

20 November 2015

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CO-OPERATION AGREEMENT

between

Groupe Fnac S.A.

and

Darty plc

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CO-OPERATION AGREEMENT dated 20 November 2015 between Groupe Fnac, a *société anonyme* incorporated under the laws of France and registered with the Creteil Trade and Companies Registry (with identification number 055 800 296) with its registered office at 9, rue des Bâteaux-Lavois, 94200 Ivry-sur-Seine, France (“Fnac”) and Darty plc, a public limited company incorporated under the laws of England and Wales (with company number 04232413) with its registered office at 22-24 Ely Place, London EC1N 6TE, United Kingdom (“Darty”).

WHEREAS:

(A) Fnac proposes to announce an intention to make a recommended pre-conditional offer for the entire issued and to be issued ordinary share capital of Darty (the “Acquisition”) on the terms and subject to the conditions set out in the Announcement.

(B) It is intended that the Acquisition will be effected by way of a scheme of arrangement of Darty pursuant to Part 26 of the Act (the “Scheme”), but Fnac reserves the right, as set out in (and subject to the terms and conditions of) the Announcement and this Agreement, to elect to implement the Acquisition by way of a contractual takeover offer (the “Offer”).

(C) The parties have agreed to take certain steps to effect the completion of the Acquisition and wish to enter into this Agreement to record their respective obligations relating to certain such matters.

THE PARTIES AGREE as follows:

1. Interpretation

1.1 In this Agreement:

“Acceptance Condition” means the acceptance condition to any Offer;

“Acquisition” has the meaning given in Recital (A);

“Act” means the UK Companies Act 2006, as amended from time to time;

“Agreed Switch” shall have the meaning given in Clause 10.1(a);

“AMF” means the *Autorité des Marchés Financiers* of France;

“Announcement” means the announcement detailing the terms and conditions of the Acquisition to be made pursuant to Rule 2.7 of the Code, in substantially the form set out in Schedule 2 (Form of Announcement);

“Break Fee” means an amount payable in accordance with Clause 9, to be an amount in cash of twelve million euros (€12,000,000);

“Break Fee Payment Event” shall have the meaning given in Clause 9.2;

“Business Day” means a day, other than an English or French public holiday, Saturday or Sunday, when banks are open in London and Paris for general banking business;

“Clearances” means any approvals, visas, consents, clearances, permissions, confirmations, comfort letters and waivers that may need to be obtained and waiting periods that may need to have expired, from or under any of the laws, regulations or practices applied by any Relevant Authority (or under any agreements or arrangements to which any Relevant Authority is a party), in each case that are necessary and/or expedient to satisfy one or more of the Pre-Conditions and/or the Regulatory Conditions;

“Code” means the City Code on Takeovers and Mergers as issued from time to time by or on behalf of the Panel;

“Competing Proposal” means:

(i) an offer (including a partial, exchange or tender offer), merger, acquisition, dual-listed structure, scheme of arrangement and/or business combination (or the announcement of a firm intention to do the same), the purpose of which is to acquire 30 per cent. or more of the issued or to be issued ordinary share capital of Darty (when aggregated with the shares already held by the acquirer and any person acting in concert with the acquirer) or any arrangement or series of arrangements which results in any party acquiring ‘control’ (as defined in the Code) of Darty;

(ii) the acquisition of all or a significant proportion (being 30 per cent. or more) of the business, assets and/or undertakings of the Darty Group and/or its value taken as a whole;

(iii) a demerger, any material reorganisation and/or liquidation involving the Darty Group or a significant portion (being 30 per cent or more) of it taken as a whole; or

(iv) any other transaction which would be alternative to, or inconsistent with, or would be reasonably likely materially to preclude, impede or delay or prejudice the implementation of the Acquisition,

in each case which is not effected by Fnac (or a person acting in concert with Fnac), whether implemented in a single transaction or a series of transactions and whether conditional or otherwise;

“Conditions” means:

(i) for so long as the Acquisition is being implemented by means of the Scheme, the terms and conditions to the implementation of the Scheme as set out in Appendix 2 to the Announcement, as may be amended by Fnac with the consent of the Panel (and, for so long as the Scheme is unanimously and unconditionally recommended by the board of directors of Darty, with the consent of Darty); and

(ii) for so long as the Acquisition is being implemented by means of an Offer, the terms and conditions referred to in (i) above, as amended by replacing the Scheme Conditions with the Acceptance Condition and as may be further amended by Fnac with the consent of the Panel (and, in the case of a Switch pursuant to Clause 10.1(a) or (b), with the consent of Darty),

and “Condition” shall be construed accordingly;

“Court” means the High Court of Justice in England and Wales;

“Court Meeting” means the meeting of the holders of Darty Shares in issue on the date of the Scheme Document or issued after the date of despatch of the Scheme Document but prior to the Voting Record Time (excluding any Darty Shares held beneficially by any member of the Fnac Group or held in treasury) (and any adjournment thereof) to be convened pursuant to section 896 of the Act for the purpose of considering, and, if thought fit, approving (with or without modification), the Scheme;

“Darty Deferred Bonus Awards” means the component of annual bonus payments in respect of past, present and future financial years for Régis Schultz, Albin Jacquemont and Simon

Enoch deferred into awards over Darty Shares for a three year period (such number of outstanding awards as at the date of this Agreement being 808,493);

“Darty Directors” means the directors of Darty from time to time;

“Darty General Meeting” means the general meeting of the shareholders of Darty (and any adjournment thereof) to be convened in connection with the Scheme for the purpose of considering, and, if thought fit, approving, the shareholder resolutions necessary to enable Darty to implement the Acquisition;

“Darty Group” means Darty, its subsidiaries and its subsidiary undertakings from time to time and “member of the Darty Group” shall be construed accordingly;

“Darty Shareholders” means the holders of Darty Shares;

“Darty Shares” means the ordinary shares of €0.30 each in the capital of Darty from time to time;

“Darty Share Plan” means the Kesa Electricals plc Long Term Incentive Plan, the rules of which were approved by Darty Shareholders on 16 September 2010;

“Due Date” shall have the meaning given in Clause 9.4;

“Effective Date” means the date upon which either:

- (i) the Scheme becomes effective in accordance with its terms; or
- (ii) if Fnac elects to implement the Acquisition by means of an Offer, the date on which the Offer becomes or is declared unconditional in all respects;

“Euronext Paris” means Euronext Paris S.A.;

“European Commission” means the executive body of the European Union;

“EU” or “European Union” means an economic and political union of 28 member states which are located primarily in Europe;

“Fnac Adverse Recommendation Change” means any withdrawal of the Fnac Recommendation by the Fnac Board, or the failure to include the Fnac Recommendation in the Fnac Board Report or Fnac Prospectus, or the announcement of the Fnac Directors of their intention not to: (i) make the Fnac Board Report and/or Fnac Prospectus available to Fnac Shareholders; or (ii) include the Fnac Recommendation in the Fnac Board Report and/or the Fnac Prospectus;

“Fnac Board Report” means the report of the Fnac Board to be made available to Fnac Shareholders setting out the Fnac Resolutions and the Fnac Recommendation;

“Fnac Directors” or “Fnac Board” means the directors of Fnac from time to time;

“Fnac Extraordinary General Meeting” means the meeting of the Fnac Shareholders (and any adjournment thereof) to be convened for the purpose of considering, and, if thought fit, approving the Fnac Resolutions;

“Fnac Group” means Fnac, its subsidiaries and its subsidiary undertakings from time to time and “member of the Fnac Group” shall be construed accordingly;

“Fnac Notice” means the notice to be made available to the Fnac Shareholders in connection with the Acquisition convening the Fnac Extraordinary General Meeting, including any supplementary notice;

“Fnac Prospectus” means the prospectus (including any supplementary prospectus) to be published by Fnac at the same time as the Scheme Document in respect of the New Fnac Shares to be issued to Darty Shareholders in connection with the Acquisition and for the purpose of admission of the New Fnac Shares to trading on the Euronext Paris;

“Fnac Recommendation” shall have the meaning given in Clause 4.2(a);

“Fnac Resolutions” means the shareholder resolutions of Fnac necessary to implement the Acquisition, including to approve, effect and implement the Acquisition and to grant authority to the Fnac Directors to allot the New Fnac Shares (and any amendment(s) thereof);

“Fnac Shares” means the shares of €1.00 each in the capital of Fnac from time to time;

“Fnac Shareholders” means the holders of Fnac Shares;

“French Working Capital Letter” means the letter known as the “*Lettre de fin travaux*” to be issued by a firm of reporting accountants to Fnac in connection with the financial information and working capital statement, amongst other things, to be included in the Fnac Prospectus;

“HMRC” means H M Revenue & Customs;

“HMRC Confirmation” has the meaning given to it in Clause 3.8;

“Law” means any applicable statutes, common law, rules, ordinances, regulations, codes, orders, judgments, injunctions, writs, decrees, directions, governmental guidelines or interpretations having the force of law or bylaws, in each case, of a Relevant Authority;

“Listing Rules” means the “listing rules” made by the Financial Conduct Authority pursuant to Part VI of the Financial Services and Markets Act 2000 (as amended from time to time), referred to in section 73A(2) of the same, and contained in the Financial Conduct Authority’s publication of the same name;

“London Stock Exchange” means London Stock Exchange plc;

“Long Stop Date” means the Scheme Long Stop Date or, if the Acquisition is implemented by means of the Offer, the Offer Long Stop Date or, in either case, such later date as may be agreed in writing by Fnac and Darty (with the Panel’s consent and as the Court may approve (if such approval is required));

“New Fnac Shares” means the Fnac Shares proposed to be issued to those relevant Darty Shareholders pursuant to the terms of the Scheme;

“Offer” has the meaning given in Recital (B);

“Offer Document” means an offer document published by or on behalf of Fnac in connection with any Offer, including any revised offer document;

“Offer Long Stop Date” means the date falling nine months after the date of the Announcement or, in the event the Acquisition is referred to Phase II proceedings by any relevant anti-trust authority, the date falling thirteen months after the date of the Announcement;

“Panel” means the UK Panel on Takeovers and Mergers;

“Partial Cash Alternative” has the meaning given to it in the Announcement;

“Pre-Conditions” means the pre-conditions set out in Appendix 1 to the Announcement;

“Regulation” means Council Regulation (EC) 139/2004 (as amended);

“Regulatory Conditions” means the Conditions set out in paragraphs (b), (c), (d), (h) and (j) of Part A of Appendix 2 to the Announcement;

“Regulatory Information Service” means a regulatory information service as defined in the Listing Rules;

“Relevant Authority” means any central bank, ministry, governmental, quasi-governmental (including the European Union), supranational, statutory, regulatory or investigative body or authority (including any national or supranational anti-trust or merger control authority, any sectoral ministry or regulator and any foreign investment review body), national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof), any entity owned or controlled by them, any private body exercising any regulatory, taxing, importing or other authority, trade agency, association, institution or professional or environmental body in any jurisdiction;

“Sanction Hearing” means the court hearing (and any adjournment thereof) to sanction the Scheme pursuant to section 899 of the Act, at which the Scheme Order is expected to be granted;

“Scheme” has the meaning given in Recital (B);

“Scheme Conditions” means those conditions referred to in paragraph (a) of Part A of Appendix 2 to the Announcement;

“Scheme Document” means the circular to be despatched to the Darty Shareholders containing, *inter alia*, the details of the Acquisition, the terms and conditions to implementation of the Scheme and notices convening the Court Meeting and the Darty General Meeting, including any supplementary scheme document;

“Scheme Long Stop Date” means the date falling eight months after the date of the Announcement or, in the event the Acquisition is referred to Phase II proceedings by any relevant anti-trust authority, the date falling twelve months after the date of the Announcement;

“Scheme Order” means the order of the Court sanctioning the Scheme pursuant to section 899 of the Act;

“Scheme Record Time” means the time and date specified as such in the Scheme Document or such later time as Darty and Fnac may agree;

“Switch” shall have the meaning given in Clause 10;

“VAT” means any tax imposed in compliance with Directive 2006/112/EEC and any similar tax which may be imposed in substitution for or in addition to such tax;

“Voting Record Time” means 6.00 p.m. on the day which is two days prior to the date of the Court Meeting or any adjournment thereof (as the case may be); and

“Working Hours” has the meaning given in Clause 14.5.

1.2 In this Agreement, a reference to:

(a) the expression “group”, in relation to a party, means that party together with its subsidiaries and subsidiary undertakings from time to time;

(b) a “subsidiary” or “subsidiary undertaking” is to be construed in accordance with section 1159 (and schedule 6) of the Act;

(c) the expression “offer” shall have the meaning given in the Code and the expression “takeover offer” shall have the meaning given in section 974 of the Act;

(d) the expression “acting in concert” shall be construed in accordance with the Code;

(e) a reference to an enactment or statutory provision shall include a reference to any subordinate legislation made under the relevant enactment or statutory provision and is a reference to that enactment, statutory provision or subordinate legislation as from time to time amended, consolidated, modified, re-enacted or replaced;

(f) references to one gender include other genders;

(g) words in the singular shall include the plural and vice versa;

(h) a reference to a “person” shall include a reference to an individual, an individual’s executors or administrators, a partnership, a firm, a body corporate, an unincorporated association, government, state or agency of a state, local or municipal authority or government body, a joint venture or association (in any case, whether or not having separate legal personality);

(i) a reference to a “Recital”, “Clause” or “Schedule” (other than to a schedule to a statutory provision) shall be a reference to a recital, clause or schedule to (as the case may be) this Agreement;

(j) unless otherwise stated, references to times are to London time;

(k) any reference to a “day” (including within the phrase “Business Day”) shall mean a period of 24 hours running from midnight to midnight;

(l) references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates the English legal term in that jurisdiction;

(m) references to “writing” shall include any modes of reproducing words in any legible form and shall include email except where otherwise expressly stated;

(n) a reference to “includes” or “including” shall mean “includes without limitation” or “including without limitation” respectively;



(o) references to “£” and “pounds sterling” are to the lawful currency of the United Kingdom;

(p) the rule known as the *ejusdem generis* rule shall not apply and accordingly general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things;

(q) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words;

(r) a reference to any other document referred to in this Agreement is a reference to that other document as amended, varied, novated or supplemented at any time; and

(s) references to this Agreement include this Agreement as amended or supplemented in accordance with its terms.

1.3 The headings in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

1.4 The Schedules form part of this Agreement and shall have the same force and effect as if set out in the body of this Agreement and any reference to this Agreement shall include the Schedules.

## 2. Publication of the Announcement and the terms of the Acquisition

2.1 The obligations of the parties under this Agreement, other than this Clause 2.1 and Clauses 14 to 26, shall be conditional on the release of the Announcement via a Regulatory Information Service at or before 5:00 p.m. (London time) on the date of this Agreement, or such later time and date as the parties may agree (and, where required by the Code, approved by the Panel).

2.2 The terms of the Acquisition shall be as set out in the Announcement, together with such other terms as may be agreed by the parties in writing (save in the case of an improvement to the terms of the Acquisition, which will be at the absolute discretion of Fnac) and, where required by the Code, approved by the Panel. The terms of the Acquisition at the date of posting of the Scheme Document shall be set out in the Scheme Document. Should Fnac elect to implement the Acquisition by way of an Offer in accordance with this Agreement, the terms of the Acquisition shall be set out in the Offer Document.

## 3. Undertakings in relation to satisfaction of the Pre-Conditions and the Conditions

3.1 Fnac shall diligently pursue the Clearances with a view to satisfying the Pre-Conditions and the Regulatory Conditions as soon as is reasonably practicable and, in any event, by the Long Stop Date.

3.2 Fnac shall use its reasonable endeavours to secure the Clearances, including by offering, or accepting the imposition of, any commercially reasonable conditions, obligations, undertakings, commitments, modifications or measures to or by any Relevant Authority.

3.3 Fnac and Darty shall co-operate with each other and provide each other with all necessary information, assistance and access in a timely manner in order to allow Fnac, or Fnac and Darty jointly, or Darty, as may be required, to make any filings, submissions or notifications with the Relevant Authorities in connection with the Clearances, taking into account all applicable waiting periods and to ensure that all information necessary for the making of (or responding to any requests for further information consequent upon) any such filings, submissions or notifications (including draft versions) is supplied accurately and promptly, provided that the co-operation will be conducted

in a manner reasonably designed to preserve applicable lawyer/client and lawyer work product privileges and to limit the exchange of any competitively sensitive information to outside counsel or pursuant to an appropriately established clean team arrangement.

3.4 Fnac shall be responsible for determining the strategy for obtaining the Clearances and (except where Darty is required by applicable Law to do so) contacting and corresponding with the Relevant Authorities in relation to such Clearances. To the extent that Darty is contacted by a Relevant Authority, it shall permit Fnac to respond to that Relevant Authority in Fnac's name (unless Darty is required by applicable Law to provide the response).

3.5 Without prejudice to the generality of Clause 3.3, and except to the extent that to do so is prohibited by applicable Law:

(a) Fnac, or Fnac and Darty jointly, or Darty, as may be required, will make such filings, submissions or notifications to each Relevant Authority as soon as is reasonably practicable after the signing of this Agreement and within any applicable mandatory time periods as is necessary or expedient to do so to obtain the Clearances;

(b) Fnac and Darty shall closely co-operate in the preparation of all such filings, submissions and notifications referred to in this Clause 3 and in relation to the preparation of any other filings, submissions and notifications material correspondence or material communications to any Relevant Authority in connection with the Clearances;

(c) each party shall provide, or procure the provision of, draft copies of all filings, submissions, notifications, material correspondence and material communications intended to be sent to any Relevant Authority in relation to obtaining any Clearances to the other party and its legal advisers at such time as will allow the receiving party a reasonable opportunity to provide comments on such filings, submissions, notifications, material correspondence and material communications before they are submitted, sent or made and each party shall provide the other party with copies of all such filings, submissions, notifications, material correspondence and material communications in the form finally submitted or sent (including, in the case of non-written communications, reasonably detailed summaries of material non-written communications);

(d) each party shall have regard in good faith to comments made in a timely manner by the other party on draft copies of filings, submissions, notifications, material correspondence and material communications provided pursuant to Clause 3.5(c) and shall take into account such comments as the relevant party determines, in good faith, are reasonable;

(e) Fnac and Darty shall notify each other, and provide copies (including, in the case of non-written communications, reasonably detailed summaries of material non-written communications), in a timely manner of any material communication or material correspondence from any Relevant Authority in relation to obtaining any Clearance. Each party further agrees to: (i) keep the other party reasonably informed as to the progress of any filing, submission or notification made pursuant to Clause 3.5(a); (ii) give the other party reasonable prior notice of, and allow persons nominated by the other party to attend, all meetings or material calls with any Relevant Authority or other persons or bodies (unless prohibited by the Relevant Authority, applicable Law or other person or body or where commercially sensitive information is likely to be discussed at such meetings or on such calls) relating to obtaining any Clearance; and (iii) if appropriate, allow the other party to make oral submissions at such meetings or calls; and

(f) where reasonably requested by a party, and insofar as permitted by the Relevant Authority, the other party shall make available appropriate representatives for meetings and calls with any Relevant Authority in connection with the obtaining of any Clearances,

provided that in respect of any information the circulation of which would adversely affect the relevant party's legitimate business interests, this Clause 3 shall only require the disclosing party to provide, or procure the provision of, non-confidential versions of such information to the other party and, in respect of any competitively sensitive information, such information shall be exchanged on an outside counsel basis only or pursuant to an appropriately established clean team arrangement.

3.6 Each party undertakes to keep the other party informed promptly of (i) developments which are material or reasonably likely to be material to the obtaining of a Clearance and (ii) the satisfaction of the Pre-Conditions and the Regulatory Conditions, and to provide to the other party, so far as the providing party is aware of the same, such details and further information as the other party may reasonably request.

3.7 To the extent that Darty provides Fnac with any information, assistance and/or access to Darty's senior management for the purposes of preparing for and monitoring the integration of the businesses of the Fnac Group and the Darty Group after completion of the Acquisition (which Darty is under no obligation to provide), any competitively sensitive information shall be provided on an outside counsel basis only or pursuant to an appropriately established clean team arrangement.

3.8 Fnac shall write to HMRC at least 15 Business Days prior to the expected date of the Sanction Hearing to request written confirmation from HMRC that the Scheme Order does not need to be submitted to HMRC for stamping (the "HMRC Confirmation").

3.9 Subject to receipt of the HMRC Confirmation, and to the extent that Darty provides Fnac with the original Scheme Order following the Sanction Hearing, Fnac shall promptly deliver a copy of the Scheme Order and the HMRC Confirmation to the Registrar of Companies in England and Wales, and in any event within three Business Days of the Sanction Hearing taking place.

3.10 In the event that the HMRC Confirmation is not received, and to the extent that Darty provides Fnac with the original Scheme Order following the Sanction Hearing, Fnac shall promptly deliver a copy of the Scheme Order to the Registrar of Companies in England and Wales, and in any event within seven Business Days of the Sanction Hearing taking place.

#### 4. Fnac Notice, Fnac Extraordinary General Meeting and Fnac Prospectus

4.1 Fnac undertakes to Darty to:

(a) as promptly as reasonably practicable following satisfaction or waiver of the Pre Conditions, and in any event within 30 days, prepare, publish and distribute (if applicable) the Fnac Notice, the Fnac Board Report and the Fnac Prospectus required to convene, or otherwise in connection with, the Fnac Extraordinary General Meeting for the purpose of approving the Fnac Resolutions;

(b) cause the Fnac Extraordinary General Meeting to be convened for the Business Day prior to the Court Meeting and Darty General Meeting in accordance with the timetable to be agreed between the parties in writing from time to time; and

(c) provide Darty and its legal advisers with a reasonable opportunity to review and comment on drafts of the Fnac Notice, the Fnac Board Report and the Fnac Prospectus (including amendments and supplements thereto), prior to publishing, making available or despatching the Fnac Notice, the Fnac Board Report and the Fnac Prospectus (as appropriate).

4.2 In connection with the Fnac Board Report, the Fnac Prospectus and the Fnac Extraordinary General Meeting, Fnac shall:

(a) subject to Clause 4.4 below, procure that the Fnac Board Report and the Fnac Prospectus shall contain a unanimous and unconditional recommendation from the Fnac Directors that the Fnac Shareholders vote in favour of the Fnac Resolutions (the “Fnac Recommendation”);

(b) use reasonable endeavours to obtain the approval of the Fnac Resolutions (including the solicitation of proxies from Fnac Shareholders) and otherwise comply with all legal requirements applicable to Fnac Extraordinary General Meeting; and

(c) keep Darty informed and updated in respect of the number of proxies which have voted in favour of the Fnac Resolutions (with a break-down provided by Fnac Resolution).

4.3 Except as permitted by Clause 4.4, Fnac shall ensure that the Fnac Board shall not make a Fnac Adverse Recommendation Change.

4.4 Notwithstanding Clause 4.3, but subject to Clause 4.5, if, at any time prior to the Fnac Extraordinary General Meeting and after considering advice from outside legal counsel and Fnac’s financial advisers, the Fnac Board determines that the Fnac Recommendation would be inconsistent with any of the respective fiduciary duties of the Fnac directors under French law, the Fnac Board may make a Fnac Adverse Recommendation Change.

4.5 Fnac shall procure that the Fnac Directors shall not make a Fnac Adverse Recommendation Change unless Fnac has provided Darty with at least three Business Days’ prior notice of its intention to consider making a Fnac Adverse Recommendation Change.

4.6 Subject to the approval of the Fnac Resolutions at the Fnac Extraordinary General Meeting, Fnac shall:

(a) use reasonable endeavours to cause all New Fnac Shares to be issued to the Darty Shareholders pursuant to the Acquisition to be approved for trading on Euronext Paris; and

(b) procure that the New Fnac shares be issued credited as fully paid and rank *pari passu* with each other and all other shares of Fnac of the relevant class issued and outstanding, save as agreed by the parties in writing.

4.7 Fnac shall use reasonable endeavours to procure that an electronic copy of the French Working Capital Letter is delivered to Darty promptly following receipt of the same from its relevant firm of reporting accountants. The parties acknowledge that in order for Fnac to fulfil its obligation under this Clause 4.7, the French Working Capital Letter may need to be provided to Darty on a non-reliance basis.

## 5. Scheme Document, Offer Document and Fnac Prospectus

5.1 Subject to Clause 4.1(a), the parties intend that the Scheme Document (or the Offer Document, as may be applicable) and the Fnac Prospectus will be published and despatched to Darty Shareholders at the same time in accordance with the timetable to be agreed between the parties in writing from time to time.

5.2 Fnac agrees to promptly provide to Darty all such information about itself, its directors and the Fnac Group (including any information required under applicable Law or the Code regarding the intentions of Fnac, quantified financial benefits statements and any public reports required by the Code on quantified financial benefits statements) as may be reasonably requested and which is required for the purpose of inclusion in the Scheme Document and to provide all other assistance and access which may be reasonably required for the preparation of the Scheme Document and any other document required by applicable Law or under the Code to be published in connection

with the Scheme, including access to, and ensuring that reasonable assistance is provided by, its professional advisers.

5.3 Darty agrees to provide promptly to Fnac, to the standard that is required for Fnac to meet its obligations under applicable Law (including in relation to the rules of the AMF), all such information about itself, its directors and the Darty Group as is required for the purpose of inclusion in the Fnac Notice and/or the Fnac Prospectus to the extent, in each case, such information is necessary in order to obtain the approval of, or authorisation from, a Relevant Authority, including but not limited to the AMF.

5.4 Fnac shall procure that the Fnac Directors accept responsibility for all of the information in the Scheme Document relating to themselves (and members of their immediate families, related trusts and persons connected with them), the Fnac Group, the terms of any refinancing package agreed, any statements of the opinion, belief or expectation of the Fnac Directors in relation to the Acquisition or the enlarged Fnac Group following completion of the Acquisition and any other information in the Scheme Document for which a bidder is required to accept responsibility.

5.5 Where Fnac elects to implement an Agreed Switch, Fnac shall prepare the Offer Document and shall consult with Darty in relation thereto. Fnac agrees to submit, or procure the submission of, drafts and revised drafts of the Offer Document to Darty for review and comment and, upon reasonable request and where necessary, to discuss any comments with Darty for the purposes of preparing revised drafts. Fnac agrees to seek Darty's approval of the contents of the information in the Offer Document relating to Darty before it is posted or published, and to afford Darty sufficient time to consider such documents, in order to give its approval (such approval not to be unreasonably withheld or delayed, but without prejudice to Darty's ability to withdraw its recommendation of the Acquisition).

## 6. Implementation of the Scheme

6.1 Where the Acquisition is being implemented by way of the Scheme, Fnac undertakes that before the Sanction Hearing, it shall deliver a notice in writing to Darty either: (i) confirming the satisfaction or waiver of all Conditions (other than Condition (a) (Scheme Approval)); or (ii) confirming its intention to invoke a Condition (if permitted by the Panel) and, in the case of (ii), it shall as soon as reasonably practicable following such event or circumstance provide reasonable details of the event which has occurred, or circumstance which has arisen, which Fnac reasonably considers is sufficiently material for the Panel to permit Fnac to invoke any of the Conditions.

6.2 If the Acquisition is being implemented by way of the Scheme, Fnac shall, subject to the provisions of this Agreement and the satisfaction or waiver of all Conditions, agree to be bound by and consent to the implementation of the Scheme (insofar as it relates to Fnac). For this purpose, Fnac shall instruct counsel to appear on its behalf at the Sanction Hearing and shall undertake to the Court to be bound by the terms of the Scheme in so far as it relates to Fnac.

## 7. Darty Share Plan, Darty Deferred Bonus Awards and Retention Arrangements

7.1 The parties agree that the provisions of Schedule 1 (Darty Share Plan, Darty Deferred Bonus Awards and Certain Employee Arrangements) shall apply.

7.2 Darty and Fnac agree that if the Acquisition is implemented by way of the Scheme, the timetable for its implementation shall be fixed so as to enable options and awards under the Darty Share Plan and Darty Deferred Bonus Awards which provide for exercise and/or vesting upon the sanction of the Scheme by the Court to be exercised or vest in sufficient time to enable the resulting Darty Shares to be bound by the Scheme on the same terms as Darty Shares held by Darty Shareholders (including in respect of the Partial Cash Alternative unless the Partial Cash Alternative has been closed at the time such shares are issued or acquired).

8. Code

8.1 Nothing in this Agreement shall in any way limit the parties' obligations under the Code, and any uncontested rulings of the Panel as to the application of the Code in conflict with the terms of this Agreement shall take precedence over such terms.

8.2 The parties agree that, if the Panel determines that any provision of this Agreement that requires Darty to take or not to take such action, whether as a direct obligation or as a condition to any other person's obligation (however expressed), is not permitted by Rule 21.2 of the Code, that provision shall have no effect and shall be disregarded.

8.3 Nothing in this Agreement shall oblige Darty or the directors of Darty to recommend an Offer or a Scheme proposed by Fnac or any member of the Fnac Group.

8.4 Nothing in this Agreement shall be taken to restrict the Darty directors or the directors of any member of the Darty Group from complying with all applicable Laws including the Code and the Listing Rules.

9. Break Fee

9.1 In consideration of Darty incurring substantial costs and expenses in preparing and negotiating the Acquisition and this Agreement, Fnac undertakes that on the occurrence of a Break Fee Payment Event (defined below), Fnac shall pay, or shall procure the payment by a member of the Fnac Group of, the Break Fee to Darty.

9.2 A "Break Fee Payment Event" shall occur in the event that:

- (a) on or before the Long Stop Date:
  - (i) a Fnac Adverse Recommendation Change occurs; or
  - (ii) one or more of the Fnac Resolutions is not approved by the Fnac Shareholders at the Fnac Extraordinary General Meeting convened on or prior to the Long-Stop Date; or
  - (iii) the European Commission initiates Phase II proceedings in accordance with the terms of the Regulation and the Scheme lapses in accordance with its terms;
  - (iv) Fnac invokes (and is permitted by the Panel to invoke) any Pre-Condition and/or any Regulatory Condition; or
- (b) on the Long Stop Date:
  - (i) any Pre-Condition and/or any Regulatory Condition has not been satisfied or waived by Fnac; or
  - (ii) one or more of the Fnac Resolutions has not been approved by Fnac Shareholders at a duly convened Fnac Extraordinary General Meeting.

9.3 Fnac shall pay the Break Fee to Darty within seven days of the occurrence of a Break Fee Payment Event. Payment shall be made in immediately available funds (without any deduction or withholding, save only as required by applicable Law, and without regard to any lien, right of set-off, counterclaim or otherwise) to such bank account as may be notified in writing to Fnac by Darty for such purpose.

9.4 The parties anticipate, and shall take the position and use all reasonable endeavours to ensure that it is accepted for the relevant tax purposes, that the Break Fee is outside the scope of VAT and is not treated for VAT purposes as consideration for a taxable supply. If, however, the Break Fee is treated by any tax authority in whole or in part as the consideration for a taxable supply: (i) Darty shall provide Fnac with a valid VAT invoice which shall (a) include Fnac's VAT number (being FR 46 055 800296) and (b) not include any UK VAT in respect of that supply but shall be labelled "reverse charge supply"; and (ii) if Darty (or the representative member of the VAT group of which Darty is a member) is liable to account for VAT in respect of that supply, Fnac shall pay to Darty (in addition to any other consideration for that supply) an amount equal to such VAT. Any such additional amounts in respect of VAT shall be paid no later than the date falling 10 days before the date on which Darty (or the representative member of the VAT group of which Darty is a member) is liable to account for such VAT (the "Due Date") or, if later, the date falling five days after Darty has notified Fnac in writing of the Due Date.

9.5 The parties acknowledge and agree that, at the date of this Agreement, it is not possible to ascertain the amount of overall loss that Darty would incur as a result of any Break Fee Payment Event and that the Break Fee represents a genuine pre-estimate by the parties of the quantum of the overall loss that Darty would incur as a result of a Break Fee Payment Event.

9.6 In the event that the Break Fee is paid in accordance with this Clause 9 and this Agreement terminates in accordance with Clause 11.1(h), except with respect to fraud, Darty's right to receive the Break Fee (plus any additional amounts in respect of VAT under Clause 9.4, if any) shall be the sole and exclusive remedy of Darty against Fnac for any and all losses and damages suffered in connection with this Agreement and the transactions contemplated by this Agreement (including, but not limited to, the Acquisition not proceeding). In no event shall Fnac be required to pay the Break Fee more than once or pay more than one Break Fee.

## 10. Switching to an Offer

10.1 Fnac shall be entitled, with the consent of the Panel, to implement the Acquisition by way of the Offer rather than the Scheme (such an election a "Switch") in the following circumstances:

- (a) Darty provides its written consent (an "Agreed Switch"); or
- (b) the Darty Directors withdraw their recommendation of the Acquisition; or
- (c) (i) the Scheme Document has not been posted to Darty Shareholders; and (ii) 30 days or more have elapsed since the satisfaction or waiver of the last in time of the Pre Conditions; or
- (d) Fnac has the right to terminate this Agreement under Clause 11 of this Agreement; or
- (e) Darty is in material breach of any term of this Agreement, provided that:
  - (i) Fnac shall first have notified Darty in writing of such breach and of its intention to effect a Switch; and
  - (ii) such breach remains unremedied following the expiry of ten Business Days from the date of receipt of such written notification (such date being construed in accordance with Clause 14.4 of this Agreement).

10.2 In the event of a Switch pursuant to Clause 10.1(a) or (b):

(a) the acceptance condition to the Offer (the “Acceptance Condition”) shall be set at 90 per cent (or such lesser percentage as may be agreed between the Parties after, to the extent necessary, consultation with the Panel, being in any case more than fifty per cent of Darty Shares) of the Darty Shares to which the Offer relates;

(b) Fnac shall not take any action which would cause the Offer not to proceed, to lapse or be withdrawn in each case for non-fulfilment of the Acceptance Condition prior to the 60th day after publication of the Offer Document and Fnac shall ensure that the Offer remains open for acceptances until such time;

(c) Fnac shall ensure that the only pre-conditions to the Offer shall be the Pre-Conditions and the only conditions to the Offer shall be the Conditions (unless the parties agree otherwise);

(d) Fnac shall keep Darty informed, on a regular basis and in any event by the next Business Day following a request from Darty of the number of Darty Shareholders that have validly returned their acceptance or withdrawal forms or incorrectly completed their withdrawal or acceptance forms and the identity of such Darty Shareholders; and

(e) as soon as reasonably practicable following such event or circumstance, provide reasonable details of the event which has occurred or circumstance which has arisen which Fnac considers is sufficiently material for the Panel to permit Fnac to invoke any of the Conditions.

10.3 In the event of any Switch, the parties agree that:

(a) this Agreement shall be construed as far as possible to give effect to the intentions of the parties under this Agreement; and

(b) all provisions of this Agreement relating to the Scheme and its implementation shall apply to the Offer or its implementation *mutatis mutandis*.

## 11. Termination

11.1 Subject to Clauses 11.2 and 11.3, this Agreement shall terminate with immediate effect and all rights and obligations of the parties under the Agreement shall cease forthwith, as follows:

(a) if agreed in writing between the parties;

(b) upon service of written notice by Fnac to Darty, if the board of directors of Darty withdraws its unanimous and unconditional recommendation of the Scheme (or the Offer, as the case may be);

(c) upon service of written notice by Fnac to Darty, if the Acquisition is being implemented by way of the Scheme and:

(i) the Court Meeting is not held on or before the 22nd day after the expected date of such hearing as set out in the Scheme Document (or such later date as may be agreed in writing between the parties with the consent of the Panel and the approval of the Court (if such approval is required)); or

(ii) the Sanction Hearing is not held on or before the 22nd day after the expected date of such hearing as set out in the Scheme Document (or such later date as may be agreed in writing between the parties with the consent of the Panel and the approval of the Court (if such



approval is required)) and a copy of the Scheme Order (if issued by the Court) is not delivered within seven Business Days thereafter to the Registrar of Companies in England and Wales;

(d) upon service of written notice by Fnac to Darty prior to the Long Stop Date stating that either (i) any Pre-Condition or Condition which has not been waived is (or has become) incapable of satisfaction by the Long Stop Date and, notwithstanding that it has the right to waive such Pre-Condition or Condition, Fnac will not do so; or (ii) any Pre-Condition or Condition which is incapable of waiver has become incapable of satisfaction by the Long Stop Date, in each case in circumstances where the invocation of the relevant Pre-Condition or Condition (or confirmation that the Pre-Condition or Condition is incapable of satisfaction, as appropriate) is permitted by the Panel;

(e) upon service of written notice by Fnac to Darty, if a Competing Proposal is (i) recommended by the board of directors of Darty or (ii) completes, becomes effective or is declared or becomes unconditional in all respects;

(f) if the Scheme (or the Offer as the case may be) is withdrawn or lapses in accordance with its terms prior to the Long Stop Date and with the permission of the Panel (other than: (i) where such lapse or withdrawal is as a result of the exercise of Fnac's right to effect a Switch; or (ii) it is otherwise to be followed within two Business Days by an announcement under Rule 2.7 of the Code made by Fnac or a person acting in concert with Fnac to implement the Acquisition by a different offer or scheme on substantially the same or improved terms);

(g) if the Effective Date has not occurred by the Long Stop Date; or

(h) upon service of written notice by either party if a Break Fee Payment Event has occurred.

11.2 Termination of this Agreement shall be without prejudice to the rights of any of the parties which have arisen at or prior to termination of this Agreement. For the avoidance of doubt, if this Agreement is terminated pursuant to this Clause 11, Fnac will remain obliged to pay the Break Fee to the extent that it had become due and payable at or before, or by reason of the event or circumstance which entitles Fnac to serve notice of, any such termination (subject to the provisions of this Agreement then in force) on the occurrence of the Break Fee Payment Event (together with any additional amounts in respect of VAT under Clause 9.4, if any).

11.3 Clauses 11.3 and 13 to 26 (inclusive) shall survive termination of this Agreement.

## 12. Directors' and officers' insurance

12.1 The parties acknowledge that it is the intention of Darty to:

(a) procure directors' and officers' liability insurance cover for both current and former directors and officers of the Darty Group, including directors and officers who retire or whose employment is terminated (directly or indirectly) after the Acquisition, for acts and omissions up to and including the Effective Date in the form of run-off cover for a period of six years following the Effective Date; and

(b) to procure such cover by exercising its rights pursuant to the terms of the Darty Group's directors' and officers' liability insurance in force as at the date of this Agreement or any subsequent renewal policy in respect of such insurance (which the parties expect to be on substantially the same commercial terms as the cover currently in force), as appropriate.

12.2 To the extent that Darty does not procure run-off cover as envisaged by Clause 12.1 above, Fnac shall, with effect from completion of the Acquisition, procure the provision of directors' and officers' liability insurance cover for both current and former directors and officers of the Darty

Group, including directors and officers who retire or whose employment is terminated (directly or indirectly) after the Acquisition, for acts and omissions up to and including the Effective Date in the form of run-off cover for a period of six years following the Effective Date. Such insurance cover shall be with reputable insurers and provide cover, in terms of amount and breadth, at least as much as that provided under the Darty Group's directors' and officers' liability insurance as at the date of this Agreement.

12.3 Each of the directors and officers of the Darty Group to which Clause 12.1 and 12.2 apply will have the right, pursuant to the Contracts (Rights of Third Parties) Act 1999, to enforce his or her rights against Fnac under Clauses 12.1 and 12.2.

### 13. Warranties

13.1 On the date of this Agreement, each party warrants to the other that:

(a) it has the requisite power and authority to enter into and perform its obligations under this Agreement;

(b) this Agreement constitutes its binding obligations in accordance with its terms; and

(c) the execution and delivery of, and performance of its obligations under, this Agreement will not:

(i) result in any breach of any provision of its constitutional documents;

(ii) result in a breach of, or constitute a default under, any instrument to which it is a party or by which it is bound; or

(iii) result in a breach of any order; judgment or decree of any court or governmental agency to which it is a party or by which it is bound.

### 14. Notices

14.1 A notice under this Agreement shall only be effective if it is in writing.

14.2 Notices under this Agreement shall be sent to a party by hand delivery or reputable international courier or by facsimile or by email at its physical address or facsimile number or email address respectively, and shall be marked for the attention of the individual set out below:

(A) Fnac:

Attention: Matthieu Malige

Registered Office: Groupe Fnac S.A.  
9, rue des Bâteaux-Lavoisirs  
94200 Ivry-sur-Seine  
France

Fax number: +33 (0)1 55 21 53 22

Email address: [matthieu.malige@fnac.com](mailto:matthieu.malige@fnac.com)

with a copy to:

Attention: Adam Signy

Physical address: Simpson Thacher & Bartlett LLP  
CityPoint  
One Ropemaker Street  
London EC2Y 9HU  
United Kingdom

Fax number: +44 (0)20 7275 6502

Email address: [assigny@stblaw.com](mailto:assigny@stblaw.com)

with a copy to:

Attention: Youssef Djehane

Physical address: BDGS Associes  
44, av. des Champs-Elysées  
75008 Paris  
France

Fax number: +33 (0)1 42 99 22 41

Email address: [djehane@bdgs-associes.com](mailto:djehane@bdgs-associes.com)

(B) Darty:

Attention: Simon Enoch

Registered Office: Darty plc  
22-24 Ely Place  
London EC1N 6TE

Fax number: +44 (0) 20 7269 1405

Email address: [simon.enoch@dartygroup.com](mailto:simon.enoch@dartygroup.com)

with a copy to:

Attention: Martin Hattrell

Physical address: Slaughter and May  
One Bunhill Row  
London EC1Y 8YY  
United Kingdom

Fax number: +44 (0)20 7090 5000

Email address: [martin.hattrell@slaughterandmay.com](mailto:martin.hattrell@slaughterandmay.com)

14.3 A party may change its notice details on giving notice to the other party of the change in accordance with Clauses 14.1 and 14.2. That notice shall only be effective on the date falling one

Business Day after the notification has been received or such later date as may be specified in the notice.

14.4 Any notice given under this Agreement shall, in the absence of earlier receipt, be deemed to have been duly given:

- (a) if delivered by hand, on delivery;
- (b) if sent by reputable international courier, on signature of a delivery receipt;
- (c) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the notice; or
- (d) if sent by email, when sent.

14.5 Any notice given under this Agreement outside the period between 9:00 a.m. and 5:00 p.m. local time in the jurisdiction where such notice is received ("Working Hours") shall be deemed not to have been given until the start of the next period of Working Hours.

14.6 Each party shall, where it sends a notice by facsimile or email to the other party, within two Business Days send a hard copy of the relevant notice via hand delivery or reputable international courier to the physical address of the other party.

14.7 The provisions of this Clause 14 shall not apply in relation to the service of any claim form, application notice, order, judgment or other document relating to any proceedings, suit or action arising out of or in connection with this Agreement, whether contractual or non-contractual.

## 15. Remedies and waivers

15.1 No delay or omission by any party to this Agreement in exercising any right, power or remedy provided by Law or under this Agreement shall:

- (a) affect that right, power or remedy; or
- (b) operate as a waiver of it.

15.2 The single or partial exercise of any right, power or remedy provided by Law or under this Agreement shall not preclude any other or further exercise of it or the exercise of any other right, power or remedy.

15.3 The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by Law.

15.4 Without prejudice to any other rights and remedies which either party may have, each party acknowledges and agrees that damages alone may not be an adequate remedy for any breach by either party of the provisions of this Agreement and either party shall be entitled to seek the remedies of injunction, specific performance and other equitable remedies, for any threatened or actual breach of any such provision of this Agreement by either party and no proof or special damages shall be necessary for the enforcement by either party of the rights under this Agreement.

## 16. Variation

No variation of this Agreement shall be valid unless it is in writing (which, for this purpose, does not include email) and signed by or on behalf of each of the parties.

17. Invalidity

If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the Law of any jurisdiction, that shall not affect or impair:

(a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement;

(b) or the legality, validity or enforceability under the Law of any other jurisdiction of that or any other provision of this Agreement.

18. Entire agreement

18.1 Save for the confidentiality agreement between Fnac and Darty dated 16 November 2015, this Agreement constitutes the whole and only agreement between the parties relating to the Acquisition and supersedes any previous agreement whether written or oral between the parties in relation to the Acquisition.

18.2 Except in the case of fraud, each party acknowledges that it is entering into this Agreement in reliance upon only this Agreement and that it is not relying upon any pre-contractual statement that is not set out in this Agreement.

18.3 Except in the case of fraud, no party shall have any right of action against the other party arising out of or in connection with any pre-contractual statement except to the extent that it is repeated in this Agreement.

18.4 For the purposes of this Clause 18, “pre-contractual statement” means any draft, agreement, undertaking, statement, representation, warranty, promise, assurance, covenant, indemnity, guarantee, undertaking, commitment or arrangement of any nature whatsoever (whether contractual or otherwise), whether or not in writing, relating to the subject matter of this Agreement made or given by any person at any time before the date of this Agreement.

19. Language

Each notice or other communication under or in connection with this Agreement shall be in English.

20. Contracts (Rights of Third Parties) Act 1999

Save as set out in Clause 12.3, the parties do not intend that any term of this Agreement should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Agreement.

21. Assignment

No party shall be entitled to assign (whether absolutely or by way of security and whether in whole or in part), transfer, mortgage, charge, declare itself a trustee for a third party of, or otherwise dispose of (in any manner whatsoever) the benefit of this Agreement (or any part of it) or sub-contract in any manner whatsoever its performance under this Agreement without the prior written consent of the other party.

22. Costs and expenses

Each party shall pay its own costs and expenses in relation to the negotiation, preparation, execution and carrying into effect of this Agreement and any matter contemplated by it.

23. Further assurance

Each party shall, at its own cost, use reasonable endeavours to, or procure the doing of all acts that any relevant third party shall, do and execute and perform all such further deeds, documents, assurances, acts and things as may reasonably be required to give effect to this Agreement.

24. Counterparts

24.1 This Agreement may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart.

24.2 Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute but one and the same instrument.

25. Governing law and jurisdiction

25.1 This Agreement is to be governed by and construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual, is to be governed by and determined in accordance with English law.

25.2 The parties irrevocably submit to the exclusive jurisdiction of the courts of England and Wales in respect of any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual.

26. Agent for Service of Process

Fnac hereby appoints Intertrust (UK) Limited (attention: The Managing Director) of 11 Old Jewry, London EC2R 8DU, United Kingdom to be its agent for service of process in England and Wales in connection with any notice, writ, summons, order, judgment or other document relating to or in connection with any proceedings connected to this Agreement.

**IN WITNESS WHEREOF** the parties have executed this Agreement on the date first set out above:

**EXECUTED BY**

)

)

acting for and on behalf of

)

**Groupe Fnac S.A.**

)

ABompard

IN WITNESS WHEREOF the parties have executed this Agreement on the date first set out above:

**EXECUTED BY**

)

)

acting for and on behalf of

)

*S. J. Simon*  
.....  
—.

**Darty plc**

)



**SCHEDULE 1**  
**DARTY SHARE PLAN, DARTY DEFERRED BONUS AWARDS AND CERTAIN**  
**EMPLOYEE ARRANGEMENTS**

**Part A: Darty Share Plan and Darty Deferred Bonus Awards**

Darty and Fnac agree that the following provisions will apply to the Darty Share Plan and the Darty Deferred Bonus Awards:

1. If the Acquisition is effected by way of Scheme, Fnac and Darty agree that the approval of Darty Shareholders will be sought for an amendment to the articles of association of Darty so that if there are any Darty Shares issued after the Scheme Record Time pursuant to the exercise of options or vesting of awards under the Darty Share Plan or the Darty Deferred Bonus Awards, those shares will be compulsorily acquired by Fnac and/or its nominee on the same terms as are available to other Darty Shareholders under the Scheme (other than in respect of the Partial Cash Alternative, which shall, for the avoidance of doubt, not be available for such Darty Shares).
2. Fnac and Darty agree to work together to prepare, in a form to be agreed between Fnac and Darty, communications to participants in the Darty Share Plan to enable Fnac to satisfy its obligations under Rule 15 of the Code.
3. Fnac acknowledges and agrees that, in consequence of the Acquisition, unvested awards granted in 2013, 2014 and 2015 under the Darty Share Plan will vest in respect of such number of Darty Shares as may be determined by the Darty Remuneration Committee in accordance with the rules of the Darty Share Plan and the terms of such awards. The Darty Remuneration Committee has confirmed that it anticipates that it will, in accordance with the rules of the Darty Share Plan, test the performance conditions relating to awards by reference to, where applicable, the reduced performance period, ending shortly prior to Court sanction of the Scheme. The Darty Remuneration Committee intends to (i) apply a time *pro rata* reduction to the performance adjusted awards granted in 2015 on vesting ending shortly prior to Court sanction of the Scheme and (ii) in respect of awards made under the Darty Share Plan in 2015, to assess performance based on the annual performance target of Darty (minimum of +10% CAGR and Maximum +30% CAGR for EPS and Free Cash Flow) for the reduced performance period ending shortly prior to date upon which the Court sanctions the Scheme.
4. Unvested Darty Deferred Bonus Awards will automatically vest on Court sanction of the Scheme.
5. In respect of awards under the Darty Share Plan granted in 2013, 2014 and 2015, and in respect of awards under the Deferred Annual Bonus Awards, to the extent that such awards have vested, Fnac shall, on or around the Effective Date, procure the provision of a share dealing facility for the sale of all New Fnac Shares received or to be received by the relevant recipients of those awards. Such facility shall be provided at no cost to the relevant recipients.
6. Fnac and Darty agree to work together to determine and agree how the Darty Shares held by the Kesa Electricals Employee Benefits Trust (which holds Darty Shares on behalf of employees of the Darty Group) should be dealt with in connection with the Acquisition (including, but not limited to (i) to the extent Darty is able to issue new Darty Shares at the appropriate time, the Darty Directors recommending to the trustees of the Kesa Electricals Employee Benefits Trust to sell, all such Darty Shares it holds on behalf of employees of the Darty Group, in order to repay outstanding amounts owed to Darty pursuant to an existing loan arrangement; and/or (ii) utilising such Darty Shares to satisfy outstanding awards which

may vest under the terms of Darty Share Plan or under the Darty Deferred Bonus Awards prior to the Scheme Record Time).

**Part B: Certain Employee Arrangements**

7. Subject to paragraph 8 below, in the event that any member of Darty's executive committee as at the date of the Effective Date is dismissed by Fnac by reason of redundancy within eight months of such Effective Date (that person being a "Redundant ExCom Member"), Fnac shall provide him or her with compensation on termination of employment in a minimum amount equal to:

A + B

Where:

A = one full year's base salary (excluding bonuses); and

B = an amount equivalent to the actual bonus which such Redundant ExCom Member receives for the 2015/2016 bonus year.

8. In the event that a Redundant ExCom Member's contract of employment and the law provide for a greater aggregate amount of compensation to be paid on termination of his or her employment than the aggregate amount of compensation calculated in accordance with paragraph 7 above, paragraph 7 shall be disregarded and Fnac shall pay the Redundant ExCom Member his or her contractual entitlements and other legal entitlements.

**SCHEDULE 2**  
**FORM OF ANNOUNCEMENT**

*[see following page]*

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN OR INTO ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION.**

**THIS ANNOUNCEMENT IS NOT INTENDED TO, AND DOES NOT, CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO PURCHASE, OTHERWISE ACQUIRE, SUBSCRIBE FOR, SELL OR OTHERWISE DISPOSE OF, ANY SECURITIES OR THE SOLICITATION OF ANY VOTE OR APPROVAL IN ANY JURISDICTION PURSUANT TO THE PROPOSALS OR OTHERWISE. THE PROPOSALS WILL BE MADE SOLELY THROUGH THE SCHEME DOCUMENT OR, IF FNAC ELECTS TO SWITCH TO AN OFFER, THE OFFER DOCUMENT, WHICH WILL CONTAIN THE FULL TERMS AND CONDITIONS OF THE PROPOSALS, INCLUDING DETAILS OF HOW TO VOTE IN RESPECT OF THE PROPOSALS. ANY ACCEPTANCE OR OTHER RESPONSE TO THE PROPOSALS SHOULD BE MADE ONLY ON THE BASIS OF THE INFORMATION IN THE SCHEME DOCUMENT OR OFFER DOCUMENT (AS APPROPRIATE).**

**FOR IMMEDIATE RELEASE**

**20 November 2015**

**RECOMMENDED OFFER  
FOR  
DARTY PLC  
BY  
GROUPE FNAC S.A.**

**Summary**

The boards of Fnac and Darty are pleased to announce that they have reached agreement on the terms of a recommended pre-conditional offer to be made by Fnac for the entire issued and to be issued share capital of Darty.

- Under the terms of the Proposed Acquisition, which will be subject to (i) the Pre-Conditions and (ii) the Conditions and further terms to be set out in the Scheme Document, Darty Shareholders will be entitled to receive:

**For every: 37 Darty Shares held,**

**1 Fnac Share**

- Fnac's offer will also include a Partial Cash Alternative pursuant to which Eligible Darty Shareholders will have the opportunity to elect to receive cash *in lieu* of part or all of the New Fnac Shares which such shareholders would otherwise have been entitled to receive pursuant to the terms of the Scheme (subject to pro rating in accordance with the terms of the Partial Cash Alternative). The maximum aggregate amount of the Partial Cash Alternative is £66,686,321<sup>1</sup>, which will be paid to those Eligible Darty Shareholders that make a valid election under the Partial Cash Alternative. Elections under the Partial Cash Alternative for up to a basic entitlement, details of which will be set out in the Scheme Document, will be satisfied in full. To

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<sup>1</sup> €95,000,000 calculated by reference to the £/€ exchange rate of £1: €1.4246 on 19 November 2015, being the last Business Day prior to the date of this Announcement, and rounded down to the nearest pound.

the extent that elections under the Partial Cash Alternative in excess of the basic entitlement cannot be satisfied in full, they will be scaled down as nearly as reasonably practicable *pro rata* to the value which each Eligible Darty Shareholder's valid election under the Partial Cash Alternative bears to the total aggregate value of all valid elections made under the Partial Cash Alternative.

- Subject to the paragraph below, Eligible Darty Shareholders who validly elect to receive the Partial Cash Alternative will receive, *in lieu* of each Fnac Share to which they would otherwise be entitled under the Proposed Acquisition, a cash amount equal to the volume-weighted average price of one Fnac Share for the 30 days prior to and including the last practicable date before the date of the Scheme Document (or, as appropriate, the Offer Document) applying the average £/€ exchange rate over the same period.
- Darty and Fnac may, however, agree to an alternative method of calculating the cash value per Darty Share which Eligible Darty Shareholders who validly elect to receive the Partial Cash Alternative will receive *in lieu* of each Fnac Share which they would otherwise be entitled to receive under the Proposed Acquisition. Full details of the Partial Cash Alternative including the cash value per Darty Share will be set out in the Scheme Document (or, as appropriate, the Offer Document) and in the announcement of the posting of the Scheme Document (or, as appropriate, the Offer Document).
- Based on the Closing Price of €55.6 per Fnac Share on 19 November 2015 (being the last Business Day before the date of this Announcement), the terms of the Proposed Acquisition represent:
  - a value of approximately 105 pence per Darty Share;
  - a premium of approximately 33 per cent. to the Closing Price of 81 pence per Darty Share on 29 September 2015 (being the last Business Day before the date of Fnac's Possible Offer Announcement); and
  - a value of approximately £558 million for Darty's entire issued and to be issued share capital.
- Based on the Closing Price of €60.4 per Fnac Share on 5 November 2015 (being the last Business Day before the date of the Agreement on Key Offer Terms Announcement), the terms of the Proposed Acquisition represent:
  - a value of approximately 116 pence per Darty Share;
  - a premium of approximately 47 per cent. to the Closing Price of 81 pence per Darty Share on 29 September 2015; and
  - a value of approximately £615 million for Darty's entire issued and to be issued share capital.
- Based on the Closing Price of €53.0 per Fnac Share on 29 September 2015 (being the last Business Day before the date of Fnac's Possible Offer Announcement), the terms of the Proposed Acquisition represent:
  - a value of approximately 106 pence per Darty Share;

- a premium of approximately 34 per cent. to the Closing Price of 81 pence per Darty Share on 29 September 2015; and
- a value of approximately £562 million for Darty's entire issued and to be issued share capital.
- The Proposed Acquisition will result in Darty Shareholders owning approximately 46 per cent. of the Combined Group (excluding the effect of the Partial Cash Alternative).
- Under the terms of the Proposed Acquisition, relevant Darty Shareholders are entitled to retain the final dividend of 2.625 euro cents per Darty Share in respect of the financial year ended 30 April 2015, paid on 13 November 2015, and will be entitled to receive and retain future dividends in the ordinary course prior to completion of the Proposed Acquisition. In particular, those Darty Shareholders who are on the register as at 4 March 2016 will be entitled to receive the 2016 interim dividend for the period to 31 October 2015 of not more than 0.875 euro cents per Darty Share expected to be paid on 30 March 2016. In the event that Phase II proceedings are required to secure the regulatory clearances relating to anti-trust and those clearances have not been obtained by the record date for the 2016 final dividend, expected to be on or around 21 October 2016, Darty Shareholders on the register at that record date will be entitled to receive in full the final dividend payable in relation to Darty's financial year ending 30 April 2016 of not more than 2.625 euro cents per Darty Share.
- Based on Fnac's and Darty's most recent annual accounts, the Combined Group would have annual sales of over €7 billion and an EBITDA of approximately €270 million (on a *pro forma* basis), and would:
  - be a leader in France, generating French sales of €5.6 billion;
  - have approximately 380 stores across France, combining two complementary store networks;
  - have a sizeable international presence, with over 200 stores outside France, across Belgium, the Netherlands, Spain, Portugal, Brazil, Switzerland, Morocco, Qatar, and soon the Ivory Coast;
  - present an enhanced online offering, with attractive growth prospects. Fnac's website receives approximately 11 million unique visitors per month, with 5.4 million for Darty; and
  - be a leading omni-channel player in its categories of products.
- The Fnac Board believes that the Proposed Acquisition will result in compelling financial benefits to the Combined Group, including total annual pre-tax cost savings of at least €85 million *per annum*. This amount does not include any revenue synergies that may arise from the Proposed Acquisition and does not take into account the impact of any remedies that may be imposed by the relevant anti-trust authorities.
- In addition, Fnac has received support for the Proposed Acquisition from Darty Shareholders holding 23.63 per cent. of the issued share capital of Darty. Such shareholders have either irrevocably undertaken or otherwise set out their intention to elect to receive 100 per cent. of the consideration due to them pursuant to the terms of the Scheme in the form of New Fnac Shares. Accordingly, provided that such forms of support remain in effect and/or are adhered to (as the case may be), a greater amount of cash will be available to the other Eligible Darty Shareholders under the Partial Cash Alternative than would have otherwise been the case.

- As set out in more detail in [section 4](#) (*Background to and reasons for the Proposed Acquisition*) below, the Fnac Board believes that Darty and Fnac represent a logical and complementary fit. Accordingly, Fnac believes that the Proposed Acquisition is a compelling strategic transaction in this segment of retail.

**Commenting on today’s Announcement, Alexandre Bompard, Chairman and CEO of Fnac said:**

“The successful in-depth transformation of Fnac led over the past few years by all employees has enabled Fnac to be in a position to launch this consolidation move. The combination of Fnac and Darty constitutes a compelling strategic opportunity for both groups by creating a leader in the French electronics, editorial and home appliances retail markets, as well as a key player in the wider European consumer electronics landscape. We believe that the Proposed Acquisition will benefit both groups, in particular their respective employees and customers, and represents a unique value creation opportunity for both Darty and Fnac shareholders.”

**Commenting on the Proposed Acquisition, Alan Parker, Non-Executive Chairman of Darty said:**

“Over the last three years the Darty team, under Régis Schultz, has successfully delivered our *Nouvelle Confiance* plan - eliminating losses in our non-core countries and focusing Darty in France, Belgium and Holland to create value for our shareholders. Through a brand leadership position and an innovative approach to omni-channel retailing, a strong platform for the future has been established. The combination with Fnac provides an opportunity to take this to the next level, creating a leading European retailer, delivering attractive synergies for investors, benefits for our customers and compelling development opportunities for our people.”

- It is intended that the Proposed Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Act, further details of which are contained in the full text of this Announcement. However, Fnac reserves the right to elect, with the consent of the Panel (where necessary), and subject to the terms of the Co-operation Agreement, to implement the Proposed Acquisition by way of a takeover offer (as defined in Part 28 of the Act).
- The Darty Directors, who have been so advised by Morgan Stanley & Co. International plc, UBS Limited and Lazard & Co., Limited as to the financial terms of the Proposed Acquisition, consider the terms of the Proposed Acquisition to be fair and reasonable. In providing advice to the Darty Directors, Morgan Stanley & Co. International plc, UBS Limited and Lazard & Co., Limited have taken into account the commercial assessments of the Darty Directors on Darty’s business and prospects.
- Accordingly, the Darty Directors intend to recommend unanimously that Darty Shareholders vote in favour of the Scheme at the Court Meeting and the resolutions relating to the Proposed Acquisition at the Darty General Meeting and, at the time the Scheme Document is posted, each Darty Director intends to enter into an irrevocable undertaking to vote the Darty Shares that he/she holds in favour of the Scheme and such resolutions.
- The Darty Directors and (in providing their advice to the Darty Directors) Lazard & Co., Limited, Morgan Stanley & Co. International plc and UBS Limited express no view as to the Partial Cash Alternative. Their views in this regard will be provided in the Scheme Document.
- The Proposed Acquisition will be put to a vote of Fnac Shareholders. The Fnac Directors consider the Proposed Acquisition to be in the best interests of Fnac and the Fnac Shareholders as a whole and intend to recommend unanimously that Fnac Shareholders vote in favour of the Fnac

Resolutions to be proposed at the Fnac Extraordinary General Meeting which will be convened in connection with the Proposed Acquisition, and at the same time as the Fnac Board Report is made available to Fnac Shareholders, each Fnac Director intends to enter into an irrevocable undertaking to vote the Fnac Shares that he/she holds in favour of the Fnac Resolutions to be proposed at the Fnac Extraordinary General Meeting.

- The Proposed Acquisition will be subject to the satisfaction (or waiver) of the Pre-Conditions set out in [Appendix 1](#), the satisfaction (or waiver, if permitted) of the Conditions set out in [Appendix 2](#), certain further terms set out in [Appendix 2](#) and to the full terms and conditions which will be set out in the Scheme Document, including the sanction of the Scheme by the Court and the approval of the Proposed Acquisition by the Darty Shareholders. The Pre-Conditions relate to the receipt of anti-trust clearance from the French Competition Authority and the Belgian Competition Authority (or, if relevant, the European Commission), and the Conditions include the approval of the Scheme by the Darty Shareholders, the sanction of the Scheme by the Court, the approval of the Proposed Acquisition by the Fnac Shareholders and the admission of the New Fnac Shares to trading on Euronext Paris, as further described in [section 7](#) of this Announcement.
- The Scheme Document will include full details of the Scheme, together with notices of the Court Meeting and the Darty General Meeting and the expected timetable, and will specify the action to be taken by Scheme Shareholders. Should Phase I clearances be obtained, it is expected that the Scheme Document will be sent to Darty Shareholders in Q2 2016, and within 28 days of the date on which the Pre-Conditions are satisfied and/or waived, as applicable (save as the Panel may otherwise permit). In such circumstances, it is expected that completion of the Proposed Acquisition would occur around mid-2016. In the event that Phase II proceedings are opened, it is expected that the Scheme Document would be sent to Darty Shareholders in Q3 2016 and that completion of the Proposed Acquisition would occur in Q4 2016.
- It is expected that, subject to the terms of the Co-operation Agreement, the Fnac Notice convening the Fnac Extraordinary General Meeting will be made available to Fnac Shareholders on the date on which the claim form relating to the Scheme is filed at the Court. The Fnac Board Report relating to the Fnac Extraordinary General Meeting will be made available to Fnac Shareholders shortly thereafter. It is expected that the Fnac Extraordinary General Meeting will be held on a day that is at least 35 days after the Fnac Notice is made available and on the Business Day prior to the date that the Court Meeting and the Darty General Meeting is held.
- It is expected that the Fnac Prospectus, containing information about the New Fnac Shares and the Combined Group, will be sent to Darty Shareholders with the Scheme Document.

**This summary should be read in conjunction with, and is subject to, the full text of this Announcement (including the Appendices). The Proposed Acquisition will be subject to the Pre-Conditions set out in [Appendix 1](#), the Conditions and certain further terms set out in [Appendix 2](#) and to the full terms and conditions which will be set out in the Scheme Document. [Appendix 3](#) contains sources and bases of certain information contained in this Announcement. [Appendix 4](#) contains certain information relating to Fnac and Darty. Details of the irrevocable undertaking and letter of intent received from Darty Shareholders by Fnac, are set out in [Appendix 5](#). [Appendix 6](#) contains information relating to the Quantified Financial Benefits Statement made in this Announcement and the reports of Fnac's reporting accountant and financial adviser. [Appendix 7](#) contains the definitions of certain terms used in this Announcement.**

**Neither the Quantified Financial Benefits Statement contained in this Announcement nor any statement of intention, belief or expectation for the Combined Group following the Effective Date,**



or the effect of the Proposed Acquisition, are statements of intention, belief or expectation of Darty or the Darty Directors.

**Enquiries**

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**Important notices relating to financial advisers**

N. M. Rothschild & Sons Limited, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the UK, is acting exclusively for Fnac and no one else in connection with the Proposed Acquisition and will not be responsible to anyone other than Fnac for providing the protections afforded to its clients or for providing advice in relation to the Proposed Acquisition or any other matters referred to in this Announcement.

Ondra LLP, which is authorised and regulated by the FCA in the UK, is acting exclusively for Fnac and no one else in connection with the Proposed Acquisition and will not be responsible to anyone other than Fnac for providing the protections afforded to its clients or for providing advice in relation to the Proposed Acquisition or any other matters referred to in this Announcement.

Crédit Agricole Corporate and Investment Bank, which is authorised by the ACPR in France and regulated by the AMF, is acting exclusively for Fnac and no one else in connection with the Proposed Acquisition and will not be responsible to anyone other than Fnac for providing the protections afforded to its clients or for providing advice in relation to the Proposed Acquisition or any other matters referred to in this Announcement.

Lazard & Co., Limited, which is authorised and regulated by the FCA in the UK, is acting exclusively as financial adviser to Darty and no one else in connection with the Proposed Acquisition and will not be responsible to anyone other than Darty for providing the protections afforded to clients of Lazard & Co., Limited nor for providing advice in relation to the Proposed Acquisition or any other matters referred to in this Announcement. Neither Lazard & Co., Limited nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard & Co., Limited in connection with this Announcement, any statement contained herein or otherwise.

Morgan Stanley & Co. International plc, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the UK, is acting exclusively for Darty and no one else in connection with the Proposed Acquisition. In connection with such matters, Morgan Stanley & Co. International plc, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to the Proposed Acquisition or any other matters referred to in this Announcement.

UBS Limited, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the UK, is acting exclusively for Darty and no one else in connection with the Proposed Acquisition. In connection with such matters, UBS Limited, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to the Proposed Acquisition or any other matters referred to in this Announcement.

### **Further information**

This Announcement is not intended to and does not constitute or form part of any offer to sell or subscribe for or any invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposed Acquisition or otherwise nor shall there be any sale, issuance or transfer of securities of Fnac or Darty pursuant to the Proposed Acquisition in any jurisdiction in contravention of applicable laws. The Proposed Acquisition will be implemented solely pursuant to the terms of the Scheme Document which will contain the full terms and conditions of the Proposed Acquisition, including details of how to vote in respect of the Proposed Acquisition. Any decision in

respect of, or other response to, the Proposed Acquisition should be made only on the basis of the information contained in the Scheme Document.

Fnac reserves the right to elect, with the consent of the Panel, and subject to the terms of the Co-operation Agreement, to implement the Proposed Acquisition by way of a takeover offer in accordance with Part 28 of the Act. In such event, the Proposed Acquisition will be implemented on substantially the same terms, subject to appropriate amendments, as to those which would only apply in respect of the Scheme.

This Announcement does not constitute a prospectus or prospectus equivalent document.

### **Information relating to Darty Shareholders**

Please be aware that addresses, electronic addresses and certain other information provided by Darty Shareholders, persons with information rights and other relevant persons for the receipt of communications from Darty may be provided to Fnac during the Offer Period as required under Section 4 of Appendix 4 the City Code.

### **Overseas jurisdictions**

The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom and France may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom and France should inform themselves about, and observe any applicable requirements. In particular, the ability of persons who are not resident in the United Kingdom or France to vote their Darty Shares with respect to the Scheme at the Court Meeting, or to execute and deliver forms of proxy appointing another to vote at the Court Meeting on their behalf or to elect to participate in the Partial Cash Alternative, may be affected by the laws of the relevant jurisdictions in which they are located.

This Announcement has been prepared for the purpose of complying with English law, French law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom and/or France.

Unless otherwise determined by Fnac or required by the City Code, and permitted by applicable law and regulation, the Proposed Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Proposed Acquisition by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement and any formal documentation relating to the Proposed Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

If the Proposed Acquisition is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the Offer may not be made directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of Canada, Japan, Australia, South Africa or any Restricted Jurisdiction and the Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.

The availability of New Fnac Shares and/or the Partial Cash Alternative under the terms of the Proposed Acquisition to Darty Shareholders who are not resident in the United Kingdom or France may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom or France should inform themselves of, and observe, any applicable legal or regulatory requirements.

Further details in relation to Darty Shareholders in overseas jurisdictions will be contained in the Scheme Document.

### **Additional US information**

The Proposed Acquisition relates to the shares of a UK company and a French company and is subject to UK and French procedural and disclosure requirements that are different from those of the US. Any financial statements or other financial information included in this Announcement may have been prepared in accordance with non-US accounting standards that may not be comparable to the financial statements of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. It may be difficult for US holders of shares to enforce their rights and any claims they may have arising under the US federal securities laws in connection with the Proposed Acquisition, since Fnac and Darty are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the United States. US holders of shares in Fnac or Darty may not be able to sue Fnac, Darty or their respective officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel Fnac, Darty and their respective affiliates to subject themselves to the jurisdiction or judgment of a US court.

It is intended that the Proposed Acquisition will be implemented by way of a scheme of arrangement under English law which is not subject to the tender offer rules under the US Exchange Act. Accordingly, the Proposed Acquisition will be subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement which differ from the disclosure requirements of the US tender offer rules. If the Proposed Acquisition is implemented by way of a scheme of arrangement, the New Fnac Shares are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) of the US Securities Act. Section 3(a)(10) exempts securities issued in exchange for one or more outstanding securities from the general requirements of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court, after a hearing on the fairness of the terms and conditions of the issuance and exchange at which all persons to whom such securities will be issued have the right to appear and be heard. The Court will hold a hearing on the Scheme's fairness to Darty Shareholders, at which hearing all such shareholders will be entitled to attend in person or through counsel. If the Proposed Acquisition is implemented by way of a scheme of arrangement, a person who is entitled to receive New Fnac Shares and who is an affiliate of Fnac may not resell such securities without registration under the US Securities Act or pursuant to the applicable resale provisions of Rule 144 under the US Securities Act or another applicable exemption from registration or in a transaction not subject to registration (including a transaction that satisfies the applicable requirements of Regulation S under the US Securities Act). Whether a person is an affiliate of a company for the purposes of the US Securities Act depends on the circumstances but affiliates can include certain officers, directors and significant shareholders. Persons who believe that they may be affiliates of Fnac should consult their own legal advisers prior to any sale of securities received pursuant to the Scheme.

Alternatively, with the consent of the Panel and subject to the terms of the Co-operation Agreement, if the Proposed Acquisition is implemented by way of a takeover offer under English law, the Offer will be made in the US pursuant to Section 14(e) and Regulation 14E under the US Exchange Act as a "Tier II" tender offer, and otherwise in accordance with the requirements of the City Code. Accordingly, the Offer

will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under US domestic tender offer procedures and law. If the Proposed Acquisition is implemented by way of a takeover offer, a person who is entitled to receive New Fnac Shares may not resell such securities without registration under the US Securities Act or without an applicable exemption from registration or in a transaction not subject to registration (including a transaction that satisfies the applicable requirements of Regulation S under the US Securities Act).

Investors should be aware that Fnac may purchase or arrange to purchase Darty Shares otherwise than under any takeover offer or scheme of arrangement related to the Proposed Acquisition, such as in open market or privately negotiated purchases.

This announcement does not constitute an offer of securities for sale in the US or an offer to acquire or exchange securities in the US. Securities may not be offered or sold in the US absent registration or an exemption from registration, and any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer or the selling security holder and that will contain detailed information about the company and management, as well as financial statements. No offer to acquire securities or to exchange securities for other securities has been made, or will be made, directly or indirectly, in or into, or by use of the mails, any means or instrumentality of interstate or foreign commerce or any facilities of a national securities exchange of, the US or any other country in which such offer may not be made other than (i) in accordance with the US Securities Act, as amended, or the securities laws of such other country, as the case may be, or (ii) pursuant to an available exemption from such requirements.

Nothing in this Announcement shall be deemed an acknowledgement that any SEC filing is required or that an offer requiring registration under the US Securities Act may ever occur in connection with the Proposed Acquisition.

The New Fnac Shares have not been, and will not be, registered under the securities laws of any state or jurisdiction in the United States and, accordingly, will only be issued to the extent that exemptions from the registration or qualification requirements of state “blue sky” securities laws are available or such registration or qualification requirements have been complied with.

### **Cautionary note regarding forward looking statements**

This Announcement contains certain forward looking statements with respect to the financial condition, results of operations and businesses of Fnac and Darty and their respective groups, and certain plans and objectives of Fnac with respect to the Combined Group. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements. Forward looking statements are statements of future expectations that are based on management’s current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward looking statements include, among other things, statements concerning the potential exposure of Fnac, the Fnac Group, Darty, the Darty Group and/or the Combined Group to market risks and statements expressing management’s expectations, beliefs, estimates, forecasts, projections and assumptions, including as to future potential cost savings, synergies, earnings, cash flow, return on average capital employed, production and prospects. These forward looking statements are identified by their use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “goals”, “intend”, “may”, “objectives”, “outlook”, “plan”, “probably”, “project”, “risks”, “seek”, “should”, “target”, “will” and similar terms and phrases.

There are a number of factors that could affect the future operations of Fnac, the Fnac Group, Darty, the Darty Group and/or the Combined Group and that could cause results to differ materially from those expressed in the forward looking statements included in this Announcement, including (without limitation): (a) changes in demand for Fnac's and/or Darty's products; (b) currency fluctuations; (c) loss of market share and industry competition; (d) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; and (e) changes in trading conditions.

All forward looking statements contained in this Announcement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward looking statements. Additional risk factors that may affect future results are contained in Fnac's Registration Document (available at <http://www.groupe-fnac.com/en/index.php/finance-shareholders/>). These risk factors expressly qualify all forward looking statements contained in this Announcement and should also be considered by the reader.

Darty's Annual Report and Accounts for the financial year ended 30 April 2015 lists the principal risks and uncertainties to the delivering of Darty's strategy.

Each forward looking statement speaks only as of the date of this Announcement. None of Fnac, the Fnac Group, Darty and/or the Darty Group undertakes any obligation to publicly update or revise any forward looking statement as a result of new information, future events or otherwise, except to the extent legally required. In light of these risks, results could differ materially from those stated, implied or inferred from the forward looking statements contained in this Announcement.

### **Rounding**

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables or forms may vary slightly and figures shown as totals in certain tables or forms may not be an arithmetic aggregation of the figures that precede them.

### **No forecasts or estimates**

No statement in this Announcement (including any statement of estimated synergies) is intended as a profit forecast or estimate for any period and no statement in this Announcement should be interpreted to mean that cash flow from operations, free cash flow, earnings or earnings per share for Fnac, Darty or the Combined Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published cash flow from operations, free cash flow, earnings or earnings per share for Fnac or Darty as appropriate.

### **Quantified financial benefits**

The statements in the Quantified Financial Benefits Statement set out in Appendix 6 of this Announcement relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. The synergies and cost savings referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.

### **Disclosure requirements of the City Code**

Under Rule 8.3(a) of the City Code, any person who is interested (directly or indirectly) in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10<sup>th</sup> Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10<sup>th</sup> Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to midnight on the day before the deadline for making an Opening Position Disclosure must instead make a dealing disclosure.

Under Rule 8.3(b) of the City Code, any person who is, or becomes, interested (directly or indirectly) in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a dealing disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A dealing disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8 and have not changed. A dealing disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and dealing disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the City Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and dealing disclosures must be made can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a dealing disclosure.

For the purpose of this section (*Disclosure requirements of the City Code*) and the following section (*Publication on website and availability of hard copies*) of this Announcement, "Business Day" means a day on which the London Stock Exchange is open for the transaction of business.

### **Publication on website and availability of hard copies**

A copy of this Announcement is and will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, for inspection on Fnac's website [www.groupe-fnac.com](http://www.groupe-fnac.com) and on Darty's website [www.dartygroup.com](http://www.dartygroup.com) by no later than 12 noon (London time) on the Business Day following the date of this Announcement. For the avoidance of doubt, the contents of the websites referred to in this Announcement are not incorporated into and do not form part of this Announcement.

Fnac and Darty Shareholders may request a hard copy of this Announcement by contacting Nadine Coulm during business hours on +33 (0)1 55 21 57 93 (for Fnac Shareholders) or Simon Enoch during business hours on +44 (0)20 7269 1400 (for Darty Shareholders) or by submitting a request in writing to Nadine Coulm at Groupe Fnac S.A., 9, rue des Bâteaux-Lavois, 94200 Ivry-sur-Seine, France (for Fnac Shareholders) or to Simon Enoch at Darty plc, 22-24 Ely Place, London EC1N 6TE United Kingdom (for Darty Shareholders).

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or from an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are located in the UK or, if you are located in France, from a financial intermediary, or, if you are located outside the UK and France, from an appropriately authorised independent financial adviser.



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**FOR IMMEDIATE RELEASE**

**20 November 2015**

**RECOMMENDED OFFER  
FOR  
DARTY PLC  
BY  
GROUPE FNAC S.A.**

**1. INTRODUCTION**

The boards of Fnac and Darty are pleased to announce that they have reached agreement on the terms of a recommended pre-conditional offer to be made by Fnac for the entire issued and to be issued share capital of Darty.

The Proposed Acquisition is to be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Act.

**2. THE PROPOSED ACQUISITION**

Under the terms of the Proposed Acquisition, which will be subject to the satisfaction (or waiver) of the Pre-Conditions set out in Appendix 1, the satisfaction (or waiver, if permitted) of the Conditions set out in Appendix 2, to the certain further terms set out in Appendix 2 and to the full terms and conditions which will be set out in the Scheme Document, Darty Shareholders will be entitled to receive:

**For every: 37 Darty Shares held,**

**1 Fnac Share**

Fnac's offer will also include a Partial Cash Alternative pursuant to which Eligible Darty Shareholders will have the opportunity to elect to receive cash in lieu of part or all of the New Fnac Shares which such shareholders would otherwise have been entitled to receive pursuant to the terms of the Scheme (subject to pro rating in accordance with the terms of the Partial Cash Alternative). The maximum aggregate

amount of the Partial Cash Alternative is £66,686,321<sup>2</sup>, which will be paid to those Eligible Darty Shareholders that make a valid election under the Partial Cash Alternative. Elections under the Partial Cash Alternative for up to a basic entitlement, details of which will be set out in the Scheme Document, will be satisfied in full. To the extent that elections under the Partial Cash Alternative in excess of the basic entitlement cannot be satisfied in full, they will be scaled down as nearly as reasonably practicable *pro rata* to the value which each Eligible Darty Shareholder's valid election under the Partial Cash Alternative bears to the total aggregate value of all valid elections made under the Partial Cash Alternative.

Subject to the paragraph below, Eligible Darty Shareholders who validly elect to receive the Partial Cash Alternative will receive, *in lieu* of each Fnac Share to which they would otherwise be entitled under the Proposed Acquisition, a cash amount equal to the volume-weighted average price of one Fnac Share for the 30 days prior to and including the last practicable date before the date of the Scheme Document (or, as appropriate, the Offer Document) applying the average £/€ exchange rate over the same period.

Darty and Fnac may, however, agree to an alternative method of calculating the cash value per Darty share which Eligible Darty Shareholders who validly elect to receive the Partial Cash Alternative will receive *in lieu* of each Fnac Share which they would otherwise be entitled to receive under the Proposed Acquisition. Full details of the Partial Cash Alternative including the cash value per Darty Share will be set out in the Scheme Document (or, as appropriate, the Offer Document) and in the announcement of the posting of the Scheme Document (or, as appropriate, the Offer Document).

Based on the Closing Price of €55.6 per Fnac Share on 19 November 2015 (being the last Business Day before the date of this Announcement), the terms of the Proposed Acquisition represent:

- a value of approximately 105 pence per Darty Share;
- a premium of approximately 33 per cent. to the Closing Price of 81 pence per Darty Share on 29 September 2015; and
- a value of approximately £558 million for Darty's entire issued and to be issued share capital.

Based on the Closing Price of €60.4 per Fnac Share on 5 November 2015 (being the last Business Day before the date of the Agreement on Key Offer Terms Announcement), the terms of the Proposed Acquisition represent:

- a value of approximately 116 pence per Darty Share;
- a premium of approximately 47 per cent. to the Closing Price of 81 pence per Darty Share on 29 September 2015; and
- a value of approximately £615 million for Darty's entire issued and to be issued share capital.

Based on the Closing Price of €53.0 per Fnac Share on 29 September 2015 (being the last Business Day before the date of Fnac's Possible Offer Announcement), the terms of the Proposed Acquisition represent:

- a value of approximately 106 pence per Darty Share;

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<sup>2</sup> €95,000,000 calculated by reference to the £/€ exchange rate of £1: €1.4246 on 19 November 2015, being the last Business Day prior to the date of this Announcement, and rounded down to the nearest pound

- a premium of approximately 34 per cent. to the Closing Price of 81 pence per Darty Share on 29 September 2015; and
- a value of approximately £562 million for Darty's entire issued and to be issued share capital.

The Proposed Acquisition will result in Darty Shareholders owning approximately 46 per cent. of the Combined Group (excluding the effect of the Partial Cash Alternative).

Under the terms of the Proposed Acquisition, relevant Darty Shareholders are entitled to retain the final dividend of 2.625 euro cents per Darty Share in respect of the financial year ended 30 April 2015, paid on 13 November 2015, and will be entitled to receive and retain future dividends in the ordinary course prior to completion of the Proposed Acquisition. In particular, those Darty Shareholders who are on the register as at 4 March 2016 will be entitled to receive the 2016 interim dividend for the period to 31 October 2015 of not more than 0.875 euro cents per Darty Share expected to be paid on 30 March 2016. In the event that Phase II proceedings are required to secure the regulatory clearances relating to anti-trust and those clearances have not been obtained by the record date for the 2016 final dividend, expected to be on or around 21 October 2016, Darty Shareholders on the register at that date will be entitled to receive in full the final dividend payable in relation to Darty's financial year ending 30 April 2016 of not more than 2.625 euro cents per Darty Share.

The Fnac Board believes that the Proposed Acquisition will result in compelling financial benefits to the Combined Group, including total annual pre-tax cost savings of at least €85 million *per annum*. This amount does not include any revenue synergies that may arise from the Proposed Acquisition and does not take into account the impact of any remedies that may be imposed by the relevant anti-trust authorities.

In addition, Fnac has received support for the Proposed Acquisition from Darty Shareholders holding 23.63 per cent. of the issued share capital of Darty. Such shareholders have either irrevocably undertaken, or otherwise set out their intention, to elect to receive 100 per cent. of the consideration due to them pursuant to the terms of the Scheme in the form of New Fnac Shares. Accordingly, provided that such forms of support remain in effect and/or are adhered to (as the case may be), a greater amount of cash will be available to the other Eligible Darty Shareholders under the Partial Cash Alternative than would have otherwise been the case.

The New Fnac Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Fnac Shares in issue at the time the New Fnac Shares are issued pursuant to the terms of the Proposed Acquisition, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date. Application will be made to Euronext Paris for the New Fnac Shares to be admitted to trading on Euronext Paris.

The Darty Shares will be acquired pursuant to the Proposed Acquisition fully paid and free from all liens, charges, equitable interests, encumbrances and rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of completion of the Proposed Acquisition.

### 3. RECOMMENDATIONS

The Darty Directors, who have been so advised by Morgan Stanley & Co. International plc, UBS Limited and Lazard & Co., Limited as to the financial terms of the Proposed Acquisition, consider the terms of the Proposed Acquisition to be fair and reasonable. In providing advice to the Darty Directors, Morgan

Stanley & Co. International plc, UBS Limited and Lazard & Co., Limited have taken into account the commercial assessments of the Darty Directors on Darty's business and prospects.

Accordingly, the Darty Directors intend to recommend unanimously that Darty Shareholders vote in favour of the Scheme at the Court Meeting and the resolutions relating to the Proposed Acquisition at the Darty General Meeting and, at the time the Scheme Document is posted, each Darty Director intends to enter into an irrevocable undertaking to vote the Darty Shares that he/she holds in favour of the Scheme and such resolutions.

The Darty Directors and (in providing their advice to the Darty Directors) Lazard & Co., Limited, Morgan Stanley & Co. International plc and UBS Limited express no view as to the Partial Cash Alternative. Their views in this regard will be provided in the Scheme Document.

The Proposed Acquisition will be put to a vote of Fnac Shareholders. The Fnac Directors consider the Proposed Acquisition to be in the best interests of Fnac and the Fnac Shareholders as a whole and intend to recommend unanimously that Fnac Shareholders vote in favour of the Fnac Resolutions to be proposed at the Fnac Extraordinary General Meeting which will be convened in connection with the Proposed Acquisition, and at the same time as the Fnac Board Report is made available to Fnac Shareholders, each Fnac Director intends to enter into an irrevocable undertaking to vote the Fnac Shares that he/she holds in favour of the Fnac Resolutions to be proposed at the Fnac Extraordinary General Meeting.

#### **4. BACKGROUND TO AND REASONS FOR THE PROPOSED ACQUISITION**

The consumer electronics retail landscape has evolved significantly over recent years. Since the early 2000s, it has been materially reshaped by the rise of e-commerce resulting in an increased competitive environment and the disappearance of some leading retail operators, such as, *RadioShack*, *Circuit City*, *Comet* and *Surcouf*. In particular, the market has witnessed the arrival of new online competitors who display a high level of commercial aggressiveness. In this context, consolidation has recently been initiated by traditional retailers to achieve the necessary scale to remain competitive in the sector (e.g., *Dixons/Carphone*, *Darty/Mistergooddeal*, *Carrefour/Rue du Commerce*).

In addition to the key headline benefits of the Proposed Acquisition detailed below, the Fnac Board sees the Proposed Acquisition as a means by which Fnac and Darty can proactively address the impact of changing market environments on their respective businesses, positioning the Combined Group as a larger, more diversified business with a reinforced capital structure. The Fnac Board considers that the combination of Fnac and Darty would create a compelling retail offering for its customers, and that the Combined Group would be well-positioned to create value for shareholders.

The Proposed Acquisition would notably provide the following benefits to the Combined Group:

##### **i. A leader in its key product categories**

The Proposed Acquisition would combine French sales of approximately €2.8 billion for Fnac (for the financial year ended 31 December 2014) and €2.8 billion for Darty (for the financial year ended 30 April 2015), creating a leader in the distribution of electronic and editorial goods in France. With overall combined sales of €7.4 billion, the Combined Group would also be a sizeable European player, well within the top 10 players in consumer electronics retailing, alongside players such as *Metro*, *Dixons/Carphone*, *Amazon* and *Expert*.

##### **ii. A combination of two iconic French brands benefiting customers**

The Combined Group would bring together two highly recognised and well-respected brands which benefit from strong levels of customer awareness.

Together, and through the sharing of respective know-how, the Combined Group would be expected to continue to deliver a high quality value proposition to its customers as well as an attractive distribution network for its suppliers. In particular, the Combined Group would benefit from:

- recognised positioning in terms of expertise (particularly cultural expertise);
- knowledgeable and enthusiastic sales staff;
- independence (unbiased advice);
- creativity (encouraging access to culture and innovation); and
- a value-added service and aftersales offering (for example, through Darty's "*Contrat de Confiance*").

iii. **A more diversified and balanced product offering**

The Proposed Acquisition would present a more balanced offering, with product categories that present complementary growth and margin profiles. In particular, the Combined Group will combine Fnac and Darty's presence in brown and grey goods; a sector where growth is underpinned by short innovation cycles. It will also benefit from Fnac's strength in editorial goods and from Darty's leadership in the French white goods market. Margin accretive sales of services and accessories will complete the Combined Group's offering.

The Combined Group would also be expected to serve as a platform for the further development of new product categories as already initiated by both Fnac and Darty. Fnac has expanded its offering to include Games & Toys, Home & Design, Stationery, Smartphones and Connected Devices, which represent 11 per cent. of its annual sales. Equally, Darty has rolled-out its "kitchen offer" in France, where 32 different kitchen models are offered across 71 stores. We also expect the Proposed Acquisition to drive the Combined Group's sales of services and accessories.

iv. **An enhanced omni-channel proposal addressing evolving customer expectations**

Customers are increasingly expecting omni-channel, innovative services (e.g., click & collect and same-day delivery).

The Proposed Acquisition would combine strong existing omni-channel capabilities at both Fnac and Darty, including their existing three-hour delivery offering and through dedicated services such as *Click & Mag*, *Click & Collect*, *Connected Store* and Darty's *Le Bouton* (which aims to put customers in contact with after-sales services within two minutes), ensuring a seamless shopping experience between offline and online. The Combined Group would also benefit from Fnac's high traffic website (the #3 e-commerce site in France with 11 million monthly unique visitors), 40 per cent. of which relates to mobile commerce, and the online presence of Darty's physical brands (*Darty*, *Vanden Borre* and *BCC*), as well as Darty's online pure-player, *Mistergooddeal*.

v. **Improved scale and reach**

The Combined Group would also benefit from an enhanced store presence, across multiple formats (including those based in prime locations in a variety of cities, shopping malls and retail parks outside large cities, together with sites at railway stations and airports), adapted to the density and traffic of each catchment area. The Combined Group would also benefit from broader international exposure, with an enhanced European footprint and a presence spanning 10 countries. In particular, the Combined Group would benefit from Fnac's and Darty's complementary presence in France and Belgium as well as from an attractive local presence of Fnac in Iberia and Brazil and Darty in the Netherlands.

vi. **Further capital structure and liquidity benefits for Darty Shareholders**

Following completion of the Proposed Acquisition, Darty Shareholders will benefit from holding shares in a group with a strengthened capital structure compared to the existing position today on a standalone basis. In addition, on a *pro forma* basis, the Fnac Board believes that the Combined Group would present a group with lower leverage and with increased fiscal flexibility.

Further information on the new financing package that will be available to the Combined Group is included in [section 11](#) below.

5. **SYNERGY POTENTIAL OF THE PROPOSED ACQUISITION**

The Fnac Board believes that the Proposed Acquisition will result in compelling financial benefits to the Combined Group, including total annual pre-tax cost savings of at least €85 million *per annum*. This amount is premised upon Fnac's intention to maintain separate Fnac and Darty brands, stores and e-commerce platforms following the completion of the Proposed Acquisition. It does not include any revenue synergies that may arise from the Proposed Acquisition and does not take account of the impact of any remedies that may be imposed by the relevant anti-trust authorities.

The actual completion date of the Proposed Acquisition will be dependent in part on the extent of the review procedures of the relevant anti-trust authorities. Assuming the Proposed Acquisition completes by no later than September 2016, approximately 10 per cent. of these synergies would be realised in 2016, rising to 60 per cent. in 2017, 95 per cent. in 2018 and 100 per cent. thereafter.

The one-off costs to deliver these savings, including additional capital expenditures, are expected to total approximately €65 million.

The aggregate annual amount of synergies of at least €85 million referred to above is expected to be split as follows:

- approximately half of the identified savings are expected to arise from purchasing synergies in the retail categories of brown goods, grey goods and small domestic appliances in which both Fnac and Darty operate; and
- the other half of the identified savings are expected to arise notably from optimisation of warehousing and transport activities, from the integration of certain headquarter and support functions within the UK, France and Belgium, and from savings in procured services.

The statements above of estimated cost synergies relate to future actions and circumstances which inherently involve risks, uncertainties and contingencies. Accordingly, the cost synergies referred to may not be achieved within the time periods specified or may be achieved in a different form to that which is currently envisaged by the Fnac Board. [Appendix 6](#) includes reports in connection with the Quantified Financial Benefits Statement from Ernst & Young and Rothschild, pursuant to the requirements of the

City Code. Ernst & Young and Rothschild have given and not withdrawn their consent to the publication of their respective reports in the form and context in which they are included. These statements are not intended to be a profit forecast and should not be interpreted as such.

## 6. PARTIAL CASH ALTERNATIVE

Fnac's offer will also include a Partial Cash Alternative pursuant to which Eligible Darty Shareholders will have the opportunity to elect to receive cash *in lieu* of part or all of the New Fnac Shares which such shareholders would otherwise have been entitled to receive pursuant to the terms of the Scheme (subject to pro rating in accordance with the terms of the Partial Cash Alternative). The maximum aggregate amount of the Partial Cash Alternative is £66,686,321<sup>3</sup>, which will be paid to those Eligible Darty Shareholders that make a valid election under the Partial Cash Alternative. Elections under the Partial Cash Alternative for up to a basic entitlement, details of which will be set out in the Scheme Document, will be satisfied in full. To the extent that elections under the Partial Cash Alternative in excess of the basic entitlement cannot be satisfied in full, they will be scaled down as nearly as reasonably practicable *pro rata* to the value which each Eligible Darty Shareholder's valid election under the Partial Cash Alternative bears to the total aggregate value of all valid elections made under the Partial Cash Alternative.

Subject to the paragraph below, Eligible Darty Shareholders who validly elect to receive the Partial Cash Alternative will receive, *in lieu* of each Fnac Share to which they would otherwise be entitled under the Proposed Acquisition, a cash amount equal to the volume-weighted average price of one Fnac Share for the 30 days prior to and including the last practicable date before the date of the Scheme Document (or, as appropriate, the Offer Document) applying the average £/€ exchange rate over the same period.

Darty and Fnac may, however, agree to an alternative method of calculating the cash value per Darty Share which Eligible Darty Shareholders who validly elect to receive the Partial Cash Alternative will receive in lieu of each Fnac Share which they would otherwise be entitled to receive under the Proposed Acquisition. Full details of the Partial Cash Alternative including the cash value per Darty Share will be set out in the Scheme Document (or, as appropriate, the Offer Document) and in the announcement of the posting of the Scheme Document (or, as appropriate, the Offer Document). The cash value at which Eligible Darty Shareholders will be able to substitute cash for New Fnac Shares under the Partial Cash Alternative, calculated as set out above, will be set out in the Scheme Document (or the Offer Document if published in the circumstances set out above). An election made by an Eligible Darty Shareholder under the Partial Cash Alternative must be for a minimum value of £5.00.

Any fractional entitlements to New Fnac Shares to which an Eligible Darty Shareholder becomes entitled as a result of the implementation of the Partial Cash Alternative shall be aggregated, together with any other fractional entitlements to which he may become entitled pursuant to the Scheme, and satisfied in accordance with the procedure relating to fractional entitlements set out in section 14 of this Announcement.

Fnac has received an irrevocable undertaking from Knight Vinke to elect to receive New Fnac Shares, and not cash, in respect of its entire holding of 75,974,709 Darty Shares (representing 14.34 per cent. of Darty's issued share capital at the close of business on 6 November 2015 (being the date of that undertaking)) to the fullest extent possible under the Scheme.

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<sup>3</sup> €95,000,000 calculated by reference to the £/€ exchange rate of £1: €1.4246 on 19 November 2015, being the last Business Day prior to the date of this Announcement, and rounded down to the nearest pound

Fnac has also received a letter of intent from DNCA, stating its current intention to elect to receive New Fnac Shares, and not cash, in respect of its entire beneficial holding of 35,283,000 Darty Shares, (representing 6.66 per cent. of Darty's issued share capital at the close of business on 6 November 2015 (being the date of that letter)) and 13,950,000 derivative instruments capable of physical settlement (representing 2.63 per cent. of Darty's issued share capital on that date), to the fullest extent possible under the Scheme.

Accordingly, provided that the forms of support given by Knight Vinke and DNCA remain in effect and/or are adhered to (as the case may be), a greater amount of cash will be available to the other Eligible Darty Shareholders under the Partial Cash Alternative than would have otherwise been the case.

## 7. PRE-CONDITIONS AND CONDITIONS

**The Proposed Acquisition is subject to the Pre-Conditions set out in Appendix 1 (as well as to the Conditions set out in Appendix 2). This means that the posting of the Scheme Document and Fnac Prospectus will not take place until such time as the Pre-Conditions are satisfied or waived.**

The Proposed Acquisition is subject to the satisfaction (or waiver) of anti-trust clearance in both France and Belgium or, alternatively, by the European Commission. The turnovers of both Fnac and Darty in each of France and Belgium mean the Proposed Acquisition is notifiable in both jurisdictions. Fnac and Darty consider that, given the Proposed Acquisition concerns retail domestic markets, it is unlikely that the Proposed Acquisition would either (i) be deemed to constitute a concentration with an EU dimension and not referred to the French Competition Authority and the Belgian Competition Authority, or (ii) be referred to the European Commission by the French Competition Authority and/or the Belgian Competition Authority. These mandatory notification proceedings are all suspensory in effect.

Due to the required pre-notification processes in both France and Belgium (or, alternatively, before the European Commission), which Fnac expects will take at least three months, it is expected that formal filings in respect of the Proposed Acquisition will only be able to be made with the relevant anti-trust authorities in Q1 2016. As a result, it is likely that Phase I clearances would not be received until the beginning of Q2 2016. If Phase I clearances are obtained, it is expected that completion of the Proposed Acquisition would occur around mid-2016. If the French and Belgian competition authorities were to open Phase II proceedings, it is expected that clearances would only be achieved in Q3 2016 and that completion of the Proposed Acquisition would occur in Q4 2016. If the European Commission was to open Phase II proceedings, following the waiver of the Pre-Condition, the Scheme would lapse.

Given the required regulatory timeframes summarised above, it is unlikely that the required clearances would be obtainable within the City Code timetable. Therefore, the Scheme is subject to the satisfaction (or waiver) of the Pre-Conditions, being anti-trust clearance in both France and Belgium (or alternatively, by the European Commission). The terms of the Pre-Conditions are set out in Appendix 1 to this Announcement. If the Pre-Conditions are waived, they would remain as Conditions to the Proposed Acquisition and would need to be satisfied (or waived) in accordance with the timetable prescribed by the City Code (or as otherwise permitted by the Panel). The terms of the Conditions are set out in Appendix 2 to this Announcement.

The circumstances in which Fnac may invoke the Pre-Conditions and/or relevant Conditions in respect of anti-trust clearance in France and/or Belgium (and/or by the European Commission) include circumstances in which the French Competition Authority and/or the Belgian Competition Authority (and/or the European Commission) seek to impose remedies and/or injunctions, the effect of which would, in Fnac's view, be of material significance for Fnac and/or the Combined Group in the context of



the Proposed Acquisition. The invoking of any such Pre-Conditions and/or Conditions would be subject to Panel consent.

It is expected that the Scheme Document and the Fnac Prospectus will be despatched to Darty Shareholders no later than 28 days after the date on which the Pre-Conditions are satisfied (and/or waived), except as the Panel may otherwise permit.

In addition to the Pre-Conditions, the Proposed Acquisition is conditional, among other things, on: (i) the Darty Meetings being held no later than the 22<sup>nd</sup> day after the expected date of the Darty Meetings to be set out in the Scheme Document in due course (or such later date as may be agreed between Fnac and Darty); (ii) approval by the requisite majorities of Darty Shareholders at the Darty Meetings; (iii) the Scheme being sanctioned by the Court no later than the 22<sup>nd</sup> day after the expected date of the Scheme Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between Fnac and Darty); (iv) the delivery of a copy of the Scheme Order to the Registrar of Companies in England and Wales within seven Business Days of the date of the Scheme Hearing and; (v) the Scheme becoming effective no later than the Long Stop Date.

The Proposed Acquisition is also conditional upon the approval by Fnac Shareholders of the Fnac Resolutions to be proposed at the Fnac Extraordinary General Meeting. The Fnac Directors consider the Proposed Acquisition to be in the best interests of Fnac and the Fnac Shareholders as a whole and intend to recommend unanimously that Fnac Shareholders vote in favour of the Fnac Resolutions to be proposed at the Fnac Extraordinary General Meeting.

The Proposed Acquisition is also conditional on the receipt of certain other regulatory conditions and third party consents relating to the operations of the Darty Group and its business and receipt of a confirmation (and such confirmation not having been withdrawn) that the application for listing and trading of the New Fnac Shares on Euronext Paris has been approved, with such listing and trading to become effective on or shortly after the Effective Date.

## **8. INFORMATION RELATING TO DARTY**

Darty is a leading multi-channel service-led electrical retailer operating from over 400 stores in three European countries, with a focus on white goods as well as brown and grey. Darty is also the number two electrical retailer in Belgium and the leading multi-channel retailer in the Netherlands via recognised local brands (*Vanden Borre* and *BCC* respectively).

Darty generated an annual turnover of over €3.5 billion in 2014/15 through the operations of Darty and *Mistergooddeal* in France, *Vanden Borre* in Belgium and *BCC* in the Netherlands.

Its ordinary shares are listed with the UK Listing Authority and trade on the market for listed securities on the London Stock Exchange under the symbol DRTY.L. It is also listed on the Euronext Paris.

## **9. INFORMATION RELATING TO FNAC**

Fnac is a leading French retail distributor of entertainment and leisure products (including consumer electronics) and a notable player in several other countries in which it operates (e.g., Spain and Portugal), and also has a number of stores across Brazil, Belgium, Switzerland and Morocco.

Fnac offers a wide range of cultural products and consumer electronics, as well as a broad service offering, and ticketing and box office services. Fnac benefits from a large customer base with a core platform of 5.6 million loyalty customers, accounting for more than 50 per cent. of its revenues.

As of 30 September 2015, Fnac's omni-format network included a total of 191 stores (116 of which were located in France). The group's network also includes e-commerce websites, including Fnac.com, the third largest French e-commerce website based on average unique visitors (approximately 11 million unique visitors per month). An established omni-channel player, Fnac's consolidated revenues totaled €3.9 billion in 2014 and it had more than 14,500 employees.

#### **10. INTENTIONS OF FNAC WITH REGARD TO DARTY'S BUSINESS, EMPLOYEES, AND THE DARTY PENSION SCHEME**

The Fnac Board believes that the combination of Fnac and Darty will create a market leader in the French electronics, editorial and home appliances retail market and create a Combined Group with an enhanced European footprint.

The Fnac Board intends to combine the assets and the talents of both Fnac and Darty, recognising that the employees of both Fnac and Darty can add value to the Combined Group at all levels. The Fnac Board also recognises that there is value in keeping certain aspects of Fnac's and Darty's businesses separate; it is intended that Darty's and Fnac's respective brands, stores and e-commerce platforms will continue to be separate after completion of the Proposed Acquisition.

In order to optimise the potential benefits of the Proposed Acquisition, Fnac intends to conduct a detailed operational review following the completion of the Proposed Acquisition.

Fnac does not intend the Proposed Acquisition to have an impact on the level of Darty's contributions (namely, deficit recovery contributions) currently payable to the Darty Pension Scheme prior to completion of its next triennial valuation process (to be concluded within 15 months of 31 March 2016), after which a new deficit recovery plan will be agreed with the trustees of the Darty Pension Scheme, or on the benefits previously accrued and payable under that scheme. The Darty Pension Scheme is already closed to new members and to future accrual of benefits. In addition, Fnac does not intend the Proposed Acquisition to impact any of the other arrangements in place between Darty and the Darty Pension Scheme.

#### **11. FINANCING ARRANGEMENTS IN CONNECTION WITH THE PROPOSED ACQUISITION**

Fnac intends to finance the Partial Cash Alternative payable to Eligible Darty Shareholders pursuant to the terms of the Proposed Acquisition with third party debt.

Fnac has entered into a senior facilities agreement with Crédit Agricole, Société Générale and Natixis in connection with the financing of the Partial Cash Alternative. The terms of the senior facilities agreement will also allow Fnac and Darty to refinance their respective existing indebtedness and will provide on-going working capital for the Combined Group following completion of the Proposed Acquisition.

The aggregate amount that is available to Fnac pursuant to the terms of the senior facilities agreement is €865 million and comprises:

- i. a €400 million revolving credit facility; and
- ii. a €465 million bridge term loan facility.

It is intended that the new revolving credit facility will be used for general corporate purposes, including the refinancing of the existing revolving credit facilities of each of Fnac and Darty respectively. The new revolving credit facility shall not be applied towards the financing of the Partial Cash Alternative.

It is intended that the bridge term loan facility will be used to finance the Partial Cash Alternative. It may also be applied towards refinancing the €250 million of 5.875 per cent. senior notes due 2021, issued by Darty Financements S.A.S. (an affiliate of Darty) on 28 February 2014.

Rothschild, as financial adviser to Fnac, is satisfied that resources are available to Fnac sufficient to satisfy in full the cash consideration that may become payable to Darty Shareholders who accept and validly elect to participate the Partial Cash Alternative pursuant to the terms of the Proposed Acquisition. Further information on the Partial Cash Alternative is set out in paragraph 6 of this Announcement.

The documentation entered into in connection with the financing of the Partial Cash Alternative and the Combined Group following completion of the Proposed Acquisition will be made available on the Fnac website at [www.groupe-fnac.com](http://www.groupe-fnac.com). Summaries will also be set out in the Scheme Document and the Fnac Prospectus in due course.

The terms of the agreed financing package include market flex terms, which are set out in a separate side letter, and which will not be published on Fnac's website following the release of this Announcement. To the extent that any syndication has not been successfully carried out by the time the Scheme Document (or Offer Document, as the case may be) is published, then such document will contain a description of such terms.

## **12. PROPOSED ACQUISITION-RELATED ARRANGEMENTS**

### **Confidentiality Agreement**

Fnac and Darty have entered into a Confidentiality Agreement pursuant to which each of Fnac and Darty has undertaken, among other things, to keep certain information relating to a possible combination of Fnac and Darty, and certain information pertaining to the other party confidential and not to disclose it to third parties (other than to certain permitted parties), unless required by applicable law or regulation. These confidentiality obligations will remain in force until the earlier of (i) completion of the Proposed Acquisition; and (ii) 16 November 2018.

### **Co-operation Agreement**

Fnac and Darty have entered into the Co-operation Agreement pursuant to which Fnac has agreed to use its reasonable endeavours to secure the regulatory clearances and authorisations necessary to satisfy the Pre-Conditions and certain regulatory conditions, including by offering any commercially reasonable undertakings, commitments or measures to the relevant authorities.

Fnac and Darty have agreed to co-operate and provide each other with necessary information, assistance and access in relation to the filings, submissions and notifications to be made in relation to such regulatory clearances and authorisations. Fnac has also agreed to provide Darty with reasonable information, assistance and access for the preparation of the Scheme Document. Darty has agreed to provide Fnac with such information as is necessary to obtain approvals from relevant authorities in relation to the Fnac Notice and/or the Fnac Prospectus.

Fnac has the right to terminate the Co-operation Agreement forthwith by written notice if:

- i. the Darty Board withdraws its unanimous and unconditional recommendation of the Scheme (or the Offer, as the case may be); or
- ii. the Proposed Acquisition is being implemented by way of Scheme and:
  - a. the Court Meeting is not held on or before the 22nd day after the expected date for such meeting as set out in the Scheme Document (or such later date as Fnac and Darty may agree, with the consent of the Panel, and the approval of the Court (if required)); or
  - b. the Scheme Hearing is not held on or before the 22nd day after the expected date of such hearing as set out in the Scheme Document (or such later date as Fnac and Darty may agree, with the consent of the Panel, and approval of the Court (if required)) and a copy of the Scheme Order is not delivered within seven Business Days of its issue to the Registrar of Companies in England and Wales;
- iii. such notice is given prior to the Long Stop Date and states that either:
  - a. any Pre-Condition or Condition which has not been waived is (or has become) incapable of satisfaction by the Long Stop Date and, if capable of waiver, Fnac does not intend to waive it; or
  - b. any Pre-Condition or Condition that is not capable of waiver has become incapable of satisfaction by the Long Stop Date,and the Panel agrees to permit the invocation of the relevant Pre-Condition or Condition, or to the issue of a confirmation that such Pre-Condition or Condition is incapable of satisfaction (as appropriate); or
- iv. a competing proposal is recommended by the Darty Board or completes, becomes effective or is declared or becomes unconditional in all respects.

The Co-operation Agreement will also terminate forthwith if:

- v. agreed in writing by Fnac and Darty;
- vi. the Scheme (or Offer, as the case may be) is withdrawn or lapses prior to the Long Stop Date with the consent of the Panel (unless such withdrawal or lapse is due to the exercise of Fnac's right to switch to an Offer or is to be followed within two Business Days by an announcement made by Fnac or a person with whom Fnac is acting in concert that Fnac intends to implement the Proposed Acquisition by a different offer or scheme on substantially the same or improved terms);
- vii. the Effective Date has not occurred prior to the applicable Long Stop Date; or
- viii. either party gives written notice that a Break Fee Payment Event has occurred (as defined below).

The Co-operation Agreement records Fnac's and Darty's intention to implement the Proposed Acquisition by way of the Scheme, subject to the right of Fnac (with the consent of the Panel) to proceed by way of an Offer as set out in section 22 below.

In consideration of Darty incurring substantial costs and expenses in preparing and negotiating the Proposed Acquisition and Co-operation Agreement, Fnac has agreed to pay or procure the payment to Darty of €12,000,000 if, on or before the Long Stop Date:

- i. the Fnac Board: (a) withdraws the Fnac Recommendation; (b) fails to include the Fnac Recommendation in the Fnac Board Report or the Fnac Prospectus; (c) announces its intention not to make the Fnac Board Report and/or Fnac Prospectus available to Fnac Shareholders; or (d) announces its intention not to include the Fnac Recommendation in the Fnac Board Report or the Fnac Prospectus; or
- ii. one or more of the Fnac Resolutions is not approved by the Fnac Shareholders at the Fnac Extraordinary General Meeting convened on or prior to the Long-Stop Date; or
- iii. the European Commission initiates Phase II proceedings in respect of the Proposed Acquisition pursuant to the terms of the Regulation and the Scheme lapses in accordance with its terms; or
- iv. Fnac invokes (and is permitted by the Panel to invoke) any Pre-Condition and/or any Regulatory Condition,

or if, on the Long Stop Date:

- v. any Pre-Condition and/or any Regulatory Condition has not been satisfied or waived by Fnac; or
- vi. one or more of the Fnac Resolutions has not been approved by Fnac Shareholders at the duly convened Fnac Extraordinary General Meeting,

each of i to vi (inclusive) being a “Break Fee Payment Event”.

The Co-operation Agreement also contains provisions that will apply in respect of the Darty Share Plan, the Darty Deferred Annual Bonus Awards and certain arrangements with respect to employees, the publication of the various documents in connection with the Fnac Extraordinary General Meeting, any potential switch to an Offer by Fnac, and certain Darty Director and employee incentive and retention arrangements.

### 13. **DIVIDENDS**

Under the terms of the Proposed Acquisition, relevant Darty Shareholders are entitled to retain the final dividend of 2.625 euro cents per Darty Share in respect of the financial year ended 30 April 2015, paid on 13 November 2015, and will be entitled to receive and retain future dividends in the ordinary course prior to completion of the Proposed Acquisition. In particular, those Darty Shareholders who are on the register as at 4 March 2016 will be entitled to receive the 2016 interim dividend for the period to 31 October 2015 of not more than 0.875 euro cents per Darty Share expected to be paid on 30 March 2016. In the event that Phase II proceedings are required to secure the regulatory clearances relating to anti-trust and those clearances have not been obtained by the record date for the 2016 final dividend, expected to be on or around 21 October 2016, Darty Shareholders on the register at that record date will be entitled to receive in full the final dividend payable in relation to Darty’s financial year ending 30 April 2016 of not more than 2.625 euro cents per Darty Share.

If Darty announces, declares or pays any special dividend or any other distribution to Darty Shareholders, excluding any dividends payable in the ordinary course prior to completion of the Proposed Acquisition

in accordance with the preceding paragraph, Fnac reserves the right to make an equivalent reduction to its offer price, and/or to vary the form and/or mix of consideration of any offer.

#### 14. SCHEME

It is intended that, once the Pre-Conditions have been satisfied or waived, as applicable, the Proposed Acquisition will be effected by a Court-sanctioned scheme of arrangement between Darty and the Scheme Shareholders under Part 26 of the Act. The purpose of the Scheme is to provide for Fnac (or its nominee) to become the owner of the entire issued and to be issued share capital of Darty.

Subject to the Scheme becoming effective, the Scheme Shares will be transferred to Fnac in consideration for which, each Scheme Shareholder will receive the New Fnac Shares to which they are entitled, and/or an amount of cash in the event that they are Eligible Darty Shareholders and have made a valid election pursuant to the Partial Cash Alternative.

Once the Pre-Conditions have been satisfied (or waived, as applicable), the Proposed Acquisition will be subject to the satisfaction (or waiver, if permitted) of the Conditions set out in Appendix 2, and to certain further terms set out in Appendix 2, and to the full terms and conditions which will be set out in the Scheme Document. In the event that any or all of the Pre-Conditions are waived (rather than satisfied), they will remain as Conditions to the Proposed Acquisition, such Conditions being set out in sub-paragraph (b) (*French anti-trust clearance*), sub-paragraph (c) (*Belgian antitrust clearance*) and sub-paragraph (d) (*European Commission clearance*) of Part A of Appendix 2.

To become effective, the Scheme requires the approval of Scheme Shareholders by the passing of a resolution at the Court Meeting. The resolution must be approved by a majority in number of the Scheme Shareholders present and voting (and entitled to vote), either in person or by proxy, representing not less than 75 per cent. of the Scheme Shares held by such Scheme Shareholders. In addition, a resolution must be passed at the Darty General Meeting which requires the approval of Darty Shareholders representing at least 75 per cent. of the votes cast at that Darty General Meeting (either in person or by proxy). The Darty General Meeting will be held immediately after the Court Meeting.

The expected date of the Darty Meetings, which will be held on the Business Day following the Fnac Extraordinary General Meeting, will be set out in the Scheme Document in due course.

Following the Darty Meetings, the Scheme must be sanctioned by the Court no later than the 22<sup>nd</sup> day after the expected date of the Scheme Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between Fnac and Darty). The Scheme will only become effective once a copy of the Scheme Order is delivered to the Registrar of Companies in England and Wales.

Upon the Scheme becoming effective, it will be binding on all Darty Shareholders, irrespective of whether or not they attended or voted at the Darty Meetings in connection with the Scheme, and it is expected that the New Fnac Shares will be issued by Fnac to Scheme Shareholders on the Business Day immediately following delivery of a copy of the Scheme Order to the Registrar of Companies at Companies House. It is expected that any cash consideration payable to Darty Shareholders under the Partial Cash Alternative will be paid within 14 days of the Effective Date.

The Scheme Document will include full details of the Scheme, together with notices of the Court Meeting and the Darty General Meeting and the expected timetable, and will specify the action to be taken by Scheme Shareholders. Should Phase I clearances be obtained, it is expected that the Scheme Document will be despatched to Darty Shareholders in Q2 2016, and no later than 28 days after the date on which the Pre-Conditions are satisfied and/or waived, as applicable (save as the Panel may otherwise permit). In

the event Phase II proceedings are opened, it is expected that the Scheme Document will be despatched to Darty Shareholders in Q3 2016.

It is expected that the Fnac Prospectus containing further details on the Combined Group and the New Fnac Shares will be sent to Darty Shareholders at the same time as the Scheme Document.

Fractions of New Fnac Shares will not be allotted to Darty Shareholders but will be aggregated and sold as soon as practicable after the Scheme becomes effective. The net proceeds of such sale will then be paid in cash to the relevant Darty Shareholders in accordance with their fractional entitlements. Individual entitlements, however, to amounts of less than £5.00 will not be paid but will be retained for the benefit of Fnac.

The Scheme will be governed by English law and will be subject to the applicable requirements of the Court, the City Code, the Panel, the London Stock Exchange and the UK Listing Authority.

Fnac reserves the right, with the consent of the Panel, and subject to the terms of the Co-operation Agreement, to elect to implement the Proposed Acquisition by way of a takeover offer under Part 28 of the Act. In such event, the Offer will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which could apply to the Scheme. In particular, Condition (a) (Scheme approval), set out in Part A of Appendix 2 would not apply.

#### **15. FNAC SHAREHOLDER APPROVAL AND FNAC PROSPECTUS**

Fnac will seek the approval of Fnac Shareholders for the Proposed Acquisition at the Fnac Extraordinary General Meeting. At the same time as the Fnac Board Report is made available to Fnac Shareholders, each Fnac Director intends to enter into an irrevocable undertaking to vote the Fnac Shares that he/she holds in favour of the Fnac Resolutions to be proposed at the Fnac Extraordinary General Meeting.

Fnac will prepare and make available to Fnac Shareholders the Fnac Notice convening the Fnac Extraordinary General Meeting and the Fnac Board Report. The Proposed Acquisition is conditional on, among other things, the Fnac Resolutions being passed by the requisite majority of Fnac Shareholders at the Fnac Extraordinary General Meeting (but not, for the avoidance of doubt, any other resolutions to be proposed at the Fnac Extraordinary General Meeting which shall not be conditions to the Proposed Acquisition).

The Co-operation Agreement requires Fnac to prepare, publish, make available and distribute (if applicable) the Fnac Board Report, Fnac Notice and Fnac Prospectus as promptly as reasonably practicable following satisfaction or waiver of the Pre-Conditions, and in any event within 30 days thereof. It is expected that, subject to the terms of the Co-operation Agreement, the Fnac Notice convening the Fnac Extraordinary General Meeting will be made available to Fnac Shareholders on the date on which the claim form relating to the Scheme is filed at the Court. The Fnac Board Report relating to the Fnac Extraordinary General Meeting will be made available to Fnac Shareholders shortly thereafter. It is expected that the Fnac Extraordinary General Meeting will be held on a day that is at least 35 days after the Fnac Notice is made available to Fnac Shareholders and on the Business Day prior to the date that the Court Meeting and the Darty General Meeting is held.

Fnac will also be required to produce the Fnac Prospectus in connection with the issue of the New Fnac Shares. The Fnac Prospectus will contain information relating to the Fnac Group, the Combined Group and the New Fnac Shares and will summarise the background to and the reasons for the Proposed Acquisition. It is expected that the Fnac Prospectus will be posted to Darty Shareholders at the same time as the Scheme Document.

## 16. **ADMISSION OF NEW FNAC SHARES**

The Proposed Acquisition is conditional on Fnac receiving a notice from Euronext Paris providing for the admission of the New Fnac Shares to trading on Euronext Paris. This Condition is set out in sub-paragraph (j) of Part A of Appendix 2 to this Announcement and cannot be waived.

It is anticipated that Fnac will submit an application for the admission of the New Fnac Shares to trading on Euronext Paris prior to the date of the Scheme Hearing. It is expected that the admission of the New Fnac Shares to trading on Euronext Paris will become effective on or shortly after the Effective Date.

## 17. **IRREVOCABLE UNDERTAKING AND LETTER OF INTENT**

Fnac has received shareholder support for the Proposed Acquisition from Darty Shareholders holding 23.63 per cent. of the issued share capital of Darty.

Knight Vinke, the holder of 75,974,709 Darty Shares (equating to 14.34 per cent. of the issued share capital of Darty on 6 November 2015, being the date of that undertaking), has provided Fnac with an irrevocable undertaking to support the Proposed Acquisition (the “Knight Vinke Undertaking”). Knight Vinke holds such Darty Shares as an investment manager on behalf of certain underlying investors.

Pursuant to the terms of the Knight Vinke Undertaking, Knight Vinke has irrevocably undertaken to vote in favour of the Scheme, or, in the event the Proposed Acquisition is effected by way of the Offer, to deliver fully executed Forms of Acceptance in respect of the Offer. It has also irrevocably undertaken, subject to the terms summarised below, not to support or accept an offer with respect to a competing transaction and that it will not deal in Darty Shares (unless the Panel has otherwise determined that Knight Vinke is not acting in concert with Fnac). The Knight Vinke Undertaking will automatically terminate if: (i) the Scheme does not become effective, or lapses in accordance with its terms (or, if applicable, the Offer does not become or is not declared wholly unconditional, or lapses in accordance with its terms); (ii) Fnac announces, with consent of the Panel, that it does not intend to proceed with the Proposed Acquisition; or (iii) a third party announcement is made, in accordance with Rule 2.7 of the City Code, of a competing transaction (or thereafter a revision to a competing transaction is announced) on terms which represent an improvement of greater than 30 per cent. of the value of the Proposed Acquisition, determined as at the date on which the competing transaction is announced, provided that Fnac has not announced an improvement to the terms of the Proposed Acquisition within 10 Business Days, such that the terms of the improved offer are at least as favourable with regard to the value of the consideration offered pursuant to the terms of the competing transaction. In addition, the Knight Vinke Undertaking may cease to be effective (wholly or in part) in the event that the underlying investors, whose funds Knight Vinke manage, withdraw their mandates or adjust their investment instructions. In such circumstances, the number of Darty Shares which are subject to the Knight Vinke Undertaking shall be amended accordingly.

Fnac has also received a letter of intent from DNCA, the holder of 35,283,000 Darty Shares (equating to 6.66 per cent. of the issued share capital of Darty on 6 November 2015, being the date of the letter), and 13,950,000 derivative instruments capable of physical settlement (equating to 2.63 per cent. of the issued share capital of Darty on 6 November 2015, being the date of the letter), to support the Proposed Acquisition (the “DNCA Letter of Intent”). Pursuant to the terms of the DNCA Letter of Intent, DNCA has confirmed its intention to vote in favour of the Scheme, or, in the event the Proposed Acquisition is to be effected by way of the Offer, to deliver fully executed Forms of Acceptance in respect of the Offer. DNCA has also confirmed its intention not to sell or otherwise dispose of any of the Darty Shares it holds (including any interest therein).



Knight Vinke has also irrevocably undertaken to elect to receive New Fnac Shares, and not cash pursuant to the Partial Cash Alternative, to the fullest extent possible in consideration for the Darty Shares it holds. DNCA has also confirmed its intention to elect to receive New Fnac Shares, and not cash pursuant to the Partial Cash Alternative, to the fullest extent possible in consideration of the Darty Shares (and interests in Darty Shares) it holds. Provided that such forms of support remain in effect and/or are adhered to (as the case may be), a greater amount of cash will be available to the other Eligible Darty Shareholders under the Partial Cash Alternative than would have otherwise been the case.

Copies of the Knight Vinke Undertaking and the DNCA Letter of Intent will be made available on the Fnac website at [www.groupe-fnac.com](http://www.groupe-fnac.com).

## **18. DISCLOSURE OF INTERESTS IN RELEVANT SECURITIES**

As of the close of business on 19 November 2015 (being the last Business Day prior to the publication of this Announcement) none of Fnac nor, so far as Fnac is aware, any person acting in concert (within the meaning of the City Code) with Fnac (including the Fnac Directors) has:

- any interest in, or right to subscribe for, any Darty Shares or other relevant securities relating to Darty, nor does any such person have any short position in Darty Shares or other relevant securities relating to Darty, including any short position under a derivative, any agreement to sell, any delivery obligation or right to require another person to purchase or take delivery of Darty Shares or other relevant securities relating to Darty; or
- borrowed or lent any Darty Shares or other relevant securities relating to Darty, nor entered into any financial collateral arrangements relating to Darty Shares or other relevant securities relating to Darty.

## **19. CANCELLATION OF ADMISSION OF DARTY SHARES AND RE-REGISTRATION OF DARTY**

If the Scheme is passed by the requisite majority, it is intended that dealings in Darty Shares should be suspended shortly prior to the Effective Date at a time to be set out in the Scheme Document. It is further intended that an application will be made to the London Stock Exchange for the cancellation of the trading of Darty Shares on its main market for listed securities and the UK Listing Authority will be requested to cancel the listing of Darty Shares on the premium listing segment of the Official List to take effect on or shortly after the Effective Date.

Share certificates in respect of the Darty Shares will cease to be valid and should be destroyed on the first Business Day following the Effective Date.

In addition, entitlements held within CREST to the Darty Shares will be cancelled on, or on the first Business Day following, the Effective Date.

As soon as possible after the Effective Date, it is intended that Darty will be re-registered as a private limited company.

## **20. OVERSEAS SHAREHOLDERS**

The availability of the Proposed Acquisition, and the distribution of this Announcement to persons who are not resident in the United Kingdom or France, may be affected by the laws of the relevant jurisdiction in which they are located. Such persons should inform themselves of and observe any applicable legal or

regulatory requirements of their jurisdiction. Darty Shareholders who are in doubt about such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

This Announcement does not constitute an offer for sale of any securities or an offer or an invitation to purchase any securities. Darty Shareholders are advised to read carefully the Scheme Document, the Fnac Prospectus, and the forms of proxy once these have been despatched.

## 21. DOCUMENTS ON WEBSITE

Copies of the following documents will, by no later than 12 noon on 23 November 2015, be published on [www.groupe-fnac.com](http://www.groupe-fnac.com) and [www.dartygroup.com](http://www.dartygroup.com):

- (a) this Announcement;
- (b) a joint summary press release in French in respect of the Proposed Acquisition;
- (c) the “acquisition overview” slides, providing an overview of the Proposed Acquisition (including its strategic rationale and financial highlights);
- (d) the Knight Vinke Undertaking and the DNCA Letter of Intent listed in Part B and Part C of Appendix 5 respectively;
- (e) the Confidentiality Agreement referred to in section 12 above;
- (f) the Co-operation Agreement referred to in section 12 above; and
- (g) the various financing documentation entered into in connection with the financing of the Partial Cash Alternative and the Combined Group following completion of the Proposed Acquisition as referred to in section 11 above.

## 22. GENERAL

Fnac reserves the right with the consent of the Panel, and subject to the terms of the Co-operation Agreement, to implement the Proposed Acquisition by way of an Offer if: (a) Darty provides its written consent; (b) the Darty Directors withdraw their recommendation of the Proposed Acquisition; (c) the Scheme Document has not been posted to Darty Shareholders and 30 days or more have elapsed since the satisfaction or waiver of the last in time of the Pre-Conditions; (d) Fnac has the right to terminate the Co-operation Agreement; (e) Darty is in material breach of the Co-operation Agreement, provided that Fnac has given written notice to Darty of such breach and of its intention to implement the Proposed Acquisition by way of an Offer, and such breach remains unremedied following the expiry of 10 Business Days from the date of receipt of such written notification.

In such an event, the Offer will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme and subject to the amendment referred to in Part C of Appendix 2 to this Announcement.

The full terms of the Offer would be set out in the Offer Document and the Form of Acceptance. Relevant documentation (including the Fnac Prospectus) will be sent to Darty Shareholders (other than to certain Darty Shareholders who are ordinarily resident in, or citizens of, a Restricted Jurisdiction) and, for information purposes, to persons with information rights and to participants in the Darty Share Plan, following the satisfaction (or waiver) of the Pre-Conditions. In deciding whether or not to accept the

Offer in respect of their Darty Shares, Darty Shareholders should consider the information contained in, and the procedures described in, such documentation.

If the Proposed Acquisition is effected by way of an Offer and such Offer becomes or is declared unconditional in all respects and sufficient Forms of Acceptance are received Fnac intends to: (i) procure that applications are made to the London Stock Exchange and to the UK Listing Authority to cancel trading in Darty Shares on the London Stock Exchange's main market for listed securities and the listing of the Darty Shares from the premium listing segment of the Official List; and (ii) exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Act to acquire compulsorily the remaining Darty Shares in respect of which the Offer has not been accepted.

### **Important notices relating to financial advisers**

N. M. Rothschild & Sons Limited, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the UK, is acting exclusively for Fnac and no one else in connection with the Proposed Acquisition and will not be responsible to anyone other than Fnac for providing the protections afforded to its clients or for providing advice in relation to the Proposed Acquisition or any other matters referred to in this Announcement.

Ondra LLP, which is authorised and regulated by the FCA in the UK, is acting exclusively for Fnac and no one else in connection with the Proposed Acquisition and will not be responsible to anyone other than Fnac for providing the protections afforded to its clients or for providing advice in relation to the Proposed Acquisition or any other matters referred to in this Announcement.

Crédit Agricole Corporate and Investment Bank, which is authorised by the ACPR in France and regulated by the AMF, is acting exclusively for Fnac and no one else in connection with the Proposed Acquisition and will not be responsible to anyone other than Fnac for providing the protections afforded to its clients or for providing advice in relation to the Proposed Acquisition or any other matters referred to in this Announcement.

Lazard & Co., Limited, which is authorised and regulated by the FCA in the UK, is acting exclusively as financial adviser to Darty and no one else in connection with the Proposed Acquisition and will not be responsible to anyone other than Darty for providing the protections afforded to clients of Lazard & Co., Limited nor for providing advice in relation to the Proposed Acquisition or any other matters referred to in this Announcement. Neither Lazard & Co., Limited nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard & Co., Limited in connection with this Announcement, any statement contained herein or otherwise.

Morgan Stanley & Co. International plc, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the UK, is acting exclusively for Darty and no one else in connection with the Proposed Acquisition. In connection with such matters, Morgan Stanley & Co. International plc, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to the Proposed Acquisition or any other matters referred to in this Announcement.

UBS Limited, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the UK, is acting exclusively for Darty and no one else in connection with the Proposed Acquisition. In connection with such matters, UBS Limited, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their

client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to the Proposed Acquisition or any other matters referred to in this Announcement.

### **Further information**

This Announcement is not intended to and does not constitute or form part of any offer to sell or subscribe for or any invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposed Acquisition or otherwise nor shall there be any sale, issuance or transfer of securities of Fnac or Darty pursuant to the Proposed Acquisition in any jurisdiction in contravention of applicable laws. The Proposed Acquisition will be implemented solely pursuant to the terms of the Scheme Document, which will contain the full terms and conditions of the Proposed Acquisition, including details of how to vote in respect of the Proposed Acquisition. Any decision in respect of, or other response to, the Proposed Acquisition should be made only on the basis of the information contained in the Scheme Document.

This Announcement does not constitute a prospectus or prospectus equivalent document.

### **Information relating to Darty Shareholders**

Please be aware that addresses, electronic addresses and certain other information provided by Darty Shareholders, persons with information rights and other relevant persons for the receipt of communications from Darty may be provided to Fnac during the Offer Period as required under Section 4 of Appendix 4 of the City Code.

### **Overseas jurisdictions**

The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom and France may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom and France should inform themselves about and observe any applicable requirements. In particular, the ability of persons who are not resident in the United Kingdom or France to vote their Darty Shares with respect to the Scheme at the Court Meeting or elect to participate in the Partial Cash Alternative, or to execute and deliver forms of proxy appointing another to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located.

This Announcement has been prepared for the purpose of complying with English law, French law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom and/or France.

Unless otherwise determined by Fnac or required by the City Code, and permitted by applicable law and regulation, the Proposed Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Proposed Acquisition by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement and any formal documentation relating to the Scheme are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

If the Proposed Acquisition is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the Offer may not be made directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of Canada, Japan, Australia, South Africa or any Restricted Jurisdiction and the Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.

The availability of New Fnac Shares and/or the Partial Cash Alternative under the terms of the Proposed Acquisition to Darty Shareholders who are not resident in the United Kingdom or France may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom or France should inform themselves of, and observe, any applicable legal or regulatory requirements.

Further details in relation to Darty Shareholders in overseas jurisdictions will be contained in the Scheme Document and the Fnac Prospectus.

### **Additional US information**

The Proposed Acquisition relates to the shares of a UK company and a French company and is subject to UK and French procedural and disclosure requirements that are different from those of the US. Any financial statements or other financial information included in this Announcement may have been prepared in accordance with non-US accounting standards that may not be comparable to the financial statements of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. It may be difficult for US holders of shares to enforce their rights and any claims they may have arising under the US federal securities laws in connection with the Proposed Acquisition, since Fnac and Darty are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the United States. US holders of shares in Fnac or Darty may not be able to sue Fnac, Darty or their respective officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel Fnac, Darty and their respective affiliates to subject themselves to the jurisdiction or judgment of a US court.

It is intended that the Proposed Acquisition will be implemented by way of a scheme of arrangement under English law which is not subject to the tender offer rules under the US Exchange Act. Accordingly, the Proposed Acquisition will be subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement which differ from the disclosure requirements of the US tender offer rules. If the Proposed Acquisition is implemented by way of a scheme of arrangement, the New Fnac Shares are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) of the US Securities Act. Section 3(a)(10) exempts securities issued in exchange for one or more outstanding securities from the general requirements of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court, after a hearing on the fairness of the terms and conditions of the issuance and exchange at which all persons to whom such securities will be issued have the right to appear and be heard. The Court will hold a hearing on the Scheme's fairness to Darty Shareholders, at which hearing all such shareholders will be entitled to attend in person or through counsel. If the Proposed Acquisition is implemented by way of a scheme of arrangement, a person who is entitled to receive New Fnac Shares and who is an affiliate of Fnac may not resell such securities without registration under the US Securities Act or pursuant to the applicable resale provisions of Rule 144 under the US Securities Act or another applicable exemption from registration or in a transaction not subject to registration (including a transaction that satisfies the applicable requirements of Regulation S under the US Securities Act). Whether a person is an affiliate of a company for the purposes of the US Securities Act depends on the circumstances but affiliates can include certain officers, directors and significant shareholders. Persons who believe that they may be

affiliates of Fnac should consult their own legal advisers prior to any sale of securities received pursuant to the Scheme.

Alternatively, with the consent of the Panel and subject to the terms of the Co-operation Agreement, if the Proposed Acquisition is implemented by way of a takeover offer under English law, the Offer will be made in the US pursuant to Section 14(e) and Regulation 14E under the US Exchange Act as a “Tier II” tender offer, and otherwise in accordance with the requirements of the City Code. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under US domestic tender offer procedures and law. If the Proposed Acquisition is implemented by way of a takeover offer, a person who is entitled to receive New Fnac Shares may not resell such securities without registration under the US Securities Act or without an applicable exemption from registration or in a transaction not subject to registration (including a transaction that satisfies the applicable requirements of Regulation S under the US Securities Act).

Investors should be aware that Fnac may purchase or arrange to purchase Darty Shares otherwise than under any takeover offer or scheme of arrangement related to the Proposed Acquisition, such as in open market or privately negotiated purchases.

This announcement does not constitute an offer of securities for sale in the US or an offer to acquire or exchange securities in the US. Securities may not be offered or sold in the US absent registration or an exemption from registration, and any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer or the selling security holder and that will contain detailed information about the company and management, as well as financial statements. No offer to acquire securities or to exchange securities for other securities has been made, or will be made, directly or indirectly, in or into, or by use of the mails, any means or instrumentality of interstate or foreign commerce or any facilities of a national securities exchange of, the US or any other country in which such offer may not be made other than (i) in accordance with the US Securities Act, as amended, or the securities laws of such other country, as the case may be, or (ii) pursuant to an available exemption from such requirements.

Nothing in this Announcement shall be deemed an acknowledgement that any SEC filing is required or that an offer requiring registration under the US Securities Act may ever occur in connection with the Proposed Acquisition.

The New Fnac Shares have not been, and will not be, registered under the securities laws of any state or jurisdiction in the United States and, accordingly, will only be issued to the extent that exemptions from the registration or qualification requirements of state “blue sky” securities laws are available or such registration or qualification requirements have been complied with.

### **Cautionary note regarding forward looking statements**

This Announcement contains certain forward looking statements with respect to the financial condition, results of operations and businesses of Fnac and Darty and their respective groups, and certain plans and objectives of Fnac with respect to the Combined Group. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements. Forward looking statements are statements of future expectations that are based on management’s current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward looking statements include, among other things, statements concerning the potential exposure of Fnac, the Fnac Group, Darty, the Darty Group, and/or the Combined Group to market risks and statements expressing

management's expectations, beliefs, estimates, forecasts, projections and assumptions, including as to future potential cost savings, synergies, earnings, cash flow, return on average capital employed, production and prospects. These forward looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "seek", "should", "target", "will" and similar terms and phrases.

There are a number of factors that could affect the future operations of Fnac, the Fnac Group, Darty, the Darty Group, and/or the Combined Group and that could cause results to differ materially from those expressed in the forward looking statements included in this Announcement, including (without limitation): (a) changes in demand for Fnac's and/or Darty's products; (b) currency fluctuations; (c) loss of market share and industry competition; (d) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; and (e) changes in trading conditions.

All forward looking statements contained in this Announcement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward looking statements. Additional risk factors that may affect future results are contained in Fnac's Registration Document (available at <http://www.groupe-fnac.com/en/index.php/finance-shareholders/>). These risk factors expressly qualify all forward looking statements contained in this Announcement and should also be considered by the reader.

Darty's Annual Report and Accounts for the financial year ended 30 April 2015 lists the principal risks and uncertainties in respect of the delivery of Darty's current strategy.

Each forward looking statement speaks only as of the date of this Announcement. None of Fnac, the Fnac Group, Darty or the Darty Group undertakes any obligation to publicly update or revise any forward looking statement as a result of new information, future events or otherwise, except to the extent legally required. In light of these risks, results could differ materially from those stated, implied or inferred from the forward looking statements contained in this Announcement.

### **Rounding**

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables or forms may vary slightly and figures shown as totals in certain tables or forms may not be an arithmetic aggregation of the figures that precede them.

### **No forecasts or estimates**

No statement in this Announcement (including any statement of estimated synergies) is intended as a profit forecast or estimate for any period and no statement in this Announcement should be interpreted to mean that cash flow from operations, free cash flow, earnings or earnings per share for Fnac, Darty or the Combined Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published cash flow from operations, free cash flow, earnings or earnings per share for Fnac or Darty as appropriate.

### **Quantified financial benefits**

The statements in the Quantified Financial Benefits Statement set out in Appendix 6 to this Announcement relate to future actions and circumstances which, by their nature, involve risks,

uncertainties and contingencies. The synergies and cost savings referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.

### **Disclosure requirements of the City Code**

Under Rule 8.3(a) of the City Code, any person who is interested (directly or indirectly) in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10<sup>th</sup> Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to midnight on the day before the deadline for making an Opening Position Disclosure must instead make a dealing disclosure.

Under Rule 8.3(b) of the City Code, any person who is, or becomes, interested (directly or indirectly) in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a dealing disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A dealing disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8 and have not changed. A dealing disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and dealing disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the City Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and dealing disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a dealing disclosure.

For the purpose of this section (*Disclosure requirements of the City Code*) and the following section (*Publication on website and availability of hard copies*) of this Announcement, "Business Day" means a day on which the London Stock Exchange is open for the transaction of business.

### **Publication on website and availability of hard copies**



A copy of this Announcement is and will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, for inspection on Fnac's website [www.groupe-fnac.com](http://www.groupe-fnac.com) and on Darty's website [www.dartygroup.com](http://www.dartygroup.com) by no later than 12 noon (London time) on the Business Day following this Announcement. For the avoidance of doubt, the contents of the websites referred to in this Announcement are not incorporated into and do not form part of this Announcement.

Fnac and Darty Shareholders may request a hard copy of this Announcement by contacting Nadine Coulm during business hours on +33 (0)1 55 21 57 93 (for Fnac Shareholders) or Simon Enoch during business hours on +44 (0)20 7269 1400 (for Darty Shareholders) or by submitting a request in writing to Nadine Coulm at Groupe Fnac S.A., 9, rue des Bâteaux-Lavoisirs, 94200 Ivry-sur-Seine, France (for Fnac Shareholders) or to Simon Enoch at Darty plc, 22-24 Ely Place, London EC1N 6TE United Kingdom (for Darty Shareholders).

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or from an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are located in the UK or, if you are located in France, from a financial intermediary, or, if you are located outside the UK and France, from an appropriately authorised independent financial adviser.

## APPENDIX 1

### PRE-CONDITIONS TO THE PROPOSED ACQUISITION

The posting of the Scheme Document and the Fnac Prospectus will take place following the satisfaction or waiver of the Pre-Conditions below.

Fnac shall be entitled to waive the following Pre-Conditions in whole or in part:

(a) **French anti-trust clearance**

insofar as the Proposed Acquisition constitutes, or is deemed to constitute, a concentration triggering a mandatory filing with the French Competition Authority, one of the following having occurred:

- (i) the French Competition Authority having issued a decision, on terms reasonably satisfactory to Fnac, allowing the Proposed Acquisition to proceed under the second or the third sub-paragraph of (III) of Article L. 430-5 of the French Commercial Code or under the third sub-paragraph of (III) of Article L. 430-7 of the French Commercial Code or under (IV) of Article L. 430-7 of the French Commercial Code (or being deemed to have done so under (IV) of Article L. 430-5 or under (V) of Article L. 430-7 of the French Commercial Code), without the Minister for the Economy having made use of the power to call the case granted under (II) of Article L. 430-7-1 of the French Commercial Code; or
- (ii) the Minister for the Economy having issued a decision, on terms reasonably satisfactory to Fnac, under the third sub-paragraph of (II) of Article L. 430-7-1 of the French Commercial Code;

(b) **Belgian anti-trust clearance**

insofar as the Proposed Acquisition constitutes, or is deemed to constitute, a concentration within the scope of Articles IV.6 §1 and IV.7, §1 of the Belgian Economic Code, the Belgian Competition Authority having issued a decision, on terms reasonably satisfactory to Fnac, allowing the Proposed Acquisition to proceed, or being deemed to have done so, under Article IV.61, §2 or under Article IV.62, §6 of the Belgian Economic Code;

(c) **European Commission clearance**

insofar as (A) the Proposed Acquisition constitutes, or is deemed to constitute, a concentration with an EU dimension within the scope of the Regulation or (B) the French Competition Authority and/or the Belgian Competition Authority make a referral to the European Commission, under Article 22 of the Regulation:

- (i) the European Commission having issued a decision, on terms reasonably satisfactory to Fnac, allowing the Proposed Acquisition to proceed under Article 6(1)(b), Article 6(2), Article 8(1) or Article 8(2) of the Regulation (or being deemed to have done so under Article 10(6) of the Regulation); and/or

- (ii) if any aspect of the Proposed Acquisition is referred to one or more competition authorities of an European Union or European Free Trade Association state under Article 4(4) or Article 9 of the Regulation, confirmation having been received from each such competent authority that the Proposed Acquisition may proceed on terms reasonably satisfactory to Fnac.

## APPENDIX 2

### CONDITIONS TO AND CERTAIN FURTHER TERMS OF THE PROPOSED ACQUISITION

#### Part A

#### Conditions to the Proposed Acquisition

The Proposed Acquisition will comply with the City Code and all applicable rules and regulations of the London Stock Exchange, the FCA, Euronext Paris and the AMF, will be governed by and construed in accordance with English law and will be subject to the jurisdiction of the Courts of England and Wales. The Proposed Acquisition will be conditional upon the Scheme becoming unconditional and becoming effective by no later than the Long Stop Date, or such later date (if any) as Fnac and Darty may agree and the Court (and/or the Panel) may allow.

#### Scheme approval

- (a) The Scheme will be conditional upon:
  - (i) its approval by a majority in number representing not less than three-fourths in value of the Scheme Shareholders (or the relevant class or classes thereof, if applicable) present and voting, either in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meeting on or before the 22<sup>nd</sup> day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date, if any, as Fnac and Darty may agree and the Court may allow);
  - (ii) all resolutions necessary to approve and implement the Scheme being duly passed by the requisite majority or majorities at the Darty General Meeting or at any adjournment of that meeting on or before the 22<sup>nd</sup> day after the expected date of the Darty General Meeting to be set out in the Scheme Document in due course (or such later date, if any, as Fnac and Darty may agree and the Court may allow); and
  - (iii) the sanction of the Scheme by the Court with or without modification (but subject to any such modification being acceptable to Fnac and Darty) on or before the 22<sup>nd</sup> day after the expected date of the Scheme Hearing to be set out in the Scheme Document in due course (or such later date, if any, as Fnac and Darty may agree and the Court may allow) and the delivery of a copy of the Scheme Order within seven Business Days thereafter to the Registrar of Companies in England and Wales.

In addition, the Proposed Acquisition will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme effective will not be taken unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

### **French anti-trust clearance**

- (b) in the event the Pre-Condition set out in sub-paragraph (a) (*French anti-trust clearance*) of Appendix 1 is waived by Fnac, insofar as the Proposed Acquisition constitutes, or is deemed to constitute, a concentration triggering a mandatory filing with the French Competition Authority, one of the following having occurred:
  - (i) the French Competition Authority having issued a decision, on terms reasonably satisfactory to Fnac, allowing the Proposed Acquisition to proceed under the second or the third sub-paragraph of (III) of Article L. 430-5 of the French Commercial Code or under the third sub-paragraph of (III) of Article L. 430-7 of the French Commercial Code or under (IV) of Article L. 430-7 of the French Commercial Code (or being deemed to have done so under (IV) of Article L. 430-5 or under (V) of Article L. 430-7 of the French Commercial Code), without the Minister for the Economy having made use of the power to call the case granted under (II) of Article L. 430-7-1 of the French Commercial Code; or
  - (ii) the Minister for the Economy having issued a decision, on terms reasonably satisfactory to Fnac, under the third sub-paragraph of (II) of Article L. 430-7-1 of the French Commercial Code;

### **Belgian anti-trust clearance**

- (c) in the event the Pre-Condition set out in sub-paragraph (b) (*Belgian anti-trust clearance*) of Appendix 1 is waived by Fnac, insofar as the Proposed Acquisition constitutes, or is deemed to constitute, a concentration within the scope of Articles IV.6 §1 and IV.7, §1 of the Belgian Economic Code, the Belgian Competition Authority having issued a decision, on terms reasonably satisfactory to Fnac, allowing the Proposed Acquisition to proceed, or being deemed to have done so, under Article IV.61, §2 or under Article IV.62, §6 of the Belgian Economic Code;

### **European Commission clearance**

- (d) in the event the Pre-Condition set out in sub-paragraph (c) (*European Commission Clearance*) of Appendix 1 is waived by Fnac, insofar as (A) the Proposed Acquisition constitutes, or is deemed to constitute, a concentration with an EU dimension within the scope of the Regulation or (B) the French Competition Authority and/or the Belgian Competition Authority make a referral to the European Commission, under Article 22 of the Regulation:
  - (i) the European Commission having issued a decision, on terms reasonably satisfactory to Fnac, allowing the Proposed Acquisition to proceed under Article 6(1)(b) or Article 6(2) of the Regulation (or being deemed to have done so under Article 10(6) of the Regulation); and/or
  - (ii) if any aspect of the Proposed Acquisition is referred to one or more competition authorities of an European Union or European Free Trade Association state under Article 4(4) or Article 9 of the Regulation, confirmation having been received from each such competent authority that the Proposed Acquisition may proceed on terms reasonably satisfactory to Fnac;

## General Third Party clearances

- (e) the waiver (or non-exercise within any applicable time limits) by any relevant government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, court, trade agency, association, institution, any entity owned or controlled by any relevant government or state, or any other body or person whatsoever in any jurisdiction (each a “Third Party”) of any termination right, right of pre-emption, first refusal or similar right (which is material in the context of the Wider Darty Group taken as a whole) arising as a result of or in connection with the Proposed Acquisition including, without limitation, its implementation and financing or the proposed direct or indirect acquisition of any shares or other securities in, or control of, Darty by Fnac or any member of the Fnac Group;
- (f) all necessary filings or applications having been made in connection with the Proposed Acquisition and all statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Proposed Acquisition or the acquisition by any member of the Wider Fnac Group of any shares or other securities in, or control of, Darty and all Authorisations reasonably deemed necessary or appropriate by Fnac or any member of the Wider Fnac Group for or in respect of the Proposed Acquisition including without limitation, its implementation and financing or the proposed direct or indirect acquisition of any shares or other securities in, or control of, Darty or any member of the Wider Darty Group by any member of the Wider Fnac Group having been obtained in terms and in a form reasonably satisfactory to Fnac from all appropriate Third Parties or persons with whom any member of the Wider Darty Group has entered into contractual arrangements and all such Authorisations together with all material authorisations orders, recognitions, grants, licences, confirmations, clearances, permissions and approvals necessary or appropriate to carry on the business of any member of the Wider Darty Group which is material in the context of the Fnac Group or the Darty Group as a whole or of the financing of the Proposed Acquisition remaining in full force and effect and all filings necessary for such purpose having been made and there being no notice or intimation of any intention to revoke or not to renew any of the same at the time at which the Proposed Acquisition becomes otherwise unconditional and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;
- (g) no Third Party having decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or enacted, made or proposed any statute, regulation, decision or order, or having taken any other steps which would or might reasonably be expected to:
  - (i) require, prevent or delay the divestiture, or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Fnac Group or any member of the Wider Darty Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective businesses (or any of them) or to own any of their respective assets or properties or any part thereof which, in any such case, is material in the context of the Wider Fnac Group or the Wider Darty Group in either case taken as a whole;
  - (ii) require, prevent or delay the divestiture by any member of the Wider Fnac Group of any shares or other securities in Darty;

- (iii) impose any material limitation on, or result in a delay in, the ability of any member of the Wider Fnac Group directly or indirectly to acquire or to hold or to exercise effectively any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the Wider Darty Group or the Wider Fnac Group or to exercise management control over any such member;
- (iv) otherwise adversely affect the business, assets, profits or prospects of any member of the Wider Fnac Group or of any member of the Wider Darty Group to an extent which is material in the context of the Fnac Group or the Darty Group in either case taken as a whole;
- (v) make the Proposed Acquisition or its implementation or the acquisition or proposed acquisition by Fnac or any member of the Wider Fnac Group of any shares or other securities in, or control of Darty void, illegal, and/or unenforceable under the laws of any jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, delay or otherwise materially interfere with the same, or impose additional conditions or obligations with respect thereto, or otherwise challenge or interfere therewith;
- (vi) require any member of the Wider Fnac Group or the Wider Darty Group to offer to acquire any shares or other securities (or the equivalent) or interest in any member of the Wider Darty Group or the Wider Fnac Group owned by any third party;
- (vii) impose any limitation on the ability of any member of the Wider Darty Group to co-ordinate its business, or any part of it, with the businesses of any other members which is adverse to and material in the context of the Wider Darty Group taken as a whole or in the context of the Proposed Acquisition; or
- (viii) result in any member of the Wider Darty Group ceasing to be able to carry on business under any name under which it presently does so,

and all applicable waiting and other time periods during which any such Third Party could institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or any other step under the laws of any jurisdiction in respect of the Proposed Acquisition or the acquisition or proposed acquisition of any Darty Shares having expired, lapsed or been terminated;

### **Approval of the Fnac Prospectus**

- (h) receipt of the approval certificate (visa) given by the AMF in respect of the Fnac Prospectus filed by Fnac with the AMF in the context of the request for admission of the New Fnac Shares to trading on Euronext Paris and issue to the UK Listing Authority of an approval certificate declaring that the Fnac Prospectus has been drawn up in accordance with Directive 2003/71/EC of November 2003;

### **Fnac Shareholder approval**

- (i) the passing at the Fnac Extraordinary General Meeting (or any adjournment thereof) of the Fnac Resolutions (as such resolutions may be set out in the Fnac Notice in due course);

#### **Admission to trading of New Fnac Shares**

- (j) receipt of a confirmation (and such confirmation not having been withdrawn) that the application for listing and trading of the New Fnac Shares on Euronext Paris has been approved, with such listing and trading to become effective on or shortly after the Effective Date;

#### **Certain matters arising as a result of any arrangement, agreement etc.**

- (k) save as Disclosed, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Darty Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, which in consequence of the Proposed Acquisition or the proposed acquisition of any shares or other securities in Darty or because of a change in the control or management of Darty or otherwise, could or might reasonably be expected to result in to an extent which is material in the context of the Wider Darty Group, or the Wider Fnac Group, in either case taken as a whole, or in the context of the Proposed Acquisition:
  - (i) any moneys borrowed by or any other indebtedness (actual or contingent) of, or grant available to any such member, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated maturity date or repayment date or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
  - (ii) any such agreement, arrangement, licence, permit or instrument or the rights, liabilities, obligations or interests of any such member thereunder being terminated or modified or affected or any obligation or liability arising or any action being taken or arising thereunder;
  - (iii) any assets or interests of any such member being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged;
  - (iv) other than in the ordinary course of business, the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any such member;
  - (v) the rights, liabilities, obligations or interests of any such member in, or the business of any such member with, any person, firm or body (or any arrangement or arrangements relating to any such interest or business) being terminated, adversely modified or affected;
  - (vi) the value of any such member or its financial or trading position or prospects being prejudiced or adversely affected;



- (vii) any such member ceasing to be able to carry on business under any name under which it presently does so; or
- (viii) other than in the ordinary course of business, the creation of any liability, actual or contingent, by any such member,

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Darty Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would or might reasonably be expected to result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (viii) of this Condition;

#### **Certain events occurring since 30 April 2015**

- (l) save as Disclosed, no member of the Wider Darty Group having, since 30 April 2015:
  - (i) save as between Darty and wholly-owned subsidiaries of Darty or for Darty Shares issued under or pursuant to the exercise of options and vesting of awards granted under the Darty Share Plan, issued, authorised or proposed the issue of additional shares of any class;
  - (ii) save as between Darty and wholly-owned subsidiaries of Darty or for the grant of options and awards and other rights under the Darty Share Plan, issued or agreed to issue, authorised or proposed the issue of securities convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;
  - (iii) other than to another member of the Darty Group, prior to completion of the Proposed Acquisition, recommended, declared, paid or made any dividend or other distribution whether payable in cash or otherwise except for ordinary course dividends. In particular, those Darty Shareholders who are on the register as at 4 March 2016 will be entitled to receive the 2016 interim dividend for the period to 31 October 2015 of not more than 0.875 euro cents per Darty Share expected to be paid on 30 March 2016. In the event that Phase II proceedings are required to secure the regulatory clearances relating to anti-trust and those clearances have not been obtained by the record date for the 2016 final dividend, expected to be on or around 21 October 2016, Darty Shareholders on the register at that date will be entitled to receive in full the final dividend payable in relation to Darty's financial year ending on 30 April 2016 of not more than 2.625 euro cents per Darty Share;
  - (iv) save for intra-Darty Group transactions, merged or demerged with any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or announced any intention to propose any merger, demerger, acquisition or disposal, transfer, mortgage, charge or security interest, in each case, other than in the ordinary course of business and, in each case, to the extent which is material in the context of the Wider Darty Group taken as a whole;

- (v) save for intra-Darty Group transactions, made or authorised or proposed or announced an intention to propose any change in its loan capital in each case, to the extent which is material in the context of the Wider Darty Group taken as a whole;
- (vi) issued, authorised or proposed the issue of any debentures or (save for intra-Darty Group transactions), save in the ordinary course of business, incurred or increased any indebtedness or become subject to any contingent liability;
- (vii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital in each case, to the extent which is material in the context of the Wider Darty Group taken as a whole;
- (viii) implemented, or authorised, proposed or announced its intention to implement, any reconstruction, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business or entered into or changed the terms of any contract with any director or senior executive;
- (ix) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which is or could be materially restrictive on the businesses of any member of the Wider Darty Group or the Wider Fnac Group or which involves or is reasonably likely to involve an obligation of such a nature or magnitude or which is other than in the ordinary course of business, in each case, to the extent which is material in the context of the Wider Darty Group taken as a whole;
- (x) (other than in respect of a member which is dormant and was solvent at the relevant time) taken any corporate action or had any legal proceedings started or threatened against it for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of all or any part of its assets or revenues or any analogous proceedings in any jurisdiction or had any such person appointed, in each case, to the extent which is material in the context of the Wider Darty Group taken as a whole;
- (xi) entered into any contract, transaction or arrangement which would be restrictive on the business of any member of the Wider Darty Group or the Wider Fnac Group other than of a nature and extent which is normal in the context of the business concerned;
- (xii) waived or compromised any claim otherwise than in the ordinary course of business which is material in the context of the Darty Group taken as a whole;
- (xiii) entered into any contract, commitment, arrangement or agreement otherwise than in the ordinary course of business or passed any resolution or made any Proposed Acquisition (which remains open for acceptance) with respect to or announced

any intention to, or to propose to, effect any of the transactions, matters or events referred to in this condition;

- (xiv) having made or agreed or consented to any change to:
  - (A) the terms of the trust deeds constituting the pension scheme(s) established by any member of the Wider Darty Group for its directors, employees or their dependents;
  - (B) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder;
  - (C) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
  - (D) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued or made,

in each case, to the extent which is material in the context of the Wider Darty Group taken as a whole;

- (xv) proposed, agreed to provide or modified the terms of any of the Darty Share Plan or other benefit constituting a material change relating to the employment or termination of employment of a material category of persons employed by the Wider Darty Group or which constitutes a material change to the terms or conditions of employment of any senior employee of the Wider Darty Group, save as agreed by the Panel or by Fnac; or
- (xvi) taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of Darty Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the City Code,

and, for the purposes of sub-paragraphs (iii), (iv), (v), (vi) and (xii) of this condition, the term “Darty Group” shall mean Darty and its wholly-owned subsidiaries;

**No adverse change, litigation or regulatory enquiry**

- (m) save as Disclosed, since 30 April 2015:
  - (i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects of any member of the Wider Darty Group which is material in the context of the Wider Darty Group taken as a whole;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Darty Group is or may become a party (whether as a plaintiff, defendant or otherwise) and no investigation by any Third Party against or in respect of any member of the Wider Darty Group having been instituted announced or threatened by or against or remaining outstanding in respect of any member of the Wider Darty Group which in any such case has had

or might reasonably be expected to have an adverse effect on the Wider Darty Group taken as a whole;

- (iii) no contingent or other liability having arisen or become apparent to Fnac which would be likely to adversely affect the Wider Darty Group taken as a whole; and
- (iv) no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Darty Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which has had, or would reasonably be expected to have, a material adverse effect on the Wider Darty Group taken as a whole;

#### **No discovery of certain matters**

- (n) save as Disclosed, Fnac not having discovered:
  - (i) that any financial, business or other information concerning the Wider Darty Group as contained in the information publicly disclosed at any time by or on behalf of any member of the Wider Darty Group is materially misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make that information not misleading, in each case, to the extent which is material in the context of the Wider Darty Group taken as a whole;
  - (ii) that any member of the Wider Darty Group, partnership, company or other entity in which any member of the Wider Darty Group has a significant economic interest and which is not a subsidiary undertaking of Darty is subject to any liability (contingent or otherwise) which is not disclosed in the Annual Report and Accounts of Darty for the financial year ended 30 April 2015 in each case, to the extent which is material in the context of the Wider Darty Group taken as a whole; or
  - (iii) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Wider Darty Group and which is material in the context of the Wider Darty Group taken as a whole;
- (o) save as Disclosed, Fnac not having discovered that:
  - (i) any past or present member of the Wider Darty Group has failed to comply with any and/or all applicable legislation or regulation, of any jurisdiction with regard to the storage, carriage, disposal, spillage, release, discharge, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health or animal health or otherwise relating to environmental matters or the health and safety of humans, or that there has otherwise been any such storage, carriage, disposal, spillage, release, discharge, leak or emission (whether or not the same constituted a non-compliance by any person with any such legislation or regulations, and wherever the same may have taken place) any of which storage, carriage, disposal, spillage, release, discharge, leak or emission would be likely to give rise to any liability (actual or contingent) on the part of any member of the Wider Darty Group and which is material in the context of the Wider Darty Group taken as a whole;

- (ii) there is, or is likely to be, for that or any other reason whatsoever, any liability (actual or contingent) of any past or present member of the Wider Darty Group to make good, repair, reinstate or clean up any property or any controlled waters now or previously owned, occupied, operated or made use of or controlled by any such past or present member of the Wider Darty Group, under any environmental legislation, regulation, notice, circular or order of any government, governmental, quasi-governmental, state or local government, supranational, statutory or other regulatory body, agency, court, association or any other person or body in any jurisdiction and which is material in the context of the Wider Darty Group taken as a whole or the Proposed Acquisition;
- (iii) circumstances exist (whether as a result of the Proposed Acquisition or otherwise) which would be reasonably likely to lead to any Third Party instituting, or whereby any member of the Wider Fnac Group or any present or past member of the Wider Darty Group would be likely to be required to institute, an environmental audit or take any other steps which would in any such case be reasonably likely to result in any liability (whether actual or contingent) to improve, modify existing or install new plant, machinery or equipment or carry out changes in the processes currently carried out or make good, remediate, repair, re-instate or clean up any land or other asset currently or previously owned, occupied or made use of by any past or present member of the Wider Darty Group (or on its behalf) or by any person for which a member of the Wider Darty Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest which is material in the context of the Wider Darty Group taken as a whole or the Proposed Acquisition; or
- (iv) circumstances exist whereby a person or class of persons would be likely to have any claim or claims in respect of any product or process of manufacture or materials used therein currently or previously manufactured, sold or carried out by any past or present member of the Wider Darty Group which claim or claims would be likely, materially and adversely, to affect any member of the Wider Darty Group and which is material in the context of the Darty Group taken as a whole or the Proposed Acquisition; and

#### **Anti-corruption, sanctions and criminal property**

- (p) save as Disclosed, Fnac not having discovered that:
  - (i) (a) any past or present member, director, officer or employee of the Wider Darty Group is or has at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation or (b) any person that performs or has performed services for or on behalf of the Wider Darty Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation and regulation; or

- (ii) any asset of any member of the Wider Darty Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition); or
- (iii) any past or present member, director, officer or employee of the Darty Group, or any other person for whom any such person may be liable or responsible, has engaged in any business with, made any investments in, made any funds or assets available to or received any funds or assets from: (a) any government, entity or individual in respect of which US or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or HMRC; or (b) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states; or
- (iv) no member of the Darty Group being engaged in any transaction which would cause Fnac to be in breach of any law or regulation upon its acquisition of Darty, including the economic sanctions of the United States Office of Foreign Assets Control, or HMRC, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states.

For the purposes of these Conditions the “Wider Darty Group” means Darty and its subsidiary undertakings, associated undertakings and any other undertaking in which Darty and/or such undertakings (aggregating their interests) have a significant interest and the “Wider Fnac Group” means Fnac and its subsidiary undertakings, associated undertakings and any other undertaking in which Fnac and/or such undertakings (aggregating their interests) have a significant interest and for these purposes “subsidiary undertaking” and “undertaking” have the meanings given by the Act, “associated undertaking” has the meaning given by paragraph 19 of Schedule 6 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, other than paragraph 19(1)(b) of Schedule 6 to those regulations which shall be excluded for this purpose, and “significant interest” means a direct or indirect interest in 20 per cent. or more of the equity share capital (as defined in the Act).

## **Part B**

### **Waiver and Invocation of the Pre-Conditions and Conditions**

Fnac reserves the right to waive, in whole or in part, all or any of the Pre-Conditions set out in Appendix 1 to this Announcement and/or all or any of the Conditions set out in Part A of Appendix 2 above, except for Conditions (a) (*Scheme approval*), (h) (*Approval of the Fnac Prospectus*), (i) (*Fnac Shareholder approval*), and (j) (*Admission to trading of New Fnac Shares*), which cannot be waived. Once the Pre-Conditions have been satisfied (or waived, as applicable), the Proposed Acquisition will be subject to the satisfaction (or waiver, if permitted) of the Conditions set out in this Appendix 2, and to certain further terms set out in Appendix 2, and to the full terms and conditions which will be set out in the Scheme Document. In the event that any or all of the Pre-Conditions are waived (rather than satisfied), they will remain as Conditions to the Proposed Acquisition, such conditions being set out in sub-paragraph (b) (*French anti-trust clearance*), sub-paragraph (c) (*Belgian anti-trust clearance*) sub-paragraph (d) (*European anti-trust clearance*) and of Part A of this Appendix 2.

Conditions (h) (*Approval of the Fnac Prospectus*), (i) (*Fnac Shareholder approval*) and (j) (*Admission to trading of New Fnac Shares*) must be fulfilled by and Conditions (b) to (g) (inclusive) and (k) to (p) (inclusive) fulfilled or waived, by no later than 11.59 p.m. on the date immediately preceding the date of the Scheme Hearing, failing which the Scheme will lapse. Fnac shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as satisfied any of the Pre-Conditions or any of Conditions (b) to (g) (inclusive) and (k) to (p) (inclusive) that are capable of waiver by a date earlier than the latest date specified above for the fulfilment of the relevant Pre-Condition or Condition, notwithstanding that the other Pre-Conditions or any of the other Conditions to the Proposed Acquisition may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any such Pre-Condition(s) or any such Condition(s) may not be capable of fulfilment.

If the Pre-Condition set out in sub-paragraph (c) (*European Commission clearance*) of Appendix 1 is waived, the Scheme will lapse if, after the point at which the Pre-Condition is waived, the European Commission initiates Phase II proceedings in respect of the Proposed Acquisition before the Court Meeting and the Darty General Meeting.

If Fnac is required by the Panel to make an offer for Darty Shares under the provisions of Rule 9 of the City Code, Fnac may make such alterations to any of the above Pre-Conditions and/or Conditions as are necessary to comply with the provisions of that Rule.

## **Part C**

### **Implementation by way of Offer**

Fnac reserves the right, with the consent of the Panel, and subject to the terms of the Co-operation Agreement, to elect to implement the Proposed Acquisition by way of an Offer. If the Proposed Acquisition is implemented by way of an Offer, such Offer will be implemented on the same terms, so far as applicable, as those which would apply to the Scheme, subject to appropriate amendments to reflect the change in method of effecting the Proposed Acquisition, including: (without limitation and subject to the consent of the Panel) an acceptance condition that is set at 90 per cent. (or such lesser percentage, as Fnac may determine) in nominal value of the Darty Shares to which such Offer relates; and of the voting rights attached to those shares, subject to Fnac and/or any members of the Fnac Group having acquired or agreed to acquire (whether pursuant to the Offer or otherwise), Darty Shares which carry, in aggregate, more than 50 per cent. of the voting rights then, directly or indirectly, exercisable at a general meeting of Darty, including, for this purpose, (except to the extent otherwise agreed by the Panel) any such voting rights attaching to the shares that are unconditionally allotted or issued before the Proposed Acquisition becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise.

In addition, if the Proposed Acquisition is implemented by way of the Offer, the Offer will be conditional upon the satisfaction (and/or waiver, if permitted) of the Pre-Conditions and Conditions (save in respect of Condition (a) (*Scheme Approval*) set out above).

## **Part D**

### **Certain further terms of the Proposed Acquisition**

The availability of the Proposed Acquisition and/or the Partial Cash Alternative to persons not resident in the United Kingdom and France may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom or France should inform themselves about and observe any applicable requirements.

The Proposed Acquisition will be governed by English law and be subject to the jurisdiction of the English courts, to the Pre-Conditions, Conditions and terms set out in this Announcement and in due course in the formal Scheme Document. The Proposed Acquisition will comply with the applicable rules and regulations of the FCA and the London Stock Exchange, Euronext Paris, the AMF and the City Code.

The terms of the Scheme to be set out in the Scheme Document and the Scheme particulars shall include as an express term that a duly executed stock transfer form (executed by a Darty Director or other authorised Darty signatory) (and not the Scheme Order) shall be the instrument of transfer required to effect the transfer of the Scheme Shares to Fnac under the Scheme following the issue of the Scheme Order by the Court.

Each of the Pre-Conditions and Conditions shall be regarded as a separate Pre-Condition and Condition respectively and shall not be limited by reference to any other Pre-Condition or Condition.

Fractions of New Fnac Shares will not be allotted to Darty Shareholders but will be aggregated and sold as soon as practicable after the Scheme becomes effective. The net proceeds of such sale will then be paid in cash to the relevant Darty Shareholders in accordance with their fractional entitlements. Individual entitlements, however, to amounts of less than £5.00 will not be paid to Darty Shareholders but will be retained for the benefit of Fnac.

The New Fnac Shares, which will be issued in connection with the Proposed Acquisition, have not been and will not be registered under any of the relevant securities laws of Canada, Japan, Australia, South Africa or the United States and no regulatory clearance in respect of the New Fnac Shares has been, or will be, applied for in any jurisdiction other than the United Kingdom and France. The New Fnac Shares may not be offered, sold or delivered, directly or indirectly, in Canada, Japan or Australia, South Africa or the United States except pursuant to exemptions from applicable requirements of any such jurisdiction.

The New Fnac Shares will be issued credited as fully paid, will be admitted to trading on Euronext Paris and will rank *pari passu* in all respects with Fnac Shares in issue at the time the New Fnac Shares are issued pursuant to the Proposed Acquisition, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date.

Darty Shares which will be acquired under the Proposed Acquisition will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of completion of the Proposed Acquisition.

If Darty announces, declares or pays any special dividend or any other distribution to Darty Shareholders, excluding any dividends paid in the ordinary course prior to completion of the Proposed Acquisition, in accordance with the preceding paragraph, Fnac reserves the right to make an equivalent reduction to its offer price, and/or to vary the form and/or mix of consideration of any offer.



## APPENDIX 3

### SOURCES OF INFORMATION AND BASES OF CALCULATION

In this Announcement:

1. All references to Darty Shares are to Darty ordinary shares of €0.30 each and all, references to Fnac Shares are to Fnac shares of €1.00 each.
2. The three premium calculations to the price per Darty Share used in this Announcement have been calculated by reference to either:
  - 2.1 (a) the Closing Price on 19 November 2015 (being the last Business Day prior to the date of this Announcement) of €55.6 in respect of a Fnac Share; (b) an exchange rate of £1.00/€1.4246 as of 19 November 2015; and (c) the Closing Price on 29 September 2015 of 81 pence in respect of a Darty Share, less the final dividend for the financial year ended 30 April 2015;
  - 2.2 (a) the Closing Price on 5 November 2015 (being the last Business Day before the date of the Agreement on Key Offer Terms Announcement) of €60.4 in respect of a Fnac Share; (b) an exchange rate of £1.00/€1.4043 as of 5 November 2015; and (c) the Closing Price on 29 September 2015 of 81 pence in respect of a Darty Share, less the final dividend for the financial year ended 30 April 2015; or
  - 2.3 (a) the Closing Price on 29 September 2015 (being the last Business Day prior to the date of Fnac's Possible Offer Announcement) of €53.0 in respect of a Fnac Share; (b) an exchange rate of £1.00/€1.3491 as of 29 September 2015; and (c) the Closing Price on 29 September 2015 of 81 pence in respect of a Darty Share, less the final dividend for the financial year ended 30 April 2015 recommended by the Darty Directors on 18 June 2015 and approved by the Darty Shareholders on 10 September 2015, and paid on 13 November 2015.
3. Unless otherwise stated:
  - (a) historic financial information relating to Fnac has been extracted or derived (without material adjustment) from the audited financial statements of Fnac contained in Fnac's Annual Report and Accounts for the financial year ended 31 December 2014 or from Fnac's management accounts; and
  - (b) historic financial information relating to Darty has been extracted or derived (without material adjustment) from the audited financial statements of Darty contained in Darty's Annual Report and Accounts for the financial year ended 30 April 2015.
4. The synergy numbers are unaudited and are based on analysis by Fnac's management and on Fnac's internal records. Further information underlying the Quantified Financial Benefits Statement contained in [section 5](#) of this Announcement is provided in [Appendix 6](#).
5. All Closing Prices for Fnac and Darty shares as well as exchange rates are derived from Factset (function FG\_PRICE and function P\_EXCH\_RATE(GBP,EUR)).
6. The €95,000,000 Partial Cash Alternative has been converted into sterling using an exchange rate of £1.00/€1.4246 as of 19 November 2015 (being the latest Business Day prior to this Announcement).

7. Certain figures included in this Announcement have been subject to rounding adjustments.

## APPENDIX 4

### CERTAIN INFORMATION RELATING TO FNAC AND DARTY

Key financials

	Fnac Key financials (€m) <sup>4</sup>		Darty Key financials (€m) <sup>5</sup>	
	Dec-13a	Dec-14a	Apr-14a PF	Apr-15a
<b>Sales</b>	<b>3,905</b>	<b>3,895</b>	<b>3,404</b>	<b>3,512</b>
<i>Growth (%)</i>		<i>(0.3)%</i>		<i>3.2%</i>
<b>EBITDA</b>	<b>140</b>	<b>147</b>	<b>129</b>	<b>119</b>
<i>Margin (%)</i>	<i>3.6%</i>	<i>3.8%</i>	<i>3.8%</i>	<i>3.4%</i>
<b>EBIT<sup>6</sup></b>	<b>72</b>	<b>77</b>	<b>77</b>	<b>68</b>
<i>Margin (%)</i>	<i>1.8%</i>	<i>2.0%</i>	<i>2.3%</i>	<i>1.9%</i>
<b>Operating Cash Flow<sup>7</sup></b>	<b>87</b>	<b>116</b>	<b>(13)</b>	<b>17</b>
<b>Capex<sup>8</sup></b>	<b>(49)</b>	<b>(49)</b>	<b>(49)</b>	<b>(40)</b>
<i>As % of sales</i>	<i>(1.2)%</i>	<i>(1.3)%</i>	<i>(1.4)%</i>	<i>(1.1)%</i>
<b>EBITDA - Capex - Change in WC</b>	<b>107</b>	<b>111</b>	<b>17</b>	<b>29</b>
<b>Net debt / (cash)<sup>9</sup></b>	<b>(461)</b>	<b>(535)</b>	<b>185</b>	<b>224</b>

<sup>4</sup> Fnac registration document for the financial years ended (i) 31 December 2013 and (ii) 31 December 2014.

<sup>5</sup> Darty annual report and accounts for the financial years ended (i) 30 April 2014 and (ii) 30 April 2015.

<sup>6</sup> EBIT equal to “Current Operating Income” definition for Fnac and equal to EBITDA – D&A for Darty (before exceptional items and profit/loss on disposal of PP&E and intangible assets).

<sup>7</sup> Calculated as “net cash flows from operating activities” – “interests and equivalent payments” as per Fnac reporting and reported as “net cash from / (used in) operating activities” by Darty.

<sup>8</sup> Net capex excluding acquisitions.

<sup>9</sup> As per the definition used respectively in the Fnac registration document for the financial year ended 31 December 2014, or Darty’s annual report and accounts for the financial year ended 30 April 2015.

## Sales

<b>By product</b>	<b>Fnac<sup>10</sup></b>	<b>Darty<sup>11</sup></b>	<b>Fnac and Darty<sup>12 13</sup></b>
<b>Services and Accessories</b>	5%	13%	9%
<b>Editorial goods</b>	39%	0%	20%
<b>Brown goods</b>	19%	19%	19%
<b>Grey goods</b>	37%	26%	32%
<b>White goods</b>	0%	42%	20%

<b>By country</b>	<b>Fnac Sales breakdown<sup>14</sup></b>	<b>Darty Sales breakdown<sup>15</sup></b>
<b>France</b>	71%	80%
<b>Iberia</b>	17%	-
<b>Belgium and Switzerland</b>	7%	-
<b>Brazil</b>	5%	-
<b>Belgium and the Netherlands</b>	N/A	20%

<sup>10</sup> Fnac registration document for the financial year ended 31 December 2014.

<sup>11</sup> Figures relate to the financial year ended 30 April 2013 and are sourced from the offering memorandum relating to the issue by Darty Financements S.A.S of €250,000,000 5.875% of senior notes due 2021, dated 19 February 2014.

<sup>12</sup> Total sales figure derived from sum of Fnac reported sales for the financial year ended 31 December 2014 and Darty reported sales for the financial year ended 30 April 2015.

<sup>13</sup> Group goods split calculated from i) Fnac goods split as reported in the Fnac 2014 Annual Report and ii) Darty goods split as reported in the Darty bond prospectus dated 19 February 2014 (applied to sales figure for the financial year ended 30 April 2015).

<sup>14</sup> Fnac registration document for the financial year ended 31 December 2014.

<sup>15</sup> Darty annual report and accounts for the financial year ended 30 April 2015.

**Number of stores**

	Fnac – Number of stores <sup>16</sup>			Darty – Number of stores <sup>17</sup>			Fnac + Darty		
	Owned	Franch.	Total	Owned	Franch.	Total	Owned	Franch.	Total
<b>France</b>	<b>85</b>	<b>31</b>	<b>116</b>	<b>222</b>	<b>41</b>	<b>263</b>	<b>307</b>	<b>72</b>	<b>379</b>
<b>Intl.</b>	<b>73</b>	<b>2</b>	<b>75</b>	<b>135</b>	<b>4</b>	<b>139</b>	<b>208</b>	<b>6</b>	<b>214</b>
<i>Spain</i>	25	-	25	-	-	-	25	-	25
<i>Portugal</i>	22	-	22	-	-	-	22	-	22
<i>Belgium</i>	9	-	9	60 <sup>19</sup>	-	60	69	-	69
<i>Netherlands</i>	-	-	-	75 <sup>20</sup>	-	75	75	-	75
<i>Switzerland</i>	5	-	5	-	-	-	5	-	5
<i>Brazil</i>	12	-	12	-	-	-	12	-	12
<i>Other</i>	-	2 <sup>18</sup>	2	-	4 <sup>21</sup>	4	-	6	6
<b>Total</b>	<b>158</b>	<b>33</b>	<b>191</b>	<b>357</b>	<b>45</b>	<b>402</b>	<b>515</b>	<b>78</b>	<b>593</b>

**Online presence in France**

Attractive online presence in France (number of monthly unique visitors in millions) <sup>22</sup>	
<b>Amazon</b>	<b>17.5</b>
<b>CDDiscount</b>	<b>10.7</b>
<b>Fnac</b>	<b>10.7</b>
<b>Ebay</b>	<b>7.9</b>
<b>Carrefour</b>	<b>7.6</b>
<b>Price Minister</b>	<b>7.5</b>
<b>Voyage-sncf.com</b>	<b>6.9</b>
<b>La Redoute</b>	<b>6.8</b>
<b>Vente-privée.com</b>	<b>6.0</b>

<sup>16</sup> Fnac Q3 revenue statement dated 22 October 2015.

<sup>17</sup> Darty Q1 trading statement dated 10 September 2015.

<sup>18</sup> Fnac's statement of 2015 half-year results, dated 30 July 2015 (p.30) Fnac has 1 franchise store in Morocco and another in Qatar (as per Fnac half-year reporting).

<sup>19</sup> Figures sourced from Darty "Group Overview" website page, accessed on 19 November 2015.

<sup>20</sup> Figures sourced from Darty "Group Overview" website page, accessed on 19 November 2015.

<sup>21</sup> Darty Q4 trading statement dated 21 May 2015.

<sup>22</sup> Fédération E-commerce et Vente À Distance (FEVAD) Communiqué de Presse dated 27 January 2015 (numbers as at November 2014).

<b>E. Leclerc</b>	<b>5.6</b>
<b>Darty</b>	<b>5.4</b>
<b>Leroy Merlin</b>	<b>5.0</b>
<b>Auchan</b>	<b>4.9</b>
<b>Rue du Commerce</b>	<b>4.7</b>
<b>Decathlon</b>	<b>4.4</b>

**Electronics**

<b>Number 1 electronic and editorial goods retailer in France (Revenues for the financial year ended 31 December 2014, €bn)<sup>23</sup></b>	
<b>Fnac and Darty</b>	<b>5.6</b>
<b>Darty</b>	<b>2.8<sup>24</sup></b>
<b>Fnac</b>	<b>2.8</b>
<b>Conforama</b>	<b>2.8</b>
<b>Boulangier</b>	<b>1.9</b>
<b>BUT</b>	<b>1.9</b>
<b>C Discount</b>	<b>1.9</b>
<b>Amazon</b>	<b>1.8</b>
<b>Relay</b>	<b>1.0</b>
<b>Micromania</b>	<b>0.6</b>
<b>Electro Depot</b>	<b>0.5</b>

<b>Top 10 consumer electronics retailers in Europe (Revenues for the financial year ended 31 December 2014, €bn)<sup>25</sup></b>	
<b>Metro Group</b>	<b>21.0</b>

<sup>23</sup> LSA Magazine, issue no. 2377, 3 September 2015 (including only distributors in Fnac and Darty product categories, excluding food stores and a department store not focused on electronic and editorial goods).

<sup>24</sup> Financial year ended 30 April 2015 (a different year end to the other companies under comparison).

<sup>25</sup> Metro Retail Compendium 2015/2016 (Euronics and E Squared excluded as they are buying groups).

<b>Dixons Carphone</b>	<b>12.4</b>
<b>Amazon</b>	<b>11.8</b>
<b>Expert</b>	<b>8.8</b>
<b>Fnac and Darty (combined)</b>	<b>7.4<sup>26</sup></b>
<b>Apple</b>	<b>4.7</b>
<b>Fnac</b>	<b>3.9</b>
<b>Darty</b>	<b>3.5<sup>27</sup></b>
<b>M. Video</b>	<b>3.5</b>

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<sup>26</sup> In respect of the element of this component figure that relates to Darty, the number is sourced from its annual report and accounts for the financial year ended 30 April 2015; a different year end to the other businesses in the comparison.

<sup>27</sup> In respect of Darty, figure sourced from its annual report and accounts for the financial year ended 30 April 2015; a different year end to the other businesses in the comparison.

## APPENDIX 5

### IRREVOCABLE UNDERTAKING AND LETTER OF INTENT

#### Part A

#### DETAILS OF DARTY SHAREHOLDER IRREVOCABLE UNDERTAKING

<b>Name of Darty Shareholder</b>	<b>Number of Darty Shares</b>	<b>Percentage of Darty issued share capital</b>
<b>Knight Vinke Asset Management LLC</b> (together with the other Knight Vinke companies and partnerships)	75,974,709	14.34%
<b>TOTAL</b>	<b>75,974,709</b>	<b>14.34%</b>

#### Part B

#### DETAILS OF DARTY SHAREHOLDER LETTER OF INTENT

<b>Name of Darty Shareholder</b>	<b>Number of Darty Shares / interests in Darty Shares</b>	<b>Percentage of Darty issued share capital</b>
<b>DNCA Finance S.A.</b> (together with its 100% subsidiary, DNCA Finance Luxembourg S.A.)	35,283,000 ordinary shares and 13,950,000 derivative instruments <sup>28</sup>	9.29%
<b>TOTAL</b>	<b>49,233,000</b>	<b>9.29%</b>

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<sup>28</sup> The derivative instruments held by DNCA may be physically settled and represent interests in 2.63 per cent. of the issued share capital of Darty.



## APPENDIX 6

### QUANTIFIED FINANCIAL BENEFITS STATEMENT

#### Part A

Section 5 of this Announcement (*Synergy potential of the Proposed Acquisition*) contains statements of estimated cost savings arising from the Proposed Acquisition (together, the “Quantified Financial Benefits Statement”). The reports referred to therein can be found at Parts B and C of this Appendix 6.

The Quantified Financial Benefits Statement is an update to the quantified financial benefit statement set out in Fnac’s announcement dated 25 October 2015, made under Rule 2.4 of the City Code. The quantification of the financial benefits that the Fnac Board expects to accrue to the Combined Group if the Proposed Acquisition is successful has not changed.

A copy of the Quantified Financial Benefits Statement is set out below:

“The Fnac Board believes that the Proposed Acquisition will result in compelling financial benefits to the Combined Group, including total annual pre-tax cost savings of at least €85 million *per annum*. This amount is premised upon Fnac’s intention to maintain separate Fnac and Darty brands, stores and e-commerce platforms following the completion of the Proposed Acquisition. It does not include any revenue synergies that may arise from the Proposed Acquisition and does not take account of the impact of any remedies that may be imposed by the relevant anti-trust authorities.

The actual completion date of the Proposed Acquisition will be dependent in part on the extent of the review procedures of the relevant anti-trust authorities. Assuming the Proposed Acquisition completes by no later than September 2016, approximately 10 per cent. of these synergies would be realised in 2016, rising to 60 per cent. in 2017, 95 per cent. in 2018 and 100 per cent. thereafter.

The one-off costs to deliver these savings, including additional capital expenditures, are expected to total approximately €65 million.”

#### **Sources and phasing of synergies**

The principal sources of quantified synergies are expected to be as follows:

- approximately half of the identified savings are expected to arise from purchasing synergies, in the retail categories of brown goods, grey goods and small domestic appliances in which both Fnac and Darty operate; and
- the other half of the identified savings are expected to arise notably from optimisation of warehousing and transport activities, from the integration of certain headquarter and support functions within the UK, France and Belgium, and from savings in procured services.

Fnac has identified these synergies in the context of its intent to maintain separate Fnac and Darty brands, stores and e-commerce platforms following the completion of the Proposed Acquisition.

The phasing of the cost savings described above assumes, for these purposes, that completion of the Proposed Acquisition occurs in September of 2016 at the latest. The actual completion date will be dependent in part on the extent of the procedures to be implemented by the relevant anti-trust authorities.

It is expected that the realisation of the identified synergies will require estimated one-off cash costs of approximately €65m, including capex, largely occurring in fiscal years 2017 and 2018.

### **Sources of information**

In preparing the Quantified Financial Benefits Statement, Fnac has used an experienced team of senior management from across its business.

Fnac has based its assessment of the expected savings on its own organizational and cost structures, industry knowledge, on its previous restructuring programmes and on publically available information including the Darty website, press releases, annual report and accounts, public reporting and analysts' research.

### **Bases of belief**

In identifying the costs savings, Fnac has formulated the following principal bases of belief supporting the statement:

- Fnac and Darty have overlap in their retail offerings and supplier bases in the brown and grey goods segments and in small domestic appliances. Synergies can therefore be realised through the consolidation of procurement activities in these segments.
- Fnac and Darty are both listed companies and have similar leadership and governance structures. Synergies can therefore be realised through consolidation of corporate leadership, corporate governance and the activities associated with public listing.
- Fnac and Darty both operate within the specialist retail sector and have similar organisational requirements for support to their operations. Synergies can therefore be realised through the integration of certain back-office support functions.
- Synergies can be realised through the combination of the warehousing and distribution networks of Fnac and Darty in France and Belgium.
- Synergies can be realised through the consolidation of procurement and management of third party support services to the Fnac and Darty store operations.

### **Procedures performed**

Fnac carried out the following procedures to identify the potential quantum and phasing of the merger benefits within the areas above:

- Considered the organisation structures and future operating model of the combined business.
- Developed hypotheses in each merger benefit area, identified the addressable costs and the potential quantum of each synergy.
- Validated these hypotheses through internal discussion, through review of publically available information and through consideration of Fnac's own track record of identifying and delivering costs savings within each merger benefit area.

For the purpose of Fnac's synergy assessment, the *pro forma* baseline cost of the combination was considered to be €7,140m, being the sum of the last full fiscal year operating costs, exclusive of depreciation and amortisation, of Groupe Fnac S.A. (for fiscal year to 31 December 2014) and of Darty plc (for fiscal year to 30 April 2015).

### **Dis-synergies**

Fnac believes that dis-synergies may arise as result of review of the Proposed Acquisition by the relevant anti-trust authorities. The actual scope and financial impact of any such dis-synergies will be dependent on the outcome of their review.

### **Additional information**

In arriving at the estimate of synergies, Fnac has made the following additional assumptions:

- there will be no significant impact on the underlying operations of either business or their ability to win business from customers; and
- there will be no material changes to macroeconomic, political or legal conditions in the markets or regions in which Fnac and Darty operate that materially impact on the implementation or costs to achieve of the proposed cost savings.

Fnac considers that the expected synergies will only accrue as a direct result of Fnac being combined with Darty and would not be achieved on a standalone basis.

### **Reports**

As required by Rule 28.1(a) of the City Code, Ernst & Young and Rothschild have each provided a report in respect of the Quantified Financial Benefits Statement.

Copies of these reports can be found in Appendices II and III.

Each of Ernst & Young and Rothschild has given and has not withdrawn its consent to the publication of its report in this announcement in the form and context in which it is included.

### ***Important Notes***

1. The statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, or may be achieved later or sooner than estimated or those achieved could be materially different from those estimated.

2. Due to the scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting cost savings may be materially greater or less than those estimated.

3. No statement in the Quantified Financial Benefits Statement, or in this announcement generally, should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the first full year following a merger, or in any subsequent period, would necessarily match or be greater than or be less than those of Fnac and/or Darty for the relevant preceding financial period or any other period.

## Part B

### Report From Ernst & Young LLP

The Board of Directors  
Groupe FNAC S.A.  
9 rue des Bateaux-Lavois  
94200 Ivry-sur-Seine  
France  
Attention: Matthieu Malige, Secrétaire Général

20 November 2015

N M Rothschild & Sons Limited  
New Court  
St Swithin's Lane  
London  
United Kingdom  
EC4N 8AL  
Attention: Majid Ishaq, Partner

Dear Sirs

#### **RECOMMENDED OFFER FOR DARTY PLC BY GROUPE FNAC S.A.**

We refer to the statement regarding the estimate of cost savings (“the Statement”) made by Groupe FNAC S.A. (“the Company”). The Statement, including the relevant bases of belief (including sources of information) is set out in Appendix 6 of the 2.7 Announcement issued by the Company dated 20 November 2015 and is an update to the statement set out in the announcement issued by the Company dated 25 October 2015. This report is required by Rule 28.1(a)(i) of The City Code on Takeovers and Mergers (the “City Code”) and is given for the purpose of complying with that rule and for no other purpose.

#### ***Responsibility***

It is the responsibility of the directors of the Company (“the Directors”) to prepare the Statement in accordance with the requirements of the City Code.

It is our responsibility to form an opinion as required by the Code as to the proper compilation of the Statement on the basis stated and to report that opinion to you.

It is the responsibility of N M Rothschild & Sons Limited to form an opinion as required by the City Code as to whether the Statement has been prepared with due care and consideration.

Save for any responsibility that we may have to those persons to whom this report is expressly addressed, to the fullest extent permitted by law we do not assume and responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with, this report.

#### ***Basis of opinion***

We conducted our work in accordance with Standards for Investment Reporting 1000 (Investment Reporting Standards applicable to all engagements in connection with an investment circular) issued by the Auditing Practices Board in the United Kingdom. We have discussed the Statement together with the relevant bases of belief (including sources of information) with the Directors and with N M Rothschild & Sons Limited. Our work did not involve any independent examination of any of the financial or other information underlying the Statement.

We do not express any opinion as to the achievability of the cost savings identified by the Directors.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

***Opinion***

In our opinion, the Statement has been properly compiled on the basis stated.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Mark D.", is written over a horizontal line.

Ernst & Young LLP

## Part C

### Report from N. M. Rothschild & Sons Limited

The Directors  
on behalf of Groupe Fnac S.A.  
9, rue des Bateaux-Lavoisirs  
94868 Ivry-sur-Seine

20 November 2015

Dear Sirs,

#### **Firm intention to make a pre-conditional offer for Darty plc by Groupe Fnac S.A. (“Fnac”)**

We refer to the Quantified Financial Benefits Statement, the bases of belief thereof and the notes thereto (together, the “Statement”) as set out in Part A of Appendix 6 of this Announcement, for which the Board of Directors of Fnac (the “Directors”) are solely responsible under Rule 28 of the City Code on Takeovers and Mergers (the “Code”).

We have discussed the Statement (including the assumptions and sources of information referred to therein), with the Directors and those officers and employees of Fnac who developed the underlying plans. The Statement is subject to uncertainty as described in this Announcement and our work did not involve an independent examination of any of the financial or other information underlying the Statement.

We have relied upon the accuracy and completeness of all the financial and other information provided to us by, or on behalf of, Fnac, or otherwise discussed with or reviewed by us, and we have assumed such accuracy and completeness for the purposes of providing this letter.

We do not express any opinion as to the achievability of the quantified financial benefits identified by the Directors.

We have also reviewed the work carried out by Ernst & Young LLP and have discussed with them the opinion set out in Part B of Appendix 6 of this Announcement addressed to yourselves and ourselves on this matter.

This letter is provided to you solely in connection with Rule 28.1(a)(ii) of the Code and for no other purpose. We accept no responsibility to Fnac or its shareholders or any person other than the Directors in respect of the contents of this letter; no person other than the Directors can rely on the contents of this letter, and to the fullest extent permitted by law, we exclude all liability (whether in contract, tort or otherwise) to any other person, in respect of this letter, its results, or the work undertaken in connection with this letter, or any of the results that can be derived from this letter or any written or oral information provided in connection with this letter, and any such liability is expressly disclaimed except to the extent that such liability cannot be excluded by law.

On the basis of the foregoing, we consider that the Statement, for which you as the Directors are solely responsible, has been prepared with due care and consideration.

Yours faithfully,

N. M. Rothschild & Sons Limited

## APPENDIX 7

### DEFINITIONS

“ACPR”	means the <i>Autorité de Contrôle Prudentiel et de Résolution</i> of France;
“Act”	means the Companies Act 2006, as amended from time to time;
“Agreement on Key Offer Terms Announcement”	means the joint announcement made by Fnac and Darty under Rule 2.4 of the City Code on 6 November 2015, setting out their agreement on the key terms relating of Proposed Acquisition;
“AMF”	means the <i>Autorité des Marchés Financiers</i> of France;
“Announcement”	means this Announcement made pursuant to Rule 2.7 of the City Code;
“Authorisations”	for the purpose of the relevant Conditions, means authorisations, orders, grants, recognitions, determinations, confirmations, consents, licences, clearances, permissions, exemptions and approvals;
“Belgian Competition Authority”	means the authority responsible for regulating competition issues in Belgium, known as the <i>Autorité belge de la concurrence</i> ;
“Business Day”	means a day, other than an English or French public holiday, Saturday or Sunday, when banks are open in London and Paris for general banking business;
“City Code”	means the City Code on Takeovers and Mergers as issued from time to time by or on behalf of the Panel;
“Closing Price”	means the closing middle market quotation of a share derived from (i) the Daily Official List of the London Stock Exchange in respect of Darty Shares; and (ii) from Euronext Paris in respect of Fnac Shares;
“Combined Group”	means the enlarged group following completion of the Proposed Acquisition, comprising the Fnac Group and the Darty Group;
“Conditions”	the conditions to the implementation of the Proposed Acquisition set out in <u>Part A</u> of <u>Appendix 2</u> to this Announcement and to be set out in the Scheme Document;
“Confidentiality Agreement”	means the mutual confidentiality agreement dated 16



November 2015 between Fnac and Darty;

- “Consideration”** means the consideration payable to Darty Shareholders in connection with the Proposed Acquisition comprising 37 New Fnac Shares for every one Darty Share held at the Scheme Record Time and/or, if a valid election is made by an Eligible Darty Shareholder pursuant to the Partial Cash Alternative, an amount of cash as further detailed in [section 6](#) of this Announcement;
- “Co-operation Agreement”** means the agreement dated 20 November 2015 between Fnac and Darty and relating, among other things, to the implementation of certain matters in connection with the Proposed Acquisition;
- “Court”** means the High Court of Justice in England and Wales;
- “Court Meeting”** means the meeting of the Darty Shareholders to be convened by order of the Court pursuant to section 896 of the Act for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) and any adjournment, postponement or reconvention thereof;
- “Crédit Agricole”** means Crédit Agricole Corporate and Investment Bank;
- “CREST”** means the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Regulations);
- “Darty”** means Darty plc, incorporated in England and Wales with registered number 04232413;
- “Darty Board”** the Darty Directors collectively;
- “Darty Deferred Bonus Awards”** means the component of annual bonus payments in respect of past, present and future financial years for Régis Schultz, Albin Jacquemont and Simon Enoch deferred into awards over Darty Shares for a three year period;
- “Darty Directors”** means the directors of Darty as at the date of this Announcement or, where the context so requires, the directors of Darty from time to time;
- “Darty General Meeting”** means the general meeting of Darty Shareholders (and any adjournment thereof) to be convened for the purpose of considering and, if thought fit, approving the shareholder resolutions necessary to enable Darty to implement the Proposed Acquisition;

<b>“Darty Group”</b>	means Darty and its Subsidiaries and subsidiary undertakings from time to time and a “ <u>member of the Darty Group</u> ” shall be construed accordingly;
<b>“Darty Meetings”</b>	means the Court Meeting and the Darty General Meeting;
<b>“Darty Pension Scheme”</b>	means the Comet Pension Scheme, a legacy UK defined benefit pension scheme maintained by Darty (the liabilities of which Darty has assumed responsibility for), which closed to new entrants on 1 April 2004 and ceased future service accrual on 30 September 2007;
<b>“Darty Share Plan”</b>	means the Kesa Electricals plc Long Term Incentive Plan, the rules of which were approved by Darty Shareholders on 18 June 2010;
<b>“Darty Shareholders”</b>	means the holders of Darty Shares;
<b>“Darty Shares”</b>	means the ordinary shares of €0.30 each in the capital of Darty from time to time;
<b>“Disclosed”</b>	means the information disclosed by, or on behalf of Darty in: (i) the Annual Report and Accounts of the Darty Group for the financial year ended 30 April 2015; (ii) this Announcement; (iii) the announcement by Darty of its first quarter trading for the period 1 May 2015 to 31 July 2015 released by Darty on 10 September 2015; (iv) any other public announcement made by Darty in accordance with the City Code, the Listing Rules, the Disclosure and Transparency Rules after 30 April 2015 but prior to the date of this Announcement; (v) as disclosed in writing or orally in any designated due diligence meeting arranged between Fnac and Darty prior to the date of this Announcement; or (vi) as otherwise fairly disclosed to Fnac by Darty or its agents prior to the date of this Announcement by or on behalf of Darty to Fnac (or its respective officers, employees, agents or advisers in their capacity as such);
<b>“Disclosure and Transparency Rules”</b>	means the rules and regulations made by the FCA under Part VI of the Financial Services and Markets Act 2000 (as amended from time to time), referred to in section 73A(2) of the same and contained in the FCA’s publication of the same name (as amended from time to time);
<b>“DNCA”</b>	means DNCA Finance S.A.;
<b>“Effective Date”</b>	means the date on which: <ul style="list-style-type: none"> <li>(a) the Scheme becomes effective in accordance with its terms; or</li> </ul>

(b) if Fnac elects to implement the Proposed Acquisition by way of an Offer, the date the Offer becomes or is declared unconditional in all respects;

<b>“Eligible Darty Shareholders”</b>	means those Darty Shareholders, other than Restricted Darty Shareholders;
<b>“Ernst &amp; Young”</b>	means Ernst & Young LLP, a limited liability partnership registered in England and Wales with registered number OC300001 and its registered office at 1 More London Place, London SE1 2AF, United Kingdom;
<b>“European Commission”</b>	means the executive body of the European Union;
<b>“EU” or “European Union”</b>	means an economic and political union of 28 member states which are located primarily in Europe;
<b>“Euronext Paris”</b>	means Euronext Paris S.A.;
<b>“FCA”</b>	means the UK Financial Conduct Authority;
<b>“Fnac”</b>	means Groupe Fnac S.A., a <i>société anonyme</i> registered with the Creteil Trade and Companies Registry under identification number 055 800 296;
<b>“Fnac Board”</b>	means the Fnac Directors collectively;
<b>“Fnac Board Report”</b>	means the report of the Fnac Board to be made available to Fnac Shareholders setting out the Fnac Resolutions and the Fnac Recommendation;
<b>“Fnac Directors”</b>	means the directors of Fnac as at the date of this Announcement or, where the context so requires, the directors of Fnac from time to time;
<b>“Fnac Extraordinary General Meeting”</b>	means the meeting of the Fnac Shareholders (and any adjournment thereof) to be convened for the purpose of considering, and, if thought fit, approving the Fnac Resolutions;
<b>“Fnac Group”</b>	means Fnac and its Subsidiaries and subsidiary undertakings from time to time and “ <u>member of the Fnac Group</u> ” shall be construed accordingly;
<b>“Fnac Notice”</b>	means the notice to be published to the Fnac Shareholders in connection with the Potential Acquisition convening the Fnac Extraordinary General Meeting, including any supplementary notice;

<b>“Fnac Prospectus”</b>	means the prospectus to be published by Fnac at the same time as the Scheme Document in respect of the Fnac Extraordinary General Meeting and the issue of the New Fnac Shares to be issued to Darty Shareholders in connection with the Proposed Acquisition and for the purpose of admission of the New Fnac Shares to trading on Euronext Paris (including any supplementary prospectus);
<b>“Fnac Recommendation”</b>	means, subject (among other things) to each Fnac Director’s continued compliance with his/her respective fiduciary duties under French law prior to the Fnac Extraordinary General Meeting, the unanimous and unconditional recommendation of the Fnac Board that the Fnac Shareholders vote in favour of the Fnac Resolutions, to be contained in the Fnac Board Report and the Fnac Prospectus;
<b>“Fnac Resolutions”</b>	means the shareholder resolutions of Fnac recommended by the Fnac Board as necessary to implement the Proposed Acquisition, including to approve, effect and implement the Proposed Acquisition and to grant authority to the Fnac Directors to allot the New Fnac Shares and any amendment(s) thereof;
<b>“Fnac Shareholders”</b>	means holders of Fnac Shares;
<b>“Fnac Shares”</b>	means the shares of €1.00 each in the capital of Fnac from time to time;
<b>“Fnac’s Possible Offer Announcement”</b>	the announcement made by Fnac on September 30, 2015, pursuant to Rule 2.4 of the City Code, confirming that Fnac had made a proposal to the Darty Directors regarding the Proposed Acquisition;
<b>“Fnac’s Registration Document”</b>	means the registration document of Fnac (including the financial annual report) registered with the AMF for the year ended 31 December 2014;
<b>“Form of Acceptance”</b>	should the Proposed Acquisition be implemented by way of the Offer, means the form of acceptance and authority or any other document for use in connection with accepting the Offer;
<b>“French Competition Authority”</b>	means the authority responsible for regulating competition issues in France, known as the <i>Autorité de la concurrence</i> ;
<b>“HMRC”</b>	H M Revenue & Customs;
<b>“Knight Vinke”</b>	means Knight Vinke Asset Management LLC;

<b>“Listing Rules”</b>	means the rules and regulations made by the FCA pursuant to Part VI of the Financial Services and Markets Act 2000 (as amended from time to time), referred to in section 73A(2) of the same and contained in the FCA’s publication of the same name (as amended from time to time);
<b>“London Stock Exchange”</b>	means London Stock Exchange plc;
<b>“Long Stop Date”</b>	means either the Scheme Long Stop Date or, should the Proposed Acquisition be effected by means of the Offer, the Offer Long Stop Date, and in each case such later date as may be agreed in writing between Fnac and Darty (with the Panel’s consent and/or as the Court may approve (if such approval is required));
<b>“Natixis”</b>	means Natixis S.A.;
<b>“NCA”</b>	means National Competition Authority;
<b>“New Fnac Shares”</b>	means the Fnac Shares proposed to be issued to Scheme Shareholders pursuant to the terms of the Scheme;
<b>“Offer”</b>	should the Proposed Acquisition be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Act in the circumstances described in this Announcement, the offer to be made by or on behalf of Fnac to acquire the entire issued and to be issued share capital of Darty on the terms and subject to the conditions to be set out in the Offer Document and Form of Acceptance (and, where the context admits, any subsequent revision, variation, extension or renewal of such offer, including any election or alternative available in connection with it);
<b>“Offer Document”</b>	should the Proposed Acquisition be implemented by means of the Offer, means the document to be despatched to Darty Shareholders following the satisfaction (or the waiver) of the Pre-Conditions, containing (among other things) the terms and conditions of the Offer;
<b>“Offer Long Stop Date”</b>	means the date falling nine months after the date of the Announcement or, in the event the Acquisition is referred to Phase II proceedings by the any relevant anti-trust authority, the date falling 13 months after the date of the Announcement;
<b>“Offer Period”</b>	means the period commencing on 30 September 2015 and ending on: (i) the earlier of the date on which the Scheme becomes effective and/or the date on which the Scheme lapses or is withdrawn (or such other date as the Panel and/or the Court may decide); or (ii) if applicable, the earlier of the date on which the Offer has become or has

been declared unconditional as to acceptances and/or the date on which the Offer lapses or is withdrawn (or such other date as the Panel may decide), in each case other than where such lapsing or withdrawal is a result of Fnac exercising its right to implement the Proposed Acquisition by way of an Offer or a Scheme (as appropriate);

- “Official List”** means the official list maintained by the UK Listing Authority;
- “Opening Position Disclosure”** means an announcement required by Rule 8 of the City Code containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the offer if the person concerned has such a position;
- “Panel”** means the Panel on Takeovers and Mergers;
- “Partial Cash Alternative”** means the alternative whereby Eligible Darty Shareholders may elect, subject to submitting a valid form of election, to receive cash instead of all or part of the New Fnac Shares to which they would otherwise be entitled to receive under the Scheme, as described in, and subject to the terms of, section 6 of this Announcement;
- “Pre-Conditions”** means the pre-conditions to which the Proposed Acquisition is subject, as set out in Appendix 1 to this Announcement;
- “Proposed Acquisition”** means the proposed acquisition of the entire issued and to be issued share capital of Darty by Fnac, to be implemented by way of the Scheme as described in this Announcement and to be described in the Scheme Document (or by way of the Offer under certain circumstances described in this Announcement);
- “Quantified Financial Benefits Statement”** has the meaning given to it in Part A of Appendix 6 to this Announcement;
- “Regulation”** means Council Regulation (EC) 139/2004 (as amended);
- “Regulatory Conditions”** means the Conditions set out in sub-paragraphs (b), (c), (d), (h) and (j) of Part A of Appendix 2 to this Announcement;
- “Restricted Darty Shareholder”** means those Darty Shareholders who are located in a Restricted Jurisdiction for the purposes of the Partial Cash Alternative;
- “Restricted Jurisdiction”** means any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Proposed Acquisition is sent or made available to Darty Shareholders

in that jurisdiction;

**“Rothschild”**

means N. M. Rothschild & Sons Limited;

**“Scheme”**

means the proposed scheme of arrangement under Part 26 of the Act between Darty and the Scheme Shareholders to implement the Proposed Acquisition with or subject to any modification, addition or condition approved or imposed by the Court;

**“Scheme Document”**

means the document to be despatched to Darty Shareholders following satisfaction (or waiver) of the Pre-Conditions, including the particulars required by section 897 of the Act, including any supplementary scheme document;

**“Scheme Hearing”**

means the hearing of the Court to sanction the Scheme under section 899 of the Act;

**“Scheme Long Stop Date”**

means the date falling eight months after the date of the Announcement or, in the event the Acquisition is referred to Phase II proceedings by any relevant anti-trust authority, the date falling 12 months after the date of the Announcement;

**“Scheme Order”**

means the order of the Court sanctioning the Scheme under section 899 of the Act;

**“Scheme Record Time”**

means the time and date specified as such in the Scheme Document or such later time as Darty and Fnac may agree;

**“Scheme Shareholder”**

means holders of Scheme Shares;

**“Scheme Shares”**

means:

1. the Darty Shares in issue at the date of the Scheme Document and which remain in issue until the Scheme Record Time;
2. any Darty Shares issued after the date of the Scheme Document and prior to the Voting Record Time and which remain in issue until the Scheme Record Time; and
3. any Darty Shares issued at or after the Voting Record Time and prior to the Scheme Record Time in respect of which the original or any subsequent holder thereof is bound by the Scheme, or shall by such time have agreed in writing to be bound by the Scheme, in each case, which remain in issue until the Scheme Record Time,

	in each case excluding any Darty Shares held in treasury (if any);
“SEC”	means the US Securities and Exchange Commission;
“Société Générale”	means Société Générale Corporate & Investment Banking (the corporate and investment banking division of Société Générale);
“Subsidiary”	has the meaning given to it in section 1159 of the Act;
“subsidiary undertaking”	has the meaning given to it in section 1162 of the Act;
“UK” or “United Kingdom”	means the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority” or “UKLA”	means the FCA acting in its capacity as the authority for listing in the UK;
“US” or “United States”	means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
“US Exchange Act”	means the US Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;
“US Securities Act”	means the US Securities Act of 1933, as amended;
“Voting Record Time”	means 6.00 p.m. on the day which is two days prior to the date of the Court Meeting or any adjournment thereof (as the case may be);
“Wider Darty Group”	has the meaning given to it in <u>Appendix 2</u> to this Announcement; and
“Wider Fnac Group”	has the meaning given to it in <u>Appendix 2</u> to this Announcement.

All times referred to are London time, unless otherwise stated.

All references to “GBP”, “pence”, “sterling” or “£” are to the lawful currency of the United Kingdom. All references to “Euro”, “€” or “cents” are to the lawful currency of the European Union.

All references to “US dollar”, “USD”, or “US\$”, are to the lawful currency of the United States.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.



All references to “relevant securities” are to that term as it is defined in the City Code.