

MERSEN
Société anonyme. Share capital €41,270,982
Headquarters: 2 avenue Gambetta – Tour EQHO
92066 Paris la Défense Cedex – France
572 060 333 RCS Nanterre

NOTICE OF SHAREHOLDERS' MEETING

Dear shareholders, you are convened to the Combined General Meeting on 17 May 2018 at 10:00 am CET 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 17 May 2018

Ordinary resolutions:

1. Approval of the parent company financial statements for the year ended December 31, 2017
2. Approval of the consolidated financial statements for the year ended December 31, 2017
3. Appropriation of net income for the year and payment of a dividend
4. Statutory Auditor's special report on related-party agreements and commitments
5. Re-election of Isabelle Azemard as a director
6. Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted for 2017 to Hervé Couffin, Chairman of the Board of Directors until May 18, 2017
7. Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted for 2017 to Olivier Legrain, Chairman of the Board of Directors since May 18, 2017
8. Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted for 2017 to Luc Themelin, Chief Executive Officer
9. Approval of the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional components making up the compensation package of the Chairman of the Board of Directors
10. Approval of the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional components making up the compensation package of the Chief Executive Officer and/or any other corporate officer
11. Authorization for the Board of Directors to repurchase shares of the Company under a program governed by Article L.225-209 of the French Commercial Code

Extraordinary resolutions:

12. Authorization for the Board of Directors to cancel shares repurchased under a program governed by Article L.225-209 of the French Commercial Code
13. Delegation of authority for the Board of Directors to increase the Company's capital by capitalizing reserves, income and/or additional paid-in capital
14. Delegation of authority for the Board of Directors to issue ordinary shares conferring rights to ordinary shares or debt securities (of the Company or another Group company) and/or securities (of the Company or another Group company) conferring rights to ordinary shares of the Company, with preferential subscription rights for existing shareholders
15. Delegation of authority for the Board of Directors to issue ordinary shares conferring rights to ordinary shares or debt securities (of the Company or another Group company) and/or securities (of the Company or another Group company) conferring rights to ordinary shares of the Company, through a public offer without preferential subscription rights but with a priority subscription period for existing shareholders

16. Delegation of authority for the Board of Directors to issue ordinary shares conferring rights to ordinary shares or debt securities (of the Company or another Group company) and/or securities (of the Company or another Group company) conferring rights to ordinary shares of the Company, through an offer governed by Article L.411-2 II of the French Monetary and Financial Code (Code monétaire et financier) without preferential subscription rights for existing shareholders
17. Method of setting the issue price for issues without preferential subscription rights representing the equivalent of up to 10% of the capital per year
18. Authorization to increase the amount of any issues that are oversubscribed (greenshoe option)
19. Delegation of authority to the Board of Directors to increase the capital by up to 10% through the issue of ordinary shares and/or securities conferring rights to shares in return for contributions in kind made to the Company comprising capital instruments and securities conferring rights to shares
20. 18-month delegation of authority for the Board of Directors to issue stock subscription warrants to be granted at no cost to shareholders in the event of a public offer for the Company's shares
21. Delegation of authority for the Board of Directors to increase the capital by issuing ordinary shares and/or securities conferring rights to shares to members of a company savings plan governed by Articles L.3332-18 et seq. of the French Labor Code (Code du travail), without preferential subscription rights for existing shareholders
22. Delegation of authority for the Board of Directors to issue ordinary shares conferring rights to ordinary shares or debt securities (of the Company or another Group company) and/or securities (of the Company or another Group company) conferring rights to ordinary shares of the Company, for subscription by employees of Mersen group companies outside France who are not members of a company savings plan, without preferential subscription rights for existing shareholders
23. Authorization for the Board of Directors to allot existing or new shares at no cost to employees of the Company or related companies, waiver of shareholders' preferential subscription rights, duration of the authorization, ceiling, vesting period and holding period, waiver of these periods in the case of disability
24. 38-month authorization for the Board of Directors to allot bonus preference shares, waiver of shareholders' preferential subscription rights, duration of the authorization, ceiling, vesting period and holding period, waiver of these periods in the case of disability
25. Authorization to create a category of preference shares and amend the Articles of Association accordingly
26. Alignment of the Articles of Association
27. Powers to carry out formalities.

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

Regardless the number of Mersen shares held, any shareholder may attend the General Meeting.

The shareholders wishing to participate in person, be represented or vote by correspondence will have to give evidence of the ownership of the shares at the latest on the second business day prior to the date of the General Meeting at 0:00 a.m – Paris time (i.e. on May 15 2018, at 0:00 a.m – Paris time) by the registration of their shares under their name, under the conditions stipulated by Article R.225-85 of the French Commercial Code.

B. Method of participation in the General Meeting

1) Any shareholders wishing to attend in person in the General Meeting will have to:

For a registered shareholder:

- go personally on the day of the meeting directly to the registration desk, with a proof of identity,
- or request 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: request the record intermediary in charge of the management of his/her share account to send him/her an admission card.

2) 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, or to any other person may:

For 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 the 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 French 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.

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

For a directly registered shareholder:

- The shareholder will have to send an email to the following email 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 and, if possible, address of their authorised representative if necessary;
- The shareholder will have to confirm his choice on PlanetShares by connecting with his usual credentials and click on "Approve or revoke a term in office" in the "My shares - My voting rights" section.

For holders of managed registered shares or bearer shares:

- The shareholder will have to send an email to 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 and, if possible, address of their authorized representative; then, by requesting their authorised agent who ensures the management of their share account to send a written confirmation to BNP Paribas Securities Services – CTS - Assemblées Générales – Les Grands Moulins de Pantin 9, rue du Débarcadère – F-93761 Pantin Cedex.

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.

In order that the appointments or revocations of proxies notified electronically may be validly taken into account, confirmations must be received at the 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 the latest 3 calendar days before the date of the Meeting.

C. 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 French 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 French Commercial Code. The request must be accompanied by a confirmation of registration of an account.

Moreover, each request must be accompanied by the draft resolution proposed and can be completed by a short presentation of the resolution. The review by the General Meeting of points or draft resolutions submitted by shareholders is conditional to the registration of the shares at the latest on the second business day prior to the date of the General Meeting at 0:00 a.m – Paris time.

Under the conditions stipulated by Article R.225-85 of the French Commercial code, all shareholders have the possibility of addressing any questions they may wish to 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.

D. Shareholders' right to communications

All the documents and information provided for under Article R.225-73-1 of the French Commercial Code may be consulted on the Company's website: www.mersen.com from the twenty-first day preceding the Meeting, i.e. 26 April 2018.

The Board of Directors

PRESENTATION OF THE RESOLUTIONS

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1. Appropriation of net income for the year (third resolution)

The Board of Directors recommends paying a gross dividend of €0.75 per ordinary share (A shares) and a gross dividend of €0.075 per eligible preference share (B and C shares).

The ex-dividend date will be July 3, 2018.

If approved, the dividend will be payable on July 5, 2018 and will represent a total payout of approximately €15.5 million.

2. Re-election of a director (fifth resolution)

The term as director of Isabelle Azemard expires at the close of the Annual General Meeting.

On the recommendation of the Governance and Remuneration Committee, shareholders are invited to re-elect her for a further four-year term expiring at the close of the 2022 Annual General Meeting to be called to approve the 2021 financial statements.

Ms. Azemard is a graduate of the Institut Supérieur d'Électronique de Paris (ISEP) and the Institut des Hautes Études de la Défense Nationale. She spent her career at the Thales Group, including 20 years in sales and marketing management positions, primarily at the international level. Since 2013, she has been a consultant to business executives.

Having sought the opinion of the Governance and Remuneration Committee, the Board of Directors has decided that Ms. Azemard does not qualify as an independent director based on the criteria in the AFEP/MEDEF Corporate Governance Code because she represents Bpifrance Investissement, which is a shareholder of Mersen.

In 2017, she attended all of the meetings of the Board of Directors and the Governance and Remuneration Committee.

Membership of the Board of Directors

If Isabelle Azemard is re-elected as a director:

- 60% of directors will be qualified as independent based on all the criteria in the AFEP/MEDEF Corporate Governance Code to which Mersen refers, unchanged from the current ratio. The Company will therefore continue to comply with the Code's recommendations concerning the proportion of independent directors.
- 40% of directors will be women in accordance with the law, unchanged from the current ratio.

3. Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted for 2017 to Hervé Couffin, Chairman of the Board of Directors until May 18, 2017, Olivier Legrain, Chairman of the Board of Directors since May 18, 2017, and Luc Themelin, Chief Executive Officer (sixth to eighth resolutions)

Shareholders are invited to approve the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted for 2017 to Hervé Couffin, Chairman of the Board of Directors until May 18, 2017, Olivier Legrain, Chairman of the Board of Directors since May 18, 2017, and Luc Themelin, Chief Executive Officer, as presented in the Corporate Governance Report included in the 2017 Reference Document, pages 58 to 61.

4. Approval of the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional components making up the compensation package of the Chairman of the Board of Directors, the Chief Executive Officer and/or any other corporate officer (ninth and tenth resolutions)

Shareholders are invited to approve the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional components making up the compensation package of the Chairman of the Board of Directors, the Chief Executive Officer and/or any other corporate officer, as presented in the Corporate Governance Report included in the 2017 Reference Document, pages 33 to 36.

5. Proposal to renew the authorizations to carry out a stock repurchase program (eleventh resolution) and to reduce the Company's capital by canceling treasury stock (twelfth resolution)

In the eleventh resolution, shareholders are asked to authorize the Board of Directors for a period of 18 months, to purchase shares in the Company on one or more occasions and at the times that it deems appropriate. The number of shares held by the Company under this authorization may not be greater than 10% of the Company's capital and may be adjusted as necessary to take into account any capital increases or reductions that may occur during the term of the program.

The maximum acquisition price per share would be set at €65 and the maximum amount invested in the program would therefore be €134,140,760.

Shares could be acquired to:

- enhance trading in the secondary market or the liquidity of the Mersen share by engaging the services of an investment service provider under a liquidity contract that complies with the charter of ethics drawn up by the French Association of Financial and Investment Firms (*Association française des marchés financiers – AMAFI*) and approved under French law. For the purposes of the program, the number of shares taken into account to calculate the above-mentioned limit of 10% corresponds to the number of shares acquired, less the number of shares re-sold;
- hold the acquired shares in treasury and subsequently remit them as part of an exchange offer or in consideration for any acquisitions;
- cover share option and/or bonus share plans (or similar plans) allotted to Group employees and/or corporate officers, share allotments under company or group investment plans (or similar plans) or company profit-sharing plans and/or any other forms of share allotments to Group employees and/or corporate officers;
- cover securities conferring rights to allotments of shares in the Company, in accordance with applicable regulations;
- cancel the acquired shares, in accordance with the authorization granted or to be granted by the Extraordinary General Meeting.

The shares could be purchased by any means, including by way of block purchases, at the times that the Board of Directors deems appropriate.

The Company does not intend to use options or derivatives.

In 2017, the Company used the current resolution to purchase shares under the liquidity agreement with Exane BNP Paribas (an independent investment services provider) set up on February 25, 2005 which is automatically renewed annually. The purpose of the agreement, which complies with the AMAFI charter of ethics approved by the French Financial Markets Authority (*Autorité des marchés financiers – AMF*), is to guarantee that Mersen shareholders benefit from a liquid market for their shares and regularly quoted prices, without hindering the smooth operation of the market. At December 31, 2017, 24,673 shares and €1,288,229 in cash were held in the liquidity account.

The Company also used the current resolution to support the accelerated book build organized by Ardian and Sofina on March 15, 2018 by repurchasing 200,000 shares (representing just under 1% of the Company's capital) at the placement price of €35 per share, to help cover the Company's stock option and performance share plans.

For the application of the share cancellation objective of the stock repurchase program, shareholders are also asked to give the Board of Directors a 24-month authorization to cancel shares purchased or to be purchased under a stock repurchase program on one or more occasions, at its discretion. The number of shares canceled would not exceed 10% of the Company's capital as determined on the date the cancellation is decided, less any shares canceled during the previous 24 months. If this authorization were to be used, the Company's capital would be reduced by the aggregate nominal value of the canceled shares, in accordance with the applicable laws and regulations.

The Board of Directors could not use the stock repurchase authorization without prior authorization from the General Meeting from the date that a public offer for the Company's shares was filed by a third party until the end of the offer period.

This authorization would supersede the authorization granted to the Board of Directors by the Annual General Meeting of May 18, 2017 in its sixteenth ordinary resolution.

6. Financial authorizations

The Board of Directors would like to have the necessary authorizations to carry out the equity and debt issues that it considers necessary to fund business growth and implement a motivating employee share ownership policy in support of the Group's development.

For this reason, shareholders are asked to renew the financial authorizations that are due to expire at the end of the Annual General Meeting (issues with preferential subscription rights for existing shareholders, issues paid up

by capitalizing reserves, and takeover defense). Details of the current authorizations given by shareholders to the Board of Directors and their utilization are provided in the 2017 Reference Document, page 62.

Shareholders are also invited to give new financial authorizations to the Board of Directors to issue shares and other securities without preferential subscription rights for existing shareholders. The purpose of these authorizations is to enable the Board to carry out financial transactions on the most appropriate terms through a public offer or private placement.

Some of these authorizations concern issues which confer deferred rights to shares to be paid up in cash. Consequently, to comply with the applicable regulations in France, shareholders are asked to give an authorization to the Board to also issue shares to employees who are members of a company savings plan.

Lastly, with a view to pursuing the employee stock ownership policy, shareholders are asked to give the Board new authorizations to allot bonus ordinary and preference shares.

6.1 Delegation of authority for the Board of Directors to increase the Company's capital by capitalizing reserves, income and/or additional paid-in capital (thirteenth resolution)

The current delegation of authority to this effect, which expires this year, has not been used.

The delegation of authority to increase the capital by capitalizing reserves is the subject of a separate resolution (thirteenth resolution) from the delegation of authority to increase the capital by issuing shares for cash with preferential subscription rights for existing shareholders (fourteenth resolution).

Shareholders are asked to give the Board of Directors a new 26-month delegation of authority to increase the Company's capital by capitalizing reserves, income, additional paid-in capital or other capitalizable amounts, and issuing bonus shares and/or raising the nominal value of existing ordinary shares.

The aggregate amount by which the capital could be increased under this delegation of authority would be capped at €50 million (corresponding to approximately 121% of the Company's outstanding capital as of the date of this Meeting).

The Board of Directors could not use this delegation of authority without prior authorization from the General Meeting between the date that a public offer for the Company's shares was filed by a third party and the end of the offer period.

This delegation of authority would supersede the unused portion of any earlier authorization to the same effect.

6.2 Delegations of authority for the Board of Directors to issue ordinary shares and/or securities with and without preferential subscription rights for existing shareholders

Shareholders are invited to delegate their authority to the Board of Directors to issue shares for cash with and without preferential subscription rights for existing shareholders.

The purpose of these delegations of authority is to give the Board of Directors the necessary freedom to issue, at the times that it deems appropriate during the next 26 months:

- ordinary shares; and/or
- ordinary shares conferring rights to ordinary shares or debt securities; and/or
- securities conferring rights to new ordinary shares.

6.2.1 Delegation of authority for the Board of Directors to issue ordinary shares conferring rights to ordinary shares or debt securities and/or securities conferring rights to ordinary shares, with preferential subscription rights for existing shareholders (fourteenth resolution)

The current delegation of authority to this effect, which expires this year, has not been used.

The Board proposes that the aggregate nominal value of ordinary shares issued under the new delegation of authority should be capped at €15 million (corresponding to approximately 36% of the Company's outstanding capital as of the date of this Meeting). The nominal value of any shares to be issued to protect the rights of holders of securities conferring rights to shares of the Company in accordance with the law and any contractual adjustment clauses would not be taken into account for the purpose of determining compliance with this ceiling.

The above ceiling would be separate from all the ceilings specified in the other extraordinary resolutions of this Meeting.

The aggregate nominal value of debt securities issued pursuant to the new delegation of authority would be capped at €300 million.

In addition, debt securities issued under this delegation of authority would be deducted from the ceilings on debt securities issues set in the fifteenth and sixteenth resolutions (issues without preferential subscription rights carried out through a public offer or private placement).

Shareholders would have a preferential right to subscribe for issues carried out under this delegation of authority.

The Board of Directors could not use this delegation of authority without prior authorization from the General Meeting from the date that a public offer for the Company's shares was filed by a third party until the end of the offer period.

This delegation of authority would supersede the unused portion of any earlier authorization to the same effect.

6.2.2 Delegations of authority without preferential subscription rights

6.2.2.1 Delegation of authority for the Board of Directors to issue ordinary shares conferring rights to ordinary shares or debt securities and/or securities conferring rights to ordinary shares, through a public offer without preferential subscription rights but with a priority subscription period for existing shareholders (fifteenth resolution)

This delegation of authority would be used to carry out public offers of shares or other securities.

Shareholders would not have a preferential right to subscribe for the ordinary shares and securities conferring rights to ordinary shares issued pursuant to this delegation, but the Board of Directors would offer them the possibility of subscribing for the entire issue on a priority basis during at least five trading days before the public offer was launched, in accordance with the law.

The Board proposes that the aggregate nominal value of ordinary shares issued under this delegation of authority should be capped at €8 million (corresponding to approximately 19% of the Company's outstanding capital as of the date of this Meeting).

The nominal value of ordinary shares issued under this delegation of authority would be deducted from the ceiling on share issues set in the sixteenth and nineteenth resolutions (issues without preferential subscription rights, through private placements or in payment for shares of another company contributed to the Company).

The aggregate nominal value of debt securities issued under this delegation of authority would be capped at €300 million.

In addition, debt securities issued under this delegation of authority would be deducted from the ceilings on debt securities issues set in the fourteenth and sixteenth resolutions (issues with preferential subscription rights and without preferential subscription rights through a private placement).

The Board of Directors could not use this delegation of authority without prior authorization from the General Meeting from the date that a public offer for the Company's shares was filed by a third party until the end of the offer period.

6.2.2.2 Delegation of authority for the Board of Directors to issue ordinary shares conferring rights to ordinary shares or debt securities and/or securities conferring rights to ordinary shares, through a private placement without preferential subscription rights for existing shareholders (sixteenth resolution)

This delegation of authority concerns offers governed by Article L.411-2 II of the French Monetary and Financial Code (*Code monétaire et financier*).

Shareholders would not have a preferential right to subscribe for the ordinary shares or the securities conferring rights to ordinary shares issued pursuant to this delegation.

The Board proposes that the aggregate nominal value of ordinary shares issued under this delegation of authority should be capped at €4 million (corresponding to approximately 9.7% of the Company's outstanding capital as of the date of this Meeting).

The nominal value of ordinary shares issued under this delegation of authority would be deducted from the ceiling on share issues set in the fifteenth and nineteenth resolutions (issues without preferential subscription rights, through public offers or in payment for shares of another company contributed to the Company).

The aggregate nominal value of debt securities issued under this delegation of authority would be capped at €300 million.

In addition, debt securities issued under this delegation of authority would be deducted from the ceilings on debt securities issues set in the fourteenth and fifteenth resolutions (issues with preferential subscription rights and without preferential subscription rights through a public offer).

The Board of Directors could not use this delegation of authority without prior authorization from the General Meeting from the date that a public offer for the Company's shares was filed by a third party until the end of the offer period.

6.2.2.3 In the case of issues without preferential subscription rights, authorization for the Board of Directors to override the pricing rules set in the related resolution for issues representing the equivalent of no more than 10% of the capital per year (seventeenth resolution)

The Board of Directors proposes that for issues of ordinary shares or securities conferring rights to shares carried out through a public offer and/or a private placement without preferential subscription rights (*fifteenth and sixteenth resolutions*) that represent the equivalent of no more than 10% of the capital per year, it should be authorized to override the pricing rules specified in said resolutions and to set the issue price of the new equity instruments as follows:

The issue price of the equity instruments to be issued immediately or in the future would not represent less than one or other of the following amounts, at the Board of Directors' discretion:

- the Company's weighted average share price on the day preceding the pricing date, less a discount of up to 10%; or
- the average of the prices quoted for the Company's shares over five consecutive trading days selected from among the thirty trading days preceding the pricing date, less a discount of up to 10%.

The price override would give the Board a certain degree of flexibility in determining the discount when the issue was priced, depending on the transaction, prevailing market conditions and the average of the reference prices.

6.2.3 Authorization to increase the amount of any issues that are oversubscribed (greenshoe option) (eighteenth resolution)

The Board proposes that if any issues with and without preferential subscription rights referred to above (*fourteenth to sixteenth resolutions*) are oversubscribed, it should be authorized to increase the number of securities offered, provided that the relevant ceilings set by the General Meeting are not exceeded (greenshoe option).

The greenshoe option would be exercised during the 30 days following the initial subscription period. The issue could be increased by up to 15% and the additional shares or other securities would be offered at the same price as the initial issue. The greenshoe option would not be exercisable if it would result in the relevant ceilings set by the General Meeting being exceeded.

This authorization would supersede any earlier authorization to the same effect.

6.2.4 Delegation of authority for the Board of Directors to issue ordinary shares and/or securities conferring rights to shares in return for contributions in kind made to the Company comprising capital instruments and securities conferring rights to shares (nineteenth resolution)

To facilitate external growth transactions, shareholders are asked to give the Board of Directors a delegation of authority to increase the capital through the issue of ordinary shares and/or securities conferring rights to shares in return for contributions in kind made to the Company comprising capital instruments and securities conferring rights to shares.

This delegation of authority is being sought for a period of 26 months.

The aggregate nominal value of ordinary shares issued under this delegation of authority would be capped at the equivalent of 10% of the capital, not including the nominal value of any shares to be issued to protect the rights of holders of securities conferring rights to shares of the Company in accordance with the law and any contractual adjustment clauses.

The aggregate nominal value of ordinary shares issued under this delegation of authority would be deducted from the ceiling on share issues set in the fifteenth and sixteenth resolutions (issues without preferential subscription rights, through public offers or private placements).

The Board of Directors could not use this delegation of authority without prior authorization from the General Meeting from the date that a public offer for the Company's shares was filed by a third party until the end of the offer period.

This delegation of authority would supersede the unused portion of any earlier authorization to the same effect.

6.2.5 Delegation of authority for the Board of Directors to issue stock subscription warrants to be granted at no cost to shareholders in the event of a public offer for the Company's shares (twentieth resolution)

Shareholders are asked to give the Board of Directors a delegation of authority to issue warrants enabling their holders to subscribe on preferential terms to the Company's shares in the event of a hostile takeover bid for the Company. The warrants would automatically become null and void when the offer or any rival offer failed, became null and void or was withdrawn.

The purpose of this delegation of authority is to enable the Board to act in the best interests of the Company and its shareholders, not to defeat any takeover bid whatever the terms.

The ability to issue stock subscription warrants in the event of a hostile takeover bid is fully aligned with the interests of the Company and its shareholders as it would help to ensure that shareholders obtain the best price for their shares. Stock subscription warrants represent a valuable negotiating tool. They enable companies that are targets of a hostile bid to bring the bidder to the negotiating table and get them to increase their bid if it is judged to be too low.

This delegation of authority is being sought for a period of 18 months, on the same terms as that given at the Annual General Meeting of May 18, 2017.

The maximum number of stock subscription warrants that could be issued would be equal to the number of shares outstanding on the warrants' issue date and the aggregate nominal value of the shares to be issued upon exercise of the warrants would not exceed 25% of the Company's capital on that date.

Before this delegation of authority could be used, the Board of Directors would have to obtain the prior positive opinion of a committee made up of three independent directors specially appointed by the Board, which would be advised by a financial advisor appointed by the committee.

The Board would have to report, at the time of the issue, on the circumstances and reasons why it believes that the offer is not in the interests of the shareholders and justify the issuance of the warrants, as well as the financial and legal terms of the warrants.

This delegation of authority would automatically entail the waiver by shareholders of their preferential right to subscribe for the shares to be issued upon exercise of the warrants.

It would supersede the unused portion of any earlier delegation of authority to the same effect.

7. Authorizations and delegation of authority designed to promote employee share ownership

To enable the Board to continue to implement a motivating employee share ownership policy in support of the Group's development, shareholders are invited to renew the authorizations and delegations of authority to carry out employee share issues.

The resolutions concerned (*twenty-first and twenty-second resolutions*), which renew earlier shareholder authorizations, are designed to increase the proportion of the Company's capital held by employees and to give employees in all host countries a stake in the Group's success. As of December 31, 2017, approximately 1% of the Company's capital was held by current and former employees of the Group.

7.1 Delegation of authority to issue shares to members of a company savings plan (twenty-first resolution)

The twenty-first resolution would authorize the issuance of shares to employees who are members of a company savings plan.

Under this resolution, the General Meeting would delegate its authority to the Board of Directors to issue ordinary shares or securities conferring rights to shares on one or more occasions for subscription by members of one or several company or group savings plans set up by the Company in France.

In accordance with the law, existing shareholders would not have a preferential right to subscribe for the shares.

This delegation of authority is being sought for a period of 26 months.

The aggregate nominal value of shares issued pursuant to this delegation of authority would not exceed €400,000 and would be deducted from the ceiling on share issues set in the twenty-second resolution (issuance of shares to employees outside France who are not members of a company savings plan).

The shares would not be issued at a discount of more than 20% to the average of the opening prices quoted for the Company's shares over the 20 trading days that precede the Board's decision to carry out the share issue (30% in the case of shares subject to a holding period of at least ten years) or at a price in excess of this average.

The Board of Directors could allot new or existing bonus shares or securities conferring rights to shares to plan members (i) in respect of the employer matching payment due under the rules of the company or group savings plans, and/or (ii) in place of the discount.

The Board of Directors could not use this delegation of authority without prior authorization from the General Meeting from the date that a public offer for the Company's shares was filed by a third party until the end of the offer period.

This delegation of authority would supersede the unused portion of any earlier authorization to the same effect.

7.2 Delegation of authority to issue ordinary shares conferring rights to ordinary shares or debt securities and/or securities conferring rights to ordinary shares of the Company, for subscription by employees of Mersen group companies outside France who are not members of a company savings plan, without preferential subscription rights for existing shareholders (twenty-second resolution)

The purpose of this delegation of authority is to give the Board of Directors the necessary freedom to issue, for the amounts and at the times that it deems appropriate during the next 18 months:

- ordinary shares; and/or
- ordinary shares conferring rights to other ordinary shares or debt securities; and/or
- securities conferring rights to new ordinary shares.

Securities issued pursuant to this authorization could confer rights to new ordinary shares of any company that owns, directly or indirectly, more than half of the Company's capital or more than half of whose capital is owned, directly or indirectly, by the Company.

The aggregate nominal value of ordinary shares issued under this delegation of authority would not exceed €400,000.

The shares would be deducted from the ceiling on share issues set in the twenty-first resolution (issuance of shares to members of a company savings plan).

The issue price of the shares would be set by the Board of Directors at an amount (a) at least equal to 80% of the average of the opening prices quoted for the Company's shares on Euronext Paris over the 20 trading days that precede the Board's decision setting the opening date of the subscription period, in accordance with Articles L.3332-18 *et seq.* of the French Labor Code, or (b) equal to the price of the shares issued to members of a company savings plan pursuant to the twenty-first resolution of this General Meeting. However, the Board of Directors could reduce or waive the discount, at its discretion, to take into account such issues as local legal, accounting, tax and employment rules in the countries concerned.

Shareholders would waive their preferential right to subscribe for the ordinary shares or other securities conferring rights to shares to be issued pursuant to Article L.228-91 of the French Commercial Code, in favor of the following category of employees and corporate officers or the following organizations:

- (a) employees and corporate officers of Mersen group companies outside France that are related companies within the meaning of Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labor Code, to enable them to acquire shares in the Company; and/or
- (b) employee share ownership funds or other structures, which may or may not be separate legal entities, that invest in the Company's shares and issue units or shares to the persons referred to in (a) above; and/or
- (c) any bank or subsidiary of a bank acting at the Company's request for the purpose of setting up a share ownership or savings plan for the persons referred to in (a) above, if its intervention is required or useful to enable the employees or corporate officers referred to above to benefit from employee share ownership or savings formulas equivalent or similar to those available to other Mersen group employees in terms of financial benefits.

7.3 Authorization for the Board of Directors to allot existing or new shares at no cost to employees of the Company or related companies, waiver of shareholders' preferential subscription rights, duration of the authorization, ceiling, vesting period and holding period, waiver of these periods in the case of disability (twenty-third resolution)

Shareholders are invited to renew the authorization for the Board of Directors to allot bonus shares to employees of the Company or related companies or intercompany partnerships.

The beneficiaries may be employees of the Company or of companies or intercompany partnerships that are directly or indirectly related to the Company within the meaning of Article L.225-197-2 of the French Commercial Code. No bonus shares would be allotted to the members of the Board of Directors, the Chief Executive Officer, or any Chief Operating Officers. The Company has no plans to allot bonus ordinary shares to beneficiaries of bonus preference shares. No bonus shares would be allotted to employees of the Company or related companies

who hold over 10% of the Company's capital or whose interest in the Company's capital would exceed 10% if the bonus shares were added to their existing interest.

The number of bonus shares that could be allotted under this authorization is capped at 84,000 shares, representing approximately 0.4% of the Company's capital on the date of this Meeting.

The bonus shares would be subject to performance conditions determined by the Board of Directors based on average growth in EBITDA margin and average organic sales growth over a period of several years. As in 2017, the performance criteria include a target growth rate and a growth rate compared to a panel of comparable companies (excluding any companies in the panel that have recorded manifestly wild or abnormal fluctuations in their EBITDA margin over the period), with the bonus determined based on the most favorable amount of the two criteria.

The bonus shares would be subject to a vesting period that would be determined by the Board of Directors and would not be less than one year.

The vested bonus shares would be subject to a holding period that would be determined by the Board of Directors such that the vesting period and holding period together represented at least two years.

As an exception to this rule, the bonus shares would vest before the end of the vesting period if the beneficiary was classified as being disabled in Social Security category 2 or 3, as defined in Article L.341-4 of the French Social Security Code (*Code de la sécurité sociale*).

This authorization automatically entails the waiver by shareholders of the preferential right to subscribe for the new shares paid up by capitalizing reserves, additional paid-in capital and income.

The Board of Directors could not use this authorization without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period.

This authorization would supersede the unused portion of any earlier authorization to the same effect.

8. Authorization for the Board of Directors to allot bonus preference shares, creation of a category of preference shares and corresponding amendment of the Articles of Association (*twenty-fourth and twenty-fifth resolutions*)

8.1 Authorization to allot bonus preference shares (*twenty-fourth resolution*)

As in 2017, shareholders are invited to authorize the Board of Directors to allot bonus preference shares to employees of the Company or related companies or intercompany partnerships, and/or to certain corporate officers.

Subject to adoption of the twenty-fifth resolution (amendment of the Articles of Association describing the rights attached to preference shares), the Board is seeking a 38-month authorization to allot, on one or more occasions, for the amounts and in the periods it deems appropriate, bonus preference shares conferring the right to convert them into new or existing ordinary shares. The bonus preference shares would be allotted to all or certain categories of employees and corporate officers of the Company and/or companies or intercompany partnerships that are related to the Company within the meaning of Article L.225-197-2 of the French Commercial Code.

Shareholders are invited to authorize the Board of Directors to set up a bonus preference share plan ("E shares") for certain senior managers and corporate officers, and to amend the Articles of Association accordingly. A similar bonus preference share plan was approved at the last Annual General Meeting in 2017. The total number of ordinary shares that may result from the conversion of preference shares allotted under this authorization would not exceed 129,000 shares, the same number as in the resolution adopted at the Annual General Meeting of May 18, 2017.

- To encourage beneficiaries to contribute to the Company's long-term growth, the bonus preference shares would confer the right to convert them into a certain number of ordinary shares ("A shares") at the end of a pre-defined period, based on the average increase in the Mersen share price over the two-year period commencing two years after the allotment date of the preference shares and ending four years after, with the application of a cap on the related benefit, as described below.
- The profit earned by the beneficiaries would be capped at an amount corresponding to a 120% increase in the share price since the plan was set up (the "Initial Share Price") and their profit would be severely limited in the event of a fall in the share price over the same period. The cap on profit has been revised downwards (to 120% versus 150% for the 2016 and 2017 plans) to take into account the very significant gain of more than 80% in the share price observed in 2017, while still giving beneficiaries the opportunity to share in a further 20% increase in the price compared to its current level.
- The preference shares would also be subject to the performance conditions based on earnings per share (EPS) described below. The preference shares would therefore be subject to performance criteria concerning both EPS growth and long-term growth in the share price.

The maximum number of A shares that could result from the conversion of E shares allotted under this authorization would not exceed 129,000 shares, or 0.6% of the Company's capital of the Company as of the date of this Meeting. This number does not include any shares to be issued to protect the rights of beneficiaries of preference shares in accordance with the applicable laws and regulations and any contractual adjustment clauses.

The E shares would be subject to a vesting period and a holding period (in the case of beneficiaries who are French residents) and to the performance criteria described below.

The mechanism for allotting E shares would entail amending the Company's Articles of Association to include a description of the specific rights and restrictions attached to E shares and the rules for converting E shares into A shares. For this reason, the twenty-fourth resolution (allotment of E shares) and twenty-fifth resolution (amendment of the Articles of Association) are indissociable.

Vesting period and holding period applicable to preference shares (E shares)

The E shares allotted to beneficiaries who are French residents would vest at the end of a period of two years, provided that they remained an employee of the Company or a related company or intercompany partnership throughout this period. For non-resident beneficiaries, the vesting period would be four years. In the case of French residents, the vested preference shares would be subject to a two-year holding period during which they could not be converted or sold.

As in 2017, the Chief Executive Officer would be required to retain 30% of the shares arising from the conversion into ordinary shares, in an amount up to the equivalent of one year's fixed salary (gross).

Performance criteria applicable to preference shares (E shares)

E shares would vest at the end of the vesting period only if the performance conditions defined below were met.

The percentage of preference shares allotted to each beneficiary would depend on average EPS for 2018 and 2019 for criterion 1 or growth in the Group's average EPS for 2018 and 2019 compared to 2017 EPS for criterion 2, whichever is most favorable.

The reference 2017 EPS corresponds to the Group's reported 2017 EPS adjusted for exceptional items (€1.88).

The 2018 and 2019 EPS may be adjusted for exceptional items (see criteria calculation methods).

Criterion 1

- 0% if the average of the 2018 and 2019 EPS (adjusted if necessary) is below 1.88.
- 30% if the average of the 2018 and 2019 EPS (adjusted if necessary) is equal to 1.88.
- 100% if the average of the 2018 and 2019 EPS (adjusted if necessary) is equal to or greater than 2.20.

The achievement percentage is calculated at between 30% and 100% by linear interpolation if the average of the 2018 and 2019 EPS (adjusted if necessary) is between 1.88 and 2.20.

Criterion 2

- 0% if the growth of the Company's EPS (between the reference 2017 EPS and the average of the 2018 and 2019 EPS, adjusted if necessary) is less than the average growth of the Panel of Comparable Companies' EPS.
- 50% if the growth of the Company's EPS (between the reference 2017 EPS and the average of the 2018 and 2019 EPS, adjusted if necessary) is equal to the average growth of the Panel of Comparable Companies' EPS.
- 100% if the growth of the Company's EPS (between the reference 2017 EPS and the average of the 2018 and 2019 EPS, adjusted if necessary) is 15 percentage points greater than the average growth of the Panel of Comparable Companies' EPS.

The achievement percentage is calculated at between 50% and 100% by linear interpolation if the growth of the Company's EPS (between the reference 2017 EPS and the average of the 2018 and 2019 EPS, adjusted if necessary) exceeds the average growth of the Panel of Comparable Companies' EPS by less than 15 percentage points.

Criteria calculation method

The calculation of the percentages would be based on Mersen's published consolidated financial statements. However, in the event of abnormal variations during the period or of significant exceptional transactions occurring after allotment, the Board of Directors may, after obtaining the opinion of the Governance and Remuneration Committee, adjust the financial statements for these variations and/or exceptional items when calculating the allotment percentages for preference shares.

The Panel of Comparable Companies used for criterion 2 calculations would comprise 18 companies including Arkema, SA des Ciments Vicat, Imerys SA, Rexel SA, SEB SA, Nexans SA, Air Liquide SA, Schneider Electric, Saint Gobain, Legrand, ArcelorMittal, Ingenico, Essilor International, Manitou BF, ST Microelectronics NV, Tarkett, Somfi and Lisi. Based on the opinion of the Governance and Remuneration Committee and with the approval of the Board of Directors, companies that have recorded manifestly wild or abnormal fluctuations in EPS over the period may be withdrawn from the panel and replaced by other comparable companies.

Issuance of E shares would be decided by the Board of Directors based on the report of the auditor of special employee benefits.

Percentage of E shares allotted to corporate officers

No more than 20% of the E shares would be allotted to corporate officers. As ordinary shares and preference shares are different in nature, the percentage would be calculated based on the IFRS value of the allotments.

This authorization automatically entails the waiver by shareholders of their preferential right to subscribe for the preference shares to be issued under this resolution and for the ordinary shares to be issued upon conversion of the preference shares.

It would supersede the unused portion of any earlier authorization to the same effect.

8.2 Authorization to create a category of preference shares and amend the Articles of Association accordingly (twenty-fifth resolution)

Subject to the adoption and implementation of the twenty-fourth resolution of this Meeting (authorization to allot bonus preference shares), shareholders are asked to amend the Articles of Association to create a new category of preference shares and to reflect the allotment of these shares by the Board.

The new category of preference shares (E shares) would have the following characteristics as from the vesting date and would confer the right to convert them into ordinary shares based on a conversion ratio determined based on growth in the share price, applying the mechanism described in the Articles of Association.

Article 15, paragraph V, "Rights and Restrictions Specific to E shares"

V. Rights attached to E shares

E shares shall carry the same rights and obligations as those set forth in paragraph II of this article relating to B shares, which shall apply *mutatis mutandis*, subject to the following changes:

- The "Allotment Date" is defined as the date on which a bonus share allotment plan is adopted by the Board of Directors.

- The "Conversion Periods", i.e., the periods during which the E shares may be converted into A shares, cover the thirty (30) day period from (i) the fourth anniversary of the Allotment Date or (ii) the date falling four years and three months after the Allotment Date (the "Conversion Periods") based on a ratio ("the Conversion Ratio") determined based on the percentage difference between the Initial Share Price and the Final Share Price.

Where:

"N" is the "Conversion Ratio", i.e., the number of ordinary shares obtained on conversion of each E share, with rights to fractions of shares being forfeited such that the number of ordinary shares received by an E shareholder will be rounded down to the nearest whole number of shares.

- If $IP < FP$: $N = 10$

- If $IP < FP < \max FP$: $N = 10 + 600 \times (FP - IP) / FP$

- If $FP > \max FP$: $N = 10 + (\max FP \times 100) / FP$

"IP" is the "Initial Share Price", which is equal to the volume-weighted average of the opening prices quoted for the Company's ordinary shares over the 20 trading days preceding the "Allotment Date".

"FP" is the "Final Share Price", which is equal to the average opening prices of the ordinary shares between the second anniversary of the "Allotment Date" (included) and the beginning of the "Conversion Period" during which the E shareholders requested the conversion to ordinary shares (excluded).

"maxFP" is the "Maximum Final Share Price", which is equal to 120% of the "Initial Share Price".

- The maximum total number of A shares resulting from the conversion of E shares may not exceed 129,000 shares, not including any shares to be issued to protect the rights of E shareholders in accordance with the law and any contractual adjustment clauses.

9. Alignment of the Articles of Association (*twenty-sixth resolution*)

The Board of Directors proposes aligning the Articles of Association with certain provisions of the French Commercial Code:

- Article 4 concerning the transfer of headquarters.
- Article 11 *bis* replacing the clearing house with the central custodian.
- Article 25 concerning shareholder participation in General Meetings (record date).

The Board of Directors

DRAFT RESOLUTIONS

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Ordinary resolutions

First resolution – Approval of the parent company financial statements for the year ended December 31, 2017

Having considered the reports of the Board of Directors and the Statutory Auditors on the parent company financial statements for the year ended December 31, 2017, the General Meeting approves these financial statements, which show net income for the year of €18,137,206.78, as presented.

Second resolution – Approval of the consolidated financial statements for the year ended December 31, 2017

Having considered the reports of the Board of Directors and the Statutory Auditors on the consolidated financial statements for the year ended December 31, 2017, the General Meeting approves these financial statements, which show net income attributable to owners of the parent of €37,631,000, as presented.

Third resolution – Appropriation of net income for the year and payment of a dividend

The General Meeting approves the Board of Directors' recommendation and resolves to appropriate net income for the year ended 31 December 2017 as follows:

Income available for distribution

- Net income for the year	€18,137,206.78
- Retained earnings brought forward from prior year	€19,572.64

Appropriations

- To the statutory reserve	€0.00
- To other reserves	€2,679,000.00
- To the payment of dividends	€15,477,566.78
- To retained earnings	€212.64

The General Meeting notes that:

- a gross dividend of €0.75 will be paid on each ordinary share (A shares);
- a gross dividend of €0.075 will be paid on each eligible preference share (B and C shares).

In accordance with Article 200 A 2 of the French Tax Code (*Code général des impôts*), shareholders may elect to benefit from the 40% deduction referred to in Article 158-3-2 of the Code on the total amount of their dividend. Shareholders who do not make this election will be liable for the annual flat tax provided for in Article 200 A 1 of the Code.

The dividend will be detached from the share on July 3, 2018.

The dividend payment date will be July 5, 2018.

In the case of a change in the number of shares with rights to the dividend compared to (i) the 20,635,174 ordinary shares (A shares) and 317 B preference shares (B shares) issued and outstanding as of December 31, 2017 and (ii) any issues of C preference shares (C shares) before the ex-dividend date, the total amount to be distributed will be adjusted accordingly and the amount appropriated to retained earnings will be determined on the basis of the dividends actually paid.

In accordance with Article 243 *bis* of the French Tax Code, the General Meeting notes that it has been informed of the dividends paid in the last three years and the related revenues for shareholders, as follows:

FISCAL YEAR	REVENUE ELIGIBLE FOR THE DEDUCTION		REVENUE NOT ELIGIBLE FOR THE DEDUCTION
	DIVIDEND	OTHER DISTRIBUTIONS	
2014	€10,308,407* €0.50 per share	-	-
2015	€10,317,976* €0.50 per share	-	-
2016	€10,235,927* €0.50 per share	-	-

* Including dividends on treasury stock that were credited to retained earnings

Fourth resolution – Statutory Auditors’ special report on related-party agreements and commitments

Having considered the Statutory Auditors’ special report on related-party agreements and commitments governed by Articles L.225-38 *et seq.* of the French Commercial Code (*Code de commerce*), the General Meeting takes note of this report.

Fifth resolution – Re-election of Isabelle Azemard as a director

The General Meeting resolves to re-elect Isabelle Azemard as a director for a four-year term expiring at the close of the Annual General Meeting to be held in 2022 to approve the 2021 financial statements.

Sixth resolution – Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted for 2017 to Hervé Couffin, Chairman of the Board of Directors until May 18, 2017

In application of Article L.225-100 paragraph II of the French Commercial Code, the General Meeting approves the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted for 2017 to Hervé Couffin, Chairman of the Board of Directors until May 18, 2017, as presented in the Corporate Governance Report included in the 2017 Reference Document (chapter 2, Compensation and benefits in kind, paragraph 15).

Seventh resolution – Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted for 2017 to Olivier Legrain, Chairman of the Board of Directors since May 18, 2017

In application of Article L.225-100 paragraph II of the French Commercial Code, the General Meeting approves the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted for 2017 to Olivier Legrain, Chairman of the Board of Directors since May 18, 2017, as presented in the Corporate Governance Report included in the 2017 Reference Document (chapter 2, Compensation and benefits in kind, paragraph 14).

Eighth resolution – Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted for 2017 to Luc Themelin, Chief Executive Officer

In application of Article L.225-100 paragraph II of the French Commercial Code, the General Meeting approves the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted for 2017 to Luc Themelin, Chief Executive Officer, as presented in the Corporate Governance Report included in the 2017 Reference Document (chapter 2, Compensation and benefits in kind, paragraph 13).

Ninth resolution – Approval of the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional components making up the compensation package of the Chairman of the Board of Directors

In application of Article L.225-37-2 of the French Commercial Code, the General Meeting approves the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional components making up the 2018 compensation package of the Chairman of the Board of Directors, as presented in the report prepared in application of the final paragraph of Article L.225-37 of the Code, which is part of the Corporate Governance Report included in the 2017 Reference Document (chapter 2, Compensation and benefits in kind, paragraph 1).

Tenth resolution – Approval of the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional components making up the compensation package of the Chief Executive Officer and/or any other corporate officer

In application of Article L.225-37-2 of the French Commercial Code, the General Meeting approves the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional components making up the 2018 compensation package of the Chief Executive Officer and/or any other corporate officer, as presented in the report prepared in application of the final paragraph of Article L.225-37 of the Code, which is part of the Corporate Governance Report included in the 2017 Reference Document (chapter 2, Compensation and benefits in kind, paragraph 1).

Eleventh resolution – Authorization for the Board of Directors to repurchase shares of the Company under a program governed by Article L.225-209 of the French Commercial Code

Having considered the Board of Directors' report, the General Meeting authorizes the Board of Directors for a period of 18 months and in accordance with Articles L.225-209 *et seq.* of the French Commercial Code, to purchase shares in the Company on one or more occasions and at the times that it deems appropriate. The number of shares held by the Company under this authorization may not be greater than 10% of the Company's capital and may be adjusted as necessary to take into account any capital increases or reductions that may occur during the term of the program.

This authorization supersedes the authorization granted to the Board of Directors by the General Meeting of May 18, 2017 in its sixteenth ordinary resolution.

Shares may be acquired in order to:

- enhance trading in the secondary market or the liquidity of the Mersen share by engaging the services of an investment service provider under a liquidity contract that complies with the charter of ethics drawn up by the French Association of Financial and Investment Firms (*Association française des marchés financiers – AMAFI*) and approved under French law. For the purposes of the program, the number of shares taken into account to calculate the above-mentioned limit of 10% corresponds to the number of shares acquired, less the number of shares re-sold;
- cover share option and/or bonus share plans (or similar plans) allotted to Group employees and/or corporate officers, share allotments under company or group investment plans (or similar plans) or company profit-sharing plans and/or any other forms of share allotments to Group employees and/or corporate officers;
- cover securities conferring rights to allotments of shares in the Company, in accordance with applicable regulations;
- hold the acquired shares in treasury and subsequently remit them as part of an exchange offer or in consideration for any acquisitions;
- cancel the acquired shares, in accordance with the authorization granted or to be granted by the Extraordinary General Meeting.

The shares may be purchased by any means, including by way of block purchases, at the times that the Board of Directors deems appropriate.

The Company does not intend to use any options or derivatives.

The Board of Directors may not use this authorization without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period.

The maximum purchase price has been set at €65 per share. In the event of a transaction affecting the Company's capital, such as share splits or reverse splits and bonus share allotments to shareholders, the above amount will be adjusted in the same proportion (a coefficient of the ratio between the number of shares comprising the Company's capital before the transaction and the number of shares after the transaction).

The maximum amount of the stock purchase program has been set at €134,140,760.

The General Meeting grants full powers to the Board of Directors to carry out the stock purchase program, determine the conditions and procedures thereof, enter into any and all agreements and carry out all formalities.

Extraordinary resolutions

Twelfth resolution – Authorization for the Board of Directors to cancel shares repurchased under a program governed by Article L.225-209 of the French Commercial Code

Having considered the reports of the Board of Directors and the Statutory Auditors, the General Meeting:

- 1) Authorizes the Board of Directors to cancel shares purchased or to be purchased under a stock repurchase program governed by Article L.225-209 of the French Commercial Code in on one or more occasions, at its discretion. The number of shares canceled may not exceed 10% of the Company's capital as determined on the date the cancellation is decided, less any shares canceled during the previous 24 months. The Board of Directors shall be further authorized to reduce the Company's capital to reflect the cancellations, in accordance with the applicable laws and regulations.
- 2) Sets at 24 months the period during which this authorization may be used.
- 3) Resolves that the Board of Directors may not use this authorization without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period.
- 4) Gives full powers to the Board of Directors to carry out all transactions required in connection with the share cancellations and resulting capital reductions, to amend the Articles of Association to reflect the new capital and to carry out any and all necessary formalities.

- 5) Notes that this authorization supersedes, with immediate effect, the unused portion of any earlier authorization to the same effect.

Thirteenth resolution – Delegation of authority for the Board of Directors to increase the Company’s capital by capitalizing reserves, income and/or additional paid-in capital

Having considered the Board of Directors’ report, the General Meeting resolves, based on the quorum and majority voting rules applicable to ordinary general meetings and in accordance with Articles L.225-129-2 and L.225-130 of the French Commercial Code:

- 1) To delegate its authority to the Board of Directors to increase the Company’s capital on one or more occasions, at the times and on the terms that it deems appropriate, by capitalizing reserves, income, additional paid-in capital or other capitalizable amounts, and issuing bonus shares and/or raising the nominal value of existing ordinary shares.
- 2) That, in accordance with Article L.225-130 of the French Commercial Code, if the Board of Directors decides to use this delegation of authority to issue bonus shares, rights to fractions of shares will not be negotiable or transferable and that the corresponding shares will be sold and the sale proceeds allocated among the holders of rights to fractions of shares within the period specified in the applicable regulations.
- 3) That this delegation of authority is given for a period of 26 months from the date of this Meeting.
- 4) That the amount by which the capital may be increased under this delegation of authority shall not exceed fifty million euros (€50,000,000) excluding premiums and not including the nominal value of any shares to be issued to protect the rights of holders of securities conferring rights to shares of the Company in accordance with the law and any contractual adjustment clauses.

This ceiling is separate from all the ceilings specified in the other extraordinary resolutions of this Meeting.

- 5) That the Board of Directors may not use this delegation of authority without prior authorization from the General Meeting from the date that a public offer for the Company’s shares is filed by a third party until the end of the offer period.
- 6) That the Board of Directors shall have full powers to use this delegation of authority and generally to take any and all measures and carry out all formalities required to complete and place on record each capital increase, and amend the Articles of Association to reflect the new capital.
- 7) That this delegation of authority shall supersede, with immediate effect, the unused portion of any earlier delegation of authority to the same effect.

Fourteenth resolution – Delegation of authority for the Board of Directors to issue ordinary shares conferring rights to ordinary shares or debt securities (of the Company or another Group company) and/or securities (of the Company or another Group company) conferring rights to ordinary shares of the Company, with preferential subscription rights for existing shareholders

Having considered the Board of Directors’ report and the Statutory Auditors’ special report, the General Meeting resolves, in accordance with the French Commercial Code including Articles L.225-129-2, L.228-92 and L.225-132 *et seq.*:

- 1) To delegate its authority to the Board of Directors to issue, on one or more occasions, for the amounts and at the times that it deems appropriate, on the French and/or international market, in euros or, where applicable, in foreign currency or any monetary unit determined by reference to a basket of currencies:
 - ordinary shares; and/or
 - ordinary shares conferring rights to ordinary shares or debt securities; and/or
 - securities conferring rights to new ordinary shares.

In accordance with Article L.228-93 of the French Commercial Code, securities issued pursuant to this delegation of authority may confer rights to new ordinary shares of any company that owns, directly or indirectly, more than half of the Company’s capital or more than half of whose capital is owned, directly or indirectly, by the Company.

- 2) That this delegation of authority is given for a period of 26 months from the date of this Meeting.
- 3) That issues carried out by the Board of Directors pursuant to this delegation of authority shall be subject to the following limits:

The aggregate nominal value of ordinary shares issued under this delegation of authority shall not exceed fifteen million euros (€15,000,000).

The nominal value of any shares to be issued to protect the rights of holders of securities conferring rights to

shares of the Company in accordance with the law and any contractual adjustment clauses will not be taken into account for the purpose of determining compliance with this ceiling.

The above ceiling is separate from all the ceilings specified in the other extraordinary resolutions of this Meeting.

The aggregate nominal value of debt securities issued under this delegation of authority shall not exceed three hundred million euros (€300,000,000).

In addition, debt securities issued under this delegation of authority will be deducted from the ceilings on debt securities issues set in the fifteenth and sixteenth resolutions.

- 4) If the Board of Directors uses this delegation of authority to carry out any issues provided for in 1) above:
 - a/ That the shareholders shall have a preferential right to subscribe for the ordinary shares or debt securities conferring rights to shares pro rata to their interest in the Company's capital, including any ordinary shares or debt securities not taken up by other shareholders.
 - b/ That, if the entire issue is not taken up by shareholders exercising their preferential rights, the Board of Directors may choose any of the following courses of action:
 - limit the amount of the issue to the subscriptions received, provided that any minimum take-up rate set by the applicable regulations is met;
 - freely allocate all or some of the unsubscribed shares or securities;
 - offer all or some of the unsubscribed shares or securities to the public.
- 5) That the Board of Directors shall have the necessary powers, within the above limits, to set the terms and conditions of the issue(s) and the issue price, if applicable, place on record the resulting capital increase(s), amend the Articles of Association to reflect the new capital, at its discretion charge the share issuance costs against the related premium and deduct from the premium the amount necessary to raise the statutory reserve to one-tenth of the new capital after each increase, and generally do whatever is necessary.
- 6) That the Board of Directors may not use this delegation of authority without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period.
- 7) That this delegation of authority shall supersede the unused portion of any earlier delegation of authority to the same effect.

Fifteenth resolution – Delegation of authority for the Board of Directors to issue ordinary shares conferring rights to ordinary shares or debt securities (of the Company or another Group company) and/or securities (of the Company or another Group company) conferring rights to ordinary shares of the Company, through a public offer without preferential subscription rights but with a priority subscription period for existing shareholders

Having considered the Board of Directors' report and the Statutory Auditors' special report, the General Meeting resolves, in accordance with the French Commercial Code including Articles L.225-129-2, L.225-136, L.225-148 and L.228-92:

- 1) To delegate its authority to the Board of Directors to issue, on one or more occasions, for the amounts and at the times that it deems appropriate, through a public offer on the French and/or international market, in euros or, where applicable, in foreign currency or any monetary unit determined by reference to a basket of currencies:
 - ordinary shares; and/or
 - ordinary shares conferring rights to ordinary shares or debt securities; and/or
 - securities conferring rights to new ordinary shares.

The shares or other securities may be issued in payment for the shares or other securities of another company tendered to a public exchange offer launched by the Company that fulfills the conditions in Article L.225-148 of the French Commercial Code.

In accordance with Article L.228-93 of the French Commercial Code, securities issued pursuant to this delegation of authority may confer rights to new ordinary shares of any company that owns, directly or indirectly, more than half of the Company's capital or more than half of whose capital is owned, directly or indirectly, by the Company.

- 2) That this delegation of authority is given for a period of 26 months from the date of this Meeting.
- 3) The aggregate nominal value of ordinary shares issued under this delegation of authority shall not exceed eight million euros (€8,000,000).

The nominal value of any shares to be issued to protect the rights of holders of securities conferring rights to shares of the Company in accordance with the law and any contractual adjustment clauses will not be taken into account for the purpose of determining compliance with this ceiling.

The aggregate nominal value of ordinary shares issued under this delegation of authority will be deducted from the ceiling on share issues set in the sixteenth and nineteenth resolutions.

The aggregate nominal value of debt securities issued under this delegation of authority shall not exceed three hundred million euros (€300,000,000).

In addition, debt securities issued under this delegation of authority will be deducted from the ceilings on debt securities issues set in the fourteenth and sixteenth resolutions.

- 4) That shareholders shall not have a preferential right to subscribe for the ordinary shares and securities conferring rights to ordinary shares and/or debt securities issued pursuant to this delegation of authority but that the Board of Directors shall offer shareholders the possibility of subscribing for the entire issue on a priority basis during at least five trading days before the public offer is launched by the Board of Directors, in accordance with the law.
- 5) That the amount received by the Company, immediately or in the future, for each ordinary share issued pursuant to this delegation of authority shall be at least equal to the minimum amount stipulated in the applicable laws and regulations in force when the Board of Directors uses the delegation of authority. In the case of an issue of stand-alone warrants, said minimum amount will be determined after taking into account the price of the warrants.
- 6) That, if this delegation of authority is used to issue shares or other securities in payment for shares or other securities of another company tendered to a public exchange offer, the Board of Directors shall have the necessary powers, in accordance with Article L.225-148 of the French Commercial Code and within the limits specified above, to approve the list of shares or other securities tendered to the exchange offer, set the issue terms and conditions, the exchange ratio and – in the case of a paper and cash offer – the amount of the cash payment, and determine the issue method.
- 7) That, if an issue provided for in 1) above is not taken up in full, the Board of Directors may choose either of the following courses of action:
 - limit the amount of the issue to the subscriptions received, provided that any minimum take-up rate set by the applicable regulations is met;
 - freely allocate all or some of the unsubscribed shares or securities.
- 8) That the Board of Directors shall have the necessary powers, within the above limits, to set the terms and conditions of the issue(s), if applicable, place on record the resulting capital increase(s), amend the Articles of Association to reflect the new capital, at its discretion charge the share issuance costs against the related premium and deduct from the premium the amount necessary to raise the statutory reserve to one-tenth of the new capital after each increase, and generally do whatever is necessary.
- 9) That the Board of Directors may not use this delegation of authority without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period.

Sixteenth resolution – Delegation of authority for the Board of Directors to issue ordinary shares conferring rights to ordinary shares or debt securities (of the Company or another Group company) and/or securities (of the Company or another Group company) conferring rights to ordinary shares of the Company, through an offer governed by Article L.411-2 II of the French Monetary and Financial Code (*Code monétaire et financier*) without preferential subscription rights for existing shareholders

Having considered the Board of Directors' report and the Statutory Auditors' special report, the General Meeting resolves, in accordance with the French Commercial Code including Articles L.225-129-2, L.225-136 and L.228-92:

- 1) To delegate its authority to the Board of Directors to issue, on one or more occasions, for the amounts and at the times that it deems appropriate, through an offer governed by Article L.411-2 II of the French Monetary and Financial Code on the French and/or international market, in euros or, where applicable, in foreign currency or any monetary unit determined by reference to a basket of currencies:
 - ordinary shares; and/or
 - ordinary shares conferring rights to ordinary shares or debt securities; and/or
 - securities conferring rights to new ordinary shares.

In accordance with Article L.228-93 of the French Commercial Code, securities issued pursuant to this delegation of authority may confer rights to new ordinary shares of any company that owns, directly or

indirectly, more than half of the Company's capital or more than half of whose capital is owned, directly or indirectly, by the Company.

- 2) That this delegation of authority is given for a period of 26 months from the date of this Meeting.
- 3) The aggregate nominal value of ordinary shares issued under this delegation of authority shall not exceed either four million euros (€4,000,000) or the equivalent of 20% of the capital per year.

The nominal value of any shares to be issued to protect the rights of holders of securities conferring rights to shares of the Company in accordance with the law and any contractual adjustment clauses will not be taken into account for the purpose of determining compliance with this ceiling.

The aggregate nominal value of ordinary shares issued under this delegation of authority will be deducted from the ceiling on share issues set in the fifteenth and nineteenth resolutions.

The aggregate nominal value of debt securities issued under this delegation of authority shall not exceed three hundred million euros (€300,000,000).

In addition, debt securities issued under this delegation of authority will be deducted from the ceilings on debt securities issues set in the fourteenth and fifteenth resolutions.

- 4) That shareholders shall not have a preferential right to subscribe for the ordinary shares or securities conferring rights to ordinary shares and/or debt securities issued under this delegation of authority.
- 5) That the amount received by the Company, immediately or in the future, for each ordinary share issued pursuant to this delegation of authority shall be at least equal to the minimum amount stipulated in the applicable laws and regulations in force when the Board of Directors uses the delegation of authority. In the case of an issue of stand-alone warrants, said minimum amount will be determined after taking into account the price of the warrants.
- 6) That, if an issue provided for in 1) above is not taken up in full, the Board of Directors may choose either of the following courses of action:
 - limit the amount of the issue to the subscriptions received, provided that any minimum take-up rate set by the applicable regulations is met;
 - freely allocate all or some of the unsubscribed shares or securities.
- 7) That the Board of Directors shall have the necessary powers, within the above limits, to set the terms and conditions of the issue(s), if applicable, place on record the resulting capital increase(s), amend the Articles of Association to reflect the new capital, at its discretion charge the share issuance costs against the related premium and deduct from the premium the amount necessary to raise the statutory reserve to one-tenth of the new capital after each increase, and generally do whatever is necessary.
- 8) That the Board of Directors may not use this delegation of authority without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period.

Seventeenth resolution – Method of setting the issue price for issues without preferential subscription rights representing the equivalent of up to 10% of the capital per year

Having considered the Board of Directors' report and the Statutory Auditors' special report, the General Meeting resolves, in accordance with Article L.225-136-1 paragraph 2 of the French Commercial Code, that for issues of ordinary shares or securities conferring rights to shares carried out pursuant to the fifteenth and sixteenth resolutions and representing the equivalent of no more than 10% of the capital per year, the Board of Directors shall be authorized to override the pricing rules specified in said resolutions and to set the issue price of the new equity instruments as follows:

The issue price of the equity instruments to be issued immediately or in the future shall not represent less than one or other of the following amounts, at the Board's discretion:

- the Company's weighted average share price on the day preceding the pricing date, less a discount of up to 10%; or
- the average of the prices quoted for the Company's shares over five consecutive trading days selected from among the 30 trading days preceding the pricing date, less a discount of up to 10%.

Eighteenth resolution – Authorization to increase the amount of any issues that are oversubscribed (greenshoe option)

Having considered the Board of Directors' report, the General Meeting resolves that for each issue of ordinary shares or securities conferring rights to shares decided pursuant to the fourteenth to sixteenth resolutions, if the issue is oversubscribed, the number of securities to be issued may be increased subject to compliance with Articles L.225-135-1 and R.225-118 of the French Commercial Code and the ceilings set by the General Meeting.

Nineteenth resolution – Delegation of authority to the Board of Directors to increase the capital by up to 10% through the issue of ordinary shares and/or securities conferring rights to shares in return for contributions in kind made to the Company comprising capital instruments and securities conferring rights to shares

Having considered the reports of the Board of Directors and the Statutory Auditors, the General Meeting resolves, in accordance with Articles L.225-147 and L.228-92 of the French Commercial Code:

- 1) To delegate its authority to the Board of Directors to issue, based on the report of an expert appraiser of capital contributions, ordinary shares or securities conferring rights to shares in return for contributions in kind made to the Company comprising capital instruments and securities conferring rights to shares, in a transaction that falls outside the scope of Article L.225-148 of the French Commercial Code.
- 2) That this delegation of authority is given for a period of 26 months from the date of this Meeting.
- 3) That the amount by which the capital may be increased under this delegation of authority shall be capped at the equivalent of 10% of the capital on the date of this Meeting, excluding premiums and not including the nominal value of any shares to be issued to protect the rights of holders of securities conferring rights to shares of the Company in accordance with the law and any contractual adjustment clauses.

The aggregate nominal value of ordinary shares issued under this delegation of authority will be deducted from the ceiling on share issues set in the fifteenth and sixteenth resolutions.

- 4) That the Board of Directors shall have full powers to approve the value attributed to the contributed capital instruments and securities conferring rights to shares, decide and place on record the resulting capital increase, charge the share issuance costs against the related premium and deduct from the premium the amount necessary to raise the statutory reserve to one-tenth of the new capital after each increase, amend the Articles of Association to reflect the new capital, and generally do whatever is necessary.
- 5) That the Board of Directors may not use this delegation of authority without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period.
- 6) That this delegation of authority shall supersede the unused portion of any earlier delegation of authority to the same effect.

Twentieth resolution – 18-month delegation of authority for the Board of Directors to issue stock subscription warrants to be granted at no cost to shareholders in the event of a public offer for the Company's shares

Having considered the Board of Directors' report and the Statutory Auditors' special report, the General Meeting resolves, based on the quorum and majority voting rules applicable to ordinary general meetings specified in Article L.225-98 of the French Commercial Code and in accordance with Article L.233-32 II of the Code, in the event of a public offer for the Company's shares:

- 1) To delegate its authority to the Board of Directors to issue, on one or more occasions, warrants enabling their holders to subscribe on preferential terms to the Company's shares and their allotment free of charge to all Company shareholders with this status prior to the expiry of the public offer. The warrants will automatically become null and void when the offer or any rival offer fails, becomes null and void or is withdrawn. Any warrants that become null and void by virtue of the law will not be taken into account for the calculation of the maximum number of warrants that may be issued as specified below.
- 2) That:
 - the maximum number of stock subscription warrants that may be issued shall be equal to the number of shares outstanding on the warrants' issue date; and
 - the aggregate nominal value of the shares to be issued upon exercise of the warrants shall not exceed 25% of the Company's capital on the issue date of the warrants.

The above limit does not include the nominal value of any shares to be issued to protect the rights of the warrant holders in accordance with the applicable laws and regulations and any contractual adjustment clauses.

- 3) That, before this delegation of authority may be used, the Board of Directors shall obtain the prior positive opinion of a committee made up of three (3) independent directors specially appointed by the Board, which shall be advised by a financial advisor appointed by the committee.

The Board will have to report, at the time of the issue, on the circumstances and reasons why it believes that the offer is not in the interests of the shareholders and justify the issuance of the warrants, as well as the financial and legal terms of the warrants.

- 4) That this delegation of authority shall automatically entail the waiver by shareholders of their preferential right to subscribe for the ordinary shares to be issued upon exercise of the warrants.
- 5) That the Board of Directors shall have full powers, including the power of subdelegation in accordance with the law and the Company's Articles of Association, to use this delegation of authority and to:
- set the terms and conditions for the issue of stock subscription warrants and their allotment free of charge to Company shareholders, postpone or cancel the issue, and determine the number of warrants to be issued;
 - set the exercise terms and conditions, which shall relate to the terms of the public offer or any rival offer, as well as the other characteristics of the warrants, including the exercise price or pricing method;
 - set the terms of the capital increase resulting from the exercise of the warrants;
 - set the cum rights date of the shares to be issued upon exercise of the warrants, which may be retroactive, and, at the Board's discretion, charge the share issuance costs against the related premium and deduct from the premium the amount necessary to raise the statutory reserve to one-tenth of the new capital and have the new securities listed on the stock market;
 - decide the method by which the rights of warrant holders will be protected, if necessary, in accordance with the applicable laws and regulations and any contractual adjustment clauses;
 - generally, determine all other characteristics and terms of any transaction decided pursuant to this delegation of authority, take any and all measures, enter into any and all agreements and carry out all formalities required to complete the transactions, place on record each capital increase resulting from the exercise of warrants, and amend the Articles of Association to reflect the new capital.
- 6) That this delegation of authority is given for a period of 18 months from the date of this Meeting and shall supersede the unused portion of any earlier delegation of authority to the same effect.

Twenty-first resolution – Delegation of authority for the Board of Directors to increase the capital by issuing ordinary shares and/or securities conferring rights to shares to members of a company savings plan governed by Articles L.3332-18 *et seq.* of the French Labor Code (*Code du travail*), without preferential subscription rights for existing shareholders

Having considered the Board of Directors' report and the Statutory Auditors' special report, the General Meeting resolves, in accordance with Articles L.225-129-6, L.225-138-1 and L.228-92 of the French Commercial Code and L.3332-18 *et seq.* of the French Labor Code:

- 1) To delegate its authority to the Board of Directors to decide, at its discretion, to issue ordinary shares or securities conferring rights to new shares on one or more occasions for subscription by members of one or several company or group savings plans set up by the Company and/or French or foreign related companies, in accordance with Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labor Code.
- 2) That this delegation of authority shall entail the waiver, in favor of plan members, of shareholders' preferential right to subscribe for the shares that may be issued pursuant to this delegation of authority.
- 3) To set at 26 months the period during which this delegation of authority may be used.
- 4) That the aggregate nominal value of shares issued pursuant to this delegation of authority shall not exceed four hundred thousand euros (€400,000) and shall be deducted from the ceiling on share issues set in the twenty-second resolution. The nominal value of any shares to be issued to protect the rights of holders of securities conferring rights to shares of the Company in accordance with the law and any contractual adjustment clauses will not be taken into account for the purpose of determining compliance with this ceiling.
- 5) That the shares to be issued under paragraph 1) of this delegation of authority shall not be issued at a discount of more than 20% to the average of the opening prices quoted for the Company's shares over the 20 trading days that precede the Board of Directors' decision to carry out the share issue, or 30% in the case of shares subject to a vesting period of at least ten years in accordance with Articles L.3332-25 and L.3332-26 of the French Labor Code, or at a price in excess of this average.
- 6) That, in accordance with Article L.3332-21 of the French Labor Code, the Board of Directors may grant existing or new bonus shares or securities conferring rights to shares to plan members described in 1) above (i) in

respect of the employer matching payment due under the rules of the company or group savings plans, and/or (ii) in place of the discount.

- 7) That the Board of Directors may not use this delegation of authority without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period.
- 8) That this delegation of authority shall supersede the unused portion of any earlier delegation of authority to the same effect.

The Board of Directors may decide to use or not to use this delegation of authority, and shall take any and all measures and carry out any and all formalities that may be necessary.

Twenty-second resolution – Delegation of authority for the Board of Directors to issue ordinary shares conferring rights to ordinary shares or debt securities (of the Company or another Group company) and/or securities (of the Company or another Group company) conferring rights to ordinary shares of the Company, for subscription by employees of Mersen group companies outside France who are not members of a company savings plan, without preferential subscription rights for existing shareholders

Having considered the Board of Directors' report and the Statutory Auditors' special report, the General Meeting resolves, in accordance with the French Commercial Code including Articles L.225-129-2, L.225-138 and L.228-92:

- 1) To delegate its authority to the Board of Directors to issue, on one or more occasions, for the amounts and at the times that it deems appropriate, in France or outside France, to the category of employees and corporate officers defined below, without preferential subscription rights for existing shareholders:
 - ordinary shares; and/or
 - ordinary shares conferring rights to ordinary shares or debt securities; and/or
 - securities conferring rights to new ordinary shares.

In accordance with Article L.228-93 of the French Commercial Code, securities issued pursuant to this delegation of authority may confer rights to new ordinary shares of any company that owns, directly or indirectly, more than half of the Company's capital or more than half of whose capital is owned, directly or indirectly, by the Company.

- 2) That this delegation of authority is given for a period of 18 months from the date of this Meeting.
- 3) That the aggregate nominal value of ordinary shares issued under this delegation of authority shall not exceed four hundred thousand euros (€400,000).

The nominal value of any shares to be issued to protect the rights of holders of securities conferring rights to shares of the Company in accordance with the law and any contractual adjustment clauses will not be taken into account for the purpose of determining compliance with this ceiling.

The aggregate nominal value of shares issued under this delegation of authority will be deducted from the ceiling on share issues set in the twenty-first resolution.

- 4) That, in accordance with Article L.225-138 of the French Commercial Code, the issue price of the ordinary shares issued under this delegation of authority will be set by the Board of Directors such that the issue price shall be (a) at least equal to 80% of the average of the opening prices quoted for the Company's shares on Euronext Paris over the 20 trading days that precede the Board's decision setting the opening date of the subscription period, in accordance with Articles L.3332-18 *et seq.* of the French Labor Code, or (b) equal to the price of the shares issued to members of a company savings plan pursuant to the twenty-first resolution of this General Meeting. However, the Board of Directors shall be expressly authorized to reduce or waive the discount, at its discretion, to take into account such issues as local legal, accounting, tax and employment rules in the countries concerned.
- 5) To waive shareholders' preferential right to subscribe for the ordinary shares or other securities conferring rights to shares to be issued pursuant to Article L.228-91 of the French Commercial Code, in favor of the following category of employees and corporate officers or the following organizations:
 - (a) employees and corporate officers of Mersen group companies outside France that are related companies within the meaning of Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labor Code, to enable them to acquire shares in the Company; and/or
 - (b) employee share ownership funds or other structures, which may or may not be separate legal entities, that invest in the Company's shares and issue units or shares to the persons referred to in (a) above; and/or

- (c) any bank or subsidiary of a bank acting at the Company's request for the purpose of setting up a share ownership or savings plan for the persons referred to in (a) above, if its intervention is required or useful to enable the employees or corporate officers referred to above to benefit from employee share ownership or savings formulas equivalent or similar to those available to other Mersen group employees in terms of financial benefits.
- 6) That, if an issue provided for in 1) above is not taken up in full, the Board of Directors may choose either or both of the following courses of action, in the order of its choice:
- limit the amount of the issue to the subscriptions received, provided that any minimum take-up rate set by the applicable regulations is met;
 - freely allocate all or some of the unsubscribed shares or securities among the category of employees and corporate officers defined above.
- 7) That the Board of Directors shall have full powers to use this delegation of authority and to:
- a) decide the terms and conditions of the issue(s);
 - b) draw up the list of eligible employees and corporate officers in the category defined above;
 - c) decide the number of shares or securities to be allocated to each employee and corporate officer;
 - d) decide the amount of the issue, the issue price and the amount of any issue premium;
 - e) set the dates and terms of issue, and the type, form and characteristics of the securities, which may be dated or undated and subordinated or unsubordinated;
 - f) determine the method by which the shares and/or other securities issued or to be issued are to be paid up;
 - g) set the terms of exercise of any rights attached to the securities issued or to be issued, including the new shares' cum rights date, which may be retroactive, and all other terms and conditions of issue;
 - h) suspend exercise of the rights attached to the securities, if necessary, for a maximum of three months;
 - i) at the Board's discretion, charge the share issuance costs against the related premium and deduct from the premium the amount necessary to raise the statutory reserve to one-tenth of the new capital after each capital increase;
 - j) place each capital increase on record and amend the Articles of Association to reflect the new capital;
 - k) make any and all adjustments that may be required in accordance with the law and decide the method of protecting the rights of holders of securities with deferred rights to shares as applicable;
 - l) generally, enter into any and all agreements, take any and all measures and carry out all formalities in relation to the issue and servicing of the securities issued pursuant to this delegation of authority and the exercise of the rights attached thereto, and generally do whatever is necessary.
- 8) That the Board of Directors may not use this delegation of authority without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period.
- 9) That the Board of Directors shall report to the next Ordinary General Meeting on the use made of this delegation of authority, in accordance with the applicable laws and regulations.
- 10) That this delegation of authority shall supersede the unused portion of any earlier delegation of authority to the same effect.

Twenty-third resolution – Authorization for the Board of Directors to allot bonus shares to employees

Having considered the Board of Directors' report and the Statutory Auditors' special report, the General Meeting resolves, in accordance with Articles L.225-197-1 and L.225-197-2 of the French Commercial Code, to allot, on one or more occasions, existing or new ordinary shares at no cost to employees of the Company or companies or intercompany partnerships that are directly or indirectly related to the Company within the meaning of Article L.225-197-2 of the French Commercial Code.

No bonus shares may be allotted to the members of the Board of Directors, the Chief Executive Officer, the Chief Operating Officers or beneficiaries of bonus preference shares. In addition, no bonus shares may be allotted to employees of the Company or related companies who hold over 10% of the Company's capital or whose interest in the Company's capital would exceed 10% if the bonus shares were added to their existing interest.

The number of bonus shares that may be allotted under this authorization is capped at 84,000 shares, representing approximately 0.4% of the Company's capital on the date of this Meeting.

The bonus shares will be subject to a vesting period that will be determined by the Board of Directors and will not be less than one year.

The vested bonus shares will be subject to a holding period that will be determined by the Board of Directors such that the vesting period and holding period together represent at least two years.

As an exception to this rule, the bonus shares will vest before the end of the vesting period if the beneficiary is classified as being disabled in Social Security category 2 or 3, as defined in Article L.341-4 of the French Social Security Code (*Code de la sécurité sociale*).

The Board of Directors shall have full powers to:

- Set the terms and conditions and any performance or other criteria for the share allotments.
- Prepare the list of beneficiaries and the number of shares allotted to each one.
- If applicable:
 - note the existence of adequate reserves and, for each allotment, transfer to a restricted reserve account the sums necessary to pay up the new shares allotted under the plan;
 - when the shares vest, decide the capital increase(s) to be paid up by capitalizing reserves, additional paid-in capital or income;
 - purchase the required number of shares under the stock repurchase program and allocate them to the bonus share plan;
 - determine the impact on the beneficiaries' rights of transactions affecting the capital or that may affect the value of the allotted shares that may be carried out during the vesting period, and modify or adjust as necessary the number of shares allotted in order to protect the beneficiaries' rights;
 - take all appropriate measures to ensure that beneficiaries comply with the holding requirement, if any;
 - generally do everything necessary under the applicable legislation to implement this authorization.

The Board of Directors may not use this authorization without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period.

This authorization automatically entails the waiver by shareholders of the preferential right to subscribe for the new shares paid up by capitalizing reserves, additional paid-in capital and income.

It is given for a period of 38 months from the date of this Meeting.

This authorization supersedes the unused portion of any earlier authorization to the same effect.

Twenty-fourth resolution – 38-month authorization for the Board of Directors to allot bonus preference shares

Having considered the Board of Directors' report and the Statutory Auditors' special reports, the General Meeting resolves, in accordance with Articles L.225-197-1 *et seq.* of the French Commercial Code:

- 1) Subject to adoption of the twenty-fifth resolution, to authorize the Board of Directors to allot, on one or more occasions, for the amounts and in the periods it deems appropriate, bonus preference shares conferring the right to convert them into new or existing ordinary shares to all or certain categories of employees and corporate officers of the Company and/or companies or intercompany partnerships that are directly or indirectly related to the Company within the meaning of Article L.225-197-2 of the French Commercial Code. The rights attached to the preference shares are established in the Company's Articles of Association.
- 2) That the total number of ordinary shares that may result from the conversion of preference shares allotted under this authorization shall not exceed 129,000 shares, representing approximately 0.6% of the Company's capital as of the date of this Meeting. The nominal value of any ordinary shares to be issued to protect the rights of holders of preference shares in accordance with the law and any contractual adjustment clauses will not be taken into account for the purpose of determining compliance with this ceiling.
- 3) That this authorization may be used to allot new preference shares to the Company's Chief Executive Officer and any Chief Operating Officers, subject to compliance with Article L.225-197-6 of the French Commercial Code.

- 4) That:
- preference shares allotted to French residents will be subject to a vesting period that will be determined by the Board of Directors and will not be less than two years. Vested preference shares allotted to French residents will be subject to a holding period that will be determined by the Board of Directors and will not be less than two years;
 - preference shares allotted to foreign residents will be subject to a vesting period that will be determined by the Board of Directors and will not be less than four years. In this case, the vested preference shares will not be subject to any holding period.
- 5) That the Board of Directors shall determine the criteria and conditions for allotting preference shares, preparing the list of beneficiaries and the number of preference shares to be allotted to each one, and shall make the allotments.
- 6) That the allotted preference shares shall be subject to performance criteria to be determined by the Board of Directors and that the Board shall decide on the number of ordinary shares resulting from conversion of preference shares that corporate officers will be required to hold in registered form for as long as they remain in office.
- 7) That the preference shares will vest before the end of the vesting period if the beneficiary is classified as being disabled in Social Security category 2 or 3, as defined in Article L.341-4 of the French Social Security Code.
- 8) That this authorization automatically entails the waiver by shareholders of their preferential right to subscribe for the preference shares to be issued under this authorization and for the ordinary shares to be issued upon conversion of the preference shares.
- 9) That the Board of Directors shall have full powers, including the power of subdelegation in accordance with the law and the Company's Articles of Association, to use this authorization and to:
- decide the number of preference shares to be issued and their cum rights date;
 - decide the conditions governing the issue of the preference shares, within the limits set by law;
 - decide the method by which the rights of holders of securities conferring rights to shares will be protected, if necessary, in accordance with the applicable laws and regulations and any contractual adjustment clauses;
 - place each issue of preference shares on record and amend the Articles of Association accordingly;
 - place on record the conversion of preference shares into ordinary shares in accordance with the Articles of Association, place on record the related capital increase(s), if any, paid up by capitalizing reserves, and amend the Articles of Association accordingly;
 - carry out all transactions and formalities made necessary by the capital increase(s).
- 10) That the Board of Directors may not use this authorization without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period.
- 11) That this authorization is given for a period of 38 months from the date of this Meeting and supersedes the unused portion of any earlier authorization to the same effect.

The Board of Directors will report each year to the General Meeting on the transactions carried out under this authorization, as required by the applicable laws and regulations including Article L.225-197-4 of the French Commercial Code.

Twenty-fifth resolution – Authorization to create a category of preference shares and amend the Articles of Association accordingly

Having considered the Board of Directors’ report and the Statutory Auditors’ special report, the General Meeting resolves, subject to adoption of the twenty-fourth resolution of this Meeting and its implementation by the Board of Directors, to adopt the amendments to the Articles of Association described below following the creation of new preference shares with the characteristics described below (E shares) as from their vesting date, and to:

1) Amend Article 6 of the Company’s Articles of Association as follows:

a. Amend the second paragraph of Article 6 of the Articles of Association as follows:

(old wording)	(new wording)
There are four categories of shares:	There are five categories of shares:

b. Insert the paragraph below before the final paragraph of Article 6 of the Articles of Association (the Board of Directors may increase the number of E shares, depending on the number of E shares that vest at the end of the vesting period):

(old wording)	(new wording)
	- [●] ([●]) shares in category E (“E shares”), which are preference shares issued in accordance with Articles L.228-11 <i>et seq.</i> of the French Commercial Code.

c. Amend the final paragraph of Article 6 of the Articles of Association as follows:

(old wording)	(new wording)
In these Articles of Association, the A shares, B shares, C shares and D shares are collectively referred to as “the shares”, the holders of A shares as “A shareholders”, the holders of B shares as “B shareholders”, the holders of C shares as “C shareholders”, the holders of D shares as “D shareholders”, and the A shareholders, B shareholders, C shareholders and D shareholders collectively as “the shareholders”.	In these Articles of Association, the A shares, B shares, C shares, D shares and E shares are collectively referred to as “the shares”, the holders of A shares as “A shareholders”, the holders of B shares as “B shareholders”, the holders of C shares as “C shareholders”, the holders of D shares as “D shareholders”, the holders of E shares as “E shareholders” and the A shareholders, B shareholders, C shareholders, D shareholders and E shareholders collectively as “the shareholders”.

2) Amend the first paragraph of Article 11 of the Company’s Articles of Association as follows, with the rest of the article unchanged:

(old wording)	(new wording)
Fully paid-up A shares may be held in bearer or registered form, at the choice of their holder. Fully paid-up B, C and D shares are registered.	Fully paid-up A shares may be held in bearer or registered form, at the choice of their holder. Fully paid-up B, C, D and E shares are registered.

3) Amend Article 13 of the Company's Articles of Association as follows:

(old wording)	(new wording)
A shares are freely negotiable. B, C and D shares are transferable under the terms and conditions set forth in Article 15.	A shares are freely negotiable. B, C, D and E shares are transferable under the terms and conditions set forth in Article 15.

4) Amend Article 15 of the Articles of Association by adding at the end of this article a new paragraph V, "Rights and Restrictions Specific to E shares", as follows:

(new wording)
<p>V. Rights and Restrictions Specific to E shares</p> <p>E shares shall carry the same rights and obligations as those set forth in this article relating to B shares, which shall apply <i>mutatis mutandis</i>, subject to the following changes:</p> <ul style="list-style-type: none"> - The "Allotment Date" is defined as the date on which a bonus share allotment plan is adopted by the Board of Directors. - The "Conversion Periods", i.e., the periods during which the E shares may be converted into A shares, cover the thirty (30) day period from (i) the fourth anniversary of the Allotment Date or (ii) the date falling four years and three months after the Allotment Date (the "Conversion Periods") based on a ratio (the "Conversion Ratio") determined based on the percentage difference between the Initial Share Price and the Final Share Price. <p>Where:</p> <p>"N" is the "Conversion Ratio", i.e., the number of ordinary shares obtained on conversion of each E share, with rights to fractions of shares being forfeited such that the number of ordinary shares received by an E shareholder will be rounded down to the nearest whole number of shares.</p> <ul style="list-style-type: none"> - If $FP < IP$: $N = 10$ - If $IP < FP < \text{maxFP}$: $N = 10 + 600 \times (FP - IP) / FP$ - If $FP > \text{maxFP}$: $N = 10 + (\text{maxFP} \times 100) / FP$ <p>"IP" is the "Initial Share Price", which is equal to the volume-weighted average of the opening prices quoted for the Company's ordinary shares over the 20 trading days preceding the "Allotment Date".</p> <p>"FP" is the "Final Share Price", which is equal to the average opening prices quoted for the Company's ordinary shares between the second anniversary of the "Allotment Date" (included) and the beginning of the "Conversion Period" during which the</p>

	<p>E shareholders apply to convert their E shares into ordinary shares (excluded).</p> <p>"maxFP" is the "Maximum Final Share Price", which is equal to 120% of the "Initial Share Price".</p> <p>- The maximum total number of A shares resulting from the conversion of E shares may not exceed 129,000 shares, not including any shares to be issued to protect the rights of E shareholders in accordance with the law and any contractual adjustment clauses.</p>
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5) Amend Article 26 of the Company's Articles of Association as follows:

<p style="text-align: center;">Article 26</p> <p style="text-align: center;">Special General Meetings</p>	<p style="text-align: center;">Article 26</p> <p style="text-align: center;">Special General Meetings</p>
<p>1. The B shareholders, C shareholders and D shareholders are consulted respectively in accordance with Article 25 (applicable <i>mutatis mutandis</i> to the Special General Meeting of B shareholders, the Special General Meeting of C shareholders and the Special General Meeting of D shareholders) on matters that specifically fall within their area of competence under the terms of the law.</p> <p>2. Only B shareholders, C shareholders and D shareholders whose shares are recorded in the Company's share register may participate in these Special General Meetings and take part in the vote.</p> <p>3. The Special General Meeting of B shareholders, the Special General Meeting of C shareholders and the Special General Meeting of D shareholders exercise their powers in accordance with the applicable regulations.</p> <p>4. Decisions of the Company made by the General Meeting of Shareholders are final only after they have been approved by the Special General Meeting of B shareholders when they modify the rights attached to B shares, by the Special General Meeting of C shareholders when they modify the rights attached to C shares and by the Special General Meeting of D shareholders when they modify the rights attached to D shares.</p>	<p>1. The B shareholders, C shareholders, D shareholders and E shareholders are consulted respectively in accordance with Article 25 (applicable <i>mutatis mutandis</i> to the Special General Meeting of B shareholders, the Special General Meeting of C shareholders, the Special General Meeting of D shareholders and the Special General Meeting of E shareholders) on matters that specifically fall within their area of competence under the terms of the law.</p> <p>2. Only B shareholders, C shareholders, D shareholders and E shareholders whose shares are recorded in the Company's share register may participate in these Special General Meetings and take part in the vote.</p> <p>3. The Special General Meeting of B shareholders, the Special General Meeting of C shareholders, the Special General Meeting of D shareholders and the Special General Meeting of E shareholders exercise their powers in accordance with the applicable regulations.</p> <p>4. Decisions of the Company made by the General Meeting of Shareholders are final only after they have been approved by the Special General Meeting of B shareholders when they modify the rights attached to B shares, by the Special General Meeting of C shareholders when they modify the rights attached to C shares, by the Special General Meeting of D shareholders when they modify the rights attached to D shares and by the Special General Meeting of E shareholders when they modify the rights attached to E shares.</p>

Twenty-sixth resolution – Alignment of the Articles of Association

Having considered the Board of Directors' report, the General Meeting resolves to align the Articles of Association as follows:

1) Concerning the transfer of headquarters:

- To align the Articles of Association with Article L.225-36 of the French Commercial Code as amended by Act 2016-1691 of December 9, 2016.

- Accordingly to amend as follows paragraph 2 of Article 4 of the Articles of Association and delete the final paragraph of this article, with the rest of the article unchanged:

"ARTICLE 4 – HEADQUARTERS

[...]

It may be transferred to any other location in France by decision of the Board of Directors, subject to ratification of this decision at the next Ordinary General Meeting."

2) Concerning the identification of shareholders:

- To align the Articles of Association with Article L.228-2 of the French Commercial Code as amended by Act 2003-706 of August 1, 2003 (Financial Security Act).

- Accordingly to amend Article 11 *bis* of the Articles of Association as follows:

"ARTICLE 11 *bis* – IDENTIFICATION OF HOLDERS OF THE COMPANY'S SECURITIES

The Company has the right to request, at any time and at its expense, in accordance with the law, from the central custodian, the name or corporate name, nationality and address of holders of securities conferring immediate or deferred rights to vote at General Meetings of the Company's shareholders, and the number of securities held by each one as well as details of any restrictions on the securities."

3) Concerning shareholder participation in General Meetings:

- To align the Articles of Association with Article R.225-85 of the French Commercial Code as amended by Decree 2014-1466 of December 8, 2014.

- Accordingly to replace the third, fourth and fifth paragraphs of Article 25 of the Articles of Association by the following paragraph, with the rest of the article unchanged:

"ARTICLE 25 – NOTICE OF MEETING – PARTICIPATION

[...]

All shareholders have the right to participate in General Meetings, to be represented by proxy or to cast postal votes, whatever the number of shares held, provided that the shares are paid up to the extent called and are recorded in the shareholder's name, no later than 12:00 am CET on the second business day preceding the Meeting, either in a registered share account kept by the Company or in a bearer share account kept by an accredited intermediary."

Twenty-seventh resolution – Powers to carry out formalities

The General Meeting gives full powers to the bearer of an original, copy or extract of the minutes of this Meeting to carry out all filing and publication formalities required by law.

REVIEW OF THE FINANCIAL SITUATION OF THE COMPANY AND THE GROUP

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INTRODUCTION

In 2017, the Group achieved and even surpassed its objectives, returning to like-for-like sales growth and substantially improving current operating margin.

Like-for-like sales growth grew 8% over the year, well above early forecasts. Sales performance in Asia was particularly strong, the situation in North America improved as the year progressed, and Europe experienced highly satisfactory activity as well. Overall, the Group benefited from a healthy economy in the three areas.

The ambitious measures taken by the Group over the last few years to improve competitiveness, joined with the positive impact from sales volume, resulted in current operating margin of 9.2% for the year, 170 basis points better than in 2016.

Finally, net income increased significantly in 2017, as a result of growth in operating income and lower non-recurring expenses.

SALES

Mersen generated consolidated sales of €809 million in 2017, representing strong like-for-like growth of 8% year on year. The currency effect was a negative €10.7 million during the year with half of the total due to the depreciation of the US dollar against the euro. It was a positive €5 million in the first half of 2017. The scope effect was a positive €1 million and corresponds to revenue from the Chinese joint venture established in early 2017 with Harbin Carbon. Total growth was +6.6 %.

Advanced Materials sales totaled €447 million, representing like-for-like growth of close to 10% over the year. Growth in electronics, aeronautics and solar power was particularly robust and process industries also remained buoyant throughout the year. After the cyclical trough bottoming out in 2016, the chemicals market has returned to growth.

Electrical Power sales climbed 6% like for like and totaled €363 million for the year, driven by several projects in rail transportation and power electronics. This increase was driven by strong business levels in process industries.

In terms of the Group's geographical areas, the most significant event of the period was the excellent performance delivered by the Asia-Pacific region, where like-for-like growth came in at over 20%. China, South Korea and India reported double-digit growth propelled by the solar, electronics and process industries markets. After a sluggish start to the year, North America reported growth of 5.1% over the year, sustained by the strong business levels in electronics and process industries. Europe reported growth of 4.6%, primarily driven by business levels in France in the aeronautics and aerospace markets.

EBITDA AND OPERATING INCOME BEFORE NON-RECURRING ITEMS

EBITDA¹ came in at €114.0 million, an increase of more than 20% compared with the prior year adjusted. This corresponds to 14.1% of sales.

Operating income before non-recurring items² came to €74.6 million in 2017, representing 9.2% of revenue, which was 170 basis points higher than 2016 Adjusted (7.5%).

¹ *Operating income before non-recurring items+ amortization.*

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

The Advanced Materials segment's current operating margin grew sharply, by 340 basis points, on 2016 (11.1% vs. 7.7%). This improvement resulted from a highly favorable volume effect and gains from the competitiveness plan, while price trends reversed over the year. In fact, halfway through the year the Group announced an increase in the price of graphite, following a rise in prices in certain carbon materials and in some grades of graphite, due to a sub-capacity market since the fourth quarter.

The Electrical Power segment's current operating margin was practically unchanged on 2016 (11.0% vs. 11.1%). Positive effects from the competitiveness plan offset negative effects from pricing, product mix and cost inflation. The segment's operating margin before non-recurring items nevertheless turned upwards during the year, thanks to an improved product mix.

FINANCIAL INCOME

Net finance costs stood at €10 million, lower than in 2016 adjusted due to the €30 million decline in average debt over the year.

NET INCOME

Net income was €40 million, versus €3.2 million in 2016 adjusted.

Non-recurring income and charges amounted to €(10.3) million. This includes:

- €8.6 million in expenses related to the competitiveness plan (versus €10 million projected)
- €1.7 million in sundry charges

In 2016, non-recurring income and charges were €26.5 million, mainly in expenses related to the competitiveness plan.

Net tax expense was €15.1 million. This includes exceptional net gains of more than €2 million. Stripping out this exceptional item, the tax rate was 32%.

Income from operations held for sale was €0.8 million. This was mainly due to capital gains on the sale of the high voltage switch and contactor business.

Income from minority shareholdings increased sharply thanks in particular to positive results at Cirprotec (Spain) and Yantai (China), where Mersen owns 51% and 60% respectively of the share capital.

CASH AND DEBT

Operating activities generated more than €64 million in net cash flow during the year, versus €83 million in 2016. 2017 also saw an exceptional cash outflow resulting from a voluntary contribution of USD5 million to pension funds in the United States and €14 million related to exceptional cash-out on restructuring (competitiveness plan) and litigation.

In 2016, the change in working capital requirement fell sharply, a clear improvement on the previous year due in particular to major action plans designed to optimize inventory levels. In 2017, a year of significant growth in sales, the working capital requirement increased on an absolute basis, but the Group maintained its working capital to sales ratio³ at 20% in 2017.

Capital expenditure amounted to €36.7 million, up from €29.5 million in 2016. 80% of this was in Advanced Materials.

³Sum of inventories, trade receivables and related accounts, other current receivables less trade payables and related accounts/4x revenue for the last quarter

Investment flows from discontinued operations in 2017 came from the sale of the high voltage switches business. In 2016, investment flows had no impact on debt, coming mainly from the final installation payment on the loan granted to MidMark in 2009 at the time the EMC business was sold.

For 2017, net cash flow before changes in debt was thus €15.5 million, versus €37.7 million in 2016.

Net debt⁴ at year-end 2017 stood at €178.1 million, down €24.7 million from the €202.8 million reported at December 31, 2016. At constant exchange rates, the decrease was €15.7 million.

The Group improved its balance sheet, with key ratios down on last year: leverage (debt/EBITDA) was 1.58 and gearing (debt/equity) was 37%.

In July 2017, the Group also extended the maturities of its multi-currency lines of credit from July 2019 to July 2022. As of December 31, 2017, the maturity of the debt was 4.6 years.

PARENT COMPANY RESULTS

The parent company, Mersen SA, had sales and other income of €16.6 million in 2017. These revenues are derived from Mersen SA's activities as a holding company, namely the management of investments in subsidiaries and affiliates, Group financing and invoicing for various services, plus fees for the use of the trademark and other associated intangibles.

The parent company's net operating result, which corresponds to the holding company's operating costs and trademark fee, was a loss of €1.8 million.

Net financial income was €15.8 million, vs. €28.0 million in 2016. Dividends received from subsidiaries in 2017 were substantially lower than in 2016, especially from our American subsidiary.

Net current income before tax and exceptional items was €14.0 million. Exceptional net income was €0.7 million, vs. €0.5 million in 2016.

The tax of €3.4 million is income. This was the result of the tax paid by the French subsidiaries consolidated for tax purposes.

After taking these items into account, net income was €18.1 million, versus €25.8 million in 2016.

INTERNATIONAL

The Group is present on all continents. The international positioning of the Group's manufacturing facilities keeps it in close contact with its customers and allows them to be highly responsive on their markets. In addition, it protects Mersen from the impact of currency fluctuations on its competitiveness.

In 2017, around 64% of the Group's capital expenditure was devoted to international markets. This concerned primarily the replacement and modernization of industrial equipment.

In 2017, the Group derived 92% of its sales from outside France (i.e. sales generated by foreign companies excluding those realized in France and exports by French companies).

The Group's foreign subsidiaries contributed sales of €688 million, up 6.4% on 2016 on a like-for-like basis.

Sales in North America accounted for 35% of the Group's consolidated sales. Europe contributed 33% of the total. Lastly, Asia Pacific and the rest of the world (South America, Africa and the Middle East) respectively accounted for 28% and 4% of the Group's consolidated sales.

OUTLOOK

The current favorable economic environment indicates a new year of growth for Mersen in 2018 as the Group benefits from two drivers: growth in its key markets and strong dynamic activity across Asia. The competitiveness plan will be finalized during the year and Mersen will continue to deploy its Excellence Journey to improve its performance.

Accordingly, the Group anticipates like-for-like sales growth of between 3% and 6% in 2018 for a current operating margin of between 9.6% and 10.1% (9.2% in 2017). These forecasts factor in an increase in prices within the Advanced Materials segment.

⁴ Gross debt +/- cash and cash equivalents +/- current financial assets

Given the acceleration in some of its buoyant markets, such as solar and electronics, and the development of new products for the electric vehicles market, capital expenditure in 2018 is expected to reach a high of between €45 million and €50 million (excluding investments scheduled in the competitiveness plan) to meet current demand and prepare for 2019.

MERSEN
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572 060 333 RCS Nanterre

COMBINED GENERAL MEETING OF SHAREHOLDERS OF MAY 17, 2018
REQUEST FOR FURTHER DOCUMENTATION
(article R.225-88 of the French Commercial Code)

I hereby (Mersen's shareholder) [Name or name of the company]:

.....

Address.....

Owner ofnominal shares

Or holding.....bearer shares (*certificate of non-transferability of your shares will have to be provided*)

Ask Mersen to send me documents and information listed in articles R.225-81 et R.225-83 of the French Commercial Code (Code du commerce)

Date:.....

Signature:

Please fill this form in capital letters