, Legrand SNC, Alpes Technologies, Groupe Arnould, Cofrel, Sarlam, Ura, Planet-Wattohm, Distrasa, ICM Group and Intervox Systems.

A new discretionary profit-sharing agreement has also been signed, covering the years 2012 to 2014. It applies to employees of the same companies as the statutory profit-sharing agreement.

1.12 Forward purchases and sales of foreign currencies

A provision is booked at each year-end for the difference between the forward purchase or sale price of the foreign currencies and their exchange rate at the balance sheet date, when this is an unrealized loss. Unrealized gains are not recognized in the accounts, but are added back to profit for tax purposes.

1.13 Cash flow statement

In the cash flow statement, which is presented after the balance sheet in these financial statements, cash and cash equivalents include all financial assets and liabilities that are realizable or payable within three months.

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2 - Notes to the balance sheet

2.1 Intangible assets

(in thousands of euros)	December 31, 2011	Additions for the year	Disposals for the year	December 31, 2012
Software at cost	**479**			**479**
Amortization of software	**(479)**			**(479)**
INTANGIBLE ASSETS, NET	**0**	**0**	**0**	**0**

2.2 Investments

(in € thousands)	December 31, 2011	Additions for the year	Disposals for the year	December 31, 2012
Shares in subsidiaries and affiliates				
Legrand France SA	3,773,659			3,773,659
	3,773,659	**0**	**0**	**3,773,659**
Advances to subsidiaries and affiliates				
Advance to Legrand France SA	142,498		(142,498)	0
	142,498	**0**	**(142,498)**	**0**
Other investments				
■ Treasury shares held for cancellation	0			0
■ Other treasury shares	5,493		(2,547)	2,946
■ Other long-term receivables	9,021	4,459		13,480
■ Deposits and guarantees	6	0		6
	14,520	**4,459**	**(2,547)**	**16,432**
Provisions for impairment				
■ Impairment of other treasury shares and long-term receivables	0			0
	0	**0**	**0**	**0**
TOTAL INVESTMENTS, NET	**3,930,677**	**4,459**	**(145,045)**	**3,790,091**

a) Shares in subsidiaries and affiliates

No impairment provision has been recorded on these shares.

b) Advances to subsidiaries and affiliates

In 2012, Legrand France repaid the €142,498,000 in advances due to the Company at December 31, 2011 under the cash pooling agreement signed on January 25, 2006. The amounts advanced by Legrand France to the Company in 2012 are presented in note 2.8.d.

c) Other investments

This item includes shares purchased under the liquidity contract and the cash and short-term investments held in the liquidity account (see note 1.4).

On May 29, 2007, Legrand appointed a financial institution to maintain a liquid market for its ordinary shares on the NYSE Euronext Paris market under a liquidity contract complying with the AMAFI Code of Conduct approved by the AMF on March 22, 2005.

As of December 31, 2012, Legrand held 100,000 treasury shares in connection with the liquidity contract, acquired at a cost of €2,946,000. No provision was recorded for impairment in value of these shares in the 2012 or 2011 financial statements. Cash and short-term investments held in the liquidity account amounted to €13,480,000 as of December 31, 2012, recorded under “Other long-term receivables”.

Details of shares purchased for allocation to employees are provided in note 2.4 on marketable securities.

2.3 Receivables

(in thousands of euros)	Net as of December 31, 2012	Maturity	
		Within one year	Beyond one year
Current receivables			
Trade accounts receivable	7,257	7,257	0
Recoverable value-added tax	321	321	0
Prepaid and recoverable taxes	29,806	29,806	0
Group relief receivables	555	555	0
Other receivables	0	0	0
TOTAL AT DECEMBER 31, 2012	**37,939**	**37,939**	**0**
TOTAL AT DECEMBER 31, 2011	**21,357**	**21,357**	**0**

2.4 Marketable securities

In 2012 and 2011, this item exclusively comprised Legrand shares purchased for allocation to employees.

(in thousands of euros)	December 31, 2012			December 31, 2011
	Cost	Impairment	Net	Net
Treasury shares held for allocation to employees				
Performance share plans	1,086	0	1,086	4,471
Corporate mutual fund	123	0	123	123
TOTAL CARRYING AMOUNT	**1,209**	**0**	**1,209**	**4,594**

Details of the objectives and terms of the current share buyback program, which represents a maximum of €500 million, are provided in the program description published on May 28, 2012.

As of December 31, 2012, a total of 51,584 shares had been bought back under the program, at a total cost of €1,209,000. These shares are being held for the following purposes:

- for allocation to employees who choose to re-invest their profit-shares in Legrand stock through a corporate mutual fund (4,921 shares purchased at a cost of €123,000);
- for allocation to performance share plans (46,663 shares purchased at a cost of €1,086,000).

During 2012, a total of 698,452 shares were transferred to employees under the performance share plans described in note 2.6 d.

The provision for impairment of treasury shares in the amount of €2,320,000 at December 31, 2011, concerned the write-down to fair value of shares allocated to performance share plans.

No shares have been held for performance share plans since March 7, 2012 when the 2008 plan expired. Consequently, the provision was released in full in 2012.

2.5 Accruals and other assets

(in thousands of euros)	December 31, 2012	December 31, 2011
Prepaid expenses	32	96
Deferred charges *(note 1.8)*	4,762	5,242
Bond redemption premium *(note 1.9)*	3,829	2,356
TOTAL	**8,623**	**7,694**

2.6 Equity

a) Share capital

The following table shows changes in share capital in 2012:

	Number of shares	Par value	Share capital *(in euros)*
As of December 31, 2011	263,388,995	4	1,053,555,980
Issuance of shares on exercise of options under the 2007 stock option plan	350,145	4	1,400,580
Issuance of shares on exercise of options under the 2008 stock option plan	635,735	4	2,542,940
As of December 31, 2012	264,374,875	4	1,057,499,500

Share capital consists exclusively of shares of common stock with a par value of €4.00 each.

The shares purchased by the Company either under share buyback programs or in connection with the liquidity contract do not carry dividend or voting rights.

All other fully paid-up shares registered in the name of the same shareholder for at least two years carry double voting rights.

In 2012, 985,880 shares were issued upon exercise of stock options granted under the 2007 and 2008 plans, resulting in a €3,944,000 capital increase. The aggregate premium amounted to €17,964,000.

b) Additional paid-in capital, reserves and retained earnings

(in thousands of euros)	December 31, 2012	December 31, 2011
Before appropriation of profit		
Additional paid-in capital	1,080,490	1,062,526
IPO costs charged to additional paid-in capital	(33,206)	(33,206)
Legal reserve	82,709	78,086
Other reserves and retained earnings	305,648	462,804
Profit for the period	86,732	92,476
	1,522,373	**1,662,686**

"Other reserves and retained earnings" includes €4,154,000 in reserves that are not available for distribution as a result of share buybacks.

c) Changes in equity

(in thousands of euros)	
Equity as of December 31, 2011	2,716,242
Movements for the year:	
■ share capital	3,944
■ additional paid-in capital	17,964
■ reserves and retained earnings	
■ profit for the period	86,732
■ dividends paid	(245,008)
■ other	
Equity as of December 31, 2012 before appropriation of profit	**2,579,873**

The Annual Shareholders' Meeting held on May 25, 2012 approved the payment of a total dividend of €245,008,000, representing €0.93 per share.

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d) 2007 to 2011 performance share and stock option plans

Performance share plan

The Board of Directors has been authorized by the shareholders to grant, in one or several times, performance shares representing up to 5% of the Company's capital (as of the date of the Board's decision) to certain employees or officers of the Company and its subsidiaries.

Performance share plans as authorized by shareholders on May 15, 2007	2008 Plan	2009 Plan	2010 Plan	2011 Plan	2012 Plan	Total
Grant date	March 5, 2008	March 4, 2009	March 4, 2010	March 3, 2011	March 7, 2012	
Total number of shares granted	654,058	288,963	896,556	1,592,712	985,656	4,417,945
of which, shares granted to corporate officers	*47,077*	*23,491*	*62,163*	*127,888*	*30,710*	*291,329*
■ *Gilles Schnepp*	*24,194*	*12,075*	*38,373*	*65,737*	*30,710*	*171,089*
■ *Olivier Bazil*	*22,883*	*11,416*	*23,790*	*62,151*	*0*	*120,240*
Vesting conditions	After a maximum of four years, except in the event of resignation or termination for willful misconduct					
Performance shares forfeited in 2007	0	0	0	0	0	0
Performance shares vested in 2008	0	0	0	0	0	0
Performance shares forfeited in 2008	(6,145)	0	0	0	0	(6,145)
Performance shares vested in 2009	(400)	0	0	0	0	(400)
Performance shares forfeited in 2009	(9,905)	(6,281)	0	0	0	(16,186)
Performance shares vested in 2010	(329,359)	(463)	0	0	0	(329,822)
Performance shares forfeited in 2010	(2,908)	(3,845)	(21,358)	0	0	(28,111)
Performance shares vested in 2011	(538)	(120,818)	(1,058)	(1,446)	0	(123,860)
Performance shares forfeited in 2011	(7,358)	(7,972)	(21,635)	(34,090)	0	(71,055)
Performance shares vested in 2012	(293,980)	0	(404,472)	0	0	(698,452)
Performance shares forfeited in 2012	(3,465)	(1,182)	(6,326)	(17,764)	(7,738)	(36,475)
Performance shares outstanding as of December 31, 2012	**0**	**148,402**	**441,707**	**1,539,412**	**977,918**	**3,107,439**

The 2008 plan expired on March 7, 2012.

Stock option plans

The Board of Directors has been authorized by the shareholders to grant, in one or several times, options to purchase new or existing shares representing up to 5% of the Company's capital (as of the date of the Board's decision) to certain employees or officers of the Company and its subsidiaries.

The exercise price of these options was set based on the average closing price for Legrand shares over the twenty trading days preceding the grant date.

Stock option plans, as authorized by shareholders on May 15, 2007	2007 Plan	2008 Plan	2009 Plan	2010 Plan	Total
Grant date	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010	
Total number of options granted	1,638,137	2,015,239	1,185,812	3,254,726	8,093,914
of which options granted to corporate officers	*79,281*	*141,231*	*93,964*	*217,646*	*532,122*
■ *Gilles Schnepp*	*40,745*	*72,583*	*48,300*	*134,351*	*295,979*
■ *Olivier Bazil*	*38,536*	*68,648*	*45,664*	*83,295*	*236,143*
Exercise period	Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct				
Start of exercise period	May 16, 2011	March 6, 2012	March 5, 2013	March 5, 2014	
Expiry of exercise period	May 15, 2017	March 5, 2018	March 4, 2019	March 4, 2020	
Exercise price	€25.20	€20.58	€13.12	€21.82	
Options forfeited in 2007	(27,574)	0	0	0	(27,574)
Options forfeited in 2008	(27,468)	(20,439)	0	0	(47,907)
Options forfeited in 2009	(25,105)	(32,057)	(21,093)	0	(78,255)
Options exercised in 2010	(2,046)	(2,853)	(1,852)	0	(6,751)
Options forfeited in 2010	(13,830)	(19,112)	(18,739)	(75,317)	(126,998)
Options exercised in 2011	(100,965)	(1,614)	(732)	(3,703)	(107,014)
Options forfeited in 2011	(10,643)	(31,760)	(33,552)	(75,713)	(151,668)
Options exercised in 2012	(350,145)	(635,735)	0	0	(985,880)
Options forfeited in 2012	(1,023)	(10,395)	(7,416)	(30,097)	(48,931)
Stock options outstanding as of December 31, 2012	**1,079,338**	**1,261,274**	**1,102,428**	**3,069,896**	**6,512,936**

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2.7 Provisions

(in thousands of euros)	Amount as of December 31, 2011	Charges for the year	Reversals for the year	Amount as of December 31, 2012
Provisions				
Provisions for pensions and other post-retirement benefit obligations	1,048	223	(231)	1,040
Other provisions	3,939	1,373	(4,020)	1,292
	4,987	**1,596**	**(4,251)**	**2,332**
Provisions for impairment				
On investments	0			0
On marketable securities (note 2.4)	2,320	0	(2,320)	0
	2,320	**0**	**(2,320)**	**0**
TOTAL	**7,307**	**1,596**	**(6,571)**	**2,332**
Charges to and reversals from provisions are recorded under the following income statement captions:				
■ operating income and expense		256	(464)	
■ financial income and expense		0	0	
■ non-recurring income and expense		1,340	(6,107)	
TOTAL		**1,596**	**(6,571)**	

Concerning "Other provisions", the performance shares awarded to employees under the 2008 plan vested in full in 2012, leading to the reversal of the related provision in the amount of €3,787,000, including the charge for the year of €158,000.

2.8 Debt and other liabilities

(in thousands of euros)	Net as of December 31, 2012	Maturity		
		Due within one year	Due in one to five years	Due beyond five years
Debt				
Bank borrowings with:				
■ Original maturities of less than two years	2	2		
■ Original maturities of more than two years				
Bonds	1,134,082	34,082	300,000	800,000
Other borrowings	87,365		87,365	
TOTAL DEBT	**1,221,449**	**34,084**	**387,365**	**800,000**
Other liabilities				
Trade payables	2,295	2,295		
Accrued taxes and employee benefits expense	4,240	4,240		
Other	28,332	28,332		
Deferred revenue				
TOTAL OTHER LIABILITIES	**34,867**	**34,867**	**0**	**0**
TOTAL LIABILITIES AS OF DECEMBER 31, 2012	**1,256,316**	**68,951**	**387,365**	**800,000**
TOTAL LIABILITIES AS OF DECEMBER 31, 2011	**1,243,093**	**125,366**	**417,727**	**700,000**

a) Credit facilities

2006 Credit Facility

On January 10, 2006, the Company signed a €2.2 billion credit facility (the "2006 Credit Facility") with five mandated arrangers.

The facility originally comprised (i) a €700 million Tranche A representing a multicurrency term loan repayable in semi-annual installments equal to 10% of the nominal amount between January 10, 2007 and July 10, 2010, with a final 20% installment on January 10, 2011 and (ii) a €1.2 billion Tranche B consisting of a revolving multicurrency facility utilizable through drawdowns.

Tranches A and B were originally five-year loans that could be rolled over for two successive one-year periods.

Legrand exercised its option to extend the Credit Facility by a one-year period on March 12, 2007 and again on November 12, 2007. As a result, the Facility now expires on January 10, 2013. An amount of €7.2 million was repaid on January 10, 2010. Between July 10, 2010 and July 10, 2011, Tranche A was repayable in semi-annual installments equal to 6.22% of the original nominal amount, with further installments due as follows: 7.12% of the original nominal amount on January 10, 2012, 6.02% on July 10, 2012 and 19.32% on January 10, 2013.

In October 2011, Legrand cancelled Tranche B of its 2006 Credit Facility due to the signing of a new credit facility described below. No drawdowns had been made on Tranche B as of the cancellation date.

The €177.4 million balance of the 2006 Credit Facility expiring on January 10, 2013 was repaid in full during 2012, with €42.1 million paid in July and €135.3 million in August.

2011 Credit Facility

On October 20, 2011, Legrand signed a new multicurrency credit facility ("2011 Credit Facility") with six banks for €900 million. Consisting of five-year loans utilizable through drawdowns, the Facility may be rolled over for two successive one-year periods.

As of December 31, 2012, no drawdowns had been made under this Facility.

In October 2012, the Company announced that the 2011 Credit Facility had been rolled over for one year, so that it now expires in October 2017.

b) Bank borrowings

In April 2012, the Company extinguished its €282.5 million in bank borrowings.

c) Bonds

In February 2010, the Company issued €300 million in 4.25% seven-year bullet bonds due February 24, 2017.

In March 2011, the Company issued €400 million in 4.375% seven-year bullet bonds due March 21, 2018.

In April 2012, the Company issued €400 million in 3.375% ten-year bullet bonds due April 19, 2022.

d) Other borrowings

Legrand borrowed €87,365,000 from subsidiary Legrand France SA under the cash pooling agreement signed on January 25, 2006. The advance bears interest at Euribor plus 80 bps.

e) Other debt consists of the €28.3 million due to subsidiaries under the Group relief agreement (corresponding to the tax benefits derived from the Company's use of their tax losses that they will recover when they return to profit).

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3 - Notes to the statement of income

Non-recurring income and expense, net

(in thousands of euros)	2012	2011
Non-recurring income		
Revenue transactions	0	34
Capital transactions	2,066	1,009
Provision reversals *(note 2.7)* and expense transfers	17,052	4,605
	19,118	**5,648**
Non-recurring expenses		
Revenue transactions	(71)	(3)
Capital transactions	(17,133)	(7,102)
Amortization and provision expense *(note 2.7)*	(1,340)	(1,406)
	(18,544)	**(8,511)**
NON-RECURRING INCOME AND EXPENSE, NET	**574**	**(2,863)**

Non-recurring income and expenses on capital transactions correspond to income and expenses generated on sales and purchases of treasury shares in connection with i) the liquidity contract (income of €1,912,000) and ii) the transfer of performance shares to grantees under the 2008 and 2010 plans (expense of €16,979,000).

The non-recurring provision reversals and expense transfers account includes, in addition to the provisions presented in note 2.7, income of €10,944,000 from the rebilling of losses incurred or provided for at Company level following the transfer of performance shares to employees of the Group's different subsidiaries.

4 - Other information

4.1 Income tax

a) Unrecognized deferred tax asset and liabilities

(in thousands of euros)	Base: income or (expense)				Unrecognized deferred tax benefit (charge)*		
	Movements for the period						
	As of December 31, 2011	Increase	Decrease	As of December 31,2012	As of December 31, 2011	Change	As of December 31, 2012
Timing differences between the recognition of income and expenses for financial reporting and tax purposes:							
Income taxed in current year not recognized in the income statement							
■ Unrealized exchange gains	0			0	0	0	0
Expenses recognized in the income statement that are deductible in future years							
■ Employee profit-sharing	(221)	91	0	(130)	76	(31)	45
■ Provisions for pensions and other post-retirement benefit costs	(1,119)	86	(88)	(1,121)	385	1	386
■ Taxes and other	(126)	87	(26)	(65)	43	(21)	22
TOTAL	**(1,466)**	**264**	**(114)**	**(1,316)**	**505**	**(52)**	**453**

* *Calculated by the liability method, based on the standard French tax rate and the 3.3% contribution sociale surtax.*

The tax rate used is the rate applicable since 2006. The non-recurring 5% tax applicable to companies generating over €250 million in annual revenue in 2012 was not taken into account in the deferred tax calculation.

b) Growup relief

The Company is the parent of the tax group comprising all qualifying French subsidiaries of the Legrand Group. The tax group was set up on January 1, 2003.

Under the terms of the Group relief agreement, each subsidiary calculates its income tax expense on a stand-alone basis and pays the tax due to the parent company of the group, which is responsible for paying tax for the entire tax group.

Income tax in Legrand's statement of income corresponds to the difference between the tax due by the profitable companies in the tax group and the benefit arising from the use of the tax losses of loss-making companies. The net benefit of group relief was €14,040,000 in 2012.

4.2 Related party transactions

(in thousands of euros)	2012 Related party Transactions	2012 Total in the financial statements	2011 Related party transactions	2011 Total in the financial statements
a) Investments	**3,773,659**	**3,790,091**	**3,916,157**	**3,930,677**
b) Inventories	**0**	**0**	**0**	**0**
c) Receivables				
Trade receivables	7,257	7,257	7,649	7,649
Other receivables	555	30,682	13,390	13,708
	7,812	**37,939**	**21,039**	**21,357**
d) Liabilities				
Debt	87,365	1,221,449	0	1,234,598
Trade payables	205	2,295	136	2,445
Other liabilities	28,332	32,572	1,634	6,050
	115,902	**1,256,316**	**1,770**	**1,243,093**
e) Financial expense	**295**	**43,812**	**196**	**36,394**
f) Financial income	**115,990**	**115,994**	**118,146**	**118,155**

4.3 Exposure to market risks (interest rate, currency and credit risks)

a) Management of financial risks

The Group's cash management strategy is based on overall risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct any trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving financial instruments are conducted with the sole purpose of managing interest rate, exchange rate and commodity risks, and are therefore set up for limited periods and amounts.

Market risk is the risk of losses resulting from unfavorable changes in interest rates and exchange rates.

As of December 31, 2012 no hedges were set up at the level of the Company.

b) Concentration of credit risk

The Group's financial derivatives contracts are held with leading financial institutions. Legrand monitors its level of credit exposure with each financial institution concerned on an ongoing basis.

c) Liquidity risk

Legrand considers that managing liquidity risk depends primarily on having access to diversified sources of financing. This represents the basis of Group-level control processes.

4.4 Contingencies and commitments

(in thousands of euros)	2012	2011
Commitments given		
Guarantees	63	63
Mortgages and liens	0	0
	63	**63**

In October 2010, Legrand was signatory of a refinancing agreement between its direct and indirect subsidiaries and its banks (see note 2.8. a).

Legrand has guaranteed the proper execution of the agreements.

4.5 Employees

	2012	2011
Average number of employees:		
Management	31	35
Administrative staff	5	6
Apprentices	0	0
TOTAL	**36**	**41**

4.6 Management compensation

Compensation paid to Executive Directors for 2012 amounted to €1.8 million, compared with €2.7 million in 2011. The 2011 figure includes the compensation and termination benefit paid to the Vice-Chairman and Chief Operating Officer, who retired during that year.

4.7 Subsidiaries and affiliates

(in thousands of euros)	Share capital		Reserves and retained earnings	Percent interest	Carrying amount of the Shares		Out-standing loans given at 31/12/2012	Guarantees	2012 results		Dividends paid by Legrand France in 2012
	Currency	Euros			Cost	Net			2012 result	Profit (loss)	
French companies											
Legrand France	EUR	54,913	987,114	100	3,773,659	3,773,659	0	63	878,938	274,130	115,316

APPENDIX 2

Management report of the Board of Directors on March 6, 2013 to the Annual General Meeting scheduled on May 24, 2013

1 - BUSINESS IN THE YEAR ENDED DECEMBER 31, 2012

1.1 Highlights of the year

Nil.

1.2 Revenues and earnings in 2012

Revenues amounted to €18.5 million, for providing services within the Group.

Other operating income amounted to €1.6 million in the year to December 31, 2012, primarily from allocation of costs in the new bond issue in 2012.

Operating expense amounted to €20.1 million in the year to December 31, 2012, compared with €22.6 million in the year to December 31, 2011.

At December 31, 2012, operating profit was nearly zero, versus €1.2 million in 2011.

Net interest and other financial items for 2012 represented income amounting to €72.2 million, compared with €81.8 million in the year to December 31, 2011. This variation resulted primarily from:

- a €2.3 million increase in interest received on the loan to Legrand France;
- a €7.1 million increase in loan charges.

Net exceptional items represented income amounting to €0.6 million at December 31, 2012, compared with a loss of €2.9 million in the year to December 31, 2011.

Tax income booked in an amount of €14.0 million represents the surplus of tax paid by subsidiaries within the tax consolidation group.

Net income for the year to December 31, 2012 amounted to €86.7 million.

1.3 Debt

The Company's debt position is summarized in appendix 1.

In April 2012, the Company issued new bonds in an amount of €400 million for a period of 10 years, maturing on April 19, 2022, with a 3.375% annual coupon, and redeemable at maturity.

In October 2012, the Company announced a one-year extension of the maturity of the credit facility designed primarily to establish new multi-currency lines of credit up to a maximum of €900,000,000. The Company entered into the refinancing agreement on October 20, 2011, thereby extending maturity to October 2017.

1.4 Management of financial risk

Management of these risks is described in chapter 4 of the Company's Registration Document and in note 23 to the consolidated financial statements, which appear in chapter 9 of this Registration Document.

1.5 Business of the Group

Information on the business of the Group is presented in chapter 6 of the Company's Registration Document.

2 - PRINCIPAL RISKS AND UNCERTAINTIES

Risks and related Group policies are presented in chapter 4 of the Company's Registration Document.

3 - RESEARCH AND DEVELOPMENT

Nil.

4 - SUSTAINABLE DEVELOPMENT

Information on the Group's labor policy, environmental policy and social responsibility commitments is presented in chapter 5 of the Company's Registration Document.

5 - SIGNIFICANT EVENTS SINCE THE CLOSE OF THE FINANCIAL YEAR

Nil.

6 - FORESEEABLE DEVELOPMENTS AND OUTLOOK

Operating conditions and finances should be much the same in 2013 as in 2012.

7 - APPROPRIATION OF EARNINGS

We propose that the Company's earnings of €86,731,814.88 be appropriated as follows:

■ appropriation to legal reserve	€4,336,590.74
■ dividend distribution: (€1 per share)	€264,223,291*
■ appropriation of the difference of then amounting to	€181,828,066.86 to retained earnings, €123,819,869.96

* *Calculated on the basis of the number of shares making up the Company's capital stock on December 31, 2012, minus the number of treasury shares held on that date. This amount may be adjusted depending on the number of treasury shares held at the date of payment and on the amount of any dividends payable on shares issued after December 31, 2012.*

For eligible shareholders, dividends qualify in full for the 40% income-tax exemption provided for under article 158-3.2^{e} of the French Tax Code (*Code Général des Impôts*).

We remind shareholders that the Company is legally required to hold an inappropriable reserve in an amount equal to that of shares repurchased under the share buyback programs implemented by the Company, or €4.2 million at December 31, 2012.

8 - EARNINGS OVER THE PAST FIVE YEARS

In accordance with Article R. 225-102 of the French Commercial Code, we inform you of the Company's earnings over the past five years.

For the sake of clarity, this information is presented in a table (appendix 2).

9 - DIVIDENDS

In accordance with the provisions of Article 243 *bis* of the French Tax Code, we inform you of the dividends made payable over the past three years.

Dividends distributed in respect of 2009, 2010 and 2011 financial years were as follows:

Financial Year	Number of shares	Net dividend
2009	262,451,948 shares at €4	€0.70
2010	262,911,065 shares at €4	€0.88
2011	263,449,797 shares at €4	€0.93

The dividends distributed qualified for the 40% income-tax exemption under Article 158-3-2^{e} of the French Tax Code.

10 - NON-TAX-DEDUCTIBLE EXPENSES

Non-deductible expenses for financial year 2012, excluding items carried over from prior years, came to €168,265, including €90,000 related to the tax on corporate vehicles (*Taxe sur les Véhicules de Tourisme et Société*) and €78,265 related to rental income and vehicle depreciation and the corresponding tax in an amount of €57,934.

11 - MANDATES AND OTHER FUNCTIONS EXERCISED BY EACH DIRECTOR

This information is provided in appendix 3.

12 - MANAGEMENT

At December 31, 2012, Gilles Schnepp held the position of Chairman and Chief Executive Officer.

13 - SUBSIDIARIES AND ACQUISITIONS OF EQUITY INTERESTS

Subsidiaries and equity interests are shown in an organizational chart in Chapter 10 of the Company's Registration Document, which also describes their business.

There were no significant acquisitions of equity interests or control in financial year 2012.

14 - SHAREHOLDERS

a) Overview

The shareholding structure of the Company is presented in paragraph 8.1.1 of the Company's Registration Document.

Under Article 12.4 of the Company's articles of association, as from February 24, 2006 fully paid-up shares registered in the name of the same shareholder for at least two years carry double voting rights, in proportion to the percentage of the Company's share capital they represent.

For more information on shareholders and share ownership thresholds, please consult paragraph 8.1.2 of the Company's Registration Document.

b) Employee share ownership

At December 31, 2012, Group employees held a total of 347,810 shares in the "Actions Legrand" investment fund, one compartment of the Group's employee share ownership program. These shares represented 0.13% of the Company's capital and 0.12% of its voting rights.

15 - COMPENSATION OF EXECUTIVE DIRECTOR

Information on compensation of Executive Director is presented in paragraph 7.2 of the Company's Registration Document.

16 - STOCK OPTION PLANS AND PERFORMANCE SHARE PLANS

Information on the Company's stock option plans and performance share plans is presented in paragraphs 8.2 and 8.3 of the Company's Registration Document.

In compliance with Articles L. 225-184 and L. 225-197-4 of the French Commercial Code, special reports on this subject will be presented to the General Meeting of Shareholders on May 24, 2013.

17 - DELEGATION IN CONNECTION WITH CAPITAL INCREASES

This information is presented in paragraph 10.2.1.1 of the Company's Registration Document.

18 - AUTHORIZATION OF GUARANTEES, ENDORSEMENTS AND BONDS

At its meeting on March 6, 2013, the Board of Directors, acting in accordance with Article R. 225-28 of the French Commercial Code, authorized the Chairman and Chief Executive Officer to grant guarantees, endorsements and bonds in the name of and on behalf of the Company, up to a limit of €100,000,000. However, this limit does not apply to guarantees, endorsements and bonds granted to tax or customs authorities, which are not subject to any limit. This authorization was granted for a term of one year.

19 - SHARE BUYBACKS

In the course of 2012, the Company purchased a total of 2,003,073 shares of stock at a total cost of €53,338,056 and sold 2,133,573 shares for a total of €57,745,553, under the liquidity contract entered into with Crédit Agricole Cheuvreux on May 29, 2007. The terms of this contract comply with the Charter of Ethics adopted by the *Association Française des Marchés Financiers* (AMAFI) and were approved by the French Financial Markets Authority (*Autorité des Marchés Financiers*) in its decision of March 22, 2005.

The average purchase price was €26.63 per share and the average sale price was €27.07 per share. There were no trading costs associated with these transactions.

At December 31, 2012, the balance on the liquidity contract stood at 100,000 shares.

In the first quarter of 2012, the Company bought back 420,000 shares for a total of €11,273,775, and transferred 698,452 shares to employees under performance share plans. Trading costs amounted to €15,000.

At December 31, 2012, the Company held 151,584 shares with a nominal value of €4 each, for a total of €606,366 or 0.06% of capital stock. Valued at cost at the time of purchase, these shares totaled €4,154,579.

Outside the scope of the liquidity contract, at December 31, 2012 the Company held 51,584 shares, representing a total value at cost of €1,208,758. These shares were appropriated as follows:

- 46,663 shares with an acquisition cost of €1,086,127, representing 0.02% of the Company's capital and a nominal value of €186,652, were appropriated for implementation of such performance share plans as necessary;
- 4,921 shares with an acquisition cost of €122,631, representing 0.002% of the Company's capital and a nominal value of €19,684, were appropriated to a Company investment fund (FCPE) in connection with employee profit sharing.

20 - TRANSACTIONS BY COMPANY'S OFFICERS AND SIMILAR PERSONS IN COMPANY SHARES (ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE)

Transactions reported by the Company's officers and similar persons to the French financial Markets Authority during financial year 2012 were as follows:

Declarer	Nature of transaction	Description of securities	Number of transactions	Total amount *(in euros)*
Antoine Burel	Exercise of options	Options	1	175,279
	Sale	Shares	4	368,590
Fabrizio Fabrizi	Sale	Shares	1	99,938
Angeles Garcia-Poveda	Purchase	Shares	1	24,930
François Grappotte	Sale	Shares	2	8,701,450
Gérard Lamarche	Purchase	Shares	1	57,636
Thierry de La Tour d'Artaise	Purchase	Shares	1	20,688
Frédéric Lemoine	Shares acquired as part of in-kind dividend paid by Wendel to its shareholders	Shares	1	6,893
Patrice Soudan	Sale	Shares	2	563,299
Patrick Tanguy	Shares acquired as part of in-kind dividend paid by Wendel to its shareholders	Shares	1	8,741

21 - FACTORS THAT MAY BE RELEVANT IN THE EVENT OF A TENDER OFFER

Ownership of capital	The ownership of Legrand shares is presented in paragraph 8.1.1 of the Company's Registration Document
Restrictions on the exercise of voting rights and transfers of shares provided for in Company articles or agreements brought to the notice of the Company pursuant to Article L. 233-11 of the French Commercial Code	Company shares are freely negotiable and are transferred from account to account in accordance with applicable law and regulation. Within the limits of applicable law and regulation, each shareholder is entitled to as many votes as the number of shares he, she or it owns or holds proxies for. Under Article 12.4 of the Company's articles of association, however, fully paid-up shares registered in the name of the same shareholder for at least two years carry double voting rights, in proportion to the percentage of share capital they represent. In addition, in the event of a capital increase through incorporation of reserves, earnings or issue premiums, the double voting right is attached, on issue, to registered shares allocated free of charge in this respect to the holders of shares to which this right is already attached. Any shares converted from registered to bearer form, or transferred to another owner, cease to carry double voting rights. However, if the transfer of ownership results from succession, dissolution of the joint property of spouses, or a gift to a spouse or person in line of succession, the double voting rights do not lapse and there is no interruption in the required period of two years. The merger or division of the Company has no effect on double voting rights, which may be exercised within the successor company or companies provided this is allowable under the articles of the successor company or companies. The shareholders' agreement of April 6, 2011 between Wendel and KKR acting in concert, restricted the transfer of shares held by them. The agreement ended on March 8, 2012, following KKR's sale of its Company shares.
Direct and indirect equity interests of which the Company has been apprised by virtue of articles L. 233-7 and L. 233-12 of the French Commercial Code.	No direct or indirect equity interests of a nature to affect a tender offer were acquired in financial year 2012.
Owners of any securities conferring special rights of control and description of these securities	Nil.

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Ownership of capital	The ownership of Legrand shares is presented in paragraph 8.1.1 of the Company's Registration Document
Control procedures provided for employee share-ownership plans when the employees do not exercise this control themselves	As provided in the regulations for the investment fund "Actions Legrand," the voting rights attached to Company shares are exercised by the Supervisory Board of the fund.
Shareholders' agreements of which the Company is aware and that are of a nature to restrict transfers of shares and exercise of voting rights	Nil.
Appointment and replacement of members of the Board of Directors and amendment of the Company's articles of association	In accordance with its articles of association, the Company is managed by a Board of Directors made up of a minimum of three members and a maximum of eighteen members, except as provided by law in the event of a merger. Except as provided by law, each Director must hold (in registered form) at least 500 shares of the Company throughout his or her term as Director. Directors are appointed to serve four-year terms, which expire at the end of the ordinary General Meeting of shareholders called to consider financial statements for the previous financial year and held in the year in which their term of office expires. Directors may be reappointed for consecutive terms without limit. When the legal conditions are met, the Board of Directors may appoint provisional members of the Board for the remaining term of office of their predecessor. As provided by law, provisional appointments are subject to ratification at the first shareholders' meeting after the appointment is made. No individual over the age of 70 may be appointed to the Board of Directors if his/her appointment results in more than one-third of the number of members of the Board of Directors having exceeded such age. If, during their term of office, the number of members of the Board of Directors over the age of 70 exceeds one-third of their total number, the oldest member will be deemed to have resigned at the end of the ordinary General Meeting of shareholders called to consider the accounts for the previous financial year and held during the year in which the age limit is reached. Where the Company's articles of association do not specifically provide otherwise, amendments to the articles are subject to the provisions of applicable law.
Powers of the Board of Directors, in particular concerning share issuance and buybacks	This information is presented in paragraphs 10.2.1.1 and 10.2.2.1 of the Company's Registration Document. The Company can only repurchase its own shares outside of periods during which shares are made available through public offerings.
Agreements entered into by the Company which would be amended or lapse in the event of a change of control of the Company, except (unless disclosure is required by law) where disclosure would seriously harm its interests	The following contracts may be amended or lapse if control of the Company changes: ■ contract for the issuance of bonds on the US market by the Company's subsidiary Legrand France in an amount of \$400 million, in the event of a change in control due to a hostile takeover; ■ the bond issue made on February 24, 2010 in a nominal amount of €300 million; ■ the bond issue made on March 10, 2011 in a nominal amount of €400 million; ■ the loan contract in an amount of €900 million entered into with French financial institutions on October 20, 2011. ■ the bond issue made on April 11, 2012 in a nominal amount of €400 million.
Agreements providing for payment of compensation to employees or members of the Board of Directors in the event of resignation, dismissal without real and serious cause, or termination of employment due to a tender offer	Nil with respect to executive directors and members of the Board of Directors.

22 - DUE DATES OF ACCOUNTS PAYABLE

In accordance with L. 441-6-1 of the French Commercial Code, the table below presents the balance of trade payables by due date:

(in thousands of euros)				
Due dates (D = invoice date)	**< D+60 days**	**> 60 days**	**No due date[1] if applicable**	**Total trade accounts payable**
Trade payables at December 31, 2012	644	0	1,651	2,295
Trade payables at December 31, 2011	630	26	1,789	2,445

(1) Includes invoices that have not yet reached the Company.

March 6, 2013

The Board of Directors

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Appendix 1 to the Management Report

LEGRAND SA Debt position *(in millions of euros)*	31/12/2012	31/12/2011
External debt		
Debt		
Bonds	1,100,0	700,0
Bank borrowings	-	282,5
Credit Facility	-	227,2
TOTAL EXTERNAL DEBT	**1,100,0**	**1,209,7**
Accrued interest	**34,1**	**24,8**
Finance costs		
Bonds	39,8	26,5
Bank borrowings	2,3	5,9
Credit Facility	0,8	3,4
TOTAL FINANCE COSTS ON EXTERNAL DEBT	**42,9**	**35,8**
%	3,9%	3,0%
Intra-group debt		
Debt		
Advance from Legrand France	87,4	-
Finance costs		
Advance from Legrand France	0,3	0,2
%	0,3%	N/A
TOTAL DEBT	**1,221,5**	**1,234,5**
Equity	2,579,9	2,716,2
DEBT-TO-EQUITY RATIO	**47%**	**45%**

Appendix 2 to the Management Report

LEGRAND SA Five-year financial summary *(in thousands of euros)*	31/12/2008	31/12/2009	31/12/2010	31/12/2011	31/12/2012
Capital at December 31					
Share capital	1,051,261	1,052,387	1,052,645	1,053,556	1,057,500
Number of common shares	262,815,128	263,096,679	263,161,346	263,388,995	264,374,875
Total shares outstanding	262,815,128	263,096,679	263,161,346	263,388,995	264,374,875
Of which, treasury stock*	6,745,873	1,255,647	800,135	560,536	151,584
Results of operations					
Net revenue	20,305	17,872	15,661	17,300	18,475
Profit before tax, amortization and provisions	188,203	96,831	68,927	75,801	69,991
Income tax benefit (expense)	33,582	4,010	6,727	12,605	14,025
Employee profit-sharing	(231)	(148)	(145)	(179)	(76)
Net profit	176,970	134,668	77,329	92,476	86,732
Total dividend	179,241	182,810	183,716	231,362	245,008
Per share data					
Earnings per share before tax, amortization and provisions	0.72	0.37	0.26	0.29	0,26
Earnings per share	0.67	0.51	0.29	0.35	0,33
Dividend per share	0.70	0.70	0.70	0.88	0.93
Employee data					
Number of employees at December 31	51	43	42	41	34
Total payroll	6,009	5,506	5,718	5,618	5,212
Total benefits	3,221	2,399	2,612	3,132	2,516

* No dividend entitlement or voting rights can be attached to own shares held by the Company.

Appendix 3 to the Management Report

Name	Positions held in French and foreign companies
Gilles Schnepp Age 54 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current positions – Legrand group (no directors' fees or other form of compensation are paid or due in respect of positions with companies belonging to the Legrand group):*** Chairman and CEO of Legrand* Chairman and CEO of Legrand France Permanent representative of Legrand France, Chairman of Cofrel Permanent representative of Legrand France, Chairman of Distrasa Permanent representative of Legrand France, Chairman of Groupe Arnould Permanent representative of Legrand France, Chairman of ICM Group Permanent representative of Legrand France, Chairman of Sarlam Permanent representative of Legrand France, Chairman of URA Permanent representative of Legrand France, manager of Legrand SNC Permanent representative of Legrand France, Chairman of Alpes Technologies Permanent representative of Legrand France, Chairman of Préfatech Permanent representative of Legrand France, Chairman of AE Chessy Permanent representative of Legrand France, Chairman of Pammelec Permanent representative of Legrand France, Chairman of Legrand Cable Management Permanent representative of AE Chessy, manager of Planet Watthom Permanent representative of Legrand SNC, manager of Legrand Pacifique Director and Chairman of the Board of Directors of Bticino Philippines Director and Chairman of the Board of Directors of Tenby Electrical Accessories Director of Legrand (Beijing) Electrical Company Director of Legrand Kazakstan Director of Legrand Romania Director of PT Supreme Electro Kontak Director of Legrand Skandinaviska Director and manager of Legrand SLV d.o.o. Director of Clarly Ltd Chairman of Legrand Holding Inc ***Current position outside the Legrand group:*** Director of Saint-Gobain* ***Positions held during the past five years and now discontinued:*** Mandates in various Group subsidiaries
Olivier Bazil Age 66 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current positions:*** Director of Legrand* (since 2002) Member of the Supervisory Board of Vallourec* (since 2012) Director of Firmenich International SA Member of the Supervisory Board of Société Civile du Château Palmer Chairman of Fritz SAS ***Positions held during the past five years and now discontinued:*** Vice-Chairman, Chief Operating Officer of Legrand* (2006-2011) Mandates in various Group subsidiaries
Christel Bories Age 48 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current positions:*** Vice-Chairman of *Fabrique de l'Industrie* Director of *Cercle de l'Industrie* Director of Natixis* (since 2011) Director of Smurfit Kappa* (since 2012) Director of Legrand* (since 2012) Deputy Chief Executive Officer of Ipsen* (since 2013) ***Positions held during the past five years and now discontinued:*** President and CEO de Alcan Engineered Products (until December 2010) Chief Executive Officer of Constellium (until November 2011) Director of ATLAS CopCo AB*, Sweden (2008-2011) Chairman of Association Européenne de l'Aluminium (EAA) (2007-2010)

** Listed company.*

Name	Positions held in French and foreign companies
Angeles Garcia-Poveda Age 42 83, avenue Marceau 75016 Paris	***Current positions:*** Director of Legrand* (since 2012) Chief Executive Officer of Spencer Stuart SAS ***Positions held during the past five years and now discontinued:*** Nil.
Jacques Garaïalde Age 56 Stirling Square 7 Carlton Gardens Londres SW1Y 5AD Royaume-Uni	***Current positions:*** Managing Director of Kohlberg Kravis Roberts & Co. Ltd. Director of Legrand* (since 2003) Director of PagesJaunes Groupe* (since 2006) Member of the Executive Committee of *Société d'Investissement Familiale* (SIF) (since 2007) Director of Tarkett SA (since 2007) Director of Visma AS (since 2010) Director of Sorgenia SpA (since 2011) ***Positions held during the past five years and now discontinued:*** Chairman of the Board of Directors of PagesJaunes Groupe* (2006 - 2012) Director of Nexans* (2001-2011) Chief Executive Officer of Mediannuaire Holding Director of EVCA – European Private Equity & Venture Capital Association (2009-2011)
François Grappotte Age 76 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current positions:*** Director and Honorary Chairman of the Board of Directors of Legrand* Member of the Supervisory Board of Michelin* ***Positions held during the past five years and now discontinued:*** Director and Honorary Chairman of the Board of Directors of Legrand France (2006-2012) Member of the Advisory Council of Banque de France Director of BNP Paribas* (1999-2011)
Gérard Lamarche Age 51 Avenue Marnix 24 B – 1000 Bruxelles Belgique	***Current positions:*** Director of Legrand* (since 2006) Director of Groupe Bruxelles Lambert*(Belgium) (since 2011) and Managing Director (since 2012) Director of Total* (since 2012) Director of Lafarge* (since 2012) Adviser (Censeur) of GDF SUEZ* (since 2012) ***Positions held during the past five years and now discontinued:*** Director of Electrabel Director of Suez Environnement Company Director of International Power Plc Director of Europalia Director of GDF Suez Belgium Director of Aguas de Barcelona Director of GDF Suez E.S. Director of Suez-Tractebel Director of Fortis Banque Director of Leo Holding Company Director of Suez Environnement North America Chairman of the Board of Directors and Director of Genfina Chairman of the Board of Directors and Director of GDF Suez CC Director of Distrigaz Director of Suez Environnement

** Listed company.*

Name	Positions held in French and foreign companies
Thierry de La Tour d'Artaise Age 58 Chemin du Petit-Bois – BP 172 69134 Ecully Cedex	***Current positions:*** Chairman and CEO of SEB SA* Chairman of SEB Internationale (SAS) Director of Legrand* Director of Club Méditerranée* Permanent representative of Sofinaction, Director of Lyonnaise de Banque Director of Zhejiang SUPOR (Chine) ***Positions held during the past five years and now discontinued:*** Director of Plastic Omnium* Director of groupe SEB Japan Director of groupe SEB Mexicana Director of Siparex Associés Member of the Supervisory Board of Rowenta Invest BV
Frédéric Lemoine Age 47 89, rue Taitbout 75009 Paris	***Current positions:*** Chairman of the Management Board of Wendel* (since April 2009) Director of Legrand* (since 2009) Director of Saint-Gobain* (since 2009) Director of Bureau Véritas* (since 2009) ***Positions held during the past five years and now discontinued:*** Member of the Supervisory Board of Wendel* (2008-2009) Chairman of the Supervisory Board of Areva* (2005-2009) Adviser on the Supervisory Board of Générale de Santé* (2006-2009) Director of Flamel Technologies (2005-2011) Director of Groupama SA (2005-2012)
Dongsheng Li Age 56 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current positions:*** Director of Legrand* (since 2012) Chairman and CEO of TCL Corporation Chairman of TCL Multimedia Technology Holdings Ltd* Chairman of TCL Communication Technology Holdings Limited* Independent Director of Tencent* ***Positions held during the past five years and now discontinued:*** Nil.
Eliane Rouyer-Chevalier Age 60 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	***Current positions:*** Director of Legrand* (since 2011) ***Positions held during the past five years and now discontinued:*** Member of the Executive Committee of Edenred*
Patrick Tanguy Age 52 89, rue Taitbout 75009 Paris	***Current positions:*** Managing Director of Wendel*, Member of the Investment Committee and the Management Committee Director of Legrand* (since 2010) Chairman of Coba (SAS) Director of Trief Corporation Director of Wendel Japan KK Manager of Winvest Conseil Sàrl Director of Oranje-Nassau Parcours Director and Member of the Audit Committee of DSP Group* (USA) ***Positions held during the past five years and now discontinued:*** Chairman of the Management Board of Prézioso-Technilor (2005-2007) Chairman of Compagnie de Butterfly (SAS) Member of the Executive Committee of Deutsch Group SAS (2007-2011)

** Listed company.*

APPENDIX 3

Statutory Auditors' report on the financial statements – Year ended December 31, 2012

This is a free translation into English of the statutory auditors' report issued in French and 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 opinion on the Company 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 Company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the Company financial statements. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

Legrand
Société Anonyme
128, avenue du Maréchal de Lattre de Tassigny
87000 Limoges

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, 2012 on:

- the audit of the accompanying financial statements of Legrand (the "Company");
- the justification of our assessments;
- the specific procedures and disclosures required by law.

The financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I - OPINION ON THE FINANCIAL STATEMENTS

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

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of financial position of the Company as at December 31, 2012 and the results of its operations for the year then ended in accordance with French accounting principles.

II - JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we bring to your attention the following matter:

Note 1.3 to the financial statements sets forth the accounting policies related to the valuation of investments in participating interests. As part of our assessment of the accounting policies implemented by your Company, we have verified the appropriateness of the above-mentioned accounting methods and of the information given in the notes.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

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III - SPECIFIC PROCEDURES AND DISCLOSURES

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (*Code de Commerce*) relating to remunerations and benefits received by the Directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly sur Seine, March 6, 2013

The Statutory Auditors

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Gérard Morin	Jean-Marc Lumet

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.

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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

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- 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.

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* *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% x Sales N-1 x (1 + % of variation in sales scope) x (1 + foreign exchange effect on sales) x (% 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.

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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*).

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The shareholders note that dividends paid in respect of the 2009, 2010 and 2011 financial years were as follows:

Financial year	Shares with dividend entitlement	Net dividend per share
2009	262,451,948 shares with a par value of €4	€0.70
2010	262,911,065 shares with a par value of €4	€0.88
2011	263,449,797 shares with a par value of €4	€0.93

Fourth Resolution (Ratification of the nomination of Mr. Dongsheng Li to replace a departing Director)

Meeting in accordance with the conditions as to quorum and requisite majority for Ordinary General Meetings, and having been apprised of the report of the Board of Directors, the shareholders approve the nomination to the position of Director of Mr. Dongsheng Li, who was provisionally nominated by the Board of Directors at its meeting on July 26, 2012 to replace Mr. Mattia Caprioli for the remainder of his term. That term runs until the end of the General Meeting called in 2014 to consider the financial statements for the financial year ending on December 31, 2013.

Fifth Resolution (Appointment of a Director)

Meeting in accordance with the conditions as to quorum and requisite majority for Ordinary General Meetings, and as proposed by the Board of Directors, shareholders decide 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.

Sixth Resolution (Authorization granted to the Board of Directors to enable the Company to purchase, sell or transfer its own shares)

Meeting in accordance with the conditions as to quorum and requisite majority for Ordinary General Meetings, and being apprised of the Board of Directors' report, the shareholders:

1. Authorize the Board of Directors, with the right of sub-delegation as provided by law and by the Company's articles of association, and in accordance with Article L. 225-209 *et seq.* of the French Commercial Code, to purchase, or to have purchased, Company shares representing up to 10% of the Company's capital stock at the date of this Meeting, with the proviso that, when shares are purchased to ensure the market liquidity of Legrand stock under the conditions described below, the number of shares used to calculate this 10% limit will be the number of shares purchased less the number of shares resold during the term of this authorization;
2. Resolve that the shares may be purchased, sold or transferred for the purposes of:
   - ensuring liquidity and active trading of Company shares through a completely independent investment services provider, under a liquidity contract consistent with the Code of Ethics approved by French Financial Markets Authority (*Autorité des Marchés Financiers*);
   - implementing (i) any and all Company plans relating to options to purchase new or existing shares plans under Articles L. 225-177 *et seq.* of the French Commercial Code; (ii) any and all employee share-ownership transactions effected exclusively for participants in a company or Group share ownership savings plan under Articles L. 3332-1 *et seq.* of the French Labor Code or to provide for share allotments for employee profit-sharing and/or in lieu of discount; (iii) any free allocation of shares as provided by Articles L. 225-197-1 *et seq.* of the French Commercial Code; and undertaking any hedging transactions related to these transactions, at any time that the Board of Directors, or the person acting on behalf of the Board of Directors, deems appropriate;
   - holding and subsequently delivering shares by way of exchange or payment relating to external growth acquisitions, with the proviso that the number of shares acquired by the Company with a view to holding and subsequently using them in payment for or in exchange for a merger, split or contribution of assets cannot exceed 5% of the Company's share capital;
   - delivering shares upon the exercise of rights attached to securities providing access, either immediately or at some later date, to the Company's share capital, whether through reimbursement, conversion, exchange, presentation of a warrant, or any other means;
   - canceling some or all of the shares so purchased, subject to adoption of the seventh resolution below; or
   - allowing any other practice that may be permitted or recognized by law or by the French Financial Markets Authority (*Autorité des Marchés Financiers*), or for any other purpose consistent with in force regulations.

Shares may be purchased, sold, transferred or exchanged, directly or indirectly, at any time within the limits authorized by law and regulation, except at such times as Company shares may be the object of a tender offer, by any means, on or off any market, including through OTC transactions, trading in blocks of shares or public tender offers, or through the use of any financial instruments or derivatives, including option-based mechanisms such as purchases and sales of put and call options.

The price paid for purchases may not exceed €60 per share (excluding acquisition fees), if being specified that this maximum price will be adjusted as necessary to reflect capital transactions, in particular incorporation of reserves or free share allotments and/or share splits or reverse splits.

The maximum amount allowed for implementation of the share buy-back program is €500 million.

Implementation of this resolution may not at any time cause the number of treasury shares held by the Company, directly or indirectly, to exceed 10% of the total number of shares making up the capital stock at the date under consideration.

The shares purchased and held by the Company will be deprived of voting rights and will carry no entitlement to payment of a dividend.

Shareholders grant the Board of Directors all powers, with the right of sub-delegation as provided by law and the Company's articles of association, to decide whether and how to implement this authorization, and in particular to determine the terms of implementation, to place orders on or off any markets, to enter into any agreements, to allocate or re-allocate shares acquired for the various purposes allowed by law and regulation, to make any declarations to the French Financial Markets Authority (*Autorité des Marchés Financiers*) or any other body, to effect any formalities, and in general to take any action that may be useful or necessary for purposes of this resolution.

This authorization is valid for eighteen months from the date of this General Meeting of shareholders and, from this day, deprives previous authorizations for the same purpose of their effect to the extent not used.

RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING

Seventh Resolution (Authorization granted to the Board of Directors to reduce the capital stock by cancellation of shares)

Meeting in accordance with the conditions as to quorum and requisite majority for Extraordinary General Meetings, and being apprised of the Board of Directors' report and the auditor's special report, the shareholders authorize the Board of Directors, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code, to cancel, at its sole initiative and on one or more occasions, in such proportion and at such times as it deems appropriate, some or all of the Company shares purchased under share buyback programs authorized and deployed by the Company, and to reduce the capital stock of the Company by the total nominal amount of the shares thus cancelled, up to a limit of 10% of the share capital at the date of this General Meeting, in any period of twenty-four months.

The difference between the carrying amount of the cancelled shares and their nominal amount shall be allocated to reserves or premiums.

Shareholders grant the Board of Directors all powers, with the right of sub-delegation as provided by law and the Company's articles of association, to set the terms for cancellation of the shares, to effect and recognize such cancellations and the corresponding capital reductions, to allocate the difference between the price paid for the cancelled shares and their nominal value to any reserves or premiums, to make the necessary amendments to the Company's articles of association, to make all necessary declarations to the French Financial Markets Authority (*Autorité des Marchés Financiers*), to effect all other formalities and in general to do all that may be useful or necessary for purposes of this resolution.

This authorization is granted for a period of twenty-six months from the date of this General Meeting of Shareholders and, from this day, deprives previous authorizations for the same purpose of their effect to the extent not used.

Eighth Resolution (Authorization granted to the Board for the purpose of making one or more allotments of options for the purchase of or subscription to shares to the benefit of employees and/or corporate officers of the company and associated companies or certain of these employees or corporate officers, entailing the shareholders' waiver of their preferred subscription rights to shares issued pursuant to exercise of subscription options)

Meeting in accordance with the conditions as to quorum and requisite majority for Extraordinary General Meetings, and being apprised of the Board of Directors' report and the auditor's special report, the shareholders:

1. Authorize the Board of Directors to grant employees and/or corporate officers of the Company and associated companies, or certain of these employees or corporate officers, options carrying the right to subscribe to new shares or to purchase existing shares of the Company's stock as provided by Articles L. 225-177 to L. 225-186-1 of the French Commercial Code.
2. The options for subscription to or purchase of shares are to be granted subject to the following conditions:
   - the options must be exercised within 10 years from the date of grant by the Board of Directors, with the proviso that, if the options are granted to the corporate officers referred to in Article L. 225-185 paragraph 4 of the French Commercial Code, they may be exercised only as specified by Article L. 225-186-1 of the French Commercial Code,

     If the corporate officers remain in office beyond this period of ten years, the period will be extended to expire three months after they cease to hold office as regards the portion of the options for which the Board of Directors has determined, in accordance with the provisions of Article L. 225-185, paragraph 4 of the French Commercial Code, that they may not be exercised as long as the grantees remain in office,
   - the total number of options granted under this resolution may not carry entitlements to the subscription to or purchase of shares representing more than 1.5% of the share capital of the Company on the day the options are granted, with the proviso that this limit does not include any adjustments that may be made to protect the rights of option grantees as required by prevailing law and regulation. This limit applies to the total number of options granted under this resolution and to the free shares allocated under the ninth resolution,
   - the options allocated to the Chairman and Chief Executive Officer of the Company and to members of the Executive

Committee shall be contingent on achieving the performance conditions defined by the Board of Directors,

- allocation of options to all grantees shall be subject to a presence condition as determined by the Board of Directors,
- the total number of options granted to the Company's corporate officers may not exceed 10% of the total granted by the Board of Directors under this resolution,
- the subscription and purchase price per share of Company stock under each plan shall be set by the Board of Directors on the day of allocation and may not be lower than 100% of the average price for Legrand shares on the NYSE Euronext Paris market in the twenty trading days preceding the day on which options are granted. The price for purchase options must also comply with the provisions of Article L. 225-179 paragraph 2 of the Commercial Code.

The subscription price may not be changed unless, during the term of the option, the Company undertakes any of the financial transactions which, under prevailing regulations, trigger the requirement to take measures to protect the interests of grantees.

Shareholders expressly recognize and determine that this delegation entails the waiver, in favor of the option grantees, of shareholders' preferred rights to subscribe the new shares issued as options are exercised.

Shareholders confer on the Board of Directors all powers, with the right of sub-delegation as provided by law and the Company's articles of association, to determine other terms and conditions for the allocation and exercise of options, the list of grantees or categories of grantees, the number of shares each grantee may subscribe or purchase, and the periods and dates for the exercise of options and the sale of resulting shares, as well as to suspend, for the maximum period allowed by applicable law and regulation, the exercise of options in the event of corporate actions or financial transactions entailing the exercise of rights attached to shares.

The shareholders also resolve that the Board of Directors will have all necessary powers, with the right of sub-delegation as provided by law and the Company's articles of association, to recognize capital increases that result from subscription to shares upon exercise of subscription options, to amend the Company's articles of association as necessary, and, at its sole discretion and as it sees fit, to charge expenses relating to capital increases to the premiums on these transactions, and to draw from the same amounts the sums required for appropriation to the legal reserve, to effect all formalities useful for the issue, admission to trading and financial servicing of the shares issued under this resolution, and to make any necessary declarations to any entity, and in general to do all that may be useful or necessary for purposes of this resolution.

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

This authorization is granted for a period of thirty-eight months from the date of this General Meeting and can be used on one or more occasions. It deprives previous authorizations for the same purpose of their effect to the extent not used.

Ninth Resolution (Authorization to the Board of Directors to make one or more allocations of free shares to the benefit of employees and/or corporate officers of the company and associated companies or certain of these employees or corporate officers, entailing waiver by the shareholders of their preferred subscription rights to the shares issued as the result of grants of free shares)

Meeting in accordance with the conditions as to quorum and requisite majority for Extraordinary General Meetings, and being apprised of the Board of Directors' report and the auditor's special report, and in accordance with Articles L. 225-197-1 *et seq.* of the French Commercial Code, in particular Article L. 225-197-6, the shareholders:

1. Authorize the Board of Directors to make free allocations on one or more occasions, of existing Company shares or shares to be issued by the Company;
2. Resolve that the beneficiaries of such allocations must be employees and/or corporate officers of the Company or associated companies as defined under L. 225-197-2 of the French Commercial Code, or certain of these employees or corporate officers;
3. Resolve that the Board of Directors will determine the identity of the beneficiaries of the allotments, the conditions for allotments and, as the case may be, requirements for allocations of free shares;
4. Resolve that the total number of shares issued or to be issued and available for free allocations under this resolution may not exceed 1.5% of the share capital of the Company at the date of the decision to make the allotment, with the proviso that this limit does not include any adjustments that may be made to protect the interests of grantees as required by

prevailing law and regulation. This limit applies to the total number of options granted under the eighth resolution and to the free shares allocated under this resolution;

5. Observe that if allocations are granted to the corporate officers referred to in Article L. 225-197-1 II, paragraphs 1 and 2 of the French Commercial Code, they may be granted only as provided by Article L. 225-197-6 of the French Commercial Code;
6. Resolve that the number of free shares allotted to the Company's corporate officers may not exceed 10% of the total allotments made by the Board of Directors under this resolution;
7. Resolve that grantees will acquire unconditional ownership of shares at the close of a vesting period, to be set by the Board of Directors, of at least two years;
8. Resolve that the grantees are to be required to hold shares for a period, to be set by the Board of Directors, of at least two years after shares have vested if the vesting period is less than 4 years, with the proviso that the Board may reduce or waive the holding period depending upon the affected grantees;
9. Decide that, notwithstanding the above, should a grantee be the victim of a disability in the second or the third category referred to in Article L. 341-4 of the French Code *de la Sécurité Sociale*, the Board of Directors may provide that the shares vest before the expiration of the vesting period;
10. Resolve that, for all grantees, vesting of the shares granted under this resolution shall be determined by conditions of presence and performance set by the Board of Directors;
11. Authorize the Board of Directors to effect, as appropriate during the vesting period, adjustments to the number of free shares allotted to allow for changes in the Company's share capital and thereby preserve the rights of grantees;
12. Resolve further that the Board of Directors shall determine the duration of the vesting and required holding periods, shall determine the requirements and conditions for the holding of shares during the required period, and shall draw on the reserves, profits or premiums that the Company is free to dispose of for the purpose of paying up the shares to be issued in favor of the grantees;
13. Observe that in cases of free allotments of shares yet to be issued, this authorization will 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 and thus further entail the waiver in favor of the same grantees of shareholders' preferred rights to subscription and to the portion of the reserves, profit or premiums so incorporated, the capital increase taking full effect, without further process, on vesting of shares.

The shareholders confer on the Board of Directors all powers, with the right of sub-delegation as provided by law and the Company's articles of association, to determine other terms and conditions relating to the attribution of shares, to draw up the list of grantees or categories of grantees, to set the number of shares that may be allocated to each grantee, to determine the dates of attribution, and enter into such agreements as may be conducive to the satisfactory performance of the attributions.

The shareholders further resolve that the Board of Directors shall have all powers, with the right of sub-delegation as provided by law and the Company's articles of association, to recognize any and all capital increases resulting from the said attributions, to make the necessary amendments to the Company's articles of association, to effect all formalities regarding the issue, admission to trading and financial servicing of securities issued under this resolution, to make any necessary declarations before any and all entities, and in general to do everything that may be useful and necessary for purposes of this resolution.

This authorization is granted for a period of thirty-eight months from the date of this General Meeting, and may be used on one or more occasions. It deprives previous authorizations for this purpose of their effect, to the extent not used.

Tenth Resolution (Delegation to the Board of Directors for the purpose 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 employee share-ownership programs of the Company or Group)

Meeting in accordance with the conditions as to quorum and requisite majority for Extraordinary General Meetings and being apprised of the Board of Directors' report and the auditor's special report, shareholders, in accordance with the provisions of Articles L. 3332-1 *et seq.* of the French Labor Code (*Code du Travail*) and of Articles L. 225-129-2 to L. 225-129-6, L. 225-138-I, L. 225-138-1, L. 228-91 and L. 228-92 of the French Commercial Code:

1. Delegate to the Board of Directors, with the right of sub-delegation as provided by law and the Company's articles of association, the power to issue shares and/or securities giving access to the Company's share capital, on one or more occasions and in such amounts and at such times as it will determine, with waiver of shareholders' preferred subscription rights in favor of employees and former employees, directly or through a company investment fund or any other structures or entities allowed under prevailing law and regulation, 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 Commercial Code, insofar as these employees and former employees participate in an employee share-ownership program of the Company or of the Group (or in any other plan whose participants are allowed

by Articles L.3332-1 *et seq.* of the French Labor Code or any analogous law or regulation to restrict a capital increase under equivalent conditions);

2. Authorize the Board of Directors, in connection with such capital increase or increases, to allot shares or other securities giving access to the share capital without consideration, in particular in lieu of the discount provided for in point 4 below and/or of any supplement granted to employees, subject to the limits provided for in Article L. 3332-21 of the French Labor Code;
3. Resolve that the total nominal amount of the capital increases effected under this delegation may not exceed €25 million, with the proviso that this limit does not include adjustments that may be made in accordance with applicable law and regulation, and if necessary with contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give rights to shares of the Company; with the proviso that this amount will be included in the overall limit set in the twentieth resolution adopted by the Combined Ordinary and Extraordinary General Meeting of Shareholders held on May 25, 2012;
4. Resolve that the issue price of the new shares will 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, with the proviso that the Board of Directors may reduce this discount if it deems it appropriate, in particular to comply with applicable national laws;
5. Waive, in favor of the aforementioned grantees, shareholders' preferred subscription rights in respect of the securities which may be issued under this authorization, and waive all shareholder claims on such free shares or securities as may be allotted under this resolution;
6. Resolve further that, if the grantees have not subscribed for the entire capital increase by the specified deadline, the increase will be effected only in the amount corresponding to the shares subscribed for, and unsubscribed shares may be re-offered to the affected grantees as part of a subsequent capital increase;
7. Confer on the Board of Directors all powers, with the right of sub-delegation as provided by law and the Company's articles of association, that may in particular be necessary to:
   - determine which participants or entities may benefit from the offer to subscribe,
   - decide whether subscriptions may be made through an investment fund or directly, in accordance with prevailing law and regulation and any other requirements,
   - grant employees time to pay for their shares,
   - determine terms and conditions for participation in the company employee share-ownership program (*Plan d'Épargne Entreprise*) and establish or amend the regulations of such programs,
   - set the opening and closing dates for subscription, the terms and deadline for payment of subscribed shares and the issue price of the securities,
   - define all features of the securities providing access to the Company's share capital,
   - decide on the number of new shares or other securities to be issued,
   - decide upon and take, following the issue of the shares and/or securities giving access to these shares, any action that may be necessary to protect the rights of holders of securities that giving access to the Company's share capital in accordance with applicable law and regulation, and if necessary with applicable contractual stipulations; and if necessary to suspend the exercise of rights attached to these securities in accordance with applicable law and regulation,
   - recognize resulting capital increases,
   - make the necessary amendments to Company's articles of association,
   - make all appropriate charges to available reserves, in particular charges for the amounts required to bring the legal reserve to one-tenth of share capital after each issue and for issue expense,
   - and, in general, do everything that may be useful and necessary under applicable law and regulation, and in particular to take any action necessary to arrange for admission to trading of the newly created shares.

The delegation conferred on the Board of Directors under this resolution is valid for a period of twenty-six months from the date of this General Meeting and, as of today, supersedes any unused portion of the delegation granted in the eighteenth resolution adopted by the Combined Ordinary and Extraordinary General Meeting of May 25, 2012.

Eleventh Resolution (Powers to effect formalities)

Shareholders confer on holders of a copy or official extract of the minutes of this General Meeting all powers necessary to effect all legally required filings, formalities and publications.

Conception & réalisation Labrador +33 (0)1 53 06 30 80

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www.legrand.com

Registered at
128, avenue de Lattre de Tassigny
87045 Limoges Cedex
France
Tél.: + 33 (0)5 55 06 87 87
Fax.: + 33 (0)5 55 06 88 88
www.legrand.com