

APPENDIX 4

Board of Directors Report

Presentation of the agenda for the combined Ordinary and Extraordinary General Meeting of May 27, 2014

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 27, 2014. 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, 2013. 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, 2013. 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 27, 2014.

The Board of Directors has resolved to call a Combined Ordinary and Extraordinary General Meeting of Shareholders on May 27, 2014 to consider the following agenda:

I - RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

Approval of the financial statements for financial year 2013 (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, 2013 and on the transactions reflected in the financial statements or summarized in these reports.

At December 31, 2013:

- the Company's financial statements show a net profit of €211,074,038.98;
- the Company's consolidated financial statements show a net profit of €530.5 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, 2013 amounts to €211,074,038.98;
- €10,553,701.95 of this net profit would be appropriated to the legal reserve;
- with the result that, factoring in retained earnings from previous years amounting to €122,729,067.96, the amount available for distribution in respect of the financial year ended December 31, 2013 would be €323,249,404.99.

Your Board has therefore proposed that you distribute a dividend amounting to €1.05 per share, for a total of €278,690,989.50, based on the number of shares making up the capital stock at December 31, 2013, minus the treasury shares held by the Company at that date.

The remaining distributable income in the amount of €44,558,415.49 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, 2014, and the dividend would be paid to shareholders on June 3, 2014.

Renewal of the Directors' mandates of Mr. Olivier Bazil, Mr. François Grappotte, Mr. Dongsheng Li and Mr. Gilles Schnepf (resolutions 4 to 7)

At December 31, 2013, the membership of your Board of Directors is balanced. The Company's Directors come from a diversity of backgrounds, and their skills are both varied and complementary: some Directors possess strategic skills, while others have financial or more specific skills in, for instance, financial communications, talent management or marketing. Moreover, having current and former members of Legrand's General Management on the Board ensures that it enjoys a good level of knowledge of the Group and how it works.

The Directors' mandates of Mr. Olivier Bazil, Mr. François Grappotte, Mr. Dongsheng Li and Mr. Gilles Schnepf are expiring at the end of today's General Meeting.

The fourth, fifth, sixth and seventh resolutions ask you, in line with the recommendation of the Nominating and Compensation Committee, to renew their mandates for a period of four years, ending at the date of the General Meeting of shareholders called in 2018 to consider the financial statements for the financial year ending December 31, 2017.

Mr. Olivier Bazil, Mr. François Grappotte and Mr. Gilles Schnepf have all been Directors of the Company since 2002 and all have at least 25 years of professional experience with the Legrand Group. They have also all held directorships or positions on the supervisory board of CAC 40 component stock companies other than Legrand. They thus provide the Board with their experience and their knowledge of the Group and its business. Mr. Olivier Bazil is also a member of the Strategy and Social Responsibility Committee and of the Nominating and Compensation Committee. Mr. François Grappotte is Honorary Chairman of the Board of the Directors. Mr. Gilles Schnepf has been Chairman and Chief Executive Officer of Legrand since 2006 and is a member of the Strategy and Social Responsibility Committee.

The presence of Mr. Dongsheng Li on the Board of Directors since 2012 has enabled the Group to benefit from the experience of one of China's most widely acknowledged senior executives. He provides the Board with the fruits of his practical experience at the head of an industrial company, and with his vision of the economy and markets in emerging countries, while enabling the Board to open out to other cultures. At its meeting on March 5, 2014, the Board of Directors, upon a recommendation from the Nominating and Compensation Committee, restated its assessment that Mr. Dongsheng Li could be considered an independent Director. As stated previously, two of the Company's Chinese subsidiaries are parties to a trademark licensing agreement with TCL, resulting from Legrand's acquisition of two TCL group companies in 2005 and 2008. In view of the insignificant financial stakes involved (in 2013, trademark royalties represented 0.05% of Legrand Group sales and 0.03% of TCL sales) and with regard to market practice analyzed by a consulting firm, the Board of Directors considered that Mr. Dongsheng Li could be qualified as an independent

Director under the independence criteria defined in the Afep-Medef Code of Corporate Governance.

A summary biography of Mr. Olivier Bazil, Mr. François Grappotte, Mr. Dongsheng Li and Mr. Gilles Schnepf is given below.

Olivier Bazil

Olivier Bazil, 67, is a graduate of the *École des Hautes Études Commerciales* (HEC) and holder of an MBA (Master of Business Administration) from Harvard Business School.

Olivier Bazil joined Legrand in 1973 as Deputy Company Secretary, in charge of financial communication and development of the Group's growth strategy. He became Chief Financial Officer of Legrand France in 1979, Deputy Chief Operating Officer in 1993, then held the position of Vice-Chairman and Chief Operating Officer from 2000 until the General Meeting on May 26, 2011.

Olivier Bazil also holds the following positions: member of the Supervisory Boards of Michelin*, Vallourec* and *la Société Civile du Château Palmer*, Chairman of Fritz SAS, and Director of Firmenich International SA.

François Grappotte

François Grappotte, 77, is a graduate of the Paris Institute for Political Studies and of the *École Nationale d'Administration* (ENA); he also holds degrees in law, political economy, and economics and finance from Paris University.

François Grappotte began his career at the Industry Ministry and at the Treasury Department of the Economics and Finance Ministry, before joining Banque Rothschild in 1970, where he successively held positions as Junior Director, Deputy Director and Director. In 1973, he moved to Compagnie Électro Mécanique as Company Secretary, before being appointed Chief Executive Officer and later Vice-Chairman and Chief Executive Officer. François Grappotte joined Legrand in 1983 as Chief Executive Officer, and was appointed Chairman and Chief Executive Officer in 1988, a position he held until 2006.

François Grappotte has also held positions as member of the Supervisory Board of Michelin*, Director of BNP Paribas*, and member of the Consultative Board of the *Banque de France*.

Dongsheng Li

Dongsheng Li, 57, is the founder, Chairman and Chief Executive Officer of TCL Corporation.

In 1982, Dongsheng Li graduated from the Department of radio-technology of South China University.

As a "Model Worker of the Nation" and holder of the "1st of May National Work Medal", Dongsheng Li was an elected delegate of the 16th Party Congress in China, as well as a delegate at the 10th, 11th and 12th editions of the National People's Congress.

Dongsheng Li holds several prestigious positions, including: Chairman of China Electronic Imaging Industry Association, Vice Chairman of China Chamber of International Commerce,

Executive Committee member of All-China Federation of Industry & Commerce, and Vice Chairman of Guangdong Federation of Industry & Commerce.

In China, Dongsheng Li was named "Man of the Year in the Chinese Economy" in both 2002 and 2004. In 2009, he was awarded "Business Leader of the Decade" by the CCTV Chinese Economy Channel. Internationally, Dongsheng Li was named "Asian 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. That same year, Mr. Li received the medal of *Officier de la Légion d'Honneur* from France's President, Jacques Chirac. In 2013, Dongsheng Li was shortlisted among the "outstanding Chief Executive Officers of listed Chinese companies" by Forbes magazine.

Dongsheng Li is also Chairman of Hong Kong listed companies TCL Multimedia Technology Holdings Limited* and TCL Communication Technology Holdings Limited*, as well as being an independent Director of Tencent*.

Gilles Schnepf

Gilles Schnepf, 55, is a graduate of the *École des Hautes Études Commerciales* (HEC).

Gilles Schnepf's career began at Merrill Lynch France where he became Vice-President. He then joined Legrand in 1989 as Deputy Chief Financial Officer, becoming Legrand France Company Secretary in 1993, Chief Financial Officer in 1996, and Deputy Chief Operating Officer in 2000.

Gilles Schnepf has been a Director of the Company since 2002, and Chairman of the Board of Directors and Chief Executive Officer since 2006.

Subject to adoption of the seventh resolution, your Board of Directors is considering renewing Mr. Gilles Schnepf's terms of office as Chairman of the Board, Chief Executive Officer and member of the Strategy and Social Responsibility Committee from the General Meeting on May 27, 2014.

The combination of duties of Chairman of the Board and Chief Executive Officer, both assumed by Mr. Gilles Schnepf, was chosen in the context of the Company's initial public offering and has proved efficient ever since. The combination of duties corresponds both to Company tradition and to the reality of Legrand's operating model.

The combination of duties of Chairman of the Board and Chief Executive Officer takes effect in a context of respect for the respective prerogatives of the various governance bodies, and

a certain number of safeguards have been established within the Company to guarantee the proper operation of the Board of Directors and its specialized Committees, to ensure a balance of powers within the Company and, generally, to prevent or resolve any situations of conflict of interest.

In this respect, the establishment of the following safeguards may be noted:

- **Mandatory appointment of a Lead Director if the positions of Chairman and of Chief Executive Officer are held by the same person.** In this respect, your Board of Directors appointed Ms. Angeles Garcia-Poveda to the position of Lead Director. The Lead Director's chief responsibility is to ensure the proper operation of the Company's governance bodies. In this respect, she is tasked with (i) preventing and/or handling conflicts of interest, (ii) supervising the periodic assessment of the Board's operations, (iii) chairing and moderating an annual meeting of non-executive Directors without executive or internal Directors being present and (iv) reporting to the Chairman of the Board of Directors on the conclusions of the annual meeting of non-executive Directors. In the exercise of her duties, the Lead Director may submit a proposal, as appropriate, to the Chairman of the Board of Directors to the effect of including additional points on the agenda of Board meetings; request the Chairman of the Board of Directors to call an extraordinary meeting of the Board on a specific agenda; chair meetings of the Board of Directors in the event of the Chairman being unable to attend. The Lead Director ensures that Directors have the possibility of meeting and hearing senior management and statutory auditors and receive the information needed to discharge their duties in the best possible conditions. The Lead Director reports to your Board;
- **Setting-up of an annual meeting among non-executive Directors**, chaired by the Lead Director;
- **Existence of a strong proportion of independent Directors on your Board (70%)** and its specialized Committees (the share of independent Directors is 100% on the Audit Committee, two-thirds on the Nominating and Compensation Committee, and 50% on the Strategy and Social Responsibility Committee);
- **Chairmanship of the specialized Committees entrusted to independent Directors:** the Audit Committee is chaired by Mr. Gérard Lamarche (independent Director), the Nominating and Compensation Committee is chaired by Ms. Angeles Garcia-Poveda (independent Director), and the Strategy and Social Responsibility Committee is chaired by Ms. Christel Bories (independent Director).

For information purposes, should you decide to vote in favour of the renewals put before you, the terms of each of the Company's ten Directors' mandates would run as follows:

Directors	2015	2016	2017	2018
Mr. Gilles Schnepf				X
Mr. François Grappotte				X
Mr. Olivier Bazil				X
Ms. Christel Bories		X		
Ms. Angeles Garcia-Poveda		X		
Mr. Gérard Lamarche		X		
Mr. Thierry de La Tour d'Artaise		X		
Mr. Dongsheng Li				X
Ms. Annalisa Loustau Elia			X	
Ms. Éliane Rouyer-Chevalier	X			
Number of renewals per year	1	4	1	4

Opinion on compensation components due or allocated to Mr. Gilles Schnepf, Chairman and Chief Executive Officer, in respect of the 2013 financial year (8th resolution)

In line with the recommendations of the Afep-Medef Code of Corporate Governance, to which the Company makes reference pursuant to Article L. 225-37 of the French Commercial Code (*Code de commerce*), the compensation components due or allocated to the Executive Director at the end of the closed financial year are submitted to your opinion.

Consequently, the eighth resolution asks that you issue a favourable opinion on the compensation components due or allocated to Mr. Gilles Schnepf, Chairman and Chief Executive Officer, in respect of financial year 2013.

Compensation components due or allocated to Mr. Gilles Schnepf, Chairman and Chief Executive Officer, in respect of the 2013 financial year, submitted for shareholders' opinion

Compensation components due or attributed for the year just ended	Amounts or accounting valuation submitted for vote	Details
Fixed compensation	€625,000	Gross fixed annual compensation approved by the Board of Directors on March 3, 2011, and unchanged since that date
Annual Bonus	€710,000	<p>The Board of Directors decided that the variable compensation paid to Mr. Gilles Schnepf in respect of the 2013 financial year could vary between 0% and 150% of fixed annual compensation (the target value is set at 100% of fixed annual compensation) and would be determined as follows:</p> <ul style="list-style-type: none"> ■ from 0% to 112.5% (with a target value set at 75%) depending on a quantitative portion calculated on the basis of criteria linked to (i) achievement of a certain level of "economic result," i.e. adjusted operating income less the cost of capital used, (ii) organic growth in revenue, (iii) revenue growth by consolidation scope impact, and (iv) achievement of the priorities set out in the 2011-2013 sustainable development road map; and ■ from 0% to 37.5% (with a target value set at 25%) depending on a qualitative portion calculated on the basis of criteria linked to (i) revenue growth (increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion into the new economies), (ii) the external growth policy (adherence to set priorities, emphasis on multiples, consolidation/expansion of acquisitions already made), and (iii) other general criteria, particularly risk management, labor issues, and succession plans <p>Based on the work and proposals of the Nominating and Compensation Committee, the Board, at its meeting on March 5, 2014, set:</p> <ul style="list-style-type: none"> ■ the amount of the variable portion due in respect of meeting quantitative targets at 78.6% of annual fixed compensation, and ■ the amount of the variable portion due in respect of meeting qualitative targets at 35% of annual fixed compensation <p>Details of the rate of achieving the quantitative and qualitative criteria are presented on page 172 of the Company's Registration Document</p> <p>The amount in annual variable compensation due for 2013 therefore corresponds to an achievement rate of 75.7% of the maximum of the annual objectives, i.e., 113.6% of the target</p>
Deferred variable compensation	Not applicable	There are no plans to allocate any deferred variable compensation
Long term incentive	No amount is due in respect of the 2013 financial year (IFRS value: €605,221)	On the recommendation of the Nominating and Compensation Committee, the Board of Directors, at its meeting of March 6, 2013 decided to implement Future Performance Unit plan to which Mr. Gilles Schnepf is entitled. This plan is described in Sections 7.2.1.1 and 7.2.2.1, pages 165 <i>et seq.</i> and pages 172-173 of the Company's Registration Document
Exceptional bonus	Not applicable	There are no plans to allocate any exceptional compensation
Stock options, performance shares or any other long-term compensation component	Stock options: Not applicable	There was no grant during the closed financial year
	Performance shares: Not applicable	There was no grant during the closed financial year
	Other long-term compensation component: Not applicable	There was no grant during the closed financial year
Attendance fees	Not applicable	Mr. Gilles Schnepf does not receive attendance fees (he waives his right to receive attendance fees from 2011)
Valuation of all types of benefit	€4,308	Mr. Gilles Schnepf has a company car and cell phone

Compensation components having been submitted to the shareholders' approval in accordance with the procedure relating to regulated agreements and commitments

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	Amounts	Details
Severance payment	Not applicable	There is no commitment in this regard
Non-compete compensation	No amount is due in respect of the 2013 financial year	<p>A non-compete agreement was entered into between the Company and Mr. Gilles Schnepf for a period of two years. This agreement can only be implemented once Mr. Gilles Schnepf has left the Company and then at the sole initiative of the Company. If implemented, compliance with the agreement by Mr. Gilles Schnepf would occasion the payment by the Company of a monthly indemnity equal to 50% of the monthly average of the reference salary received over the last 12 months with the Group. The reference salary is composed of the salary plus the annual bonus; it being specified that it does not include any sums paid in respect of long term incentive</p> <p>In accordance with the procedure relating to regulated agreements and commitments, this agreement was authorized by the Board of Directors on March 4, 2009 and approved by the Combined Shareholders' General Meeting of May 26, 2009 (Resolution No. 4)</p>
Supplementary pension plan	No amount is due in respect of the 2013 financial year	<p>The Nominating and Compensation Committee, in agreement with the Chairman and Chief Executive Officer, has decided to conduct a review of the supplementary pension entitlement in which the Chairman and Chief Executive Officer and the members of the Group Executive Committee (who are subject to the French pension system for salaried workers) participate, with the aim of taking into account the recent changes in market practices</p> <p>The Chairman and Chief Executive Officer has committed in advance to accepting the new provisions of the plan that the Committee will recommend; these provisions may not under any circumstances result in an increase in his potential rights</p> <p>Proposals for the new terms of the plan will be submitted to the Board of Directors and presented to the staff representative bodies, and all changes will be submitted to a vote of the General Meeting of Shareholders convened to approve the financial statements for the year ended December 31, 2014, in accordance with the procedure relating to regulated agreements and commitments and, more generally, the procedure known as "Say on pay"</p>

Summary table of criteria for determining the Executive Director's 2013 annual bonus

Mr. Gilles Schnepf's annual bonus in respect of financial year 2013 was determined by application of the criteria given hereafter:

				Min	Target	Max	Actual
Quantitative 75% of variable total	Economic result	Adjusted operating profit less the cost of capital employed	% of fixed compensation	0%	50%	75%	53.9%
			Economic result in M€		714		725
	Organic growth	Organic revenue growth as a %	% of fixed compensation	0%	10%	15%	11.3%
			2013 target		0%		0.5%
	Acquisitions	2013 revenue growth by scope of consolidation	% of fixed compensation	0%	5%	7.5%	2.4%
% of scope of consolidation on 2013 revenue growth				5%		2.4%	
Corporate Social Responsibility (CSR)	Achievement of 2011-2013 Sustainable Development road map priorities	% of fixed compensation	0%	10%	15%	11%	
		Number of achieved priorities		23		24	
Quantitative total				0%	75%	112.5%	78.6%
Qualitative 25% of variable total	Revenue growth	Increased market share, new products, sales policies, access to new markets, partnerships (including outside France), expansion into the new economies		0%	10%	15%	15%
	Acquisition strategy	Compliance with set priorities, emphasis on multiples, consolidation/development of acquisitions already made		0%	10%	15%	14%
	General criteria	Risk management, labor issues, succession plans		0%	5%	7.5%	6%
	Qualitative total				0%	25%	37.5%
VARIABLE TOTAL AS A % OF FIXED COMPENSATION				0%	100%	150%	113.6%

For more information about Company policy on compensation and benefits for Executive Directors, please refer to paragraph 7.2 of the Company's Registration Document.

Determination of attendance fees paid to members of the Board of Directors (9th resolution)

The General Meeting on May 26, 2011 set the overall amount of attendance fees to be allocated to the Board of Directors, at €600,000. The ninth resolution asks you to raise this amount to €800,000 from financial year 2014.

This increase in the amount set three years ago would have several benefits:

- **bringing the Company closer to existing market practice:** today, a large majority of CAC 40 component stock companies

allocate amounts greater than €600,000, and fewer than ten such companies allocate an amount that is similar or lower;

- **better rewarding Directors for their work and their commitment:** in the course of 2013, (i) your Board of Directors met six times, the Audit Committee five times, the Nominating and Compensation Committee three times, and the Strategy and Social Responsibility Committee three times, with the duration of meetings being extended; (ii) an annual meeting among non-executive directors was set up, and (iii) new assignments were entrusted to certain Directors through, in particular, the appointment of a Lead Director in November 2013 and the extension, in March 2014, of the scope of the Strategy and Social Responsibility Committee to include Corporate Social Responsibility issues;

- leaving you the **possibility of appointing additional Directors** with a profile favourable to greater diversity and a more international dimension on the Board of Directors.

It should be noted that the proposed amount is a maximum annual sum which is not necessarily used up in full, given that actually paid attendance fees depend on the composition of your Board of Directors and its Committees and on the Directors' attendance.

The Chairman and Chief Executive Officer does not receive any attendance fees; the proposed amount of attendance fees would therefore be distributed among the remaining Directors.

If approved, this decision would be maintained and this maximum amount allocated to the Board of Directors for each of the following years, until decided otherwise by a General Meeting.

Renewal of share buyback program (10th resolution)

In this resolution you are asked to 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 24, 2013.

The share buyback program is limited to 10% of the Company's share capital at the date of the General Meeting called for May 27, 2014, minus the number of shares resold under a liquidity contract during the term of the authorization.

In any event, 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 on 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 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) undertake hedging transactions relating to these transactions;
- to hold and subsequently deliver shares by way of exchange or payment in connection with external growth operations;
- to grant shares upon the exercise of rights attached to securities providing access, either immediately or at some later date, to the Company's share capital;
- to cancel some or all of the shares so repurchased, provided that the resolution authorizing cancellation of shares repurchased under buyback programs is adopted; or
- to allow any other practice permitted or recognized by law or by the French Financial Markets Authority (*Autorité des marchés financiers*), or for any other purpose consistent with prevailing regulations.

We propose that you set the maximum purchase price per share at €60 (excluding acquisition fees and adjustment 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 27, 2014. 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, 2013, the Company held 170,527 shares with a par value of €4, for a total of €682,108, representing 0.06% of the Company's capital (of which 63,027 shares excluding liquidity contracts, purchased at a total cost of €1,572,484, 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, 2013, the balance of the liquidity contract, entered into with Kepler Cheuvreux on May 29, 2007 and subsequently amended, stood at 107,500 shares.

II - RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING

Renewal of authorization to cancel shares repurchased under the share buyback programs (11th 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 27, 2014.

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.

Renewal of financial authorizations (resolutions 12 to 19)

Resolutions 12 to 19 cover the delegations of financial powers granted to your Board of Directors. The purpose of these resolutions is to renew certain authorizations established and approved by the General Meeting of May 25, 2012, which are now expiring, and to enable the Board of Directors to manage the Company's finances, in particular by authorizing it to issue securities under certain circumstances and under certain

conditions, depending on market opportunities and the Group's funding requirements.

Each resolution presented to you corresponds to a specific purpose for which your Board of Directors would be authorized to issue securities, with or without preferred subscription rights, depending on each case.

By voting these resolutions, you would give your Board of Directors a certain degree of flexibility by removing the requirement to call a General Meeting for each proposed issue of securities complying with the maximum limits strictly defined for each authorization and summarized in the table below (beyond said maximum limits, your Board of Directors would again need to request your authorization). As a result, the Board of Directors would adapt the type of securities and the investor profile more rapidly in response to market opportunities. This would allow the Company to obtain the right funding as quickly as possible, for both its own needs and market requirements.

It is specified that the resolutions presented to you have the same features than the resolutions approved by the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, with the exception of the maximum limits applicable to resolutions 12, 13, 14, 18 and 19, which were revised downward to comply with the best practices as well as with the shareholders' recommendations.

Note that any capital increase in cash would theoretically involve offering you preferred subscription rights to the new shares entitling you to subscribe, for a defined period, a certain number of shares in proportion to your existing shareholdings. This preferred subscription right may be detached from the shares and can be traded throughout the subscription period.

Please note that approval of some of these resolutions would result in capital increases without preferred subscription rights, for the following reasons:

- depending on market conditions, it may be necessary to eliminate your preferred subscription rights in order to issue securities as successfully as possible. This may be the case, for example, if the success of the issue depends on the Company's ability to act quickly, if the Company is selling securities to investors outside France or responding to an exchange offer. In some instances, eliminating your preferred subscription rights might allow the Company to raise the capital it requires for investments more quickly, by offering the newly issued securities on more favourable terms (for example, by gaining faster access to qualified investors as defined by applicable regulations);

- in addition, your vote in favour of certain resolutions constitutes an express waiver of your preferred subscription right, without further process, in favour of the beneficiaries of the issues or allotments concerned, for example in the event of a capital increase restricted to participants in a share ownership savings plan.

Under these conditions, we therefore propose that you grant your Board of Directors the following powers, it being specified that, if it should make use of them, your Board of Directors would, as required by applicable regulations, draw up an additional report describing the final conditions of the issue decided upon. This report, together with statutory auditors' reports, would then be made available to you at head office and subsequently presented to you at the next General Meeting.

Delegation for the purpose of issuing ordinary shares or securities providing access to Company's ordinary shares or entitlement to debt securities, with preferred subscription rights maintained (12th resolution)

Using this authorization could enable your Board of Directors to strengthen the Company's equity and financial structure and/or to contribute to financing a capital expenditure program.

Shareholders exercising their preferred subscription rights would experience no dilution, while those not exercising their preferred subscription rights could opt to trade them.

The authorization you are being asked to grant is characterized as follows:

■ **Preferred subscription rights maintained**

■ **Applicable limits:**

- €200 million for equity securities, *i.e.* currently around 19% of share capital;
- €2 billion for debt securities;
- The authorization would also be counted towards the overall limits provided for in the nineteenth resolution of (i) €200 million for equity securities and (ii) €2 billion for debt securities.

■ **Duration of authorization:** 26 months.

This delegation replaces, to the extent not already used and from the date of the General Meeting, the delegation provided for in the twelfth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, it being specified that the latter authorization was not used.

Delegation for the purpose of issuing, by public offering, ordinary shares or securities providing access to ordinary shares or entitlement to debt securities, with preferred subscription rights waived (13th resolution)

If accepted, this delegation would enable the Company to access additional sources of funding by calling upon investors who are not yet Company shareholders; such a diversification in sources of funding could prove useful to the Company.

The authorization you are being asked to grant is characterized as follows:

- **Preferred subscription rights waived**
- **Applicable limits:** the limits hereafter comply with the recommendations of the majority of proxy advisors, and may not give rise to capital increases greater than 10% of the amount of the Company's capital at the date of the General Meeting:
 - €100 million for equity securities. The nominal amount of capital increases effected under this delegation would also be counted towards the nominal limit set in the fourteenth resolution and towards the €200 million overall limit set in the nineteenth resolution;
 - €1 billion for debt securities. The nominal amount of debt securities issued under this delegation would also be counted towards the nominal limit set in the fourteenth resolution and towards the €2 billion overall limit set in the nineteenth resolution.
- **Price:**
 - For ordinary shares: the issue price of ordinary shares would be at least equal to the minimum provided for by the laws and regulations applicable on the day of issue (for purposes of illustration, this minimum is currently the weighted average market price of Company shares over the three trading days preceding the date the price is set, less a discount of 5%, where necessary after adjustment of the average to allow for differences in the dates from which shares carry entitlements);
 - For securities: the issue price of securities providing access to the Company's share capital and the number of ordinary shares to which the conversion, redemption or other transformation of each such security providing access to the Company's share capital may give rise will be such that the amount immediately received by the Company, together with any amount it may later receive, is, for each share issued as a consequence of the issue of these securities, at least equal to the minimum issue price as provided for in the previous section.
- **Priority entitlement:** your Board of Directors could decide to grant you a priority subscription entitlement on part or all of the issue; contrary to the preferred subscription right, this priority subscription entitlement may not be traded.
- **Duration of authorization:** 26 months.

This delegation replaces, to the extent not already used and from the date of the General Meeting, the delegation provided for in the thirteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, it being specified that the latter authorization was not used.

Delegation for the purpose of issuing, by private placement, ordinary shares or securities providing access to ordinary shares or entitlement to debt securities, with preferred subscription rights waived (14th resolution)

If accepted, this delegation would enable the Company to benefit from a faster funding method than a capital increase by public offering, and would open up simpler access to qualified investors.

The authorization you are being asked to grant is characterized as follows:

- **Preferred subscription rights waived**
- **Applicable limits:** the limits hereafter comply with the recommendations of the majority of proxy advisors, and may not give rise to capital increases greater than 10% of the amount of the Company's capital at the date of the General Meeting:
 - €100 million for equity securities. The nominal amount of capital increases effected under this delegation would also be counted towards the nominal limit set in the thirteenth resolution and towards the overall limit of €200 million set in the nineteenth resolution;
 - €1 billion for debt securities. The nominal amount of debt securities issued under this delegation would also be counted towards the nominal limit set in the thirteenth resolution and towards the overall limit of €2 billion set in the nineteenth resolution;
 - In any event, as provided for by applicable regulations, the total amount of capital increases which may be effected pursuant to this delegation could not annually exceed 20% of the Company's capital stock on the date of issue (this legal limit being calculated at the time of drafting this report and given for information purposes only).
- **Price:**
 - For shares: the issue price of shares would be at least equal to the minimum provided for by the laws and regulations applicable on the day of issue (for purposes of illustration, this minimum is currently the weighted average market price of Company shares over the three trading days preceding the date the price is set, less a discount of 5%, where necessary after adjustment of the average to allow for differences in the dates from which shares carry entitlements);
 - For securities: the issue price of securities providing access to the Company's share capital and the number of shares to which the conversion, redemption or other transformation of each such security providing access to the Company's share capital may give rise will be such that the amount immediately received by the Company, together with any amount it may later receive, is, for each share issued as a consequence of the issue of these securities, at least equal to the minimum issue price as provided for in the previous section.
- **Duration of authorization:** 26 months.

This delegation replaces, to the extent not already used and from the date of the General Meeting, the delegation provided for in the fourteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, it being specified that the latter authorization was not used.

Delegation for the purpose of increasing the amount of issues made with preferred subscription rights maintained or waived in the event of excess demand (15th resolution)

By enabling an increase in the amount initially envisaged for the operation, this scheme would help to avoid reducing subscriptions in the event of strong demand.

The authorization you are being asked to grant is characterized as follows:

- **Limit:** determined by applicable regulations (currently 15% of first issue).
- **Deadline:** determined by applicable regulations (currently within 30 days of closure of subscription).
- **Applicable limits:** the applicable limits are those set by the resolution pursuant to which the first issue was made.
- **Price:** same as that chosen for the first issue.
- **Preferred subscription rights:** waived or maintained according to the issue affected by over-allotment.
- **Duration of authorization:** 26 months.

This delegation replaces, to the extent not already used and from the date of the General Meeting, the delegation provided for in the fifteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, which presented the same features, it being specified that the latter authorization was not used.

Delegation for the purpose of increasing share capital through incorporation of reserves, profit, premiums or other items which may be capitalized under applicable regulations (16th resolution)

Such an operation would not affect shareholder rights as, under these conditions, the increase in Company share capital would be implemented not through additional funding but simply by direct transfer to the 'equity' account. Such an operation would involve either the issue of new shares allotted free of charge to all shareholders on the day of the decision to incorporate, or an increase in the par value of existing shares.

The authorization you are being asked to grant is characterized as follows:

- **Applicable limit:** €100 million. This limit would be independent of any other limit relative to the issue of shares or other securities which might be authorized or delegated by the General Meeting on May 27, 2014.
- **Means used:**
 - Allocation of free shares;
 - Increase in the par value of existing shares; or
 - Any combination of these two.
- **Duration of authorization:** 26 months.

This delegation replaces, to the extent not already used and from the date of the General Meeting, the delegation provided for in the seventeenth resolution adopted at the Combined Ordinary and

Extraordinary General Meeting of May 25, 2012, which presented the same features, it being specified that the latter authorization was not used.

Delegation to the Board of Directors for the purpose of issuing shares or securities giving access to the Company's share capital in favour of participants in employee share-ownership programs of the Company or Group, with preferred subscription rights waived (17th resolution)

If approved, the previous resolutions would grant the Board of Directors delegations which would entail the correlative legal obligation to present you with a draft resolution enabling a capital increase specifically in favour of employees. Therefore, although the tenth resolution adopted by the General Meeting on May 24, 2013 remains valid, it becomes necessary to submit the present resolution.

You are therefore asked to delegate to your Board of Directors the power to issue shares and/or securities giving access to the Company's share capital, with waiver of shareholders' preferred subscription rights, in favour 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 Labour 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 Labour Code or any analogous law or regulation to restrict a capital increase under equivalent conditions).

The authorization you are being asked to grant is characterized as follows:

- **Preferred subscription rights waived** to the benefit of participants in Company employee share-ownership programs.
 - **Applicable limits:**
 - €25 million;
 - The authorization would be counted towards the €100 million nominal limit set in the thirteenth and fourteenth resolutions and the €200 million overall limit set in the nineteenth resolution.
 - **Price:** the issue 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, it being understood that the Board of Directors might reduce this discount if it deemed it appropriate.
- In the scope of this delegation, the Board of Directors would be able to allocate free shares or other securities giving access to the Company's share capital, in substitution for any discount and/or Company contribution, within the limits provided for in Article L. 3332-21 of the French Labour Code.
- **Duration of authorization:** 26 months.

This delegation replaces, to the extent not already used and from the date of the General Meeting, the delegation provided for in the tenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 24, 2013, it being specified that the latter authorization was not used.

Delegation to the Board of Directors for the purpose of issuing ordinary shares or other securities providing access to share capital as consideration for contributions in kind to the Company, with preferred subscription rights waived in favour of the holders of the shares or other securities constituting the contributions in kind (18th resolution)

This resolution asks you to delegate to your Board of Directors all necessary powers to issue ordinary shares and securities providing access to the share capital of the Company, for the purpose of providing consideration for in-kind contributions to the Company in the form of shares or other securities providing access to share capital.

This delegation would enable the conclusion of external growth transactions in France and elsewhere, as well as the buyback of minority interests in the Group, without impacting Company cash flow.

The authorization you are being asked to grant is characterized as follows:

- **Preferred subscription rights waived** to the benefit of holders of shares or securities that are the subject of contributions in kind.

■ **Applicable limits:**

- 5% of share capital at the time of issue, for equity securities. The nominal amount of capital increases resulting from issues effected pursuant to this delegation would also be counted towards the €100 million nominal limit set in the thirteenth and fourteenth resolutions and the €200 million overall limit set in the nineteenth resolution;
- €500 million for debt securities. The nominal amount of capital increases resulting from issues effected pursuant to this delegation would also be counted towards the €1 billion nominal limit set in the thirteenth and fourteenth resolutions and the €2 billion overall limit for debt securities set in the nineteenth resolution.

■ **Duration of authorization:** 26 months.

This delegation replaces, to the extent not already used and from the date of the General Meeting, the delegation provided for in the nineteenth resolution adopted at the Combined Ordinary and Extraordinary General Meeting of May 25, 2012, it being specified that the latter authorization was not used.

Overview of limits on financial authorizations submitted for approval to the General Meeting on May 27, 2014

Nature of authorization	Resolution	Limit	Overall limit (19 th resolution)	Preferred subscription rights maintained? (Yes / No)	Duration	Expiry date
Issue of shares with preferred subscription rights maintained	12 th resolution	Equity securities: €200 million, i.e. around 19% of share capital		Yes	26 months	July 27, 2016
		Debt securities: €2 billion				
Issue of shares through public offering with preferred subscription rights waived	13 th resolution	Equity securities: €100 million, i.e. around 9% of share capital		No	26 months	July 27, 2016
Issue of shares through private placement with preferred subscription rights waived	14 th resolution	Debt securities: €1 billion		No	26 months	July 27, 2016
Increase in the number of securities to be issued in the event of a capital increase pursuant to resolutions 12, 13 and/or 14	15 th resolution	15% of initial issue	Equity securities: €200 million, i.e. around 19% of share capital	Depends on the issue affected by over-allotment	26 months	July 27, 2016
Capital increase in favour of participants in employee share-ownership programs of the Company or Group	17 th resolution	€25 million	Debt securities: €2 billion	No	26 months	July 27, 2016
		To be counted towards the €100 million limit (equity securities) set in resolutions 13 and 14				
Issue of shares to provide consideration for in-kind contributions to the Company	18 th resolution	Debt securities: 500 million		No	26 months	July 27, 2016
		To be counted towards the €100 million (equity securities) and €1 billion (debt securities) limits set in resolutions 13 and 14				
Renewal of the share buyback program	10 th resolution	10% of share capital (€106,236,207)			18 months	Nov. 27, 2015
Reduction in capital stock by cancellation of shares	11 th resolution	10% of share capital each 24-month period			26 months	July 27, 2016
Capital increase through incorporation of reserves, profit, premiums or other items	16 th resolution	€100 million			26 months	July 27, 2016

A complete overview of currently applicable delegations and authorizations granted to the Board of Directors by the General Meeting as well as their use during the financial year can be found in chapter 10.2.1.1 of the Company's Registration Document.

Powers to effect formalities (20th 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 27, 2014.

Made on March 5, 2014 by the Board of Directors