

7.2.3 AUTHORIZATIONS TO INCREASE/REDUCE CAPITAL AND BUY BACK SHARES

Authorized unissued capital

A summary of the still operative authorizations granted by the shareholders' meeting to the Board regarding share capital increase, as well as the use which have been made of these authorizations during 2011 is provided hereunder. As these authorizations shall terminate soon, new authorizations shall be submitted to the vote of the shareholders meeting on May 3, 2012.

| Type of authorization | Maximum capital increase that may result from the issue (par value) | Term | Use made of the authorization during the year |
|--|--|-----------|--|
| 12th Resolution - SM May 11, 2010 Capital increase through issuing stock and/or other securities conferring immediate or future entitlement to company shares (with pre-emptive subscription rights) | €30,000,000* | 26 months | This authorization was not used in 2011 |
| 13th Resolution - SM May 11, 2010 Capital increase through issuing stock and/or other securities conferring immediate or future entitlement to company shares (without pre-emptive subscription rights) through a public issue including contributions in kind | €15,000,000* | 26 months | This authorization was used in 2011 for the issuance of 6,677,350 Oceane bonds in March 2011 – The amount of the issuance was €249,999,984 |
| 14th Resolution - SM May 11, 2010 Capital increase through issuing stock and/or other securities conferring immediate or future entitlement to company shares (without pre-emptive subscription rights) through a private placement including contributions in kind | €15,000,000* | 26 months | This authorization was not used in 2011 |
| 15th Resolution - SM May 11, 2010 Setting of the par value of the issued ordinary shares or of other securities through a public offering or a private placement (without pre-emptive subscription rights) | 10% of share capital | 26 months | This authorization was not used in 2011 |
| 16th Resolution - SM May 11, 2010 Increase of the number of shares to be issued in case of share capital increase with or without pre-emptive rights in abidance with the authorizations set forth here above | 15% of the initial issue for each issue decided in abidance with the relevant authorization* | 26 months | This authorization was not used in 2011 |
| 17th Resolution - SM May 11, 2010 Capital increase through issuing stock and/or other securities conferring immediate or future entitlement to company shares in compensation for contributions in kind to the benefit of the Company | 10% of share capital | 26 months | This authorization was not used in 2011 |
| 18th Resolution - SM May 11, 2010 Capital increase through issuing stock and/or other securities conferring entitlement to company shares as consideration for securities contributed in connection with a public offer of exchange | 10% of share capital | 26 months | This authorization was not used in 2011 |
| 20th Resolution - SM May 11, 2010 Allotment of new or existing bonus shares | 5% of the share capital* | 26 months | This authorization was not used in 2011 |
| 21st Resolution - SM May 11, 2010 Issue of stock options for new or existing shares | 2% of the share capital* | 26 months | This authorization was not used in 2011 |
| 22nd Resolution - SM May 11, 2010 Share capital increase through the capitalization of premiums, reserves, benefits or other valuables | € 10,000,000 | 26 months | This authorization was not used in 2011 |
| 23rd Resolution - SM May 11, 2010 Share capital decrease by cancellation of shares | 10% of the share capital | 26 months | This authorization was not used in 2011 |
| 15th Resolution - SM April 28, 2011 Issue of bonus equity warrants to shareholders in the event of a public tender offer | €15,000,000 | 18 months | This authorization was not used in 2011 |
| 16th Resolution - SM April 28, 2011 Capital increase reserved for employees | Limited to a total number of shares representing 2% of the share capital | 26 months | This authorization was not used in 2011 |
| 17th Resolution - SM April 28, 2011 Issuance of capital increase reserved for employees | 2% of the share capital* | 26 months | This authorization was not used in 2011 |

* These authorizations are given within an overall limit of € 30,000,000 as decided in the twelfth resolution of the shareholders' meeting dated May 11, 2010. In abidance with the fourteenth resolution of the shareholders' meeting dated April 28, 2011, the Board is authorized to use the authorizations set forth here above to increase the share capital during a public offering.

Potential share capital

The potential share capital includes stock options and free shares as well as Oceane convertible bonds ("*Obligations à option de conversion et/ou d'échange en actions nouvelles ou existantes*") issued in March 2011.

STOCK SUBSCRIPTION OPTION PLANS FOR EMPLOYEES, DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY AND ITS SUBSIDIARIES

| | Tranche A | Tranche B | Tranche C | Tranche D | Tranche E | Tranche F | Tranche G | Tranche H |
|---|--|---------------|----------------|---------------|--------------|-------------------|-------------------------|--------------------|
| Date of Shareholders' Meeting | March 18, 2003 | July 25, 2003 | April 20, 2004 | June 10, 2004 | July 8, 2004 | December 14, 2004 | Planned but not granted | September 20, 2005 |
| | 95% of the average opening share price over the twenty trading days preceding the grant date | | | | | | | |
| Subscription price | €5.37 | €8.42 | €10.36 | €10.99 | €13.93 | €11.07 | - | €11.01 |
| Number of subscription options outstanding at December 31, 2011 | 0 | 0 | 1,056 | 0 | 0 | 14,406 | - | 19,611 |
| Maximum dilution | | | 0.00% | | | 0.03% | | 0.04% |

i.e. maximum share capital dilution of 0.07 percent at December 31, 2011.

STOCK SUBSCRIPTION AND PURCHASE OPTIONS GRANTED TO THE TEN NON-EXECUTIVE EMPLOYEES AND EXERCISED BY THEM IN 2011:

| | Total stock options grants/shares subscribed for or purchased | Shares granted | Shares granted | Shares granted | Shares granted | Shares granted | Shares granted | Shares granted | Weighted average price of Tranches |
|---|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------------------------|
| | | Tranche A | Tranche B | Tranche C | Tranche D | Tranche E | Tranche F | Tranche H | |
| Stock options granted during the year, by the issuer and by any company included in the stock option program, to the ten employees of the issuer and of any company included in the stock option program who there by received the highest number of stock options. | - | - | - | - | - | - | - | - | - |
| Stock options granted by the issuer and the above-mentioned companies and exercised , during the year, by the ten employees of the issuer and of said companies who purchased or subscribed for the highest number of shares. | 29,127 | 13,902 | - | 159 | - | - | 6,788 | 8,278 | €8.33 |

Free share grants

Free share grants in 2011

In 2011, the Company did not grant free shares to Group employees, directors and executive officers.

Dilution caused by free share grants outstanding at December 31, 2011

At December 31, 2011, there were 542,949 free shares outstanding, for which the vesting period had not yet expired, representing a 1.04 percent dilution of the Company's share capital.

At the Board's option until the vesting date, these shares may be either existing or new shares.

Convertible Bonds ("Oceane")

On March 11, 2011, in accordance with the 13th and 16th resolutions of the Extraordinary General Meeting of May 11, 2010, the Company issued bonds representing a loan of 250 million euros, through 6,677,350 bonds convertible and/or exchangeable into new or existing shares, as part of a private placement without pre-emptive subscription rights.

This issue has been subject to a prospectus, approved by the AMF on March 3, 2011.

The main features detailed in the prospectus, are summarized below.

The nominal value of each bond was set at € 37.44

The annual actuarial rate is 2.75% (in the absence of conversion and/or exchangeable for shares and in the absence of early redemption).

The term of the loan is 5 years and 296 days. The normal amortization of the bonds is set on January 1, 2017 for redemption at par.

An early redemption of the bonds at the option of the Company is possible.

At any time, from March 11, 2011 and included seventh business day preceding the date of early redemption, bondholders may request the allocation of shares of the Company at a rate of one share per bond, subject to adjustment. The Company may in its discretion, deliver new shares or existing shares or a combination of both.

The percentage of maximum dilution of capital, linked to these bonds, is 12.84% on December 31, 2011.

The related prospectus regarding this issuance is available in French on the Company website (www.ingenico.com).

Authorization to repurchase shares

Repurchase by the Company of its own shares in 2011 (Article L.225-211 of the French Commercial Code):

At the Shareholders Meeting held on April 28, 2011, the Company's shareholders authorized the Company to launch a share repurchase program, a description of which was included in the registration document filed with the AMF on March 2, 2011. The launch of this program was decided by the Board on April 28, 2011.

This program cancels and replaces the program authorized under the eleventh Resolution approved by the Shareholders' Meeting of May 11, 2010.

Number of shares purchased and sold during the year

In 2011:

- 1,904,198 shares were repurchased under the liquidity contract at an average price of €28.41;
- 1,856,447 shares were sold under the liquidity contract at an average price of €28.40;
- 213,040 shares were purchased under mandates other than the liquidity contract at an average price of €27.12. The related trading fees totalled €10,366.69 (tax included).

Number and value of treasury shares at December 31, 2011

As a result of trading activity during the year, the liquidity contract showed a positive balance of 99,495 shares at December 31, 2011.

At that same date, the portfolio of Ingenico shares bought back by the Company for other purposes under the authorization granted by the Shareholders' Meeting on April 28, 2011 and previous authorizations totalled as of December 31, 2011 768,989 shares, repurchased at an average price of €19.46.

At December 31, 2011, the Company thus held a total of 868,484 treasury shares of which:

- 99,495 were purchased under the liquidity contract; and
- 768,989 were purchased for other purposes.

representing 1.67% of total share capital (which was 51,980,303 one-euro par value shares).

The value of the portfolio at the balance sheet date was as follows:

- cost: €17,683,461;
- market value: €24,230,703.60 on the basis of the closing price on December 30, 2011, i.e. €27.90.

Use of treasury shares, including transfers for other purposes

During 2011, 267,750 treasury shares were granted to beneficiaries of free share plans.

None of those shares were transferred to other accounts in 2011.

During the past 24 months, 250,000 shares held by the Company were cancelled in the framework of the authorizations granted by the shareholders' meeting.

Description of the share repurchase program (pursuant to Article 241-2 of the General Regulation of the Autorité des Marchés Financiers):

At their meeting of May 3, 2012 the shareholders will be asked to approve a new authorization for the Company to trade in its own shares on the following terms:

"The shareholders, having met the conditions required for ordinary meetings as to quorum and majority, and having reviewed the Management Report, hereby authorize the Board of Directors, in accordance with Articles L.225-209 *et seq.* of the French Commercial Code, Articles 241-1 to 241-6 of the General Regulation of the *Autorité des Marchés Financiers*, Regulation No. 2273/2003 of the European Commission of December 22, 2003 and the market practices authorized by the *Autorité des Marchés Financiers*, to trade in the Company's own shares on or off the stock market, and on one or more occasions.

The purpose of this authorization is to allow the Company to do the following:

- hold and use Company shares as a means of exchange or consideration in external growth transactions (in compliance with current laws and regulations and in accordance with standard market practice);
- use Company shares in connection with the exercise of rights attached to Company securities conferring immediate or future entitlement to Company shares through conversion, exercise, redemption or exchange, presentation of a warrant or any other manner, or carry out any hedging transactions in line with Company obligations concerning these securities, in accordance with stock market regulations and the periods in which the Board of Directors or the person authorized by the Board of Directors will act;
- implement any Company stock option plan in accordance with Articles L.225-177 *et seq.* of the French Commercial Code, any free share grant in accordance with Articles L.225-197-1 *et seq.* of the French Commercial Code, any free share grant to employees, directors and executive officers whether as part of their compensation, as a means to allow them to benefit from the growth of the Company, in the context of options exercised, employee shareholding or corporate savings plans, and to implement any hedging transactions related to these programs under the terms set out by the market authorities and the periods in which the Board of Directors or the person authorized by the Board of Directors will act;

- maintain a liquid market for the Company's shares via a liquidity contract with an independent investment service provider that complies with a code of ethics approved by the *Autorité des Marchés Financiers*;
- cancel all or part of the Company shares purchased as part of a capital reduction, provided that the Ninth Resolution is passed by this Meeting;
- generally pursue any aims permitted by law or engage in any practices accepted by the market authorities, it being understood that in such cases, the Company would issue a statement to inform its shareholders.

The shareholders hereby resolve that share acquisitions made pursuant to this authorization may under no circumstances allow the Company to hold more than 10 percent of total share capital at the date of purchase after deducting the number of shares resold during the life of the program to maintain a liquid market for the Company's shares. The share acquisitions made by the Company may under no circumstances allow the Company to hold more than 10 percent of total share capital, either directly or indirectly. Consequently, on the basis of the share capital at December 31, 2011 (divided into 51,980,303 shares), and given that the Company held 868,484 treasury shares at that date, the Company would be authorized to purchase up to a ceiling of 4,329,546 shares.

Such share acquisitions may be made by all possible means that are in accordance with current stock market legislation and the code of accepted market practice published by the *Autorité des Marchés Financiers*, including, where applicable, trading in derivatives and options on regulated or over-the-counter markets, provided that use of such means does not significantly increase the volatility of the Company's share price.

The Company reserves the right to make block purchases of stock or to make purchases of stock through a multilateral trading facility or a systematic internalizer. No limit is set on block purchases. The Company also reserves the right to extend the current authorization to trade in the Company's own shares in the event of public tender or exchange offers involving the Company's stock, or in the event of a public tender offer initiated by the Company, in accordance with current market regulations.

The purchase price per share is not to exceed €50. On the basis of share capital at December 31, 2011, the maximum consideration the Company could pay in the event that it were to purchase shares at the maximum price of €50 would be €216,477,300, with the treasury shares held by the Company at that date included in this ceiling.

In the event of capital increases carried out through capitalization of reserves, of free share grants, of stock splits or reverse splits, of depreciation or reduction of the share capital, or of any other transaction affecting the share capital, the aforementioned price shall be adjusted by a multiplier equal to the ratio between the number of shares that made up the share capital prior to the transaction and the number of shares after the transaction.

In order to ensure fulfillment of the present authorization, the Board of Directors is hereby granted the necessary powers, with the option of sub-delegation, to implement the present authorization, in particular to decide whether a share buyback program is appropriate and to determine the procedures for carrying out such a program, to draft and issue a fact sheet about the program, to place all orders on the stock market, to sign all deeds of transfer or assignment, to make all agreements for the keeping of records of share purchases and sales, to carry out any and all filings to the *Autorité des Marchés Financiers* and any other body, as well as any and all other formalities, notably allocating or reallocating purchased shares to the different formalities, and generally to do whatever is necessary.

The Board of Directors will be presenting the shareholders at their Meeting with the report defined in Article L.225-100 of the French Commercial Code informing them of the present program.

The present authorization is hereby granted for a period of eighteen months from the date of this Meeting and cancels and replaces the authorization granted to the same effect by the Annual Shareholders' Meeting of April 28, 2011."

Breakdown of shares held at February 29, 2012 by use:

28,795 of the 785,976 shares held at February 29, 2012 were used in the liquidity contract in compliance with the code of ethics approved by the *Autorité des Marchés Financiers*.

The shares held at February 29, 2012 are essentially kept to be granted to employees, directors and executive officers of the Company or of affiliated companies by granting stock options or by granting shares free of consideration, whether as part of their compensation, as a means to allow them to benefit from the growth of the Company, in the context of options exercised or in the context of employee shareholding and corporate savings plans.

Authorization to reduce the share capital

At their Meeting of April 28, 2011,, the shareholders authorized the Company, in the Thirteenth Resolution, to reduce the share capital by cancellation of treasury shares.

This authorization was not implemented in 2011.

At their Meeting of May 3, 2012, the shareholders will be asked to approve a new authorization on the following terms:

"The shareholders, having met the conditions required for extraordinary meetings as to quorum and majority, and having reviewed the Management Report and the Statutory Auditors' report, hereby authorize the Board of Directors, with the option of sub-delegation to any person authorized under legislative and regulatory provisions, to cancel Company shares purchased in accordance with Article L. 225-209 of the French Commercial Code, on one or more occasions within a limit of 10% of share capital at the time the cancellation resolution is taken subject to adjustments to be made to this limit to reflect any cancellations operated during the preceding 24-month period, and to reduce the share capital by the same amount in accordance with the applicable statutory and regulatory rules.

The Board of Directors is hereby granted the necessary powers, with the option of delegation, to:

- reduce the share capital by cancellation of shares;
- establish the amount of the capital reduction;
- set the terms and report the completion of the transaction;
- recognize the difference between the carrying amount of cancelled shares and their par value in additional paid-in capital;
- generally, do whatever is necessary to implement this authorization, amend the Articles of Association accordingly and carry out any required formalities.

This authorization cancels any previous authorization with the same purpose and is granted for a period of 18 months as of the date of this Shareholders' Meeting."