**MEETING OF THE BOARD OF DIRECTORS OF 17 FEBRUARY 2015**

***Report of the Board of Directors on the draft resolutions submitted to the Combined Shareholders' Meeting***

The purpose of the report is to present the resolutions submitted by the Board of Directors at your meeting.

Twelve resolutions are submitted for this purpose, nine of which are ordinary and three of which are extraordinary.

## Ordinary Resolutions

Approval of the 2014 financial statements – *(1st and 2nd resolutions)*

In the first two resolutions, the Board is asked to approve the Company financial statements (1st resolution), followed by the consolidated financial statements (2nd resolution) of COFACE SA for 2014.

Appropriation of results – *(3rd resolution)*

The purpose of the third resolution is to allocate COFACE SA's corporate result.

The Company financial statements as of December 31, 2014 showed net book loss of -€2,779,036. This net loss is explained, on the one hand, by the lack of payment of dividends by Compagnie française d'assurance pour le commerce extérieur, the Group's operating subsidiary and, on the other, by the issue costs of the hybrid debt issued in 2014 and the expenses connected to the stock market listing.

It is proposed that this negative balance be allotted to retained earnings.

We recall that the amount of dividends distributed in recent years was €26,000,000 in 2011, €0 in 2012 and €66,939,869.83 in 2013.

Approval of related-party agreements – *(4th resolution)*

The fourth resolution concerns the approval of related-party agreements and commitments, in application of Article L.225-38 of the French Commercial Code, authorised by the Board of Directors in 2014. These agreements and commitments are presented in the special report of the Statutory Auditors.

Determination of the amount of directors' fees allotted to members of the Board of Directors – *(5th resolution)*

The purpose of the fifth resolution is to set the amount of directors' fees allotted to members of the Board of Directors.

It is proposed to set the total annual amount of directors' fees to be allotted to the Board of Directors for 2015 to €350,000.

This amount covers payment of the directors' fees assuming 100% attendance of the Board members at six meetings of the Board of Directors, of members of the Audit Committee at six meetings, and of members of the Appointments and Compensation Committee at five meetings.

<u>Extraordinary cash distribution</u> – *(6th resolution)*

Since there is not distributable profit due to the reasons previously indicated in this report, the Board is asked to proceed with an extraordinary distribution of cash in the amount of €75,007,406.66, or €0.48 per share, taken from issue premium and corresponding to 60% of the consolidated net income for the year ended.

In this context, the Shareholders' Meeting is asked to decide, in compliance with the provisions of Article L.232-11, paragraph 2 of the French Commercial Code, to proceed with an extraordinary distribution of cash in the amount of seventy-five million seven thousand four hundred and six euros and sixty-six cents (€75,007,406.66).

This dividend would be allocated to the line item "issue premium".

The price fixing date (*date de détachement du coupon*) will be Tuesday, May 26, 2015. Payment is set for Friday, May 29, 2015.

By virtue of the provisions of Article 112 1° of the French Tax Code, the amounts distributed to shareholders as reimbursement of contributions or issue premium are not considered taxable distributed revenue, provided that all profits and reserves other than the legal reserve were already distributed. With regard to the above-mentioned tax provisions, the entire amount of the dividend is considered as a reimbursement of a contribution for tax purposes.

All shareholders, and in particular those domiciled or established outside of France, as concerns regulations applicable in the country of residence or establishment, are asked to contact their usual adviser to determine, through a detailed analysis, the tax consequences to be drawn in consideration of the amounts collected for this distribution.

In order to facilitate the distribution, you are asked to grant all powers to the Board of Directors, and the authority to subdelegate them to the Chief Executive Officer (CEO), in order to implement this resolution under the conditions noted above, and in particular to:

- implement the extraordinary distribution of cash, allocating the amount to issue premium as mentioned above;

- more generally, to do whatever is needed and take all useful measures to ensure the successful completion of the operations included in this resolution.

<u>Opinion on components of the compensation due or allotted for the year ended December 31, 2014 to Mr Jean-Marc Pillu, Chief Executive Officer (CEO)</u> – *(7th resolution)*

In compliance with the recommendations of Article 24.3 of the AFEP-Medef Corporate Governance Code, which was revised in June 2013, to which the Company refers, the seventh resolution aims to submit for the opinion of the Board the components of the compensation due or allotted for the year ended December 31, 2014 to Mr Jean-Marc Pillu, Chief Executive Officer (CEO). These components are described in the management report relating to the consolidated financial statements.

Authorisation to the Board of Directors to trade the Company's shares – *(8th resolution)*

The Board of Directors asks that you please authorise the purchase of a number of shares of the Company not to exceed 10% the total number of shares composing the share capital, or 5% of the total number of shares subsequently composing the share capital if it concerns shares acquired by the Company in view of keeping them and transferring them as payment or exchange under a merger, spin-off or contribution operation, noting that the acquisitions made by the Company may under no circumstance result in it holding more than 10% of the ordinary shares comprising its share capital at any time.

Shares may be purchased in order to: a) ensure liquidity and boost the market for the Company's stock through an investment service provider acting independently within the context of a liquidity contract in compliance with the Charter of Ethics recognized by the French Financial Markets Authority, b) allot shares to employees of the Company and in particular within the context (i) of profit sharing, (ii) any stock option plan of the Company, pursuant to the provisions of Articles L.225-177 et seq. of the French Commercial Code, or (iii) any savings plan in compliance with Articles L.3331-1 et seq. of the French Labour Code or any allocation of bonus shares pursuant to the provisions of Articles L.225-197-1 et seq. of the French Commercial Code, as well as performing all hedging operations relating thereto, under the conditions provided for by the market authorities and at the times to be determined by the Board of Directors or the person acting upon its delegation, c) transfer the Company's shares when the rights attached to the securities are exercised, which rights entitle their bearers through reimbursement, conversion, exchange, presentation of a warrant or in any other manner, to an allocation of shares of the Company within the context of the current regulations, as well as to perform all hedging operations relating thereto, under the conditions provided for by the market authorities and at the times to be determined by the Board of Directors or the person acting by delegation of the Board of Directors, d) keep the Company's shares and transfer them subsequently as payment or exchange within the context of potential external growth operations, and in accordance with the accepted market practice of the French Financial Markets Authority, e) cancel all or part of the securities thus purchased or f) implement all market practices that have been accepted by the French Financial Markets Authority and, more generally, perform all operations in compliance with the current regulations.

The maximum purchase price per unit may not exceed €20, excluding costs. The Board of Directors may nevertheless, for operations involving the Company's capital, particularly a modification of the par value of the share, a capital increase by incorporation of reserves following the creation and allotment of bonus shares, a stock split or reverse stock split, adjust the aforementioned maximum purchase price in order to take into account the incidence of these operations on the value of the Company's stock.

The acquisition, disposal or transfer of these shares may be completed and paid for by all methods authorised by the current regulations, on a regulated market, multilateral trading system, a systematic internaliser, or over the counter, in particular through the acquisition or disposal of blocks of shares, using options or other derivative financial instruments, or warrants or, more generally, securities entitling their bearers to shares of the Company, at the times that the Board of Directors will determine, excluding at the time a public offer involving the stock of the Company.

In accordance with legal and regulatory provisions, the Board of Directors, if your Shareholders' Meeting so authorises it, shall have all powers, with the authority to subdelegate, in order to proceed with the permitted reallocations of repurchased shares in view of one of the program's objectives, or one or more of its other objectives, or even in view of their disposal on or off the market.

The Board of Directors proposes that this authorisation be granted for a period of 18 months as from the date of this Shareholders' Meeting. This authorisation shall conclude the authorisation granted by the 5th resolution that was adopted by the Annual Shareholders' Meeting of June 2, 2014.

Powers – *(9th resolution)*

The ninth resolution concerns the allocation of powers.

## Extraordinary Resolutions

Amendment of the Articles of Association relating to the voting rights of shareholders – *(10th resolution)*

It proposes:

- to expressly provide that no double voting rights be granted to shareholders registered by name for at least two years;
- to modify paragraph one of Article 11 of the Articles of Association, adding a sentence to it which provides for the principle "one share one vote". The rest of the article remains unchanged.

Capital increase without preferential subscription right for a specific category of beneficiaries – *(11th resolution)*

We suggest that you delegate to the Board of Directors, for a period of 18 months, with the power to subdelegate under the conditions provided for by law, your authority to proceed with one or more capital increases reserved for the Company's employees and former employees and/ or Companies affiliated with the Company pursuant to the provisions of Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labour Code, which have their registered office outside of France.

This decision would cancel shareholders' preferential subscription right to the shares issued within the context of this resolution, to the profit of the category of beneficiary defined above.

Such a capital increase would have the aim of allowing employees, former employees, corporate officers or general agents of the Group who reside in various countries, to benefit, taking into account the regulatory or tax restrictions that could exist locally, from conditions that are as close as possible, in terms of economic profile, to those that would be offered to the other employees of the Group within the context of the 18th resolution of the Shareholders' Meeting of June 2, 2014.

The nominal amount of the capital increase that could be issued by virtue of this delegation would be limited to €15 million, noting that the nominal amount of any capital increase completed in application of this delegation shall be allotted towards the overall nominal amount limit of €250 million that is prescribed for the capital increases provided for in paragraph 2 of the 10th Resolution of the Shareholders' Meeting of June 2, 2014.

The subscription price of the shares issued in application of this delegation may not fall below more than 20% of the average price of the listed share during the 20 trading sessions preceding the decision determining the opening date of the subscription, nor may it exceed this average, and the Board of Directors may reduce or eliminate the 20% discount noted above if it deems it appropriate in order to, in particular, take into account the legal, accounting, tax and corporate schemes applicable in the countries of residence of some beneficiaries. The Board of Directors may likewise decide to allot bonus shares to subscribers of new shares, in substitution of the discount and/or for employer matching.

When the Board of Directors uses the delegations above, regulatory reports will be issued by the Board of Directors and the Statutory Auditors, in compliance with the current legal provisions.

Powers – *(12th resolution)*

The twelfth resolution concerns the allocation of powers.

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