





of 98,175,000 Darty Shares (representing 19 per cent. of Darty's issued share capital as of the date of this Announcement).

- To the extent that valid elections under the Partial Share Alternative cannot be satisfied in full, they will be scaled down as nearly as reasonably practicable *pro rata* to the number of New Fnac Shares which each Eligible Darty Shareholder's valid election under the Partial Share Alternative bears to the total aggregate number of New Fnac Shares to be issued pursuant to all valid elections made under the Partial Share Alternative, and the balance of the consideration will be satisfied in cash.
- Fnac has acquired from a number of institutional investors, in aggregate, 38,810,620 Darty Shares, representing approximately 7.33 per cent. of the ordinary share capital of Darty in issue as of the date of this Announcement. The highest price paid per Darty Share was 153 pence.
- In addition, Fnac has received support for the Proposed Acquisition from Darty Shareholders holding 22.11 per cent. of the issued share capital of Darty. Such shareholders have irrevocably undertaken to accept the Increased Offer and to elect for the Partial Share Alternative in respect of all (subject to scaling down in accordance with the terms of the Partial Share Alternative) of their Darty Shares.
- Accordingly, Fnac either holds, or has received irrevocable undertakings to accept the Increased Offer in respect of a total of 155,927,269 Darty Shares, representing approximately 29.44 per cent. of the issued share capital of Darty.
- The Original Offer will also remain available for acceptance.
- 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 €265 million (on a *pro forma* basis), and would:
  - be a leader in France, generating French sales of €5.6 billion;
  - have approximately 400 stores across France, combining two complementary store networks;
  - have a sizeable international presence, with over 210 stores outside France, across Belgium, the Netherlands, Spain, Portugal, Brazil, Switzerland, Morocco, Qatar and the Ivory Coast;
  - present an enhanced online offering, with attractive growth prospects. Fnac's website receives approximately 8 million unique visitors per month, with 4.6 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 synergies of at least €130 million *per annum*. This amount does not take into account the impact of any remedies that may be imposed by the French Competition Authority.
- As set out in more detail in section 3 of this Announcement, 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.

- It is intended that the Proposed Acquisition will be implemented by way of a takeover offer within the meaning of Part 28 of the Act. However, Fnac reserves the right to elect, with the agreement of Darty and with the consent of the Panel (where necessary), to implement the Proposed Acquisition by way of a Court-sanctioned scheme of arrangement in accordance with Part 26 of the Act. In such event, the Proposed Acquisition would be implemented on substantially the same terms, subject to appropriate amendments.
- 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 Offer Document and the accompanying Forms of Acceptance.

**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 Conditions and certain further terms set out in Appendix 1 and to the full terms and conditions which will be set out in the Offer Document and the accompanying Forms of Acceptance. Appendix 2 contains sources and bases of certain information contained in this Announcement. Appendix 3 contains certain information relating to Fnac and Darty. Appendix 4 contains information relating to the Quantified Financial Benefits Statement made in this Announcement and the reports of Fnac’s reporting accountant and financial adviser. Details of the irrevocable undertakings received from Darty Shareholders by Fnac, and of Fnac’s interests in Darty Shares, are set out in Appendix 5. Appendix 6 contains the definitions of certain terms used in this Announcement.**

#### **Enquiries:**

#### **Fnac:**

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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.

Peel Hunt 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.

### **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 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 Offer Document and the accompanying Forms of Acceptance which will contain the full terms and conditions of the Proposed Acquisition, including details of how to accept the Increased Offer or the Original Offer. 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 Offer Document, the accompanying Forms of Acceptance and the Fnac Prospectus.

Fnac reserves the right to elect, with the agreement of Darty and the consent of the Panel (where necessary), to implement the Proposed Acquisition by way of a Court-sanctioned scheme of arrangement in accordance with Part 26 of the Act. In such event, the Proposed Acquisition would be implemented on substantially the same terms, subject to appropriate amendments.

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 accept the Proposed Acquisition, to execute and deliver Forms of Acceptance, or to elect for the Partial Share 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 or any other jurisdiction where to do so would violate the laws in that jurisdiction and no person may accept the Proposed Acquisition by any use, means or instrumentality from within a Restricted Jurisdiction or any other jurisdiction where 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 or any other jurisdiction where to do so would constitute a violation of the laws of that 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 or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction.

The Proposed Acquisition may not be made, directly or indirectly, in or into, a Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction 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 any Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction and the Proposed Acquisition may not be capable of acceptance by any such use, means, instrumentality or facilities.

The availability 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 Offer 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 takeover offer under English law. Accordingly, the Proposed Acquisition 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 Proposed Acquisition 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. A person who makes a valid election to receive, and does in fact receive, New Fnac Shares pursuant to the Partial Share Alternative or the Original Offer 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).

Alternatively, the Proposed Acquisition may 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, in which case the Proposed Acquisition would 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 would be 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 would hold a hearing on the Scheme’s fairness to Darty Shareholders, at which hearing all such shareholders would be entitled to attend in person or through counsel. If the Proposed Acquisition is implemented by way of the Scheme, a person who makes a valid election to receive, and does in fact receive, New Fnac Shares pursuant to the Partial Share Alternative or the Original Offer 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.

**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. In particular, New Fnac Shares will only be made available in the United States to qualified institutional buyers (as defined in Rule 144A under the US Securities Act) or accredited investors (as defined in Rule 501(a) under the US Securities Act) in transactions that are exempt from the registration requirements of the US Securities Act. Such shareholders will be required to make such acknowledgements and representations to, and agreements with, Fnac as Fnac may require to establish that they are entitled to receive New Fnac Shares.

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. Neither Fnac nor the Fnac 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 4](#) 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 10th 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 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) 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 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.

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.

**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 OFFER OR OTHERWISE. THE OFFER WILL BE MADE SOLELY THROUGH THE OFFER DOCUMENT OR, IF FNAC ELECTS TO SWITCH TO A SCHEME, THE SCHEME DOCUMENT, WHICH WILL CONTAIN THE FULL TERMS AND CONDITIONS OF THE PROPOSED ACQUISITION, INCLUDING DETAILS OF HOW THE OFFER MAY BE ACCEPTED. ANY ACCEPTANCE OR OTHER RESPONSE TO THE OFFER SHOULD BE MADE ONLY ON THE BASIS OF THE INFORMATION IN THE OFFER DOCUMENT OR SCHEME DOCUMENT (AS APPROPRIATE).**

**FOR IMMEDIATE RELEASE**

**21 April 2016**

**INCREASED CASH OFFER WITH PARTIAL SHARE ALTERNATIVE  
FOR  
DARTY PLC  
BY  
GROUPE FNAC S.A.**

**1. INTRODUCTION**

Fnac is pleased to announce the terms of an increased cash offer with a Partial Share Alternative for the entire issued and to be issued share capital of Darty.

Earlier today, Fnac waived the outstanding pre-condition to the Proposed Acquisition (which related to the receipt of anti-trust clearance from the French Competition Authority). Accordingly, the Proposed Acquisition is no longer subject to any pre-conditions.

**2. THE INCREASED OFFER**

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

<b>For each Darty Share:</b>	<b>153 pence in cash</b>
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which values the entire issued and to be issued share capital of Darty at £822 million.

The cash consideration payable under the terms of the Increased Offer is not conditional on the passing of the Fnac Shareholder Resolutions.

The Increased Offer represents a premium of approximately:

- 89 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);
- 45 per cent. to the value of the Original Offer of approximately 105 pence per Darty Share (based on the Closing Price of €55.6 per Fnac Share on 19 November 2015 (being the last Business Day before the date of the Original Offer Announcement));
- 25 per cent. to the value of the Original Offer of approximately 123 pence per Darty Share (based on the Closing Price of €57.8 per Fnac Share on 20 April 2016 (being the last Business Day before the date of this Announcement)); and
- 16 per cent. to the Closing Price of 132 pence per Darty Share on 20 April 2016 (being the last Business Day before the date of this Announcement).

The Increased Offer will also include a Partial Share Alternative, pursuant to which Eligible Darty Shareholders will have the opportunity to elect to receive New Fnac Shares *in lieu* of all or part of the cash which they would otherwise have been entitled to receive pursuant to the terms of the Increased Offer on the following basis (subject to scaling down in accordance with the terms of the Partial Share Alternative):

<b>For every:</b>	<b>119 Darty Shares held,</b>
	<b>4 New Fnac Shares</b>

which values each Darty Share at 153 pence at the Closing Price on 20 April 2016.

If the Fnac Shareholder Resolutions are passed, a maximum aggregate amount of 8,010,049 New Fnac Shares (representing approximately 48 per cent. of Fnac's issued share capital as of the date of this Announcement) will (save as set out in Part D of Appendix 1) be available under the Partial Share Alternative, which will be issued to those Eligible Darty Shareholders that make a valid election under the Partial Share Alternative.

If the Fnac Shareholder Resolutions are not passed, a maximum of 3,300,000 New Fnac Shares (representing approximately 20 per cent. of Fnac's issued share capital as of the date of this Announcement) will (save as set out in Part D of Appendix 1) remain available under the Partial Share Alternative.

If 8,010,049 New Fnac Shares are available under the Partial Share Alternative, then elections for the Partial Share Alternative could be satisfied in full in respect of a maximum aggregate amount of 238,298,947 Darty Shares (representing approximately 45 per cent. of Darty's issued share capital as of the date of this Announcement).

If 3,300,000 New Fnac Shares are available under the Partial Share Alternative, then elections for the Partial Share Alternative could be satisfied in full in respect of a maximum aggregate amount of 98,175,000 Darty Shares (representing approximately 19 per cent. of Darty's issued share capital as of the date of this Announcement).

To the extent that valid elections under the Partial Share Alternative cannot be satisfied in full, they will be scaled down as nearly as reasonably practicable *pro rata* to the number of New Fnac Shares which each Eligible Darty Shareholder's valid election under the Partial Share Alternative bears to the total aggregate number of New Fnac Shares to be issued pursuant to all valid elections made under the Partial Share Alternative, and the balance of the consideration will be satisfied in cash.

The issue of New Fnac Shares to Eligible Darty Shareholders who make a valid election under the Partial Share Alternative would be made, if passed, pursuant to a resolution to be proposed at the next annual general meeting (or other extraordinary general meeting) of Fnac Shareholders delegating authority to the Fnac Directors (with authority to sub-delegate) to allot Fnac Shares, without preferential subscription rights, as consideration for shares received in the context of a public exchange offer, with a maximum aggregate nominal value of no less than €7,625,566 (representing approximately 46 per cent. of Fnac's issued share capital as of the date of this Announcement).

If such resolution is not passed, the issue of New Fnac Shares to Eligible Darty Shareholders who make a valid election under the Partial Share Alternative shall be made pursuant to the eleventh resolution passed at the general meeting of Fnac Shareholders held on 29 May 2015, delegating authority to the Fnac Directors (with authority to sub-delegate) to allot Fnac Shares, without preferential subscription rights, as consideration for shares received in the context of a public exchange offer, with a maximum aggregate nominal amount of €3,300,000 (representing approximately 20 per cent. of Fnac's issued share capital as of the date of this Announcement). The issue of New Fnac Shares to Eligible Darty Shareholders pursuant to the Original Offer would be made, if passed, pursuant to the Fnac Shareholder Resolutions. Further information on the issue of New Fnac Shares will be available in the Offer Document and in the Fnac Prospectus.

Fractions of New Fnac Shares will not be allotted to Darty Shareholders pursuant to the Partial Share Alternative. If an election made by a Darty Shareholder to receive New Fnac Shares pursuant to the Partial Share Alternative would not result in the issue of a whole number of New Fnac Shares to that Darty Shareholder (after any *pro rata* scaling down pursuant to the terms of the Partial Share Alternative), the number of New Fnac Shares to be issued to that Darty Shareholder shall be rounded down to the nearest whole number and the balance of the consideration will be satisfied in cash, provided that if such balance is an amount of less than £5.00, it will be retained for the benefit of Fnac.

Fnac has acquired from a number of institutional investors, in aggregate, 38,810,620 Darty Shares, representing approximately 7.33 per cent. of the ordinary share capital of Darty in issue as of the date of this Announcement. The highest price paid per Darty Share was 153 pence.

In addition, Fnac has received support for the Proposed Acquisition from Darty Shareholders holding 22.11 per cent. of the issued share capital of Darty. Such shareholders have irrevocably undertaken to accept the Increased Offer and to elect for the Partial Share Alternative in respect of all (subject to scaling down in accordance with the terms of the Partial Share Alternative) of their Darty Shares.

Accordingly, Fnac either holds, or has received irrevocable undertakings to accept the Increased Offer in respect of a total of 155,927,269 Darty Shares, representing approximately 29.44 per cent. of the issued share capital of Darty.

The Original Offer will also remain available for acceptance.

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 Effective Date.

The Fnac Board believes that the Proposed Acquisition will result in compelling financial benefits to the Combined Group, including total annual pre-tax synergies of at least €130 million *per annum*. This amount does not take into account the impact of any remedies that may be imposed by the French Competition Authority.

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.

### **3. 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*, *Ldlc/materiel.net*).

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 and more diversified business. 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 2015) 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's 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 15 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 8 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.

#### 4. 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 pre-tax synergies of at least €130 million *per annum*. This amount is premised upon Fnac's intention to maintain separate Fnac and Darty brands and commercial concepts following the completion of the Proposed Acquisition. It does not take into account the impact of any remedies that may be imposed by the French Competition Authority.

It is assumed the Proposed Acquisition will complete by no later than September 2016. Under this assumption, approximately 5 per cent. of the synergies would be realised in 2016, rising to at least 50 per cent. in 2017, 90 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 €105 million -110 million.

The aggregate annual amount of synergies of at least €130 million referred to above is expected to be split as follows:

- approximately half of the identified synergies are expected to arise from (i) purchasing synergies in the retail categories of brown goods, grey goods and small domestic appliances in which both Fnac and Darty operate, as well as (ii) revenue synergies derived from cross-selling of editorial products and white goods (in particular through store-in-store initiatives), extending Fnac's ticketing offer within Darty stores in France and Belgium and leveraging on both group's respective omni-channel capabilities to drive sales growth; and
- approximately half of the identified synergies are expected to arise from other cost synergies, including optimisation of warehousing and transport activities, integration of IT systems, of certain headquarter and support functions within the UK, France and Belgium, and from savings in procured services.

The statements above of estimated synergies relate to future actions and circumstances which inherently involve risks, uncertainties and contingencies. Accordingly, the 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 4 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.

#### 5. CONDITIONS

**This Proposed Acquisition is subject to the Conditions set out in Appendix 1.**

The Original Offer was subject to the satisfaction (or waiver) of pre-conditions requiring the receipt of anti-trust clearance in both France and Belgium, or alternatively, by the European Commission. On 17 March 2016, the Belgian Competition Authority unconditionally authorised the combination of Fnac and

*Vanden Borre* without the imposition of any remedies, considering that it would not affect competition in Belgium, satisfying the pre-condition relating to Belgian anti-trust clearance.

On 23 March 2016, the French Competition Authority opened Phase II proceedings with a view to investigating a potential redefinition of the market for retail distribution of electronic products, in which Fnac and Darty are both active, to take account of online sales; it is expected that clearance will be received by the end of July 2016. Fnac has waived the pre-condition relating to the obtaining of approval from the French Competition Authority, which remains as a Condition to the Proposed Acquisition. The circumstances in which Fnac may invoke such Condition include where the French Competition Authority seeks to impose remedies, the effect of which, in Fnac's view, would be of material significance for Fnac and/or the Combined Group in the context of the Proposed Acquisition. The invoking of such Condition would be subject to Panel consent.

In addition to the Condition relating to the receipt of anti-trust clearance from the French Competition Authority, the Proposed Acquisition is conditional, among other things, on receipt of valid acceptances in respect of Darty Shares which, together with any Darty Shares that Fnac has acquired (or agreed to acquire), carry in aggregate more than 50 per cent. of the voting rights then normally exercisable at a general meeting of Darty, and (in respect of the Original Offer and, to the extent required, the Partial Share Alternative) the approval of the Fnac Shareholder Resolutions at a Fnac General Meeting.

The Proposed Acquisition is also conditional on the receipt (or satisfaction, as the case may be) 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 that the application for the admission of the New Fnac Shares to trading on Euronext Paris has been approved, with such admission to become effective on or shortly after the date of issue.

## 6. **STRUCTURE OF THE PROPOSED ACQUISITION**

It is intended that the Proposed Acquisition will be implemented by way of a takeover offer within the meaning of Part 28 of the Act. Further details of the Increased Offer will be set out in the Offer Document and the accompanying Forms of Acceptance, including the expected timetable and the action to be taken by Darty Shareholders.

## 7. **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.

## 8. **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 6.2 million loyalty customers, accounting for more than 60 per cent. of its revenues.

As of 31 December 2015, Fnac's omni-format network included a total of 199 stores (121 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 8 million unique visitors per month). An established omni-channel player, Fnac's consolidated revenues totaled €3.9 billion in 2015 and it had more than 14,000 employees.

## **9. 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 and commercial concepts 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, and in particular, Fnac will provide an additional guarantee from an appropriate entity on terms no less favourable than the terms of the current Darty Pension Scheme guarantee and put in place information sharing arrangements on similar terms to Darty's current arrangements.

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

Fnac intends to finance the cash consideration payable to Darty Shareholders pursuant to the terms of the Proposed Acquisition with third party debt.

Fnac has entered into a senior facilities agreement, comprising both a revolving credit facility and a bridge term loan facility, with Crédit Agricole, Société Générale and Natixis in connection with the financing of the cash component of the consideration to be offered pursuant to the Proposed Acquisition. 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.

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 cash component of the consideration to be offered pursuant to the Proposed Acquisition.

It is intended that the bridge term loan facility will be used to finance the cash component of the consideration to be offered pursuant to the Proposed Acquisition. 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 full acceptance of the Proposed Acquisition.

The documentation entered into in connection with the financing of the cash component of the consideration to be offered pursuant to the Proposed Acquisition, 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 Offer 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 Offer Document (or Scheme Document, as the case may be) is published, then the market flex terms will be described in that document and will be made available on the Fnac website.

The agreed financing package described in this [section 10](#) replaces the various finance documents, including the senior facilities agreement and various fee and other letters, entered into in connection with the Original Offer by Fnac on or around the date of the Original Offer Announcement, which have each been terminated.

## **11. 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. A copy of the Confidentiality Agreement is available on Fnac's website at [www.groupe-fnac.com](http://www.groupe-fnac.com).

### **Clean Team Agreement**

Fnac and Darty also entered into a clean team agreement, which is supplementary to the Confidentiality Agreement, pursuant to which they each agreed further terms in respect of the sharing of competitively sensitive information for the purposes of the anti-trust analysis to be conducted in connection with the Proposed Acquisition. The clean team agreement incorporates certain provisions of the Confidentiality Agreement, including as to the ownership and destruction of confidential information, and termination. A copy of the clean team agreement is available on Fnac's website at [www.groupe-fnac.com](http://www.groupe-fnac.com).

### **Co-operation Agreement**

Fnac entered into a Co-operation Agreement with Darty on the date of the Original Offer Announcement, a copy of which is available on Fnac's website at [www.groupe-fnac.com](http://www.groupe-fnac.com). Fnac has, on the date of this Announcement, given written notice to terminate the Co-operation Agreement with immediate effect (the "Co-operation Agreement Termination Notice").

## 12. DIVIDENDS

Under the terms of the Proposed Acquisition, relevant Darty Shareholders are entitled to receive and retain future dividends in the ordinary course prior to the Effective Date.

If any dividend (or other distribution) is paid or becomes payable by Darty to Darty Shareholders, Fnac reserves the right to make an equivalent reduction to the offer consideration payable pursuant to the Increased Offer.

## 13. FNAC PROSPECTUS

Fnac will 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 Darty 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 Offer Document and the accompanying Forms of Acceptance.

## 14. ADMISSION OF NEW FNAC SHARES

The Proposed Acquisition is conditional on Fnac receiving a confirmation that the application for the admission to trading of the New Fnac Shares on Euronext Paris has been approved. This Condition is set out in sub-paragraph (h) of Part A of Appendix 1 to this Announcement and cannot be waived.

## 15. CANCELLATION OF ADMISSION OF DARTY SHARES, COMPULSORY ACQUISITION OF DARTY SHARES AND RE-REGISTRATION OF DARTY

If Fnac receives acceptances under the Proposed Acquisition in respect of, and/or otherwise acquires, both 90 per cent. or more in value of the Darty Shares to which the Proposed Acquisition relates and 90 per cent. or more of the voting rights carried by those shares, and assuming that all of the other Conditions of the Proposed Acquisition have been satisfied or waived (if capable of being waived), Fnac intends to exercise its rights in accordance with sections 974 to 991 of the Act to acquire compulsorily the remaining Darty Shares on the same terms as the Proposed Acquisition.

Following the Proposed Acquisition becoming or being declared unconditional in all respects, if Fnac receives acceptances under the Proposed Acquisition in respect of, and/or otherwise acquires 75 per cent. or more of the voting rights carried by the Darty Shares or the appropriate special resolutions are otherwise passed, and subject to any applicable requirements of the UKLA, it is intended that Fnac will procure that Darty makes applications to cancel the listing of Darty Shares on the UKLA's Official List and on the Eurolist by Euronext, to cancel trading in Darty Shares on the London Stock Exchange's Main Market for listed securities and on Euronext Paris and to re-register Darty as a private limited company.

**Delisting of the Darty Shares and the re-registration of Darty as a private limited company would significantly reduce the liquidity and marketability of any Darty Shares in respect of which the Proposed Acquisition has not been accepted at that time. Any remaining Darty Shareholders would become minority shareholders in a majority controlled private limited company and may therefore be unable to sell their Darty Shares. There can be no certainty that Darty would pay any further**

**dividends or other distributions or that such minority Darty Shareholders would again be offered an opportunity to sell their Darty Shares on terms which are equivalent to or no less advantageous than those under the Proposed Acquisition.**

## 16. IRREVOCABLE UNDERTAKINGS

Fnac has received shareholder support for the Proposed Acquisition from Darty Shareholders holding in aggregate 22.11 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 at the close of business on 20 April 2016, being the last Business Day prior to the date of this Announcement), has provided Fnac with irrevocable undertakings to support the Proposed Acquisition (the "Knight Vinke Undertakings"). Knight Vinke holds such Darty Shares as an investment manager on behalf of certain underlying investors.

Pursuant to the terms of the Knight Vinke Undertakings, Knight Vinke has irrevocably undertaken to accept the Increased Offer, or, in the event the Proposed Acquisition is effected by way of the Scheme, to vote in favour of the Scheme. 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). Knight Vinke has also irrevocably undertaken to elect to receive New Fnac Shares pursuant to the Partial Share Alternative, and not cash, to the fullest extent possible in consideration for the Darty Shares it holds. The Knight Vinke Undertakings will automatically terminate if (i) the Increased Offer does not become or is not declared wholly unconditional, or lapses in accordance with its terms (or, if applicable, the Scheme does not become effective, or lapses in accordance with its terms); or (ii) Fnac announces, with consent of the Panel, that it does not intend to proceed with the Proposed Acquisition. In addition, the Knight Vinke Undertakings may cease to be effective (wholly or in part) in respect of up to 28,083,860 Darty Shares (equating to 5.30 per cent. of the issued share capital of Darty at the close of business on 20 April 2016, being the last Business Day prior to the date of this Announcement) in the event that certain relevant underlying investors, whose funds Knight Vinke manage, withdraw their mandates or adjust their investment instructions.

The Knight Vinke Undertaking supersedes and replaces in its entirety the deed of irrevocable undertaking executed and delivered by Knight Vinke on 6 November 2015 in respect of the Original Offer, which shall be of no further force or effect.

Fnac has also received an irrevocable undertaking from DNCA, in respect of 41,141,940 Darty Shares (equating to 7.77 per cent. of the issued share capital of Darty at the close of business on 20 April 2016, being the last Business Day prior to the date of this Announcement) to support the Proposed Acquisition (the "DNCA Undertaking"). Pursuant to the terms of the DNCA Undertaking, DNCA has irrevocably undertaken to accept the Increased Offer, or, in the event the Proposed Acquisition is effected by way of the Scheme, to vote in favour of the Scheme. 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 DNCA is not acting in concert with Fnac). DNCA has also irrevocably undertaken to elect to receive New Fnac Shares pursuant to the Partial Share Alternative, and not cash, to the fullest extent possible in consideration for the Darty Shares the subject of the DNCA Undertaking. The DNCA Undertaking will automatically terminate if (i) the Increased Offer does not become or is not declared wholly unconditional, or lapses in accordance with its terms (or, if applicable, the Scheme does not become effective, or lapses in accordance with its terms); or (ii) Fnac announces, with consent of the Panel, that it does not intend to proceed with the Proposed Acquisition.

The DNCA Undertaking supersedes and replaces in its entirety the letter of intent signed by DNCA on 6 November 2015 in respect of the Original Offer, which shall be of no further force or effect.

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

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

Fnac confirms that it made an Opening Position Disclosure, setting out the details required to be disclosed by it under Rule 8.1(a) of the City Code, on 14 October 2015.

As of the close of business on 20 April 2016 (being the last Business Day prior to the publication of this Announcement), save as set out in Appendix 5, 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.

#### **18. RESTRICTED JURISDICTIONS**

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 Offer Document, the accompanying Forms of Acceptance and the Fnac Prospectus, once these have been published and dispatched.

#### **19. DOCUMENTS ON WEBSITE**

Copies of the following documents will, by no later than 12 noon on 22 April 2016, be published on [www.groupe-fnac.com](http://www.groupe-fnac.com):

- (a) this Announcement;
- (b) a summary press release in French in respect of the Proposed Acquisition;
- (c) the Knight Vinke Undertakings and the DNCA Undertaking, each as listed in Appendix 5;
- (d) the Co-operation Agreement Termination Notice referred to in section 11 above; and

- (e) the various financing documentation entered into in connection with the financing of the Proposed Acquisition and the Combined Group following completion of the Proposed Acquisition as referred to in section 10 above.

## 20. GENERAL

It is intended that the Proposed Acquisition will be implemented by way of a takeover offer within the meaning of Part 28 of the Act. However, Fnac reserves the right to elect, with the agreement of Darty and with the consent of the Panel (where necessary), to implement the Proposed Acquisition by way of a Court-sanctioned scheme of arrangement in accordance with Part 26 of the Act.

In such event, the Scheme will be implemented on the same terms subject to appropriate amendments, and subject in particular to the amendment referred to in Part C of Appendix 1 to this Announcement.

The full terms of the Proposed Acquisition will be set out in the Offer Document and the Forms of Acceptance. Relevant documentation (including the Fnac Prospectus) is expected to 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 within 28 days of the date of this Announcement. In deciding whether or not to accept the Proposed Acquisition in respect of their Darty Shares, Darty Shareholders should consider the information contained in, and the procedures described in, such documentation.

### **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.

Peel Hunt 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.

### **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 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 Offer Document and the accompanying Forms of Acceptance which will contain the full terms and conditions of the Proposed Acquisition, including details of how to accept the Increased Offer or the Original Offer. 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 Offer Document, the accompanying Forms of Acceptance and the Fnac Prospectus.

Fnac reserves the right to elect, with the agreement of Darty and the consent of the Panel (where necessary), to implement the Proposed Acquisition by way of a Court-sanctioned scheme of arrangement in accordance with Part 26 of the Act. In such event, the Proposed Acquisition would be implemented on substantially the same terms, subject to appropriate amendments.

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 accept the Proposed Acquisition, to execute and deliver Forms of Acceptance, or to elect for the Partial Share 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 or any other jurisdiction where to do so would violate the laws in that jurisdiction and no person may accept the Proposed Acquisition by any use, means or instrumentality from within a Restricted Jurisdiction or any other jurisdiction where 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 or any other jurisdiction where to do so would constitute a violation of the laws of that 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 or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction.

The Proposed Acquisition may not be made, directly or indirectly, in or into, a Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction 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 any Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction and the Proposed Acquisition may not be capable of acceptance by any such use, means, instrumentality or facilities.

The availability 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 Offer 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 takeover offer under English law. Accordingly, the Proposed Acquisition 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 Proposed Acquisition 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. A person who makes a valid election to receive, and does in fact receive, New Fnac Shares pursuant to the Partial Share Alternative or the Original Offer 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).

Alternatively, the Proposed Acquisition may 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, in which case the Proposed Acquisition would 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 would be 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 would hold a hearing on the Scheme's fairness to Darty Shareholders, at which hearing all such shareholders would be entitled to attend in person or through counsel. If the Proposed Acquisition is implemented by way of the Scheme, a person who makes a valid election to receive, and does in fact receive, New Fnac Shares pursuant to the Partial Share Alternative or the Original Offer 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.

**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. In particular, New Fnac Shares will only be made available in the United States to qualified institutional buyers (as defined in Rule 144A under the US Securities Act) or accredited investors (as defined in Rule 501(a) under the US Securities Act) in transactions that are exempt from the registration requirements of the US Securities Act. Such shareholders will be required to make such acknowledgements and representations to, and agreements with, Fnac as Fnac may require to establish that they are entitled to receive New Fnac Shares.

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. Neither Fnac nor the Fnac 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 4 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 10th 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 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) 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 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.

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

### 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 becoming wholly unconditional by no later than the Long Stop Date, or such later date (if any) as Fnac and Darty may agree and the Panel may allow.

The Proposed Acquisition will be conditional upon:

##### Acceptance Condition

- (a) valid acceptances having been received (and not, where permitted, withdrawn) by 3.00 p.m. on the first closing date of the Proposed Acquisition as specified in the Offer Document (or such later times and/or dates as Fnac may, subject to the rules of the City Code, decide) in respect of Darty Shares, which together with Darty Shares that Fnac has acquired or agreed to acquire (whether pursuant to the Proposed Acquisition or otherwise), carry in aggregate more than 50 per cent. of the voting rights then normally 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 Darty 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.

For the purposes of this Condition (a):

- i. Darty Shares which have been unconditionally allotted but not 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, shall be deemed to carry the voting rights they will carry upon issue; and
- ii. valid acceptances shall be deemed to have been received in respect of Darty Shares which are treated for the purposes of Part 28 of the Act as having been acquired or contracted to be acquired by Fnac, whether by virtue of acceptance of the Proposed Acquisition or otherwise.

In addition, the Proposed Acquisition will be conditional upon the following Conditions and, accordingly, the Proposed Acquisition will not become or be declared wholly unconditional unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

## French anti-trust clearance

- (b) 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 (IV) of Article L. 430-7 of the French Commercial Code (or being deemed to have done so 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;

## General Third Party clearances

- (c) 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;
- (d) 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;

- (e) 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**

- (f) 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**

- (g) in respect of the Original Offer and, to the extent required, the Partial Share Alternative, the passing at the Fnac General Meeting (or any adjournment thereof) of the Fnac Shareholder Resolutions (as such resolutions may be set out in the Fnac Notice in due course);

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

- (h) receipt of a confirmation that the application for admission to trading of the New Fnac Shares on Euronext Paris has been approved, with such admission to become effective on or shortly after the date of issue;

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

- (i) 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**

- (j) 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 Plans, 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 Plans, 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 payable in cash or otherwise except for ordinary course dividends;
  - (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 Plans 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) and (vi) of this condition, the term “Darty Group” shall mean Darty and its wholly-owned subsidiaries;

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

- (k) 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**

- (l) 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;
- (m) 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**

- (n) 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 Conditions**

Fnac reserves the right to waive, in whole or in part, all or any of the Conditions set out in Part A of Appendix 1 above, except for Conditions (a) (Acceptance Condition), (f) (Approval of the Fnac Prospectus), (g) (Fnac Shareholder approval) and (h) (Admission to trading of New Fnac Shares), which cannot be waived. The Proposed Acquisition will be subject to the satisfaction (or waiver, if permitted) of the Conditions set out in this Appendix 1, and to certain further terms set out in Appendix 1, and to the

full terms and conditions which will be set out in the Offer Document and the accompanying Forms of Acceptance.

The Proposed Acquisition shall lapse unless all of the Conditions have been fulfilled or, where permitted, waived or, where appropriate, have been determined by Fnac to be or remain satisfied, by midnight (London time) on the 21<sup>st</sup> day after the later of (i) the first closing date of the Proposed Acquisition; and (ii) the date on which Condition (a) (Acceptance Condition), is fulfilled (or, in each case, such later date as Fnac may determine, in accordance with the City Code). Unless Fnac otherwise determines, Condition (a) (Acceptance Condition) shall be capable of being satisfied or being treated as satisfied only at the time when all of the other Conditions (b) to (n) (inclusive) have been either satisfied, fulfilled or, to the extent permitted, waived.

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 Conditions (b) to (e) (inclusive) and (i) to (n) (inclusive) that are capable of waiver by a date earlier than the latest date specified above for the fulfilment of the relevant Condition, notwithstanding that 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 Condition(s) may not be capable of fulfilment.

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 the Conditions as are necessary to comply with the provisions of that Rule.

## **Part C**

### **Implementation by way of Scheme**

Fnac reserves the right, with the agreement of Darty and with the consent of the Panel (where necessary), to elect to implement the Proposed Acquisition by way of the Scheme.

If the Proposed Acquisition is implemented by way of the Scheme, such Scheme will be implemented on the same terms, 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):

- (i) its approval by a majority in number representing not less than three-fourths in value of the relevant Darty 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 22nd 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 a Darty General Meeting or at any adjournment of that meeting on or before the 22nd day after the expected date of the Darty General Meeting as 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 22nd day after the expected date of the Court hearing to sanction the Scheme as 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, if the Proposed Acquisition is implemented by way of the Scheme, the Scheme will be conditional upon the Conditions set out above and, accordingly, the necessary actions to make the Scheme effective will not be taken unless the Conditions set out above have either been waived (if permitted) or fulfilled.

## **Part D**

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

The availability of the Proposed Acquisition 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 Conditions and terms set out in this Announcement and in due course in the Offer Document and the accompanying Forms of Acceptance. 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.

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

If the Proposed Acquisition lapses for any reason, the Proposed Acquisition will cease to be capable of further acceptance, and Fnac and accepting Darty Shareholders will cease to be bound by acceptances of the Proposed Acquisition delivered on or before the time when the Proposed Acquisition lapses.

The number of New Fnac Shares available under the Partial Share Alternative may (in Fnac's sole discretion) be scaled down to the extent required to ensure sufficient New Fnac Shares will be available as may be required on the reintroduction of a partial share alternative on the same terms as were available to Darty Shareholders who accepted the Increased Offer and elected for the Partial Share Alternative on the operation of Sections 974 to 991 of the Act (which relate to the right of Darty Shareholders who have not accepted in respect of the Proposed Acquisition to have their Darty Shares acquired by Fnac and the right of Fnac to acquire such Darty Shares, in each case, on the same terms as the Proposed Acquisition).

Fractions of New Fnac Shares will not be allotted to Darty Shareholders pursuant to the Partial Share Alternative. If an election made by a Darty Shareholder to receive New Fnac Shares under the Partial Share Alternative would not result in the issue of a whole number of New Fnac Shares to that Darty Shareholder (after any *pro rata* scaling down in accordance with the terms of the Partial Share Alternative), the number of New Fnac Shares to be issued to that Darty Shareholder shall be rounded down to the nearest whole number and the balance of the consideration will be satisfied in cash, provided that if such balance is an amount of less than £5.00, it will be retained for the benefit of Fnac.

Any fractional entitlements to New Fnac Shares to which an Eligible Darty Shareholder becomes entitled as a result of any implementation of the Partial Cash Alternative will not be allotted to Darty Shareholders but will be aggregated and sold as soon as practicable after the Effective Date. 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, 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 Effective Date.

If any dividend (or other distribution) is paid or becomes payable by Darty to Darty Shareholders, Fnac reserves the right to make an equivalent reduction to the offer consideration payable pursuant to the Increased Offer.

## APPENDIX 2

### SOURCES OF INFORMATION AND BASES OF CALCULATION

1. In this Announcement:
2. 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.
3. The number of issued and to be issued Darty Shares is based on 529,553,216 shares in issue, and rights under the Darty's Long Term Incentive Plans for 7,650,326 shares as disclosed by Darty in its 2014/15 Annual Report.
4. The four premium calculations to the price per Darty Share used in this Announcement have been calculated by reference to either:
  - 4.1 the Closing Price on 29 September 2015 (being the last Business Day prior to the date of Fnac's Possible Offer Announcement) of 81 pence in respect of a Darty Share;
  - 4.2 the Original Offer Price on 19 November 2015 (being the last Business Day prior to the date of Fnac's Original Offer Announcement) of 105 pence based on (a) the Closing price of €55.6 per Fnac share as of 19 November 2015; (b) an exchange rate of £1.00/€1.4246 as of 19 November 2015; (c) the terms of the Original Offer entitling Darty shareholders to receive 1 Fnac share for every 37 Darty shares held;
  - 4.3 the Original Offer Price on 20 April 2016 (being the last Business Day before the date of this announcement) of 123 pence based on: (a) the Closing price of €57.8 per Fnac share as of 20 April 2016; (b) an exchange rate of £1.00/€1.2708 as of 20 April 2016; (c) the terms of the Original Offer entitling Darty shareholders to receive 1 Fnac share for every 37 Darty shares held; and
  - 4.4 the Closing Price on 20 April 2016 (being the last Business Day prior to the date of this Announcement) of 132 pence in respect of a Darty Share.
5. 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 2015 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.
6. 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 4](#) of this Announcement is provided in [Appendix 4](#).
7. All Closing Prices for Fnac and Darty shares as well as exchange rates are derived from Factset (function P\_PRICE and function P\_EXCH\_RATE(GBP,EUR)).

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

## APPENDIX 3

### CERTAIN INFORMATION RELATING TO FNAC AND DARTY

#### Key Financials

	Fnac Key financials (€m) <sup>1</sup>		Darty Key financials (€m) <sup>2</sup>	
	Dec-14a	Dec-15a	Apr-14a PF	Apr-15a
<b>Sales</b>	<b>3,895</b>	<b>3,876</b>	<b>3,404</b>	<b>3,512</b>
<i>Growth (%)</i>	<i>(0.3)%</i>	<i>(0.5)%</i>		<i>3.2%</i>
<b>EBITDA</b>	<b>147</b>	<b>146</b>	<b>129</b>	<b>119</b>
<i>Margin (%)</i>	<i>3.8%</i>	<i>3.8%</i>	<i>3.8%</i>	<i>3.4%</i>
<b>EBIT<sup>3</sup></b>	<b>77</b>	<b>85</b>	<b>77</b>	<b>68</b>
<i>Margin (%)</i>	<i>2.0%</i>	<i>2.2%</i>	<i>2.3%</i>	<i>1.9%</i>
<b>Operating Cash Flow<sup>4</sup></b>	<b>116</b>	<b>109</b>	<b>(13)</b>	<b>17</b>
<b>Capex<sup>5</sup></b>	<b>(49)</b>	<b>(58)</b>	<b>(49)</b>	<b>(40)</b>
<i>As % of sales</i>	<i>(1.3)%</i>	<i>(1.5)%</i>	<i>(1.4)%</i>	<i>(1.1)%</i>
<b>EBITDA - Capex - Change in WC</b>	<b>111</b>	<b>132</b>	<b>17</b>	<b>29</b>
<b>Net debt / (cash)<sup>6</sup></b>	<b>(535)</b>	<b>(544)</b>	<b>185</b>	<b>224</b>

<sup>1</sup> Fnac registration document for the financial years ended (i) 31 December 2014; and (ii) 31 December 2015 and 2015 results presentation for the financial year ended 31 December 2015.

<sup>2</sup> Darty annual report and accounts for the financial years ended (i) 30 April 2014 and (ii) 30 April 2015.

<sup>3</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>4</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>5</sup> Net capex excluding acquisitions.

<sup>6</sup> As per the definition used respectively in the Fnac registration document for the financial year ended 31 December 2015, or Darty’s annual report and accounts for the financial year ended 30 April 2015.

## Sales

By product	Fnac <sup>7</sup>	Darty <sup>8</sup>	Fnac and Darty <sup>9 10</sup>
Services and Accessories	5%	13%	9%
Editorial goods	37%	0%	19%
Brown goods	19%	19%	19%
Grey goods	39%	26%	33%
White goods	0%	42%	20%

By country	Fnac Sales breakdown <sup>11</sup>	Darty Sales breakdown <sup>12</sup>
France	72%	80%
Iberia	17%	-
Belgium and Switzerland	4%	-
Brazil	8%	-
Belgium and the Netherlands	N/A	20%

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<sup>7</sup> Fnac registration document for the financial year ended 31 December 2015.

<sup>8</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>9</sup> Total sales figure derived from sum of Fnac reported sales for the financial year ended 31 December 2015 and Darty reported sales for the financial year ended 30 April 2015.

<sup>10</sup> Group goods split calculated from i) Fnac goods split as reported in the Fnac registration document for the financial year ended 31 December 2015 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>11</sup> Fnac Registration Document.

<sup>12</sup> Darty annual report and accounts for the financial year ended 30 April 2015.

## Number of Stores

	Fnac – Number of stores <sup>13</sup>			Darty – Number of stores <sup>14</sup>			Fnac + Darty		
	Owned	Franch.	Total	Owned	Franch.	Total	Owned	Franch.	Total
<b>France</b>	<b>86</b>	<b>35</b>	<b>121</b>	<b>223</b>	<b>59</b>	<b>282</b>	<b>309</b>	<b>94</b>	<b>403</b>
<b>Intl.</b>	<b>74</b>	<b>4</b>	<b>78</b>	<b>136</b>	<b>4</b>	<b>140</b>	<b>210</b>	<b>8</b>	<b>218</b>
<i>Spain</i>	26	1	27	-	-	-	26	1	27
<i>Portugal</i>	22	-	22	-	-	-	22	-	22
<i>Belgium</i>	9	-	9	61 <sup>16</sup>	-	61	70	-	70
<i>Netherlands</i>	-	-	-	75 <sup>17</sup>	-	75	75	-	75
<i>Switzerland</i>	5	-	5	-	-	-	5	-	5
<i>Brazil</i>	12	-	12	-	-	-	12	-	12
<i>Other</i>	-	3 <sup>15</sup>	3	-	4 <sup>18</sup>	4	-	7	7
<b>Total</b>	<b>160</b>	<b>39</b>	<b>199</b>	<b>359</b>	<b>63</b>	<b>422</b>	<b>519</b>	<b>102</b>	<b>621</b>

## Online Presence in France

Attractive online presence in France (number of monthly unique visitors in millions) <sup>19</sup>	
<b>Amazon</b>	<b>16.3</b>
<b>Cdiscount</b>	<b>10.3</b>
<b>Fnac</b>	<b>8.0</b>
<b>Ebay</b>	<b>7.6</b>
<b>Voyage-sncf.com</b>	<b>6.7</b>
<b>Carrefour</b>	<b>6.1</b>
<b>Price Minister</b>	<b>5.9</b>

<sup>13</sup> Fnac 2015 results presentation for the financial year ended 31 December 2015.

<sup>14</sup> Darty Q3 trading statement dated 18 February 2016.

<sup>15</sup> Fnac's 2015 results presentation (p.51) Fnac has one franchised store in each of Morocco, Qatar and Ivory Coast.

<sup>16</sup> Figures sourced from Darty "Group Overview" website page, accessed on April 2016, and Darty HY results for the period ended 31 October 2015, dated 10 December 2015.

<sup>17</sup> Figures sourced from Darty "Group Overview" website page, accessed on April 2016.

<sup>18</sup> Darty Q4 trading statement dated 21 May 2015.

<sup>19</sup> Fédération E-commerce et Vente À Distance (FEVAD) Communiqué de Presse dated 18 November 2015 (numbers as at Q3 2015).

<b>Leroy Merlin</b>	<b>5.4</b>
<b>Booking.com</b>	<b>5.2</b>
<b>La Redoute</b>	<b>5.0</b>
<b>Vente-privée</b>	<b>4.7</b>
<b>Darty</b>	<b>4.6</b>
<b>E. Leclerc</b>	<b>4.5</b>
<b>Castorama</b>	<b>3.9</b>
<b>Decathlon</b>	<b>3.9</b>

### *Electronics*

<b>Number 1 electronic and editorial goods retailer in France (Revenues for the financial year ended 31 December 2014, €bn)<sup>20</sup></b>	
<b>Fnac and Darty</b>	<b>5.6</b>
<b>Darty</b>	<b>2.8<sup>21</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>

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<sup>20</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>21</sup> Financial year ended 30 April 2015 (a different year end to the other companies under comparison).

<b>Top 10 consumer electronics retailers in Europe (Revenues for the financial year ended 31 December 2014, €bn)<sup>22</sup></b>	
<b>Metro Group</b>	<b>21.0</b>
<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>23</sup></b>
<b>Apple</b>	<b>4.7</b>
<b>Fnac</b>	<b>3.9</b>
<b>Darty</b>	<b>3.5<sup>24</sup></b>
<b>M. Video</b>	<b>3.5</b>

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<sup>22</sup> Metro Retail Compendium 2015/2016 (Euronics and E Squared excluded as they are buying groups).

<sup>23</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>24</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 4

### QUANTIFIED FINANCIAL BENEFITS STATEMENT

#### Part A

Section 4 of this Announcement (*Synergy potential of the Proposed Acquisition*) contains statements of estimated synergies 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 4.

The Quantified Financial Benefits Statement is made under Rule 2.7 of the City Code.

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 synergies of at least €130 million *per annum*. This amount is premised upon Fnac’s intention to maintain separate Fnac and Darty brands and commercial concepts following the completion of the Proposed Acquisition. It does not take into account the impact of any remedies that may be imposed by the French Competition Authority.

It is assumed the Proposed Acquisition will complete by no later than September 2016. Under this assumption, approximately 5 per cent. of these synergies would be realised in 2016, rising to at least 50 per cent. in 2017, 90 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 €105 million - €110 million.”

#### Sources and phasing of synergies

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

- approximately half of the identified synergies are expected to arise from (i) purchasing synergies in the retail categories of brown goods, grey goods and small domestic appliances in which both Fnac and Darty operate, as well as (ii) revenue synergies derived from cross-selling of editorial products and white goods (in particular through store-in-store initiatives), extending Fnac’s ticketing offer within Darty stores in France and Belgium and leveraging on both group’s respective omni-channel capabilities to drive sales growth; and
- approximately half of the identified synergies are expected to arise from other cost synergies, including optimisation of warehousing and transport activities, integration of IT systems, 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 and commercial concepts 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 no later than September of 2016. It is expected that the realisation of the identified synergies will require estimated one-off cash costs of approximately €105 million - €110 million, 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 organisational, commercial and cost structures, industry knowledge, on its previous restructuring programmes and growth initiatives, 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 synergies, Fnac has formulated the following principal bases of belief supporting the statement:

- 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 and IT 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.
- 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.
- Revenue synergies can be realised by leveraging both companies' omni-channel capabilities and complementary offering, including cross-selling of editorial products and white goods through store-in-store initiatives.

## **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 benefits 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 €7,140 million, being the sum of the 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 a result of the review of the Proposed Acquisition by the French Competition Authority. The actual scope and financial impact of any such dis-synergies will be dependent on the outcome of its 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 Part B and Part C of this [Appendix 4](#).

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

21 April 2016

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

Dear Sirs

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

We refer to the statement regarding the estimate of synergies (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 4 of the 2.7 Announcement issued by the Company dated 21 April 2016. 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.

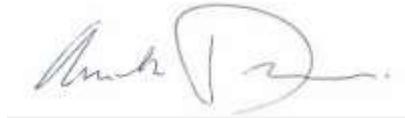
We do not express any opinion as to the achievability of the synergies identified by the Directors.

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 dark ink, appearing to be "Mark D.", is written over a horizontal line. The signature is cursive and somewhat stylized.

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

21 April 2016

Dear Sirs,

#### **Firm intention to make an increased cash offer with partial share alternative 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 4 to 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 4 to 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 5**

**IRREVOCABLE UNDERTAKINGS**

**DETAILS OF DARTY SHAREHOLDERS' HARD IRREVOCABLE UNDERTAKINGS**

<b>Name of Darty Shareholder</b>	<b>Number of Darty Shares</b>	<b>Percentage of Darty issued share capital</b>
Knight Vinke Asset Management LLC (together with the other Knight Vinke companies and partnerships)	47,890,849	9.04%
DNCA Finance S.A. (together with its 100% subsidiary, DNCA Finance Luxembourg S.A.)	41,141,940	7.77%
<b>TOTAL</b>	<b>89,032,789</b>	<b>16.81%</b>

**DETAILS OF DARTY SHAREHOLDERS' IRREVOCABLE UNDERTAKINGS**

<b>Name of Darty Shareholder</b>	<b>Number of Darty Shares</b>	<b>Percentage of Darty issued share capital</b>
Knight Vinke Asset Management LLC (together with the other Knight Vinke companies and partnerships)	28,083,860	5.30%

## DETAILS OF FNAC'S INTERESTS IN DARTY SHARES

<b>Name of Darty Shareholder</b>	<b>Number of Darty Shares</b>	<b>Percentage of Darty issued share capital</b>	<b>Date of acquisition</b>
Groupe Fnac S.A.	38,810,620	7.33%	21 April 2016
<b>TOTAL</b>	38,810,620	7.33%	-

## APPENDIX 6

### DEFINITIONS

“ <u>ACPR</u> ”	means the <i>Autorité de Contrôle Prudentiel et de Résolution</i> of France;
“ <u>Act</u> ”	means the Companies Act 2006, as amended from time to time;
“ <u>AMF</u> ”	means the <i>Autorité des Marchés Financiers</i> of France;
“ <u>Announcement</u> ”	means this Announcement made pursuant to Rule 2.7 of the City Code;
“ <u>Authorisations</u> ”	for the purpose of the relevant Conditions, means authorisations, orders, grants, recognitions, determinations, confirmations, consents, licences, clearances, permissions, exemptions and approvals;
“ <u>Belgian Competition Authority</u> ”	means the authority responsible for regulating competition issues in Belgium, known as the <i>Autorité belge de la concurrence</i> ;
“ <u>Business Day</u> ”	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;
“ <u>City Code</u> ”	means the City Code on Takeovers and Mergers as issued from time to time by or on behalf of the Panel;
“ <u>Closing Price</u> ”	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;
“ <u>Combined Group</u> ”	means the enlarged group following completion of the Proposed Acquisition, comprising the Fnac Group and the Darty Group;
“ <u>Conditions</u> ”	means the conditions to the implementation of the Proposed Acquisition set out in <u>Part A</u> of <u>Appendix 1</u> to this Announcement and to be set out in the Offer Document and accompanying Forms of Acceptance;
“ <u>Confidentiality Agreement</u> ”	means the mutual confidentiality agreement dated 16 November 2015 between Fnac and Darty;
“ <u>Co-operation Agreement</u> ”	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, should the Proposed Acquisition be implemented by way of the Scheme, 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 S.A.;
- “Darty” means Darty plc, incorporated in England and Wales with registered number 04232413;
- “Darty Board” means the Darty Directors collectively;
- “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, should the Proposed Acquisition be implemented by way of the Scheme, 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;
- “Darty Group” means Darty and its Subsidiaries and subsidiary undertakings from time to time and a “member of the Darty Group” shall be construed accordingly;
- “Darty Pension Scheme” 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;
- “Darty Share Plan” means the Kesa Electricals plc Long Term Incentive Plan, the rules of which were approved by Darty Shareholders on 18 June 2010;
- “Darty Shareholders” means the holders of Darty Shares;
- “Darty Shares” includes:
- a) the existing unconditionally allotted or issued and fully paid (or credited as fully paid) ordinary shares

of 30 euro cents each in the capital of Darty; and

- b) any further ordinary shares of 30 euro cents each in the capital of Darty which are unconditionally allotted or issued and fully paid (or credited as fully paid) before the date on which the Proposed Acquisition closes (or such earlier date or dates as Fnac may, subject to the City Code, determine),

but excludes any shares held as treasury shares on such date as Fnac may determine before the Proposed Acquisition closes (which may be a different date to the date referred to in b);

“Disclosed”

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) the announcement by Darty of its half year results for six months ended 31 October 2015; (v) the announcement by Darty of its third quarter trading for the period 1 November 2015 to 31 January 2016; (vi) 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; (vii) 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 (viii) 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);

“Disclosure and Transparency Rules”

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);

“DNCA”

means DNCA Finance S.A.;

“Effective Date”

means the date on which:

- a) the Proposed Acquisition becomes or is declared wholly unconditional; or
- b) if Fnac elects to implement the Proposed Acquisition by way of a Scheme, the date on which the Scheme becomes effective in accordance with

its terms.

“ <u>Eligible Darty Shareholders</u> ”	means those Darty Shareholders, other than Restricted Darty Shareholders;
“ <u>Ernst &amp; Young</u> ”	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;
“ <u>European Commission</u> ”	means the executive body of the European Union;
“ <u>EU</u> ” or “ <u>European Union</u> ”	means an economic and political union of 28 member states which are located primarily in Europe;
“ <u>Euronext Paris</u> ”	means Euronext Paris S.A.;
“ <u>FCA</u> ”	means the UK Financial Conduct Authority;
“ <u>Fnac</u> ”	means Groupe Fnac S.A., a <i>société anonyme</i> registered with the Creteil Trade and Companies Registry under identification number 055 800 296;
“ <u>Fnac Board</u> ”	means the Fnac Directors collectively;
“ <u>Fnac Directors</u> ”	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;
“ <u>Fnac General Meeting</u> ”	means a meeting of the Fnac Shareholders (and any adjournment thereof) at which the Fnac Shareholder Resolutions will be considered, and, if thought fit, approved;
“ <u>Fnac Group</u> ”	means Fnac and its Subsidiaries and subsidiary undertakings from time to time and “ <u>member of the Fnac Group</u> ” shall be construed accordingly;
“ <u>Fnac Notice</u> ”	means the notice to be published to the Fnac Shareholders in connection with the Proposed Acquisition convening the Fnac General Meeting, including any supplementary notice;
“ <u>Fnac Prospectus</u> ”	means the prospectus to be published by Fnac at the same time as the Offer Document and accompanying Forms of Acceptance in respect 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);

“ <u>Fnac Shareholder Resolutions</u> ”	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;
“ <u>Fnac Shareholders</u> ”	means holders of Fnac Shares;
“ <u>Fnac Shares</u> ”	means the shares of €1.00 each in the capital of Fnac from time to time;
“ <u>Fnac’s Possible Offer Announcement</u> ”	means 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;
“ <u>Fnac’s Registration Document</u> ”	means the registration document of Fnac (including the financial annual report) registered with the AMF for the year ended 31 December 2015;
“ <u>Forms of Acceptance</u> ”	means the Original Offer Form of Acceptance and the Increased Offer Form of Acceptance;
“ <u>French Competition Authority</u> ”	means the authority responsible for regulating competition issues in France, known as the <i>Autorité de la concurrence</i> ;
“ <u>HMRC</u> ”	means H M Revenue & Customs;
“ <u>Increased Offer</u> ”	means the offer as described in this Announcement and to be made by Fnac by way of a takeover offer as defined in Chapter 3 of Part 28 of the Act 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 the accompanying Increased Offer 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);
“ <u>Increased Offer Form of Acceptance</u> ”	means the form of acceptance and authority or any other document for use in connection with accepting the Increased Offer;
“ <u>Knight Vinke</u> ”	means Knight Vinke Asset Management LLC;
“ <u>Listing Rules</u> ”	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);
“ <u>London Stock Exchange</u> ”	means London Stock Exchange plc;
“ <u>Long Stop Date</u> ”	20 December 2016;
“ <u>Natixis</u> ”	means Natixis S.A.;
“ <u>New Fnac Shares</u> ”	means the new Fnac Shares proposed to be issued to Eligible Darty Shareholders pursuant to the terms of the Proposed Acquisition;
“ <u>Offer Document</u> ”	means the document to be despatched to Darty Shareholders, containing (among other things) the terms and conditions of the Proposed Acquisition;
“ <u>Offer Period</u> ”	means the period commencing on 30 September 2015 and ending on: (i) the earlier of the date on which the Proposed Acquisition has become or has been declared unconditional as to acceptances and/or the date on which the Proposed Acquisition lapses or is withdrawn (or such other date as the Panel may decide); or (ii) if applicable, 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), 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 a takeover offer within the meaning of Part 28 of the Act or a Scheme (as appropriate);
“ <u>Official List</u> ”	means the official list maintained by the UK Listing Authority;
“ <u>Opening Position Disclosure</u> ”	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;
“ <u>Original Offer</u> ”	means the recommended offer, as described in the Original Offer Announcement, to be made by Fnac, to acquire the entire issued and to be issued share capital of Darty;
“ <u>Original Offer Announcement</u> ”	means the joint announcement made by Fnac and Darty pursuant to Rule 2.7 of the City Code, made on 20 November 2015, setting out the agreed terms of the Original Offer;
“ <u>Original Offer Form of Acceptance</u> ”	means the form of acceptance and authority or any other document for use in connection with accepting the Original Offer;

“ <u>Panel</u> ”	means the Panel on Takeovers and Mergers;
“ <u>Partial Cash Alternative</u> ”	means the alternative whereby Eligible Darty Shareholders who elect to accept the Original Offer may elect, subject to submitting a valid form of election, to receive cash instead of all or some of the New Fnac Shares to which they would otherwise have been entitled pursuant to the Original Offer;
“ <u>Partial Share Alternative</u> ”	means the alternative whereby Eligible Darty Shareholders may elect to receive New Fnac Shares <i>in lieu</i> of all or part of the cash to which they would otherwise be entitled under the Increased Offer, as described in <u>section 1</u> of this Announcement;
“ <u>Proposed Acquisition</u> ”	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 Increased Offer and/or the Original Offer as described in this Announcement and to be set out in the Offer Document (or by way of the Scheme, under certain circumstances described in this Announcement);
“ <u>Quantified Financial Benefits Statement</u> ”	has the meaning given to it in Part A of <u>Appendix 4</u> to this Announcement;
“ <u>Regulation</u> ”	means Council Regulation (EC) 139/2004 (as amended);
“ <u>Restricted Darty Shareholder</u> ”	means those Darty Shareholders who are located in a Restricted Jurisdiction;
“ <u>Restricted Jurisdiction</u> ”	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;
“ <u>Rothschild</u> ”	means N. M. Rothschild & Sons Limited;
“ <u>Scheme</u> ”	means, should the Proposed Acquisition be implemented by way of a scheme of arrangement under Part 26 of the Act, such scheme of arrangement between Darty and the Darty Shareholders to implement the Proposed Acquisition with or subject to any modification, addition or condition approved or imposed by the Court;
“ <u>Scheme Document</u> ”	means, should the Proposed Acquisition be implemented by way of the Scheme, the document to be despatched to Darty Shareholders, including the particulars required by section 897 of the Act, including any supplementary scheme document;

“ <u>Scheme Order</u> ”	means, should the Proposed Acquisition be implemented by means of the Scheme, the order of the Court sanctioning the Scheme under section 899 of the Act;
“ <u>SEC</u> ”	means the US Securities and Exchange Commission;
“ <u>Société Générale</u> ”	means Société Générale Corporate & Investment Banking (the corporate and investment banking division of Société Générale);
“ <u>Subsidiary</u> ”	has the meaning given to it in section 1159 of the Act;
“ <u>subsidiary undertaking</u> ”	has the meaning given to it in section 1162 of the Act;
“ <u>UK</u> ” or “ <u>United Kingdom</u> ”	means the United Kingdom of Great Britain and Northern Ireland;
“ <u>UK Listing Authority</u> ” or “ <u>UKLA</u> ”	means the FCA acting in its capacity as the authority for listing in the UK;
“ <u>US</u> ” or “ <u>United States</u> ”	means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
“ <u>US Exchange Act</u> ”	means the US Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;
“ <u>US Securities Act</u> ”	means the US Securities Act of 1933, as amended;
“ <u>Wider Darty Group</u> ”	has the meaning given to it in <u>Appendix 1</u> to this Announcement; and
“ <u>Wider Fnac Group</u> ”	has the meaning given to it in <u>Appendix 1</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.