

# **SCHNEIDER ELECTRIC SA**

## **MEMORANDUM AND ARTICLES OF ASSOCIATION**

Joint Stock Company with a Management Board and a Supervisory Board with a capital of Euros 2,195,772,096  
Registered Office: 35 Rue Joseph Monier  
92500 Rueil Malmaison  
Listed on the Companies Register for Nanterre under the number 542 048 574

6 January 2012

## SECTION I

### NATURE - OBJECTIVES - NAME DURATION AND REGISTERED OFFICE OF THE COMPANY

#### Article 1

The Company is a French joint stock company (*société anonyme*) with a Management Board and a Supervisory Board.

The Company was founded on 2 and 4 December 1871 and, as stated in article 6 below, continues to exist between the owners of the shares comprising its registered capital after a merger with SCHNEIDER S.A., a company which had itself absorbed its industrial subsidiary founded on 21 October 1836 as a partnership limited by shares. This company was converted into a limited company on 31 May 1966, re-using its original name.

It is governed by the applicable laws and regulations and by these bylaws.

#### Article 2

The Company has the following objectives, directly or indirectly, in any form, in France and elsewhere:

(i) the design, development and sale of products, equipment and solutions related to the metering, management and use of energy in all its forms and delivering reliability, efficiency and productivity, in particular through the pursuance, whether by creating, acquiring or otherwise, of all activities related to:

- Electrical equipment manufacturing, electrical distribution and secured power supply.
- Building control, automation and safety.
- Industrial control and automation, including software.
- Management of all types of data centers, networks, equipment and other infrastructure.

(ii) “The acquisition, purchase, sale and use of any intellectual or industrial property rights relating to these industries.

(iii) Involvement in any way in any enterprise, company or consortium, whatever the type, undertaking activities related to the Company's business or such as to encourage its industry and commerce, and, more generally, all industrial, commercial and financial, real estate and assets operations related directly or indirectly in any way to the above objective.

“The Company may perform any operations that fall within the scope of its objectives either alone for its own benefit or on behalf of third parties, either by having an interest in, or by the purchase, subscription, contribution or exchange of company shares, partnership share and the purchase of any company, irrespective of their type, in pursuance of a similar or related objective, or such as to encourage its extension or development.

#### Article 3

The name of the company is: SCHNEIDER ELECTRIC SA.

#### **Article 4**

The duration of the Company, which was due to expire on 1 January 1887, has been extended by successive decisions taken by General Meetings of the Shareholders on 8 December 1880, 17 December 1887, 19 December 1896, 29 October 1908 and 20 November 1928 until 1 July 2031, unless there is a further extension or early wind-up of the company.

#### **Article 5**

The registered office of the Company is at 35 Rue Joseph Monier, 92500 RUEIL MALMAISON.

The Supervisory Board may transfer the registered offices within the same *département* or to an adjoining *département* on condition that the decision to do so is ratified at the next Ordinary General Meeting of the shareholders.

The Management Board may establish and close down offices, branches or other entities wherever it deems fit.

## **SECTION II**

### **REGISTERED CAPITAL - SHARES**

#### **Article 6**

The registered capital of the company is set at €2,195,772,096 divided, as of September 2, 2011, into 584,943,024 fully paid up shares with a nominal value of € 4.

The registered capital was increased:

- to the sum of FF 6,364,233,100 in application of a decision taken by the Extraordinary General Meeting of 27 June 1995 approving the amalgamation of the Company with SCHNEIDER SA by taking over SCHNEIDER SA and ordering that the shareholders receive 122,175,958 shares with a nominal value of FF 50 in payment for their contribution;
- to the sum of FF 6,890,007,300 in application of a decision taken by the Extraordinary General Meeting of 10 June 1997 approving the amalgamation of the Company with MERLIN GERIN and TELEMECANIQUE by taking them over and ordering that the TELEMECANIQUE shareholders receive 117,840 shares with a nominal value of FF 50 in payment for their contribution.
- to the sum of 1,921,198,912 euros in application of a decision of 7 August 2001 taken by the Chairman of the Board of Directors, acting within the framework of the decisions of the Board of Directors of 7 June and 11 June 2001, to increase the capital so as to remunerate the shareholders of the company Legrand who contributed their shares to the public exchange offer initiated by Schneider Electric SA on the capital of the company Legrand. This capital increase corresponds to the issuance of 43,755,369 shares with a nominal value of € 8 so as to remunerate the shareholders of Legrand who contributed their shares to the principal public offer, to the issuance of 27,389,408 shares with a nominal value of € 8 so as to remunerate the shareholders of Legrand who contributed their ordinary shares to the subsidiary public offer, to the issuance of 13,096,278 shares with a nominal value of € 8 so as to remunerate the shareholders of Legrand who contributed their priority dividend shares to the public exchange offer.

**Article 7**

The shares may be registered shares or bearer shares as the shareholder wishes. The ownership of both types is acquired by the shareholders' names being entered on the register according to the terms and conditions required by the legal and regulatory provisions in force.

When a shareholder, whether a corporate entity or individual, increases its direct or indirect interest, within the meaning of article L. 233-9 of the French Commercial Code to 1% or more of the Company's capital or voting rights, or any multiple thereof, the shareholder concerned shall notify the Company, within five trading days of the threshold being crossed, by registered letter with return receipt requested, of the total number of shares, share equivalents and voting rights that it controls, either alone (directly or indirectly) or in concert. In addition, effective November 1, 2009, the shareholder shall notify the Company, in the disclosure letter, of the number of existing shares it is entitled to acquire by virtue of agreements or financial instruments referred to in point b) of the third paragraph of article L.233-7 of the French Commercial Code and of the number of existing shares covered by any agreement or financial instrument referred to in point c) of said paragraph. This disclosure requirement shall also apply when the percentage of the share capital or voting rights falls below the thresholds stipulated above. In the case of failure to comply with these disclosure rules, at the request of one or several shareholders together representing at least 2.5% of the Company's capital, made at a General Shareholders' Meeting, the undisclosed shares will be stripped of voting rights, subject to the conditions set down by law.

The Company may, subject to the conditions laid down by the legal and regulatory provisions in force, ask that any information relating to its shareholders or those holding shares giving an immediate or future right to vote, their identity and the number of shares they hold be given to any organisation or authorised intermediary.

In the case of failure by shareholders or their bank or broker to make the disclosures required in the above paragraph, the undisclosed shares may be stripped of voting and dividend rights, temporarily or permanently, in accordance with the provisions of the law.

**Article 8**

Shares in the company are freely negotiable and inheritable.

**Article 9**

Each share confers rights to a share in the ownership of the company's assets, to a share in the profits and the liquidation bonus. This share is in proportion to the number of shares in existence, taking into account, where appropriate, of redeemed and unredeemed capital, whether paid up or not, of the nominal value of the shares and rights to shares in different categories.

All the shares which now or in the future make up the registered capital shall always be included for taxation purposes. Consequently all taxes and dues that, for whatever reason, may, by virtue of the reimbursement of the share capital, fall due for some shares only, either during the existence of the Company or upon its liquidation, shall be divided up between all the shares making up the capital during the said reimbursement or reimbursements, so that all current or future shares confer on their owners, while taking into consideration where appropriate the nominal unredeemed value of the shares and rights to shares in different categories, the same effective advantages by giving them the right to receive the same net sum.

Whenever it is necessary to hold several shares to exercise a right, single shares or groups consisting of a number lower than that required give their owners no rights over the Company. In this situation it is up to individual shareholders to organise groupings of the number of shares required.

#### **Article 10**

All sums remaining due on shares payable in cash are called up by the Management Board.

The number of shares called up and the date by which payments for such shares must be received are notified to shareholders either by means of an advertisement published at least fifteen clear days in advance in a publication authorised to carry legal notices in the *département* in which the Company has its registered office, or by registered letter sent to each shareholder giving the same period of notice.

Shareholders who fail to make payments for shares they hold by the due date become automatically and without prior notice liable to the Company for payment of late penalties calculated on a daily basis as of the due date, at the legal rate of interest, without prejudice to the forced execution measures laid down by law.

### **SECTION III**

#### **CORPORATE GOVERNANCE**

##### **Article 11: Composition of the Supervisory Board**

- a) The Supervisory Board shall have at least three and no more than eighteen members, who shall be individuals. In the event of a merger this number may be increased in accordance with the conditions set down by law.

Members of the Supervisory Board shall each hold at least 250 of the Company's shares throughout their term of office.

- b) Members of the Supervisory Board are appointed for terms of office of four years (renewable), with the exception of persons aged 70 or more who are appointed for terms of office of two years (renewable). Further, when appointment is made of a member of the Supervisory Board who will reach the age of 70 before the normal end of that appointment, its duration is limited to the period expiring at the close of the Shareholders' Meeting called to approve the previous year's financial statements and held in the year during which the said member of the Supervisory Board will reach the age of 70. That Ordinary Shareholders' Meeting may then reappoint the said member of the Supervisory Board for a two year (renewable) term of office.

In the event of the whole Supervisory Board being due for reappointment, the appointment of half the elected members, rounded down if necessary, will expire at the end of two years and that of the other members at the end of four years, based on a random draw to be performed at the first ensuing meeting of the Supervisory Board.

The duties of members of the Supervisory Board cease at the close of the Ordinary Shareholders' Meeting called to approve the previous year's financial statements and held in the year during which their appointments expire.

No more than a third of the members of the Supervisory Board may be aged 70 or more. In the event of this limit being exceeded, and in the absence of any voluntary resignation of a member of the Supervisory Board aged 70 or more, the oldest member of the Supervisory Board shall be deemed to have resigned. However, should this limit be exceeded as a result of a fall in the total number of members of the Supervisory Board in office, the above requirement shall be waived in the event that, within three months, the departed members are replaced in such a manner as to enable the number of Supervisory Board members in office aged 70 or more to be maintained.

- c) The supervisory board shall include one member representing employee shareholders, who shall be elected by the shareholders in general meeting according to a process determined by the supervisory board.

If, however, employees of the company and of related companies (within the meaning of article L.225-180 of the Commercial Code) hold over 3% of the company's capital – as evidenced by the disclosures made in the annual report drawn up by the management board in application of article L.225-102 of the Commercial Code – said supervisory board member shall be elected for a four-year term by the general meeting voting on a motion tabled by the shareholders referred to in article L.225-102 of the Commercial Code on the basis defined in paragraphs (i) to (iii) below.

- (i) The member of the supervisory board representing employee shareholders shall take up his or her seat on the supervisory board on the date of his or her election by the general meeting. Where applicable, he or she shall replace the incumbent member elected on the basis decided by the supervisory board, whose term shall be considered as having expired. His or her term shall end at the close of the annual general meeting called during the final year of the period for which he or she was elected. However, his or her term shall end *ipso jure* and he or she will be considered as having resigned in the following cases:

- if he or she is no longer i) an employee of the company or a related company within the meaning of article L.225-180 of the Commercial Code, ii) a shareholder or a holder of units in a mutual fund invested in the company's shares, iii) a member of the supervisory board of the company mutual fund that proposed him or her as a candidate, or
- if employees of the company and of related companies within the meaning of article L.225-180 of the Commercial Code hold less than 3% of the company's capital – as evidenced by the disclosures made in the annual report drawn up by the management board in application of article L.225-102 of the Commercial Code.

- (ii) The general meeting shall vote on the list of candidates presented by employee shareholders, selected as follows:

a) When the voting rights attached to shares held by the employees and former employees referred to in article L.225-102 of the Commercial Code are exercised by the supervisory boards of mutual funds invested in the company's shares, each of these supervisory boards shall designate one or two candidates, selected at their discretion. The company's management board may, however, decide to require two or more supervisory boards to consult together and to jointly designate one or two candidates.

b) When the voting rights attached to shares held directly by employees or indirectly by employees or former employees through mutual funds invested in the company's shares, are exercised directly by said employees or former employees, the candidates shall be designated through a written consultation process initiated by the chairman of the management board. Only candidates endorsed by a group of employee shareholders together representing at least 5% of the shares held by employees who exercise their voting rights directly shall be eligible for election.

- c) Candidates for election as the representative of employee shareholders on the supervisory board must be employed under a contract that qualifies them to sit on the supervisory board for a four-year term and must hold at least 25 Schneider Electric SA shares or an equivalent number of units in a mutual fund invested in the company's shares.
  - d) The conditions and procedures for the designation of candidates not specified by the applicable laws and regulations and these articles of association shall be determined by the management board, particularly as regards the timeline for the selection of candidates.
  - e) The list of duly designated candidates shall be drawn up by the chairman of the management board and appended to the notice of meeting for the general meeting during which the member of the supervisory board representing employee shareholders is to be elected.
- (iii) The candidate who receives the greatest number of votes cast by the shareholders present and represented at the general meeting shall be elected to the supervisory board.

If the seat on the supervisory board reserved for a representative of employee shareholders falls vacant, a new representative shall be appointed on the same basis prior to the next general meeting, or at the next general meeting if it is held within three months of the seat falling vacant. The supervisory board may meet and validly conduct business pending the appointment or election of a new member representing employee shareholders.”

#### **Article 12: Chairman, Vice-Chairman and Secretary of the Supervisory Board**

The Supervisory Board shall elect a Chairman and a Vice-Chairman from among its members, for a period not to exceed their terms as members of the Supervisory Board.

The Chairman shall be responsible for calling meetings and leading discussions.

If the Chairman is unable to fulfill his responsibilities or delegates his powers on a temporary basis, the Vice-Chairman shall have the same rights and duties as those held by the Chairman.

The Supervisory Board shall appoint a secretary who may or may not be a Board member. Together the Chairman, Vice-Chairman and the Secretary make up the Bureau.

#### **Article 13: Powers and duties of the Supervisory Board**

1. The Supervisory Board shall have a permanent oversight role with respect to the Management Board's management of the Company. To fulfill this role it shall perform the checks and controls that it thinks fit and obtain the documents that it deems necessary.
2. The Supervisory Board shall report its observations on the report of the Management Board and the annual financial statements to the Annual Shareholders' Meeting.
3.
  - a) In accordance with the applicable law and regulations the approval of the Supervisory Board is required for the sale of real estate, the full or partial disposal of equity interests, and the granting of security interests, guarantees or endorsements.
  - b) The following decisions shall also be submitted to the Supervisory Board for prior approval:

- The issue of shares or share equivalents.
  - Financing transactions that could substantially modify the Company's financial structure.
  - All forms of business acquisitions.
  - Strategic partnership agreements.
- c) In addition, prior approval from the Supervisory Board is required for:
- Share buyback programs to be recommended to the Shareholders' Meeting.
  - The implementation of stock option plans and bonus share plans for employees of the Company and employees and officers of related companies, as well as the granting of stock options or bonus shares to members of the Company's Management Board.
  - Amendments to the Company's bylaws to be recommended to the Extraordinary Shareholders' Meeting.
  - Profit appropriation and dividends to be recommended to the Annual Shareholders' Meeting.
  - The payment dates for dividends and any interim dividends.
- d) The Supervisory Board may authorize the Management Board to carry out the operations set out above subject to an overall aggregate ceiling and specific ceilings (as determined by the Supervisory Board) for the transactions referred to in paragraphs a) and b). The Supervisory Board's prior approval shall be required for any transaction exceeding the said ceilings.
4. The Supervisory Board may create one or more Committees of the Board. The Supervisory Board shall determine the composition of any Committees thus created as well as their roles and responsibilities. The Committees shall report to the Supervisory Board.
5. The Supervisory Board shall draw up internal rules covering its procedures and shall inform the Management Board thereof.

#### **Article 14: Supervisory Board meetings**

The Supervisory Board shall meet as often as is required in the interests of the Company and at least once every quarter.

Meetings shall be called by the Chairman or Vice-Chairman by any appropriate method, including verbally.

The Chairman must call a meeting within ten days when a member of the Management Board or at least a third of the members of the Supervisory Board so request (provided reasons are given for such a request). If such a request is not met, the requesting parties may call a meeting themselves setting out the meeting agenda. In other cases, the agenda shall be set by the Chairman and may be determined at the meeting itself.

Meetings shall be held at the venue specified in the notice of meeting. Supervisory Board members may participate in meetings by videoconference or conference call.

#### **Article 15: Compensation payable to Supervisory Board members**

1. Supervisory Board members shall be paid a fixed annual compensation. The aggregate amount of this compensation shall be set by an ordinary General Meeting and shall apply until a new amount is set by a subsequent meeting. The Supervisory Board shall be responsible for allocating this aggregate amount among its individual members in the form of attendance fees.

2. The compensation paid to the Chairman and Vice-Chairman shall be determined by the Supervisory Board.
3. The Supervisory Board may grant additional compensation to members of the Board for exceptional assignments or duties, in accordance with the conditions set down by law.

#### **Article 16: Non-voting members**

The Supervisory Board may designate up to three non-voting members. They will be convened to and participate in meetings of the Supervisory Board on a consultative basis. They may participate in the committees created by the Supervisory Board with the exception of the Audit Committee. They may be chosen from amongst the Company's shareholders, or independently thereof, and receive remuneration as decided by the Supervisory Board.

Non-voting members are appointed for a maximum period of four years, subject to the proviso that no more than two non-voting members may simultaneously hold four year appointments. Non-voting members appointed for periods in excess of one year may always have their appointments renewed. Appointments may also be terminated at any time.

#### **Article 17: Composition of the Management Board**

##### **1. Appointment**

The Company shall be managed by a Management Board made up of between two and seven members who shall perform their duties under the oversight of the Supervisory Board in accordance with the law and the following provisions of the bylaws.

The Management Board shall be appointed for a period of three years by the Supervisory Board. In the event of vacancies on the Management Board, the Supervisory Board shall appoint new members in accordance with the law. In addition, provided the overall limit on the number of members is not exceeded, the Supervisory Board may appoint one or two additional members during the term of office of the Management Board.

The age limit for Management Board members shall be sixty-five. Any member reaching the age of sixty-five shall be deemed to have resigned at the end of the fiscal year during which his sixty-fifth birthday took place. However, when a member of the Management Board reaches the age of sixty-five, the Supervisory Board may extend his term of office for a total period not to exceed three years. The terms of office of Management Board members shall be renewable.

##### **2 Removal from office**

Management Board members may be removed from office either by a General Shareholders' Meeting or by the Supervisory Board. Compensation may be payable if a Management Board member is removed from office without reasonable cause.

#### **Article 18: Chairman of the Management Board – Chief Executive Officer**

The Supervisory Board shall appoint one of the members of the Management Board as Chairman. The Chairman of the Management Board shall represent the Company in its dealings with third parties.

The Supervisory Board may grant this same power of representation to one or more members of the Management Board, in which case said members shall have the title of Vice-Chairman and Chief Executive Officer of the Management Board, Chief Executive Officer of the Management Board or Chief Executive Officer.

The Supervisory Board shall have the power to remove the Chairman from office and, where applicable, may revoke the above-mentioned power of representation.

#### **Article 19: Powers and duties of the Management Board**

1. The Management Board shall have the broadest powers to act in the Company's name in all circumstances within the scope of the corporate purpose, except for those powers directly vested in shareholders or the Supervisory Board by law. Actions by the Management Board are binding on the Company towards third parties even when they fall outside the scope of the corporate purpose, unless the Company can prove that the third party concerned knew that the action exceeded this scope, or could not have failed to know this under the circumstances. Publication of the bylaws does not, in itself, constitute such proof.
2. The Management Board may give specific permanent or temporary assignments to members of the Board or other persons or entities and may grant them the powers that it deems necessary for one or more identified purposes, either with or without authority to delegate said powers.
3. Subject to the approval of the Supervisory Board, the members of the Management Board may allocate management tasks between them. However, in no circumstances shall such allocation relieve the Management Board of the obligation to hold meetings or to make critical management decisions, nor of the duty of diligence owed by each member of the Management Board and their corresponding joint and several liability.
4. If the Supervisory Board withholds its approval of any transaction requiring its prior authorization in accordance with article 13 of these bylaws, the Management Board may refer the matter to a General Shareholders' Meeting, which shall decide whether or not to give its approval.
5. The Management Board shall report to the Supervisory Board on at least a quarterly basis, orally or in writing, on the business of the Company and the Group.

#### **Article 20: Management Board meetings**

The Management Board shall meet as often as is required in the interests of the Company. Meetings shall be called by the Chairman or at least half of the Board's members. They shall be held at the venue specified in the notice of meeting. Meetings may be called by any appropriate method, including verbally. Additional business may be added to the agenda at the time of the meeting.

Management Board members may participate in meetings by videoconference or conference call.

Decisions of the Management Board shall be adopted by a majority of the votes cast by members present or represented. In the event of a split decision, the person chairing the meeting shall have the casting vote.

The Management Board shall draw up internal rules covering its procedures in consultation with the Supervisory Board.

#### **Article 21: Compensation payable to members of the Management Board**

The Supervisory Board shall set the amount and terms of compensation paid to each member of the Management Board.

## **SECTION IV**

### **AUDITORS**

#### **Article 22**

The General Shareholders' Meeting shall appoint the Statutory Auditors and Substitute Auditors in accordance with the applicable law.

## **SECTION V**

### **GENERAL SHAREHOLDERS' MEETINGS**

#### **Article 23**

General Shareholders' Meetings shall be called and held in accordance with the applicable law.

Meetings shall be held at the Company's registered office or at any other venue specified in the notice of meeting. When the decision is made to call a General Meeting, the Management Board may also decide that all or part of the meeting will be broadcast by videoconferencing techniques and/or any other telecommunication medium.

All shareholders may attend personally or be represented at General Meetings after providing proof of their identity and share ownership in accordance with the applicable laws and regulations.

When the decision is made to call a General Meeting, the Management Board may also decide to allow shareholders to participate or vote at General Meetings using videoconferencing facilities and/or any other telecommunication medium allowed under the applicable legislation.

Remote voting procedures are governed by the applicable laws and regulations. In particular, shareholders may send proxy and postal voting forms before General Meetings either in paper form or, if approved by the Management Board and stated in the Meeting Announcement and/or Notice, electronically.

When the decision is made to call a General Meeting, the Management Board may authorize shareholders to fill out and sign these forms electronically through a secure site set up by the General Meeting organizer using a process that complies with article 1316-4, paragraph 2, line 1 of the French Civil Code, for example by entering an ID and a password.

Proxies or votes submitted electronically before the General Meeting, as well as the related acknowledgements of receipt, will be considered irrevocable and binding documents. However, in the event that shares are sold before the applicable record date (i.e., midnight CET three days before the Meeting date), the Company will cancel or amend, as appropriate, any related proxies or votes submitted electronically before the General Meeting.

Meetings shall be chaired by the Chairman of the Supervisory Board or in his absence by the Vice-Chairman, or in his absence by a member of the Supervisory Board specially appointed for that purpose by the Supervisory Board. If no such member is appointed by the Supervisory Board, the Meeting shall elect its own Chairman.

The two shareholders present who hold the largest number of votes and who accept shall act as scrutineers.

The Bureau shall appoint a Secretary, who may or may not be a shareholder.

A list of participants at the meeting shall be drawn up pursuant to the law.

Copies or excerpts of the minutes of the meeting shall be certified by the Chairman or Vice-Chairman of the Supervisory Board, a member of the Management Board or the Meeting Secretary.

#### **Article 24**

The Ordinary and Extraordinary General Meetings of shareholders, meeting subject to the conditions of quorum and majority laid down by the provisions that respectively govern them, exercise the powers conferred on them by law.

The voting rights conferred by the shares are in proportion to the capital they represent at equal nominal value. Each capital or dividend share confers the right to one vote except where compulsory legal provisions limit the number of votes a shareholder may have .

The provisions of the previous paragraph are subject to the following exceptions:

1/ fully paid-up shares entitle their owners to double votes. Shareholders claiming this right must, at the end of the calendar year before the date of the Meeting in question, have been registered for at least two years under the conditions prescribed by law. Furthermore, in the event of an increase in capital by capitalisation of reserves, profits or share premiums, the right to a double vote is conferred, as soon as they are issued, on registered shares allocated free by virtue of existing shares held to which this right is attached.

2/ at Meetings of shareholders, no shareholder may exercise, either in person or through a proxy, by virtue of single voting rights conferred by the shares he/she holds directly and indirectly and by virtue of the proxy votes entrusted to him/her, more than 10% of the total number of the voting rights conferred by shares in the Company. However, if a shareholder also holds double voting rights directly or indirectly and/or as proxy, the limit set may be exceeded taking into consideration only the resulting additional voting rights, without the total voting rights thereby held exceeding 15% of the total number of the voting rights conferred by the shares in the Company.

In order to apply the above provisions:

- the total number of voting rights allowed are calculated as of the date of the shareholder's Meeting and announced to the shareholders at the beginning of the said Meeting ;
- the number of voting rights held directly and indirectly are understood to include those conferred by shares held personally by a shareholder, those conferred by shares held by a legal entity controlled by a shareholder as defined by article L 233-3 of the Commercial Code, and those conferred by shares considered as shareholdings, as defined by the provisions of articles L 233-7 et seq. of the Code ;
- all shareholder's proxy forms returned to the Company without any indication of the person appointed as proxy will be subject to the above limitations. These limitations shall not, however, apply to the chairperson of the Meeting using votes by virtue of the said proxies.

The limitations set out above become null and void, without the need for an Extraordinary General Meeting of shareholders to vote a new decision, once an individual or legal entity, either alone or together with one or more individuals or legal entities, holds at least two thirds of the total number of shares in the Company following a public procedure to exchange or acquire all the shares in the Company. The Management Board takes note of this nullity and undertakes the formalities necessary to change the Memorandum and Articles of Association of the Company.

The limitations set out in the above paragraphs have no effect when calculating the total number of voting rights, including double voting rights conferred by shares in the Company that must be taken into consideration when applying legal, regulatory or statutory provisions creating special obligations with reference to the number of voting rights existing in the company or the number of shares conferring a right to vote.

## **SECTION VI**

### **COMPANY ACCOUNTS AND ALLOCATION OF PROFITS**

#### **Article 25**

The Company's accounting period lasts one year starting on 1 January and ending on 31 December.

#### **Article 26**

The net income for each financial year, after deduction of operating expenses and the Company's other charges, including all amortisations and provisions, constitutes the net profits or losses for the financial year.

The net profits for each financial year, minus any losses from previous years, are first subject to a 5% deduction to constitute the legal reserve. This deduction ceases to be compulsory when the said reserve reaches a sum equal to one tenth of the registered capital. It comes back into force when, for whatever reason, the legal reserve drops below this figure.

The distributable income composed of the profits for the financial year, less losses from previous years and the above deduction, plus profits carried over, is available to General Meetings of the shareholders. The Management Board may carry forward all or part of this sum, allocate it to general or special reserve funds or distribute it to the shareholders as dividend.

The General Meeting of shareholders may also decide to distribute sums taken from the optional reserves, either to provide or top up a dividend, or as a one-off distribution. In this event, the decision must expressly state from which reserves the sums are to be taken.

The General Meeting of shareholders has the power to award each shareholder the choice of opting for payment of dividends in shares or cash subject to the terms and conditions laid down by law.

The reserve, contingency and sinking funds, together with share and contribution premiums, may, irrespective of the purpose for which they were originally allocated, be allocated for any purpose and be used in particular to fund the legal reserve, to amortise and buy back shares or be distributed among the shareholders, as decided by the Ordinary General Meeting.

**SECTION VII**  
**WINDING-UP - LIQUIDATION**

**Article 27**

On the expiry of the Company or in the event of early winding-up, a General Meeting of shareholders will decide what type of liquidation is appropriate and appoint one or more liquidators whose powers it will define and who will operate as laid down in law.

**SECTION VIII**

**DISPUTES**

**Article 28**

Any disputes arising during the duration of the Company or its liquidation, whether between the shareholders, between the Company and the shareholders themselves, regarding the interpretation or performance of the present Memorandum and Articles of Association, or more generally regarding the Company's business, shall be subject to judgement by the Courts having jurisdiction in the place where the Company has its registered office.

To this end, in the event of a dispute any shareholder may choose his/her address for service within the judicial district of the Court having jurisdiction in the place where the Company has its registered office, and any summonses and services shall be considered duly served at this address.

Where no address for service is given, summonses and services shall be considered valid if served at the Prosecutor's Office at the *Tribunal de Grande Instance* (High Court) in the place where the Company has its registered office.

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Certified by the Secretary of the Management Board

Philippe BOUGON