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CONSOLIDATED FINANCIAL INFORMATION

AS OF DECEMBER 31, 2013

2013

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LEGRAND

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

CONTENTS

Consolidated Statement of Income	2
Consolidated Balance Sheet	3
Consolidated Statement of Cash Flows	5
Consolidated Statement of Changes in Equity	6
Notes to the Consolidated Financial Statements	7

Consolidated Statement of Income

(in € millions)	Legrand 12 months ended December 31, 2013	2012
Revenue (Note 2.11)	**4,460.4**	**4,466.7**
Operating expenses		
Cost of sales	(2,156.6)	(2,157.8)
Administrative and selling expenses	(1,184.4)	(1,197.1)
Research and development costs	(197.8)	(197.0)
Other operating income (expense) (Note 18.2)	(72.2)	(66.8)
Operating profit (Note 18)	**849.4**	**848.0**
Financial expense (Note 19.2)	(87.7)	(102.5)
Financial income (Note 19.2)	6.9	20.8
Exchange gains (losses) (Note 19.1)	(1.8)	(11.7)
Total net financial expense	(82.6)	(93.4)
Profit before tax	**766.8**	**754.6**
Income tax expense (Note 20)	(233.5)	(247.6)
Profit for the period	**533.3**	**507.0**
Attributable to:		
– Legrand	**530.5**	**505.6**
– Minority interests	**2.8**	**1.4**
Basic earnings per share *(euros)* (Notes 2.18 and 11.2)	2.002	1.920
Diluted earnings per share *(euros)* (Notes 2.18 and 11.2)	1.973	1.901

Statement of Comprehensive Income

(in € millions)	12 months ended December 31, 2013	2012
Profit for the period	533.3	507.0
Items that may be reclassified subsequently to profit or loss		
Translation reserves (Notes 2.3 and 13.2)	(194.1)	(35.9)
Income tax relating to components of other comprehensive income	(3.1)	(0.8)
Items that will not be reclassified to profit or loss		
Actuarial gains and losses (Notes 2.16 and 16)	14.7	(23.8)
Deferred taxes on actuarial gains and losses	(4.9)	7.2
Comprehensive income for the period	**345.9**	**453.7**
Attributable to:		
– Legrand	**344.7**	**452.0**
– Minority interests	**1.2**	**1.7**

The accompanying Notes are an integral part of these financial statements.

Consolidated Balance Sheet

(in € millions)	Legrand December 31, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents (Notes 2.4 and 10)	602.8	494.3
Marketable securities	3.0	0.0
Income tax receivables	45.9	54.2
Trade receivables (Notes 2.5 and 8)	474.3	490.6
Other current assets (Note 9)	138.5	140.5
Inventories (Notes 2.9 and 7)	620.9	599.8
Other current financial assets (Note 22)	0.0	0.0
Total current assets	**1,885.4**	**1,779.4**
Non-current assets		
Intangible assets (Notes 2.6 and 4)	1,821.1	1,823.5
Goodwill (Notes 2.7 and 5)	2,411.7	2,455.2
Property, plant and equipment (Notes 2.8 and 6)	560.6	576.6
Other investments	0.8	0.7
Deferred tax assets (Notes 2.10 and 20)	94.5	93.8
Other non-current assets	2.5	2.3
Total non-current assets	**4,891.2**	**4,952.1**
Total Assets	**6,776.6**	**6,731.5**

The accompanying Notes are an integral part of these financial statements.

(in € millions)	Legrand December 31, 2013	 December 31, 2012
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings (Notes 2.19 and 14.2)	86.9	80.1
Income tax payable	24.5	16.6
Trade payables	468.8	440.7
Short-term provisions (Note 15)	99.9	108.0
Other current liabilities (Note 17)	441.8	478.5
Other current financial liabilities (Note 22)	0.1	0.5
Total current liabilities	**1,122.0**	**1,124.4**
Non-current liabilities		
Deferred tax liabilities (Notes 2.10 and 20)	661.8	648.8
Long-term provisions (Note 15 and 16.2)	100.4	104.9
Other non-current liabilities	0.4	0.5
Provisions for pensions and other post-employment benefits (Notes 2.16 and 16.1)	156.7	165.6
Long-term borrowings (Notes 2.19 and 14.1)	1,486.6	1,496.7
Total non-current liabilities	**2,405.9**	**2,416.5**
Equity		
Share capital (Note 11)	1,062.4	1,057.5
Retained earnings (Note 13.1)	2,575.8	2,335.9
Translation reserves (Note 13.2)	(400.8)	(208.3)
Equity attributable to equity holders of Legrand	3,237.4	3,185.1
Minority interests	11.3	5.5
Total equity	**3,248.7**	**3,190.6**
Total Liabilities and Equity	**6,776.6**	**6,731.5**

The accompanying Notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

(in € millions)	Legrand 12 months ended December 31, 2013	 2012
Profit for the period	**533.3**	**507.0**
Reconciliation of profit for the period to net cash provided by/(used in) operating activities:		
– Depreciation expense (Note 18.1)	101.5	105.2
– Amortization expense (Note 18.1)	39.2	36.9
– Amortization of development costs (Note 18.1)	27.7	24.2
– Amortization of financial expense	1.9	2.2
– Impairment of goodwill (Notes 5 and 18.2)	0.0	0.0
– Changes in deferred taxes	(10.6)	10.8
– Changes in other non-current assets and liabilities (Notes 15 and 16)	31.8	32.2
– Exchange (gains)/losses, net	(4.9)	8.8
– Other adjustments	0.4	0.7
– (Gains)/losses on sales of assets, net	(0.5)	(2.5)
Changes in operating assets and liabilities:		
– Inventories (Note 7)	(49.9)	15.8
– Trade receivables (Note 8)	(22.9)	65.0
– Trade payables	30.3	(1.3)
– Other operating assets and liabilities	14.6	(65.8)
Net cash provided by/(used in) operating activities	**691.9**	**739.2**
– Net proceeds from sales of fixed and financial assets	4.3	8.4
– Capital expenditure (Notes 4 and 6)	(103.9)	(92.5)
– Capitalized development costs	(29.1)	(28.1)
– Changes in non-current financial assets and liabilities	(2.7)	(0.2)
– Acquisitions of subsidiaries, net of cash acquired (Note 3)	(131.7)	(187.9)
Net cash provided by/(used in) investing activities	**(263.1)**	**(300.3)**
– Proceeds from issues of share capital and premium (Note 11)	23.4	21.9
– Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 11)	(30.1)	(6.9)
– Dividends paid to equity holders of Legrand*	(265.1)	(245.0)
– Dividends paid by Legrand subsidiaries	(3.8)	(1.3)
– Proceeds from new borrowings and drawdowns (Note 14)	2.4	414.6
– Repayment of borrowings (Note 14)	(16.5)	(514.9)
– Debt issuance costs	0.0	(3.6)
– Increase (reduction) in bank overdrafts	(3.3)	(82.9)
– Acquisitions of ownership interests with no gain of control (Note 3)	(1.7)	(8.1)
Net cash provided by/(used in) financing activities	**(294.7)**	**(426.2)**
Effect of exchange rate changes on cash and cash equivalents	(25.6)	(6.7)
Increase (decrease) in cash and cash equivalents	**108.5**	**6.0**
Cash and cash equivalents at the beginning of the period	494.3	488.3
Cash and cash equivalents at the end of the period (Note 10)	**602.8**	**494.3**
Items included in cash flows:		
– Free cash flow** (Note 24)	563.2	627.0
– Interest paid during the period	69.6	67.1
– Income taxes paid during the period	196.8	268.2

**see consolidated statement of changes in equity*

***normalized free cash flow is presented in Note 24*

The accompanying Notes are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Equity attributable to equity holders of Legrand				Minority interests	Total equity
(in € millions)	Share capital	Retained earnings	Translation reserves	TOTAL		
As of December 31, 2011	**1,053.6**	**2,064.3**	**(172.1)**	**2,945.8**	**3.4**	**2,949.2**
Profit for the period		505.6		505.6	1.4	507.0
Other comprehensive income		(17.4)	(36.2)	(53.6)	0.3	(53.3)
Total comprehensive income		*488.2*	*(36.2)*	*452.0*	*1.7*	*453.7*
Dividends paid		(245.0)		(245.0)	(1.3)	(246.3)
Issues of share capital and premium	3.9	18.0		21.9		21.9
Net sales (buybacks) of treasury shares and transactions under the liquidity contract		(6.9)		(6.9)		(6.9)
Change in scope of consolidation**		(12.2)		(12.2)	1.7	(10.5)
Current taxes on share buybacks		(0.5)		(0.5)		(0.5)
Stock options		30.0		30.0		30.0
As of December 31, 2012	**1,057.5**	**2,335.9**	**(208.3)**	**3,185.1**	**5.5**	**3,190.6**
Profit for the period		530.5		530.5	2.8	533.3
Other comprehensive income		6.7	(192.5)	(185.8)	(1.6)	(187.4)
Total comprehensive income		*537.2*	*(192.5)*	*344.7*	*1.2*	*345.9*
IAS 19 amendments*		(5.3)		(5.3)		(5.3)
Dividends paid		(265.1)		(265.1)	(3.8)	(268.9)
Issues of share capital and premium (Note 11)	4.9	18.5		23.4		23.4
Net sales (buybacks) of treasury shares and transactions under the liquidity contract (Note 11)		(30.1)		(30.1)		(30.1)
Change in scope of consolidation**		(35.3)		(35.3)	8.4	(26.9)
Current taxes on share buybacks		(0.4)		(0.4)		(0.4)
Stock options (Note 12.1)		20.4		20.4		20.4
As of December 31, 2013	**1,062.4**	**2,575.8**	**(400.8)**	**3,237.4**	**11.3**	**3,248.7**

** see Note 2.1.3*

***changes in scope of consolidation correspond mainly to acquisitions of additional shares in companies already consolidated in the Group's financial statements*

The accompanying Notes are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Detailed table of contents

Note 1 - General information	8
Note 2 - Accounting policies	8
Note 3 - Changes in the scope of consolidation	23
Note 4 - Intangible assets (Note 2.6)	24
Note 5 - Goodwill (Note 2.7)	26
Note 6 - Property, plant and equipment (Note 2.8)	29
Note 7 - Inventories (Note 2.9)	31
Note 8 - Trade receivables (Note 2.5)	31
Note 9 - Other current assets	32
Note 10 - Cash and cash equivalents (Note 2.4)	32
Note 11 - Share capital and earnings per share (Note 2.18)	33
Note 12 - Stock option plans, performance share plans and employee profit-sharing (Note 2.14)	35
Note 13 - Retained earnings and translation reserves	38
Note 14 - Long-term and short-term borrowings (Note 2.19)	39
Note 15 - Provisions	42
Note 16 - Pensions and other post-employment defined benefit obligations (Note 2.16)	43
Note 17 - Other current liabilities	48
Note 18 - Analysis of certain expenses	49
Note 19 - Total net financial expense	49
Note 20 - Income tax expense (current and deferred) (Note 2.10)	50
Note 21 - Off-balance sheet commitments and contingent liabilities	52
Note 22 - Financial instruments and management of financial risks	53
Note 23 - Information relating to corporate officers	60
Note 24 - Information by geographical segment (Note 2.17)	61
Note 25 - Quarterly data – unaudited	63
Note 26 - List of consolidated companies	66
Note 27 - Subsequent events	67

Note 1 - General information

Legrand (“the Company”) along with its subsidiaries (together “Legrand” or “the Group”) is the global specialist in electrical and digital building infrastructures.

The Group has manufacturing and/or distribution subsidiaries and offices in more than 80 countries, and sells its products in about 180 countries. Its key markets are France (21%), Italy (11%), the United States and Canada (17%), the Rest of Europe (18%) and the Rest of the World (33%), with a steadily rising contribution from the new economies (close to 40% of the consolidated total in 2013).

The Company is a *société anonyme* (public limited company) incorporated and domiciled in France. Its registered office is located at 128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges (France).

The 2012 Registration Document was filed with the AMF on March 28, 2013 under no. D. 13-0240.

The consolidated financial statements were approved by the Board of Directors on February 12, 2014.

All amounts are presented in millions of euros unless otherwise specified. Some totals may include rounding differences.

Note 2 - Accounting policies

As a company incorporated in France, Legrand is governed by French company laws, including the provisions of the Commercial Code.

The consolidated financial statements cover the 12 months ended December 31, 2013. They have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations adopted by the European Union and applicable or authorized for early adoption from January 1, 2013.
None of the IFRSs issued by the International Accounting Standards Board (IASB) that have not been adopted for use in the European Union are applicable to the Group.

The IFRSs adopted by the European Union as of December 31, 2013 can be downloaded from the “IAS/IFRS Standards and Interpretations” page of the European Commission’s website:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies.
The areas involving a specific degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.21.

The consolidated financial statements have been prepared using the historical cost convention, except for some classes of assets and liabilities in accordance with IFRS. The classes concerned are mentioned in the notes below.

2.1 New standards, amendments and interpretations

2.1.1 New standards, amendments and interpretations with mandatory application from January 1, 2013, and applied by the Group in early 2012

Amendments to IAS 1 - Presentation of items of other comprehensive income.

This amendment was published by IASB in June 2011 and has been applied by the Group in early 2012.

This amendment requires separate subtotals for:

- elements of « comprehensive income for the period » that could be reclassified ultimately into "net income" in the consolidated statement of income showing separately the related taxes, and
- elements of « comprehensive income for the period » that cannot be reclassified into net income, showing separately the related taxes.

2.1.2 New standards, amendments and interpretations applied by the Group after January 1, 2013 that have no impact on its financial statements

IFRS 13 – Fair Value Measurement

In May 2011, IASB issued guidance for measuring fair value and for the related disclosures required in the notes to financial statements. The guidance is designed to establish a single framework for fair value measurement under IASs and IFRSs.

Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets

In December 2010, the IASB issued amendments to IAS 12 entitled Deferred Tax: Recovery of Underlying Assets. The amendments introduce a presumption that the carrying amount of an asset is fully recovered upon its sale, unless it is recovered otherwise.

Amendments to IFRS 7 – Disclosures: Offsetting Financial Assets and Financial Liabilities

In December 2011, the IASB issued additional provisions on the information to be provided in the notes to the consolidated financial statements regarding agreements offsetting financial assets and financial liabilities.

2.1.3 New standards, amendments and interpretations applied by the Group after January 1, 2013 that have an impact on its financial statements

Amendments to IAS 19 – Employee Benefits

In June 2011, the IASB published amendments to IAS 19 – Employee Benefits concerning the recognition of defined benefit plans. These amendments concern, in particular, elimination of the corridor method of accounting for actuarial gains and losses, the immediate recognition of all past service costs and the use of high quality corporate bond yields to determine the discount rate for calculating the net interest cost of employee benefit obligations to the exclusion of other benchmarks.

The revised standard, which applies retrospectively, has had the following impacts:

- The Group's commitments to its employees are fully recognized at the end of each financial period, as it is no longer possible to amortize past service costs resulting from plan amendments over the remaining work life of the employees concerned;
- Unamortized past service costs were accounted for in retained earnings, for their value net of tax during the period of application of the revised standard;
- The effects of any changes in defined benefit plans after January 1, 2012 are recognized directly in income statement in operating profit in the period in which they occur;
- The expected return on plan assets is set as being equal to the discount rate used to determine the present value of the projected benefit obligations.

The different impacts of the revised standard in 2012 can be summarized as follows:

(in € millions)	**As of January 1, 2012**	**As of December 31, 2012**
Net increase in pension liability	(8.9)	(8.0)
Net increase in deferred tax assets	3.1	2.7
Net decrease in shareholders' equity	**(5.8)**	**(5.3)**
Actuarial gains and losses	-	1.0
Decrease in personnel costs	-	0.9
Increase in financial expenses	-	(1.6)
Deferred tax income	-	0.2
Decrease in net income	**-**	**(0.5)**

The impact of these adjustments are not material, therefore no restatements have been made to the 2012 balance sheet and income statement.

2.1.4 New standards, amendments and interpretations not applicable to the Group until future periods

Standards and interpretations adopted by the European Union

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests

In May 2011, the IASB issued new standards – IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities – as well as the resulting amendments to IAS 27, reissued as Separate Financial Statements, and IAS 28, reissued as Investments in Associates and Joint Ventures.

IFRS 10 – Consolidated Financial Statements introduces a single consolidation framework for all types of investee entities, based on the concept of control.

The new IFRS 11 – Joint Arrangements introduces new requirements in recognizing joint arrangements, with in particular the use of the equity method to account for joint ventures.

The new IFRS 12 – Disclosure of Interests in Other Entities integrates into a single standard the disclosures required for interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

These new standards are applicable to annual periods beginning on or after January 1, 2014. They are not expected to materially impact the consolidated financial statements, as the Group exercises exclusive control over all its consolidated subsidiaries.
These new standards will not be early applied.

Amendments to IAS 32 Financial Instruments – Disclosures: Offsetting Financial Assets and Financial Liabilities

In December 2011, the IASB published amendments to IAS 32 "Financial Instruments – Disclosures: Offsetting Financial Assets and Financial Liabilities" clarifying the rules for offsetting financial assets and liabilities.

The amendments to IAS 32 are applicable retrospectively and are effective for annual periods beginning on or after January 1, 2014. Their impact on the Group's consolidated financial statements is not expected to be material.

Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets
In May 2013, the IASB published amendments to IAS 36 that require disclosure of the valuation techniques used, as well as of the key assumptions used in the current measurement and previous measurement of fair value when an impairment loss has been recognized (or reversed in the case of assets other than goodwill).

The amendments are applicable prospectively for annual periods beginning on or after January 1, 2014. Their impact on the Group's consolidated financial statements is not expected to be material.

Amendment to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

In June 2013, the IASB published an amendment to IAS 39 that allows hedge accounting to be continued in certain situations where a derivative is novated (i.e., the parties to a contract agree to replace their original contract with a new one).

The amendment is applicable for annual periods beginning on or after January 1, 2014. In accordance with IAS 8, it is applicable retrospectively. Its impact on the Group's consolidated financial statements is not expected to be material.

Standards and interpretations not yet adopted by the European Union

IFRS 9 – Financial Instruments

In November 2009, the IASB published IFRS 9 – Financial Instruments to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how

an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial asset. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39.

In October 2010, the IASB issued additions to IFRS 9 – Financial Instruments for financial liability accounting. Under the new requirements, which concern the classification and measurement of financial liabilities, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income (OCI) section of the income statement, rather than within profit and loss.

IFRS 9 and its amendments have not yet been adopted for use in the European Union.

IFRIC 21 – Levies

In May 2013, the IFRS Interpretation Committee issued IFRIC 21 – Levies which aims to clarify the trigger event for the provisioning for all taxes other than income taxes. This interpretation will modify existing practices for annual taxes whose payment is triggered, for an entity, by being in operations on a specified date or by achieving a certain level of activity.

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. Its impact should be recognized retrospectively in accordance with IAS 8.
IFRIC 21 has not yet been approved by European Union.

The Group is reviewing these standards, interpretations and amendments to determine their possible impact on the disclosures in the consolidated financial statements.

2.2 Basis of consolidation

Subsidiaries controlled by the Group are fully consolidated. Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date when effective control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Associates are entities over which the Group has significant influence but not control. Significant influence is generally considered to be exercised when the Group holds 20 to 50% of the voting rights. Investments in associates are initially recognized at cost and are subsequently accounted for by the equity method.

The Group does not hold interests accounted for under the equity method.

2.3 Foreign currency translation

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rate on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies using the exchange rate at the balance sheet date are recognized in the income statement under the heading “Exchange gains (losses)”.

Assets and liabilities of Group entities whose functional currency is different from the presentation currency are translated using the exchange rate at the balance sheet date. Statements of income are translated using the average exchange rate for the period. Gains or losses arising from the translation of the financial statements of foreign subsidiaries are recognized directly in equity, under “Translation reserves”, until the entities are sold or substantially liquidated.

A receivable from or payable to a foreign Group entity, whose settlement is not planned or likely to occur in the foreseeable future, is treated as part of the net investment in that entity. As a result, in compliance with IAS 21, translation gains and losses on such receivables or payables are recognized directly in equity, under “Translation reserves”.

2.4 Cash and cash equivalents

Cash and cash equivalents consist of cash, short-term deposits and all other financial assets with an original maturity of less than three months. The other financial assets maturing in less than three months are readily convertible to known amounts of cash and are not subject to any material risk of change in value. Marketable securities are not considered as cash equivalents.

Cash and cash equivalents that are unavailable in the short term for the Group correspond to the bank accounts of certain subsidiaries facing complex, short-term fund repatriation conditions due mainly to regulatory reasons.

Bank overdrafts are considered to be a form of financing and are therefore included in short-term borrowings.

2.5 Trade receivables

Trade receivables are initially recognized at fair value and are subsequently measured at amortized cost.
A provision is recognized in the income statement when there is objective evidence of impairment such as:

- When a debtor has defaulted;
- When a debtor is observed to be in financial difficulties, as evidenced by late payments, a rating downgrade or a deteriorating business environment.

2.6 Intangible assets

2.6.1 Trademarks

Trademarks with finite useful lives are amortized:

- Over 10 years when management plans to gradually replace them by other major trademarks owned by the Group;
- Over 20 years when management plans to replace them by other major trademarks owned by the Group only over the long term or when, in the absence of such an intention, management considers that the trademarks may be threatened by a major competitor in the long term.

Amortization of trademarks is recognized in the income statement under “Administrative and selling expenses”.

Trademarks are classified as having an indefinite useful life when management believes they will contribute indefinitely to future consolidated cash flows because it plans to continue using them indefinitely. Useful lives are reviewed at regular intervals, leading in some cases to trademarks classified as having an indefinite useful life being reclassified as trademarks with a finite useful life.

As the Group’s trademarks that are classified as having an indefinite useful life are used internationally, they each contribute to all of the Group's cash-generating units.

2.6.2 Development costs

Costs incurred for the Group’s main development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when it is probable that the project will be a success, considering its technical, commercial and technological feasibility, and costs can be measured reliably. Capitalized development costs are amortized from the starting date of the sale of the product on a straight-line basis over the period in which the asset’s future economic benefits are consumed, not exceeding 10 years.

Other development costs that do not meet the definition of an intangible asset are recorded in research and development costs for the year in which they are incurred.

2.6.3 Other intangible assets

Other intangible assets are recognized at cost less accumulated amortization and impairment.
They include in particular:

- Software, which is generally purchased from an external supplier and amortized over three years.
- Customer relationships acquired in business combinations. Corresponding to contractual relationships with key customers, they are measured using the discounted cash flow method and are amortized over a period of up to 20 years.

2.6.4 Impairment tests on intangible assets except goodwill

When events or changes in market environment indicate that an intangible asset or item of property, plant and equipment may be impaired, the item concerned is tested for impairment to determine whether its carrying amount is greater than its recoverable amount, defined as the higher of fair value less costs to sell and value in use.

Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use is the present value of the future cash flows expected to be derived from the use and subsequent sale of the asset. For further information, see Note 2.7.2.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on intangible assets may be reversed in subsequent periods if the impairment has decreased, provided that the increased carrying amount of the asset does not exceed the amount that would have been determined had no impairment loss been recognized.

Each trademark with an indefinite useful life is tested for impairment separately, in the fourth quarter of each year and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment tests are performed using the relief from royalty method. This method consists of measuring the royalties that the company would have to pay to license in the trademark from a third party. The theoretical value ot these royalties is then measured by estimating future revenue generated by the trademark over its useful life, as if the trademark were to be owned by a third party.This theoretical value is then compared to the trademark net book value.

2.7 Goodwill

2.7.1 Business combinations

For each combination, the Group decides to use:

i. Either the full goodwill method, which consists of allocating goodwill to minority interests. Under this method, goodwill is the difference between a) the consideration paid to acquire the business combination plus the fair value of the non-controlling interests in the combination and b) the fair value at date of acquisition of the identifiable net assets acquired and liabilities assumed.

ii. Or the partial goodwill method, whereby no goodwill is allocated to minority interets. Under this method, goodwill is the difference between a) the consideration paid to acquire the business combination and b) the portion of the acquisition date fair value of the identifiable net assets acquired and liabilities assumed that is attributable to the Group.

The cost of business combinations, as determined on the date when control is acquired, corresponds to the fair value of the acquired entities. As such, it does not include acquisition-related costs and expenses but does include contingent consideration at fair value.

Changes in the percentage of interest held in a controlled entity are recorded directly in equity without recognizing any additional goodwill.

2.7.2 Impairment tests on goodwill

Goodwill is tested for impairment annually, in the fourth quarter of each year, and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

For impairment testing purposes, goodwill is allocated to a cash-generating unit (CGU) or a group of CGUs, corresponding to the lowest level at which goodwill is monitored. Within the Legrand Group, CGUs are defined as corresponding to individual countries or to a group of countries, when they either have similar market characteristics or are managed as a single unit.

The need to record an impairment loss is assessed by comparing the carrying amount of the CGU's assets and liabilities, including goodwill, and their recoverable amount, defined as the higher of fair value less costs to sell and value in use.

Value in use is estimated based on discounted cash flows for the next five years and a terminal value calculated from the final year of the projection period. The cash flow data used for the calculation is taken from the most recent medium-term business plans approved by Group management. Business plan projections are based on the latest available external forecasts of trends in the Group's markets. Cash flows beyond the projection period of five years are estimated by applying a stable growth rate.

The discount rates applied derive from the capital asset pricing model. They are calculated for each individual country, based on financial market and/or valuation services firm data (average data over the last three years). The cost of debt used in the calculations is the same for all individual countries (being equal to the Group's cost of debt).

Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognized when the carrying amount is less than the recoverable amount. Impairment losses recognized on goodwill are irreversible.

2.8 Property, plant and equipment

Land, buildings, machinery and equipment, and other fixed assets are carried at cost less accumulated depreciation and any accumulated impairment losses. Impairment tests are performed annually and whenever events or changes in circumstances indicate that the assets' carrying amount may not be recoverable.

Assets acquired under lease agreements that transfer substantially most of the risks and rewards of ownership to the Group are capitalized on the basis of the present value of future minimum lease payments and are depreciated over

the shorter of the lease contract period and the asset's useful life determined in accordance with Group policies (see below).

Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets; the most commonly adopted useful lives are the following:

Light buildings	25 years
Standard buildings	40 years
Machinery and equipment	8 to 10 years
Tooling	5 years
Office furniture and equipment	5 to 10 years

The depreciable amount of assets is determined after deducting their residual value when the amounts involved are material.

Each part of an item of property, plant and equipment with a useful life that is significantly different to the useful lives of other parts is depreciated separately.

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.9 Inventories

Inventories are measured at the lower of cost (of acquisition or production) or net realizable value, with cost determined principally on a first-in, first-out (FIFO) basis. The production cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Deferred taxes

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amount in the consolidated balance sheet. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.
Deferred tax assets and deferred tax liabilities are offset when the entity has a legally enforceable right of offset and they relate to income taxes levied by the same taxation authority.

2.11 Revenue recognition

Revenues from the sale of goods are recognized when all of the following conditions have been satisfied: (i) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (ii) the seller retains

neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to the seller; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably. For the Group, this policy results in the recognition of revenue when ownership title and the risk of loss are transferred to the buyer, which is generally upon shipment.

The Group offers some sales incentives to customers, consisting primarily of volume rebates and cash discounts. Volume rebates are typically based on three, six, and twelve-month arrangements with customers, and rarely extend beyond one year. Based on the trade of the current period, such rebates are recognized on a monthly basis as a reduction in revenue from the underlying transactions that reflect progress by the customer towards earning the rebate, with a corresponding deduction from the customer's trade receivables balance.

2.12 Valuation of financial instruments

2.12.1 Hierarchical classification of financial instruments

Under the amended IFRS 7, financial instruments are classified in a three-level hierarchy based on the inputs used to measure their fair value, as follows:

- Level 1: quoted prices for similar instruments;
- Level 2: directly observable market inputs other than level 1 inputs;
- Level 3: inputs not based on observable market data.

2.12.2 Measurement of financial instruments

The carrying amounts of cash, short-term deposits, accounts receivable, accounts payable, accrued expenses and short-term borrowings approximate their fair value because of these instruments' short maturities. For short-term investments, comprised of marketable securities, fair value corresponds to the securities' market price. The fair value of long-term borrowings is estimated on the basis of interest rates currently available for issuance of debt with similar terms and remaining maturities. The fair value of interest rate swap agreements is the estimated amount that the counterparty would receive or pay to terminate the agreements, and is calculated as the present value of the estimated future cash flows.

2.12.3 Non-derivative financial instruments designated as hedges

Under IAS 39, non-derivative financial instruments may be designated as hedges only when they are used to hedge foreign currency risk and provided that they qualify for hedge accounting.

Accordingly, in the case of hedges of a net investment in a foreign operation, the portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognized in equity, as required under paragraph 102 of IAS 39.

2.12.4 Derivatives

Group policy consists of not entering into any transactions of a speculative nature involving financial instruments. All transactions in these instruments are entered into exclusively for the purpose of managing or hedging currency or interest rate risks, and changes in the prices of raw materials. For this purpose, the Group periodically enters into contracts such as swaps, caps, options, futures and forward contracts, according to the nature of its exposure.

Accounting treatment of derivative instruments

Derivatives are initially recognized at fair value at the contract inception date and are subsequently remeasured at fair value at each reporting date. The method of recognizing the resulting gain or loss depends on whether the derivative qualifies for hedge accounting, and if so, the nature of the item being hedged.

Put on non-controlling interests

In the particular case of puts written on non-controlling interests without any transfer of risks and benefits, the contractual obligation to purchase these equity instruments is recognized as a liability by adjusting equity in application of IAS 32. Any subsequent changes in the liability are recorded in equity.

Other derivative instruments

In the case of other derivative instruments, the Group analyzes the substance of each transaction and recognizes any changes in fair value in accordance with IAS 39.

The fair values of derivative instruments used for hedging purposes are disclosed in Note 22.

2.13 Environmental and product liabilities

In accordance with IAS 37, the Group recognizes losses and accrues liabilities relating to environmental and product liability matters. A loss is recognized if available information indicates that it is probable and reasonably estimable. In the event that a loss is neither probable nor reasonably estimable but remains possible, the contingency is disclosed in the notes to the consolidated financial statements.

Losses arising from environmental liabilities are measured on a best-estimate basis, case by case, based on available information.

Losses arising from product liability issues are estimated on the basis of current facts and circumstances, past experience, the number of claims and the expected cost of administering, defending and, in some cases, settling such cases.

In accordance with IFRIC 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment, the Group manages waste equipment under the European Union Directive on waste electrical and electronic equipment by paying financial contributions to a recycling platform.

2.14 Share-based payment transactions

Share-based payment plans have been implemented, which are settled in either equity or cash.

2.14.1 Equity-settled share-based payment transactions

The cost of stock options or performance shares is measured at the fair value of the award on the grant date, using the Black & Scholes option pricing model or the binomial model, and is recognized in the income statement under "Employee benefits expense" on a straight-line basis over the vesting period with a corresponding adjustment to equity. Changes in the fair value of stock options after the grant date are not taken into account.

The expense recognized by crediting equity is adjusted at each period-end during the vesting period to take into account changes in the number of shares that are expected to be delivered to employees when the performance shares vest or the stock options are exercised.

2.14.2 Cash-settled share-based payment transactions

When granting long-term employee benefits plans indexed to the share price, the value of the awarded instruments is estimated according to the conditions defined at the plan's inception. This value is remeasured at each period-end and the resulting increase or decrease in expense is recognized as an adjustment to provisions.

2.15 Transfers and use of financial assets

In accordance with IAS 39, financial assets are derecognized when the associated cash flows and substantially all the related risks and rewards have been transferred.

2.16 Pension and other post employment benefit obligations

2.16.1 Pension obligations

Group companies operate various pension plans. The plans are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined contribution and defined benefit plans.

Defined contribution plans
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Contributions are recognized as an expense for the period of payment.

The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods.

Defined benefit plans
A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and end-of-career salary.

The liability recognized in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The past service cost arising from changes to pension benefit plans is expensed in full as incurred.

The Group recognizes all actuarial gains and losses outside profit or loss, in the Statement Of Recognized Income and Expense (Statement of comprehensive income), as allowed under IAS 19, paragraph 120C (revised).

Defined benefit obligations are calculated using the projected unit credit method. This method takes into account estimated years of service at retirement, final salaries, life expectancy and staff turnover, based on actuarial assumptions. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of investment grade corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the period to payment of the related pension liability.

2.16.2 Other post-employment benefit obligations

Some Group companies provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining with the company up to retirement age and completion of a minimum service period.

The benefits are treated as post-employment benefits under the defined benefit scheme.

2.16.3 Other long-term employee benefits

The Group has implemented plans providing long-term employee benefits to employees, which are recognized in provisions in accordance with IAS 19.

2.17 Segment information

The Group is organized for management purposes by country and by geographical segment.
Hence, allocation of resources to the various segments and assessement of each segment's performance are performed by the Group management on a country basis.

2.18 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing net profit attributable to equity holders of Legrand by the weighted number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated according to the treasury stock method, by dividing profit attributable to equity holders of Legrand by the weighted average number of ordinary shares outstanding during the period, plus the number of dilutive potential ordinary shares.

The weighted average number of ordinary shares outstanding used in these calculations is adjusted for the share buybacks and sales carried out during the period and does not take into account shares held in treasury.

2.19 Short- and long-term borrowings

Short- and long-term borrowings mainly comprise bonds and bank loans. They are initially recognized at fair value, taking into account any transaction costs directly attributable to the issue, and are subsequently measured at amortized cost, using the effective interest method.

2.20 Borrowing costs

In accordance with the revised version of IAS 23, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Other borrowing costs are recognized as an expense for the period in which they were incurred.

2.21 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that are reflected in the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events, and are believed to be reasonable under the circumstances.

2.21.1 Impairment of goodwill and intangible assets

Trademarks with indefinite useful lives and goodwill are tested for impairment at least once a year and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with the accounting policies presented in Notes 2.6.4 and 2.7.2.
Intangible assets with finite useful lives are amortized over their estimated useful lives and are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

Future events could cause the Group to conclude that evidence exists that certain intangible assets acquired in a business combination are impaired. Any resulting impairment loss could have a material adverse effect on the Group's consolidated financial condition and results of operations.

The discounted cash flow estimates used for impairment tests on goodwill and trademarks with indefinite useful lives are based to a significant extent on management's judgment.

2.21.2 Accounting for income taxes

As part of the process of preparing the consolidated financial statements, the Group is required to estimate income taxes in each of the jurisdictions in which it operates. This involves estimating the actual current tax exposure and assessing temporary differences resulting from differing treatment of items such as deferred revenue or prepaid

expenses for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are reported in the consolidated balance sheet.

The Group must then assess the probability that deferred tax assets will be recovered from future taxable profit. Deferred tax assets are recognized only when it is probable that sufficient taxable profit will be available, based on management-approved taxable profit forecasts.

The Group has not recognized all of its deferred tax assets because it is not probable that some of them will be recovered before they expire. The amounts involved mainly concern operating losses carried forward and foreign income tax credits. The assessment is based on estimates of future taxable profit by jurisdiction in which the Group operates and the period over which the deferred tax assets are recoverable.

2.21.3 Other assets and liabilities based on estimates

Other assets and liabilities based on estimates include provisions for pensions and other post-employment benefits, impairment of trade receivables, inventories and financial assets, stock options, provisions for contingencies and charges, capitalized development costs, and any annual volume rebates offered to customers.

Note 3 - Changes in the scope of consolidation

The contributions to the Group's consolidated financial statements of companies acquired since January 1, 2012 were as follows:

2012	March 31	June 30	September 30	December 31
Megapower	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Aegide	Balance sheet only	4 months' profit	7 months' profit	10 months' profit
Numeric UPS		Balance sheet only	4 months' profit	7 months' profit
NuVo Technologies				Balance sheet only

2013	March 31	June 30	September 30	December 31
Aegide	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Numeric UPS	3 months' profit	6 months' profit	9 months' profit	12 months' profit
NuVo Technologies	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Daneva	Balance sheet only	6 months' profit	9 months' profit	12 months' profit
Seico	Balance sheet only	5 months' profit	8 months' profit	11 months' profit
S2S		Balance sheet only	Balance sheet only	8 months' profit
Adlec Power			Balance sheet only	5 months' profit
Tynetec			Balance sheet only	5 months' profit

In 2013, companies consolidated in 2012 and 2013 on the basis presented in the above tables contributed €227.3 million to consolidated revenue and €8.8 million to consolidated profit for the period. All of these companies are fully consolidated.

The main acquisitions carried out in 2013 were as follows:

- The acquisition of 51% of Daneva was completed after approval from the local competition authorities, with an option to take full control from April 2014. Daneva reported revenue of around €27 million in 2012.

- The Group acquired Seico, the Saudi market leader in industrial metal cable trays. Seico reported around €23 million in revenue in 2012.

- The Group acquired S2S, a French uninterruptible power supply company with more than €20 million in revenue in 2012.

- The Group acquired a majority stake in Adlec Power, one of the major Indian manufacturers of switchboards. It acquired 70% of the shares with an option to take full control from July 2018. Based in the region of Delhi, Adlec Power has annual sales of approximately €23 million.

- The Group acquired Tynetec, a frontrunner in systems dedicated to assisted living in United Kingdom with annual sales over €15 million.

In all, acquisitions of subsidiaries (net of cash acquired), minority interests and shares in non-consolidated entities came to a total of €133.4 million in 2013, versus €196.0 million in 2012. Of this, acquisitions of subsidiaries (net of cash acquired) accounted for €131.7 million in 2013, compared with €187.9 million in 2012.

Note 4 - Intangible assets (Note 2.6)

Intangible assets are as follows:

(in € millions)	**December 31, 2013**	**December 31, 2012**
Trademarks with indefinite useful lives	1,408.0	1,408.0
Trademarks with finite useful lives	237.0	236.3
Developed technology	3.9	5.5
Other intangible assets	172.2	173.7
	1,821.1	**1,823.5**

The Legrand and Bticino brands represent close to 98% of the total value of trademarks with indefinite useful lives.

Trademarks can be analyzed as follows:

(in € millions)	**December 31, 2013**	**December 31, 2012**
At the beginning of the period	1,749.3	1,686.6
- Acquisitions	41.4	70.6
- Adjustments	0.0	0.0
- Disposals	0.0	0.0
- Translation adjustments	(25.2)	(7.9)
	1,765.5	1,749.3
Less accumulated amortization and impairment	(120.5)	(105.0)
At the end of the period	**1,645.0**	**1,644.3**

To date, no impairment has been recognized for these trademarks.

Trademarks with indefinite useful lives are tested for impairment annually and whenever events or changes in circumstances indicate that their carrying amount may exceed their recoverable amount.

The following impairment testing parameters were used in the period ended December 31, 2013:

Recoverable amount	Carrying amount of trademarks with indefinite useful lives	Value in use	
		Discount rate (before tax)	**Growth rate to perpetuity**
Value in use	1,408.0	9.4% to 9.9%	2.8% to 3.2%

No impairment was recognized in the period ended December 31, 2013.

Sensitivity tests were performed on the discount rates and long-term growth rates used for impairment testing purposes. Based on the results of these tests, a 50-basis point change in these rates would not lead to any impairment losses being recognized on trademarks with an indefinite useful life.

The following impairment testing parameters were used in the period ended December 31, 2012:

Recoverable amount	Carrying amount of trademarks with indefinite useful lives	Value in use	
		Discount rate (before tax)	**Growth rate to perpetuity**
Value in use	1,408.0	9.9% to 10.3%	2.8% to 3.1%

No impairment was recognized in the period ended December 31, 2012.

Developed technology can be analyzed as follows:

(in € millions)	**December 31, 2013**	**December 31, 2012**
At the beginning of the period	582.0	576.8
- Acquisitions	0.0	7.0
- Disposals	0.0	0.0
- Translation adjustments	(3.3)	(1.8)
	578.7	582.0
Less accumulated amortization and impairment	(574.8)	(576.5)
At the end of the period	**3.9**	**5.5**

To date, no impairment has been recognized for these items.

Other intangible assets can be analyzed as follows:

(in € millions)	December 31, 2013	December 31, 2012
Capitalized development costs	260.0	232.8
Software	95.0	93.1
Other	76.1	72.3
	431.1	398.2
Less accumulated amortization and impairment	(258.9)	(224.5)
At the end of the period	**172.2**	**173.7**

To date, no impairment has been recognized for these items.

Amortization and impairment expense related to other intangible assets amounted to €45.3 million in 2013, of which €27.7 million concerned capitalized developed technology and €11.3 million software.

Amortization and impairment expense related to other intangible assets amounted to €41.1 million in 2012, of which €24.2 million concerned capitalized developed technology and €11.4 million software.

Amortization expense for trademarks and developed technology for each of the next five years is expected to be as follows:

(in € millions)	Developed technology	Trademarks	Total
2014	0.7	20.7	21.4
2015	0.7	20.7	21.4
2016	0.7	20.7	21.4
2017	0.7	20.7	21.4
2018	0.7	20.7	21.4

Note 5 - Goodwill (Note 2.7)

Goodwill can be analyzed as follows:

(in € millions)	December 31, 2013	December 31, 2012
France	675.8	640.5
Italy	366.8	366.8
Rest of Europe	271.8	280.2
USA/Canada	404.1	420.8
Rest of the World	693.2	746.9
	2,411.7	**2,455.2**

The geographic allocation of goodwill is based on the acquired company's value, determined as of the date of the business combination, taking into account synergies with other Group companies.

In the “Rest of Europe” and “Rest of the World” regions, no final amount of goodwill allocated to a cash-generating unit (CGU) represents more than 10% of total goodwill.

Changes in goodwill can be analyzed as follows:

(in € millions)	December 31, 2013	December 31, 2012
Gross value at the beginning of the period	2,493.3	2,440.9
- Acquisitions	108.8	145.5
- Adjustments	(42.4)	(65.2)
- Translation adjustments	(112.2)	(27.9)
Gross value at the end of the period	**2,447.5**	**2,493.3**
Impairment value at the beginning of the period	(38.1)	(37.4)
- Impairment losses	0.0	0.0
- Translation adjustments	2.3	(0.7)
Impairment value at the end of the period	**(35.8)**	**(38.1)**
Net value at the end of the period	**2,411.7**	**2,455.2**

Adjustments correspond to the difference between provisional and final goodwill.

For impairment testing purposes, goodwill has been allocated to various countries, grouping CGUs which represent the lowest level at which goodwill is monitored. France, Italy and USA/Canada are each considered to be a single CGU, whereas the Rest of Europe and Rest of the World segments are made up of several CGUs.

These CGUs are tested for impairment annually, and whenever events or changes in circumstances indicate that their value may be impaired, by comparing their carrying amount, including goodwill, to their value in use.

Value in use corresponds to the present value of the future cash flows expected to be derived from the subsidiaries included in the cash-generating unit. As required by IAS 36, it is calculated by applying pre-tax discount rates to pre-tax future cash flows.

Goodwill arising on partial acquisitions has been measured using the partial goodwill method (Note 2.7.1).

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that its carrying amount may exceed its recoverable amount.

The following impairment testing parameters were used in the period ended December 31, 2013:

			Value in use	
	Recoverable amount	**Carrying amount of goodwill**	**Discount rate (before tax)**	**Growth rate to perpetuity**
France		675.8	10.5%	2%
Italy		366.8	15.4%	2%
Rest of Europe	Value in use	271.8	8.7 to 20.4%	2 to 5%
USA/Canada		404.1	10.5%	3%
Rest of the World		693.2	10.3 to 18.6%	2 to 5%
		2,411.7		

No goodwill impairment losses were identified in the period ended December 31, 2013.

Sensitivity tests performed on the discount rates, long-term growth rates and operating margin rates showed that a 50 basis point unfavorable change in each of these three parameters would not lead to any material impairment of goodwill on an individual basis for each CGU.

The following impairment testing parameters were used in the period ended December 31, 2012:

			Value in use	
	Recoverable amount	**Carrying amount of goodwill**	**Discount rate (before tax)**	**Growth rate to perpetuity**
France		640.5	10.5%	2%
Italy		366.8	15.9%	2%
Rest of Europe	Value in use	280.2	9.4 to 18.7%	2 to 5%
USA/Canada		420.8	10.8%	3%
Rest of the World		746.9	11.8 to 20.9%	2 to 5%
		2,455.2		

No goodwill impairment losses were identified in the period ended December 31, 2012.

For business combinations, the fair values of the identifiable assets acquired and liabilities and contingent liabilities assumed are determined on a provisional basis. As a result, the related goodwill is subject to adjustment during the year following the provisional allocation.

Acquisition prices for the twelve months ended December 31, 2013 and December 31, 2012 have been allocated as follows:

	12 months ended	
(in € millions)	**December 31, 2013**	**December 31, 2012**
- Trademarks	41.4	70.6
- Deferred taxes on trademarks	(3.4)	(10.1)
- Developed technology	0.0	7.0
- Deferred taxes on developed technology	0.0	(2.4)
- Other intangible assets	7.2	4.9
- Deferred taxes on other intangible assets	0.0	(1.2)
- Goodwill	108.8	145.5

Note 6 - Property, plant and equipment (Note 2.8)

6.1 Analysis of changes in property, plant and equipment

Changes in property, plant and equipment in 2013 can be analyzed as follows:

(in € millions)	December 31 , 2013				
	Land	Buildings	Machinery and equipment	Assets under construction and other	Total
Gross value					
At the beginning of the period	56.2	579.3	1,602.4	291.4	2,529.3
Acquisitions	0.0	9.7	41.3	44.4	95.4
Disposals	(0.7)	(10.4)	(40.6)	(16.2)	(67.9)
Transfers and changes in scope of consolidation	0.2	11.6	55.2	(41.1)	25.9
Translation adjustments	(1.5)	(10.2)	(37.1)	(11.7)	(60.5)
At the end of the period	**54.2**	**580.0**	**1,621.2**	**266.8**	**2,522.2**
Depreciation and impairment					
At the beginning of the period	(8.2)	(354.5)	(1,375.9)	(214.1)	(1,952.7)
Depreciation expense	(0.6)	(19.0)	(68.7)	(13.2)	(101.5)
Reversals	0.7	9.6	39.5	14.9	64.7
Transfers and changes in scope of consolidation	0.0	(3.7)	(24.2)	16.6	(11.3)
Translation adjustments	0.0	4.9	26.5	7.8	39.2
At the end of the period	**(8.1)**	**(362.7)**	**(1,402.8)**	**(188.0)**	**(1,961.6)**
Net value					
At the beginning of the period	48.0	224.8	226.5	77.3	576.6
Acquisitions / Depreciation	(0.6)	(9.3)	(27.4)	31.2	(6.1)
Disposals / Reversals	0.0	(0.8)	(1.1)	(1.3)	(3.2)
Transfers and changes in scope of consolidation	0.2	7.9	31.0	(24.5)	14.6
Translation adjustments	(1.5)	(5.3)	(10.6)	(3.9)	(21.3)
At the end of the period	**46.1**	**217.3**	**218.4**	**78.8**	**560.6**

Total property, plant and equipment includes €10.3 million corresponding to assets held for sale, which are measured at the lower of their carrying amount and fair value less costs to sell.

Changes in property, plant and equipment in 2012 can be analyzed as follows:

(in € millions)	December 31 , 2012				
	Land	Buildings	Machinery and equipment	Assets under construction and other	Total
Gross value					
At the beginning of the period	55.9	574.8	1,612.1	291.7	2,534.5
Acquisitions	0.0	3.5	35.1	43.3	81.9
Disposals	0.0	(10.2)	(64.7)	(15.4)	(90.3)
Transfers and changes in scope of consolidation	0.5	12.0	24.2	(27.7)	9.0
Translation adjustments	(0.2)	(0.8)	(4.3)	(0.5)	(5.8)
At the end of the period	**56.2**	**579.3**	**1,602.4**	**291.4**	**2,529.3**
Depreciation and impairment					
At the beginning of the period	(7.6)	(341.9)	(1,366.4)	(212.7)	(1,928.6)
Depreciation expense	(0.6)	(20.6)	(70.9)	(13.1)	(105.2)
Reversals	0.0	7.9	63.7	13.8	85.4
Transfers and changes in scope of consolidation	0.0	(0.2)	(4.5)	(1.9)	(6.6)
Translation adjustments	0.0	0.3	2.2	(0.2)	2.3
At the end of the period	**(8.2)**	**(354.5)**	**(1,375.9)**	**(214.1)**	**(1,952.7)**
Net value					
At the beginning of the period	48.3	232.9	245.7	79.0	605.9
Acquisitions / Depreciation	(0.6)	(17.1)	(35.8)	30.2	(23.3)
Disposals / Reversals	0.0	(2.3)	(1.0)	(1.6)	(4.9)
Transfers and changes in scope of consolidation	0.5	11.8	19.7	(29.6)	2.4
Translation adjustments	(0.2)	(0.5)	(2.1)	(0.7)	(3.5)
At the end of the period	**48.0**	**224.8**	**226.5**	**77.3**	**576.6**

6.2 Property, plant and equipment include the following assets held under finance leases:

(in € millions)	December 31, 2013	December 31, 2012
Land	2.3	2.3
Buildings	36.1	36.2
Machinery and equipment	31.4	31.5
	69.8	70.0
Less accumulated depreciation	(39.7)	(38.9)
	30.1	**31.1**

6.3 Finance lease liabilities are presented in the balance sheets as follows:

(in € millions)	December 31, 2013	December 31, 2012
Long-term borrowings	12.4	13.8
Short-term borrowings	1.3	2.1
	13.7	**15.9**

6.4 Future minimum lease payments under finance leases are as follows:

(in € millions)	December 31, 2013	December 31, 2012
Due in less than one year	1.5	2.4
Due in one to two years	1.5	1.6
Due in two to three years	1.4	1.5
Due in three to four years	1.3	1.5
Due in four to five years	1.3	1.5
Due beyond five years	7.4	9.3
	14.4	17.8
Of which accrued interest	(0.7)	(1.9)
Net present value of future minimum lease payments	**13.7**	**15.9**

Note 7 - Inventories (Note 2.9)

Inventories are as follows:

(in € millions)	December 31, 2013	December 31, 2012
Purchased raw materials and components	231.7	231.8
Sub-assemblies, work in progress	90.8	92.5
Finished products	403.4	386.0
	725.9	710.3
Less impairment	(105.0)	(110.5)
	620.9	**599.8**

Note 8 - Trade receivables (Note 2.5)

In 2013, the Group derived over 95% of its revenue from sales to distributors of electrical equipment. The two largest distributors accounted for approximately 23% of consolidated net revenue and no other distributor accounted for more than 5% of consolidated net revenue.

(in € millions)	December 31, 2013	December 31, 2012
Trade accounts and notes receivable	538.7	552.6
Less impairment	(64.4)	(62.0)
	474.3	**490.6**

The factoring contract terms qualify the receivables for derecognition under IAS 39. The amount derecognized as of December 31, 2013 was €25.8 million (€21.0 million as of December 31, 2012).

Past-due trade receivables can be analyzed as follows:

(in € millions)	**December 31, 2013**	**December 31, 2012**
Less than 3 months past due	82.3	71.6
From 3 to 12 months past due	21.4	19.5
More than 12 months past due	22.6	19.1
	126.3	**110.2**

Provisions for impairment of past-due trade receivables amounted to €56.2 million as of December 31, 2013 (€54.6 million as of December 31, 2012). These provisions break down as follows:

(in € millions)	**December 31, 2013**	**December 31, 2012**
Provisions for receivables less than 3 months past due	13.3	17.2
Provisions for receivables 3 to 12 months past due	20.3	18.3
Provisions for receivables more than 12 months past due	22.6	19.1
	56.2	**54.6**

Note 9 - Other current assets

Other current assets are as follows:

(in € millions)	**December 31, 2013**	**December 31, 2012**
Employee advances	3.2	4.2
Other receivables	28.7	30.5
Prepayments	23.7	23.5
Prepaid and recoverable taxes other than income tax	82.9	82.3
	138.5	**140.5**

These assets are valued at historical cost and there are no events or special circumstances indicating that they may be impaired.

Note 10 - Cash and cash equivalents (Note 2.4)

Cash and cash equivalents totaled €602.8 million as of December 31, 2013 and corresponded primarily to deposits with an original maturity of less than three months (Note 22.2.1). Out of this amount, about €15.2 million were not available in the short term for the Group.

Note 11 - Share capital and earnings per share (Note 2.18)

Share capital as of December 31, 2013 amounted to €1,062,362,068 represented by 265,590,517 ordinary shares with a par value of €4 each, for 277,225,674 voting rights.

Changes in share capital were as follows:

	Number of shares	Par value	Share capital (euros)	Premiums (euros)
As of December 31, 2012	264,374,875	4	1,057,499,500	1,089,552,202
Exercise of options under the 2007 plan	413,576	4	1,654,304	8,767,811
Exercise of options under the 2008 plan	325,048	4	1,300,192	5,389,296
Exercise of options under the 2009 plan	475,212	4	1,900,848	4,333,933
Exercise of options under the 2010 plan	1,806	4	7,224	32,183
As of December 31, 2013	265,590,517	4	1,062,362,068	1,108,075,425

Share capital consists exclusively of ordinary shares, each with a par value of €4.

Fully paid-up shares held in registered form in the name of the same shareholder for at least two years carry double voting rights.

In 2013, 1,215,642 shares were issued under the 2007 to 2010 stock option plans, resulting in a €4.9 million capital increase with a €18.5 million premium.

11.1 Share buyback program and transactions under the liquidity contract

11.1.1 Share buyback program

As of December 31, 2012, the Group held 51,584 shares in treasury. During 2013, it acquired a further 860,000 shares, at a cost of €30,155,062, and allocated 848,557 shares to employees under performance share plans.

As of December 31, 2013, the Group held 63,027 shares under the program, acquired at a total cost of €1,572,484. These shares are being held for the following purposes:

- For allocation upon exercise of performance share plans (58,106 shares purchased at a cost of €1,449,853) and

- For allocation to employees who choose to re-invest their profit-shares in Legrand stock through a corporate mutual fund (4,921 shares purchased at a cost of €122,631).

11.1.2 Liquidity contract

On May 29, 2007, the Group appointed a financial institution to maintain a liquid market for its ordinary shares on the NYSE Euronext™ Paris market under a liquidity contract complying with the Code of Conduct issued by the AMAFI (French Financial Markets Association) approved by the AMF on March 22, 2005.

Cash used to purchase shares under the liquidity contract is capped at €15.0 million.

As of December 31, 2013, the Group held 107,500 shares under this contract, purchased at a total cost of €4,285,428.

During 2013, transactions under the liquidity contract led to a cash inflow of €72,390 corresponding to net purchases of 7,500 shares.

11.2 Earnings per share

Basic and diluted earnings per share, calculated on the basis of the average number of ordinary shares outstanding during the period, are as follows:

		December 31, 2013	**December 31, 2012**
Profit attributable to equity holders of Legrand (*in € millions)*	A	530.5	505.6
Number of ordinary shares outstanding:			
- At the period-end		265,590,517	264,374,875
- O/w held in treasury		170,527	151,584
- Average for the period (excluding shares held in treasury)	B	264,932,592	263,401,182
- Average for the period after dilution (excluding shares held in treasury)	C	268,941,322	266,012,909
Number of stock options and performance share grants outstanding at the period end		7,429,316	9,620,375
Sales (buybacks) of shares and transactions under the liquidity contract (net during the period)		(867,500)	(289,500)
Shares allocated during the period under performance share plans		848,557	698,452
Basic earnings per share *(euros)* (Note 2.18)	A/B	2.002	1.920
Diluted earnings per share *(euros)* (Note 2.18)	A/C	1.973	1.901
Dividend per share *(euros)*		1.000	0.930

During 2013, the Group:

- Issued 1,215,642 shares under the stock option plans.
- Transferred 848,557 shares under performance share plans, out of the 860,000 shares bought back for this purpose in 2013.
- Bought back a net 7,500 shares under the liquidity contract.

These movements were taken into account on an accrual basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and

bought back on January 1, 2013, earnings per share and diluted earnings per share would have amounted to €1.999 and €1.962 respectively for the twelve months ended December 31, 2013.

During 2012, the Group:

- Issued 985,880 shares under the stock option plans,
- Transferred 698,452 shares under performance share plans,
- Sold a net 130,500 shares under the liquidity contract.

These movements were taken into account on an accruals basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2012, basic earnings per share and diluted earnings per share would have amounted to €1.914 and €1.890 respectively for the twelve months ended December 31, 2012.

Note 12 - Stock option plans, performance share plans and employee profit-sharing (Note 2.14)

12.1 2007 to 2012 Legrand performance share plans and stock option plans

12.1.1 Performance share plans

No performance share plans have been implemented since the 2012 Plan. As explained in Note 16.2, long term employee benefits plans were implemented in 2013.

The following performance share plans were approved by the Company's Board of Directors in previous years:

	2009 Plan	**2010 Plan**	**2011 Plan**	**2012 Plan**
Date approved by shareholders	May 15, 2007	May 15, 2007	May 27, 2010	May 26, 2011
Grant date	March 4, 2009	March 4, 2010	March 3, 2011	March 7, 2012
Total number of share rights granted	288,963	896,556	1,592,712	985,656
o/w to Executive Directors	*23,491*	*62,163*	*127,888*	*30,710*
• Gilles Schnepp	12,075	38,373	65,737	30,710
• Olivier Bazil	11,416	23,790	62,151	
End of vesting period	French tax residents: March 5, 2011 Non-residents: March 5, 2013	French tax residents: March 5, 2012 Non-residents: March 5, 2014	French tax residents: March 4, 2013 Non-residents: March 4, 2015	French tax residents: March 8, 2014 Non-residents: March 8, 2016
End of lock-up period	French tax residents: March 6, 2013 Non-residents: March 5, 2013	French tax residents: March 6, 2014 Non-residents: March 5, 2014	French tax residents: March 5, 2015 Non-residents: March 4, 2015	French tax residents: March 9, 2016 Non-residents: March 8, 2016
Number of shares acquired as of December 31, 2013	(263,246)	(406,046)	(710,271)	(338)
Number of share rights cancelled or forfeited	(25,717)	(57,778)	(71,407)	(22,039)
Share rights outstanding at end of period	**0**	**432,732**	**811,034**	**963,279**

(1) **2009 Plan:** This plan concerns performance share rights granted in 2009 in respect of 2008 performance. The Board of Directors set the 2008 economic earnings* target for the 2009 Plan at the start of 2008. Based on the Group's actual economic earnings compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of performance share rights determined by the Board of Directors at its March 4, 2009 meeting.

(2) **2010 Plan:** This plan concerns performance share rights granted in 2010 in respect of 2009 performance. The Board of Directors set the 2009 economic earnings* target for the 2010 Plan at the start of 2009. Based on the Group's actual economic earnings compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of performance share rights determined by the Board of Directors at its March 4, 2010 meeting. The number of rights was deliberately limited, on beneficiaries' suggestion.

(3) **2011 Plan**: This plan concerns performance share rights granted in 2011 in respect of 2010 performance. The Board of Directors set the 2010 economic earnings* target for the 2011 Plan at the start of 2010. Based on the Group's actual economic earnings compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of performance share rights determined by the Board of Directors at its March 3, 2011 meeting. In addition, starting with the 2011 Plan, a second set of performance conditions decided by the Board of Directors applies to substantially all of the performance share rights granted to executive directors. They include an external performance condition (consolidated net margin compared with the margins reported by Legrand's peer group over a four-year period) and two internal performance conditions (economic earnings* and economic margin performance over successive four-year periods). In summary, shares granted to executive directors under the 2011 Plan in respect of 2010 are subject to two sets of performance conditions, one applicable at the date of grant and the other at the end of the vesting period.

(4) **2012 Plan:** For this plan, which concerns 2011 performance, the Board of Directors set the 2011 economic earnings* target at the start of 2011. At its March 7, 2012 meeting, the Board of Directors granted 30,710 performance share rights to Gilles Schnepp based on actual 2011 economic earnings* compared with the target. In addition, on the recommendation of the Nominations and Compensation Committee, the Board decided to adjust the vesting conditions by setting more challenging performance objectives. If these objectives are not met, some or all of the performance shares may not vest. Based on the new objectives, the shares in the initial grant will not vest in their entirety unless the Company demonstrates an ability to create value over the long term by achieving growth in economic earnings* over the four-year period immediately preceding the vesting date. However, if this first condition is not met, Mr. Schnepp may still retain the right to some of the shares based on a second condition, i.e. whether the Group's economic margin performance exceeded that of the companies in its peer group over the same period.

** Adjusted operating profit less cost of capital employed.*

If all these shares were to vest (i.e. 2,207,045 shares), the Company's capital would be diluted by 0.8% as of December 31, 2013.

A total of 27,911 of performance share rights were granted under the 2012 Plan (based on 2011 performance) to the ten grantees other than executive directors who received the greatest number of rights.

12.1.2 Stock option plans

No stock option plans have been implemented since the 2010 Plan.

The following stock option plans were approved by the Company's Board of Directors in previous years:

	2007 Plan	**2008 Plan**	**2009 Plan**	**2010 Plan**
Date approved by shareholders	May 15, 2007	May 15, 2007	May 15, 2007	May 15, 2007
Grant date	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010
Total number of options granted	1,638,137	2,015,239	1,185,812	3,254,726
o/w to Executive Directors	*79,281*	*141,231*	*93,964*	*217,646*
• Gilles Schnepp	40,745	72,583	48,300	134,351
• Olivier Bazil	38,536	68,648	45,664	83,295
Start of exercise period	May 16, 2011	March 6, 2012	March 5, 2013	March 5, 2014
Expiry of exercise period	May 15, 2017	March 5, 2018	March 4, 2019	March 4, 2020
Exercise price	€25.20 Average closing price over the 20 trading days preceding the grant date	€20.58 Average closing price over the 20 trading days preceding the grant date	€13.12 Average closing price over the 20 trading days preceding the grant date	€21.82 Average closing price over the 20 trading days preceding the grant date
Exercise terms (plans comprising several tranches)	(1) (2)	(1) (3)	(1) (4)	(1) (5)
Number of options exercised as of December 31, 2013	(866,732)	(965,250)	(477,796)	(5,509)
Number of options cancelled or forfeited	(107,421)	(121,239)	(107,612)	(220,084)
Stock options outstanding at end of period	**663,984**	**928,750**	**600,404**	**3,029,133**

(1) Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct.

(2) The 2007 stock options were granted based on the Company's 2006 economic earnings* compared with the target set for that year.

(3) The 2008 stock options were granted based on the Company's 2007 economic earnings* compared with the target set for that year.

(4) The 2009 stock options were granted based on the Company's 2008 economic earnings* compared with the target set for that year. The Board of Directors set the 2008 economic earnings* target for the 2009 Plan at the start of 2008. Based on actual performance compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of stock options determined by the Board of Directors at its March 4, 2009 meeting.

(5) The 2010 stock options were granted based on the Company's 2009 economic earnings* compared with the target set for that year. The Board of Directors set the 2009 economic earnings* target for the 2010 Plan at the start of 2009. Based on actual performance compared with the target, Gilles Schnepp and Olivier Bazil were awarded a certain number of stock options that was determined by the Board of Directors at its March 4, 2010 meeting. The number of options was deliberately limited, on beneficiaries' suggestion.

** Adjusted operating profit less cost of capital employed.*

The weighted average price of shares purchased by employees upon exercise of stock options in 2013 was €19.24.

If all these options were to be exercised (i.e. 5,222,271 options), the Company's capital would be diluted by a maximum of 2.0% (this is a maximum dilution as it does not take into account the exercise price of these options) as of December 31, 2013.

12.1.3 Valuation model applied to stock option plans

The fair value of share-based payment instruments is measured at the grant date, using the Black & Scholes option-pricing model or the binomial model, based on the following assumptions:

Assumptions	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Risk-free rate	4.35%	3.40%	2.25%	2.91%
Expected volatility	28.70%	30.00%	38.40%	28.00%
Expected return	1.98%	3.47%	5.00%	3.20%

Options granted under all of these plans are considered as having a 5-year life.

12.1.4 IFRS 2 charges

In accordance with IFRS 2, a charge of €20.4 million was recorded for 2013 (2012: €30.0 million) for all of these plans combined. See also Note 16.2 for long term employee benefits plans implemented in 2013.

12.2 Employee profit-sharing

Under French law, the French entities in the Group are required to pay profit shares to employees when their after-tax profit exceeds a certain level. Amounts accrued are generally payable to employees after a period of five years.

In addition to this obligation, a number of the Group's French entities and foreign subsidiaries have set up discretionary profit-sharing plans. Under these plans, employees receive a portion of the entity's profit calculated on the basis of predetermined formulas negotiated by each entity.

An accrual of €30.2 million was recorded in 2013 for statutory and discretionary profit-sharing plans (2012: €35.8 million).

Note 13 - Retained earnings and translation reserves

13.1 Retained earnings

Consolidated retained earnings of Legrand and its subsidiaries as of December 31, 2013 amounted to €2,575.8 million.

As of the same date, the parent company – Legrand – had retained earnings including profit of the period of €1,383.2 million available for distribution.

13.2 Translation reserves

As explained in Note 2.3, the translation reserve reflects the effects of currency fluctuations on the financial statements of subsidiaries when they are translated into euros.

The translation reserve records the impact of fluctuations in the following currencies:

(in € millions)	December 31, 2013	December 31, 2012
US dollar	(156.3)	(148.8)
Other currencies	(244.5)	(59.5)
	(400.8)	**(208.3)**

The Group operates in more than 80 countries. It is mainly exposed to a dozen of currencies other than euro and US dollar, out of which brazilian real, indian roupee, turkish lira, chilean peso, australian dollar, and russian rouble have had the largest impact on translation reserve during 2013.

As explained in Note 2.12, unrealized foreign exchange gains and losses on US dollar-denominated 8½% Debentures (Yankee bonds) are recognized in the translation reserve. Gains on these bonds recognized in the translation reserve in 2013 amounted to €12.2 million, resulting in a net negative balance of €2.8 million as at December 31, 2013.

In addition, as indicated in Note 2.3, translation gains and losses on receivables or payables treated as part of a net investment in the related foreign Group entity. Losses recognized in the translation reserve in 2013 amounted to €0.8 million, resulting in a net negative balance of €4.8 million as at December 31, 2013.

Note 14 - Long-term and short-term borrowings (Note 2.19)

14.1 Long-term borrowings

The Group actively manages its debt. Through diversified sources of financing, it increases the resources available to support medium-term business growth while guaranteeing a robust financial position over the long term.

Long-term borrowings can be analyzed as follows:

(in € millions)	December 31, 2013	December 31, 2012
8 ½% debentures	279.5	296.1
Bonds	1,100.8	1,104.3
Other borrowings*	114.8	106.7
	1,495.1	**1,507.1**
Debt issuance costs	(8.5)	(10.4)
	1,486.6	**1,496.7**

*Including €55.2 million corresponding to private placement notes held by employees through the "Legrand Obligations Privées" corporate mutual fund (€61.7 million at December 31, 2012).

Long-term borrowings (excluding debt issuance costs) are denominated in the following currencies:

(in € millions)	**December 31, 2013**	**December 31, 2012**
Euro	1,155.3	1,117.6
US dollar	279.5	333.8
Other currencies	60.3	55.7
	1,495.1	**1,507.1**

Long-term borrowings (excluding debt issuance costs) as of December 31, 2013 can be analyzed by maturity as follows:

(in € millions)	**8 ½% debentures**	**Bonds**	**Other borrowings**
Due in one to two years		0.8	6.4
Due in two to three years		0.0	45.2
Due in three to four years		300.0	36.3
Due in four to five years		400.0	19.6
Due beyond five years	279.5	400.0	7.3
	279.5	**1,100.8**	**114.8**

Long-term borrowings (excluding debt issuance costs) as of December 31, 2012 can be analyzed by maturity as follows:

(in € millions)	**8 ½% debentures**	**Bonds**	**Other borrowings**
Due in one to two years		3.5	19.7
Due in two to three years		0.8	14.1
Due in three to four years		0.0	45.7
Due in four to five years		300.0	18.3
Due beyond five years	296.1	800.0	8.9
	296.1	**1,104.3**	**106.7**

Average interest rates on borrowings are as follows:

(in € millions)	**December 31, 2013**	**December 31, 2012**
8½% debentures	8.50%	8.50%
Bonds	3.73%	3.77%
Other borrowings	2.17%	3.04%

These borrowings are secured as follows:

(in € millions)	**December 31, 2013**	**December 31, 2012**
Assets mortgaged or pledged as collateral	18.5	7.8
Guarantees given to banks	168.3	159.6
Guarantees given to other organizations	28.6	31.1
	215.4	**198.5**

14.1.1 2011 Credit Facility

In October 2011, the Group signed an agreement with six banks to set up a €900.0 million revolving multicurrency facility (2011 Credit Facility) utilizable through drawdowns. The five-year facility may be extended for two successive one-year periods.

As the banks have agreed to the two one-year extensions, the 2011 Credit Facility will expire in October 2018.

Funds drawn down are subject to an interest rate equivalent to Euribor/Libor plus a margin determined on the basis of the Group's credit rating. As of December 31, 2013, this spread was 55 bps. In addition, the 2011 Credit Facility does not contain any covenants.

14.1.2 8½% Debentures (Yankee bonds)

On February 14, 1995, Legrand France issued $400.0 million worth of 8½% debentures due February 15, 2025, through a public placement in the United States. Interest on the debentures is payable semi-annually in arrears on February 15 and August 15 of each year, beginning August 15, 1995.
The debentures are not subject to any sinking fund and are not redeemable prior to maturity, except upon the occurrence of certain changes in the law requiring the payment of amounts in addition to the principal and interest. Should Legrand France be prevented by law from paying any such additional amounts, early redemption would generally be mandatory or, if such amounts could be paid, Legrand France may, at its option, redeem all – but not part – of the debentures in advance.

In December 2013, a number of debenture holders offered the Group to buy back their securities, also known as Yankee bonds. Acting on this offer, the Group decided to acquire Yankee bonds with an aggregate face value of $6.5 million. The acquired debentures were subsequently cancelled.

14.1.3 Bonds

In February 2010, the Group carried out a €300.0 million 4.25% seven-year bond issue. The bonds will be redeemable at maturity on February 24, 2017.

In March 2011, the Group carried out a €400.0 million 4.375% seven-year bond issue. The bonds will be redeemable at maturity on March 21, 2018.

In April 2012, the Group carried out a €400.0 million 3.375% ten-year bond issue. The bonds will be redeemable at maturity on April 19, 2022.

14.1.4 Unused credit lines

As of December 31, 2013, the Group had access to drawdown capacity of €900.0 million on the 2011 revolving Credit Facility.

14.2 Short-term borrowings

Short-term borrowings can be analyzed as follows:

(in € millions)	December 31, 2013	December 31, 2012
Commercial paper	0.0	0.0
Other borrowings	86.9	80.1
	86.9	**80.1**

Note 15 - Provisions

Changes in provisions in first-half 2013 are as follows:

(in € millions)	December 31, 2013					
	Products guarantee	Claims and litigation	Fiscal and employee risks	Restructuring	Other	Total
At beginning of period	24.1	57.9	45.9	22.6	62.4	212.9
Changes in scope of consolidation	0.3	0.2	0.4	0.0	0.1	1.0
Increases	3.9	23.8	0.4	14.3	28.0	70.4
Utilizations	(4.2)	(3.3)	(5.7)	(11.8)	(9.5)	(34.5)
Reversals of surplus provisions	(2.7)	(13.9)	(4.1)	(0.6)	(8.2)	(29.5)
Reclassifications	(4.8)	10.1	(20.5)	(1.6)	9.0	(7.8)
Translation adjustments	(0.8)	(1.9)	(0.6)	(2.3)	(6.6)	(12.2)
At end of period	**15.8**	**72.9**	**15.8**	**20.6**	**75.2**	**200.3**
Of which non-current portion	*5.0*	*45.2*	*13.5*	*1.2*	*35.5*	*100.4*

Other provisions include long term provisions for employee benefits, including mainly a €13.0 million provision for the long-term employee benefits described in Note 16.2 (see also consolidated statement of equity for stocks options plans and performance shares plans previously granted and described in Note 12).
Other provisions also include a €13.0 million provision for environmental risks corresponding mainly to the depollution costs for property assets held for sale.

Changes in provisions in 2012 were as follows:

(in € millions)	December 31, 2012					
	Products guarantee	Claims and litigation	Fiscal and employee risks	Restructuring	Other	Total
At beginning of period	15.7	60.3	34.9	26.3	66.4	203.6
Changes in scope of consolidation	2.5	0.0	0.0	0.0	0.6	3.1
Increases	9.2	25.3	11.9	13.3	19.9	79.6
Utilizations	(2.3)	(6.2)	(0.8)	(9.9)	(10.3)	(29.5)
Reversals of surplus provisions	(0.8)	(23.3)	(0.9)	(5.2)	(12.1)	(42.3)
Reclassifications	0.0	3.0	1.0	(1.2)	(1.8)	1.0
Translation adjustments	(0.2)	(1.2)	(0.2)	(0.7)	(0.3)	(2.6)
At end of period	**24.1**	**57.9**	**45.9**	**22.6**	**62.4**	**212.9**
Of which non-current portion	*5.7*	*36.9*	*44.0*	*1.5*	*16.8*	*104.9*

Note 16 - Pensions and other post-employment defined benefit obligations (Note 2.16)

16.1 Pension and other post-employment defined benefit obligations

Pension and other post-employment defined benefit obligations may be analyzed as follows.

(in € millions)	**December 31, 2013**	**December 31, 2012**
France (Note 16.1.2)	89.9	79.8
Italy (Note 16.1.3)	37.3	40.0
United Kingdom (Note 16.1.4)	8.3	11.9
United States (Note 16.1.5)	8.7	25.7
Other countries	16.4	15.9
Total pension and other post-employment defined benefit obligations	**160.6**	**173.3**
Of which current portion	*3.9*	*7.7*

The total amount of those liabilities is €160.6 million as of December 31, 2013 (€173.3 million as of December 31, 2012) and is analyzed in Note 16.1.1, which shows total liabilities of €302.9 million as of December 31, 2013 (€316.3 million as of December 31, 2012, less unrecognized past service cost of €8.0 million) less total assets of €142.3 million as of December 31, 2013 (€135.0 million as of December 31, 2012).

16.1.1 Analysis of pension and other post-employment defined benefit obligations

The total (current and non-current) obligation under the Group's pension and other post-employment benefit plans, consisting primarily of plans in France, Italy, the United States and the United Kingdom, is as follows:

(in € millions)	**December 31, 2013**	**December 31, 2012**
Defined benefit obligation		
Projected benefit obligation at beginning of period	316.3	286.1
Service cost	8.7	7.6
Interest cost	9.7	11.0
Benefits paid	(17.8)	(17.3)
Employee contributions	0.3	0.5
Plan amendments	0.7	0.0
Actuarial loss/(gain)	(7.1)	29.5
Curtailments, settlements, special termination benefits	(0.1)	(1.3)
Translation adjustments	(7.0)	0.2
Other	(0.8)	0.0
Projected benefit obligation at end of period (I)	**302.9**	**316.3**
Unrecognized past service cost (II)	**0.0**	**8.0**
Fair value of plan assets		
Fair value of plan assets at beginning of period	135.0	121.4
Expected return on plan assets	5.0	7.3
Employer contributions	11.6	12.4
Employee contributions	0.6	0.5
Benefits paid	(13.2)	(12.5)
Actuarial (loss)/gain	7.6	5.7
Translation adjustments	(4.3)	0.2
Fair value of plan assets at end of period (III)	**142.3**	**135.0**
Liability recognized in the balance sheet (I) - (II) - (III)	**160.6**	**173.3**
Current liability	3.9	7.7
Non-current liability	156.7	165.6

Actuarial gains recognized in equity (comprehensive income for the period) as of December 31, 2013 amounted to €14.7 million (€9.8 million after tax), out of which €0.5 million stemmed from changes in demographic assumptions and €10.4 million from changes in financial assumptions.

The discount rates used are determined by reference to the yield on high quality bonds based on the following benchmark indices:

- Euro zone: iBoxx € Corporates AA 10+
- United Kingdom: iBoxx £ Corporates AA 15+
- United States: Citibank Pension Liability Index

Sensitivity tests were performed on:

- The discount rate. According to the results of these tests, a 50-basis point reduction in the rate would lead to the recognition of additional actuarial losses of around €21.1 million and would increase the liability as of December 31, 2013 by the same amount.
- The rate of future salary increases. According to the results of these tests, a 50-basis point increase in the rate would lead to the recognition of additional actuarial losses of around €6.1 million and would increase the liability as of December 31, 2013 by the same amount.

Discounted future payments for the Group's pension and other post-employment benefit plans are as follows:

(in € millions)	
2014	10.5
2015	9.8
2016	11.5
2017	12.8
2018 and beyond	258.3
	302.9

The impact on profit is as follows:

(in € millions)	**December 31, 2013**	**December 31, 2012**
Service cost	(8.7)	(7.6)
Net interest cost	(4.7)	(3.7)
Other	(0.6)	0.4
	(14.0)	**(10.9)**

The weighted-average allocation of pension plan assets is as follows as of December 31, 2013:

(as a percentage)	France	United Kingdom	United States	Weighted total
Equity instruments		46.0	66.5	54.0
Debt instruments		47.4	31.4	39.7
Insurance funds	100.0	6.6	2.1	6.3
	100.0	**100.0**	**100.0**	**100.0**

16.1.2 Provisions for retirement benefits and supplementary pension benefits in France

The provisions recorded in the consolidated balance sheet concern the unvested entitlements of active employees. The Group has no obligation with respect to the vested entitlements of former employees, as the benefits were settled at the time of their retirement, either directly or through payments to insurance companies in full discharge of the liability.

The main defined benefit plan applicable in France concerns statutory length-of-service awards, under which all retiring employees are eligible for a lump-sum payment calculated pro rata to their length of service. This payment is defined either in the collective bargaining agreement to which their company is a party or in a separate company-

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level agreement, whichever is more advantageous to the employee. The amount generally varies depending on the employee category (manager/non-manager).

In France, provisions recorded in the consolidated balance sheet amount to €89.9 million as of December 31, 2013 (€79.8 million as of December 31, 2012), corresponding to the difference between the projected benefit obligation of €92.1 million as of December 31, 2013 (€90.9 million as of December 31, 2012, less unrecognized past service cost of €8.0 million) and the fair value of the related plan assets of €2.2 million as of December 31, 2013 (€3.1 million as of December 31, 2012)..

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In France, the calculation was based on a salary increase rate of 3.0%, a discount rate and an expected return on plan assets of 3.0% (3.0% and 3.0% in 2012). The provisions recorded in the consolidated balance sheet correspond to the portion of the total obligation remaining payable by the Group; this amount is equal to the difference between the total obligation recalculated at each balance sheet date, based on the actuarial assumptions described above, and the net residual value of the plan assets at that date.

16.1.3 Provisions for termination benefits in Italy

In Italy, a termination benefit is awarded to employees regardless of the reason for their departure.
Since January 1, 2007, these benefits have been paid either into an independently managed pension fund or to the Italian social security service (INPS). As from that date, the Italian termination benefit plans have been qualified as defined contribution plans under IFRS. Termination benefit obligations arising prior to January 1, 2007 continue to be accounted for under IFRS as defined benefit plans, based on revised actuarial estimates that exclude the effect of future salary increases.

The resulting provisions for termination benefits, which correspond to the obligation as of December 31, 2006 plus the ensuing actuarial revisions, amounted to €37.3 million as of December 31, 2013 (€40.0 million as of December 31, 2012).

The calculations for these provisions are based on a discount rate of 3.0% in 2013 (4.0% in 2012).

16.1.4 Provisions for retirement benefits and other post-employment benefits in the United Kingdom

The UK plan is a trustee-administered plan governed by article 153 of the 2004 Finance Act.
Benefits are paid directly out of funds consisting of contributions paid by the company and by plan participants.

Contributions are calculated as a percentage of each participant's salary while he or she is employed by the UK subsidiary. Upon retirement, participants may choose to receive a lump sum representing up to 25% of their total benefit entitlement, and a regular pension whose amount depends on the amount of the lump-sum payment, if any.

The plan's trustees include three people employed by the subsidiary and two former employees who have retired. They are advised by an independent actuary.

The plan has been closed to new entrants since May 2004.

Active plan participants account for 2.6% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 46.5% and retired participants for 50.9%.

Plan assets include equities for 46.0%, debt securities for 47.4% and insurance funds for 6.6%.
All of these assets are marked to market.

The provisions recorded in the consolidated balance sheet amounted to €8.3 million as of December 31, 2013 (€11.9 million as of December 31, 2012), corresponding to the difference between the projected benefit obligation of €80.9 million (€82.7 million as of December 31, 2012) and the fair value of the related plan assets of €72.6 million (€70.8 million as of December 31, 2012).

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. The calculation was based on a salary increase rate of 4.4%, a discount rate and an expected return on plan assets of 4.4% (3.8% and 4.0% in 2012).

16.1.5 Provisions for retirement benefits and other post-employment benefits in the United States

In the United States, the Group provides pension benefits for employees and health care and life insurance for certain retired employees.

The Legrand North America Retirement Plan is covered by a plan document in force since January 2002 that was last amended in January 2008. The minimum funding requirement is determined based on Section 430 of the Internal Revenue Code.
The trustee-administered plan is funded by employer contributions. Benefits for certain salaried plan participants at a percentage of their salary, which varies based on the participant's seniority. Benefits for certain hourly plan participants are a flat dollar amount based on the participant's seniority. Salaried participants may choose to receive benefits either in a single lump sum payment or as a regular pension. Hourly participants receive benefits as a regular pension.
To meet its obligations under the plan, the Group has set up a Trust with Prudential Financial, Inc. The trust assets include several different investment funds.

The current trustee is Legrand North America. The Wiremold Company is the Plan Administrator and the Custodian is Prudential Financial, Inc.

The plan has been closed to new entrants since August 2006 for salaried employees and since April 2009 for hourly employees.

Active plan participants account for 27.0% of the projected benefit obligation, participants who are no longer accumulating benefit entitlements for 14.1% and retired participants for 58.9%.

Plan assets include equities (mainly US companies) for 66.5%, debt securities (mainly US bonds) for 31.4% and insurance funds for 2.1%.
All of these assets are marked to market.

The funding policy consists of ensuring that the legal minimum funding requirement is met at all times.

The provisions recorded in the consolidated balance sheet amounted to €8.7 million as of December 31, 2013 (€25.7 million as of December 31, 2012), corresponding to the difference between the projected benefit obligation of €65.1 million (€77.2 million as of December 31, 2012) and the fair value of the related plan assets of €56.4 million (€51.5 million as of December 31, 2012).

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. The calculation was based on a salary increase rate of 3.5%, a discount rate and an expected return on plan assets of 4.5% (3.5% and 3.5% in 2012).

16.2 Other long-term employee benefits

On March 6, 2013, the Board of Directors approved the implementation of long-term employee benefits plans for members of the Group Executive Committee, including the Chairman and Chief executive Officer and for other employees deemed to be key for the Group, assuming the grantee is still present within the Group after a vesting period of three years.

In addition to the grantee being still present within the Group, the plans can, as the case maybe, depend on the Group's future achievement of economic performance with or without indexation on the share price.

The plan based on the share price will be cash-settled and, in accordance with IFRS 2, the corresponding liability has thus been recorded in the balance sheet and will be remeasured at each period-end until the transaction is settled.
The other plans qualify as long-term employee benefit plans, with corresponding provision recognized in compliance with IAS 19.

For the twelve months ended December 31, 2013, an expense of €13.0 million was recognized in operating profit in respect to these plans. See also Note 12.1 for stocks options plans and performance shares plans previously granted, and Note 12.1.4 for IFRS 2 charges accounted for in previous and actual periods.

Note 17 - Other current liabilities

Other current liabilities can be analyzed as follows:

(in € millions)	**December 31, 2013**	**December 31, 2012**
Tax liabilities	66.2	68.8
Accrued employee benefits expense	186.1	186.3
Statutory and discretionary profit-sharing reserve	26.6	33.4
Payables related to fixed asset purchases	15.3	11.1
Accrued expenses	50.6	71.6
Accrued interest	46.2	45.7
Deferred revenue	15.0	15.8
Pension and other post-employment benefit obligations	3.9	7.7
Other current liabilities	31.9	38.1
	441.8	**478.5**

Note 18 - Analysis of certain expenses

18.1 Analysis of operating expenses

Operating expenses include the following categories of costs:

(in € millions)	December 31, 2013	December 31, 2012
Raw materials and component costs	(1,437.8)	(1,415.9)
Salaries and payroll taxes	(1,113.3)	(1,120.0)
Employee profit-sharing	(30.2)	(35.8)
Total personnel costs	**(1,143.5)**	**(1,155.8)**
Depreciation expense	(101.5)	(105.2)
Amortization expense	(66.9)	(61.1)

As of December 31, 2013 the Group had 33,272 employees on the payroll (December 31, 2012: 33,079).

18.2 Analysis of other operating income and expense

(in € millions)	December 31, 2013	December 31, 2012
Restructuring costs	(29.3)	(25.5)
Goodwill impairment	0.0	0.0
Other	(42.9)	(41.3)
	(72.2)	**(66.8)**

Note 19 - Total net financial expense

19.1 Exchange gains (losses)

(in € millions)	December 31, 2013	December 31, 2012
Exchange gains (losses)	(1.8)	(11.7)

19.2 Net financial expense

(in € millions)	December 31, 2013	December 31, 2012
Financial income	6.8	20.8
Change in fair value of financial instruments	0.1	0.0
Total financial income	6.9	20.8
Financial expense	(87.7)	(102.1)
Change in fair value of financial instruments	0.0	(0.4)
Total financial expense	(87.7)	(102.5)
Net financial expense	**(80.8)**	**(81.7)**

Financial expense corresponds essentially to interest costs on borrowings (Note 14).

Following the application of IAS 19 revised in 2013 (see note 2.1.3), the expected return on assets and interest costs on the defined benefit obligation are presented as a net amount in financial expenses. As a reminder, the expected return on assets accounted for in financial income in 2012 amounted to € 7.3 million.

Note 20 - Income tax expense (current and deferred) (Note 2.10)

Income tax expense consists of the following:

(in € millions)	**December 31, 2013**	**December 31, 2012**
Current taxes:		
France	(70.7)	(72.1)
Outside France	(167.7)	(166.0)
	(238.4)	(238.1)
Deferred taxes:		
France	(5.7)	5.0
Outside France	10.6	(14.5)
	4.9	(9.5)
Total income tax expense:		
France	(76.4)	(67.1)
Outside France	(157.1)	(180.5)
	(233.5)	**(247.6)**

The reconciliation of total income tax expense for the period to income tax calculated at the standard tax rate in France is as follows, based on profit before tax of €766.8 million in 2013 versus €754.6 million in 2012:

(Tax rate)	**December 31, 2013**	**December 31, 2012**
Standard French income tax rate	**34.43%**	**34.43%**
Increases (reductions):		
- Additional contributions in France	0.66%	0.32%
- Effect of foreign income tax rates	(5.01%)	(4.61%)
- Non-taxable items	(0.10%)	1.60%
- Income taxable at specific rates	0.55%	0.68%
- Other	0.00%	0.36%
	30.53%	32.78%
Impact on deferred taxes of:		
- Changes in tax rates	0.05%	0.12%
- Recognition or non-recognition of deferred tax assets	(0.13%)	(0.08%)
Effective tax rate	**30.45%**	**32.82%**

Deferred taxes recorded in the balance sheet result from temporary differences between the carrying amount of assets and liabilities and their tax base and can be analyzed as follows:

(in € millions)	**December 31, 2013**	**December 31, 2012**
Deferred taxes recorded by French companies	(309.2)	(300.0)
Deferred taxes recorded by foreign companies	(258.1)	(255.0)
	(567.3)	**(555.0)**
Origin of deferred taxes:		
- Impairment losses on inventories and receivables	44.0	43.3
- Margin on inventories	22.4	19.8
- Recognized operating losses carried forward	11.5	9.2
- Finance leases	(13.5)	(14.9)
- Fixed assets	(131.5)	(144.2)
- Trademarks	(532.7)	(535.7)
- Developed technology	(1.3)	(1.9)
- Other provisions	24.0	29.9
- Statutory profit-sharing	3.8	2.5
- Pensions and other post-employment benefits	39.9	43.1
- Fair value adjustments to derivative instruments	(2.0)	(2.1)
- Other	(31.9)	(4.0)
	(567.3)	**(555.0)**
- Of which deferred tax assets	94.5	93.8
- Of which deferred tax liabilities	(661.8)	(648.8)

Short and long-term deferred taxes can be analyzed as follows:

(in € millions)	**December 31, 2013**	**December 31, 2012**
Deferred taxes – short term	73.9	83.8
Deferred taxes – long term	(641.2)	(638.8)
	(567.3)	**(555.0)**

Tax losses carried forward break down as follows:

(in € millions)	**December 31, 2013**	**December 31, 2012**
Recognized operating losses carried forward	40.3	30.6
Recognized deferred tax assets	11.5	9.2
Unrecognized operating losses carried forward	128.3	122.2
Unrecognized deferred tax assets	32.8	32.5
Total net operating losses carried forward	168.6	152.8

The recognized deferred tax assets are expected to be utilized no later than five years from the period-end.

Note 21 - Off-balance sheet commitments and contingent liabilities

21.1 Specific transactions

Specific commitments and their expiry dates are discussed in the following notes:

- Note 6: Property, plant and equipment,
- Note 14: Long-term and short term borrowings,
- Note 16: Pension and other post-employment benefit obligations.

21.2 Routine transactions

21.2.1 Operating leases

The Group uses certain facilities under lease agreements and leases certain equipment. There are no special restrictions related to these operating leases. Future minimum rental commitments under leases are detailed below:

(in € millions)	**December 31, 2013**	**December 31, 2012**
Due within one year	45.7	44.4
Due in one to two years	38.5	36.9
Due in two to three years	30.3	31.2
Due in three to four years	22.4	22.8
Due in four to five years	18.2	16.6
Due beyond five years	48.9	54.4
	204.0	**206.3**

21.2.2 Commitments to purchase property, plant and equipment

Commitments to purchase property, plant and equipment amounted to €6.2 million as of December 31, 2013.

21.3. Contingent liabilities

The Group is involved in a number of claims and legal proceedings arising in the normal course of business. In the opinion of management, all such matters have been adequately provided for or are without merit, and are of such nature that, should the outcome nevertheless be unfavorable to the Group, they should not have a material adverse effect on the Group's consolidated financial position or results of operations.

Note 22 - Financial instruments and management of financial risks

22.1. Financial instruments

22.1.1 Derivatives

	December 31, 2013			
(in € millions)	Financial income and expense, net	Equity	Book value	IFRS designation
Exchange rate derivatives				
Forwards and options designated as fair value hedges	3.1		(0.1)	FVH*
Forward contracts designated as net investment hedges				NIH**
Commodity derivatives				
Futures and options				FVH*
Interest rate derivatives				
Interest rate caps	0.0		0.0	FVH*
	3.1		**(0.1)**	

**Fair Value Hedge*

*** Net Investment Hedge*

All financial instruments are classified in Level 2 of the fair value hierarchy described in Note 2.12.

22.1.2 Impact of financial instruments

	12 months ended December 31, 2013			
		Impact on equity		
(in € millions)	Impact on financial income and expense, net	Fair value	Translation adjustment	Other
Trade receivables				
Trade payables				
Borrowings	(71.1)		12.2	
Derivatives	3.1			
	(68.0)		**12.2**	

Debentures denominated in US dollars ("Yankee bonds") are designated as hedges of the foreign currency risk associated with the net investment in the United States (see discussion of net investment hedges in Note 2.12).

22.1.3 Breakdown of balance sheet items by type of financial instrument

	December 31, 2013					December 31, 2012
	Type of financial instrument					
(in € millions)	**Carrying amount**	**Fair value**	**Instruments designated at fair value through profit or loss**	**Receivables, payables and borrowings at amortized cost**	**Derivatives**	**Carrying amount**
ASSETS						
Current assets						
Trade receivables	474.3	474.3		474.3		490.6
Other current financial assets	0.0	0.0			0.0	0.0
Total current assets	**474.3**	**474.3**		**474.3**	**0.0**	**490.6**
EQUITY AND LIABILITIES						
Current liabilities						
Short-term borrowings	86.9	86.9		86.9		80.1
Trade payables	468.8	468.8		468.8		440.7
Other current financial liabilities	0.1	0.1			0.1	0.5
Total current liabilities	**555.8**	**555.8**		**555.7**	**0.1**	**521.3**
Non-current liabilities						
Long-term borrowings	1,486.6	1,586.7		1,486.6		1,496.7
Total non-current liabilities	**1,486.6**	**1,586.7**		**1,486.6**		**1,496.7**

Only items classified as “Other current financial assets and liabilities” are measured at fair value. In accordance with IFRS 13, fair value measurement of other current financial assets takes counterparty default risk into account.
In light of the Group’s credit rating, the measurement of other current financial liabilities is subject to insignificant credit risk.

22.2 Management of financial risks

The Group’s cash management strategy is based on overall financial risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct any trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving derivative financial instruments are conducted with the sole purpose of managing interest rate, exchange rate and commodity risks and as such are limited in duration and value.

This strategy is centralized at Group level. Its implementation is deployed by the Financing and Treasury Department who recommends appropriate measures and implements them after they have been validated by the Corporate Finance Department and Group General management. A detailed reporting system has been set up to permit

permanent close tracking of the Group's positions and effective oversight of the management of the financial risks described in this note.

Current financial assets and liabilities are measured based on observable market data and are as follows:

(in € millions)	December 31, 2013	December 31, 2012
Other current financial assets	**0.0**	**0.0**
Swaps	0.0	0.0
Financial derivatives with a positive fair value	0.0	0.0
Other current financial liabilities	**0.1**	**0.5**
Swaps	0.0	0.0
Financial derivatives with a negative fair value	0.1	0.5

22.2.1 Interest rate risk

As part of an interest rate risk management policy aimed mainly at managing the risk of a rate increase, the Group has structured its debt into a combination of fixed and variable rate financing.

Net debt (excluding debt issuance costs) breaks down as follows between fixed and variable interest rates before the effect of hedging instruments:

(in € millions)	December 31, 2013							December 31, 2012
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Due beyond 5 years	Total	Total
Financial assets*								
Fixed rate								
Variable rate	605.8						605.8	494.3
Financial liabilities**								
Fixed rate	(3.5)	(4.9)	(24.8)	(316.2)	(410.1)	(679.5)	(1,439.0)	(1,465.6)
Variable rate	(83.4)	(2.3)	(20.4)	(20.1)	(9.5)	(7.3)	(143.0)	(121.6)
Net exposure								
Fixed rate	(3.5)	(4.9)	(24.8)	(316.2)	(410.1)	(679.5)	(1,439.0)	(1,465.6)
Variable rate	522.4	(2.3)	(20.4)	(20.1)	(9.5)	(7.3)	462.8	372.7

*Financial assets: cash and marketable securities

**Financial liabilities: borrowings (excluding debt issuance costs)

Interest rate hedging instruments consist of caps and swaps and are described below.

Caps

Variable-rate debt is hedged by interest-rate instruments with maturities of no more than three years. These contracts are mainly caps, in line with the Group's policy of setting an upper limit on interest rates while retaining the opportunity to benefit from more favorable rate changes.

The portfolio of caps on euro-denominated debt breaks down as follows:

(in € millions)	**December 31, 2013**		
Period covered	Notional amount	Benchmark rate	Average guaranteed rate including premium
July 2013 – December 2013	400.0	3-month Euribor	4.72%

The caps expired on January 1, 2014 and have not been rolled over.

The caps do not fulfill the criteria for the application of hedge accounting under IAS 39 and have therefore been measured at fair value and recognized in "Other current financial assets", in an amount equal to zero as of December 31, 2013 (December 31, 2012: €0.0 million). The effect of changes in fair value on consolidated profit was zero in 2013 (2012: €0.2 million loss), amount recognized in "Net financial expense" (Note 20.2).

Interest-rate swaps

In April 2011, the Group purchased interest rate swaps on a notional amount of €275.0 million expiring on March 21, 2015.

In 2011, the Group cancelled the interest rate swaps and accordingly adjusted the hedged debt by €12.3 million. In accordance with IAS 39, this adjustment will be amortized to profit or loss as a deduction to financial expense in the period through March 2015, i.e. over the initial life of the swaps. The gain recognized in 2013 was €3.5 million (€3.5 million in 2012).

Further interest rate swaps may be set up in the future, based on changes in market conditions.

Sensitivity

The following table shows the sensitivity of net debt to changes in interest rates, before hedging instruments:

(in € millions)	**December 31, 2013**		**December 31, 2012**	
	Impact on profit before tax	**Impact on equity before tax**	**Impact on profit before tax**	**Impact on equity before tax**
Impact of a 100-bps increase in interest rates	3.1	3.1	1.0	1.0
Impact of a 100-bps decrease in interest rates	(4.1)	(4.1)	(1.5)	(1.5)

The impact of a 100 basis point increase in interest rates would result in a gain of €3.1 million due to a net positive exposure to variable rate. Conversely, the impact of a 100 basis points decrease in interest rates would result in a loss of €4.1 million.

22.2.2 Currency risk

The Group operates in international markets and is therefore exposed to risks through its use of several different currencies.

The following table shows the breakdown of net debt (excluding debt issuance costs) by currency:

(in € millions)	December 31, 2013					December 31, 2012
	Financial assets*	**Financial liabilities****	**Net exposure before hedging**	**Hedging**	**Net exposure after hedging**	**Net exposure after hedging**
Euro	304.8	1,170.8	(866.0)	(12.9)	(878.9)	(1,021.8)
US dollar	53.9	294.5	(240.6)	0.0	(240.6)	(202.6)
Other currencies	247.1	116.7	130.4	12.9	143.3	131.5
	605.8	**1,582.0**	**(976.2)**	**0.0**	**(976.2)**	**(1,092.9)**

*Financial assets: cash and marketable securities

**Financial liabilities: borrowings (excluding debt issuance costs)

The following table shows the sensitivity of gross debt to changes in the exchange rate of the euro against other currencies, before hedging instruments:

(in € millions)	**December 31, 2013**		**December 31, 2012**	
	Impact on profit before tax	**Impact on equity before tax**	**Impact on profit before tax**	**Impact on equity before tax**
	10% increase		10% increase	
US dollar	1.3	29.3	4.6	34.2
Other currencies	1.4	11.7	10.1	10.1

(in € millions)	**December 31, 2013**		**December 31, 2012**	
	Impact on profit before tax	**Impact on equity before tax**	**Impact on profit before tax**	**Impact on equity before tax**
	10% decrease		10% decrease	
US dollar	(1.2)	(26.6)	(4.6)	(34.2)
Other currencies	(1.3)	(10.6)	(10.1)	(10.1)

"Natural" hedges are preferred, in particular by balancing the breakdown by currency of net debt with the breakdown by currency of operating profit.

If required, when acquisition of an asset is financed using a currency other than the functional currency of the country, the Group may enter into forward-contracts to hedge its exchange rate risk. As of December 31, 2013 the Group has set up forward contracts in Australian dollars which have a positive net fair value of €0.1 million, reported in "Other current financial assets" (December 31, 2012: negative net fair value of €0.5 million, reported in "Other current financial liabilities").

Operating assets and liabilities break down as follows by reporting currency:

(in € millions)	**December 31, 2013**			**December 31, 2012**
	Operating assets*	**Operating liabilities****	**Net exposure**	**Net exposure**
Euro	441.0	(582.2)	(141.2)	(138.5)
US dollar	182.0	(101.8)	80.2	45.8
Other currencies	610.7	(326.5)	284.1	296.4
	1,233.7	**(1,010.5)**	**223.1**	**203.7**

*Operating assets: trade receivables, inventories and other receivables, net of impairment
**Operating liabilities: trade payables, short-term provisions and other current liabilities

The table below presents the breakdown of net sales and operating expenses by currency as of December 31, 2013:

(in € millions)	**Net sales**		**Operating expenses**	
Euro	1,890.4	42.4%	1,447.2	40.1%
US dollar	852.2	19.1%	729.3	20.2%
Other currencies	1,717.8	38.5%	1,434.5	39.7%
	4,460.4	**100.0%**	**3,611.0**	**100.0%**

As shown in the above table, natural hedges are also set up by matching costs and revenues in each of the Group's operating currencies.

Residual amounts are hedged by options to limit the Group's exposure to fluctuations in the main currencies concerned. These hedges are for periods of less than 18 months. No such hedges were entered into in 2013.

The Group estimates that, all other things being equal, a 10% increase in the exchange rate of the euro against all other currencies applied to 2013 figures would have resulted in a decrease in net revenue of approximately € 233.6 million and a decrease in operating profit of approximately €36.9 million, while a 10% decrease would have resulted in an increase in net revenue of approximately €257.0 million and an increase in operating profit of approximately €40.6 million.

In the same way, a 10% increase applied to 2012 figures would have resulted in a decrease in net revenue of approximately €224.0 million and a decrease in operating profit of approximately €35.7 million, while a 10% decrease would have resulted in an increase in net revenue of approximately €246.4 million and an increase in operating profit of approximately €39.3 million.

22.2.3 Commodity risk

The Group is exposed to commodity risk arising from changes in the price of raw materials.

Raw materials purchases amounted to around €430.0 million in 2013.

A 10% increase in the price of all the raw materials used by the Group would theoretically feed through to around a €43.0 million increase in annual purchasing costs. The Group believes that it could, circumstances permitting; raise the prices of its products in the short term to offset the overall adverse impact of any such increases.

Additionally, the Group can set up specific derivative financial instruments (options) for limited amounts and periods to hedge part of the risk of an unfavorable change in copper and certain other raw material prices.

The Group did not set up any such hedging contracts in 2013.

22.2.4 Credit risk

Credit risk covers both:

- Risks related to outstanding customer receivables.
- Counterparty risks with financial institutions.

As explained in note 8, a substantial portion of Group revenue is generated with two major distributors. Other revenue is essentially derived from distributors of electrical products but sales are diversified due to the large number of customers and their geographic dispersion. The Group actively manages its credit risk by establishing regularly reviewed individual credit limits for each customer, constantly monitoring collection of its outstanding receivables and systematically chasing up past due receivables. In addition, the situation is reviewed regularly with the Corporate Finance Department. When the Group is in a position to do so, it can resort to either credit insurance or factoring.

Financial instruments that may potentially expose the Group to counterparty risk are principally cash equivalents, short-term investments and hedging instruments. These assets are placed with well-rated financial institutions or Corporates with the aim of fragmenting the exposure to these counterparties. Those strategies are decided and monitored by the Corporate Finance Department, which ensures a daily follow up of notations and Credit Default Swap rates of any one of these counterparties.

22.2.5 Liquidity risk

The Group considers that managing liquidity risk depends primarily on having access to diversified sources of financing as to their origin and maturity. This approach represents the basis of the Group’s financing policy.

The total amount of net debt (€967.7 million as of December 31, 2013) is fully financed by financing facilities expiring at the earliest in 2017 and at the latest in 2025. The average maturity of gross debt is seven years.

Legrand is rated A- Stable Outlook by Standard & Poor’s, attesting to the strength of the Group’s business model and balance sheet.

Rating agency	Long term debt	Outlook
S&P	A-	Stable

Note 23 - Information relating to corporate officers

The Group identified corporate officers as being its related parties.
It considers that, as per IAS 24 corporate officers are the members of the board of directors.

Compensation and benefits provided to the members of the board of directors for their services are detailed in the following table :

	December 31, 2013	December 31, 2012
	(in € millions)	
Compensation (amounts paid during the period)		
Fixed compensation	3.6	3.6
Variable compensation	1.4	1.3
Other short-term benefits [(1)]	0.0	0.0
Pension benefits and other post-employment benefits [(2)]	**1.3**	**4.0**
Other long-term benefits (charge for the period) [(3)]	**1.3**	**0.0**
Termination benefits (charge for the period)	**0.0**	**0.0**
Share-based payments (charge for the period) [(4)]	**2.3**	**4.2**

(1) Other short-term benefits include director's fees and benefits in kind.

(2) Change in the obligation's present value (in accordance with IAS 19).

(3) As per the long-term employee benefits plans described in Note 16.2.

(4) As per the performance share plans and the stock option plans described in Note 12.

Note 24 - Information by geographical segment (Note 2.17)

The information by geographical segment presented below corresponds to the information used by the Group General management to allocate resources to the various segments and to assess each segment's performance. It is extracted from the Group's consolidated reporting system.

12 months ended December 31, 2013 *(in € millions)*	Geographical segments France	Europe Italy	Europe Others	USA/ Canada	Rest of the world	Items not allocated to segments	Total
Revenue to third parties	**1,053.9**	**522.5**	**800.1**	**773.3**	**1,310.6**		**4,460.4**
Cost of sales	(391.2)	(184.0)	(465.7)	(378.8)	(736.9)		(2,156.6)
Administrative and selling expenses, R&D costs	(403.2)	(163.8)	(200.2)	(269.2)	(345.8)		(1,382.2)
Other operating income (expense)	(14.3)	(5.6)	(4.4)	(13.6)	(34.3)		(72.2)
Operating profit	**245.2**	**169.1**	**129.8**	**111.7**	**193.6**		**849.4**
- of which acquisition-related amortization, expense and income*							
• accounted for in administrative and selling expenses, R&D costs	(6.0)	0.0	(2.6)	(10.7)	(13.6)		(32.9)
• accounted for in other operating income (expense)							0.0
- of which goodwill impairment							0.0
Adjusted operating profit	**251.2**	**169.1**	**132.4**	**122.4**	**207.2**		**882.3**
- of which depreciation expense	(30.5)	(22.9)	(13.3)	(9.0)	(25.1)		(100.8)
- of which amortization expense	(3.5)	(4.1)	(1.1)	(2.0)	(1.1)		(11.8)
- of which amortization of development costs	(19.6)	(7.1)	0.0	(0.7)	(0.3)		(27.7)
- of which restructuring costs	(15.1)	(1.1)	(0.5)	(4.2)	(8.4)		(29.3)
Net cash provided by operating activities						691.9	691.9
Net proceeds from sales of fixed and financial assets						4.3	4.3
Capital expenditure	(23.6)	(16.7)	(25.3)	(8.8)	(29.5)		(103.9)
Capitalized development costs	(22.6)	(5.7)	(0.2)	(0.4)	(0.2)		(29.1)
Free cash flow**						**563.2**	**563.2**
Normalized free cash flow***						**588.8**	**588.8**
Normalized free cash flow as % of sales							13.2%
Segment assets from operations excluding taxes	223.5	123.2	257.7	148.5	480.8		1,233.7
Net tangible assets	182.5	124.8	87.6	44.1	121.6		560.6
Segment liabilities from operations excluding taxes	352.8	177.9	108.7	101.2	269.9		1,010.5

* Amortization of intangible assets remeasured as part of the purchase price allocation process, plus any acquisition-related expense and income.

** Free cash flow is defined as the sum of net cash provided by operating activities and net proceeds from sales of fixed and financial assets minus capital expenditure and capitalized development costs.

*** Normalized free cash flow is defined as the sum of (i) net cash provided by operating activities, based on a constant like-for-like working capital to revenue ratio of 10%, and (ii) the net proceeds from sales of non-current assets minus (iii) capital expenditure and capitalized development costs.

12 months ended December 31, 2012 *(in € millions)*	France	Geographical segments Europe Italy	Others	USA/ Canada	Rest of the world	Items not allocated to segments	Total
Revenue to third parties	**1,073.7**	**576.5**	**808.2**	**750.3**	**1,258.0**		**4,466.7**
Cost of sales	(396.9)	(221.2)	(472.5)	(365.3)	(701.9)		(2,157.8)
Administrative and selling expenses, R&D costs	(415.2)	(172.8)	(204.8)	(269.9)	(331.4)		(1,394.1)
Other operating income (expense)	(13.6)	(3.3)	(22.5)	(3.6)	(23.8)		(66.8)
Operating profit	**248.0**	**179.2**	**108.4**	**111.5**	**200.9**		**848.0**
- of which acquisition-related amortization, expense and income*							
• accounted for in administrative and selling expenses, R&D costs	(4.7)	0.0	(2.6)	(10.7)	(11.3)		(29.3)
• accounted for in other operating income (expense)		2.9					2.9
- of which goodwill impairment							0.0
Adjusted operating profit	**252.7**	**176.3**	**111.0**	**122.2**	**212.2**		**874.4**
- of which depreciation expense	(32.8)	(23.8)	(15.7)	(9.5)	(22.6)		(104.4)
- of which amortization expense	(4.0)	(3.9)	(1.0)	(1.8)	(1.5)		(12.2)
- of which amortization of development costs	(14.7)	(7.4)	0.0	(1.0)	(1.1)		(24.2)
- of which restructuring costs	(12.0)	(1.5)	(3.7)	(0.4)	(7.9)		(25.5)
Net cash provided by operating activities						739.2	739.2
Net proceeds from sales of fixed and financial assets						8.4	8.4
Capital expenditure	(20.9)	(16.7)	(16.1)	(10.7)	(28.1)		(92.5)
Capitalized development costs	(20.3)	(6.6)	(0.2)	(0.5)	(0.5)		(28.1)
Free cash flow**						**627.0**	**627.0**
Normalized free cash flow***						**619.6**	**619.6**
Normalized free cash flow as % of sales							13.9%
Segment assets from operations excluding taxes	229.1	128.8	262.1	163.8	447.1		1,230.9
Net tangible assets	193.6	134.9	77.2	48.2	122.7		576.6
Segment liabilities from operations excluding taxes	363.4	165.7	123.8	118.5	255.8		1,027.2

*Amortization of intangible assets remeasured as part of the purchase price allocation process, plus any acquisition-related expense and income.

** Free cash flow is defined as the sum of net cash provided by operating activities and net proceeds from sales of fixed and financial assets minus capital expenditure and capitalized development costs.

*** Normalized free cash flow is defined as the sum of (i) net cash provided by operating activities, based on a constant like-for-like working capital to revenue ratio of 10%, and (ii) the net proceeds from sales of non-current assets minus (iii) capital expenditure and capitalized development costs.

Note 25 - Quarterly data – unaudited

25.1 Quarterly revenue by geographical segment (billing region)

(in € millions)	1st quarter 2013	1st quarter 2012
France	268.7	280.2
Italy	151.7	160.6
Rest of Europe	187.5	189.4
USA/Canada	185.0	172.5
Rest of the world	300.0	283.5
Total	**1,092.9**	**1,086.2**

(in € millions)	2nd quarter 2013	2nd quarter 2012
France	271.2	285.3
Italy	137.4	156.2
Rest of Europe	197.3	204.9
USA/Canada	207.5	189.9
Rest of the world	347.7	301.2
Total	**1,161.1**	**1,137.5**

(in € millions)	3rd quarter 2013	3rd quarter 2012
France	231.5	243.4
Italy	114.2	130.6
Rest of Europe	197.6	202.1
USA/Canada	202.6	203.2
Rest of the world	318.7	331.8
Total	**1,064.6**	**1,111.1**

(in € millions)	4th quarter 2013	4th quarter 2012
France	282.5	264.8
Italy	119.2	129.1
Rest of Europe	217.7	211.8
USA/Canada	178.2	184.7
Rest of the world	344.2	341.5
Total	**1,141.8**	**1,131.9**

25.2 Quarterly income statements

(in € millions)	1st quarter 2013	1st quarter 2012
Revenue	**1,092.9**	**1,086.2**
Operating expenses		
Cost of sales	(525.5)	(509.3)
Administrative and selling expenses	(297.9)	(302.8)
Research and development costs	(50.6)	(49.6)
Other operating income (expense)	(10.3)	(8.6)
Operating profit	**208.6**	**215.9**
Financial expense	(22.9)	(25.0)
Financial income	3.1	4.7
Exchange gains (losses)	(3.9)	(5.1)
Total net financial expense	(23.7)	(25.4)
Profit before tax	**184.9**	**190.5**
Income tax expense	(60.1)	(66.5)
Profit for the period	**124.8**	**124.0**
Attributable to:		
- Equity holders of Legrand	**124.5**	**123.3**
- Minority interests	**0.3**	**0.7**

(in € millions)	2nd quarter 2013	2nd quarter 2012
Revenue	**1,161.1**	**1,137.5**
Operating expenses		
Cost of sales	(553.0)	(542.0)
Administrative and selling expenses	(303.1)	(302.3)
Research and development costs	(49.9)	(46.2)
Other operating income (expense)	(21.6)	(18.6)
Operating profit	**233.5**	**228.4**
Financial expense	(20.0)	(26.0)
Financial income	0.2	5.8
Exchange gains (losses)	(2.2)	(5.5)
Total net financial expense	(22.0)	(25.7)
Profit before tax	**211.5**	**202.7**
Income tax expense	(65.1)	(57.3)
Profit for the period	**146.4**	**145.4**
Attributable to:		
- Equity holders of Legrand	**145.3**	**145.4**
- Minority interests	**1.1**	**0.0**

(in € millions)	**3rd quarter 2013**	**3rd quarter 2012**
Revenue	1,064.6	**1,111.1**
Operating expenses		
Cost of sales	(517.9)	(546.1)
Administrative and selling expenses	(283.5)	(291.6)
Research and development costs	(45.2)	(49.8)
Other operating income (expense)	(13.1)	(12.9)
Operating profit	**204.9**	**210.7**
Finance costs	(21.2)	(25.6)
Financial income	1.5	4.4
Exchange gains (losses)	4.0	(1.6)
Total net finance expense	(15.7)	(22.8)
Profit before tax	**189.2**	**187.9**
Income tax expense	(56.3)	(65.8)
Profit for the period	**132.9**	**122.1**
Attributable to:		
- Equity holders of Legrand	**132.3**	**121.7**
- Minority interests	**0.6**	**0.4**

(in € millions)	**4th quarter 2013**	**4th quarter 2012**
Revenue	**1,141.8**	**1,131.9**
Operating expenses		
Cost of sales	(560.2)	(560.4)
Administrative and selling expenses	(299.9)	(300.4)
Research and development costs	(52.1)	(51.4)
Other operating income (expense)	(27.2)	(26.7)
Operating profit	**202.4**	**193.0**
Financial expense	(23.6)	(25.9)
Financial income	2.1	5.9
Exchange gains (losses)	0.3	0.5
Total net financial expense	(21.2)	(19.5)
Profit before tax	**181.2**	**173.5**
Income tax expense	(52.0)	(58.0)
Profit for the period	**129.2**	**115.5**
Attributable to:		
- Equity holders of Legrand	**128.4**	**115.2**
- Minority interests	**0.8**	**0.3**

Note 26 - List of consolidated companies

The consolidated financial statements comprise the financial statements of Legrand and its 160 subsidiaries.
All Legrand Group subsidiaries are fully consolidated.
The main fully consolidated operating subsidiaries as of December 31, 2013 are as follows:

French subsidiaries

Groupe Arnould
Legrand France
Legrand SNC

Foreign subsidiaries

Bticino	Italy
Bticino Chile Ltda	Chile
Bticino de Mexico SA de CV	Mexico
Cablofil Inc	United States
Daneva	Brazil
DongGuan Rocom Electric	China
EMB Electrical Industries	Egypt
GL Eletro-Eletronicos Ltda	Brazil
HDL Da Amazonia Industria Eletronica Ltda	Brazil
Inform Elektronik	Turkey
Kontaktor	Russia
Legrand	Russia
Legrand Colombia	Colombia
Legrand Electric	United Kingdom
Legrand Electrical	China
Legrand Elektrik	Turkey
Legrand Group Belgium	Belgium
Legrand Group España	Spain
Legrand Group Pty Ltd	Australia
Legrand Home Systems	United States
Legrand Polska	Poland
Legrand SNC FZE	United Arab Emirates
Legrand Zrt	Hungary
Middle Atlantic Products Inc	United States
Minkels BV	Nederland
Novateur Electrical and Digital Systems (NEDS)	India
Ortronics Inc.	United States
Pass & Seymour Inc.	United States
Shidean	China
TCL International Electrical	China
TCL Wuxi	China
WattStopper	United States
Wiremold Company	United States

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At December 31, 2013 all subsidiaries were wholly owned except for Alborz Electrical Industries Ltd, Kontaktor, Legrand Polska and Shidean, which were all over 96%-owned, Seico, which is 90%-owned, Megapower, which is 80%-owned, Adlec Power, which is 70%-owned, and Daneva, which is 51%-owned.

Note 27 - Subsequent events

On February 5, 2014, the Group announced the purchase of Lastar Inc., a frontunner in pre-terminated solutions for Voice-Data-Image (VDI) and audio-video (A/V) networks in the United States. With facilities based primarily in the United States and in China, Lastar Inc. has annual sales of around $130 million.

On February 6, 2014, the Group announced in addition the purchase of a majority stake in Neat, Spain's leader in assisted living and a major player in this market Europe-wide. It acquired 51% of the shares with an option to take full control from 2018. Based in Madrid, Neat has annual revenues of over by thillion.

The completion of these two transactions is subject to customary conditions precedent.

www.legrand.com

COMPANY HEADQUARTERS
128, avenue de Lattre de Tassigny
87045 Limoges Cedex, France
+33 (0) 5 55 06 87 87

legrand®