



MAY 18TH, 2017

ANNUAL GENERAL
MEETING OF MERSEN'S
SHAREHOLDERS

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- FIVE-YEAR FINANCIAL SITUATION

MERSEN SA
Corporation with capital of €40,943,708
Registered Office: Tour EQHO
2, Avenue Gambetta
F-92400 Courbevoie La Défense 5

NOTICE OF SHAREHOLDERS' MEETING

Dear shareholders, you are convened to the Combined General Meeting on 18 May 2017 at 10:00 am at Tour EQHO – 2 Avenue Gambetta – F-92400 Courbevoie La Défense 5 in order to deliberate on the agenda and the following draft resolutions:

Agenda for the Combined General Meeting on 18 May 2017

Acting as the Ordinary General Meeting

1. Approval of the Annual accounts for the period ending on 31 December 2016
2. Approval of the consolidated accounts for the period ending on 31 December 2016
3. Appropriation of the results of the Company and setting of the amount of the dividend
4. Ratification of undertakings with respect to articles L.225-38 and L.225-42-1 of the French Commercial Code related to pension and unemployment benefit of M. Luc Themelin, Chief Executive Officer
5. Approval of the undertakings with respect to Article 225-42-1 of the French Commercial Code related to the indemnity due to Mr Luc Themelin, Chief Executive Officer, in certain cases of termination of his function
6. Opinion on the compensation and benefits owed and attributable to Mr Luc Themelin, Chief Executive Officer for the period ending 31 December 2016
7. Approval of the compensation policy of Mr Luc Themelin
8. Opinion of the compensation and benefits owed and attributable to M. Thomas Baumgartner, member of the Executive Board until May 11 2016
9. Renewal of the appointment of Mr Yann Chareton as Director
10. Renewal of the appointment of Mrs Carolle Foissaud as Director
11. Renewal of the appointment of Mr Dominique Gaillard as Director
12. Renewal of the appointment of Mrs Ulrike Steinhorst as Director
13. Ratification of Mr Edward Koopman as Director
14. Appointment of Mr Olivier Legrain as Director
15. Appointment of Mr Michel Crochon as Director
16. Authorisation to be granted to the Board of Directors for a duration of 18 months for the purpose of carrying out transactions on the shares of the Company

Acting as an Extraordinary General Meeting

17. Authorisation to be granted to the Board of Directors for a duration of 18 months for the purpose of reducing the capital through the cancellation of shares held by the Company under the program for share buyback
18. Delegation of powers to be granted to the Board of Directors for a duration of 38 months in order to proceed with free allocations of shares in the Company without preferential rights of subscription
19. Delegation of powers to be granted to the Board of Directors for a duration of 38 months in order to proceed with the free allocation of preference shares to be issued by the Company, without preferential right of subscription by the shareholders
20. Approval of the creation of a category of preference shares and the related modification to the articles of association.
21. Modification of the Articles of Association in order to define the conditions of appointment of the director representing the employees
22. Delegation of powers to be granted to the Board of Directors for the duration of 26 months in order to decide on the issue, with cancellation of the preferential right of subscription, of shares or securities giving access to capital, to employees of companies within the Group Mersen whose registered offices are located outside France and outside a Company Savings Plan
23. Delegation of powers to be granted to the Board of Directors for a duration of 18 months in order to issue share purchase warrants to be allocated free of charge to shareholders in the event of a public offer concerning the shares of the Company.
24. Powers to carry out formalities.

Preliminary formalities to be completed in order to participate in the General Meeting

The General Meeting consists of all the shareholders, irrespective of the number of their shares.

Any shareholder can be represented at the General Meeting by another shareholder, by his/her spouse or by a partner with whom he/she has concluded a civil solidarity pact. Shareholders may also cause themselves to be represented by another natural or legal person of their choice (Article L.225-106 of the Commercial Code).

In accordance with Article R.225-85 of the Commercial Code, it is legally permissible to participate in a General Meeting by registering the shares in the name of the shareholder or of the intermediary registered on his/her behalf (under application of the seventh paragraph of Article L. 228-1 of the Commercial Code), on the second day preceding the meeting at midnight Paris time, in the registered share account kept by the Company (or its authorised representative) or in the accounts for bearer shares held by an authorised agent.

The registration of the shares in the accounts for bearer shares held by financial agents is determined by a confirmation of attendance issued by the latter (or if applicable, in digital form) under the conditions provided for in Article R.225-85 of the Commercial Code (with reference to Article R.225-61 of the said code), attaching:

- the form for voting by correspondence;
- the absentee ballot form;
- or the request for an admittance card set out in the name of the shareholder or on behalf of the shareholder represented by a registered intermediary.

A confirmation can also be delivered to any shareholder wishing to participate personally in the meeting and who may not have received his/her admission card on the second day preceding the meeting at midnight, Paris time.

Method of participation in the General Meeting

Any shareholders wishing to attend in person in the General Meeting will have to request an admission card in the following manner:

- for a registered shareholder: by going personally on the day of the meeting directly to the registration desk, , with a proof of identity, or by requesting an admission card from BNP Paribas Securities Services, CTS Service Assemblées Générales – Les Grands Moulins de Pantin 9, rue du Débarcadère – 93761 Pantin Cedex.
- for holders of bearer shares: by requesting the record intermediary in charge of the management of his/her share account to send him/her an admission card.

Any shareholders not attending this meeting in person, but who wish to vote by correspondence or to be represented by giving a proxy to the Chairman of the General Meeting, to their spouse or partner with whom they have entered into a civil solidarity pact, or to some other person may:

- in the case of registered shareholders: send the single form for voting by correspondence or by proxy which has been sent to them , to the following address: BNP Paribas Securities Services, CTS Service Assemblées Générales – Les Grands Moulins de Pantin 9, rue du Débarcadère – 93761 Pantin Cedex.
- for holders of bearer shares: request the voting form from the record intermediary who manages their shares, subsequent to the date of the invitation to the meeting. This single form for voting by correspondence or by proxy must be accompanied by a confirmation of attending issued by the financial intermediary and must be sent to the following address: BNP Paribas Securities Services, Service Assemblées Générales – CTS Assemblées Générales – Les Grands Moulins de Pantin 9, rue du Débarcadère – 93761 Pantin Cedex.

In order to be taken into account, the forms for voting by correspondence must have been received by the Company or the Service Assemblées Générales de BNP Paribas Securities Services, at latest three days before the Meeting is held.

The shareholders may, within the legally determined time periods, obtain the documents provided for in Articles R.225-81 and R.225-83 of the Commercial Code by addressing a request to BNP Paribas Securities Services, Service Assemblées Générales – CTS Assemblées Générales – Les Grands Moulins de Pantin 9, rue du Débarcadère – 93761 Pantin Cedex.

In accordance with the provisions of Article R.225-79 of the Commercial Code, the notification of the appointment or revocation of a representative can also be made digitally, in accordance with the following conditions:

- **for shareholders with simple registration**: by sending an email provided with an electronic signature that they have obtained from an authorised third party certification body, from the following email address: paris.bp2s.france.cts.mandats@bnpparibas.com indicating their surname, given name, address and identification details with BNP Paribas Securities Services, as well as the surname and given name of the nominated or revoked representative.
- **For managed registered shareholders or bearer shareholders**: by sending an email provided with an electronic signature that they have obtained from an authorised third party certifying body from the following electronic address: paris.bp2s.france.cts.mandats@bnpparibas.com giving their surname, given name, address and complete bank details, as well as the surname and given name of their authorised or revoked representative; then, by requesting their authorised agent who ensures the management of their share account to send a written confirmation to BNP Paribas

In order that the appointments or revocations of proxies notified electronically may be validly taken into account, confirmations must be received at latest on the day before the Meeting, by 3:00 pm (Paris time). The appointments or revocations of the proxies notified in hard copy must be received at latest 3 calendar days before the date of the Meeting.

Moreover, only notifications concerning appointment or revocation of proxies may be addressed to the above-mentioned email address; any other request or notification concerning another matter may not be taken into account and/or dealt with

Written questions and requests for the registration of drafts for resolutions by the shareholders

The requests for the registration of points or draft resolutions onto the agenda by shareholders fulfilling the conditions provided for in Article R 225-71 of the Commercial Code, must be received at the company's registered address by registered letter with request for notification of receipt to the following address: MERSEN – Tour EQHO – 2 avenue Gambetta – CS 10077 – 92400 Courbevoie La Défense 5 or by digital communication to the following address: dri@mersen.com. within a period of 25 days (calendar days) before the holding of the General Meeting, in accordance with Article R 225-73 of the Commercial Code. The request must be accompanied by a confirmation of registration of an account.

The examination of such resolution is dependent on the submission, by the authors of the request, of a new confirmation, supporting the registration of the shares in the same accounts, on the second day prior to the meeting by midnight, Paris time.

All shareholders have the possibility of addressing any questions they may wish to the Chairman of the Board of Directors, who will reply during the meeting. Such questions must be sent by registered letter with acknowledgement of receipt to the following address: MERSEN – Tour EQHO – 2 avenue Gambetta – CS 10077 – 92400 Courbevoie La Défense 5 or by email to the following address: dri@mersen.com. Such dispatch must be carried out at the latest on the fourth working day prior to the date of the General Meeting.

Shareholders' right to communications

All the documents and information provided for under Article R.225-73-1 of the Commercial Code may be consulted on the Company's website: www.mersen.com/en from the twenty-first day preceding the Meeting, i.e. 27 April 2017.

The Board of Directors

PURPOSE OF THE RESOLUTIONS

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Introduction

The purpose of this document is to provide further explanation and clarification on various resolutions to be put to the vote at the Annual General Meeting.

Shareholders will be asked to vote on two sets of resolutions:

- Ordinary resolutions (resolutions 1 to 16): usual matters such as approval of the annual financial statements, setting of the dividend, approval of related-party agreements with Luc Themelin and opinion on the remuneration paid to Luc Themelin and Thomas Baumgartner, ratification and re-election of certain directors, election of new directors, and stock repurchase program;
- Extraordinary resolutions (resolutions 17 to 23): delegations of authority or authorizations to be granted to the Board of Directors for the purpose of awarding performance shares and preference shares, carrying out share issues reserved for employees and issuing share warrants in the event of a bid for the Company's shares.

Some of the resolutions passed at the Annual General Meeting of May 11, 2016 are still valid, including authorizations to make new share issues under certain conditions. Shareholders are therefore not required to vote again on those resolutions at this Meeting.

Ordinary resolutions

Setting the 2016 dividend (resolution 3)

The Board of Directors is recommending a dividend of €0.50 per share in respect of 2016, which corresponds to a total payout of approximately €10.2 million, which will be deducted from distributable income.

The recommended dividend is unchanged from the previous year. It represents a payout ratio of 34% of the Group's net income before non-recurring items.

The dividend will be paid in cash on July 6, 2017.

Ratification of commitments governed by Articles L.225-38 and L.225-42-1 of the French Commercial Code regarding pension benefits and unemployment insurance granted to Luc Themelin, Chief Executive Officer (resolution 4)

Luc Themelin, Chief Executive Officer, is eligible for the supplementary pension plan provided by Mersen, which is a defined benefit plan that meets the criteria set out in Article L.137-11 of the French Social Security Code (*Code de la sécurité sociale*).

Under the plan, Luc Themelin is entitled to a supplementary pension based on length of service, calculated as an average of his basic salary over the three years preceding his retirement plus 50% of his maximum bonus, not exceeding a maximum of 20% of these two items.

He currently has 28 years of service with Mersen, including 23 as an employee. His potential future rights have therefore been capped for the past 8 years and can no longer be increased. Accordingly, the provisions of French law no. 2015-990 of August 6, 2015 do not apply. The pension plan is a key retention mechanism for the Chief Executive Officer and gives him an income replacement rate similar to that enjoyed by other employees in the Company. It does not represent an excessive cost for the Company.

At the time the plan was set up, the Company considered it to be a collective plan not specific to the corporate officers and the procedures for related-party agreements therefore did not apply. However, the French law of August 6, 2015 for growth, activity and equal opportunity in business (the "Macron Law") made supplementary pension commitments subject to all the provisions of Article L.225-42-1 of the French Commercial Code (*Code de commerce*), clarifying the fact that, even though the plan is collective, the provisions of Article L.225-42-1, paragraph 1 of the French Commercial Code should have been applied at the time the plan was set up. Shareholders are therefore invited to ratify this commitment in accordance with Article L.225-42 of the French Commercial Code.

Furthermore, since October 2011, Luc Themelin has benefited from basic unemployment insurance for corporate officers, covering him for a period of twenty-four (24) months. The annual cost of this insurance is based on the beneficiary's net taxable income and the length of coverage. The Company pays 40% of the premiums and Luc Themelin pays 60%. The insurance policy includes a waiting period of twelve months. For information, when he was appointed Chief Executive Officer, Luc Themelin agreed to terminate his employment contract in accordance with the recommendations set out in the AFEP-MEDEF Code, to which the Company refers, and therefore lost the rights he enjoyed as an employee. The severance package and unemployment insurance, which are important retention mechanisms for senior executives, are intended to compensate for the loss of employee status.

At the time these plans were put in place for Luc Themelin, the Company considered them to be benefits in kind that were not covered by the provisions of Article L.225-42-1 of the French Commercial Code. As the scope of these provisions

has been extended by the Macron Law and as a matter of good practice, shareholders are invited to ratify this commitment in accordance with Article L.225-42 of the French Commercial Code.

Approval of commitments governed by Article L.225-42-1 of the French Commercial Code regarding the severance package payable to Luc Themelin, Chief Executive Officer, in certain circumstances bringing to an end his term of office (resolution 5)

At its meeting of March 7, 2017, the Board of Directors reappointed Luc Themelin as Chief Executive Officer and resolved to seek shareholder approval for the renewal of his severance pay entitlement if he is forced to step down. Shareholders are therefore invited to vote on the renewal of this entitlement in accordance with Article L.225-42-1 of the French Commercial Code.

Under certain circumstances, Luc Themelin would be entitled to severance pay if he is removed from office. A lump sum would be payable, calculated on the basis set out below and contingent on the achievement of performance conditions (the "Severance Payment"), should Luc Themelin be forced to step down as Chief Executive Officer for whatever reason (other than willful misconduct, gross negligence, voluntary or enforced retirement or resignation), including removal from or non-renewal of his term of office for whatever reason, or elimination of his position following a change of legal form or merger of the Company, other than a change of governance leading to his appointment as Chairman of the Management Board of a *société anonyme* with a Supervisory Board and Management Board. The Severance Payment would exclude the payment of any other termination benefits of any kind, including damages.

Should Luc Themelin's responsibilities and/or remuneration be substantially altered following a change of control of the Company, prompting him to leave the Company, the Severance Payment would also be due.

The Severance Payment is subject to demanding performance conditions in accordance with the recommendations of the AFEP-MEDEF Code.

The Severance Payment would be calculated as follows:

$$SP = 0.5 \times R \times P$$

Where:

SP is the amount of the Severance Payment

R is the total gross remuneration (basic salary and bonus, excluding benefits in kind and discretionary profit-share) paid to Luc Themelin in the thirty-six months prior to termination (including the portion of variable remuneration due in respect of the year of termination), irrespective of whether the remuneration has been paid to him as Chief Executive Officer or as an employee.

The Severance Payment would be contingent on the achievement of the following performance targets:

- Performance Metric (P):
P = average performance achieved by Luc Themelin in the three calendar years preceding his departure as Chief Executive Officer or employee.

$$P = \frac{\text{performance (Y-1)} + \text{performance (Y-2)} + \text{performance (Y-3)}}{3}$$

Performance in year Y is equal to the percentage achievement of the annual bonus targets. P may range from 0% to 200%.

Average performance P must be duly recorded by the Board of Directors.

- Performance conditions:
 - If P >= 100%, 100% of the Severance Payment would be due
 - If P >= 90% and < 100%, 80% of the Severance Payment would be due
 - If P >= 70% and < 90%, 60% of the Severance Payment would be due
 - If P >= 50% and < 70%, 40% of the Severance Payment would be due
 - If P < 50%, no Severance Payment would be due.

Opinion on remuneration due or awarded to Luc Themelin, Chief Executive Officer, in respect of the year ended December 31, 2016 (resolution 6)

Shareholders are asked to give an opinion on the remuneration due or awarded to Luc Themelin, Chief Executive Officer, in respect of the year ended December 31, 2016. The components of Luc Themelin's remuneration are described on pages 83 and 84 of the Company's 2016 Reference Document:

	Amounts or book value	Comment
Basic salary	€440,000	Luc Themelin's basic salary is unchanged from 2015.
Annual variable remuneration (amount due in respect of 2016 and paid in 2017)	€358,402	The variable component ranges from 0% to 100% of basic salary. The maximum level of 100% may be increased by a factor of up to 1.4 if the upper bound of the financial objective range is exceeded. 70% of the variable component is based on financial objectives, with 35% based on the Group's return on capital employed (ROCE, calculated on the basis of operating income before non-recurring items, after tax) and 35% on the Group's operating cash flow. The remaining 30% is based on personal objectives. The financial objectives for 2016 were based on the Group's annual budget. The threshold for 100% achievement of the financial objectives was set significantly above budget. The financial and personal objectives are reviewed each year by the Governance and Remuneration Committee, based on the Group's strategic priorities. Details of the personal objectives cannot be disclosed for confidentiality reasons. Variable remuneration for 2016 was equal to 81% of Luc Themelin's basic salary, broken down as follows: 100% achievement for operating cash flow, 66% for ROCE, and 77.5% for personal objectives.
Deferred variable remuneration	N/A	Luc Themelin is not entitled to deferred variable remuneration.
Multi-annual variable remuneration	N/A	Luc Themelin is not entitled to multi-annual variable remuneration.
Exceptional remuneration	N/A	No exceptional remuneration was paid or due in respect of 2016.
Discretionary profit-share	€20,992	
Stock options, performance shares and other long-term incentives	Award (2016 plan): 188 preference shares, potentially representing a maximum of 20,680 ordinary shares Book value: €50,873	The Annual General Meeting held on May 11, 2016 authorized the Board of Directors to award bonus preference shares to certain employees and corporate officers of Mersen and related companies. At its meeting of May 11, 2016, the Board of Directors used its authorization to set the terms and conditions of a performance share award and designated the beneficiaries. Luc Themelin received 188 preferred shares, which may be converted into ordinary shares after two years at a conversion ratio based on share price trends. The terms and performance conditions are described in detail on pages 78 to 82 of the Reference Document.
Directors' fees	N/A	Luc Themelin does not receive any directors' fees.
Benefits in kind	€22,694	Benefits in kind include the use of a company car, an annual health checkup, and payment of premiums for executive unemployment insurance.
Severance pay	€0 received	No amount was due in respect of 2016. At its meeting of May 16, 2013, the Supervisory Board reappointed Luc Themelin as Chief Executive Officer and agreed that he would be entitled to the same benefits as during his previous term of office. At its meeting of March 7, 2017, the Board of Directors reviewed the rules on the events triggering the Chief Executive Officer's entitlement to severance pay in order to align them to the new recommendations of the AFEP-MEDEF Code. The new terms are effective as of 2017.
Non-compete benefit	€0	No amount was due in respect of 2016. At its

	received	meeting of May 16, 2013, the Supervisory Board reappointed Luc Themelin as Chief Executive Officer and agreed that he would be entitled to the same non-compete benefits as during his previous term of office.
Supplementary pension plan	€0 received	No amount was due in respect of 2016. Luc Themelin is eligible for a defined benefit supplementary pension plan provided that he is in service and ends his career with the Mersen Group on the date on which he is entitled to claim his basic state pension in France. Under the plan, Luc Themelin will be entitled to a supplementary pension based on length of service, calculated as an average of his basic salary over the three years preceding his retirement plus 50% of his maximum bonus, not exceeding a maximum of 20% of these two items. This percentage is capped, given his length of service (28 years). The theoretical annual pension payable to Luc Themelin is €132,000 before income tax and social security charges.

Approval of the remuneration policy for Luc Themelin (resolution 7)

Pursuant to the "Sapin II" law enacted in France on December 9, 2016, shareholders are required to vote on the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total remuneration and benefits due to Luc Themelin. For information, these principles and criteria have not changed for 2017.

Opinion on remuneration due or awarded to Thomas Baumgartner, member of the Management Board until May 11, 2016 (resolution 8)

Shareholders are invited to give an opinion on the remuneration due or awarded to Thomas Baumgartner, member of the Management Board until May 11, 2016, in respect of the year ended December 31, 2016. The components of Thomas Baumgartner's remuneration are described on pages 85 and 86 of the 2016 Reference Document:

	Amounts or book value	Comment
Basic salary	€200,000	The basic salary for 2016, expressed in euros, was unchanged from 2015.
Annual variable remuneration (amount due in respect of 2016 and paid in 2017)	€100,806	The variable component ranges from 0% to 60% of basic salary. The maximum level of 60% may be increased by a factor of up to 1.4 if the upper bound of the financial objective range is exceeded. 70% of the variable component is based on financial objectives, with 35% based on the Group's ROCE (calculated on the basis of operating income before non-recurring items, after tax) and 35% on the Group's operating cash flow. The remaining 30% is based on personal objectives. The financial and personal objectives are reviewed each year by the Governance and Remuneration Committee, based on the Group's strategic priorities. The financial objectives for 2016 were based on the annual budget. The threshold for 100% achievement of the financial objectives was set significantly above budget. Details of the personal objectives cannot be disclosed for confidentiality reasons. The percentage achievement of the variable remuneration objectives were as follows: 100% for operating cash flow, 66% for ROCE and 86% for personal objectives.
Deferred variable remuneration	N/A	Thomas Baumgartner is not entitled to deferred variable remuneration.
Multi-annual variable remuneration	N/A	Thomas Baumgartner is not entitled to multi-annual variable remuneration.
Exceptional remuneration	N/A	No exceptional remuneration was paid or due in respect of 2016.
Discretionary/mandatory profit-share (amounts due in respect of 2016)	€19,093	

Stock options, performance shares and other long-term incentives	Award (2016 plan): 129 preference shares, potentially representing a maximum of 14,190 ordinary shares Book value: €34,907	The Annual General Meeting held on May 11, 2016 authorized the Board of Directors to award bonus preference shares to certain employees and corporate officers of Mersen and related companies. At its meeting of May 11, 2016, the Board of Directors used its authorization to set the terms and conditions of a performance share award and designated the beneficiaries. Thomas Baumgartner received 129 preference shares, which may be converted into ordinary shares after two years at a conversion ratio based on share price trends. The terms and performance conditions are described in detail on pages 78 to 82 of the Reference Document.
Directors' fees	N/A	Thomas Baumgartner does not receive any directors' fees.
Benefits in kind	€4,239	Benefits in kind include the use of a company car and an annual health checkup.
Non-compete benefit	N/A	Thomas Baumgartner is not entitled to any non-compete benefits.
Supplementary pension plan	N/A	Thomas Baumgartner is not entitled to any supplementary pension benefits.

Re-election of four directors and ratification of the cooptation of one director for a term of four years (resolutions 9 to 13)

Shareholders are invited to re-elect Yann Chareton, Carolle Foissaud, Dominique Gaillard and Ulrike Steinhorst, whose terms of office are due to expire, as directors for a further term of four years expiring at the close of the Annual General Meeting held to approve the 2020 financial statements and to ratify the cooptation of Edward Koopman as director for the remainder of the term of office of Marc Speeckaert, outgoing director, i.e., expiring at the close of the Annual General Meeting held to approve the 2018 financial statements.

A brief summary of the professional background of each director is provided below:

Yann Chareton is a graduate of IEP Paris and ESSEC and has also studied at the London School of Economics and the Università Commerciale Luigi Bocconi in Milan. In Italy, he was involved in buyouts of KOS, Lima, Bruni, Italmatch, Irca and Dedalus. In October 2005, he joined the Mid Cap LBO team at AXA Private Equity (which became Ardian in 2013) and is now Managing Director of the Milan office. As Ardian is a shareholder of Mersen, the Governance and Remuneration Committee does not consider Yann Chareton to be an independent director.

Carolle Foissaud is a graduate of the École Polytechnique and École Nationale Supérieure des Télécommunications. She has spent most of her career with the Areva Group, mainly in operational positions in the Connectors, Fuel, Reactors and Cleanup Business Units. She was a member of Areva's Executive Management Board (EMB) and Head of Safety, Security and Operations Support. On March 1, 2014, she was appointed Chairman and Chief Executive Officer of Areva TA and Head of the Propulsion and Research Reactors Business Unit. The Governance and Remunerations Committee considers Carolle Foissaud to be an independent director.

Dominique Gaillard is a graduate of the École Polytechnique, École Nationale des Ponts et Chaussées, IAE Paris and University of Berkeley, California (MSc). He began his career as R&D Director with a Pechiney subsidiary before being appointed Head of Sales and Marketing (1988-1990). From 1990 to 1997, he worked at Charterhouse, where he arranged a number of growth capital transactions and management buyouts. He joined AXA Private Equity (which became Ardian in 2013) in 1997 as Head of the LBO team. He is now President of the Executive Board and Head of Direct Funds (Growth Capital, Small & Mid Cap Buyouts, Co-Investment, and Infrastructure). As a representative of Ardian France and advisor to the AXA Capital Fund LP, which itself is a Mersen shareholder, the Governance and Remuneration Committee does not consider Dominique Gaillard to be an independent director.

Ulrike Steinhorst began her career in France at the Ministry of European Affairs. She joined EDF's International Division in 1990 before returning to Germany, where she worked for the Degussa group in 1999. She held several positions with Degussa, first in Germany and then in France, where she headed up Degussa's French subsidiary. In 2007, she joined EADS as Chief of Staff to the Executive Chairman. In 2012, she became Head of Strategy, Finance and Planning in the Airbus Group's Technical Division. She now devotes most of her time to her various directorships and her consultancy firm. Ulrike Steinhorst is a German lawyer and graduate of Université Paris II – Panthéon, HEC business school (EMBA) and the Ecole Nationale d'Administration (International Cycle). She has been an independent director of Valeo since 2011 and Chair of the Strategy Committee since July 2016. The Governance and Remuneration Committee considers Ulrike Steinhorst to be an independent director. She has been Chair of Mersen's Governance and Remuneration Committee since May 2016.

Edward Koopman is a graduate of EM Business School Lyon and holds a Masters in Law and Business Administration from the IAE Université Lyon III. He began his career in London in 1986 working with BNP Capital Markets and then with Baring Brothers between 1989 and 1993. From 1993 to 1999, he was manager and management consultant for Bain & Company in Paris. In 1999, he founded Electra Partners Europe (Cognetas), co-heading the Paris office until 2012. In 2012, he joined Value Ventures as an investor and independent advisor in Paris and London. In 2015, he joined Sofina, a family-owned investment company in Brussels, where he is currently a member of the Executive Committee. As Sofina

is a shareholder of Mersen, the Governance and Remuneration Committee does not consider Edward Koopman to be an independent director.

Election of two new directors for a term of four years (resolutions 14 and 15)

Shareholders are invited to elect Michel Crochon and Olivier Legrain as directors for a term of four years expiring at the close of the Annual General Meeting held in 2020.

Subject to his election as director, and following an in-depth review by the Governance and Remuneration Committee, the Board of Directors plans to formally appoint Olivier Legrain as its Chairman at the close of the Annual General Meeting.

A brief summary of the professional background of each candidate is provided below.

Michel Crochon, 65, has spent the majority of his career at Schneider Electric, where he held various industrial, commercial and development-related positions, in Europe and Asia. In his most recent position, he was a member of the Executive Committee in charge of corporate strategy and technology.

Olivier Legrain, 65, began his career with Rhône-Poulenc, where he held executive positions in various business units. He then joined Lafarge as a member of its Executive Committee, in charge of specialty materials and strategy. He later became Chairman of Materis, after organizing its exit from the Lafarge group. He is currently Chairman of Solaire SAS, Chairman of the Supervisory board of Parex, a member of the board of Financière K2 (Kiloutou), Mécénat Balas, CPI and ARP SA and a member of Qualium's Advisory board.

Stock repurchase program (resolution 16)

This resolution seeks to renew the authorization given to the Board to trade in the Company's own shares, including under a liquidity agreement, for a further term of 18 months. The maximum purchase price is set at €45 per share and the maximum number of shares that may be purchased is limited to 10% of the total number of shares comprising the Company's share capital at December 31, 2016, i.e., 2,047,185 shares for a maximum amount of €92,123,325.

The Board of Directors may use this authorization for the following purposes, in order of priority:

- making a market or improving liquidity in the shares through an independent investment service provider acting under the terms of a liquidity agreement that complies with the AMAFI Code of Conduct;
- awarding or selling shares repurchased pursuant to this resolution to the employees under a plan to give employees a stake in the Company's growth and development or any other employee investment plan that meets the requirements of the law, in particular Articles L.3332-1 *et seq.* of the French Labor Code (*Code du travail*), or awarding performance shares in respect of the Company's top-up contribution or instead of a discount;
- awarding shares in accordance with the terms and conditions set out in Articles L.225-197-1 to L.225-197-3 of the French Commercial Code;
- awarding shares to stock option plans set up by the Company in accordance with the provisions of Articles L.225-177 *et seq.* of the French Commercial Code, or any other similar plan;
- awarding shares upon the conversion or exchange of securities (including debt securities) carrying rights to the Company's share capital;
- keeping the repurchased shares to tender as consideration for potential future acquisitions;
- reducing the share capital by canceling the shares in accordance with the terms and conditions set out in the French Commercial Code.

In 2016, the Company used this authorization under a liquidity agreement entered into with Exane BNP Paribas, an independent investment service provider, on February 25, 2005 for a period of one year. The agreement is automatically renewed annually unless terminated by one of the parties and is compliant with the AMAFI Code of Conduct approved by the French securities regulator (*Autorité des marchés financiers*, AMF). Its purpose is to improve liquidity and encourage regular trading in Mersen shares without hindering the smooth operation of the market. At February 25, 2005, the sum of €2,200,000 and no shares were allocated to the liquidity agreement and credited to the liquidity account. At December 31, 2016, the liquidity account held 43,490 shares and €755,820.

In 2016, other than shares repurchased under the liquidity agreement, the Company also purchased 107,799 shares, which will either be canceled or awarded to employees under existing performance share plans. The Company canceled 220,200 shares and sold 55,001 shares on the market during the year.

A full description of the stock repurchase program can be found on page 113 of the Reference Document under the heading "General Information about the Share Capital - Stock Repurchase Program".

Extraordinary resolutions

Cancelation of shares (resolution 17)

The Board is seeking authorization to cancel, on one or more occasions, some or all of the shares repurchased by the Company, up to a maximum limit of 10% of the share capital, and to reduce the share capital accordingly. This authorization will be valid for 18 months.

Performance share plan (resolutions 18)

The Board of Directors believes that it is in the interests of the Company and its shareholders to incentivize and retain certain key managers and employees who can make a significant contribution to the Company's performance. It therefore wishes to set up a new incentive program after the previous performance share plan approved by the shareholders at the Annual General Meeting of May 11, 2016.

The Board is seeking authorization to award performance shares (whether new or existing shares) to employees or certain categories of employees of the Company on the terms and conditions stipulated in Articles L.225-197-1 to L.225-197-5 of the French Commercial Code.

Performance shares may not be awarded to directors, the Chief Executive Officer and the Deputy Chief Executive Officers, or to the beneficiaries of bonus preference shares (see resolutions 19 and 20). Performance shares may not be awarded to employees of the Company or related companies who own more than 10% of the Company's share capital or who would own more than 10% as a result of the performance share award.

The total number of shares that may be awarded pursuant to this authorization may not exceed 84,000 shares representing approximately 0.4% of the share capital. This is same as the number of shares authorized in 2016, which have been awarded in full.

The performance shares will be contingent on performance conditions determined by the Board of Directors based on EBITDA margin growth. As in 2016, the performance conditions will be determined by reference to the most favorable of a target growth rate and the growth rate achieved by a benchmark sample of comparable companies (adjusted where necessary for any unusual fluctuations during the period or any significant non-recurring transactions).

The vesting period will be two years as of the date of award by the Board of Directors.

The authorization will be valid for 38 months as of the date of the Annual General Meeting and may be used on one or more occasions.

Award of bonus preference shares convertible into ordinary shares after a period of four years subject to performance conditions, and corresponding amendment to the Articles of Association (resolutions 19 and 20)

The Board of Directors is seeking authorization to set up a bonus preference share plan ("**D Shares**") for certain senior executives and corporate officers of the Company, and to amend the Articles of Association accordingly.

- These preference shares are similar to those approved at the Annual General Meeting held in 2016. The maximum number of shares that may be awarded is also the same as last year.
- These preference shares may be converted into ordinary shares ("**A Shares**") after a predefined period based on growth in the share price. The plan is intended to encourage beneficiaries to play a role in the long-term development of the Company.
- Under the plan, the gain made by the beneficiaries will (i) be capped at 150% increase in the share price since the plan award date (the "Initial Share Price") and (ii) be significantly limited in the event of a fall in the share price over the same period.

The maximum number of A Shares that may be issued upon conversion of the D Shares awarded pursuant to this resolution may not exceed 129,000 shares, representing 0.6% of the Company's share capital on the date of the Annual General Meeting. This maximum number does not include any adjustments that may be required to protect the rights of preference share holders in accordance with the laws and regulations in force and any contractual provisions.

The award of D Shares will be subject to a condition of presence in the Company (vesting period) and lock-up periods (for French residents), as well as performance conditions.

The plan will require an amendment to the Company's Articles of Association to include the rights and obligations of D Shares and their conversion into A Shares. Resolutions 19 (on the award of D Shares) and 20 (on the amendment to the Articles of Association) are interdependent and therefore each is subject to the other being passed.

Vesting period and lock-up period for the preference shares (D shares)

D Shares will vest two years after the date of award, provided that the beneficiary is still with the Company or a related company. The vesting period will be four years for beneficiaries that are not French residents. French residents will be required to hold their preference shares for a further period of two years after the vesting date, during which time they may not be converted or sold.

Performance conditions applicable to preference shares (D Shares)

D Shares will only vest at the end of the vesting period if the following performance conditions are met.

A percentage of the preference shares will vest based either on average EPS in 2017 and 2018 for condition 1 or EPS growth between 2016 and the average for 2017 and 2018 for condition 2, whichever is the most favorable.

The reference EPS for 2016 ("2016 reference EPS") is that published by the Group adjusted for non-recurring expenses, i.e., €1.41.

2017 and 2018 EPS may also be adjusted for non-recurring items (see method of calculation).

Condition 1

- 0% if average EPS in 2017 and 2018 (adjusted as applicable) is less than €1.40;
- 30% if average EPS in 2017 and 2018 (adjusted as applicable) is equal to €1.40;
- 100% if average EPS in 2017 and 2018 (adjusted as applicable) is equal to or more than €1.80.

The percentage achievement between 30% and 100% will be calculated on a straight-line basis if average EPS in 2017 and 2018 (adjusted as applicable) is between €1.40 and €1.80.

Condition 2

- 0% if EPS growth (2016 reference EPS versus average EPS for 2017 and 2018 adjusted as applicable) is below the average EPS growth achieved by the Benchmark Sample.
- 50% if EPS growth (2016 reference EPS versus average EPS for 2017 and 2018 adjusted as applicable) is equal to the average EPS growth achieved by the Benchmark Sample.
- 100% if EPS growth (2016 reference EPS versus average EPS for 2017 and 2018 adjusted as applicable) is at least 15 percentage points above the average EPS growth achieved by the Benchmark Sample.

The percentage achievement between 50% and 100% will be calculated on a straight-line basis if EPS growth (2016 reference EPS versus average EPS for 2017 and 2018 adjusted as applicable) is equal to or below 15 percentage points above the average EPS growth achieved by the Benchmark Sample.

Method of calculating the conditions

The percentage achievement will be calculated on the basis of the consolidated financial statements published by Mersen. However, in the event of unusual fluctuations during the period or non-recurring transactions occurring after the share award, the Board of Directors may, after seeking guidance from the Governance and Remuneration Committee (GRC), adjust the financial statements to eliminate the impacts of such fluctuations or transactions for the purpose of calculating the percentage of preference shares that will vest.

The "Benchmark Sample" for the purposes of condition 2 will comprise 18 companies including Arkema, Vicat, Imerys, Rexel, SEB, Nexans, Air Liquide, Schneider Electric, Saint Gobain, Legrand, ArcelorMittal and Ingenico. The Board of Directors may, after seeking guidance from the GRC, withdraw companies from the sample if they have experienced excessive or abnormal fluctuations in EPS during the period and, if appropriate, replace them with other comparable companies.

Characteristics of the preference shares (D Shares)

At the end of the vesting period, D Shares will entitle holders to the same right to information and the same voting rights as A Shares. They will entitle holders to a dividend per D Share equivalent to 10% of the A Share dividend.

Conversion of preference shares (D Shares) into ordinary shares (A shares)

D Shares may be converted into ordinary shares at a ratio determined on the basis of the change in share price, as follows:

- D Shares may be converted into A Shares for a period of thirty (30) days after the fourth anniversary of the Award Date (the "**Conversion Periods**") at a ratio (the "**Conversion Ratio**") determined on the basis of the difference, in percentage terms, between the Initial Share Price and the Final Share Price. If the Conversion Periods fall during a blackout period for trading in the Company's shares, the start of the Conversion Period would be postponed until the end of the blackout period, within a limit of ninety (90) days. If the first Conversion Period is postponed, the second Conversion Period would be postponed by the same number of days.
- The "**Award Date**" is the date on which a performance share award is approved by the Board of Directors.
- The "**Initial Share Price**" is the volume-weighted average opening price of the A Shares during the 20 trading days immediately preceding the Award Date.
- The "**Final Share Price**" is the average opening price of the A Shares between the second anniversary of the Award Date (inclusive) and the start date of the Conversion Period during which the D Shareholders have applied for conversion into A Shares (exclusive).
- The Conversion Ratio would be equal to:

If the Final Share Price is less than 150% of the Initial Share Price (the "**Maximum Final Share Price**"):

$$N = 10 + \frac{300 (FSP - ISP)}{FSP}$$

Where:

"N" is the number of A Shares to which each B Share gives rights. If the conversion results in fractional shares, the number of A Shares awarded per B Share will be rounded down to the next whole number;

"FSP" is the Final Share Price;

"ISP" is the Initial Share Price;

"FSPMax" is the Maximum Final Share Price.

If the Final Share Price is higher than the Maximum Final Share Price:

$$N = 10 + \frac{(FSPMax \times 100)}{FSP}$$

If the Final Share Price is lower than the Maximum Final Share Price:

$$N = 10$$

Maximum number of ordinary shares that may be awarded upon the conversion of D Shares

The maximum number of A Shares that may be awarded upon the conversion of D Shares may not exceed 129,000 shares, representing 0.6% of the Company's share capital.

Percentage award to corporate officers

No more than 20% of the various share award plans (preference shares and performance shares to be authorized under resolution 18) may be awarded to the corporate officers. As the ordinary shares and preference shares are different in nature, this percentage will be calculated on the basis of the IFRS measurement of the awards.

Amendment to the Articles of Association

If the authorization to issue D Shares is approved, shareholders will also be asked to amend several articles of the Articles of Association, including (i) Article 6 to distinguish between A Shares and D Shares in the composition of the Company's share capital, (ii) Article 11 to provide that D Shares may be held in registered form, (iii) Article 13 to provide that D Shares shall be transferable between D Shareholders after the lock-up period, (iv) Article 15 to describe the method of converting D Shares into A Shares, and (v) Article 26 to include arrangements for special meetings of D Shareholders.

D Share issues will be decided by the Board of Directors based on a report by an auditor appointed to evaluate the specific benefits.

At each Annual General Meeting, shareholders will be given an additional report by the Board of Directors and an additional report by the Statutory Auditors on the conversion of D Shares into ordinary shares.

Resolutions 19 and 20 form an indivisible whole and each one is therefore subject to the other being passed by the Annual General Meeting.

Employee-representative director (resolution 21)

Pursuant to the French "Rebsamen Law" of June 14, 2013 on employee-representative directors, implemented in Articles L.225-27-1 and L.225-79-2 of the French Commercial Code, shareholders are invited to approve an amendment to Article 17 of the Articles of Association to set out the arrangements for electing employee-representative directors to Mersen's Board and for exercising such directorships.

Share issues reserved for employees outside France (resolution 22)

The Annual General Meeting of May 11, 2016 authorized the Board of Directors to increase the Company's share capital on one or more occasions through share issues for cash reserved for employees who are members of the Group Investment Plan. The aim is to increase employee share ownership and give employees a stake in the Company's success.

The Board proposes to extend the employee share ownership mechanism to employees of Mersen Group companies based outside France and who are not members of the Group Investment Plan. The Board is therefore seeking authorization to issue shares to these employees on one or more occasions, to be subscribed for cash, with:

- a waiver of the shareholders' preemptive rights;
- an option for the Board to apply a discount of up to a maximum 20% to the subscription price.

The capital increases made pursuant to this resolution may not exceed €300,000, i.e., approximately 0.7% of the Company's share capital, and will be applied to the blanket ceiling set in resolution 20 passed at the Annual General Meeting of May 11, 2016.

This authorization will be valid for a period of 26 months.

Award of free share warrants to shareholders in the event of a takeover bid for the Company's shares (resolution 23)

At the Annual General Meeting of May 11, 2016, the Board of Directors was authorized to issue share warrants to protect the interests of the Company and its shareholders in the event of a hostile bid for the Company.

The Board of Directors is seeking renewal of this authorization on the same terms and conditions as the one granted in 2016, i.e., the award of free share warrants to the shareholders in the event of a bid for the Company's shares by an entity that is not subject to the same takeover practices as those applicable to Mersen (absence of reciprocity). In

practice, this means either unlisted companies or listed companies in countries that authorize companies to trade during a takeover bid (notably the United States, Germany, India and, in some circumstances, Japan). For all other takeover bids, the decision to issue share warrants shall be the exclusive preserve of the Annual General Meeting.

The option to issue share warrants in the event of a bid for the Company is fully in the interests of both the Company and its shareholders as it aims to maximize the value of the shareholders' interest in the Company. Share warrants are a genuine means of negotiation. They enable companies faced with a hostile bid to force the bidder to negotiate if the bid price is considered to be inadequate.

The purpose is therefore to provide the means to act in the best interests of the Company and its shareholders, not to prevent any bid whatever it may be. Shareholders will note that the Company has not implemented (and does not intend to implement) any other measures for that purpose, such as double voting rights, different share classes, etc. At present, therefore, the Company has no mechanism or means to optimize its value.

The share warrant mechanism is governed by strict legal provisions. It is covered by the law on "Breton warrants" of March 31, 2006, which implements European Directive 2004/25/EC of April 21, 2004 on takeover bids in French law, via Article L.232- 2 II of the French Commercial Code.

The Board of Directors may not issue share warrants without a positive opinion from a restricted committee of three independent directors. The Committee will base its opinion on advice given by a financial adviser appointed by the Board of Directors to review the merits and financial terms of the bid. Within this framework and these limitations, the Board of Directors will have the powers to set the price (or method of setting the price) and terms of exercise of the share warrants depending on the terms of the takeover bid.

The total amount of the capital increase resulting from the exercise of share warrants issued may not exceed 25% of the amount of the share capital on the date of issue.

This authorization will be valid for a period of 18 months from the date of this Meeting and

will cancel and supersede the authorization given at the Annual General Meeting of May 11, 2016. Its renewal would be contingent on a further vote by shareholders.

The Board of Directors

DRAFT OF RESOLUTIONS

Acting as the Ordinary General Meeting

First resolution – Approval of the Annual accounts for the period ending on 31 December 2016

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Ordinary General Meetings, after having reviewed the report drawn up by the Board of Directors and having heard the reports from the President of the Board of Directors and the statutory Auditors regarding the balance sheet and the accounts of the Company for the period ending on December 31st 2016, approves the accounts as they were presented to it, all the operations reflected in the accounts, the valuations given therein, as well as the allocations to the accounts for depreciation and provisions.

As a result, it resolves to fix the profit balance on the Profit and Loss account at 25,837,579.37 €.

Second resolution – Approval of the consolidated accounts for the period ending on 31 December 2016

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Ordinary General Meetings, after having reviewed the report drawn up by the Board of Directors and having heard the reports from the Chairman of the Board of Directors and the statutory Auditors regarding the balance sheet and the accounts of the Company for the period ending on December 31st 2016, approves the accounts as they were presented to it, all the operations reflected in the accounts, the valuations given therein, as well as the allocations to the accounts for depreciation and provisions.

As a result, it resolves to fix the profit balance on the consolidated Profit and Loss account at 3 226 000 €.

Third resolution – Appropriation of the results of the Company and setting of the amount of the dividend

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Ordinary General Meetings, at a proposal of the Board of Directors decides to allocate the profit from the period amounting to 25 837 579.37 € as follows:

Profit for the period	25,837,57.37 €
Increased by an amount carried forward	134,619.77 €
Forming a distributable profit of	25,972,199.14 €
As dividends	10,235,927.00 €
As general "reserve"	15,736,000.00 €
As an amount carried forward	272.14 €

Consequently, the General Meeting sets the dividend for the period at 0.50 € for A shares, B shares and C shares being not eligible for the payment of a dividend, while it is pointed out that in the event of a variation in the number of A shares giving right to a dividend in comparison with the 20 470 952 A shares making up the Company's capital on 31ST December 2016, the overall amount of the dividends would be adjusted as a result, and the amount allocated to the account for amounts carried forward would be determined on the basis of the dividends effectively paid out.

The dividend will be detached from the share on 4TH July 2017 and made available for payment on 6TH July 2017.

In accordance with Article 243a of the General Tax Code, it is noted that this dividend, when paid to natural persons domiciled in France for tax purposes, is subject to an allowance of 40% provided for in the second item in point 3 of Article 158 of the said Code.

In accordance with the law, it is noted that during the three previous business years, the following dividends were distributed:

Business year	Dividend in €	Amount eligible for the allowance provided for in Article 158-3-2° CGI [General tax code]	Amount not eligible for the allowance provided for in Article 158-3-2° CGI
2014	0.45	0.45	0
2015	0.50	0.50	0
2016	0.50	0.50	0

Fourth resolution – Ratification of undertakings with respect to articles L.225-38 and L.225-42-1 of the French Commercial Code related to pension and unemployment benefit of M. Luc Themelin, Chief Executive Officer

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Ordinary General Meetings, after having reviewed the reports drawn up by the Board of Directors and by the statutory Auditors, in application of Article L.225-42-1 of the French Commercial Code, ratifies the undertakings that have been entered into with respect to the pension and unemployment benefits, granted to Mr Luc Themelin, as described in the reports.

Fifth resolution - Approval of the undertakings with respect to Article 225-42-1 of the French Commercial Code related to the indemnity due to Mr Luc Themelin, Chief Executive Officer, in certain cases of termination of his function

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Ordinary General Meetings, after having reviewed the report drawn up by the Board of Directors and by the statutory Auditors in application of Article L 225-42-1 of the French Commercial Code, approves the undertakings that have been entered into with respect to indemnities due or capable of becoming due by virtue of the termination or change to the functions of Mr Luc Themelin.

Sixth resolution – Opinion on the compensation and benefits owed and attributable to Mr Luc Themelin, Chief Executive Officer for the period ending 31 December 2016

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Ordinary General Meetings, having been consulted in application of the AFEP-MEDEF Code for Corporate governance of quoted companies (paragraph 24.3), acting under conditions of the quorum and the majority required for Ordinary General Meetings, issues a favourable opinion regarding the compensation and benefits owed and attributable for the period ending on 31 December 2016 to Mr Luc Themelin, Chief Executive Officer, shown in the annual management report in Chapter 3 (page 83) in the Reference Document referred to.

Seventh resolution – Approval of the compensation policy of Mr Luc Themelin

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Ordinary General Meetings, after having reviewed the reports drawn up by the Board of Directors on the compensation policy of the Chief Executive Officer set up in application of the article L.225-37-2 of the French Commercial Code, approves required for Ordinary General Meetings, after having reviewed the reports drawn up by the Board of Directors on the compensation policy.

Eighth resolution – Opinion of the compensation and benefits owed and attributable to M. Thomas Baumgartner, member of the Executive Board until May 11 2016

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Ordinary General Meetings, having been consulted in application of the AFEP-MEDEF Code for Corporate governance of quoted companies (paragraph 24.3), acting under conditions of the quorum and the majority required for Ordinary General Meetings, issues a favourable opinion regarding the compensation and benefits owed and attributable for the period ending on 31 December 2016 to Mr Thomas Baumgartner, member of the executive board until May 11 2016, shown in the annual management report in Chapter 3 (page 85) in the Reference Document referred to.

Ninth resolution – Renewal of the appointment of Mr Yann Chareton as Director

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Ordinary General Meetings, decides to renew Mr Yann Chareton as a director for a period of four (4) years which will terminate at the end of the General Meeting called to approve the annual accounts for the period ending on December 2020.

Tenth resolution - Renewal of the appointment of Mrs Carolle Foissaud as Director

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Ordinary General Meetings, decides to renew Mrs Carolle Foissaud as a director for a period of four (4) years which will terminate at the end of the General Meeting called to approve the annual accounts for the period ending on December 2020.

Eleventh resolution – Renewal of the appointment of Mr Dominique Gaillard as Director

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Ordinary General Meetings, decides to renew Mr Dominique Gaillard as a director for a period of four (4) years which will terminate at the end of the General Meeting called to approve the annual accounts for the period ending on December 2020.

Twelfth resolution - Renewal of the appointment of Mrs Ulrike Steinhorst as Director

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Ordinary General Meetings, decides to renew Mrs Ulrike Steinhorst as a director for a period of four (4) years which will terminate at the end of the General Meeting called to approve the annual accounts for the period ending on December 2020.

Thirteenth resolution – Ratification of Mr Edward Koopman as Director

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Ordinary General Meetings, decides to ratify the appointment, made provisory by the Board of Directors on July 7th 2016, of Mr Edward Koopman as Director of the Company, in replacement of Mr Marc Speeckaert who did resigned, for the remaining period of his mandate, e.g. until the Ordinary General Meeting called to approve the annual accounts for the period ending on December 2018.

Mr Edward Koopman indicated that he accepted the functions of Director of the Board of Directors and that he satisfies all conditions required by applicable law and regulations.

Fourteen resolution - Appointment of Mr Olivier Legrain as Director

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Ordinary General Meetings and after having reviewed the report drawn up by the Board of Directors, decides to appoint Mr Olivier Legrain as a director for a period of four (4) years which will terminate at the end of the General Meeting called to approve the annual accounts for the period ending on December 2020.

Mr Olivier Legrain indicated that he accepted the functions of Director of the Board of Directors and that he satisfies all conditions required by applicable law and regulations.

Fifteen resolution - Appointment of Mr Michel Crochon as Director

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Ordinary General Meetings and after having reviewed the report drawn up by the Board of Directors, decides to appoint Mr Michel Crochon as a director for a period of four (4) years which will terminate at the end of the General Meeting called to approve the annual accounts for the period ending on December 2020.

Mr Michel Crochon indicated that he accepted the functions of Director of the Board of Directors and that he satisfies all conditions required by applicable law and regulations.

Sixteenth resolution - Authorisation to be granted to the Board of Directors for a duration of 18 months for the purpose of carrying out transactions on the shares of the Company

1. The General Meeting, deliberating in accordance with the quorum and majority conditions required for Ordinary General Meetings, authorizes the Board of Directors, with the option to sub-delegate under the conditions set forth in the law and the Articles of Association, under the conditions set forth in Article L225-209 et seq. of the French Commercial Code and with EC Regulation 596/2014 of 16 April 2014, to acquire, on one or more occasions and by any means, a number of the Company's shares representing up to 10% of the Company's share capital, for information purposes, on the date of this General Meeting, a maximum of 2,047,185 shares, it being specified that (i) the number of shares acquired by the Company to be held and used subsequently in payment or exchange in connection with an acquisition may not exceed 5% of the share capital, and (ii) that when the shares are redeemed to encourage liquidity under the conditions defined by the general regulation of the French AMF ("Autorité des Marchés"), the number of shares taken into account to calculate the 10% limit set forth above corresponds to the number of shares purchased, minus the number of shares resold during the duration of the authorization.
2. The General Meeting resolves that purchases of the Company's shares may be made to:
 - enhance trading in and the liquidity of the Company's shares by engaging the services of an investment service provider, acting independently, under a liquidity agreement in accordance with the AMAFI charter;
 - allocate or transfer shares to employees under the employee profit-sharing plan or the implementation of any employee savings plan under the conditions provided by law, specifically Article L.3332-1 et seq. of the French Labor Code, by transfer of shares previously acquired by the Company under this resolution or providing a free grant of these shares by way of Company contribution and/or in replacement of the discount;
 - allocate shares under the conditions set forth in Articles L225-197-1 to L225-197-3;
 - implement any share purchase option plan of the Company pursuant to the provisions of Article L.225-177 et seq. of the French French Commercial Code or any similar plan;
 - allot shares in connection with the conversion or exchange of securities (including debt securities) conferring rights to the Company's share capital;
 - purchase them for holding purposes and subsequently remit them as part of an exchange offer or in consideration for any acquisitions;
 - cancel shares through a reduction in the share capital in accordance with the French French Commercial Code.
3. This program is also intended to allow the implementation of any market practice that may, in the future, be allowed by the French AMF ("Autorité des Marchés") and, more generally, any transaction permitted by applicable law. In this scenario, the Company will notify its shareholders by press release.
4. The maximum purchase price is set at €45 per share, excluding acquisition expenses. This price is set subject to adjustments related to any transactions affecting the Company's share capital. In view of the maximum purchase price set, the aggregate amount of share purchases may not exceed €92,123,325.
5. These shares may be purchased, allotted or transferred at any time (except during a public offer for the shares of the Company) and paid by any means, on and off the market, including by acquisition or transfer of blocks of shares, and specifically pursuant to a liquidity agreement entered into by the Company with an investment service provider.

6. The General Meeting grants full powers to the Board of Directors, with the option of sub-delegating under the conditions provided by the law and the Articles of Association, to decide and implement this authorization, to set, if necessary, the terms and determine the procedures for carrying out this purchase program and, specifically, to place all stock market orders, enter into any agreements, allocate or reallocate the shares acquired to the objectives pursued in accordance with applicable law and regulations, set the terms and conditions for safeguarding, where appropriate, the rights of holders of securities or options, in accordance with law and regulations and, where necessary, the contractual stipulations, make all disclosures to the French AMF ("Autorité des Marchés") and any other authority with jurisdiction and all other formalities and, in general, take all steps necessary to apply this authorization.
7. This authorization cancels, as of this date, where necessary, the unused portion of any delegation granted previously to the Board of Directors by the Combined General Meeting of May 11, 2016.

Acting as an Extraordinary General Meeting

Seventeenth resolution – Authorisation to be granted to the Board of Directors for a duration of 18 months for the purpose of reducing the capital through the cancellation of shares held by the Company under the program for share buyback

1. The General Meeting, deliberating in accordance with the quorum and majority conditions required for Extraordinary General Meetings, after having reviewed the report drawn up by the Board of Directors and the special report of the statutory Auditors, authorises the Board of Directors for a duration of eighteen months in accordance with Article L.225-209 of the French Commercial Code, to reduce the share capital in one or more phases, in such proportions and such periods as it deems fit, in order to cancel any quantity of the Company-held shares, as it shall decide within the limits authorised by the law.
2. On the date of each cancellation, the maximum number of shares cancelled by the Company during the period of twenty-four months preceding such cancellation, including the shares that are the subject of such cancellation, may not exceed ten per cent (10%) of the shares making up the Company's capital at such date, i.e. by way of indication, a maximum of 2, 047, 185 shares as at 31st December 2016.
3. For this purpose, the General meeting confers all powers to the Board of Directors, with the option of sub-delegation under conditions fixed by the law and the Articles of Association, in order to define the definitive amount of the capital reduction, to fix the methods for such reduction and to confirm that it has been carried out, and consequently to modify the Articles of Association of the Company, to enter the difference between the accounting value for the cancelled shares and their nominal value on all the accounts for reserves or premiums, and to carry out all the resulting acts or formalities, particularly all declarations to the French "Autorité des marchés financiers", and generally to do what is needful.

Eighteenth resolution – Delegation of powers to be granted to the Board of Directors for a duration of 38 months in order to proceed with free allocations of shares in the Company without preferential rights of subscription

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Extraordinary General Meetings, after having reviewed the report drawn up by the Board of Directors and the special reports of the statutory auditors, in application of the provisions of Articles L225-197-1 to L225-197-5 of the Commercial Code:

1. Authorises the Board of Directors to proceed, for the benefit of employees of the Company, or of certain categories of them, and for the benefit of those in companies associated with it, subject to the conditions provided for in Article L225-197-2 of the French Commercial Code, to make free allocation of shares of the Company, whether already existing or to be issued, in one or more phases, in proportions and periods that it deems fit, except in periods of a public offer on the shares of the Company;
2. Decides that the members of the Board of Directors, as well as the Chief Executive Officer and the Deputy Managing Directors, are excluded from the benefit of allocations of free shares. Exclusion is also made of the employees of the Company and of companies associated with it, who held more than 10% of the capital of the Company or who, due to the free allocation of shares, would then hold more than 10% of the capital of the Company;
3. Decides that the total number of shares existing or to be issued which can be definitively allocated under the scope of the present authorisation may not exceed the number of 84 000 shares representing approximately 0.4% of the share capital at the date of the present meeting;
4. Decides that the allocation of shares to their beneficiaries will become definitive at the end of an acquisition period of minimally 2 (two) years counting from the date of allocation of the shares by the Board of Directors, whereby it is understood that the allocation of the said shares to their beneficiaries will become definitive before the expiry of the above-mentioned acquisition period in the case of invalidity* [i.e. illness in accordance with French legislation] of the beneficiary corresponding to a classification in the second or third category provided for in Article L. 341-4 of the Social Security Code or an equivalent category abroad, and that the said shares will be freely transferable in the case of invalidity of the beneficiary corresponding to the classification in the above-mentioned categories of the Social Security Code or the equivalent category abroad;
5. Decides that the Company may, if applicable, proceed to adjustments to the number of free shares allocated and necessary for the purpose of preserving the rights of the beneficiaries, as a result of possible operations affecting

the Company's capital in circumstances provided for in Article L. 225-181 of the French Commercial Code. It should be noted that the shares allocated under application of these adjustments will be considered to be allocated on the same date as the shares initially allocated;

6. States that in the case of free-of-charge allocation of new shares, the present authorisation will bring about, in step with the definitive allocation of the said shares, an increase in capital by means of capitalisation of reserves, profits or issue premiums in favour of the beneficiary of the said shares and to the corresponding waiver by the shareholders to their preferential right of subscription on the said shares, for the benefit of the beneficiaries of the said shares;
7. Acknowledges the fact that, if the Board of Directors makes use of the present authorisation it will inform each year the ordinary general s' meeting concerning the operations carried out by provisions specified in Articles L. 225-197-1 to L. 225-197-3 of the French Commercial Code, under conditions provided for by Article L. 225-197-4 of the said Code;
8. Confers to the Board of Directors all powers, with the option of sub-delegation in the conditions set up by the law and the Articles of Association, so that it can implement the present authorisation and in particular (i) determine if the free shares allocated are shares to be issued or existing shares, (ii) to determine the identity and the categories of the beneficiaries of the above-mentioned, as well as the conditions, in particular, the acquisition period and the minimum retention period, and the criteria for performance and allocation of the shares, (iii) to make provisions for the possibility of provisionally suspending the rights to allocation in the event of financial operations, (iv) to determine the date of definitive allocation and the dates from which the shares may be freely transferred, bearing in mind the legal restrictions and (v) in case of the issue of new shares, and where necessary, to apply to the reserves, profits or issue premiums such sums as are necessary for the payment of the said shares, to determine the completion of the capital increases implemented under application of the present authorisation, proceed with making the related modifications to the Articles of Association, and generally to carry out all the necessary acts and formalities;
9. Sets at thirty eight months, from the date of the present meeting, the period of validity of the delegation of powers, the subject of the present resolution, and decides that the present delegation renders null and void the unused amounts of all previous delegations of the same kind.

Nineteenth resolution – Delegation of powers to be granted to the Board of Directors for a duration of 38 months in order to proceed with the free allocation of preference shares to be issued by the Company, without preferential right of subscription by the shareholders

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Extraordinary General Meetings, after having reviewed the report drawn up by the Board of Directors and the special reports from the statutory Auditors, in accordance with Articles L. 225-197-1 et seq. of the French Commercial Code:

1. Authorises the Board of Directors, subject to the adoption of the twentieth resolution, to proceed in one or more phases and in the proportions and periods it deems fit, except during a period of public offer for the shares of the Company, to make allocation of free preference shares to be issued by the Company giving the right of conversion into ordinary shares issued or to be issued by the Company for the benefit of employees or officers, or to certain of them, of the Company and/or of companies associated with it in accordance with Article L.225-197-2 of the French Commercial Code, while it is pointed out that the rights attaching to the preference shares are established in the articles of association of the Company;
2. Decides that the maximum total number of ordinary shares capable of resulting from the conversion of preference shares allocated under the present authorisation may not exceed 129 000 shares, i.e. 0.6% of the share capital of the Company at the date of the present Meeting, such number not taking into account possible adjustments carried out in order to preserve, in accordance with the legal and regulatory provisions and, if applicable, any contractual stipulations, the rights of the beneficiaries of preference shares;
3. Decides that the new preference shares allocated by virtue of the present authorisation, subject to the provisions of Article L.225-197-6 of the French Commercial Code, may benefit the Chief Executive Officer and the Deputy Managing Directors of the Company;
4. Decides that in accordance with the law, the allocation of the shares to their beneficiaries will become definitive either at the end of a minimum vesting period of two (2) years, the minimum duration for the obligation for the retention of the shares by the beneficiaries which is fixed at two (2) years counting from the definitive allocation of the shares, or for all or part of the shares allocated, at the end of a minimum acquisition period of four (4) years, and in this case, without a minimum retention period, it being understood that the Board of Directors shall be entitled to choose between these two possibilities and to use them alternatively and concurrently, and in either case may extend the period of acquisition and also, in the first case, extend the retention period and, in the second case establish a retention period;
5. Decides that the Board of Directors will determine the criteria and conditions for allocation of preference shares, in particular the identity of the beneficiaries and the number of preferences shares allocated to each beneficiary, and will proceed to make such allocations;
6. States that the Board of Directors will make the allocation of the preference shares subject to performance criteria and that it must set, for the officers of the Company the number of ordinary shares resulting from the conversion of preference shares that they shall be obliged to retain at their nominal value until the cessations of their functions;

7. And furthermore, decides, in the event of the invalidity of a beneficiary corresponding to classification in the second or third of the categories provided for in Article L. 341-4 of the Social Security Code, the preference shares will definitively be allocated to them before the end of the remaining term of the acquisition period;
8. Acknowledges that the present authorisation implies as of right, to the benefit of the beneficiaries, the waiver by the shareholders of their preferential right of subscription to the preference shares which may be issued as a result of the present resolution, and with respect to ordinary shares which may be issued when the preference shares are converted;
9. Confers all powers to the Board of Directors, with the option of sub-delegation under conditions provided for by the law and the articles of association, to implement the present authorisation, and in particular to:
 - Fix the number of preference shares to be issued and the date on which they become eligible for the payment of dividends;
 - Fix within the legal limits, the conditions for issuing preference shares;
 - Fix the methods by which it will be ensured, where applicable, that the rights of the bearers of securities giving access to capital will be preserved, and that this will be in accordance with the legal and regulatory provisions and where, if necessary, to any contractual stipulations which may apply;
 - Ascertain the implementation of the preference share issued and to proceed with the corresponding modifications to the articles of association;
 - Ascertain the conversion of preference into ordinary shares in accordance with the articles of association, and ascertain, where applicable, the implementation of any increase (s) in capital associated therewith, through capitalisation of reserves and to proceed with the corresponding changes to the articles of association;
 - To proceed with all operations and formalities made necessary by the implementation of the capital increase(s).
10. Sets at thirty eight months, from the date of the present meeting, the period of validity of the delegation of powers, the subject of the present resolution, and decide that the present delegation renders null and void the unused amounts of all previous delegations of the same kind.

The Board of Directors will report each year to the General Meeting, in accordance with the legal and regulatory conditions, and in particular Article L. 225-197-4 of the French Commercial Code, concerning the operations carried out under the present resolution.

Twentieth Resolution – Approval of the creation of a category of preference shares and the related modification to the articles of association.

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Extraordinary General Meetings, after having reviewed the report drawn up by the Board of Directors and the special reports of the statutory Auditors, and subject to the adoption by the General Meeting of the nineteenth resolution

1. resolves to modify article 6 of the articles of association of the Company as follows :

<i>(old version)</i>	<i>(new version)</i>
<p>The share capital is fixed at a total of 40,943,708 euros, divided into 20 471 854 (twenty million, four hundred and seventy thousand one, eight hundred and fifty four) shares, of which 20,470,952 (twenty million, four hundred and seventy thousand, nine hundred and fifty-two) shares are in category A and 902 (nine hundred and two) shares are in category B, each with a nominal value of 2 euros.</p> <p>The shares are divided into three categories:</p> <ul style="list-style-type: none"> - 20 470 952 (twenty million, four hundred and seventy thousand, nine hundred and fifty two) category A shares (the "A Shares") which are ordinary shares. - 902 (nine hundred and two) category B shares ((the "B Shares") which are preference shares issued under application of Articles L.228-11 et seq. of the French Commercial Code - [●] ([●]) category C shares (the "C Shares") which are preference shares issued under application of Articles L.228-11 et seq. of the French Commercial Code. 	<p>The share capital is fixed at a total of 40,943,708 euros, divided into 20 471 854 (twenty million, four hundred and seventy thousand one, eight hundred and fifty four) shares, of which 20,470,952 (twenty million, four hundred and seventy thousand, nine hundred and fifty-two) shares are in category A and 902 (nine hundred and two) shares are in category B, each with a nominal value of 2 euros.</p> <p>The shares are divided into four categories:</p> <ul style="list-style-type: none"> 20 470 952 (twenty million, four hundred and seventy thousand, nine hundred and fifty two) category A shares (the "A Shares") which are ordinary shares - 902 (nine hundred and two) category B shares ((the "B Shares") which are preference shares issued under application of Articles L.228-11 et seq. of the French Commercial Code. - [●] ([●]) category C shares (the "C Shares") which are preference shares issued under application of Articles L.228-11 et seq. of the French Commercial Code.

<p>In the present articles of association A Shares, B Shares and C Shares are defined collectively as the "shares", and the bearers of A Shares as "A Shareholders", the bearers of B Shares as "B Shareholders", the bearers of C Shares as "C Shareholders", the A Shareholders, B Shareholders and C Shareholders are defined as the "shareholders".</p>	<p>- [•] ([•]) category D shares (the "D Shares") which are preference shares issued under application of Articles L.228-11 et seq. of the French Commercial Code.</p> <p>In the present articles of association A Shares, B Shares, C Shares and D Shares are defined collectively as the "shares", and the bearers of A Shares as "A Shareholders", the bearers of B Shares as "B Shareholders", the bearers of C Shares as "C Shareholders", the bearers of D Shares as "D Shareholders", the A Shareholders, B Shareholders, C Shareholders and D Shareholders are defined as the "shareholders".</p>
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2. resolves to modify article 11 of the Articles of Association of the Company as follows :

(old version)	(new version)
<p>The fully paid-up A shares are registered shares or bearer shares, at the option of the shareholders. Fully paid-up B shares and C shares are registered shares.</p> <p>These shares give rise to a registration into the accounts under the conditions and in accordance with the methods provided for by the legislative and regulatory provisions in force.</p> <p>When shares have not been fully paid-up on subscription, the first remittance and subsequent remittances will be entered into the shareholders' account.</p>	<p>The fully paid-up A shares are registered shares or bearer shares, at the option of the shareholders. Fully paid-up B, C and D shares are registered shares.</p> <p style="text-align: center;"><i>(Unchanged)</i></p> <p style="text-align: center;"><i>(Unchanged)</i></p>

3. resolves to modify article 13 of the Articles of Association of the Company as follows :

(old version)	(new version)
<p>A Shares are freely negotiable. B and C Shares can be transferred under the conditions set out in Article 15.</p>	<p>A Shares are freely negotiable. B, C and D Shares can be transferred under the conditions set out in Article 15.</p>

4. resolves to modify article 15 of the Articles of Association of the Company as follows :

(old version)	(new version)
<p>I. Rights attaching to shares</p> <p>1. The rights and obligations attached to each share are those defined under the law, the regulations and the present articles of association, and in particular those concerning the right of participating in General Meetings and voting on resolutions, the rights of communication, the rights of subscription and allocation in case of capital increases.</p> <p>2. Each A Share gives the right, through the ownership of assets in the Company, for participation in profits and liquidation bonuses, for a portion which is</p>	<p>I. Rights attaching to shares</p> <p>1. The rights and obligations attached to each share are those defined under the law, the regulations and the present articles of association, and in particular those concerning the right of participating in General Meetings and voting on resolutions, the rights of communication, the rights of subscription and allocation in case of capital increases.</p> <p>2. Each A Share gives the right, through the ownership of assets in the Company, for participation in profits and liquidation bonuses, for a portion which is</p>

<p>proportionate to the number of A Shares existing, taking into consideration where necessary any capital that is depreciated or not depreciated or fully paid-up, and the nominal amount of the A Shares.</p> <p>Each A Share gives the right during the life of the Company or during liquidation to an amount equal to the nominal value and, apart from taking into account when applicable, the date of eligibility to dividends, to payment of the same net sum for any distribution or reimbursement, so that, when applicable, all the A Shares shall be considered together, irrespective of any exemptions or reductions in taxation, and of all taxation that may be taken over by the Company and which could be occasioned by such distribution or reimbursement.</p> <p>II. Rights and restrictions specific to B Shares</p> <p>1. Each B Share gives the right, through the ownership of assets in the Company, for participation in profits and liquidation bonuses, to a dividend per B Share equal to 10% of the dividend per share allocated to A Shares.</p> <p>Each B Share gives the right during the life of the Company or during liquidation to an amount equal to the nominal value and, apart from taking into account when applicable, the date of eligibility to dividends, to the payment of same net sum for any distribution or reimbursement, equal to 10% of any sum paid out to each A Share for any distribution or reimbursement, under application of the provisions of paragraph 1.</p> <p>2. At the end of the retention period for B Shares (the "Retention Period") (the "Date of Expiry of the Retention Period"), as established in the plan for the free-of-charge allocation of B Shares, that decides on their allocation, each B shareholder has the right to convert into A Shares all or part of the B Shares he holds, under the conditions provided for in paragraphs 4 to 6.</p> <p>For the requirements of the present Article 15, the "Allocation Date" is defined as the date on which a plan for the allocation of free shares is adopted by the Board of Directors.</p> <p>3. Counting from the Date of Expiry of the Retention Period, the B Shares are freely transferable between B Shareholders.</p> <p>4. The B Shares may be converted into A Shares during a period of thirty (30) days from (i) the fourth anniversary of the Allocation Date, or (ii) the date falling four years and three months after the Allocation Date (the "Conversion Periods"), in accordance with a parity (the "Conversion Parity") determined on the basis of the difference, as a percentage, between the Initial Stock Price and the Final Stock Price. If the Conversion Periods fall during a period of restricted intervention regarding the securities of the Company, the commencement of the Conversion Period will be moved until the expiry of the said period for the restriction of intervention for the securities of the Company, within the limit of a period of ninety (90) days, and it should be noted that in the event of a resched-</p>	<p>proportionate to the number of A Shares existing, taking into consideration where necessary any capital that is depreciated or not depreciated or fully paid-up, and the nominal amount of the A Shares.</p> <p>Each A Share gives the right during the life of the Company or during liquidation to an amount equal to the nominal value and, apart from taking into account when applicable, the date of eligibility to dividends, to payment of the same net sum for any distribution or reimbursement, so that, when applicable, all the A Shares shall be considered together, irrespective of any exemptions or reductions in taxation, and of all taxation that may be taken over by the Company and which could be occasioned by such distribution or reimbursement.</p> <p>II. Rights and restrictions specific to B Shares</p> <p>1. Each B Share gives the right, through the ownership of assets in the Company, for participation in profits and liquidation bonuses, to a dividend per B Share equal to 10% of the dividend per share allocated to A Shares.</p> <p>Each B Share gives the right during the life of the Company or during liquidation to an amount equal to the nominal value and, apart from taking into account when applicable, the date of eligibility to dividends, to the payment of same net sum for any distribution or reimbursement, equal to 10% of any sum paid out to each A Share for any distribution or reimbursement, under application of the provisions of paragraph 1 .</p> <p>2. At the end of the retention period for B Shares (the "Retention Period") (the "Date of Expiry of the Retention Period"), as established in the plan for the free-of-charge allocation of B Shares, that decides on their allocation, each B shareholder has the right to convert into A Shares all or part of the B Shares he holds, under the conditions provided for in paragraphs 4 to 6.</p> <p>For the requirements of the present Article 15, the "Allocation Date" is defined as the date on which a plan for the allocation of free shares is adopted by the Board of Directors.</p> <p>3. Counting from the Date of Expiry of the Retention Period, the B Shares are freely transferable between B Shareholders.</p> <p>4. The B Shares may be converted into A Shares during a period of thirty (30) days from (i) the fourth anniversary of the Allocation Date, or (ii) the date falling four years and three months after the Allocation Date (the "Conversion Periods"), in accordance with a parity (the "Conversion Parity") determined on the basis of the difference, as a percentage, between the Initial Stock Price and the Final Stock Price. If the Conversion Periods fall during a period of restricted intervention regarding the securities of the Company, the commencement of the Conversion Period will be moved until the expiry of the said period for the restriction of intervention for the securities of the Company, within the limit of a period of ninety (90) days, and it should be noted that in the event of a resched-</p>
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<p>uling of the first Conversion Period, the second Conversion Period will be moved by an identical number of days.</p> <p>The Initial Stock Price refers to the average, weighted by the volumes of the opening trading prices quoted for A Shares during the last 20 trading sessions prior to the Allocation Date.</p> <p>The Final Stock Price refers to the average of the opening trading prices quoted for A Shares between the date of the second anniversary from the Allocation Date (inclusive) and the date of commencement of the Conversion Period during which the owners of B Shares shall have requested their conversion into A Shares (exclusive).</p> <p>5. The Conversion Parity will be equal to:</p> <ul style="list-style-type: none"> - If the Final Stock Price is lower than 150% of the Initial Stock Price (the Maximum Final Stock Price): $N = 10 + \frac{300 (CF - CI)}{CF}$ <p>Where:</p> <p>N is the number of A Shares to which each B Share gives an entitlement, and it is pointed out that in the event of a fractional number, the numbers of A Shares allocated to an owner of B Shares will be rounded to the lowest whole number;</p> <p>CF is the Final Stock Price;</p> <p>CI is the Initial Stock Price; and</p> <p>CFMax is the Final Maximum Stock Price.</p> <ul style="list-style-type: none"> - If the Final Stock Price is above the Maximum Final Stock Price: $N = 10 + \frac{(CFMax \times 100)}{CF}$ <ul style="list-style-type: none"> - If the Final Stock Price is lower than the Initial Stock Price: $N = 10$ <p>6. In the absence of conversion during the Conversion Periods, the B Shares will be automatically converted into A Shares on expiry of the second Conversion Period at the Conversion Parity applicable during the second Conversion Period.</p> <p>7. The maximum total number of A Shares that can result from the conversion of B Shares may not exceed 99 220 shares, although this figure does not take account any possible adjustments carried out in order to preserve the rights of the beneficiaries of B shares in accordance with the legal and regulatory provisions and, where applicable, any contractual stipulations.</p> <p>8. At latest 15 days before each General Meeting, there will be placed at the disposal of the shareholders a supplementary report from the executive board and</p>	<p>uling of the first Conversion Period, the second Conversion Period will be moved by an identical number of days.</p> <p>The Initial Stock Price refers to the average, weighted by the volumes of the opening trading prices quoted for A Shares during the last 20 trading sessions prior to the Allocation Date.</p> <p>The Final Stock Price refers to the average of the opening trading prices quoted for A Shares between the date of the second anniversary from the Allocation Date (inclusive) and the date of commencement of the Conversion Period during which the owners of B Shares shall have requested their conversion into A Shares (exclusive).</p> <p>5. The Conversion Parity will be equal to:</p> <ul style="list-style-type: none"> - If the Final Stock Price is lower than 150% of the Initial Stock Price (the Maximum Final Stock Price): $N = 10 + \frac{300 (CF - CI)}{CF}$ <p>Where:</p> <p>N is the number of A Shares to which each B Share gives an entitlement, and it is pointed out that in the event of a fractional number, the numbers of A Shares allocated to an owner of B Shares will be rounded to the lowest whole number;</p> <p>CF is the Final Stock Price;</p> <p>CI is the Initial Stock Price; and</p> <p>CFMax is the Final Maximum Stock Price.</p> <ul style="list-style-type: none"> - If the Final Stock Price is above the Maximum Final Stock Price: $N = 10 + \frac{(CFMax \times 100)}{CF}$ <ul style="list-style-type: none"> - If the Final Stock Price is lower than the Initial Stock Price: $N = 10$ <p>6. In the absence of conversion during the Conversion Periods, the B Shares will be automatically converted into A Shares on expiry of the second Conversion Period at the Conversion Parity applicable during the second Conversion Period.</p> <p>7. The maximum total number of A Shares that can result from the conversion of B Shares may not exceed 99 220 shares, although this figure does not take account any possible adjustments carried out in order to preserve the rights of the beneficiaries of B shares in accordance with the legal and regulatory provisions and, where applicable, any contractual stipulations.</p> <p>8. At latest 15 days before each General Meeting, there will be placed at the disposal of the shareholders a supplementary report from the Board of Directors</p>
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<p>a supplementary report from the Auditors, concerning the conversions of B Shares into A Shares.</p> <p>III. Rights attached to C Shares</p> <p>The C Shares will have the same rights and obligations as those provided for in paragraph II of the present article referring to B Shares, which apply <i>mutatis mutandis</i>, subject to the following modifications:</p> <ul style="list-style-type: none"> - The “Allocation Date” is defined as the date on which an allocation plan for free-of-charge shares is adopted by the Board of Directors. - The “Initial Stock Price” refers to the highest amount between (i) 17 (seventeen) euros, and (ii) the average weighted in accordance with the volumes of the opening trading prices quoted for A Shares during a period of twenty (20) stock trading days preceding such Allocation Date . - The total maximum number of A Shares capable of resulting from the conversion of C Shares may not exceed 129 000 shares, which number does not take into account possible adjustments carried out in order to preserve the rights of the beneficiaries of C shares in accordance with the legal and regulatory provisions and, where applicable, any contractual stipulations. 	<p>and a supplementary report from the Auditors, concerning the conversions of B Shares into A Shares.</p> <p>III. Rights attached to C Shares</p> <p>The C Shares will have the same rights and obligations as those provided for in paragraph II of the present article referring to B Shares, which apply <i>mutatis mutandis</i>, subject to the following modifications:</p> <ul style="list-style-type: none"> - The “Allocation Date” is defined as the date on which an allocation plan for free-of-charge shares is adopted by the Board of Directors. - The “Initial Stock Price” refers to the highest amount between (i) 17 (seventeen) euros, and (ii) the average weighted in accordance with the volumes of the opening trading prices quoted for A Shares during a period of twenty (20) stock trading days preceding such Allocation Date. - The total maximum number of A Shares capable of resulting from the conversion of C Shares may not exceed 129 000 shares, which number does not take into account possible adjustments carried out in order to preserve the rights of the beneficiaries of C shares in accordance with the legal and regulatory provisions and, where applicable, any contractual stipulations. <p>III. Rights attached to D Shares</p> <p>The D Shares will have the same rights and obligations as those provided for in paragraph II of the present article referring to B Shares, which apply <i>mutatis mutandis</i>, subject to the following modifications:</p> <ul style="list-style-type: none"> - The “Allocation Date” is defined as the date on which an allocation plan for free-of-charge shares is adopted by the Board of Directors. - The “Initial Stock Price” refers to the average weighted in accordance with the volumes of the opening trading prices quoted for A Shares during a period of twenty (20) stock trading days preceding such Allocation Date. - The total maximum number of A Shares capable of resulting from the conversion of D Shares may not exceed 129 000 shares, which number does not take into account possible adjustments carried out in order to preserve the rights of the beneficiaries of D shares in accordance with the legal and regulatory provisions and, where applicable, any contractual stipulations.
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5. Resolves to insert into the articles of association of the Company a new article 26 be drawn up as follows :

<p style="text-align: center;">Article 26 Assemblée Spéciale</p> <p>1. The B Shareholders and the C shall respectively be consulted under the conditions provided for in Article 25 (applicable <i>mutatis mutandis</i> to special meetings for B Shareholders, special meetings for C Shareholders) regarding questions referring specifically to their areas of interest in accordance with the law.</p>	<p style="text-align: center;">Article 26 Special Meeting</p> <p>1. The B Shareholders the C Shareholders and the D Shareholders shall respectively be consulted under the conditions provided for in Article 25 (applicable <i>mutatis mutandis</i> to special meetings for B Shareholders, special meetings for C Shareholders and special</p>
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<p>2. Only B Shareholders and C Shareholders registered in the accounts of the Company may participate in these special meetings and take part in the voting.</p> <p>3. Special meeting of B Shareholders and special meeting of C Shareholders shall exercise their powers under conditions provided for by the regulation in force.</p> <p>4. The decisions of the Company, taken by a General Meeting of the shareholders, shall only become final after approval by the Special meeting of B Shareholders when they modify the rights relating to B Shares, by the Special meeting of C Shareholders when they modify the rights of C Shareholders.</p>	<p>meetings for D Shareholders) regarding questions referring specifically to their areas of interest in accordance with the law.</p> <p>2. Only B Shareholders, C Shareholders and D Shareholders registered in the accounts of the Company may participate in these special meetings and take part in the voting.</p> <p>3. Special meeting of B Shareholders, special meeting of C Shareholders and Special Meeting of D Shareholders shall exercise their powers under conditions provided for by the regulation in force.</p> <p>4. The decisions of the Company, taken by a General Meeting of the shareholders, shall only become final after approval by the Special meeting of B Shareholders when they modify the rights relating to B Shares, by the Special meeting of C Shareholders when they modify the rights relating to C Shares, and by the Special meeting of D Shareholders when they modify the rights relating to D Shares.</p>
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6. Resolves that this modification to the Articles of Association shall not enter into force until the end of the acquisition period applicable to the first allocation of D shares carried out by virtue of the authorisation granted in the nineteenth resolution ;

Twenty-first resolution – Modification of the Articles of Association in order to define the conditions of appointment of the director representing the employees

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Extraordinary General Meetings, after having reviewed the report drawn up by the Board of Directors and opinion of the Group Committee, in application of the art. L.225-27-1 of the French French Commercial Code, decides to modify the article 17 of the Articles of Associations as follows:

(old version)	(new version)
<p style="text-align: center;"><u>ARTICLE 17</u></p> <p style="text-align: center;"><u>COMPOSITION – APPOINTMENT – DISMISSAL</u></p> <p>The Company is managed by a Board of Directors composed of at least three members and a maximum of eighteen members, appointed by the Ordinary General Meeting of the shareholders, subject to the exceptions provided for by law in the event of a merger.</p> <p>The Board members may be:</p> <ul style="list-style-type: none"> - Natural persons, or - Legal persons. In this case they must, at the time of their appointment, designate a permanent representative subject to the same conditions and obligations and who undertakes the same responsibilities as if he were a director in his own name, without prejudice to the joint and several liability of the legal person which he represents. <p>The duration of the office of the Board members is four years, renewable. In any event, the first Board members who were members of the Supervisory Board of the Company up to the Combined General Meeting of 11 May 2016, appointed by the Combined General Meeting of 11 May 2016, will continue to be</p>	<p style="text-align: center;"><u>ARTICLE 17</u></p> <p style="text-align: center;"><u>COMPOSITION – APPOINTMENT – DISMISSAL</u></p> <p>The Company is managed by a Board of Directors composed of at least three members and a maximum of eighteen members, appointed by the Ordinary General Meeting of the shareholders, subject to the exceptions provided for by law in the event of a merger.</p> <p>The Board members may be:</p> <ul style="list-style-type: none"> - Natural persons, or - Legal persons. In this case they must, at the time of their appointment, designate a permanent representative subject to the same conditions and obligations and who undertakes the same responsibilities as if he were a director in his own name, without prejudice to the joint and several liability of the legal person which he represents. <p>The duration of the office of the Board members is four years, renewable. In any event, the first Board members who were members of the Supervisory Board of the Company up to the Combined General Meeting of 11 May 2016, appointed by the Combined General Meeting of 11 May 2016, will continue to be</p>

<p>so for the remaining duration of their office as members of the Supervisory Board of the Company.</p> <p>Any member of the Board of Directors may be re-elected.</p> <p>The members of the Board of Directors may be dismissed at any time by the Ordinary General Meeting without indemnity nor prior notification.</p> <p>The age limit applicable to the exercise of such functions by any member of the Board of Directors who is a natural person is set at seventy-two (72) years. Furthermore, no natural person having passed the age of 70 years may be appointed as a member of the Board of Directors if his nomination has the effect of causing over one third of the number of members of the Board of Directors to have exceeded that age. The provisions regarding age limits will be applicable to the permanent representatives of the legal persons' members of the Board of Directors.</p> <p>In the event of a vacancy due to death or resignation of one or more director offices, the Board of Directors may carry out appointments on a provisional basis which will be submitted for ratification by the next ordinary general meeting, within the limits and conditions provided for under the law.</p>	<p>so for the remaining duration of their office as members of the Supervisory Board of the Company.</p> <p>Any member of the Board of Directors may be re-elected.</p> <p>The members of the Board of Directors may be dismissed at any time by the Ordinary General Meeting without indemnity nor prior notification.</p> <p>The age limit applicable to the exercise of such functions by any member of the Board of Directors who is a natural person is set at seventy-two (72) years. Furthermore, no natural person having passed the age of 70 years may be appointed as a member of the Board of Directors if his nomination has the effect of causing over one third of the number of members of the Board of Directors to have exceeded that age. The provisions regarding age limits will be applicable to the permanent representatives of the legal persons' members of the Board of Directors.</p> <p>In the event of a vacancy due to death or resignation of one or more director offices, the Board of Directors may carry out appointments on a provisional basis which will be submitted for ratification by the next ordinary general meeting, within the limits and conditions provided for under the law.</p> <p>Directors representing the employees</p> <p>Pursuant to the applicable legal provisions, when the number of members of the Board of Directors, calculated in accordance with article L.225 - 27-1 II of the French Commercial Code, is less than or equal to twelve (12), the Group Committee will appoint a Director representing the employees. When the number of members of the Board of Directors, calculated in accordance with article L.225 - 27-1 II of the French Commercial Code, is greater than twelve (12), and provided that such criteria is fulfilled on the day of appointment, then a second Director representing the employees shall be appointed by the European Works Council. When the number of members of the Board of Directors, calculated in accordance with article L.225 - 27-1 II of the French Commercial Code, is originally more than twelve (12), but becomes less than or equal to twelve members after the date of appointment, the Director representing the employees appointed by the European Works Council shall be kept until the end of his term.</p> <p>The Director representing employees is appointed for a period of four (4) years ending on the date of the first meeting of the Group Committee or, where appropriate, of the European Works Council, the date of the fourth anniversary of his appointment.</p> <p>The term of the Director representing the employees may be renewed once.</p> <p>The term of the Director representing the employees shall end as provided for by the law and this article, and especially in the case of breach of the employment contract. If the conditions for application of article L. 225-27-1 of the French Commercial Code are no longer met, the term of the Director or Directors representing the employees shall end following a meeting by the Board of Directors, during which it will establish that the Company was not acting within the scope of application of the applicable law. In the event of a vacant</p>
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seat for Director representing the employees, the vacant seat shall be filled under the conditions set out in article L.225 - 34 of the French Commercial Code.

In addition to the provisions of the second paragraph of article L.225-29 of the French Commercial Code, it is specified that the absence of designation of the Director representing the employees, by the body designated in the present Article of Associations, in application of the Act and this section, shall not affect the validity of any other proceedings of the Board of Directors.

The Director representing the employees shall not be entitled to any fees.

Twenty-second resolution – Delegation of powers to be granted to the Board of Directors for the duration of 26 months in order to decide on the issue, with cancellation of the preferential right of subscription, of shares or securities giving access to capital, to employees of companies within the MERSEN Group whose registered offices are located outside France and outside a Company Savings Plan

The General Meeting, deliberating under the conditions for quorums and majorities required for Extraordinary General Meetings, and deliberating within the framework of the provisions of Articles L225-129, L225-129-2 to L225-129-6 and Article L225-138 of the French Commercial Code:

1. Delegates to the Board of Directors, with the option of sub-delegation under the conditions fixed by law and the articles of association, its powers for deciding to increase the share capital in one or more phases, in the proportions and at the times which it sees fit (except during periods of public offers for the shares in the Company), through issues of ordinary shares or securities giving access to the Company's capital reserved for the category of beneficiaries as defined in paragraph 7 below;
2. Decides that the total nominal amount of the increases in capital that are able to be carried out as a result of the present delegation of powers may not exceed a maximum amount of 300,000 euros or the equivalent in any other currency or currency unit established by reference to several currencies, or approximately 0.7 % of the capital of the Company, it being specified that this maximum nominal amount will be charged to the amount of the nominal overall ceiling of 300,000 euros fixed in the twentieth resolution of the General Meeting held on 11 May 2016;
3. Notes that this delegation entails a waiver by shareholders to their preferential right of subscription for the shares to which these securities give a right immediately or in the long term with full legal effect to the benefit of the holders of securities issued under the terms of this resolution;
4. Decides that the subscription amount for each employee may not exceed the limits set by the Board of Directors within the framework of the present delegation of powers, and that in the event of an excess number of subscriptions by employees, the subscriptions will be reduced in accordance with the rules defined by the Board of Directors;
5. Decides to cancel the preferential right of subscription of shareholders to the shares issued in application of this resolution and to reserve the right to subscribe to them for the category of beneficiaries who correspond to the following characteristics: a) employees and executive officers of foreign companies in the Mersen Group affiliated to the Company under the conditions of article L225-180 of the French Commercial Code and article L.3344-1 of the Labour Code to enable them to subscribe to the capital of the Company, and/or b) UTICs or other bodies, whether legal entities or not, of employee shareholders who have invested in shares in the company whose unit holders or shareholders are made up of the persons referred to in a) of this paragraph and/or c) any banking institution or subsidiary of such an institution engaged at the request of the Company for the purpose of setting up a shareholding or savings scheme to the benefit of the persons mentioned in (a) of this paragraph, insofar as having recourse to the subscription of the authorised person in accordance with this resolution would be necessary or desirable to enable the employees or legal entities referred to above to benefit from share ownership schemes or equivalent or salary savings plans which are similar in terms of economic benefit to those from which other employees in the MERSEN Group would benefit;
6. Decides that the issue price of the shares or securities giving access to the Company's capital will be fixed by the Board of Directors and may be (a) fixed under the same conditions as those provided for by articles L.3332-18 *et seq* of the Labour Code, the subscription price being at least equal to 80% of the average initial share prices quoted for the Company's shares on Euronext Paris during the twenty stock market trading sessions preceding the date of the decision fixing the date of opening of subscriptions within the framework of this resolution, or b) equal to that of shares issued within the framework of the increase in capital to the benefit of employees belonging to a salary saving scheme, in application of the twentieth resolution of the General Meeting of 11th May 2016. However, the General Meeting expressly authorises the Board of Directors, if it sees fit, to reduce or cancel the discount thus granted, in particular to take into account, *inter alia*, legal, accounting, tax and social security regimes locally.
7. Decides that the Board of Directors, with the option of a sub-delegation under conditions fixed by law, may determine the subscription package which will be presented to employees in each country concerned, in the light of the

conditions of applicable local law, and select the appropriate countries from those in which the Group has subsidiaries which fall within the scope of consolidation of the accounts of the Company in application of article L.3344-1 of the Labour Code, and those of the said subsidiaries whose employees may participate in the scheme;

8. Decides that the Board of Directors shall have all the necessary authority to implement this delegation of powers, with the option of sub-delegation under the conditions fixed by the law and the articles of association, within the limits and under the conditions set out above for the specific purpose of (i) drawing up the list of the beneficiary or beneficiaries of cancellation of the preferential subscription right within the category defined above, and the number of shares or securities giving access to the Company's capital to be subscribed to by the former or each of them, (ii) to fix the dates of opening and closing subscriptions, (iii) to determine the maximum number of shares or securities giving access to capital to which each beneficiary may subscribe, (iv) to fix the price of the issues realised under the terms of this delegation of competency and to fix in particular the issue dates, dates, periods, methods and conditions of subscription, payment for, issue and enjoyment of securities (including retrospectively), the reduction rules in the event of over-subscription and other conditions and methods associated with issues, within current statutory or regulatory limits, (v) to duly record the completion of increases in capital to the amount of the shares or securities subscribed giving access to the capital of the Company (after any reduction in the event of over-subscription), (vi) where applicable to charge the cost of increases in capital to the amount of premiums related to them and to take from this amount the sums necessary to increase the statutory reserve to one tenth of the new capital resulting from increases in capital and (vii) to conclude all agreements, to carry out directly or indirectly by proxy all operations, including proceeding to complete the formalities resulting from increases in capital and corresponding amendments to the articles of association, and in general to enter into any agreement in particular to achieve the purpose of the planned share issues, to take all actions and decisions and to undertake all formalities which will assist in the issue, admission to trading in a regulated market and financial servicing of securities issued under the terms of this delegation of powers, and the exercise of rights attached to them or subsequent to the increases in capital undertaken;
9. Sets at twenty-six months, from the date of the present meeting, the period of validity of the delegation of powers that is the subject of the present resolution.

Twenty-third resolution – Delegation of powers to be granted to the Board of Directors for a duration of 18 months in order to issue share purchase warrants to be allocated free of charge to shareholders in the event of a public offer concerning the shares of the Company.

The General Meeting, acting in the form of an Extraordinary General Meeting, but to the conditions for quorums and majorities required under Article L.225-98 of the French Commercial Code for Ordinary General Meetings, after having reviewed the report drawn up by the Board of Directors and the special report from the statutory Auditors, in accordance with the provisions of Articles L.233-32 II and L. 233-33 of the French Commercial Code, and on the assumption that there would be a public offer for shares in the Company:

1. Delegates to the Board of Directors the powers to decide on the issue in one or more phases of warrants enabling subscription under preferential conditions to shares in the Company, and their free-of-charge allocation to all shareholders of the Company in this category before the expiry of the public offer. These share subscription warrants will become null and void as of right as soon as the offer and any possible competing offer fails, become null and void or are withdrawn. It is pointed out that the warrants that become null and void by operation of the law will not be taken into account for calculating the maximum number of warrants that may be issued, as indicated above;
2. Decides:
 - That the maximum number of share subscription warrants that can be issued will be equal to the number of shares making up the share capital at the time of issue of the warrants; and
 - That the total nominal amount of the capital increase that may result from the exercise of these subscription warrants may not exceed 25% of the nominal amount of capital at the date of their issue.

This limit will be increased by the amount corresponding to the nominal value of the shares necessary for carrying out the adjustments which may need to be made in accordance with the applicable legislative and regulatory provisions and, where required, with contractual stipulations that provide for other cases for adjustment, in order to preserve the rights of the bearers of these bonds;

3. Decides that the present delegation of powers may not be implemented without the prior approval of the Board of Directors ruling on a prior positive opinion and in accordance with a committee composed of three (3) independent members of the Board of Directors specially designated by the Board of Directors for this purpose. Such opinion shall be given by this committee, after consideration of the opinion of a financial advisor whom it had previously nominated.

Within the framework of this prior approval by the Board of Directors, and on the basis of the opinion of the financial advisor and of the positive opinion of the committee of the Board of Directors, the Board of Directors must take into account, at the time of issue, any circumstances or reasons for which it considers that the offer is not in the interest of the shareholders and which justifies that it is proceeded with the issue of the warrants, as well as the financial and legal terms for the warrants.

The General Meeting decides that, in the event of the rejection of the twelfth resolution of the present General Meeting, the present delegation of powers cannot be implemented without the prior approval of the Supervisory

Board, giving its ruling with the prior positive opinion and in agreement with a committee composed of three (3) independent members of the Supervisory Board, specially designated by the Supervisory Board for such purpose.

4. Acknowledges that the present resolution involves the waiver by the shareholders of their preferential right of subscription to ordinary shares in the Company to which the subscription warrants, issued as a result of the present resolution, might give entitlement;
5. Grants all powers to the Board of Directors, with the option of sub-delegation under conditions fixed by the law and the Articles of Association, in order to implement the present delegation of powers, and in particular:
 - To determine the conditions regarding the issue and free-of-charge allocation of these share subscription warrants, with the possibility of delaying them or renouncing them, and the number of warrants to be issued;
 - To fix the conditions for exercising these warrants, which must bear relation to the terms of the offer and all possible competing offers, and the other characteristics of the share subscription warrants, including the exercise price or the methods for determining such price;
 - To fix the conditions of the capital increase resulting from the exercise of these warrants;
 - To fix the date of entitlement to dividends, even retroactively, for the shares to be issued, and if it deems it appropriate, to charge the costs, dues and fees arising from the capital increases against the amount of the corresponding premiums, and to deduct from such amount the sums necessary in order to take the legal reserve up to a tenth of the new capital after each capital increase and to proceed with the listing of the securities to be issued;
 - To define the methods by which it will be ensured, where appropriate, that the rights of the owners of warrants are retained, in accordance with the legal and regulatory provisions and, where appropriate, with the applicable contractual stipulations; and
 - In general, to determine all the other characteristics and methods for any operation decided, based on the present delegation of powers, to take all measures, enter into all agreements and carry out all formalities in order to arrive at the successful conclusion of these operations and, where applicable, to ascertain the implementation of each capital increase resulting from the exercise of these warrants and to proceed with the related modifications to the Articles of Association;
6. Sets at eighteen months, from the date of the present meeting, the period of validity of the delegation of powers that is the subject of the present resolution, and decides that the present delegation of powers renders null and void the totals of the unused amounts from any previous delegation of the same kind.

Twenty-fourth resolution - Powers to carry out formalities.

The General Meeting grants all powers to the bearer of an original, a copy or an extract of the present minutes for the purpose of fulfilling all formalities.

APPENDIX: DRAFT OF THE MODIFIED ARTICLES OF ASSOCIATION,

in which articles 6, 11, 13, 15 and 26 have been changed subject to the adoption of the 20th resolution

ARTICLES OF ASSOCIATION

PART I

FORM-NAME-OBJECT-REGISTERED OFFICE-DURATION

ARTICLE 1

FORM

The present Company is stock joint company "Société anonyme". It is governed by the laws in force and by the present articles of association.

ARTICLE 2

NAME

The name of the Company is:

MERSEN

ARTICLE 3

PURPOSE

The purpose of the Company in France and in all other countries is:

The carrying out of all operations concerning the research, manufacture, processing, use and sale relating to:

1. products, objects or equipment based on carbon, whether or not associated with other materials;
2. metallic powders, objects obtained from such powders, special alloys and objects obtained from such alloys;
3. electro-mechanical and electronic products;
4. all industrial products and in particular metallurgical or mechanical products made of plastics or elastomers;
5. all other products, objects or equipment that may be connected with the above:
 - . either through the use of the above in their construction,
 - . or through the development of research activities,
 - . or through manufacturing procedures, industrial applications or marketing networks.

The company, within the field of activity as defined above, may in particular undertake activities of all kinds concerning:

- raw materials, pre-processed materials, components and elements, spare parts and semi-finished products, finished products and equipment, combinations of equipment, assemblies of all types and all dimensions involving the combination of items of equipment,
- all works,
- all techniques.

The Company may also carry out operations indirectly relating to its technical, industrial or commercial activities. It may, for this purpose, create all companies and groupings, take up all participations in any capital companies or partnerships, make all contributions or subscriptions, proceed to make all purchases or sales of shares, interests or company rights.

And in general, it may carry out all industrial, commercial, financial, security or real estate activities which may be connected principally or secondarily with such activities.

Moreover, the Company may take up an interest in any other form whatsoever, in any enterprise or organisation, whether French or foreign.

ARTICLE 4

REGISTERED OFFICE

The registered office of the Company is situated at Tour EQHO, 2 Avenue Gambetta – F-92066 La Défense Cedex.

It may be transferred to any place within the same "département" or any adjoining "département" through a decision by the Board of Directors, subject to ratification of such decision by the next Ordinary General Meeting.

The registered address can be transferred anywhere else through a decision by an extraordinary general meeting.

ARTICLE 5
DURATION

The Company commenced its existence on 1 January 1937 and shall terminate on 31 December 2114, unless extended or dissolved in advance, through a decision of an Extraordinary General Meeting.

PART I I
SHARE CAPITAL - SHARES – BONDS

CHAPTER I
CAPITAL

ARTICLE 6
THE AMOUNT AND COMPOSITION OF THE CAPITAL

The share capital is fixed at a total of 40 943 708 (forty million, nine hundred and forty three thousand, seven hundred and eight) euros, divided into 20 471 854 (twenty million, four hundred and seventy one, eight hundred and fifty four) shares, of which 20 470 952 (twenty million, four hundred and seventy thousand, nine hundred and fifty-two) shares are in category A and 902 (nine hundred and two) shares are in category B, each with a nominal value of 2 euros.

The shares are divided into four categories:

- 20 470 952 (twenty million, forty hundred seventy thousand, nine hundred and fifty two) category A shares (the "**A Shares**") which are ordinary shares.
- 902 (nine hundred and two) category B shares ((the "**B Shares**") which are preference shares issued under application of Articles L.228-11 et seq. of the Commercial Code.
- [●] ([●]) category C shares (the "**C Shares**") which are preference shares issued under application of Articles L.228-11 et seq. of the Commercial Code.
- [●] ([●]) category D shares (the « **D Shares** ») which are preference shares issued under application of Articles L.228-11 et seq. of the Commercial Code.

In the present articles of association A Shares, B Shares, C Shares and D shares are defined collectively as the "shares", and the bearers of A Shares as "A Shareholders", the bearers of B Shares as "B shareholders", the bearers of C Shares as "C shareholders", the bearers of D Shares as "Dshareholders", the A Shareholders, B Shareholders, C Shareholders and D Shareholders are defined as the "shareholders".

CHAPTER II
CAPITAL INCREASE

ARTICLE 7
PRINCIPLES

The share capital can be increased either by the issue of new shares or by the increase in the nominal amount for the existing shares.

The old capital must be totally paid-up before any issue of new shares to be paid for in cash, on pain of invalidity of the capital increase. This provision is not applicable to capital increases carried out by means of contributions in kind.

The General Meeting, under the conditions established in Article 25 of the present articles, has the sole competency to decide on a capital increase. It will rule on the basis of a report from the Board of Directors, which must contain all the required information on the reasons for the proposed capital increase, as well as regarding the progress of the Company's business since the commencement of the current accounting period.

The General Meeting may delegate to the Board of Directors the necessary powers for carrying out a capital increase through the issue of new shares to be paid for in cash, or via a compensation for debts or through capitalisation of reserves, and to establish its methods, ascertain its implementation and proceed with the corresponding change to the articles of association.

A capital increase may be carried out by the Board of Directors in one or more phases within time periods provided for in the current legislative and regulatory texts.

ARTICLE 8
PREFERENTIAL SUBSCRIPTION RIGHTS

In proportion to the amount of their shares, the shareholders have a preferential right to the subscription of shares for cash issued in order to carry out a capital increase.

This preferential subscription right will be exercised subject to the conditions, methods and time periods provided for by the legislation in force.

The shareholders may, on an individual basis, renounce their preferential right.

The General Meeting that decides on the capital increase may cancel the preferential subscription right. For this purpose, and on pain of annulment of the decision, it may rule on the report from the Board of Directors and on that from the Auditors, as established in accordance with the legal provisions.

ARTICLE 9
CAPITAL REDUCTION

Any capital reduction shall be authorised or decided on by an Extraordinary General Meeting which may delegate to the Board of Directors all powers required for implementing it. It may not, at any event, infringe the equality of the rights of the shareholders.

CHAPTER III
SHARES – BONDS

ARTICLE 10
TYPES OF SHARES

The shares issued by the Company are either shares issued for cash or shares granted in return for a contribution.

The shares issued for cash are those for which the value is fully paid-up, either through cash transfers or by means of offsetting against current and liquid debts against the Company, and those which are issued as the result of a capitalisation of reserve capital, profits or issue premiums. The shares issued for cash may be paid for partially via a capitalisation of the reserve capital, profits or issue premiums, and with the remainder in cash.

All other shares are shares granted in return for a contribution.

ARTICLE 11
FORM OF SHARES

The fully paid-up A shares are registered shares or bearer shares, at the option of the shareholders. Fully paid-up B shares, C shares and D shares are registered shares.

These shares give rise to a registration into the accounts under the conditions and in accordance with the methods provided for by the legislative and regulatory provisions in force.

When shares have not been fully paid-up on subscription, the first remittance and subsequent remittances will be entered into the shareholders' account.

ARTICLE 11bis
IDENTIFICATION OF THE BEARERS OF SHARES

The Company has the right, at its own cost and at any time, and subject to the conditions under the law, to request from the organisation responsible for the clearance of securities, the name or the designation, the nationality and the address of the holders of the Company's shares conferring either immediately or in future the right to vote in shareholders' meetings, as well as the quantity of shares held by each of them and, where applicable, any restrictions by which the shares may be affected.

ARTICLE 11 ter
NOTIFICATION OF CROSSING OF THRESHOLD

Any person, acting alone or in concert, who acquires, in any manner whatsoever within the meaning of Articles L.233-7 et seq. of the Commercial Code, whether directly or indirectly, via companies that it controls within the meaning of Article L233-3 of the Commercial Code, a fraction of the capital or voting rights equal to or greater than 1% must, within five trading days of the deal with respect to such securities, independently of their delivery, and which enables him to reach or exceed such threshold, notify the Company by registered letter with acknowledgement of receipt, the total number of shares or securities giving future access to capital and the number of voting rights. The crossing of any reduction in this 1% threshold must be declared in the same form and within the same time periods. This obligation applies on each occasion that the proportion of the capital or of the voting rights held increases or diminishes by at least 1%.

In the event no notification is reported as per the above conditions, any shares in excess of the fraction which should have been declared will be deprived of voting rights for any shareholders' meeting held until the expiry of a period of two years following the date of regularisation of such notification unless one or more shareholders holding at least 1% of the capital or of the voting rights so request at the time of the Meeting.

The above-mentioned information obligation is accompanied by an obligation to provide information concerning the crossing of thresholds provided for under the law.

ARTICLE 12
PAID-UP SHARES

The amount for the shares issued for a capital increase will be payable in accordance with a decision taken by the General Meeting or by the Board of Directors acting by delegation of the Meeting, in accordance with the legal and regulatory requirements in force.

ARTICLE 13
TRANSFER OF SHARES

A Shares are freely negotiable. B, C and D Shares can be transferred under the conditions set out in Article 15.

ARTICLE 14
INDIVISIBILITY OF SHARES

The shares are indivisible with respect to the Company.

Joint owners must be represented toward the Company by a single one of them or by a common proxy, subject to the legal and regulatory provision applicable to the exercise of communication rights.

ARTICLE 15
RIGHTS AND OBLIGATIONS ATTACHED TO SHARES

I. Common Rights attached to shares

1. The rights and obligations attached to each share are those defined under the law, the regulations and the present articles of association, and in particular those applicable to the right of participating in General Meetings and voting on resolutions, the rights of communication, the rights of subscription and allocation in case of capital increases.

2. Each A Share gives the right, through the ownership of assets in the Company, for participation in profits and liquidation bonuses, for a portion which is proportionate to the number of A Shares existing, taking into consideration where necessary any capital that is depreciated or not depreciated or fully paid-up, and the nominal amount of the A Shares.

Each A Share gives the right during the life of the Company or during its liquidation to equality of nominal value and, apart from taking into account when applicable, the date of eligibility to dividends, to payment of the same net sum for any distribution or reimbursement, so that, when applicable, all A Shares shall be considered together, irrespective of any exemptions or reductions in taxation, and of all taxation that may be taken over by the Company and which could be occasioned by such distribution or reimbursement.

II. Rights and restrictions specific to B Shares

1. Each B Share gives the right, through the ownership of assets in the Company, for participation in profits and liquidation bonuses, to a dividend per B Share equal to 10% of the dividend per share allocated to A Shares.

Each B Share gives the right during the life of the Company or during liquidation to an amount equal to the nominal value and, apart from taking into account when applicable, the date of eligibility to dividends, to the payment of same net sum for any distribution or reimbursement, equal to 10% of any sum paid out to each A Share for any distribution or reimbursement, under application of the provisions of paragraph 1.

2. At the end of the retention period for B Shares (the "**Retention Period**") (the "**Date of Expiry of the Retention Period**"), as established in the plan for the free-of-charge allocation of B Shares, that decides on their allocation, each B shareholder has the right to convert into A Shares all or part of the B Shares he holds, under the conditions provided for in paragraphs 4 to 6.

For the requirements of the present Article 15, the "**Allocation Date**" is defined as the date on which a plan for the allocation of free-of-charge shares is adopted by the Board of Directors.

3. Counting from the Date of Expiry of the Retention Period, the B Shares are freely transferable between B Shareholders.

4. The B Shares may be converted into A Shares during a period of thirty (30) days from (i) the fourth anniversary of the Allocation Date, or (ii) the date falling four years and three months after the Allocation Date (the "**Conversion Periods**"), in accordance with a parity (the "**Conversion Parity**") determined on the basis of the difference as a percentage between the Initial Stock Price and the Final Stock Price. If the Conversion Periods fall during a period of restricted intervention regarding the securities of the Company, the commencement of the Conversion Period will be postponed until the expiry of the said period for the restriction of intervention for the securities of the Company, within the limit of a period of ninety (90) days, and it should be noted that in the event of a rescheduling of the first Conversion Period, the second Conversion Period will be postponed by an identical number of days.

The "**Initial Stock Price**" refers to the average, weighted by the volumes of the opening trading prices quoted for A Shares during the last 20 trading sessions prior to the Allocation Date.

The "**Final Stock Price**" refers to the average of the opening trading prices quoted for A Shares between the date of the second anniversary from the Allocation Date (inclusive) and the date of commencement of the Conversion Period during which the owners of B Shares shall have requested their conversion into A Shares (exclusive).

5. The Conversion Ratio will be equal to:

- If the Final Stock Price is lower than 150% of the Initial Stock Price (the "**Maximum Final Stock Price**):

$$N = 10 + \frac{300 (CF - CI)}{CF}$$

Where:

"**N**" is the number of A Shares to which each B Share gives an entitlement, and it is pointed out that in the event of a fractional number, the numbers of A Shares allocated to an owner of B Shares will be rounded to the lowest whole number;

"**CF**" is the Final Stock Price;

"**CI**" is the Initial Stock Price; and

"**CFMax**" is the Final Maximum Stock Price.

- If the Final Stock Price is above the Maximum Final Stock Price:

$$N = 10 + \frac{(CFMax \times 100)}{CF}$$

- If the Final Stock Price is lower than the Initial Stock Price:

$$N = 10$$

6. In the absence of conversion during the Conversion Periods, the B Shares will be automatically converted into A Shares on expiry of the second Conversion Period at the Conversion Ratio applicable during the second Conversion Period.

7. The maximum total number of A Shares that can result from the conversion of B Shares may not exceed 99 220 shares, although this figure does not take into account any possible adjustments carried out in order to preserve the rights of the beneficiaries of A shares in accordance with the legal and regulatory provisions and, where applicable, any contractual stipulations.

8. At latest 15 days before each General Meeting, a complementary report from the Board of Directors and a complementary report from the Auditors, relating the conversions of B Shares into A Shares, will be put at the shareholders' disposal.

III. Rights attaching to C Shares

The C Shares will have the same rights and obligations as those provided for in paragraph II of the present article referring to B Shares, which apply *mutatis mutandis*, subject to the following modifications:

- The "**Allocation Date**" is defined as the date on which an allocation plan for free shares is adopted by the Board of Directors.
- The "**Initial Stock Price**" refers to the highest amount between (i) 17 (seventeen) euros, and (ii) the average weighted in accordance with the volumes of the opening trading prices quoted for A Shares during a period of twenty (20) stock trading days preceding such Allocation Date.
- The total maximum number of A Shares capable of resulting from the conversion of C Shares may not exceed 129,000 shares, which number does not take into account possible adjustments carried out in order to preserve the rights of the beneficiaries of C shares in accordance with the legal and regulatory provisions and, where applicable, any contractual stipulations.

IV. Rights attaching to D Shares

The D Shares will have the same rights and obligations as those provided for in paragraph II of the present article referring to B Shares, which apply *mutatis mutandis*, subject to the following modifications:

- The "**Allocation Date**" is defined as the date on which an allocation plan for free shares is adopted by the Board of Directors.
- The "**Initial Stock Price**" refers to the average weighted in accordance with the volumes of the opening trading prices quoted for A Shares during a period of twenty (20) stock trading days preceding such Allocation Date
- The total maximum number of A Shares capable of resulting from the conversion of D Shares may not exceed 129,000 shares, which number does not take into account possible adjustments carried out in order to preserve the rights of the beneficiaries of D shares in accordance with the legal and regulatory provisions and, where applicable, any contractual stipulations.

ARTICLE 16 PLAN FOR MANAGEMENT OF BONDS

The Company may enter into contracts for bond issues in accordance with its requirements by issuing short or long-term bonds or debentures.

The Board of Directors will be entitled to decide on or authorise the issue of bonds in one or more phases, subject to conditions and methods provided for under legal and regulatory applicable provisions.

PART I I I **CORPORATE GOVERNANCE OF THE COMPANY**

CHAPTER I **BOARD OF DIRECTORS**

ARTICLE 17 COMPOSITION – APPOINTMENT – DISMISSAL

The Company is managed by a Board of Directors composed of at least three members and a maximum of eighteen members, appointed by the Ordinary General Meeting of the shareholders, subject to the exceptions provided for by law in the event of a merger.

The Board members may be:

- Natural persons, or
- Legal persons. In this case they must, at the time of their appointment, designate a permanent representative subject to the same conditions and obligations and who undertakes the same responsibilities as if he were a director in his own name, without prejudice to the joint and several liability of the legal person which he represents.

The duration of the office of the Board members is four years, renewable. In any event, the first Board members who were members of the Supervisory Board of the Company up to the Combined General Meeting of 11 May 2016, appointed by the Combined General Meeting of 11 May 2016, will continue to be so for the remaining duration of their office as members of the Supervisory Board of the Company.

Any member of the Board of Directors may be re-elected.

The members of the Board of Directors may be dismissed at any time by the Ordinary General Meeting without indemnity nor prior notification.

The age limit applicable to the exercise of such functions by any member of the Board of Directors who is a natural person is set at seventy-two (72) years. Furthermore, no natural person having passed the age of 70 years may be appointed as a member of the Board of Directors if his nomination has the effect of causing over one third of the number of members of the Board of Directors to have exceeded that age. The provisions regarding age limits will be applicable to the permanent representatives of the legal persons' members of the Board of Directors.

In the event of a vacancy due to death or resignation of one or more director offices, the Board of Directors may carry out appointments on a provisional basis which will be submitted for ratification by the next ordinary general meeting, within the limits and conditions provided for under the law.

Directors representing the employees

Pursuant to the applicable legal provisions, when the number of members of the Board of Directors, calculated in accordance with article L.225 - 27-1 II of the French Commercial Code, is less than or equal to twelve (12), the Group Committee will appoint a Director representing the employees. When the number of members of the Board of Directors, calculated in accordance with article L.225 - 27-1 II of the French Commercial Code, is greater than twelve (12), and provided that such criteria is fulfilled on the day of appointment, then a second Director representing the employees shall be appointed by the European Works Council. When the number of members of the Board of Directors, calculated in accordance with article L.225 - 27-1 II of the French Commercial Code, is originally more than twelve (12), but

becomes less than or equal to twelve members after the date of appointment, the Director representing the employees appointed by the European Works Council shall be kept until the end of his term.

The Director representing employees is appointed for a period of four (4) years ending on the date of the first meeting of the Group Committee or, where appropriate, of the European Works Council, the date of the fourth anniversary of his appointment.

The term of the Director representing the employees may be renewed once.

The term of the Director representing the employees shall end as provided for by the law and this article, and especially in the case of breach of the employment contract. If the conditions for application of article L. 225-27-1 of the French Commercial Code are no longer met, the term of the Director or Directors representing the employees shall end following a meeting by the Board of Directors, during which it will establish that the Company was not acting within the scope of application of the applicable law. In the event of a vacant seat for Director representing the employees, the vacant seat shall be filled under the conditions set out in article L.225 - 34 of the French Commercial Code.

In addition to the provisions of the second paragraph of article L.225-29 of the French Commercial Code, it is specified that the absence of designation of the Director representing the employees, by the body designated in the present Article of Associations, in application of the Act and this section, shall not affect the validity of any other proceedings of the Board of Directors.

The Director representing the employees shall not be entitled to any fees.

ARTICLE 18 FUNCTIONING OF THE BOARD OF DIRECTORS – COMPENSATION OF THE MEMBERS OF THE BOARD

18.1 Chairman of the Board of Directors

The Board of Directors shall elect a Chairman from among its members, being a natural person, who will be responsible for convening the Board and directing its proceedings. He will exercise his functions for the duration of his office as a director. He may be re-elected.

He is subject to the same age limit as the members of the Board of Directors.

The Chairman may, at any time, be dismissed by the Board of Directors.

18.2 Vice-Chairman and Secretary of the Board of Directors

The Board of Directors may elect, from among its members, a Vice- Chairman, being a natural person. He will exercise his functions for the duration of his office as a director. He may be re-elected.

He is subject to the same age limit as the members of the Board of Directors.

The Vice-Chairman has the duty of replacing the Chairman if he is temporarily prevented from attending, or in the event of his death. This substitution applies:

- in the event of temporary inability to attend, for the duration of such inability;
- in the case of death, until the election of the new President.

The Vice-Chairman may, at any time, be dismissed by the Board of Directors.

The Board of Directors will nominate a secretary chosen from among the members of the Board of Directors or from the outside.

18.3 Special committees of the Board of Directors

The Board of Directors may set up one or more special committees for which it will determine the composition and the duties, and who will carry out their activities under the responsibility of the Board. The composition, the methods of operation and the assignments of these committees will be established within the internal procedures of the Board of Directors.

18.4 Convening of the Board of Directors

The Board of Directors shall meet as often as the interests of the Company require.

The members of the Board of Directors will be convened to the Board's meeting by the Chairman by any written means with at least five (5) days' notice, and without a notice period in the event of unanimous agreement by the directors. The invitation will give the agenda. At least two (2) days before the date of the meeting provided for in the invitation, at least one third of the members of the Board of Directors are entitled to propose in writing additional points to the agenda, without this calling into question the convening or holding of the Board meeting on the scheduled date.

The General Manager may also request the Chairman to convene the Board of Directors for a specific agenda. The Chairman of the Board of Directors is obliged to convene such Board meeting within a period that may not be longer than fifteen days, when the General Manager or at least one third of the members of the Board present him with a request to this effect. If the request remains unfulfilled, the authors may themselves proceed with convening the meeting, indicating the agenda for the meeting.

18.5 The holding of the meetings of the Board of Directors

The Board of Directors meets at the registered address of the Company or at such other place as is indicated in the invitation.

The Board of Directors can only validly deliberate if at least half of its members are present. Decisions are taken by a majority of the members present or represented. While observing the legal and regulatory provisions, internal procedures can make provision that members of the Board of Directors are considered to be present for calculating the quorum or the majority if they participate in the meeting by means of video conferencing or telecommunications that enable their identification and guarantee that they can effectively participate, in accordance with the regulatory requirements.

Any director may, using any written means, give a proxy to another director to represent him at a meeting of the Board of Directors; each director may only represent a single director.

The vote of the Chairman of the meeting does not act as the casting vote in the event of a tie.

An attendance register will be kept, which will be signed by the members of the Board of Directors attending in a meeting of the Board, whether in their own name or through a proxy to represent another director.

The deliberations of the Board of Directors shall be recorded in minutes set up and retained in accordance with the law.

18.6 Compensation

The members of the Board of Directors shall receive attendance fees, the value of which is determined by the General Meeting, in accordance with applicable legal provisions.

Subject to possible regulatory and legal provisions, and in proportions that it deems appropriate in view particularly of the effective participation in the meetings of the Board and its Committees as appropriate, the Board shall distribute among its members the sums that are allocated to it for this purpose.

Furthermore, the Board may allocate exceptional compensation for missions or mandates conferred upon members of the board under conditions established by applicable legal provisions.

The Board of Directors shall determine the remuneration of the Chairman and, as applicable, the Vice-Chairman, which will be added to their share of the total amount of the attendance fees.

ARTICLE 19 POWERS OF THE BOARD OF DIRECTORS

The Board of Directors determines the orientation of the activities of the Company and ensures that they are implemented. Subject to powers expressly attributed to meetings of shareholders, and within the limits of the Company's purpose, the Board shall take up all questions concerning the smooth running of the Company and through its deliberations shall control all matters concerning it.

Moreover, certain operations, a list of which is provided in the internal ruling of the Board of Directors must, within the framework of the internal organisation of the Company, be subject to prior express approval by the Board of Directors before being taken up by the General Manager of the Company or, if applicable, by a Deputy General Manager.

The Board of Directors shall proceed with such controls and verifications as it deems appropriate. The Board shall receive all information necessary for the fulfilment of its mission and may, within these limits, obtain all documents or information required for this purpose.

The Board of Directors may confer upon one or more of its members, or third parties, whether shareholders or not, special missions with one or more specific objects.

ARTICLE 20 REGULATED AGREEMENTS

All regulated agreements within the meaning of Article L.225-38 of the Commercial Code, with the exception of those provided for in Article L.225-39 of the Commercial Code, must be submitted for prior authorisation by the Board of Directors and then for approval of the General Shareholders' Meeting subject to legal conditions.

CHAPTER II
GENERAL MANAGEMENT

ARTICLE 21
GENERAL MANAGEMENT OF THE COMPANY

21.1 Choice of the method for the General Management of the Company

The General Management of the Company is fulfilled under its own responsibility:

- Either by the Chairman of the Board of Directors,
- Or by another natural person nominated by the Board of Directors from among its members or from outside and bearing the title of General Manager.

The Board of Directors, deliberating under conditions for quorums and majorities provided for in Article 18 of the present articles of association, shall choose between the two methods for implementing the General Management stated above. Such method of management will remain in force until any decision to the contrary. This choice falls under the exclusive competence of the Board of Directors.

When the General Management of the Company is assumed by the Chairman of the Board of Directors, the provisions below concerning the Managing Director shall apply to him. He then takes the title of Chief Executive Officer.

21.2 General Manager

The General Manager is a natural person who, at the time of his appointment, is aged less than 65 years. When the General Manager reaches this age limit, he is expected to resign from his office at the end of the Ordinary General Meeting which has deliberated on the accounts for the period during which he reached such age limit.

The duration of the functions of the General Manager shall be fixed by the Board of Directors in the appointment decision. However, if the General Management of the Company is assumed by a director, the latter is expected to resign from his functions as General Manager on the expiry of his office as a director.

He can, at any time, be dismissed by the Board of Directors.

The compensation of the General Manager and, where applicable, of the Deputy General Manager(s) shall be set by the Board of Directors.

ARTICLE 22
POWERS OF THE GENERAL MANAGER

The General Manager is vested with the broadest powers to act in all cases on behalf of the Company, within the limits of the Company's purpose and subject to the following:

- The powers that the legislative and regulatory provisions in force expressly attribute to the shareholders' meetings and to the Board of Directors; and
- The powers reserved and the prior approvals conferred upon the Board of Directors in accordance with the provisions of the present articles of association and of the internal ruling of the Board of Directors.

The General Manager represents the Company in its dealings with third parties.

The Company is committed even by any acts of the General Manager that do not ensue from the object of the Company unless it can prove that such third party knew that such act was outside the said object, or that the third party could not be unaware of this in the light of the circumstances.

The stipulations in the articles of association or the decisions by the Board of Directors limiting the powers of the General Manager are not binding on third parties.

When the Chairman of the Board of Directors and the General Manager are two different people, the General Manager may request the Chairman of the Board of Directors to call a meeting of the Board of Directors under a specific agenda.

ARTICLE 23
THE ROLE OF DEPUTY GENERAL MANAGER

At the suggestion of the General Manager, the Board of Directors may appoint, from among its members or from outside, one or more natural persons responsible for assisting the General Manager, and bearing the title Deputy General Manager.

The Deputy General Managers can be re-elected and are subject to the same age limit as the General Manager. They can be dismissed under the same conditions as the General Manager.

When the General Manager ceases to exercise his functions or is prevented from doing so, unless there is a decision to the contrary by the Board of Directors, the Deputy General Managers keep their functions and their duties until the appointment of the new General Manager.

On the occasion of the appointment of the new General Manager, the Board of Directors shall pronounce on the keeping or not of Deputy General Manager(s), on proposal from the new General Manager.

In agreement with the General Manager, the Board of Directors shall determine the extent and duration of the powers conferred upon each of the Deputy General Managers, which may not exceed the powers of the General Manager nor the duration of the General Manager's functions.

With respect to third parties, the Deputy General Managers possess the same powers as the General Manager himself.

CHAPTER III

STATUTORY AUDITORS

ARTICLE 24

APPOINTMENT - DUTIES

One or more Statutory Auditors are appointed by the General Meeting of the shareholders on a proposal from the Board of Directors, and shall carry out their controlling function in accordance with the law.

One or more Supplementary Statutory Auditors may be designated by the Ordinary General Meeting intended to replace the principal Statutory Auditors in the event of death, inability to carry out their duties or refusal to do so.

PART I V

SHAREHOLDERS' MEETINGS

ARTICLE 25

CONVENING - COMPOSITION

Shareholder' meetings are convened subject to the conditions provided for by law and deliberate under the conditions for quorums and majorities determined by law.

The meetings shall be carried out either at the registered office, or in some other place indicated in the notice calling the meeting.

The owners of registered shares have the right to attend the General Meeting if their shares were registered in the account five days before the date of the meeting.

In order to obtain the right to attend a meeting, the owners of bearer shares must give evidence of the lodging of their shares three days before the date fixed for the meeting.

The Board of Directors has always have the possibility of reducing such notice periods.

Moreover, any shareholder, if the Board of Directors so decides at the time of convening the General Meeting, may participate and vote at the general meetings by video conference or by any means of telecommunication permitting their identification, under the conditions and in accordance with the methods provided for by law.

The meetings shall be chaired by the Chairman of the Board of Directors or, in his absence, by the Vice-Chairman of the Board of Directors and, if this is not possible, by a member of the Board of Directors specially delegated for the purpose by the Board of Directors. Failing this, the Meeting will itself elect its President.

Minutes of the meetings shall be taken and copies thereof shall be certified by the Chairman of the Board of Directors, the Vice-Chairman of the Board of Directors, the secretary of the Board of Directors or by a signing officer authorised for the purpose.

ARTICLE 26

SPECIAL MEETING

1. The B Shareholders, the C Shareholders and the D Shareholders shall respectively be consulted under the conditions provided for in Article 25 (applicable mutatis mutandis to special meetings for B Shareholders B, special meetings for C Shareholders and special meetings for D Shareholders) regarding questions referring specifically to their areas of interest in accordance with the law.

2. Only B Shareholders, C Shareholders and D Shareholders registered in the accounts of the Company may participate in these special meetings and take part in the voting.

3. A special meeting of B Shareholders, a special meeting of C Shareholders and a special meeting of D Shareholders shall exercise their powers under conditions provided for by the legislation in force.

4. The decisions of the Company, taken by a General Meeting of the shareholders, shall only become definitive after approval by a special meeting of B Shareholders when they modify the rights relating to B Shares, by a special meeting of C Shareholders when they modify the rights relating to C Shares and by a special meeting of D Shareholders when they modify the rights relating to D Shares.

PART V

COMPANY RESULTS

ARTICLE 27

ANNUAL ACCOUNTS - PAYMENT OF DIVIDENDS – RESERVE FUNDS

Each accounting period of the company commences on first of January and expires on the thirty-first of December.

At the closure of each period, the Board of Directors shall set up the inventory and the annual accounts in accordance with the provisions of Title II of Book 1 of the Commercial Code.

The profit for the period, as it appears in the profit and loss account, consists of the difference between the incomes and expenses for the period, after deduction of depreciation and provisions.

The profit for the period, reduced if necessary by previous losses, is subject to a deduction of at least one twentieth destined to form a reserve fund called the "legal reserve".

When the said reserve reaches one tenth of the capital, this deduction will cease to be obligatory; but if for any reason the reserve reduces to below one tenth of the capital, such deduction will be reinstated.

The distributable profit consists of the profit for the period, reduced by previous losses and by any sums to be carried over to reserves in accordance with the law, and is increased by any profits carried forward.

Such profit shall first be subject to deduction of a first dividend equal to 5% of the nominal value of the shares paid-up and not reimbursed, although, if the profit for a particular year after the deduction stipulated above does not permit such payment, the shareholders may require it to be paid out of the profits of subsequent years. Then, the General Meeting, on a proposal from the Board of Directors, shall have the right of deciding the deduction of such sums as it deems appropriate, either to be carried forward or for the formation of reserves, of which the Board of Directors shall determine the use.

The balance shall be shared among the shareholders without distinction.

The General Meeting deliberating on the accounts for the year shall have the possibility of granting to each shareholder for all or part of the dividend placed for distribution, or for dividends allocated on account, an option between payment in cash of the dividend or dividends on account, or in shares under the conditions and methods provided for in the legislative and regulatory provisions in force.

Moreover, the General Meeting may decide to distribute sums taken from the reserves that it has at its disposal; in this case the decision shall indicate specifically the reserve items from which the deductions will be taken.

In any event, the dividends shall in the first place be taken from the distributable profits for the period.

PART V I

DISSOLUTION - LIQUIDATION

ARTICLE 28

On the dissolution of the Company, one or more liquidators shall be named by the General Meeting of shareholders, under the conditions regarding quorums and majorities applying to Ordinary General Meetings.

The liquidator represents the Company. He is provided with the broadest powers to realise the assets, even by way of amicable arrangements. He is authorised to pay the creditors and to distribute the available balance.

The General Meeting of shareholders may authorise a continuation of business in progress or the entry into new business for the purposes of the liquidation.

The sharing out of the net assets remaining after the reimbursement for the nominal price of shares shall be carried out amongst the shareholders in the same proportions as their participation in the capital.

PART V I I

DISPUTES - ELECTION OF DOMICILE

ARTICLE 29

Any disputes that may arise during the life of the Company or during its liquidation, whether between the shareholders or between the Company and the shareholders themselves with regard to the interpretation or execution of the present articles of association or generally with regard to the affairs of the Company, are subject to the jurisdiction of the courts competent at the place of the registered office.

For this purpose, in the event of a dispute, all shareholders must elect a domicile within the jurisdiction of the court competent for the place of the registered office, and all summonses and notices shall be duly served to such domicile.

In the absence of the election of a domicile, the summonses and notices shall be validly served at the Office of the Public Prosecutor at the Tribunal de Grande Instance ["District Court"] at the place of the registered office.

REVIEW OF THE FINANCIAL SITUATION OF THE COMPANY AND THE GROUP

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INTRODUCTION

In 2016, Mersen completed a phase of adjustment to a fairly unfavorable economic environment, maintaining consolidated sales on a par with the prior year. Strong performances in the renewable energy and transportation markets, and in Asia in general, helped to offset the sharp decline recorded throughout most of the year in the oil and gas and electrical distribution markets in North America.

The ambitious competitiveness plan launched during the year proved effective and helped to deliver an operating margin before non-recurring items of 7.8% of sales, similar to the 2015 figure.

Lastly, the exceptionally strong cash flow generated in 2016 helped to reduce debt by more than €30 million, thereby strengthening the balance sheet, with year-end ratios of 2.1 for net debt to EBITDA and 41% for net debt to equity.

In addition, the Group decided in 2016 to dispose of the non-strategic high-power switches business, whose sale to a German manufacturer was completed on March 3, 2017. Accordingly, the business has been accounted for as an asset held for sale and presented on a separate line in the consolidated income statement and balance sheet, in accordance with IFRS 5. Moreover, since January 1, 2016, the financial portion of employee benefits expense has been recognized in financial items, in order to improve comparability with industry peers. The 2015 financial statements have been adjusted for these two changes.

SALES

At €764 million, Mersen's consolidated 2016 sales were close to the 2015 figure. Reported sales included a €6 million positive scope effect from the early-year acquisition of ASP in China and an €8 million negative currency effect, primarily from the decline in the British pound, Chinese yuan and Canadian dollar against the euro.

In the **Advanced Materials** segment, sales totaled €412 million in 2016, in line with 2015 on a like-for-like basis. This reflected a decline in sales to the chemicals industry in the first half, which was offset by a strong performance in the renewable energies, aerospace and electronics markets.

In the **Electrical Power** segment, sales amounted to €352 million over the full year, down very slightly on a like-for-like basis. Demand was strong in the renewable energy and electric vehicle markets, but weakened in the process industries, in particular due to the downturn in the oil and gas and electrical distribution markets in North America.

In **Europe**, like-for-like sales were stable compared with 2015. Operations in the region's key countries – France and Germany – performed in line with the previous year. In **Asia**, organic growth stood at nearly 7% for the year. Sales were particularly buoyant in India, China and Japan thanks to the Group's positioning in the renewable energy and transportation markets. In **North America**, the situation improved in the fourth quarter, but full-year business was adversely impacted by the declines in the chemicals, electrical distribution and oil and gas markets.

EBITDA AND OPERATING INCOME BEFORE NON-RECURRING ITEMS

EBITDA¹ stood at €96.7 million, representing 12.7% of sales.

Consolidated operating income before non-recurring items² came to €59.9 million, representing an operating margin before non-recurring items of 7.8%, on a par with the adjusted 7.9% achieved in 2015 and the 7.8% delivered in first-half 2016.

Electrical Power operating margin before non-recurring items rose to 11.5% from 11.3% the year before, as productivity gains overcame the negative price/mix effect and cost inflation.

¹ Operating income before non-recurring items, depreciation and amortization.

² As defined in recommendation 2009.R.03 of the French national accounting board (CNC).

Advanced Materials operating margin before non-recurring items edged back to 7.8% from an adjusted 8.2% in 2015, as the positive impact of productivity gains was dampened by the first-half decline in sales of anti-corrosion systems and pricing pressure in the graphite market. Note, however, that the margin began to improve as the months went by. After ending the first half down 1.8 points year-on-year, it turned upwards in the second half, with a year-on-year gain of 1.1 points for the period.

NET FINANCE COSTS

Net finance costs stood at €11.0 million, lower than in 2015, as adjusted, thanks to the €15 million decline in average debt over the year and the use of the commercial paper program put in place in early 2016. Since January 1, 2016, finance costs also include the financial portion of employee benefits expense.

NET INCOME

Net income ended the year at €3.2 million, versus €2.6 million in 2015.

Net non-recurring expense totaled €26.5 million for the year, and mainly comprised:

- €22.3 million in restructuring costs, primarily related to the operational excellence plan.
- €4.2 million in other expenses, of which €2.6 million in respect to disputes.

In 2015, the net expense amounted to nearly €22 million, and consisted largely of restructuring costs and impairment losses on property, plant and equipment and intangible assets, reflecting weak business in the chemicals market and the underutilization of certain graphite production equipment.

At €11.9 million, income tax expense was down sharply from the 2015 figure (€19.1 million). It included €5.7 million in impairment losses on deferred tax assets stemming from the costs of the operational excellence plan in France and China. Excluding this non-recurring item, the effective tax rate stood at 30%.

The net loss from assets held for sale, in an amount of €6.1 million, included the €0.8 million loss from the brazing technologies business sold early in the year and the €4.7 million loss from the high-power switches business, whose disposal was completed on March 3, 2017.

Non-controlling interests primarily concern Mersen Iberica (Spain), Cirprotec (Spain) and Yantai (China), which are owned respectively 50.01%, 51% and 60% by Mersen.

CASH AND DEBT

In 2016, Mersen generated significant cash flow that enabled it to substantially reduce its net debt.

Operating activities generated more than €83 million in cash flow in 2016, a sharp improvement on the prior year, which was impacted by the major outlays committed to help deploy the Transform plan. In 2016, cash outflows relating to the competitiveness plans amounted to €10.8 million.

Working capital requirement declined by a sharp €23.7 million over the year, a clear improvement over 2015 that was led by the extensive action plans aimed at optimizing inventory levels.

Cash generated by discontinued operations primarily corresponds to the working capital of the high-power switches business sold on March 3, 2017.

Capital expenditure amounted to €29.5 million, down from the prior year, with the Advanced Materials segment accounting for around 73% of the total.

Changes in the scope of consolidation in 2015 concerned the acquisition of ASP.

Cash generated/(used) by the investing activities of discontinued operations mainly related to the final repayment of the loan granted to MidMark in 2009 as part of the sale of the EMC business and, to a lesser extent, the proceeds from the sale of the brazing technologies business early in the year. This cash did not have any impact on net debt because it had been recognized as a financial receivable in 2015.

In addition, the Group bought back and canceled Company shares in an amount of more than €2 million in the first half of the year and then sold approximately €1 million in treasury shares in the second half after the performance criteria for the 2014 performance shares were not met during the year.

As a result, net cash flow before the change in debt came to a positive €37.7 million, compared with a negative €12.6 million in 2015.

Net debt ended the year at €202.8 million, versus €236.5 million at December 31, 2015.

The Group's balance sheet remains robust, with ratios that improved over the year, to 2.09¹ for net debt to EBITDA (leverage) and to 41% for net debt to equity (gearing).¹

PARENT COMPANY RESULTS

Sales and other revenue of the parent company, Mersen SA, amounted to €15.5 million in 2016. These revenues stem from Mersen SA's activities as a holding company that manages its investments in subsidiaries and affiliates, secures financing for the Group and invoices a variety of services. They also include fees for the use of the trademark and other associated intangibles.

The parent company's operating loss, which corresponds to the holding company's operating and trademark royalty costs, stood at €5.0 million for the year.

Financial income amounted to €28.0 million, versus €16.7 million in 2015. The 2016 figure include a slightly higher impairment loss on investments than in 2015. Dividend income was substantially higher than in 2015.

Income before tax and non-recurring items came to €23.0 million, while non-recurring items represented net income of €0.5 million compared with a net expense of €0.4 million the year before.

The parent company recorded a tax benefit of €2.3 million as a result of the taxes paid by profitable French subsidiaries in the consolidated tax group.

Based on these items, net income ended the year at €25.8 million, versus €14.3 million in 2015.

INTERNATIONAL OPERATIONS

Mersen has operations in the four corners of the globe. Locating manufacturing facilities in each host region keeps them in close contact with their customers and highly responsive in their markets. It also shields Mersen's competitiveness from the impact of currency fluctuations.

In 2016, around 66% of consolidated capital expenditure was committed outside France, primarily to replace and upgrade industrial equipment.

In 2016, the Group derived 91% of its consolidated sales from the global marketplace (i.e. sales by non-French companies excluding sales in France and exports by French companies).

Subsidiaries outside France contributed €646 million to sales for the year, an increase of 0.9% compared with 2015 on a like-for-like basis.

Sales in North America accounted for 35.8% of the consolidated total, Europe 33.8%, the Asia-Pacific region 25.5%, and the rest of the world (South America, Africa and the Middle East) 4.9%.

OUTLOOK

In 2017, Mersen is expected to further expand its business in its different growth markets in order to recapture growth, backed by its new organization. It should also benefit from a stabilized chemicals market.

The Group will also continue to deploy its operational excellence plan, which will lower the cost structure and drive competitiveness in Group plants. The costs associated with the plan have, for the most part, already been booked in the 2016 financial statements and will result in an amount of €25 million being paid out in 2017.

As a result, the Group expects to see year-on-year organic sales growth of between 0% and 2% in 2017, with a 50 to 100 basis point improvement in operating margin before non-recurring items.

¹ Ratios calculated according to the method specified in the bank covenants in Mersen's confirmed financing

FIVE-YEAR FINANCIAL SUMMARY

MERSEN S.A.

	2016	2015	2014	2013	2012
1. Share capital at year-end					
Capital (€000s)	40,944	41,234	41,234	41,633	40,702
Number of shares outstanding	20,471,854	20,692,054	20,616,834	20,816,364	20,350,969
Par value of shares (€)	2	2	2	2	2
2. Overall result of operations (€000s)					
Income before tax, depreciation, amortization, charges to provisions and employee profit-sharing	45,244	32,395	29,191	9,801	21,739
Income tax	(2,319)	(2,168)	(1,608)	(1,500)	(1,724)
Employee profit-sharing	0	0	0	0	0
Net income after tax, depreciation, amortization and charges to provisions	30,687	14,296	30,604	1,762	10,649
Total earnings paid out (a)	10,236	10,317	10,308	9,259	9,136
3. Overall result of operations per share (€)					
Net income after tax and employee profit-sharing, but before depreciation, amortization and charges to provisions	2.32	1.67	1.49	0.54	1.15
Net income after tax, depreciation, amortization and provisions	1.50	0.69	1.48	0.08	0.52
Dividend paid on each share	0.50	0.50	0.50	0.45	0.45
4. Employees					
Average headcount	5	5	5	5	5
Total payroll costs (€000s)	1,289	1,077	1,078	954	1,040
Amount paid for welfare benefits (€000s)	495	358	404	371	334

(a) In January 2016, reduction in the number of securities for 55,200 shares

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