



REXEL



Paris, Naarden, 23 November 2007

## REXEL AND HAGEMEYER REACH AGREEMENT ON RECOMMENDED ALL-CASH OFFER OF €4.85 PER SHARE FOR HAGEMEYER

- Rexel and Hagemeyer have reached agreement on a recommended cash offer of €4.85 per share for all Hagemeyer shares and a simultaneous cash offer for Hagemeyer's outstanding convertible bonds, valuing the company's equity at approximately €3.1 billion.
- The Offer is unanimously recommended by the Management Board and Supervisory Board of Hagemeyer, and unanimously approved by the Boards of Rexel and Sonepar.
- The Offer delivers to Hagemeyer shareholders a premium based on all relevant market metrics, including a 55% premium to Hagemeyer's one-month average share price prior to the announcement of Sonepar's intended offer on 9 October 2007.
- Rexel has secured fully committed debt financing for the entirety of the all-cash offer.

With reference to section 9b(2)a of the Dutch Securities Market Supervision Decree (*Besluit toezicht effectenverkeer* 1995), Hagemeyer N.V. (**Hagemeyer**) and Rexel S.A. (**Rexel**) jointly announce that they have reached agreement on the key terms of a public offer for all of Hagemeyer's outstanding ordinary shares at an offer price of € 4.85 per share (cum dividend) (the **Share Offer**). Simultaneously, Rexel will make an offer for all of Hagemeyer's outstanding convertible bonds on the terms specified below (the **Bond Offer**). In this press release, the proposed Share Offer and the proposed Bond Offer will collectively be referred to as the **Offer**. The Offer values Hagemeyer's equity at approximately €3.1 billion.

The Management Board and the Supervisory Board of Hagemeyer unanimously support the Offer. The Management Board and the Supervisory Board of Hagemeyer unanimously recommend that shareholders and bondholders accept the Offer, when made.

As announced on 25 October 2007, Rexel has agreed with Sonepar S.A. (**Sonepar**) that following successful completion of the Offer, Hagemeyer's North American, Asian-Pacific and selected European businesses will be sold on to Sonepar.

Completion of the Offer will be subject, *inter alia*, to approval from the relevant competition authorities. It is currently expected that an Offer Memorandum will be published and that the Offer will consequently be made in the course of December 2007.

Rexel currently holds, through a subsidiary, 1.83% of the outstanding shares in the share capital of Hagemeyer, which it acquired after the initial announcement of an intended offer on 12 November 2007. If the Offer is made, Sonepar will tender its 10.49% shareholding in Hagemeyer at the same terms and conditions as applicable to all shareholders.

The overall transaction will combine the strengths of three major players in the distribution of electrical supplies. It will reinforce Rexel's position as global and local leader in the distribution of electrical supplies with 2006 pro-forma sales of around € 14 billion. The transaction will broaden Rexel's footprint across Europe, while significantly consolidating Sonepar's positions in North America and Asia-Pacific.

Jean-Charles Pauze, Chairman of Rexel's Management Board, declared: *"We are very pleased to have reached agreement for a recommended offer which will create value for Rexel and all parties. Our offer is at a full and fair price which offers Hagemeyer shareholders a compelling premium. The combination with Rexel will provide Hagemeyer's businesses with excellent development opportunities. We very much look forward to working with Hagemeyer's teams to accelerate profitable growth."*

Rudi De Becker, Chairman of Hagemeyer's Management Board, stated: *"We have reached an agreement with Rexel that is very advantageous for our shareholders. The increased offer results in a compelling price that we fully support. This agreement also safeguards the interests of our people and makes strategic sense both from an industrial and geographic perspective."*

Marie-Christine Coisne, Chairwoman of Sonepar's Board of Directors and CEO, said: *"We look forward to the completion of the offer that will allow us to expand our worldwide footprint in North America and Asia Pacific as well as improve our position in selected European countries. Working with the Hagemeyer teams in these regions gives us prospects to build a stronger and promising future together."*

### **Benefits for Hagemeyer's stakeholders**

Hagemeyer, Rexel and Sonepar are convinced that the Offer presents a number of benefits to Hagemeyer's shareholders as well as to its employees, customers, suppliers and other stakeholders, including:

- Attractive development opportunities for Hagemeyer's businesses as they would be combined with Rexel and Sonepar where it makes the most strategic and operational sense;
- Optimal fit between Hagemeyer's businesses and Rexel/Sonepar existing operations, leading to a relatively easy and fast integration; and
- Clarity on future ownership of each of Hagemeyer's businesses.

## **Strategic rationale for Rexel**

The proposed transaction would enable Rexel to:

- Consolidate its position as global and local leader in the distribution of electrical supplies with pro-forma 2006 sales of around € 14 billion;
- Enhance its scale and footprint across Europe. The transaction would complete and expand Rexel's coverage of the European market and improve its positions in fast growing markets such as Eastern Europe. Following the transaction, Europe would represent circa 57% of Rexel's total revenues;
- Strengthen Rexel's business profile with complementary customer bases and geographical presences;
- Generate expected annual synergies of 1.3% to 1.5% of 2007 sales on the Hagemeyer acquired perimeter by 2011.

The transaction is also expected to become accretive in 2008 on a recurring EPS basis.<sup>1</sup>

## **Expected timing**

- The Offer Document is expected to be published and the Offer is expected to commence in December 2007.
- Contacts have been made with all relevant anti-trust authorities in view of formal filings as soon as possible.
- Closing is currently anticipated in Q1 2008, depending in particular on the timing of completion of the antitrust review processes.

## **Bond Offer**

The Bond Offer will be made to the outstanding Hagemeyer 3.50% subordinated convertible bonds with a 2012 maturity at a price of € 2,020.83 per bond in cash, if the settlement date of the Offer occurs on or prior to 30 March 2008. This price is based on each bond with a nominal value of € 1,000 converting into 416.67 shares valued at € 4.85 per share, i.e., the price offered for Hagemeyer's shares. The implied bond conversion price of € 2.40 corresponds to the adjusted conversion ratio to be applied under the Terms & Conditions of the convertible bonds in case of a change of control occurring on or prior to 30 March 2008.

If the settlement date of the Offer occurs after 30 March 2008, the offer price for the outstanding convertible bonds will be € 1,947.79 per bond, based on a revised implied bond conversion price of € 2.49. This implied conversion price corresponds to the adjusted conversion ratio to be applied under the Terms & Conditions of the convertible bonds in case of a change of control occurring after 30 March 2008.

The total consideration per bond as stated above will at all times include the accrued interest per convertible bond for the relevant interest period and no additional compensation shall be due in this respect.

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<sup>1</sup> Defined as EPS excluding implementation costs of synergies, transaction costs and other non-recurring items

### **Offer financing**

- Rexel has secured fully committed debt financing for the Offer with Calyon, CIC, HSBC, ING, Natixis and Royal Bank of Scotland.
- After receipt of an estimated € 1.6 billion from the sale of assets to Sonepar, Rexel's December 2007 pro-forma net debt / EBITDA ratio is estimated at approximately 4.2x.

### **Agreement between Rexel and Sonepar**

On 23 October 2007, Rexel entered into an agreement with Sonepar relating to the Offer and to the sale of certain assets, entities and businesses of Hagemeyer to Sonepar (the "**Sonepar Entities**", with the remainder of the Hagemeyer entities referred to herein as the "**Rexel Entities**") following successful completion of the Offer (the "**Agreement**"). The Agreement relates primarily to the following:

- The conduct of the Offer;
- The post Offer closing transfer of the Sonepar Entities to Sonepar after completion of necessary legal steps including information and / or consultation procedures with employee representative bodies, to the extent required; and
- The governance of Hagemeyer after completion of the Offer.

The Sonepar Entities include those of Hagemeyer (other than those of its ACE division) located in the United States of America, Canada, Mexico, Australia, Switzerland, Austria, Sweden, China and South East Asia. The Agreement sets out a formula to determine the price for such sales, based on the same multiples of revenues and EBITDA (applied to 2007 fiscal year financials) as those on which the price paid in the Share Offer is based.

In terms of corporate governance relating to Hagemeyer after successful completion of the Offer, Rexel and Sonepar agreed on a specific framework that will remain in place until completion of the transfer of the Sonepar Entities to Sonepar and is designed to facilitate and ensure the implementation of the agreed sale of these assets to Sonepar as soon as practicable and ensure that, in the meantime, the Sonepar Entities will be managed separately from the Rexel Entities.

### **Offer Commencement and Completion Conditions**

The Offer will commence after the formal filing with the Autoriteit Financiële Markten ("**AFM**") of an Offer Memorandum reviewed by it. Commencement of the Offer is also subject to, *inter alia*, the following conditions: (i) no material adverse change relating to Hagemeyer, (ii) no measures having been taken to impede the sale and transfer of ownership of a substantial part of the Sonepar Entities to Sonepar, (iii) no competing offer being recommended by the Hagemeyer Boards or becoming unconditional, (iv) no governmental, regulatory or court order restraining or prohibiting the proposed transactions, and (v) agreement between Hagemeyer, Rexel and Sonepar on the Offer Memorandum.

Once commenced, the Offer will become unconditional only upon satisfaction or waiver of, *inter alia* the following conditions precedent: (i) a minimum acceptance of 66.7% of the fully diluted share capital of Hagemeyer, (ii) no material adverse change relating to Hagemeyer, (iii) no measures having been taken to impede the sale and transfer of ownership of a substantial part of the Sonepar Entities to Sonepar, (iv) no competing offer being recommended by the Hagemeyer Boards or becoming unconditional, (v) no

governmental, regulatory or court order restraining or prohibiting the proposed transactions, and (vi) relevant antitrust clearances for Rexel and Sonepar.

This announcement is made in accordance with Section 9b(2)(a) and 9g(1)(a) of the Dutch Securities Market Supervision Decree (*Besluit toezicht effectenverkeer 1995*).

**Hagemeyer will host a conference call for analysts at 10:30 am CET, which also will be available through a live web broadcast via [www.hagemeyer.com](http://www.hagemeyer.com). Dial-in details for this call are available at Hagemeyer's communication and IR desk.**

**Rexel will host a media/analyst conference in Paris at 2.00 pm CET, which also will be available through a live web broadcast via [www.rexel.com](http://www.rexel.com). Dial-in details for this conference are available at Rexel's communication and IR desk.**

Goldman Sachs and Rothschild together with Banco Leonardo, ING and Merrill Lynch are acting as financial advisors to Rexel. Lehman Brothers is acting as financial advisor to Hagemeyer and Deutsche Bank is acting as financial advisor to Hagemeyer's Supervisory Board. ABN AMRO and BNP Paribas are acting as financial advisors to Sonepar. Cleary Gottlieb Steen & Hamilton and Freshfields Bruckhaus Deringer act as legal advisors to Rexel. Stibbe acts as legal advisor to Hagemeyer and De Brauw Blackstone Westbroek acts as legal advisor to Hagemeyer's Supervisory Board. Bredin Prat and Allen & Overy act as legal advisors to Sonepar.

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### **Hagemeyer profile**

In the first nine months of 2007 Hagemeyer had net revenues of € 4.7 billion (FY 2006: € 6.2 billion) and employed approximately 17,800 employees. More than 90% of Hagemeyer's total revenue is generated by its core Professional Products and Services (PPS) business. PPS focuses on the value-added business-to-business distribution of electrical parts and supplies, safety and other Maintenance, Repair and Operations (MRO) products in some 25 countries across Europe, North America and Asia-Pacific. The remaining part of Hagemeyer's revenues is realized by its Agencies/Consumer Electronics (ACE) business, which distributes consumer electronics and branded products in the Netherlands and Australia and luxury goods in a number of countries in Asia. The Hagemeyer Group has its head office in Naarden, the Netherlands.

*For more information, visit Hagemeyer's web site at [www.hagemeyer.com](http://www.hagemeyer.com)*

### **Rexel profile**

Rexel, leading distributor worldwide of electrical supplies, serves three main end-markets: industrial, commercial and residential. The Group is present in 29 countries, with a network of 1,945 branches, and employs 25,400 people. Rexel posted sales of € 10.7 billion in 2006 on a pro-forma basis. Its majority shareholders are an investor group led by Clayton, Dubilier & Rice, Eurazeo and Merrill Lynch Global Private Equity.

Rexel is listed on the Eurolist market of Euronext Paris (compartment A, ticker RXL, ISIN code FR0010451203).

*For more information, visit Rexel's web site at [www.rexel.com](http://www.rexel.com)*

### **Sonepar profile**

Sonepar Group is a worldwide technical solutions provider to electrical industry professionals. With € 9.45 billion of turnover in 2006, and a double digit average growth for the last 20 years, Sonepar is now operating with more than 23,000 associates in 29 countries on four continents.

In 1982, through the acquisition of then equal size Dutch peer Otra NV, the group began to build its European dimension, and has pursued international expansion thereafter through targeted acquisitions in North and South America and Asia.

*For more information, visit Sonepar's web site at [www.sonepar.com](http://www.sonepar.com)*

### **Disclaimer**

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*This press release will also be published in French. In the event of any inconsistencies between the English and the French versions of this announcement, the English version will prevail.*

*This announcement includes certain "forward-looking statements". These statements are based on the current expectations of Rexel and are naturally subject to uncertainty and changes and circumstances. Forward-looking statements include, without limitation, statements typically containing words such as "intends", "expects", "anticipates", "targets", "estimates" and words of similar import.*