

Press release

Paris, 24 August 2016

MERGER BETWEEN COMPAGNIE FINANCIERE MARTIN MAUREL AND ROTHSCHILD & CO

This press release was prepared in accordance with article 12 of AMF instruction 2005-11 of 13 December 2005 as amended

1. BACKGROUND AND REASONS FOR THE MERGER

Compagnie Financière Martin Maurel and Rothschild & Co began discussions to merge their respective private banking and asset management activities in France. This merger would be structured in the form of a merger between Compagnie Financière Martin Maurel and Rothschild & Co, which the two companies announced in a joint press release on 6 June 2016.

The employee representative committees of Rothschild's economic and social unit and Martin Maurel's economic and social unit issued a favourable opinion on the proposed merger on 16 and 17 June 2016 respectively.

The signing of the merger agreement was previously authorised by the Board of Directors of Compagnie Financière Martin Maurel on 26 July 2016. The Supervisory Board of Rothschild & Co decided on the signing of the merger agreement by way of a positive advisory opinion to the Managing Partner on 29 July 2016, and the Managing Partner decided on 29 July 2016 to sign the merger agreement.

The merger agreement was signed on 29 July 2016, and the merger notice was published on 10 August 2016 on the websites www.RothschildandCo-documents-sur-la-fusion-2016.com for Rothschild & Co and www.compagnie-financiere-martin-maurel-sa.com/ for Compagnie Financière Martin Maurel in accordance with the provisions of Articles R. 236-2 and R. 236-2-1 of the French commercial code.

The proposed merger would allow the companies to:

- create a leading independent private bank in France, with combined AUM of c.€34 billion (including in Asset Management);
- offer a complete wealth management, asset management, financing and corporate finance advisory service;
- offer a greater geographic footprint in France, notably in the three key regions for its businesses which are Ile de France, Rhône-Alpes and Provence Alpes Côte d'Azur

The Martin Maurel group, of which Compagnie Financière Martin Maurel is the parent company, has been providing private banking, wealth management, asset management, and financial advisory services to individuals, companies, foundations, and associations since 1825. The Martin Maurel group remains true to its ethical vision and believes that the banker's role is to build a close

relationship with clients, based on its employees' experience and expertise. This vision is reflected by its determination to serve its clients, which has enabled the bank to achieve continuous and steady growth, resulting in almost €10 billion of assets under management, of which €7 billion for private banking at the end of 2015.

The private banking and asset management activities are one of three arms of Rothschild & Co, which represents €50 billion of assets under management on a worldwide basis and approximately €24 billion of assets under management in France, of which €10 billion in private banking. This activity has adopted a Trusted Advisor model and offers its clients long-term global advice based on two pillars: wealth structuring and discretionary portfolio management.

Integrating the two businesses would rely on the quality of the teams already in place and the unique complementarity that exists between the two groups. The new combined group would operate under the name Rothschild Martin Maurel in France, reflecting the desire to preserve the well-established partnership of the founding families and the values that they wish to perpetuate.

The private banking sector in France, the third largest in Europe, has seen significant annual growth estimated at 4% since 2009 and offers real growth opportunities. Rothschild Martin Maurel would become a major player in this market and would be well placed to offer its clients an enhanced service thanks to its bankers' expertise, the quality of its offer, and its geographical coverage across France. The combined entity would be able to advise entrepreneurs and families on both a personal and professional level, while being closer to them.

The proposed merger will be submitted for approval to the extraordinary general meetings of shareholders of Rothschild & Co and Compagnie Financière Martin Maurel to be held on 29 September 2016 and 28 September 2016 respectively. The agenda and the draft text of the resolutions submitted to the extraordinary general meeting of shareholders of Rothschild & Co were published in the official bulletin of legal notices (*Bulletin des annonces légales obligatoires*) on 24 August 2016 (Bulletin no. 102, Publication no. 1604409).

The vote on the transaction by the shareholders of Compagnie Financière Martin Maurel has been secured, as Compagnie Financière Martin Maurel has already received irrevocable support for the merger from shareholders representing more than the qualified majority required to vote the merger.

In addition, in accordance with the applicable regulations, the following documents were made available to Rothschild & Co's shareholders at the registered office located at 23 bis avenue de Messine, 75008 Paris and on the website www.RothschildandCo-documents-sur-la-fusion-2016.com:

- the draft merger agreement established by private instrument dated 29 July 2016 between Rothschild & Co and Compagnie Financière Martin Maurel;
- the opinion of the employee representative committee of the Rothschild economic and social unit on the principle of a proposed merger between the Rothschild and Martin Maurel groups, which would take the form of a merger between Compagnie Financière Martin Maurel and Rothschild & Co dated 16 June 2016;
- the reports of the merger auditors dated 19 August 2016, prepared in accordance with Article L. 236-10 of the French commercial code;
- the report of Rothschild & Co Gestion, in its capacity as Managing Partner of Rothschild & Co, prepared in accordance with Article L. 236-9 of the French commercial code;
- the report of the Supervisory Board of Rothschild & Co, prepared in accordance with article 10.2.3 of the articles of association of Rothschild & Co;
- the annual financial statements of Rothschild & Co, approved and certified for the financial year ended 31 March 2016;
- the annual financial statements and the management reports of Rothschild & Co relating to the financial years ended 31 March 2015 and 31 March 2014;
- the annual financial statements and the management reports of Compagnie Financière Martin Maurel relating to the financial years ended 31 December 2015, 31 December 2014, and 31 December 2013;
- the accounting statements of Compagnie Financière Martin Maurel as at 31 May 2016;
- and, more generally, all documents to be produced under the shareholders' permanent right to communication.

The main characteristics of the merger, its valuation, and its remuneration are summarised below.

2. MAIN CHARACTERISTICS OF THE MERGER

I. Presentation of the Companies	
Acquiring company	Rothschild & Co , a limited partnership with a share capital of 142,274,072 euros, registered with the Paris trade and companies register under the number 302 519 228 RCS, having its registered office at 23 bis, avenue de Messine, 75008 Paris
Acquired company	Compagnie Financière Martin Maurel , a public limited company with a share capital of 9,307,840 euros, registered with the Marseille trade and companies register under the number 055 800 239 RCS, having its registered office at 43, rue de Grignan, 13006 Marseille.
Capital links between the two companies	<p>As at the date of this document, Compagnie Financière Martin Maurel holds 639,250 shares of Rothschild & Co representing 0.90% of the share capital and 1.23% of the voting rights of Rothschild & Co, and Rothschild & Co holds 1,821 shares of Compagnie Financière Martin Maurel, representing 2.27% of the share capital and 2.32% of the voting rights of Compagnie Financière Martin Maurel.</p> <p>As at the date of this press release, Rothschild & Co has entered into share transfer agreements with shareholders of Compagnie Financière Martin Maurel whereby it will immediately acquire 28,335 cash shares of Compagnie Financière Martin Maurel immediately before the completion of the merger. Rothschild & Co will continue to enter into such share transfer commitments between the date of this press release and the merger completion date.</p> <p>The holding of Rothschild & Co shares by Compagnie Financière Martin Maurel will remain unchanged at the merger completion date.</p>
Executives in common	<p>Lucie Maurel-Aubert, Deputy CEO of Compagnie Financière Martin Maurel, is also a member of the Supervisory Board of Rothschild & Co.</p> <p>David de Rothschild, Chairman of Rothschild & Co Gestion, itself Managing Partner of Rothschild & Co, is also a member of the Board of Directors of Compagnie Financière Martin Maurel.</p>
II. Financial statements and valuation methods used to establish the merger terms	
Financial statements used to establish the merger terms	<p>The merger agreement was established on the basis of the following financial information:</p> <ul style="list-style-type: none"> – Compagnie Financière Martin Maurel's financial statements at 31 December 2015 approved by its General Meeting on 31 May 2016; – Rothschild & Co's financial statements at 31 March 2015 approved by its General Meeting on 24 September 2015; – Rothschild & Co's consolidated half-year financial statements at 30 September 2015, which underwent a limited review by its statutory auditors; – Rothschild & Co's consolidated (unaudited) balance sheet at 31 December 2015, prepared using the same methods and presentation as the last annual balance sheet; – Rothschild & Co's financial statements at 31 March 2016, audited by the statutory auditors and appearing in Rothschild & Co's annual report referred to in Article L. 451-1-2 of the French monetary and financial code; and

	<p>– Compagnie Financière Martin Maurel's accounting statement at 31 May 2016, prepared using the same methods and presentation as the last annual balance sheet, which underwent a limited review by the Compagnie Financière Martin Maurel's statutory auditors.</p> <p>Compagnie Financière Martin Maurel's financial statements at 31 December 2016 will be approved by the Managing Partner of Rothschild & Co, if they have not been approved by the Board of Directors of Compagnie Financière Martin Maurel at the merger completion date, and will be used to determine the actual final values of the assets and liabilities and consequently the final value of the transferred net assets, as at the effective date of the merger.</p>	
Valuation method	In accordance with articles 710-1 <i>et seq.</i> of the new general accounting plan (<i>nouveau plan comptable général</i>), and insofar as it involves a merger constituting a "direct" operation (<i>opération dite "à l'endroit"</i>) and involving two companies "under separate control", the contribution value of the assets and liabilities transferred by Compagnie Financière Martin Maurel must be their actual value at the date when the merger will take effect from a tax and accounting perspective, i.e., 1 January 2017.	
Designation and valuation of the transferred assets and liabilities		
Transferred assets and liabilities	<p>In accordance with the provisions of Article L.236-3 of the French commercial code, Compagnie Financière Martin Maurel will transfer to Rothschild & Co, subject to the fulfilment of the Conditions Precedent (defined below), its entire asset base in their condition as at the merger completion date.</p> <p>Accordingly, the respective actual values of the transferred assets and liabilities and the resulting transferred net assets are purely approximate, non-exhaustive, and provisional in nature, as the merger is a universal transfer of the Compagnie Financière Martin Maurel's assets and liabilities in their condition as at the merger completion date.</p> <p>The final actual values of the assets and liabilities transferred to Rothschild & Co and, accordingly, the resulting transferred net assets will be determined on the basis of the individual financial statements of Compagnie Financière Martin Maurel at 31 December 2016, with the understanding that the actual value of the financial assets has been definitively fixed at 231,155,672 euros.</p>	
Provisional total transferred assets	246,813,582 euros	
Provisional total transferred liabilities	11,889,954 euros	
Estimated transferred net assets	Provisional total transferred assets	246,813,582 euros
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	Estimated transferred net assets	234,923,627 euros
Provisional overall value of transferred net assets	Given that the final amount of the net assets transferred by Compagnie Financière Martin Maurel will not be known until after the effective date of the merger, and in the absence of any net asset guarantee granted by the shareholders of Compagnie Financière	

	<p>Martin Maurel, it was expressly agreed between Rothschild & Co and Compagnie Financière Martin Maurel that the provisional transferred net assets applied will be equal to the aforementioned estimated amount of transferred net assets (i.e., 234,923,627 euros to which a 10% discount will be applied).</p>		
	<table border="1"> <tr> <td data-bbox="563 378 979 416">Estimated transferred net assets</td> <td data-bbox="979 378 1394 416">234,923,627 euros</td> </tr> </table>	Estimated transferred net assets	234,923,627 euros
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<p>Final net asset value</p>	<p>The final actual values of the transferred assets and liabilities, as well as the resulting final transferred net assets, shall be determined definitively once Compagnie Financière Martin Maurel's individual financial statements at 31 December 2016 have been approved. Compagnie Financière Martin Maurel's individual financial statements at 31 December 2016 will be approved by Rothschild & Co's Managing Partner after the merger completion date if they were not approved by Compagnie Financière Martin Maurel's Board of Directors before its dissolution.</p> <p>To that end, a proposal will be made at the general meetings of Rothschild & Co and Compagnie Financière Martin Maurel called to approve the merger to grant the Managing Partner of Rothschild & Co a delegation to approve Compagnie Financière Martin Maurel's individual financial statements at 31 December 2016 if its board of directors has not approved them before the Compagnie Financière Martin Maurel's dissolution and to determine the final transferred net asset amount.</p> <p>The difference between the provisional transferred net asset amount and the final transferred net asset amount will constitute an upward adjustment of the estimated merger premium.</p>		
<p>III. Exchange ratio and consideration for the merger</p>			
<p>Exchange ratio</p>	<p>The exchange ratio is 126 Rothschild & Co shares for 1 Compagnie Financière Martin Maurel share.</p> <p>The proposed exchange ratio was determined in accordance with the valuations used for Compagnie Financière Martin Maurel and Rothschild & Co based on multi-criteria approaches. The usual valuation methods were used, adapted to the business sectors and the specific characteristics of the two companies, and on the basis of financial and prudential information publicly available as at the date of establishment of this ratio.</p> <p>The various valuation methods used (where relevant) to determine the exchange ratio are as follows:</p> <ul style="list-style-type: none"> - Analysis of historical stock prices; - Analysis of previous capital operations; - Analysis of market multiples (equity, tangible equity, normalised net income, regression) of comparable listed companies; - Analysis of multiples of comparable transactions; - Intrinsic approach by the Warranted Equity Value method. 		
<p>Consideration for the merger</p>	<p>In accordance with the provisions of Article L.236-3-II of the French commercial code, there will be no consideration for Rothschild & Co for (i) the shares that it holds in Compagnie Financière Martin Maurel, 1,821 Compagnie Financière Martin Maurel shares at the date hereof, and (ii) the Compagnie Financière Martin Maurel cash shares that will be acquired by Rothschild & Co, including pursuant to the</p>		

	<p>share transfer agreements entered into previously or in the future, where applicable, after the date hereof with certain shareholders of Compagnie Financière Martin Maurel, with the understanding that the share transfer agreements already entered into at the date hereof pertain to 28,335 Compagnie Financière Martin Maurel shares.</p> <p>On the basis of the exchange ratio, and taking into account the lack of consideration for the Compagnie Financière Martin Maurel shares held by Rothschild & Co, Rothschild & Co would carry out a capital increase of a total maximum nominal amount of 12,621,168 euros, plus an estimated merger premium of 119,349,463 euros, by issuing, in consideration for the merger contribution, a maximum of 6,310,584 new shares, each with a nominal value of 2 euros.</p> <p>Rothschild & Co's share capital would therefore be increased by a maximum of 12,621,168 euros, taking into account the completion of the merger (and excluding other capital increases completed before the merger completion date), to a maximum of 154,895,240 euros.</p> <p>Rothschild & Co reserves the possibility of allotting fully paid up treasury shares with a nominal value of 2 euros each to the shareholders other than itself in exchange for their Compagnie Financière Martin Maurel shares and in place of newly issued Rothschild & Co shares.</p> <p>The treasury shares would be allotted in conjunction with or as an alternative to new shares of Rothschild & Co. Therefore, either 126 new shares, or 126 treasury shares, could be allotted for 1 Compagnie Financière Martin Maurel share.</p> <p>Rothschild & Co's Managing Partner will determine the number of treasury shares with a nominal value of 2 euros allotted in place of, in full or in part, newly issued shares of Rothschild & Co to Compagnie Financière Martin Maurel's shareholders other than Rothschild & Co.</p> <p>If the number of Compagnie Financière Martin Maurel shares held by Rothschild & Co and/or allotment of treasury shares by Rothschild & Co and/or the number of shares composing the share capital of Compagnie Financière Martin Maurel changes, the number of Rothschild & Co shares to be issued in consideration for the merger and correlatively the nominal amount of the resulting capital increase (and the estimated merger premium) would be automatically restated accordingly.</p> <p>All the newly issued shares will be subject to all statutory and regulatory provisions. Upon their issue, they will be fully equivalent to the existing shares representing Rothschild & Co's share capital, carry current dividend rights, and, in particular, would be eligible for any distribution of dividends, interim dividends, or reserves decided subsequent to their issue, with the understanding that they will not be eligible for the ordinary dividend distribution for the financial year ended 31 March 2016 to be decided following the General Meeting of Rothschild & Co approving the merger and that a proposal will be made at that General Meeting to distribute a dividend of 63 cents per share for that financial year.</p>	
<p>Merger premium – Adjustment of the merger premium</p>	<p>Proportion of provisional net assets transferred by Compagnie Financière Martin Maurel corresponding to the Compagnie Financière Martin Maurel shares not held by Rothschild & Co</p>	<p>131,970,631 euros</p>

	Nominal amount of the maximum capital increase	12,621,168 euros
	Estimated merger premium	119,349,463 euros
	<p>The final amount of the merger premium will be determined by the Managing Partner of Rothschild & Co on the basis of the final number of new shares that Rothschild & Co will have issued as at the merger completion date (considering in particular the Compagnie Financière Martin Maurel shares that will be acquired by Rothschild & Co before the completion of the merger, any allotted treasury shares, and the final transferred net asset amount).</p> <p>The final merger premium will be equal to the difference between (i) the proportion of the transferred final net assets corresponding to the Compagnie Financière Martin Maurel shares not held by Rothschild & Co and remunerated through newly issued shares of Rothschild & Co and (ii) the nominal value of the capital increase relating to these newly issued shares of Rothschild & Co.</p>	
Merger surplus/deficit	<p>The difference between the proportion of the transferred final net assets corresponding to the Compagnie Financière Martin Maurel shares held by Rothschild & Co and the book value of the Compagnie Financière Martin Maurel shares in Rothschild & Co's books will constitute a merger surplus or a merger deficit, depending on whether this difference is positive or negative.</p>	
Surplus/deficit resulting from the allotment of treasury shares	<p>On the basis of the number of treasury shares allotted, if any, there will be a surplus or deficit corresponding to the positive or negative difference, as the case may be, between the proportion of contributed net assets remunerated by the allotment of treasury shares and the net book value of these treasury shares in the financial statements of Rothschild & Co.</p>	
IV. Conditions precedent for completion of the merger		
	<p>The completion of the merger is subject to the fulfilment of the following conditions precedent:</p> <ul style="list-style-type: none"> – Authorisation of the merger by the Competition Authority in France; – Authorisations necessary for the merger from the French Prudential supervisory and resolution authority (<i>Autorité de Contrôle Prudentiel et de Résolution</i>), the European Central Bank, and the French financial markets authority (<i>Autorité des Marchés Financiers</i>); – Authorisations from the foreign regulatory authorities necessary for the substitution for Compagnie Financière Martin Maurel of Bernard Maurel, Lucie Maurel-Aubert, and BD Maurel in the shareholders' agreement relating to Rothschild & Co; – Approval of the merger, the merger agreement, and Compagnie Financière Martin Maurel's dissolution without liquidation by Compagnie Financière Martin Maurel's General Meeting at a date prior to Rothschild & Co's General Meeting; and – Approval by Rothschild & Co's General Partners and by its General Meeting of shareholders of the merger, merger agreement, corresponding contributions, Final Merger Premium, 	

	and Rothschild & Co's capital increase in consideration for Compagnie Financière Martin Maurel's merger contribution.
V. Date of completion and effective date of the merger	
Merger completion date	The merger will be definitively completed on 2 January 2017 or, if one or more of the conditions precedent are not met on this date, the fifth (5th) business day following the date when the last of these conditions precedent is met, and at the latest on 31 March 2017.
Effective date of the merger	However, the merger will take effect retroactively from an accounting and tax perspective on 1 January 2017.
VI. Double voting rights	
Double voting rights	<p>Holders of Compagnie Financière Martin Maurel shares who acquired a double voting right before the merger completion date will retain this double voting right, following the merger, in Rothschild & Co.</p> <p>Similarly, holders of registered Compagnie Financière Martin Maurel shares that have not yet acquired a double voting right as at the merger completion date will retain, following the merger, the benefit of the seniority acquired in Compagnie Financière Martin Maurel up to the merger completion date, which will be applied to the holding period required by Rothschild & Co for obtaining a double voting right, with the understanding that the conditions for granting double voting rights provided for in the articles of association of Rothschild & Co and Compagnie Financière Martin Maurel are similar.</p>
VII. Merger control	
Merger auditors	The merger was the subject of two reports dated 19 August 2016 by Mrs. Agnès Piniot and Mr. Jacques Potdevin, merger auditors appointed by order of the President of the Paris commercial court on 15 June 2016 at the joint request of Rothschild & Co and Compagnie Financière Martin Maurel. These reports indicate (i) that the overall value of the contributions, in the amount of 211,431,265 euros, is not overvalued and, therefore, that it is at least equal to the amount of the capital increase of Rothschild & Co plus the merger premium, and (ii) that the exchange ratio of 126 Rothschild & Co shares for 1 Compagnie Financière Martin Maurel share is fair.

About Rothschild & Co

Rothschild & Co is a family-controlled and independent business and has been at the centre of the world's financial markets for over 200 years. Listed on Euronext Paris, Rothschild & Co is one of the world's largest independent financial advisory groups, employing approximately 2,800 people in 40 countries around the world. There are three main arms to the Group - Global Financial Advisory, Private Wealth & Asset Management and Merchant Banking. Assets under management for the global Wealth and Asset Management amount to €50 billion, including approximately €10 billion for private banking in France..

About Compagnie Financière Martin Maurel:

Compagnie Financière Martin Maurel is the holding company of the group Martin Maurel, whose main interest is Banque Martin Maurel. Banque Martin Maurel is a family-owned, independent private bank. It operates out of seven locations across France and employs around 400 people. The group is headquartered in Marseille, and has major operations in the important Provence-Alpes-Côte d'Azur, Ile de France, and Rhône-Alpes regions of France. For the year ended 31 December 2015, net banking income for Compagnie Financière Martin Maurel was €102.7 million, a loan portfolio of about €1 billion, funded and managed conservatively, with a loan / deposit ratio below 60%. As at 31 December 2015, its net equity was €207.7 million and its CET1 ratio was 13.1%.

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