

**ETAM Développement press release**

**FILING OF A PROPOSED SHARE REPURCHASE TENDER OFFER BY**



**RELATING TO 2.857.142 ETAM DEVELOPPEMENT SHARES  
TO REDUCE ITS SHARE CAPITAL**

Submitted by



**OFFER PRICE : 35 euros per share**

**DURATION OF THE OFFER : 20 calendar days**

**DISCLAIMER** : This document is a free translation into English of the press release relating to the filing of a proposed share repurchase offer that was issued by ETAM Développement on 15 April 2010. Only the French version of this press release constitutes the official version.

**IMPORTANT NOTE**

In accordance with the provisions of Article 231-32 of the General Regulation of the Autorité des Marchés Financiers (French Financial Markets Authority), the Offer will open on the day following ETAM Développement's publication on 1 June 2010 of a press release stating that the resolutions relating to the share repurchase tender offer and the share capital reduction have been validly approved by the extraordinary general meeting of 31 May 2010.

*This press release relating to the share repurchase tender offer has been prepared by ETAM Développement and is published in accordance with Article 231-16 of the General Regulation of the Autorité des Marchés Financiers (the "AMF").*

On 15 April 2010, Rothschild & Cie Banque filed with the AMF a proposed share repurchase tender offer relating to ETAM Développement shares, in ETAM Développement's name and on its behalf.

**This offer and the draft offer document are still subject to approval by the Autorité des Marchés Financiers.**

The draft offer document prepared by ETAM Développement can be found on the AMF website ([www.amf-france.org](http://www.amf-france.org)) and ETAM Développement's website ([www.etamdeveloppement.com](http://www.etamdeveloppement.com)) and may be obtained free of charge from :

ETAM Développement,  
57, rue Henri Barbusse  
92110 – Clichy

Rothschild & Cie Banque,  
23, bis avenue de Messine  
75008 – Paris

At its meeting on 14 April 2010, the management of ETAM Développement (hereinafter referred to as the “Company”) decided to implement the repurchase of 2,857,142 ETAM Développement shares (*i.e.*, approximately 26.5% of its share capital) from its shareholders by means of a share repurchase tender offer, in order to cancel them, pursuant to the provisions of Articles L. 225-204 and L. 225-207 of the French Commercial Code (hereinafter referred to as the “Offer”). This decision was approved by the Supervisory Board at its meeting held on 15 April 2010.

This Offer will be made in accordance with the provisions of Title III of Book II (and particularly Articles 233–1 paragraph 5° *et seq.*) of the General Regulation of the AMF, provided that the extraordinary general meeting of ETAM Développement’s shareholders called for 31 May 2010 approves the eighth resolution regarding the share capital reduction of a maximum of 4,355,685 euros by means of a share repurchase tender offer relating to a maximum of 2,857,142 shares.

The Company’s shares are listed on Euronext Paris (compartment B) under ISIN code FR0000035743 and symbol “TAM”.

As at the date of this offer document, the controlling family shareholders (Milchior and Tarica families) acting in concert (the “Concert”) hold 5,419,317 shares in the Company representing 50.33% of the share capital and 10,575,634 voting rights representing 61.60% of the voting rights in ETAM Développement. The Concert has announced that it will not contribute any of its shares to the Offer.

Due to the accretion of the share capital by the Offer, some members of the Concert will exceed thresholds requiring them to waive the obligation to file a mandatory public offer. The Concert’s intention is to vote in favour of the resolutions relating to the Offer. However, the Concert has informed the Company that it reserves the right to reconsider the way it will vote at the extraordinary general meeting on 31 May 2010 if the waivers obtained are objected to.

## **1 REASONS FOR THE OFFER**

The Company has noted that the volumes of ETAM Développement shares traded every day on the market are low, with 17,790 shares (average of the last three months preceding the filing of this proposed Offer), *i.e.*, 0.2% of the share capital. Over the last year, these trades amount to an aggregate of 3.0 million ETAM Développement shares, *i.e.*, only 27.5% of the Company’s capital. In a context where all of the ETAM Développement shareholders do not have sufficient liquidity in the security’s secondary market, the Company wishes to offer them liquidity.

Following a significant increase in share price of 144% since 17 April 2009 (after 2008 financial results were released), this transaction represents an opportunity for shareholders wishing to sell the whole or part of their ETAM Développement shares at a price that offers the following premia to recent benchmarks: 18.6% compared to the closing price on 13 April 2010 (day before quotation suspension); 35.3% compared to the average price (volume weighted) for the last month; 52.2% compared to the average price (volume weighted) for the last three months; and 71.9% compared to the average price (volume weighted) for the last six months.

For shareholders who do not contribute to the Offer, this transaction will cause an accretion of net earnings per share.

This Offer does not change the Company’s investment strategy. In fact, ETAM Développement wishes to pursue a strategy of opening new stores and refurbishing existing ones by investing in its various brand names. Furthermore, no major external growth projects are currently planned.

This Offer preserves ETAM Développement’s financial balance insofar as the Company’s cash flow covers the variations in its working capital requirements and its investments, according to the Company’s forecasts.

## **2 THE COMPANY'S PLANS FOR THE NEXT TWELVE MONTHS**

### *Strategy*

The Company intends to implement its current strategy, namely developing its various lingerie and ready-to-wear brand names in Europe and China.

### *Employment – Members of the corporate and management bodies following the Offer*

The transaction will not change the current management or the corporate bodies and will have no impact from an employment point of view.

### *Legal status of the Company*

There is no intention to amend the Company's memorandum and articles of association ("*statuts*") following the Offer.

### *Intention regarding the listing of the Company's shares following the Offer*

This transaction will not trigger the withdrawal of the ETAM Développement shares from compartment B of NYSE Euronext Paris.

### *Payment of dividends*

ETAM Développement will continue its dividend payment policy, according to the funds it has available for payment. Management will ask the General meeting of ETAM Développement's shareholders on 31 May 2010 to consider the non-payment of a dividend with respect to the 2009 profits.

## **3 UNDERTAKINGS BY ETAM DEVELOPPEMENT'S MAIN SHAREHOLDERS**

As at the date of this offer document, the Concert holds 5,419,317 shares in the Company representing 50.33% of the share capital and 10,575,634 of the voting rights representing 61.60% of the voting rights in ETAM Développement.

The members of the Concert have notified the Company of their undertaking not to contribute their securities to the Offer. No shareholder has expressed an intention to irrevocably contribute its securities to the Offer.

To the best of the Company's knowledge, there are no other agreements that could have an effect on the assessment or the outcome of the Offer.

#### 4 OFFER PRICE ASSESSMENT SUMMARY

The Offer Price assessment summary as disclosed hereafter is an overview of the valuation performed by Rothschild & Cie Banque on behalf of the Company, using usual valuation methods.

|  | Price per share | Premium over Offer Price (%) |
|--|-----------------|------------------------------|
| <b>Share price</b>                                   |                 |                              |
| - As at 13 April 2010 <sup>1</sup>                   | € 29.5          | 18.6%                        |
| - 1 month average <sup>1</sup>                       | € 25.9          | 35.3%                        |
| - 3 month average <sup>1</sup>                       | € 23.0          | 52.2%                        |
| - 6 month average <sup>1</sup>                       | € 20.4          | 71.9%                        |
| - 12 month average <sup>1</sup>                      | € 17.3          | 101.8%                       |
| - 1 year high  | € 30.0          | 16.7%                        |
| - 1 year low   | € 7.2           | 384.1%                       |
| <b>Brokers' target price (average)</b>               | € 27.8          | 25.9%                        |
| <b>Net asset book value as at December 31st 2009</b> | € 31.4          | 11.5%                        |
| <b>Discounted Free Cash Flows (central value)</b>    | € 32.9          | 6.4%                         |
| <b>Trading multiples (central value)</b>             | € 26.3          | 33.0%                        |
| <b>Transaction multiples (central value)</b>         | € 29.2          | 19.9%                        |

1. Bloomberg, volume weighted average as at 13 April 2010 (day before quotation suspension)

#### 5 CONCLUSIONS OF THE INDEPENDENT EXPERT

In accordance with the provisions of Articles 261–1 *l et seq.*, of the General Regulation of the AMF, Accuracy (represented by Mr. Bruno Husson), which was appointed as an independent expert by the Company on 22 March 2010, has confirmed that the price per share of 35 euros offered as part of the Offer is fair vis-à-vis the minority shareholders as a whole. Its report dated 15 April 2010 appears in full in the draft offer document posted on the AMF website ([www.amf-france.org](http://www.amf-france.org)) and ETAM Développement's website ([www.etamdeveloppement.com](http://www.etamdeveloppement.com)) where this Offer was filed.

#### 6 REASONED OPINION OF THE COMPANY'S SUPERVISORY BOARD

The Supervisory Board, which met on 15 April 2010, noted that the work of the independent expert had led to the conclusion that the price offered as part of the Offer for the shareholders of ETAM Développement is fair. It therefore took the view, with all its members present or represented voting unanimously, that it is in the interests of the Company, its shareholders and its employees to implement the Offer.

*This press release has been prepared for information purposes only. It does not constitute an offer to the public and is not intended to be available in any countries other than France. Distribution of this press release, the Offer and acceptance of the Offer may be subject to specific regulations or restrictions in some countries. The Offer is not addressed to persons who are subject to such restrictions (whether directly or indirectly) and is not capable of being accepted in any way from a country where the Offer is subject to such restrictions. As a result, persons in possession of this press release are required to check any domestic restrictions that may apply and to comply with them. The Company accepts no liability with respect to a breach of such restrictions by any person whatsoever.*