

ELECTRO POWER SYSTEMS S.A.

Société Anonyme with a Board of Directors
With a share capital of EUR 1,576,361.40 euros
Registered Office: 13, avenue de l'Opéra, 75001 Paris
(the "Company")

808 631 691 R.C.S. Paris

REPORT OF THE BOARD OF DIRECTORS
SUBMITTED TO THE ANNUAL ORDINARY AND EXTRAORDINARY
GENERAL SHAREHOLDERS' MEETING
DATED 21 JUNE 2017
(the "Report")

Dear Shareholders,

We have convened this Annual Mixed Shareholders' Meeting, pursuant to the provisions of the French Commercial Code and the Company's articles of association, to deliberate on the following matters:

Ordinary agenda

- presentation and approval of the individual financial statements of the Company for the financial year ended on 31 December 2016 and discharge to the members of the Board of Directors (*1st resolution*),
- presentation and approval of the consolidated financial statements of the Company for the financial year ended on 31 December 2016 (*2nd resolution*),
- allocation of the results of the financial year ended on 31 December 2016 (*3rd resolution*),
- approval of the regulated agreement referred to under articles L. 225-38 *et seq* of the French Commercial Code (*4th resolution*),
- approval of the non-deductible expenses and charges referred to under article 39-4 of the French General Tax Code (*5th resolution*),
- determination of the attendance fees to be allocated to the Members of the Board of Directors (*6th resolution*),
- appointment of a new Director: Michela Costa (*7th resolution*),

- approval of the principles and criteria for determining, allocating and granting of the fixed, variable and extraordinary components of overall compensation and benefits of all kind that may be granted to the Chairman of the Board of Directors (*8th resolution*),
- approval of the principles and criteria for determining, allocating and granting of the fixed, variable and extraordinary components of overall compensation and benefits of all kind that may be granted to the Managing Director (*9th resolution*),
- consultation on compensation due or attributed under the financial year ended 31 December, 2016 to Mr Carlalberto Guglielminotti in his capacity of Managing Director (*10th resolution*),
- authorization to be given to the Board of Directors for the purchase by the Company of its own shares (*11th resolution*),

Extraordinary agenda

- delegation of authority to the Board of Directors for the purpose of reducing the share capital through share cancellation as part of the authorization to purchase its own shares (*12th resolution*),
- delegation of authority to the Board of Directors to issue and grant stock options (options to purchase and/or to subscribe shares) (*13th resolution*),
- authorization to the Board of Directors to issue and grant autonomous warrants reserved for a category of beneficiaries (*14th resolution*),
- authorization to the Board of Directors to increase the share capital through the issuance of common shares of the Company reserved to designated persons (*15th resolution*),
- delegation of authority to the Board of Directors to increase the share capital reserved for employees who are members of a company savings plan without preferential subscription rights (*16th resolution*), and
- powers to carry out the legal formalities (*17th resolution*).

Our report, the auditors' reports, the financial statements and consolidated financial statements have been made available to you in accordance with conditions and deadlines set forth by the Company's articles of association and applicable legal provisions.

I - RESOLUTIONS TO BE SUBMITTED AT THE ORDINARY SHAREHOLDERS' MEETING

1. Approval of the financial statements and allocation of earnings for the financial year ended 31 December 2016 (Resolutions n°1 to 3, 5 and 6)

(a) Financial statements for the financial year ended 31 December 2016

The inventory and financial statements submitted for your approval, under resolution n°1, namely the balance sheet, income statement, statement of cash flows and statement of changes in equity and the annex as at 31 December 2016, have been prepared in accordance with the presentation rules and evaluation methods set forth by the regulations in force in France.

The Board of Directors presents this set of accounts for your approval.

The financial statements highlight a net loss of 1,966,591 Euros under the financial year ended 31 December 2016, against a net loss of 2,487,347 Euros under the financial year ended 31 December 2015.

For comments on these financial statements, please refer to the management report of the Board of Directors on this management report of the Board of Directors which has been made available to you in accordance with the regulations in force.

(b) Amount of non-deductible expenses

In accordance with articles 223 *quarter* and 223 *quinquies* of the French General Tax Code, it is required that you acknowledge, by adopting resolution n°5, that (i) the Company has/has not incurred non-deductible tax expenses referred to under Article 39-4 of this Code, during the past financial year and (ii) the Company has not incurred general expenses referred to under Article 39-5 of the French General Tax Code.

(c) Consolidated financial statements for the financial year ended 31 December 2016

The consolidated financial statements submitted for your approval, under resolution n°2, namely the balance sheet, income statement, statement of cash flows and statement of changes in equity and the annex as at 31 December 2016, have been prepared in accordance with the IFRS standards.

The Board of Directors presents this set of accounts for your approval.

The consolidated financial statements highlight a net loss of 8,557,601 Euros under the financial year ended 31 December 2016, against a net loss of 10,597,524 Euros under the financial year ended 31 December 2015.

For comments on these consolidated financial statements, please refer to the management report of the Board of Directors and to the financial annual report which have been made available to you in accordance with the regulations in force.

(d) Proposition as regards the allocation of earnings

The profit of the financial year highlights, in light of the financial statements, a net loss of 1,966,591 Euros, which we propose you to allocate to "Retained Earnings" under resolution n°3. After allocation of this result, the "Retained Earnings" account will represent a loss of 4,468,438 Euros.

There will be no declaration of dividends under the financial year ended 31 December 2016.

In addition, we remind you that, pursuant to Article 243 bis of the French General Tax Code, no dividends have been declared in the preceding three financial years.

2. Related-party transactions (Resolution n°4)

We propose under resolution n°4 that you approve the agreements falling within the scope of articles L.225-86 et seq. of the French Commercial Code, as well as any previously authorized and concluded agreements performed during the past financial year.

The agreements referred to under Article L.225-86 of this Code that have been duly entered into during the financial year ended 2016 are as follows:

- Agreement with 360 Capital Partners: the Company entered into a sublease agreement with 360 Capital One S.C.A. – SICAR for its headquarters in Paris.

As a reminder, the agreements persistent in 2016 and already approved in previous years are summarized as follows:

- Agreements with the Company Prima Electro S.p.A.: Prima Electro S.p.A. is one of the Group's principal shareholders and the supplier of electronic components for electricity and control, specially developed for the Group's products. EPS Manufacturing entered into different agreements with Prima Electro S.p.A., relating to the supply, to the research and to the development and a lease contract for commercial use.
- A strategic partnership agreement entered into on 24 September 2015 (and approved by the Board of Directors in July 2015) in order to set out the arrangements for the development, manufacturing and supply by Prima Electro of certain products which EPS Manufacturing S.r.l. agrees to purchase. This agreement supersedes a previous supply and cooperation agreement entered into on 16 October 2009.
- Agreement with Cautha S.r.l.: EPS Manufacturing entered into a sublease agreement with Cautha S.r.l. for its headquarters in Milan, Italia.
- Agreement with Brighton NC Machine Corp.: for all EPS Manufacturing products that are designed and developed by the Group at any time before 30 June 2014, except of electrolytic cells (as specified in the amendment of the license agreement entered into on 9 February 2015 between EPS Manufacturing and BNC).

3. Attendance Fees (Resolution n°6)

We invite you in resolution n°6 to vote on the allocation of a maximum amount of 120,000 Euros attendance fees for the benefit of members of the Board of Directors in the 2017 financial year. The amount of attendance fees proposed remains unchanged in comparison to the amount proposed in the previous financial year.

The Board of Directors will allocate all or part of this amount amongst its members based on a calculation pertaining to their level of participation during meetings and their responsibility in the different committees. The terms and conditions for allocating these attendance fees and the details concerning the allocation of these fees in the financial year 2016 are indicated in the financial annual report of the Board of Directors which has been made available to you in accordance with the regulations in force.

4. Appointment of a new Director: Michela Costa (Resolution n°7)

It is proposed to appoint Mrs Michela Costa as Director for a three-year duration, expiring at the end of the Ordinary Shareholders' Meeting to be convened in 2020 to decide on the accounts for the financial year ending 31 December 2019.

Michela Costa, PhD and qualified lawyer, was a senior associate at Clifford Chance and then General Counsel at British Petroleum and Sorgenia for 10 years. She has been appointed Executive Vice President of Operations and will coordinate the Group's HR, Legal and Corporate Affairs, Safety and Communications departments.

5. Approval of the principles and criteria for determining, allocating and granting of the fixed, variable and extraordinary components of overall compensation and benefits of all kind that may be granted to the Chairman of the Board of Directors (Resolution n°8)

The Board of Directors is inviting you to approve the principles and criteria for determining, allocating and granting of the fixed, variable and extraordinary components of overall compensation and benefits of all kind that may be granted to the Chairman of the Board of Directors

In pursuance of article L. 225-37-2 of the French Commercial Code, the report on compensation attached to the report referred to in articles L. 225-100 and L. 225-102 of the French Commercial Code, also annexed to the present Report, sets out the principles and criteria for determining, allocating and granting of the fixed, variable and extraordinary components of overall compensation and benefits of all kind that may be granted to the members of the Chairman of the Board of Directors. These aspects are submitted for your approval.

6. Approval of the principles and criteria for determining, allocating and granting of the fixed, variable and extraordinary components of overall compensation and benefits of all kind that may be granted to the Managing Director (Resolution n°9)

The Board of Directors is inviting you to approve the principles and criteria for determining, allocating and granting of the fixed, variable and extraordinary components of overall compensation and benefits of all kind that may be granted to the Managing Director.

In pursuance of article L. 225-37-2 of the French Commercial Code, the report on compensation attached to the report referred to in articles L. 225-100 and L. 225-102 of the French Commercial Code, also annexed to the present Report, sets out the principles and criteria for determining, allocating and granting of the fixed, variable and extraordinary components of overall compensation and benefits of all kind that may be granted to the members of the Chairman of the Board of Directors. These aspects are submitted for your approval.

7. Shareholders' consultation on the remuneration of members of the Executive Board for the financial year ended 31 December 2016 (Resolutions n°10)

In accordance with the recommendations of the French AFEP-MEDEF Code (French corporate governance code for publicly traded companies), as amended in November 2016 (Article 26), since the Company chose to comply with this recommendation of the Code, while it refers otherwise, pursuant to Article L. 225-68 of the French Commercial Code, to the Middlednext Code, the following elements of the remuneration due or allocated under the financial year ended to the corporate executive officers of the Company for the year 2016 must be submitted to the shareholders' advisory vote.

We thus invite you under resolution n°10 to give your opinion on the following elements of remuneration due or allocated under the financial year ended 31 December 2016 to Mr. Carlalberto Guglielminotti in his capacity of Managing Director of the Company.

The elements of remuneration are presented in this management report of the Board of Directors which has been made available to you in accordance with the regulations in force.

8. Company share repurchase Programme (Resolution n°11)

We propose under resolution n°11 that you authorize the Board of Directors, in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code, for a period of 18 months, to purchase the Company's shares at a maximum purchase price which shall not exceed 9,90 Euros as part of the implementation of a share repurchase programme.

The maximum amount that the Company would be able to allocate to the repurchase programme of its own shares may not exceed the amount of 1,000,000 Euros.

This authorization is intended to allow the Board of Directors to acquire a number of Company shares representing up to 10% of the share capital of the Company, in order to:

- retain the Company's shares that would have been purchased and ultimately use them in exchange or as payment within the context of potential external growth transactions, in accordance with stock market regulations;
- give shares during the exercise of the rights attached to securities giving access to the share capital of the Company;
- allot shares to employees or officers of the Company, and its subsidiaries in accordance with terms and conditions set forth by law, in particular in respect of the allocation of free shares, participation in the profits resulting from the expansion of the business, stock options plans or via a company savings plan;
- ensure liquidity and promote the secondary market for the Company's securities, which would be accomplished by an investment services provider acting under a liquidity contract in compliance with the ethics charter recognised by the *Autorité des Marchés Financiers*;
- cancel all or part of the repurchased securities, provided resolution n°12 is adopted; and
- accomplish all other authorized goals or goals that could become authorized by law or recognised or that would be recognised as market practice by the *Autorité des Marchés Financiers*, in which case the Company would inform its shareholders by way of a press release.

These purchase, assignment, exchange or transfer transactions may be carried out in any manner, in one or several instalments, or on a regulated market, on a multilateral trading facility, through a systematic internaliser or through an over-the-counter transaction, such as an acquisition or block trades, or by resorting to financial instruments.

It is specified that these transactions may not occur during public tender offers initiated by the Company or aimed at its securities.

The description and results of the share repurchase program adopted at the Shareholders' Meeting of 21 June 2016 is set out in the management report of the Board of Directors and in the financial annual report which have been made available to you in accordance with the regulations in force.

Please see paragraph II.1 of the present Report for a description of the resolution related to the shares cancellation.

II - RESOLUTIONS TO BE SUBMITTED AT THE EXTRAORDINARY SHAREHOLDERS' MEETING

1. **Delegation of authority to the Board of Directors for the purpose of reducing the share capital through share cancellation as part of the authorization to purchase its own shares (Resolution n°12)**

Among the objectives of the buy-back program, that is the object of the 11th resolution, there is the cancellation of the shares acquired. For this purpose, we will ask you, by voting this 12th resolution, to grant the Board of Directors the authorization, for a period of 18 months, to reduce the share capital, in one or more times, in the limit of 10% of the share capital existing at the date of the cancellation decision by 24 months' period, by the cancellation of all or part of the ordinary shares that the Company holds or may hold following redemption through a buyback program.

2. **Delegations of authority to the Board of Directors to grant stock options (options to purchase and/or to subscribe shares) and autonomous warrants reserved for a category of beneficiaries (Resolutions n°13 and 14)**

In order to attract and retain quality employees having a position of responsibility, in France or abroad, you will be asked to authorize the Board of Directors, to proceed with, in one or several times, allocations of stock options (options to purchase or to subscribe to shares) and autonomous warrants reserved to a category of persons.

2.1 Stock options (options to purchase and/or to subscribe shares) (Resolution n°13)

The purpose of the thirteenth resolution is to authorise the Board of Directors to grant, without preferential subscription rights, once or in several installments, in the amounts and at the times it would determine subject to black out periods provided by the law, stock options giving right to the subscription of new shares of the Company to be issued by means of an increase in share capital or giving right to the purchase of existing shares of the Company, resulting from the repurchase carried out pursuant to applicable legal and regulatory provisions (the "**Options**").

The Options which may be granted pursuant to the present authorization shall not give right, upon exercise to the subscription or purchase of more than 400,000 shares, i.e. an share capital increase of a maximum total nominal amount of 80,000 Euros, subject to the number of shares to be issued in order to safeguard, pursuant to the applicable law and contractual stipulations, the rights of the holders of securities giving access to the share capital of the Company, being noted that nominal amount of the share capital increase which may be completed immediately or in the future pursuant to this authorization and to the authorization granted under the fourteenth resolution presented in the point 2.2 below would not exceed a maximum total amount of shares equal to 400,000 shares, *i.e.* an increase in share capital of a maximum total amount equal to 80,000 Euros.

The period of time during which the Options may be exercised shall not exceed 10 years from the date when they are granted.

The exercise price of the Options would be set on the date when the Options shall be granted by the Board of Directors, pursuant to the following terms: the exercise price of the Options shall neither be lower (i) than 80% of the average of the trading price of the shares for the last twenty (20) trading days preceding the date when the Options shall be granted; nor (ii) than, regarding the options to purchase shares only, 80% of the average purchase price of the shares held by the Company pursuant to the articles L. 225-208 and L. 225-209 of the French Commercial Code.

In accordance with the provisions of the article L. 225-132 of the French Commercial Code, the issuance and allocation of Options would entail, for the benefit of the holders of Options, a waiver from the shareholders to their preferential rights to subscribe the shares which shall be issued as a result of the exercise of the Options.

The Board of Directors would be granted the most extensive powers to implement the present authorization within the limits set forth by applicable law, in order to, notably, proceed to the allocation of the Options, at the times it may see fit, set the number of Options allocated to each beneficiary and the conditions of grant of such Option, set, within the limits above-mentioned, the exercise price of the Options and their exercise period, set the conditions of exercise and temporarily suspend the exercise of the Options in certain instances.

This delegation of authority would be granted for a period of 38 months from the date of the general shareholders' meeting.

2.2 Autonomous warrants reserved for a category of beneficiaries (Resolution n°14)

The purpose of the fourteenth resolution is to authorize the Board of Directors to issue, without preferential subscription rights, once or in several installments, in the amounts and at the times it would determine, warrants (*bons de souscription d'actions*) ("**BSA₂₀₁₇**") giving right, upon exercise, to the allocation of shares or securities which would be issued as representation of a portion of the share capital of the Company.

The BSA₂₀₁₇ which may be issued pursuant to the present authorization shall not give right, upon exercise, to the subscription of more than 400,000 shares, *i.e.* an increase of share capital of a maximum nominal amount of 80,000 Euros, subject to the number of shares to be issued in order to safeguard, pursuant to the applicable law and contractual stipulations, the rights of the holders of securities giving access to the share capital of the Company, being specified that the nominal amount of the share capital increase which may result from this authorization would be deducted from the cap determined in the point 2.1 abovementioned, *i.e.* a total number of shares of 400,000 shares and an increase in share capital of a maximum total amount equal to 80,000 Euros.

Pursuant to the regulatory provisions, the Board of Directors shall reserve the right to subscribe any or all the BSA₂₀₁₇, pursuant to this authorization, to the benefit of the following categories of persons: any individual or legal entity which is a member of the Board of Directors, a former employee and a founder of the Company, or a consultant of the Company on the date of granting of such BSA₂₀₁₇ by the Board of Directors.

The implementation of such an issuance shall suppose that you decide to remove your preferential subscription rights for the BSA₂₀₁₇ which could be issued under the present authorization to the benefit of this category of persons.

The removal of the preferential subscription rights would allow this category of persons to take a stake in the share capital of the Company.

Pursuant to the provisions of the article L. 225-132 of the French Commercial Code, the issuance and the allocation of the BSA₂₀₁₇ shall entail, to the benefit of the holders of BSA₂₀₁₇, a waiver from the shareholders of their preferential right to subscribe the shares which shall be issued as a result of the exercise of the BSA₂₀₁₇ issued and allocated pursuant to the present authorization.

The Board of Directors would be granted the most extensive powers to implement the present authorization within the limits set forth by applicable law, and notably the power to set the precise list

of beneficiaries among the categories of persons defined and the number of BSA₂₀₁₇ allocated to each of them, to set the characteristics, amounts and terms of exercise of the BSA₂₀₁₇, as well as the terms under which the securities issued shall be paid, it being noted that one BSA₂₀₁₇ shall give right to the subscription to one new share of the Company. Notably, it shall set the exercise price of those BSA₂₀₁₇ and their possession date, it being specified that the amount being paid or which shall be paid to the Company for each share issued pursuant to the present authorization shall be at least equal to the exercise price of the Options referred to under the point 2.1 abovementioned.

This delegation of authority would be granted for a period of 18 months from the date of the general shareholders' meeting.

3. Delegation of powers to the Board of Directors to increase the share capital reserved for employees who are members of a company savings plan without preferential subscription rights (Resolution n°16)

Article L. 225-129 of the French Commercial Code requires us, taking into account the potential share capital increases which may result from the use of the delegations which you may decide to grant, to propose to the extraordinary general shareholders' meeting a share capital increase plan, by issuance of shares to the benefit only of the members of one or several company savings plans (or any other plans for which the article L. 3332-18 *et seq.* of the French Labor Code shall allow to reserve the share capital increase under equivalent conditions). However, given the fact that all our employees are located outside France, they cannot benefit from the associated tax advantages, we suggest that you vote against this resolution.

The resolution n° 16 provides for a maximum nominal amount of share capital increase of 10,000 Euros (*i.e.*, on the current nominal value of the Company's shares of 0.20 Euro, a maximum of 50,000 shares).

The subscription price of the new shares will be equal to 80% of the average of the first quoted prices of the Company's shares during the twenty stock-exchange market trading days preceding the day of the decision setting the opening date for subscription when the duration of the lock-up period stipulated by the savings plan pursuant to the article L. 3332-25 *et seq.* of the French Labor Code is less than ten years, and to 70% if this average when this lock-up period is greater than or equal to ten years.

This delegation of authority would be granted for a period of 26 months from the date of the general shareholders' meeting.

4. Increase in share capital through the issuance of common shares of the Company reserved to designated persons (Resolution n°15)

The board of directors proposes, in the fifteenth resolution, that you authorize it to proceed with an increase in share capital of a nominal amount of 1,408,063.80 Euros, through the issuance of 196,932 shares with a par value of 0.20 Euro and 6.95 Euros issue premium, with a waiver of the shareholders' subscription right.

The capital increase is part of the transaction concerning the acquisition of the entire share capital of Elvi Energy S.r.l. and (directly and indirectly) also the entire share capital of MCM Energy Lab S.r.l.

As reported in the press release dated 18 January 2016, in the context of such transaction, which started to be effective in January 2016, on one side, the Company and, on the other side, the sellers of Elvi Energy S.r.l. and MCM Energy Lab S.r.l. (the "**Sellers**") agreed that part of the price paid for the acquisition of the entire capital of Elvi Energy S.r.l. and MCM Energy Lab S.r.l. shall be reinvested

in EPS by the Sellers and management of Elvi Energy S.r.l and MCM Energy Lab S.r.l. (together with the Sellers, the “**Beneficiaries**”) by subscribing to a capital increase which shall be reserved to them.

Therefore, the capital increase aims at aligning the interests of Elvi Energy S.r.l. and MCM Energy Lab S.r.l. management with the best interests of the Company.

An identical resolution was proposed to the shareholders, and approved, during the general meeting dated 29 April 2016, but could not be implemented. We therefore suggest that you renew it.

4.1 Characteristics of the new shares

The new shares would be issued at a unit price of 7.15 Euros, representing a par value of 0.20 Euro and 6.95 Euros issue premium per share, accounting for a total increase in capital, issue premium included, of 1,408,063.80 Euros.

Please note that, following the release of the new shares, Société Générale will issue and list the new shares with Euronext Paris.

The issuance of the shares would be definitively realized on the issue date of the share certificate issued by Société Générale Securities Services.

From their issuance, the shares might be held in either registered or bearer form, depending on the shareholder’s choice, and will be fully assimilated to existing shares; they will grant rights as of 1 January 2017 and be subject to all statutory provisions.

The costs related to the capital increase would be charged against the issue premium.

4.2 Justification of the price

The price of the new shares to be issued was established during the negotiations with the Sellers and the Beneficiaries, in the context of the entire transaction described above in par. 4.1. More particularly, such price was determined by taking into account the price of the listed shares of the Company as at the date of the signing of the agreements entered into between the Company and the Sellers and the Beneficiaries (i.e., in December 2015).

4.3 Removal of the shareholders’ preferential subscription rights

We propose that the shareholders’ preferential subscription rights to shares covered by the present resolution be waived, and to reserve the subscription right for the benefit of the following persons who will subscribe at most the number of shares indicated below:

Beneficiary	Number of shares	Subscription amount
Elvi Elettrotecnica Vitali S.p.A	58,842 shares	€420,720.30
Mr. Nicola Vaninetti	47,761 shares	€341,491.15
Mr. Gabriele Marchegiani	36,995 shares	€264,514.25
Mr. Paolo Morandi	31,807 shares	€227,420.05
Mr. Francesco Castelli Dezza	9,567 shares	€68,404.05

Mr. Irino Mazzucco	4,784 shares	€34,205.60
Mr. Daniele Rosati	4,784 shares	€34,205.60
Ms. Luisa Frosio	2,392 shares	€17,102.80
Total	196,932 shares	€1,408,063.80

The general interest of the Company justifies the withdrawal of the pre-emption right of the current shareholders; in particular the new shares will be issued and offered for subscription to the Beneficiaries in the context of the entire transaction described above. According to this strategy, part of the amount used by the Company for the acquisition of the entire share capital of Elvi Energy S.r.l. and MCM Energy Lab S.r.l. shall be reinvested in the Company; moreover, as already specified, the transaction concerning the capital increase aims at aligning the interests of Elvi Energy S.r.l. and MCM Energy Lab S.r.l. management with the best interests of the Company.

Please note that if a Beneficiary is already a shareholder of the Company on the date of the general shareholders' meeting, such shareholder will not be allowed to take part to the vote on the removal of the shareholders' pre-emptive subscription rights to 196,932 new shares issued in his favor.

4.4 Powers to be granted to the board of directors

We would be grateful if you could grant to the Board of Directors full powers, with the possibility of sub-delegating under the conditions provided by law, to implement or postpone the implementation of this resolution, carry out this capital increase and, in particular, receive the related subscriptions and payments, perform, if necessary, all steps, prepare, sign and file all documents with the relevant regulatory and stock exchange authorities, for the admission to trading of the issued shares on Euronext Paris, acknowledge its completion, amend the Articles of Association accordingly, and generally do whatever is needed for the successful completion of the transaction.

After the Board of Directors has used the delegation of authority conferred to it in the present resolution, the Board of Directors will report to the next Ordinary General Meeting, in accordance with the law and applicable regulations, on the use made of the powers conferred in the present resolution.

The delegation granted to the Board of Directors in this resolution would be granted for a period of 14 months starting from the date of the present shareholders' meeting.

5. Powers to complete formalities (Resolution n°17)

It is proposed that the Shareholders' Meeting grants full powers to the holder of an original, a copy, or an excerpt of the minutes of the Shareholders' Meeting of 21 June 2017 for the purpose of completing legal formalities

* * *

The reading of the special report of the auditors will be given to you. This report will contain the opinion on the proposal cancellation of the preferential subscription rights, the choice of elements for calculating the issue price and its amount, the impact of these issuances on the shareholders'

situation determined by reference to equity and to fairness of the information from the Company's financial statements.

We hope that you will approve these operations, which are in line with the Company's interests, and we ask you to vote in favor of all the resolutions proposed, except the ones on the capital increase reserved for employees who subscribed to a company pension plan, detailed on point II.3 of the present report.

Paris, 31 May 2017

A handwritten signature in black ink, appearing to be 'M. S. A.', enclosed in a thin black rectangular border.

The Board of Directors

**Annex: Report on remuneration attached to the report referred to in Articles
L. 225-100 and L. 225-102 of the French *Code de commerce***