

**Report by the Board of Directors to the Mixed General Meeting of April 27, 2012
sitting as Extraordinary General Meeting**

Ladies and Gentlemen,

We have called a General Meeting sitting as Extraordinary General Meeting in order to submit eight resolutions to you, which are directly or indirectly related to the Company's share capital.

AUTHORISATION GIVEN TO THE BOARD TO REDUCE THE SHARE CAPITAL BY CANCELLING SHARES

In the **eleventh resolution**, it is proposed that the General Meeting authorizes the Board, for a period of 18 months, to reduce the registered capital by cancelling shares acquired in its Share buy-back program. The terms for these acquisitions are those defined in the tenth resolution. Cancelling shares causes a change in the amount of the registered capital, and consequently a change in the terms of the Articles of Association, which can only be authorized by the Extraordinary General Meeting. The purpose of this resolution is therefore to delegate such powers to the Board. Cancelling of shares has not utilized within the resolution adopted by the General Meeting of April 29th, 2011.

This authorization will cause any prior authorization of the same nature to lapse, with respect to any unused amounts there under.

AUTHORISATION GIVEN TO THE BOARD TO PROCEED TO THE ISSUING OF ORDINARY SHARES OR SECURITIES GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL WITH OR WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHT

The **twelfth, thirteenth, fourteenth, fifteenth and sixteenth resolutions** are intended to provide the Board of the Company with a bundle of authorizations allowing it, where necessary, to proceed with various financial operations for a period of 26 months by issuing of ordinary shares or securities giving access to the Company's share capital, with or without pre-emptive subscription right, causing at the end a capital increase for the Company. These authorizations have an **overall cap of three hundred and fifty million euros** for capital increases and **one billion euros** for issues of securities giving access to the capital (convertible or exchangeable bonds for example).

In addition to this overall cap, there are individual caps which are in line with best market practices and which apply depending on the type of transaction planned:

- **In the twelfth resolution**, the maximum par value for issues of ordinary shares that may be decided upon by your Board of Directors (while maintaining the pre-emptive subscription right) amounts to **three hundred and fifty million euros**; this amount would lead to the creation of new shares equal to approximately 30% of the existing share capital at the present date;
- **In the thirteenth resolution**, the maximum par value for issues of ordinary shares by public offer that may be decided upon by the Board of Directors (while excluding the pre-emptive subscription right) amounts to **one hundred and twenty million euros**;

this amount would lead to the creation of new shares equal to approximately 10 % of the existing share capital at the present date. This amount shall be comprised in the overall cap of **three hundred and fifty millions euros**, with a potential priority period covering the entire amount of the issue made by public offering in favor of the shareholders, subject to the discretion of the Board of Directors.

- **In the fourteenth resolution**, the maximum par value for issues of ordinary shares by private placement that may be decided upon by your Board of Directors (while excluding the pre-emptive subscription right), under private placement addressed to qualified investors or to a restricted circle of investors, amounts to **sixty million euros**, i.e. up to a limit of above 5% of the share capital, under the conditions of article L411-2 II of the French Commercial Code. This amount shall be comprised in the overall cap of **three hundred and fifty million euros**, and the specific overall cap of **one hundred twenty million euros** fixed in the thirteenth resolution. The aim is to facilitate the use of this form of financing for companies, which is faster and simpler than a capital increase under public offer.
- **In the fifteenth resolution**, issues of ordinary shares or securities giving access to the capital can be made in case of public exchange offer made by the Company are limited to **one hundred and twenty million euros**, this amount shall be comprised in the cap of **one hundred and twenty million euros fixed** in the thirteenth resolution and in the overall cap of **three hundred and fifty million euros** fixed in the twelfth resolution.
- **In the sixteenth resolution**, issues of ordinary shares or securities giving access to the capital made against a contribution in kind are legally limited to 10% of the share capital existing at the present date, and specifically to **one hundred and twenty million euros**. This amount shall be comprised in the cap of **one hundred and twenty million euros fixed in the thirteenth resolution** and in the overall cap of **three hundred and fifty million euros** fixed in the twelfth resolution.

These resolutions, which constitute usual authorizations in accordance with market practices, have been specifically adjusted in order to give your Board the greatest latitude to act to the best of your Company's interests and respond to the requirements of the market, while taking the expectations and concerns of the shareholders into account.

As every year, the shareholders shall be informed of any use made of these authorizations in the summary table of authorizations and powers which appears in chapter 5.2.4 of the 2011 Registration Document.

In the **seventeenth resolution**, capital increases arising from the incorporation into the capital of reserves, profits, premiums or any other element which could be incorporated into the capital shall be capped at one billion euros (this amount being strictly identical to previous authorizations). The existence of a distinct and autonomous cap is justified by the quite different nature of incorporating reserves and other items into the capital because this arises either by the award of bonus shares to shareholders, or by the increase in the par value of existing shares, meaning that it is without dilution for the shareholders and without any effect on the volume of the Company's equity capital.

AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY ISSUING SHARES RESERVED TO THE EMPLOYEES

In the **eighteenth resolution**, it is asked to the General Meeting, in accordance with the provisions of the articles L225-129-2, L225-129-6, L225-138-1 of the French Commercial Code, and L3332-18 *seq* of the French Labor Code, to adopt a resolution concerning a capital increase reserved to employees.

This resolution grants the Board powers to proceed, on one or more occasions, with a capital increase reserved to employees who are members (i) of a company savings plan, (ii) of a group-level company savings plan, who are employees or corporate officers of the Company or a French or foreign company of the group affiliated to the group within the meaning of Article L. 225-180 of the French Commercial Code and L. 3344-1 of the French Labor Code, by issuing new shares and, where applicable, the award of bonus shares, within a limit of 1 % of the amount of shares making up the registered capital.

This limit is on-line with the practices of the market which adjust the ceiling according to the level of participation of the employees in the share capital.

This present delegation cancels and replaces the previous delegation authorized by the General Meeting of April 29th, 2011.

The Board of Directors