THE EXECUTIVE BOARD'S REPORT
OUTLINING THE DRAFT RESOLUTIONS
SUBMITTED TO THE COMBINED GENERAL MEETING ON AUGUST 25, 2016

ORDINARY RESOLUTIONS:

1. **Approval of the Company's consolidated financial statements for the fiscal year closed on February 29, 2016 – Approval of the expenses and charges that are not deductible**

We ask you to approve the Company's financial statements, for the fiscal year closed on February 29, 2016 which show a profit of € 40 218 853,02 as well as the Company's Consolidated financial statements which show a benefit (group's share) of € 113 808 595.

We also ask you to approve the total amount of costs and expenses covered by Article 39-4 of the French General Tax Code, which amounted to € 18 084 and the corresponding tax of € 6 028.

2. **Allocation of earnings and declaration of dividend**

The allocation of earnings for our Company complies with the law and our Articles of Association.

Therefore, we suggest to allocate the net income for fiscal year closed on February 29, 2016 as follows:

Origin of income available:

▪ income for fiscal year	€ 40 218 853,02

Allocation:

▪ dividends	€ 20 771 115,00
▪ other reserves	€ 19 447 738,02

The cash dividend per share is thus € 2, 50 for each share. The total amount of dividends is eligible, for individuals domiciled in France, for a 40% tax relief, pursuant to paragraph 2° of Article 158.3 of the French General Tax Code.

Ex-date shall be on August 30, 2016.

The payment will be made on September 1, 2016.

Should the number of shares granting a right to dividends change compared with the 8 308 446 shares composing the Company's share capital on May 18, 2016, the total amount of dividends would be adjusted accordingly and allocated to the "other reserves" account and would be determined according to the dividend actually paid.

Pursuant to Article 243 bis of the French General Tax Code, we remind you that the dividends per share, amounts with tax relief, and amounts without tax relief, granted with respect to the preceding three fiscal years are set out hereinafter.

FISCAL YEAR	DISTRIBUTIONS WITH TAX RELIEF		WITHOUT TAX RELIEF
	DIVIDENDS	OTHER DISTRIBUTIONS	
2012/2013	14 683 280,40 * € 1,80 per share		
2013/2014	14 683 280,40 * € 1,80 per share		
2014/2015	19 109 425,80 * € 2,30 per share		

*Including the amount of dividends corresponding to treasury shares, not paid and allocated to “other reserves”

3. Approval of the Statutory Auditors' special report on regulated agreement

No agreement or regulated commitment has been concluded during the fiscal year closed on February 29, 2016.

The authorisation granted by the Supervisory Board on May 21, 2015 to substitute LDC to AVRIL PA in guarantees granted by the later to companies Galeo, Socadis and STC Transport did not apply because the beneficiaries parties did not request the guarantee of LDC.

Shareholders will be asked to take note of it.

4. Re appointment of Mr. Jean-Claude CHAUVET as member of the Supervisory Board

The mandate of Mr. Jean-Claude CHAUVET as member of the Supervisory Board expiring at the close of this Shareholders' Meeting, you will be invited to re-elect him, as member of the

Supervisory Board, for a term of six years which will expire at the close of the Shareholders' Meeting called in 2022 to approve the financial statements of the preceding fiscal year.

Mr. Jean-Claude CHAUVET worked for many years as a chartered accountant and as an auditor.

The Supervisory Board considered that Mr. Jean-Claude CHAUVET could be viewed as independent on the basis of independence criteria exposed in the Middlenext Code of Corporate Governance for listed companies, recognised by the Company as a reference code for corporate governance.

5. Renewal of the authorisation to implement a program in order to purchase ordinary shares of the Company pursuant to Article L.225-209 of the French Commercial Code

We propose you to grant to the Executive Board, for a period of eighteen months, the authority to purchase, in one or several times and when it deems appropriate, a number of ordinary shares of the Company that may not exceed 5% of the share capital. This amount may be adjusted, where appropriate, in order to take into account possible transactions that may affect the share capital during the stock repurchase program.

This authorisation would replace and render null and void the unused portion of the authorisation granted by the Shareholders' Meeting of August 20, 2015, under the twelfth ordinary resolution.

These ordinary shares could be acquired for the following purposes:

a) optimising the liquidity of the Company share through a liquidity contract that would comply with the Amafi Code of Conduct approved by the AMF, and entered into with an investment service provider,
b) holding the shares for the purpose of subsequent payment or exchange in the context of potential external growth transactions,
c) coverage of stock option plans and/or allocations of free shares to employees or executive officers of LDC Group, allocation of shares in respect with a company or group saving plan, or in respect with a profit sharing plan, and/or any other form of allocation of shares to employees or executive officers of LDC Group,
d) coverage of securities giving access to the share capital of the Company, under the conditions stipulated by law;
e) cancelling some or all the shares, in accordance with the terms of the authorisation provided by the Extraordinary Shareholders' Meeting dated August 20, 2015, under the thirteen extraordinary resolution.

The company does not intend to use options and derivative products.

We suggest you to set the maximum purchase price per share at € 300 and, consequently, the maximum amount of the operation at € 124 626 600.

As a result of the cancellation purpose, we ask you to grant all powers to the Executive Board, for a period of twenty-four months, to cancel, in its sole discretion, in one or several times, within the limit of 10% of the capital, calculated on the date of the cancellation decision, less any shares cancelled during the last twenty-four months preceding, the shares that the Company holds or could hold following, the purchases realised under its share repurchase program and to reduce the share capital in due proportion in compliance with legal and regulatory provisions.

EXTRAORDINARY RESOLUTIONS:

6. Delegations and financial authorisations

The Executive Board wishes to have the delegations and authorisations required to proceed, if it deems useful, to all issues that may be necessary for the development of the Company's activities.

That is why shareholders are required to renew these delegations and authorisations the Executive Board had, which will soon expire and that they provide new ones under the conditions set out below:

6.1. Delegation of authority granted to the Executive Board to increase the share capital of the Company by issuing ordinary shares without preemptive subscription rights of the Shareholders, in favour of SOFIPROTEOL

The General Assembly is required to decide, in accordance with the French Commercial Code and especially Article L. 225-138, on a delegation of eighteen months to give to the Executive Board in order to issue common shares without preemptive subscription rights for the benefit of the person named below.

Under this delegation, the issues will be conducted without shareholders' preemptive subscription rights in favour of :

- SOFIPROTEOL a limited company with capital of € 212,087,000 whose head office is 11-13 rue de Monceau, 75008 Paris, identified with the Trade Registry of Paris under number 804 808 095.

This delegation is proposed to the General Assembly to enable, were appropriate, the Executive Board, to decide an increase in the share capital reserved to the benefit of SOFIPROTEOL in order to respect the provisions of the pact between the company SOFIPROTEOL on the one hand, and Messrs. Denis LAMBERT, Thierry CHANCEREUL and Gilles HUTTEPAIN on the other hand, within the framework of the signature of a Memorandum of Understanding, having established an alliance between the groups Avril and LDC (See Doc AMF No. 215C0310 of March 13, 2015 on the AMF website).

The total nominal amount of the capital increase that could be carried out shall not exceed € 264 293, 60.

This ceiling would be independent of the other ceilings provided for by the other resolutions of this General Meeting.

The issuance price of the ordinary shares to be issued by virtue of this resolution would be set by the Executive Board and should be at least equal to the volume-weighted average of the quoted prices during the three trading days preceding the determination of the issuance price after adjustments of this average in the event of a difference in the dates of ranking for dividend.

The Executive Board would have all powers, with the right to sub delegate as provided by law and the Articles of Association, to implement this delegation.

If the subscriptions do not absorb the entire issuance, the Executive Board could have the ability to limit the issuance to the actual amount of subscription received, provided that it is equal to at least three quarters of the approved issuance.

In accordance with Article 225-138 of the French Commercial Code, SOFIPROTEOL will be excluded from the quorum and the majority for the vote of this resolution.

6.2. Delegation to issue share purchase warrants (BSA), share subscription and/or purchase warrants (BSAANE), and/or redeemable share subscription and/or purchase warrants (BSAAR)

We decided to submit a draft resolution on a delegation to the Executive Board in order to issue in favour of a specific category of persons:

- share purchase warrants (BSA)
- share subscription and/or purchase warrants (BSAANE)
- redeemable share subscription and/or purchase warrants (BSAAR)

This delegation would be granted for a period of eighteen months, from the date of this Meeting and would present the characteristics specified below.

If the Executive Board uses this delegation, the latter will establish, in accordance with Article L. 225-138 of the French Commercial Code, an additional report, certified by the auditors, setting out the definitive terms of the operation.

- **Reasons for issuing delegation of BSA, BSAANE, BSAAR, for the removal of the preemptive subscription rights and characteristics of the category of persons**

We propose you a delegation for issuing BSA, BSAANE and/or BSAAR in order to allow certain executive employees of the Company or a Group company to be interested in the evolution of the LDC share, provided they agree to take a risk by subscribing the warrant.

In this context, we suggest to decide to waive your preemptive subscription rights for the benefit of the category of beneficiaries with the following characteristics under the conditions of Article L. 225-138 of the French Commercial Code: executive employees of the Company and/or affiliated French or foreign companies as provided by Article L.225-180 of the French Commercial Code, it being specified that corporate officers are not concerned.

The Executive Board implementing the delegation should set the list of the beneficiaries among the specific category defined here above and number of warrants to be attributed to each of the beneficiaries.

- **Characteristics of BSA, BSAANE and BSAAR that may be issued**

The BSA, BSAANE and/or BSAAR could be issued in one or several times, within the time frame and proportions determined by the Executive Board and they could give the right to subscribe for and/or to purchase LDC shares at a price set by the Executive Board when the issue is decided according to the rules for determining the pricing terms defined below.

The delegation shall act as a waiver by shareholders of their preemptive subscription right to the shares to be issued by exercising the stock warrants, to the benefit of the owners of the BSA, BSAANE and/or BSAAR.

The characteristics of the BSA, BSAANE and/or BSAAR that may be issued under the delegation would be determined by the Executive Board at the date of the decision to issue them.

The latter would have all powers required, as provided by law and set out above, to implement the issuance of the BSA, BSAANE and/or BSAAR, including setting the list of the beneficiaries among the specific category defined here above, define the nature and number of warrants to be attributed to each of the beneficiaries, the issuance price of the warrants, the number of shares and the price of subscription and/or acquisition of the shares to be issued by exercising the stock warrants, the conditions and terms of subscription and exercise of the warrants, the modalities of adjustment, and more generally, all conditions and modalities of the issuance.

- **Price of shares subscribed and/or purchased by exercising the BSA, BSAANE and/or BSAAR**

The price of shares subscribed and/or purchased by exercising the stock warrants, should be at least equal to the average closing price of the share on the twenty trading days preceding the decision of the issuance of the warrants.

This price would be determined by the Executive Board deciding the issue of warrants.

- **Maximum amount of the capital increase resulting from the exercise of BSA, BSAANE and/or BSAAR that could be awarded under delegation**

The total nominal amount of the capital increase that may be carried out by virtue of this resolution shall not exceed € 96 000. To this ceiling, shall be added, if applicable, the nominal amount of any additional common shares to be issued, as adjustments made pursuant to the law or to applicable contract provisions in order to preserve the rights of holders of BSA, BSAANE and/or BSAAR. This ceiling is independent of the other ceilings provided for by the other resolutions of this Shareholders Meeting.

If the subscriptions do not absorb the entire issuance of the BSA, BSAANE and/or BSAAR, the Executive Board shall be entitled to:

- to limit the issuance to the actual amount of subscription received;
- freely share all or part of the unsubscribed BSA, BSAANE and/or BSAAR among the specific category of beneficiaries defined.

In this respect, the Executive Board would have all powers to note the completion of the increase of capital issued by exercising the BSA, BSAANE and/or BSAAR and make the corresponding changes to the Articles of Association. The Executive Board could, in its sole discretion, charge the costs of the capital increase against the premium arising thereon, and deduct from this premium the sums necessary to increase the legal reserve to one-tenth of the new capital after each issuance.

6.3. Delegation of authority to increase the share capital of the Company in favour of participants in a company plan

We submit this resolution to your vote, in order to be in accordance with the provisions of Article L. 225-129-6 of the French Commercial Code, under which the Extraordinary General Meeting must also approve a resolution to the completion of a capital increase as provided by Articles L. 3332-18 *et seq.* of the French Labour Code, when it delegates its authority to carry out a cash capital increase.

The next General Meeting will be asked to approve several delegations of power that could generate future cash capital increases, it will also have to decide on a delegation in favour of members of a company savings plan (PEE), being observed that the inclusion in the agenda of this delegation in favour of members of a company savings plan (PEE) allows the Company to meet the three-year obligation under the above provisions.

As part of this delegation, we suggest you to authorise the Executive Board, to increase the share capital in one or more transactions by issuing common shares or securities giving access to shares to be issued by the Company in favour of participants in one or more Company or group saving plans set up by the Company and/or affiliated French or foreign companies as provided by Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labour Code.

By virtue of Article L.3332-21 of the French Labour Code, the Executive Board could decide to allocate to the beneficiaries, free of charge, existing or yet to be issued shares or other securities, existing or yet to be issued, giving access to the Company's equity, by way of (i) the contribution that may be paid under the regulations applicable to company or group saving plans, and/or (ii) where applicable, the discount.

According to the law, the General Assembly would cancel the preemptive subscription right of the shareholders.

The maximum nominal amount of increases that could be achieved with the delegation would be 1% of the share capital on the date the Executive Board decides to proceed with such capital increase(s), this amount being independent of all other ceilings provided for under authorisations to increase the share capital of the Company. This amount will be supplemented, if necessary, by the amount of any common shares issued to preserve the interests of holders of securities giving access to Company equity, in accordance with the law or any contractual provisions stipulating other adjustment events.

This delegation would have a twenty-six years duration.

It is stated that, in accordance with Article L. 3332-19 of the French Labour Code, the price of shares to be issued, may not be more than 20% (or 30% when the vesting period provided for by the plan in accordance with Articles L.3332-25 and 3332-26 of the French Labour Code is greater than or equal to ten years) below the average quoted opening price of the share on the 20 trading days preceding the decision of the Executive Board concerning the share capital increase and the corresponding issue, nor greater than this average.

The Executive Board would have, within the limits set above, the powers required to determine the conditions of the issue(s), record the capital increases resulting therefrom, make the corresponding changes to the Articles of Association, charge, in its sole discretion, the costs of the capital increase against the premium arising thereon, and deduct from this premium the sums necessary to increase the legal reserve to one-tenth of the new capital after each issuance, and more generally, do anything that may be required in this regard.

6.4. Authorisation in terms of individual employee shareholding

In order to allow an incentive employee shareholding policy, likely to strengthen the development of the Company, we suggest that you authorise the Executive Board to the granting of stock options and free shares as follows:

6.4.1. Authorisation to the Executive Board to grant options to subscribe for or purchase shares

We propose that you to authorise the Executive Board, for a period of thirty-eight months, to grant options to subscribe and/or purchase shares for employees, or certain among them, or certain categories of employees, and/or corporate officers defined by the law, from the Company or from companies or groupings related to the Company, on the terms specified in Article L. 225-180 of the French Commercial Code.

The total number of options to be granted by the Executive Board could not give right to more than 120 000 shares.

The subscription and/or acquisition price of the shares by the beneficiaries would be set on the day the options are granted by the Executive Board, and this price must be at least equal to the minimum price calculated in accordance with the laws in force.

The present authorisation would act as a waiver by shareholders of their preemptive subscription right to the shares to be issued by exercising the options.

The duration of the options could not exceed a period of seven (7) years from the grant date;

Thus the Executive board shall have, within the limits set above, all powers to determine the remaining terms, conditions and procedures for option attribution and exercise, and in particular to determine the conditions for option attribution and set the list of the beneficiaries as defined here above, to determine the exercise period(s) for the options granted, to accomplish all formalities in order to complete capital increases which may be realised as a result of the present authorisation; make the corresponding changes to the Articles of Association and more generally, do anything that may be required in this regard.

6.4.2. Authorisation to allot free shares, in favour of employees (and to corporate officers, or to certain among them)

We propose that you authorise the Executive Board for a period of thirty-eight months to carry out, within the framework of Article L. 225-197-1 of the French Commercial Code, the free allocation of new shares resulting from an increase in capital by incorporation of reserves, premiums or profits, or existing shares.

The beneficiaries of these allocations could be:

- employees of the Company or of companies or groupings related to the Company within the meaning of Article L.225-197-2 of the French Commercial Code,
- and/or corporate officers who met the conditions required by Article L.225-197-1 of said Code.

The total number of free shares would not exceed 80 000.

The Executive Board would determine, in accordance with the law, when allotting the free shares, the vesting period, at the close of which the shares shall be allocated definitely. The vesting period could not be less than one year from the grant date.

The Executive Board would determine, in accordance with the law, when allotting the free shares, the conservation period of the shares of the Company by the beneficiaries, period starting when holders obtain full entitlement to the ordinary shares. The conservation period could not be less than one year. However, if the vesting period is equal to or greater than two years, the conservation period could be cancelled by the Executive Board.

As an exception to this rule, a beneficiary would obtain full entitlement to the ordinary shares in the event of a disability of this beneficiary corresponding to classification in the second or third category provided for in Article L.341-4 of the French Social Security Code.

Existing shares that may be granted under the terms of this resolution should be acquired by the Company, either as per Article L.225-208 of the French Commercial Code, or within the framework of the share buy-back program authorised by this Meeting as per Article L.225-209 of the French Commercial Code or any other buy-back program applicable before or after the adoption of this resolution.

In case of free allocation to be issued, this authorisation would automatically entail the waiver of your preemptive subscription rights to new shares issued by capitalisation of reserves, premiums and profits.

Thus, the Executive Board would have, within the limits set above, all powers to set the conditions and, where applicable, the criteria for the allocation of shares; to determine the identity of the beneficiaries of allocations of free shares and the number of shares to be allocated to each of them; to determine the impacts on the rights of the beneficiaries of any transaction affecting the amount of the share capital of the Company or likely to affect the value of the granted shares, and carried out during the vesting or conservation period; to determine, within the limits set by this resolution, the term of the vesting period and, if necessary, that of the conservation period of the free shares; as the case may be to ensure existing reserves are sufficient and transfer to a blocked reserve account upon each allocation, the amount necessary to pay for the new shares to be granted; to decide, when deemed appropriate, to increase the share capital of the Company, through the incorporation of retained earnings, share premium or otherwise retained profits, as a result of the issue of new free shares; and more generally, do anything that may be required for the implementation of this resolution.

7. Two-for-one (2-for-1) split in the nominal value of each Company share

To improve liquidity of the Company's share, we suggest to carry out a two-for-one (2-for-1) split in the nominal value of each of the shares of the Company in order to reduce the nominal value of each share from eighty (0,80) eurocents to forty (0,40) eurocents; the capital of the Company therefore remains unchanged.

The split would result in the issuance of two (2) new shares for one (1) existing share. The split in the nominal value of each Company share would have no impact on the double voting right set out in Article 39 of the Company's Articles of Association, which would therefore be granted to all new shares resulting from existing shares that carry this right. It should be specified that the two-year period referred to in such article would be taken into account as from the date on which the existing shares from which the new shares result were registered in the name of the relevant shareholder.

The split in the nominal value of each share will take effect no later than September 30, 2016.

The Executive Board would have all powers to set the date on which the split in the nominal value of each share will be carried out within the limit specified above; to exchange new shares for existing shares; to make all adjustments required by this split, in particular (a) adjustments to the number of shares that may be obtained by beneficiaries of options to subscribe or purchase Company shares allocated prior to the two-for-one (2-for-1) split in the nominal value, as well as the exercise price of these options, and (b) adjustment to the number of free shares granted prior to the two-for-one (2-for-1) split in the nominal value; to amend Article 7 “Share Capital - Actions” of the Company's Articles of Association accordingly; and to carry out all acts, formalities and filings resulting from this decision.

8. Update of the Articles of Association

The Order n° 2014-863 of July 31, 2014 and the Decree n° 2015-545 of May 18, 2015 have modified the legal status of the fractional shares, which appear in some increases in capital.

We therefore propose to amend paragraph 5 of Article 9 of our Articles of Association "Capital increase" in order to bring it into conformity with the new provisions.

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Your Executive Board invites you to approve by your vote, the text of resolutions it offers.

THE EXECUTIVE BOARD