

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares, please send this document, together with any accompanying documents (**but not the personalised form of proxy**), as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward delivery to the purchaser or the transferee. However, such documents should not be forwarded, distributed or transmitted (in whole or in part) in, into or from any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or otherwise transferred part only of your holding of Existing Ordinary Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

A prospectus relating to Carphone Warehouse, prepared in accordance with the Prospectus Rules has been published and is available on Carphone Warehouse's website at www.cpwplc.com. Alternatively, Shareholders may, subject to applicable securities laws, request a copy of the Prospectus by telephoning 0871 384 2089 (from within the UK) or +44 (0)121 415 7047 (from outside of the UK) between 8.30 a.m. and 5.30 p.m., Monday to Friday (excluding public holidays). Calls to 0871 384 2089 will be charged at 8 pence per minute plus network extras. Calls to +44 (0)121 415 7047 from outside of the UK will be charged at applicable international rates. Different charges may apply to calls made from mobile telephones.

This document should be read in conjunction with the Prospectus and the information incorporated by reference from the Prospectus.

Carphone Warehouse Group plc

: CARPHONE WAREHOUSE : GROUP PLC

(Incorporated in England and Wales under the Companies Act 2006 with registered number 07105905)

Proposed acquisition of 50 per cent. interest in New BBED Limited and Notice of General Meeting of the Company

Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document and which contains the unanimous recommendation of the Directors that you vote in favour of the Resolutions to be proposed at the General Meeting of the Company referred to below. Please read the whole of this document and, in particular, the certain risks and other factors that should be considered set out in the section headed "Risk Factors" set out in the Prospectus, which are incorporated by reference into this document. You should not rely solely on the information included or summarised in this document.

Notice of a General Meeting of the Company to be held at the offices of Osborne Clarke, One London Wall, London EC2Y 5EB at 10.00 a.m. on 24 June 2013 is set out at the end of this document. A Form of Proxy for the General Meeting accompanies this document. To be valid, Forms of Proxy should be completed, signed and returned in accordance with the instructions printed on them so as to be received by the Company's Registrar, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, as soon as possible and in any event by 10.00 a.m. on 20 June 2013. If you hold Existing Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Company's Registrar, Equiniti (under CREST participant ID RA19), so that it is received by 10.00 a.m. on 20 June 2013. If you would like to submit your proxy vote electronically, you can do so by visiting www.sharevote.co.uk. You will need to enter Voting ID, Task ID and Shareholder Reference Number printed on the Form of Proxy and follow the online instructions. The deadline for receipt of electronic proxies is 10.00 a.m. on 20 June 2013. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting, should they so wish.

Application will be made to the FCA for all of the Ordinary Shares, issued and to be issued pursuant to the Acquisition, to be admitted to the standard listing segment of the Official List and to the London Stock Exchange for the Ordinary Shares to be admitted to trading on its main market for listed securities. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence at 8.00 a.m. on 25 June 2013. Because the Acquisition is classified as a reverse takeover under the Listing Rules, the Company intends to apply for cancellation of the Existing Ordinary Shares the listing on the Official List, and trading on the main market of the London Stock Exchange from Completion. Application will be made for the immediate readmission of the Existing Ordinary Shares and the admission of the Consideration Shares to

the standard listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. The Consideration Shares will rank *pari passu* in all respects with the Existing Ordinary Shares. No application has been made for the Ordinary Shares to be admitted to listing or dealt with on any other exchange.

Carphone Warehouse is admitted to the standard segment of the Official List and therefore is not required to consult or appoint a sponsor in connection with the Acquisition. Accordingly, Credit Suisse is acting solely as financial adviser to Carphone Warehouse in connection with the Acquisition, and not as sponsor for the purpose of the Listing Rules. Neither the FCA, the London Stock Exchange nor Credit Suisse have examined or approved the contents of this document.

Shareholders should only rely on the information contained in this document and the Prospectus. No person has been authorised to give any information or make any representations other than those contained or incorporated in this document and, if given or made, such information or representation must not be relied upon as having been so authorised by Carphone Warehouse, the Directors or Credit Suisse. No representation or warranty, express or implied, is made by Credit Suisse as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by Credit Suisse as to the past, present or future. In particular, the contents of Carphone Warehouse's website do not form part of this document and Shareholders should not rely on them. Without prejudice to any legal or regulatory obligation on Carphone Warehouse to publish a supplementary prospectus pursuant to section 87G of the FSMA and Prospectus Rule 3.4, neither the delivery of this document nor Admission shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group taken as a whole since the date of this document or that the information in it is correct as of any time after the date of this document.

Persons into whose possession this document comes should inform themselves about and observe any applicable restrictions and legal, exchange control or regulatory requirements in relation to the distribution of this document and the Acquisition. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction. The contents of this document should not be construed as legal, business or tax advice.

The Ordinary Shares have not been, and will not be, registered under the Securities Act, or with any securities regulatory authority of any state or any other jurisdiction of the United States or under the applicable securities laws of any jurisdiction outside the United Kingdom. Accordingly, the Ordinary Shares may not be offered, sold or otherwise transferred, directly or indirectly, in or into any such jurisdiction or for the account or benefit of citizens or residents of any such jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of such jurisdiction. Shareholders outside the United Kingdom are required by Carphone Warehouse to inform themselves about and observe any restrictions on the offer, sale or transfer of Ordinary Shares.

The distribution of this document and any accompanying documents and the allotment and issue of Ordinary Shares in jurisdictions other than the United Kingdom may be restricted by law. Persons outside the United Kingdom into whose possession this document and any accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of the relevant jurisdiction. No action has been taken by Carphone Warehouse or Credit Suisse to obtain any approval, authorisation or exemption to permit the allotment or issue of Ordinary Shares or the possession or distribution of this document (or any other publicity material relating to the Ordinary Shares) in any jurisdiction other than the United Kingdom.

Credit Suisse, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting for Carphone Warehouse and no-one else in connection with the Acquisition and will not regard any other person (whether or not a recipient of this document) as its client in relation to the Acquisition and will not be responsible to anyone other than Carphone Warehouse for providing the protections afforded to its clients nor for the giving of advice in relation to the Acquisition or any other matter or arrangement referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Credit Suisse by the FSMA or the regulatory regime established thereunder, Credit Suisse accepts no responsibility whatsoever for the contents of this document, including its accuracy, completeness or for any other statement made or purported to be made by it, or on its behalf, in connection with Carphone Warehouse, the Ordinary Shares, the Acquisition or Admission. Credit Suisse, its subsidiaries, branches and affiliates accordingly disclaim all and any duty, liability and responsibility whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement or otherwise.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2013

Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 20 June
General Meeting	10.00 a.m. on 24 June
Completion	24 June
Cancellation of admission of Existing Ordinary Shares	By 8.00 a.m. on 25 June
Admission and dealings commence in the Ordinary Shares	8.00 a.m. on 25 June

All references in this document to times are to London time unless otherwise stated.

Each of the above dates is subject to change at the absolute discretion of the Company and Credit Suisse. Any changes will be announced via a Regulatory Information Service.

FORWARD-LOOKING STATEMENTS

Certain statements contained or incorporated in this document, including those in the section headed “Risk Factors” of the Prospectus, constitute “forward-looking statements”. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “projects”, “aims”, “plans”, “predicts”, “prepares”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Shareholders should specifically consider the factors identified in this document, which could cause actual results to differ before making an investment decision. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Carphone Warehouse, and/or the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which Carphone Warehouse, and/or the Group will operate in the future. Such risks, uncertainties and other factors are set out more fully in the section of this document headed “Risk Factors”. These forward-looking statements speak only as at the date of this document. Except as required by the FCA, the London Stock Exchange or applicable law (including as may be required by the UKLA Rules), Carphone Warehouse expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in Carphone Warehouse’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The statements above relating to forward-looking statements should not be construed as a qualification on the opinion of the Carphone Warehouse as to working capital set out in paragraph 5 of Part III of this document.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future or are beyond the Group’s control. Forward-looking statements are not guarantees of future performance. The Company’s actual results of operations, financial condition and the development of the business sector in which the Group operates may differ materially from those suggested by the forward-looking statements contained in this document including, but not limited to, UK domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, currency changes, inflation, deflation, the timing impact and other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which the Group and its affiliates operate. In addition, even if the Company’s actual results of operations, financial condition and the development of the business sector in which the Group operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Shareholders are advised to read, in particular, the following parts of the Prospectus for a more complete discussion of the factors that could affect the Group's future performance and the industry in which the Group operates: the section entitled Risk Factors on pages 18 to 25 of the Prospectus, Part II (Information on the Group), Part III (Information on CPW Europe), Part IV (Operating and Financial Review of the Group), Part V (Operating and Financial Review of the New BBED Group) and Part VII (Historical Consolidated Financial Information relating to the Group). In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

The forward-looking statements contained in this document speak only as of the date of this document. The Company, the Directors and Credit Suisse expressly disclaim any obligations or undertaking to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable law, the Prospectus Rules, the Listing Rules or the Disclosure and Transparency Rules.

PART I

LETTER FROM THE CHAIRMAN OF THE COMPANY

⋮ **CARPHONE WAREHOUSE** ⋮ **GROUP PLC**

Directors:

Sir Charles Dunstone (*Chairman*)
Roger Taylor (*Chief Executive Officer*)
Nigel Langstaff (*Chief Financial Officer*)
John Gildersleeve (*Non-Executive Director*)
John Allwood (*Non-Executive Director*)
Baroness Morgan of Huyton (*Non-Executive Director*)

Registered and Head Office:

Carphone Warehouse Group plc
One Portal Way
London
W3 6RS

6 June 2013

To Shareholders and, for information only, to persons with information rights

Dear Shareholder,

Proposed acquisition of 50 per cent. interest in New BBED Limited Notice of General Meeting

1. Introduction

The Board announced on 30 April 2013 that it had conditionally agreed to acquire the 50 per cent. of New BBED Limited that the Company does not already own from Best Buy for a net consideration of £471 million.

£341 million of the net consideration will be paid in cash on Completion, with the balance satisfied by the issue to Best Buy on Completion of an £80 million stake in the Company (the Consideration Shares) and £50 million of deferred cash consideration payable in two equal instalments on the first and second anniversaries of Completion. The Acquisition is subject, *inter alia*, to the approval of Shareholders at the General Meeting to be held on 24 June 2013.

On 29 April 2013, Best Buy Distributions, Best Buy UK Holdings, Best Buy, New BBED and the Company entered into the Implementation Agreement to provide for the implementation of the Acquisition. The Acquisition will be effected by, and Best Buy Distributions and Best Buy UK Holdings have agreed to, the capital reduction and cancellation of all of the ordinary shares and deferred shares that they hold in New BBED, being in total 50 per cent. of the issued share capital of New BBED. On completion of the capital reduction and cancellation, the remaining shares in New BBED registered in the name of Carphone Warehouse will represent the entire issued share capital of New BBED.

As a company admitted to the standard segment of the Official List, Carphone Warehouse is not subject to the provisions of Chapter 10 of the Listing Rules; however, the Company has publicly stated that it intends to comply with such rules as if it were a premium listed company. As the Acquisition is classified as a reverse takeover under Chapter 10 of the Listing Rules, the Acquisition is conditional, amongst other things, upon the approval of Shareholders at the General Meeting to be held at 10.00 a.m. on 24 June 2013. The Acquisition is also conditional upon the readmission of the Existing Ordinary Shares and the admission of the Consideration Shares to the standard segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.

The purpose of this document is to provide Shareholders with details of the Acquisition, including the background to and reasons for it, to explain why the Board unanimously considers it to be in the best interests of the Company and its Shareholders as a whole, and to recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.

The action you should take to vote on the Resolutions, and the recommendation of the Board, are set out in paragraphs 11 and 13 respectively of this letter.

2. Information on New BBED

New BBED is a jointly held vehicle, owned by Carphone Warehouse, Best Buy Distributions and Best Buy UK Holdings. Carphone Warehouse currently owns 50 per cent. of the entire issued share capital of New BBED.

CPW Europe, the New BBED Group's continuing business, is one of the largest independent telecommunications retailers in Europe, operating 2,377 stores in eight European countries as at 31 March 2013, principally under the Carphone Warehouse and Phone House brands, together with a well-developed online proposition. CPW Europe specialises in mobile handsets, tablets and other connected devices, combining hardware with connections to service providers to create subsidised propositions. The business has highly-trained consultants who provide specialist and independent advice in areas of product and service complexity, and offers ongoing customer support beyond the point of sale, including a comprehensive range of insurance and technical support services. For the year ended 31 March 2012, CPW Europe had revenues of £3.3 billion, generated Headline EBIT of £135 million and Headline profit before tax of £119 million (both as reported by the Group) and had gross assets of £1.8 billion.

As the most significant part of its business, Carphone Warehouse has disclosed summary financials for the New BBED Group (within the results of the Best Buy Europe Group), on a 100 per cent. basis, at each of its interim and full year results since the formation of the joint venture in 2008, as well as providing ordinary course trading updates through interim management statements. CPW Europe's strategy and KPI's remain consistent with those described at Carphone Warehouse's last strategy day in June 2012 and as also described in the 2012 Carphone Warehouse Annual Report.

In addition, the New BBED Group (through its wholly-owned subsidiary Best Buy Europe) has published and submitted to UK Companies House its full year statutory audited consolidated accounts for each of the last three financial years in accordance with the associated UK requirements and accounting standards. There are no material differences between the accounting policies used by the Carphone Warehouse Group and the New BBED Group. Financial information in relation to the New BBED Group is incorporated by reference into this document. Shareholders should read the whole of this document, and the information incorporated by reference into it, and not rely solely on the summary financial information contained within it.

The Directors believe that there is sufficient publicly available information on the New BBED Group to allow Shareholders to assess the Enlarged Group's financial position, should the Acquisition complete. *Pro forma* financial information on the Enlarged Group is incorporated by reference into this document.

3. Background to, and reasons for, the Acquisition

Carphone Warehouse and the Best Buy Group have jointly owned the New BBED Group since June 2008. Completion will result in Carphone Warehouse owning 100 per cent. of New BBED, which the Directors believe will bring the following benefits:

- a simplified ownership structure, making day-to-day management easier, the strategic decision-making process more streamlined and the ability to better leverage CPW Europe's asset base and know-how;
- full ownership of growth opportunities across Europe and other potential markets;
- a simplified investment case and full consolidation of CPW Europe into the Carphone Warehouse Group;
- a greater financial profile;
- the opportunity for significant value creation over the medium term; and
- the potential for Carphone Warehouse to achieve admission to the premium segment of the Official List, subject to FCA approval, and inclusion in the FTSE UK Index series.

The Directors expect the Acquisition to be earnings enhancing in the current financial year¹.

¹ This statement is not intended to be a profit forecast and no statement in this document should be interpreted to mean that the earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

4. Principal terms of the Acquisition

The Acquisition is governed by the terms of the Implementation Agreement. It is proposed to be effected through the capital reduction and cancellation of all of the ordinary shares and deferred shares held by Best Buy Distributions and Best Buy UK Holdings in New BBED, being in total 50 per cent. of the issued share capital of New BBED.

The gross consideration payable by the Group in connection with the Acquisition is £500 million. However, payments due to the Group from the Best Buy Group of approximately £29 million in respect of the prepayment or termination of the Group's other interests with the Best Buy Group pursuant to the terms of the Termination Agreement will be offset against the gross consideration, with the net consideration therefore being £471 million. Further details of the Termination Agreement are set out in Part II of this document.

The net consideration for the Acquisition will be satisfied as follows:

- £341 million payable in cash on Completion, funded through the net proceeds of the Placing and a new £250 million four-year amortising sterling term loan facility (further details of which are set out in paragraph 6.5 of Part XII of the Prospectus);
- £80 million by the issue to the Best Buy Group on Admission of the Consideration Shares at 190 pence per share, representing approximately 7.5 per cent. of the Company's issued ordinary share capital immediately after Admission; and
- £50 million of Deferred Consideration, which bears interest at 2.5 per cent. per annum, payable to the Best Buy Group in two equal instalments of £25 million each in cash on the first and second anniversaries of Completion.

The Consideration Shares will be subject to a lock-in period of 12 months from the date of Completion (the "**Lock-in Period**") during which members of the Best Buy Group may not dispose of any interest in the Consideration Shares. Each of Best Buy, Best Buy Distributions and Best Buy UK Holdings has also agreed (subject to certain exceptions) to waive any rights to dividends payable on the Consideration Shares held by them during the Lock-in Period ("**Waived Dividends**").

Carphone Warehouse will have the right during the Lock-in Period to place the Consideration Shares on behalf of members of the Best Buy Group at a price not less than the issue price ("**Original Value**"), should the Company determine that there is sufficient demand in the market. If the aggregate of the proceeds from any sale of the Consideration Shares during the Lock-in Period and the value at the end of such period of any Consideration Shares still held by members of the Best Buy Group ("**Total Value**") is greater than the Original Value then Carphone Warehouse will retain the amount by which the Total Value exceeds the Original Value. In turn, Carphone Warehouse has an obligation to compensate Best Buy UK Holdings if such Total Value is less than 80 per cent. of the Original Value ("**Minimum Value**") by an amount equal to the difference between the Total Value and the Minimum Value. If the Total Value is greater than the Minimum Value but less than the Original Value then the Company has to compensate Best Buy UK Holdings for the amount of such difference but only up to the amount of the Waived Dividends. If the Total Value is less than the Minimum Value, any compensation up to £10 million will be paid in cash with any additional compensation being satisfied as the Company may decide in cash and/or by the issue of further shares in the Company based on the share price at that time. Any Consideration Shares and any compensation shares held by members of the Best Buy Group in the 12 months following the end of the Lock-in Period may be sold as the Best Buy Group decides, subject to an orderly market obligation.

Further terms of the Implementation Agreement are set out in Part II of this document.

As part of the Acquisition, CPW Europe will enter into the Geek Squad Licence Agreement with Best Buy under which CPW Europe will have the exclusive right (subject to certain rights of Best Buy) to continue using the Geek Squad brand across its existing European markets, including the UK. A summary of the key terms of the Geek Squad Licence Agreement is set out in Part II of this document.

5. Current trading, prospects and operational trends of the Enlarged Group

CPW Europe

For the quarter ended 31 March 2013, CPW Europe's UK business continued the momentum of the quarter ended 31 December 2012, with strong connections growth and like-for-like revenue

growth of 15 per cent. The business continued to invest in the proposition and grew its market share in both the postpay and prepay segments; it also maintained the significant tablet sales growth seen in the third quarter, as the business gained further authority in this product category.

In mainland Europe, excluding France, CPW Europe enjoyed positive like-for-like revenue growth, whilst France itself continued to be particularly challenging. Nevertheless with a solid performance across other European markets, total CPW Europe connections growth was 9.7 per cent. and like-for-like revenue growth was 6.5 per cent. for the quarter. In France, CPW Europe has completed its strategic review and has decided to pursue an orderly exit by means of store disposals and some store closures, in conjunction with due process. In the meantime, its stores will continue to trade with a key priority being to minimise the impact on its people. The Group had previously indicated that restructuring activity in the second half of the year to 31 March 2013, including activity in France, was expected to result in non-Headline pre-tax cash costs of £20-25 million and non-cash asset write-downs of £5-10 million. In light of the situation in France, a further non-cash impairment charge of approximately £80-90 million, relating to goodwill and fixed assets, will be included as a non-Headline item in the 52 weeks ended 31 March 2013.

Virgin Mobile France (46 per cent. joint venture)

Despite continued intense competition, Virgin Mobile France produced year-on-year revenue growth of 4.2 per cent. for the financial year ended 31 March 2013. As expected, revenue for the quarter ended 31 December 2012 declined, by 9.7 per cent., with inbound revenue recorded for the first time in the comparative period. The postpay base was down by 52,000 customers for the quarter; however, Virgin Mobile France reported postpay net additions of 11,000 for the full year. The Full MVNO base continues to grow strongly with approximately 50 per cent. of customers on this platform as at 31 March 2013. There remains further benefit to come from this migration, as it reaches progressively across the customer base.

Carphone Warehouse Group plc

The Group sold one of its freehold properties during the quarter ended 31 March 2013 for proceeds of £40.5 million. A second freehold property has been sold since 31 March 2013 for £10.5 million, proceeds from which were not included in the year end cash balance. Both properties are located in Acton, London.

Prospects and trends

CPW Europe has benefitted from the rapid development of smartphones, tablets and other connected devices, which use mobile and other networks to connect to the internet. Increasing choice, and product and service complexity, is supported well by CPW Europe's proposition of expert, impartial advice. Product innovation is expected to continue and further growth in the smartphone and tablet categories is anticipated over the next five years.

CPW Europe is also affected by the performance of MNOs, from whom significant revenues are derived. Regulatory intervention, weakened consumer spending and competition have combined to put downward pressure on ARPUs in recent years. The MNOs in CPW Europe's markets are investing to develop 4G services, which are expected to become a much more significant part of the market in coming years. In the US and elsewhere, MNOs have applied a premium for higher quality 4G services, and for higher levels of data usage, and it is anticipated that MNOs in Western Europe may seek to adopt a similar approach in order to stimulate ARPU.

Virgin Mobile France is affected by ARPUs in the French market, which has seen particularly intense competition in the last two years, and which has witnessed a decline of approximately 15 per cent. in mobile service revenues during this period. Further downward pressure is anticipated although, as in other markets, the development of 4G services may provide an opportunity for mobile operators to counter some of this pressure.

6. Financial effects of the Acquisition²

The net consideration for the Acquisition is £471 million, of which £80 million will be settled by the issue of the Consideration Shares to the Best Buy Group, and of which £50 million is deferred, payable in two equal instalments in cash on the first and second anniversaries of Completion. The net cash consideration payable on Completion is therefore £341 million.

2. The financial information in this section is extracted from the unaudited consolidated *pro forma* statement of net assets of the Enlarged Group, contained in Part IX of the Prospectus.

The net cash consideration will be funded from the proceeds of the Placing, which raised net proceeds of £103 million, and a new £250 million four-year sterling term loan facility, details of which are set out in paragraph 6.5 of Part XII of the Prospectus.

Fees and other cash costs associated with the Acquisition are expected to be approximately £19 million.

Following the Acquisition, the Company will control New BBED. The Group will therefore derecognise its joint venture interests in the New BBED Group and will instead consolidate the net assets of the New BBED Group in full. The fair value of the net assets of the New BBED Group is assumed to be double the gross consideration of £500 million, and is therefore £1 billion. After derecognising the Group's *pro forma* investment in the New BBED Group of £517 million and accounting for non-share consideration of £420 million, the Acquisition results in an increase of £63 million in *pro forma* net assets. The Placing resulted in an increase of £103 million to net assets, while expected fees and other cash costs of £19 million result in a decrease in net assets, and in aggregate, a net increase of £147 million is expected in *pro forma* net assets.

From Completion, the Group will consolidate 100 per cent. of the results of the New BBED Group.

The Group intends to maintain its existing progressive dividend policy, generally with a minimum of three times cover based on Headline earnings. In view of the Group's requirement to fund the Deferred Consideration payable pursuant to the Acquisition, the Directors will reserve the Group's position as to the form of dividend payments over the two years from Completion between cash and scrip.

7. Profit estimate

Part VIII of the Prospectus includes a profit estimate, which is incorporated by reference into this document. The profit estimate as stated is correct as at the date of the publication of this document.

8. Risk factors

Shareholders should consider fully and carefully the risk factors associated with the Enlarged Group and the Acquisition. Your attention is drawn to the risk factors set out in pages 18 to 25 of the Prospectus, which are incorporated by reference into this document.

9. Carphone Warehouse employee share schemes

Carphone Warehouse proposes to establish two new shares schemes: the CPW SAYE Scheme, the principal provisions of which are summarised in paragraph 11.3 of Part XI of the Prospectus; and the CPWG Share Plan, the principal provisions of which are summarised in paragraph 11.4 of Part XI of the Prospectus.

Shareholders will be asked to approve the establishment of the CPW SAYE Scheme and the CPWG Share Plan at the General Meeting. The full text of the resolutions relating to these schemes is set out in the notice convening the General Meeting at the end of this document.

The Group adopted the Carphone Warehouse Share Scheme, the principal provisions of which are set out in paragraph 11.2 of Part XI of the Prospectus, on 24 February 2010. The Carphone Warehouse Share Scheme expires on the tenth anniversary of its adoption by the Company. At the General Meeting Shareholders will be asked to authorise an extension of the life of the Carphone Warehouse Share Scheme so that it expires on the tenth anniversary of the General Meeting. The full text of the resolution relating to the Carphone Warehouse Share Scheme is set out in the notice convening the General Meeting at the end of this document.

The Best Buy Europe LTIP was introduced in 2010 to provide incentives to employees of the Best Buy Europe Group. The Participation Plan operates in tandem with the Best Buy Europe LTIP, and was introduced in 2011 to complement the Best Buy Europe LTIP. It is proposed that outstanding awards under the Best Buy Europe LTIP and the Participation Plan are accelerated and that these awards will be satisfied in Carphone Warehouse Shares. This proposal is set out in more detail in paragraph 11.1 of Part XI of the Prospectus. The approval of Shareholders for the changes needed to put this proposal into effect is being sought at the General Meeting. Shareholders will be asked to authorise the Directors to allot new Ordinary Shares, free of pre-emption rights, for the purposes of satisfying these awards, and to amend the options granted under the Participation Plan to accelerate their vesting. The full text of the resolutions relating to the Best Buy Europe LTIP and Participation Plan, and related allotment and disapplication of pre-emption rights, is set

out in the notice convening the General Meeting at the end of this document. The Directors have a present intention of exercising the authority to allot shares to satisfy the awards, as described above.

The full text of the proposed CPW SAYE Scheme and the CPWG Share Plan, and the amended Carphone Warehouse Share Scheme and the Participation Plan will be available for inspection, from the date of this document until the close of the General Meeting, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Osborne Clarke, One London Wall, London EC2Y 5EB.

10. General Meeting

The notice convening the General Meeting to be held at the offices of Osborne Clarke, One London Wall, London EC2Y 5EB at 10.00 a.m. on 24 June 2013 is set out at the end of this document. The purpose of the meeting is to approve the Resolutions.

The full text of the Resolutions is set out in the notice convening the General Meeting at the end of this document. In the event that Resolution 1 is not passed, the Acquisition will not proceed. Resolutions 2, 3, 4 and 5 are conditional upon the passing of Resolution 1. Resolution 6 is conditional upon the passing of Resolutions 1 and 5.

11. Action to be taken

You will find accompanying this document a personalised Form of Proxy for use at the General Meeting or at any adjournment thereof. You are requested to complete and sign the Form of Proxy whether or not you propose to attend the General Meeting in person in accordance with the instructions printed on it and return it as soon as possible, but in any event so as to be received no later than 10.00 a.m. on 20 June 2013, by the Company's Registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

CREST members may also choose to utilise the CREST electronic proxy appointment service in accordance with the procedures set out in the notice convening the General Meeting at the end of this document. The lodging of the Form of Proxy (or the electronic appointment of a proxy) will not preclude you from attending and voting at the General Meeting in person if you so wish.

If you would like to submit your proxy vote electronically, you can do so by visiting www.sharevote.co.uk.

You will need to enter Voting ID, Task ID and Shareholder Reference Number printed on the Form of Proxy and follow the online instructions. The deadline for receipt of electronic proxies is 10.00 a.m. on 20 June 2013.

12. Further information

Your attention is drawn to the further information set out in Parts II to IV of this document.

13. Recommendation

The Board has received financial advice from Credit Suisse in connection with the Acquisition. In providing advice to the Board, Credit Suisse has relied on the Board's commercial assessment of the Acquisition.

The Board considers the Acquisition and the Share Scheme Proposals to be in the best interests of the Company and Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as they intend to do in relation to their own individual holdings which amount in total to 148,680,206 Existing Ordinary Shares, representing approximately 28.59 per cent. of the existing issued share capital of the Company as at 5 June 2013, being the latest practicable date prior to publication of this document.

Yours sincerely,

Sir Charles Dunstone
Chairman

PART II

PRINCIPAL TERMS OF THE ACQUISITION AGREEMENTS

1. IMPLEMENTATION AGREEMENT

General

Best Buy Distributions, Best Buy UK Holdings, Best Buy, New BBED and the Company entered into the Implementation Agreement on 29 April 2013. The Implementation Agreement provides for the detailed implementation of the Acquisition.

The Acquisition is proposed to be effected through the cancellation of the shares held by Best Buy Distributions and Best Buy UK Holdings in the capital of New BBED through a capital reduction in accordance with section 642 of the Act and otherwise pursuant to the terms of the Implementation Agreement.

Conditions

Completion is conditional on (i) the FCA having acknowledged that the application for the admission of the whole of the Existing Ordinary Shares and the Consideration Shares to listing on the standard segment of the Official List has been approved and the London Stock Exchange having acknowledged that the Existing Ordinary Shares and the Consideration Shares will be admitted to trading on its main market for listed securities, and (ii) the Autorité de la concurrence in France having declared that the Acquisition will not substantially lessen competition, or the time limit for the Ministry of Economy in France requesting that the Autorité de la concurrence open a Phase II review having expired without any such request having been made, or the Autorité de la concurrence having issued a comfort letter declaring that the Acquisition falls outside the scope of review.

Consideration

In consideration of the disposal by Best Buy Distributions and Best Buy UK Holdings of their shares in New BBED pursuant to the capital reduction, New BBED has agreed to pay the Initial Consideration and the Deferred Consideration to members of the Best Buy Group, and procure that Carphone Warehouse issues the Consideration Shares to Best Buy Distributions and Best Buy UK Holdings, such that following completion Carphone Warehouse will hold 100 per cent. of the shares in New BBED.

Under the terms of the Implementation Agreement, each of Best Buy Distributions and Best Buy UK Holdings has undertaken to the Company (subject to certain exceptions including disposals by way of acceptance of a takeover offer for the entire issued share capital of the Company) not to dispose of the Consideration Shares held by each of them at any time during the period of 12 months from the date of Completion (the “**Lock-in Period**”). Each of Best Buy, Best Buy Distributions and Best Buy UK Holdings has also agreed to waive any rights to dividends payable on the Consideration Shares held by them during the Lock-in Period (“**Waived Dividends**”).

Carphone Warehouse will have the right during the Lock-in Period to place the Consideration Shares on behalf of members of the Best Buy Group at a price not less than the issue price (“**Original Value**”), should the Company determine that there is sufficient demand in the market. If the aggregate of the proceeds from any sale of the Consideration Shares during the Lock-in Period and the value at the end of such period of any Consideration Shares still held by members of the Best Buy Group (“**Total Value**”) is greater than the Original Value then Carphone Warehouse will retain the amount by which the Total Value exceeds the Original Value. In turn, Carphone Warehouse has an obligation to compensate Best Buy UK Holdings if such Total Value is less than 80 per cent. of the Original Value (“**Minimum Value**”) by an amount equal to the difference between the Total Value and the Minimum Value. If the Total Value is greater than the Minimum Value but less than the Original Value then the Company has to compensate Best Buy UK Holdings for the amount of such difference but only up to the amount of the Waived Dividends. If the Total Value is less than the Minimum Value, any compensation up to £10 million will be paid in cash with any additional compensation being satisfied as the Company may decide in cash and/or by the issue of further shares in the Company based on the share price at that time.

Furthermore, each of Best Buy, Best Buy Distributions and Best Buy UK Holdings has also agreed that any Consideration Shares and any compensation shares held by members of the Best Buy Group in the 12 months following the end of the Lock-in Period may be sold as the Best Buy Group decides, subject to an orderly market obligation.

Warranties

The Implementation Agreement contains warranties from Best Buy, Best Buy Distributions and Best Buy UK Holdings in favour of the Company and from the Company in favour of Best Buy Distributions and Best Buy UK Holdings in relation to, among other things, capacity and insolvency.

Limitations on liability

The liability of Carphone Warehouse and each of Best Buy, Best Buy Distributions and Best Buy UK Holdings in respect of all claims under the Implementation Agreement is limited to the amount of consideration paid for the capital reduction and cancellation.

Restrictive covenants

The Implementation Agreement includes restrictive covenants which, subject to certain exceptions, restrict the Best Buy Group from carrying on a business in certain specified jurisdictions which competes with the business of the Carphone Warehouse Group. There are also mutual undertakings not to solicit employees away from one another.

Termination

In the event that not all of the conditions to the Implementation Agreement have been fulfilled or waived by 31 October 2013, the agreement shall automatically terminate.

Guarantee

Under the terms of the Implementation Agreement, Carphone Warehouse guarantees to Best Buy Distributions and Best Buy UK Holdings the due and punctual payment by New BBED of its payment obligations under the Implementation Agreement. Best Buy guarantees to Carphone Warehouse the due and punctual performance of the obligations of each of Best Buy Distributions and Best Buy UK Holdings under the Implementation Agreement.

Governing law

The Implementation Agreement is governed by English law and is subject to the exclusive jurisdiction of the English courts.

2. TERMINATION AGREEMENT

General

Under the terms of the Implementation Agreement, Carphone Warehouse, Best Buy, Best Buy Distributions, CPW Retail, Best Buy Europe and New BBED, amongst others, have agreed to enter into the Termination Agreement at Completion.

Pursuant to the Termination Agreement, the parties to it have agreed the terms on which a number of agreements entered into between them in connection with their past and current global business relationships should be terminated, amended or both, in each case with effect from Completion.

Consideration

The parties have agreed amendments to the Best Buy Consultancy Agreement and the New BBED Shareholders' Agreement in consideration for the payment by the Best Buy Group to the Group of approximately £29 million in respect of the prepayment or termination of the Group's interests with the Best Buy Group.

Governing law

The Termination Agreement is governed by English law and is subject to the exclusive jurisdiction of the English courts.

3. GEEK SQUAD LICENCE AGREEMENT

General

Upon Completion Best Buy International Finance Sarl, Best Buy Enterprise Services, Inc., Best Buy, New BBED and the Company will enter into the Geek Squad Licence Agreement in relation to the Geek Squad brand.

Under the terms of the Geek Squad Licence Agreement the Group is granted an exclusive licence to use the Geek Squad brand in the Territory (as defined below) together with Belgium and Luxembourg in more limited circumstances.

After three years from Completion the Best Buy Group is permitted to use the Geek Squad brand in France, Germany, the Netherlands, Portugal, the Republic of Ireland, Spain, Sweden and the UK (the “**Territory**”) as part of any consumer electronics business operated by the Best Buy Group in the Territory. Upon a change of control any restrictions on the use of the Geek Squad brand by the Best Buy Group fall away.

Consideration

The use of the Geek Squad brand is only subject to the payment of a royalty after an initial 10 year period. The royalty is subject to a minimum but capped at a maximum amount each year.

Termination rights

The Geek Squad Licence Agreement is subject to certain termination rights including upon a change of control of New BBED or the Company.

The Geek Squad Licence Agreement can be terminated on notice on a per country basis where certain revenue targets for Geek Squad services are not achieved.

There is a prescribed period before any termination of the Geek Squad Licence Agreement upon a change of control of New BBED or the Company is effective with a further run off period to phase out use of the Geek Squad brand. Any termination for change of control is subject to Best Buy International Finance Sarl paying a fee to New BBED equal to the value of the Geek Squad business of the Group.

Governing law

The Geek Squad Licence Agreement is governed by English law and is subject to the exclusive jurisdiction of the English courts.

PART III

ADDITIONAL INFORMATION

1. Responsibility

Carphone Warehouse, and the Directors whose names appear on page 6 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Company address

The registered office and principal place of business in the UK of the Company is at 1 Portal Way, London W3 6RS.

3. Information incorporated by reference

The following sections of the Prospectus are incorporated by reference into this document. Where the information described below itself incorporates information by reference to another document (“**further information**”), the further information is not intended to form part of this document for any purpose.

Information incorporated by reference	Sections of Prospectus incorporated by reference	Page number(s)
Information on Carphone Warehouse		
Risk factors relating to the Carphone Warehouse Group	Parts A and B of the “Risk Factors” section of the Prospectus	18-24
Details of the Carphone Warehouse Directors’ interests in Carphone Warehouse Shares	Part XI, paragraph 3	190
Directors’ service agreements	Part XI, paragraph 5	191-192
Share Schemes	Part XI, paragraph 11	200-211
Major interests in Carphone Warehouse shares	Part XII, paragraph 4	222
Related party transactions	Part XII, paragraph 5	222-223
Details of material contracts	Part XII, paragraph 6	223-236
Details of material litigation	Part XII, paragraph 9	237
Information on New BBED		
Risk factors relating to the Acquisition	Part C of the “Risk Factors” section of the Prospectus	24-25
Details of material contracts	Part XII, paragraph 6	223-236
Historical financial information		
Historical consolidated financial information for the New BBED Group	Part VII, Sections D & E	135-176
Accountants’ report on the historical financial information of New BBED	Part VII, Section F	177-178
Pro forma financial information		
Unaudited consolidated <i>pro forma</i> statement of net assets of the Enlarged Group	Part IX, Section A	182-183
Accountants’ report on the unaudited <i>pro forma</i> financial information	Part IX, Section B	184-185
Profit estimate		
Profit estimate (including the Accountants’ report on the profit estimate)	Part VIII	179-181
Documents available for inspection		
Documents available for inspection	Part XII, paragraph 16	239

4. Material contracts

Paragraph 6 of Part XII of the Prospectus contains a summary of contracts (not being contracts entered into in the ordinary course of business) which have been entered into by New BBED or another member of the New BBED Group (i) within the two years immediately preceding the date of this document and are or may be material to the New BBED Group or (ii) which contain provisions under which any member of the New BBED Group has an obligation or entitlement which is or may be material to the New BBED Group as at the date of this document.

5. Working capital

The Company is of the opinion that, taking account of available facilities and existing cash resources, the working capital available to the Enlarged Group is sufficient for its present requirements, that is for at least the 12 months following the date of this document.

6. Significant change

- (a) There has been no significant change in the financial or trading position of the Group since 30 September 2012, being the end of the period for which Carphone Warehouse's last unaudited interim accounts were prepared.
- (b) There has been no significant change in the financial or trading position of the New BBED Group since 29 September 2012, being the end of the period for which New BBED's last unaudited interim financial information was prepared.

7. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on New BBED and/or the New BBED Group's financial position or profitability.

8. Sources and bases of selected financial information

Unless otherwise stated:

- (a) financial information relating to the Carphone Warehouse Group has been extracted (without material adjustment) from the historical financial information set out in Sections A and B of Part VII of the Prospectus for the years ended 31 March 2012, 31 March 2011, 31 March 2010 and for the six months ended 30 September 2012 and 30 September 2011 which were prepared in accordance with IFRS; and
- (b) financial information relating to the New BBED Group has been extracted (without material adjustment) from the historical financial information set out in Sections D and E of Part VII of the Prospectus for the 52 weeks ended 31 March 2012, 2 April 2011 and 3 April 2010 and for the 26 weeks ended 29 September 2012 and 1 October 2011 which were prepared in accordance with IFRS.

9. Share Capital

- (a) The Ordinary Shares are in registered form and capable of being held in uncertificated form.
- (b) At the date of this document, the issued share capital of the Company is 519,982,722 Ordinary Shares. The Company does not hold any shares in treasury at the date of this document.

10. General

- (a) Credit Suisse, whose address is One Cabot Square, London E14 4QJ, has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- (b) Deloitte LLP, whose address is 2 New Street Square, London EC4A 3BZ, has given and has not withdrawn its written consent to the inclusion in this document of its accountants' reports in Part VII of the Prospectus (Historical Consolidated Financial

Information relating to the Group), its report on the profit estimate in Part VIII of the Prospectus (Profit Estimate) and its report on the *pro forma* in Part IX of the Prospectus (Unaudited *Pro Forma* Financial Information) in the form and context in which they appear.

Dated: 6 June 2013

PART IV

DEFINITIONS

In this document, the following words and expressions have the following meanings, unless the context requires otherwise:

“4G”	fourth generation wireless telephony technology
“Acquisition”	the proposed cancellation of the 50 per cent. stake in New BBED held by Best Buy Distributions and Best Buy UK Holdings through a capital reduction in accordance with section 642 of the Act pursuant to the terms of the Implementation Agreement resulting in the Company being the sole shareholder of New BBED
“Act”	the Companies Act 2006 (as amended)
“Admission”	the readmission of the Existing Ordinary Shares, and admission of the Consideration Shares, to listing on the standard segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities in accordance with the Listing Rules and the Admission and Disclosure Standards respectively and references to Admission becoming “effective” shall be construed accordingly
“Admission and Disclosure Standards”	the requirements contained in the publication “Admission and Disclosure Standards” (as amended from time to time) published by the London Stock Exchange containing, amongst other things, the requirements to be observed by companies seeking admission to trading on the London Stock Exchange’s main market for listed securities
“ARPU”	average revenue per user
“Best Buy”	Best Buy Co., Inc. (incorporated in the state of Minnesota), whose registered office is at 7001 Penn Avenue, South Richfield, MN 55423, United States of America
“Best Buy Consultancy Agreement”	the consultancy agreement entered into on 25 January 2012 between CPW Consultancy and Best Buy in relation to the provision by the Group of consultancy services, principally in respect of the Best Buy Mobile business
“Best Buy Distributions”	Best Buy Distributions Limited (incorporated in England and Wales under the Companies Act 1985 with registered number 06576708), whose registered office is at 100 New Bridge Street, London EC4V 6JA
“Best Buy Europe”	Best Buy Europe Distributions Limited (incorporated in England and Wales under the Companies Act 1985 with registered number 06534088), a subsidiary of New BBED, whose registered office is at 1 Portal Way, London W3 6RS
“Best Buy Europe Group”	Best Buy Europe and its subsidiaries and interests in joint ventures and associates from time to time
“Best Buy Europe LTIP”	the Best Buy Europe Long Term Incentive Plan 2010
“Best Buy Group”	Best Buy and any parent company and any subsidiary or joint venture undertakings of Best Buy, or such companies, from time to time, and, where the context so permits, each of them
“Best Buy Mobile”	Best Buy’s retail operations in the United States and Canada in respect of mobile phones and other connected devices in which the Best Buy Europe Group had a profit share arrangement
“Best Buy UK”	Best Buy Europe’s Best Buy branded ‘Big Box’ stores and online business focusing on a broad range of consumer electronics, which was launched in the UK in April 2010 and closed in January 2012

“Best Buy UK Holdings”	Best Buy UK Holdings LP (registered in England and Wales with registered number LP015378), whose registered office is at 1 Portal Way, London W3 6RS, acting by its general partner, New CPWM Limited
“Board” or “Directors”	the board of directors of the Company whose names are set out on page 6 of this document and “Director” means any member of the Board
“business day”	any day (excluding Saturdays, Sundays and public holidays) on which banks are generally open for business in the City of London
“Carphone Warehouse” or the “Company”	Carphone Warehouse Group Public Limited Company (incorporated in England and Wales under the Act with registered number 07105905), whose registered office is at 1 Portal Way, London W3 6RS
“Carphone Warehouse Share Scheme”	the Carphone Warehouse Group plc 2010 Share Scheme, as described in paragraph 11.2 of Part XI of the Prospectus
“Completion”	the completion of the Acquisition and the issuance and allotment of the Consideration Shares in accordance with the terms of the Implementation Agreement
“Consideration Shares”	the 42,105,263 new Ordinary Shares to be issued by the Company to the Best Buy Group at a price of 190 pence per Ordinary Share pursuant to the terms of the Implementation Agreement
“CPW Consultancy”	CPW Consultancy Limited (incorporated in England and Wales under the Act with registered number 7881879), whose registered office is at 1 Portal Way, London W3 6RS
“CPW Europe”	the continuing business of the New BBED Group, excluding the discontinued Best Buy UK business and Best Buy Mobile, principally being the sale and provision of mobile and other wireless technology and services
“CPWG Share Plan”	the Carphone Warehouse Group plc 2013 Share Plan, as described in paragraph 11.4 of Part XI of the Prospectus
“CPW Retail”	CPW Retail Holdings Limited (incorporated in England and Wales under the Act with registered number 6585729), whose registered office is at 1 Portal Way, London W3 6RS
“CPW SAYE Scheme”	the Carphone Warehouse Group plc Savings Related Share Option Scheme, as described in paragraph 11.3 of Part XI of the Prospectus
“Credit Suisse”	Credit Suisse Securities (Europe) Limited (incorporated in England and Wales under the Companies Act 1948 with registered number 891554), whose registered office is One Cabot Square, London E14 4QJ
“CREST”	the relevant system (as defined in the CREST Regulations) of which Euroclear is the Operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
“Deferred Consideration”	£50 million payable in cash by the Company to Best Buy Distributions and Best Buy UK Holdings in equal instalments of £25 million each on the first and second anniversary of Completion, which bears interest at 2.5 per cent. per annum
“Disclosure and Transparency Rules”	the disclosure rules and transparency rules made by the FCA pursuant to section 73A of FSMA
“EBIT”	earnings before investment income, interest and taxation

“EBITDA”	earnings before investment income, interest, taxation, depreciation and amortisation
“Enlarged Group”	the Group (including the New BBED Group) following Completion
“Equiniti” or “Registrars”	Equiniti Limited (incorporated in England and Wales under the Act with registered number 06226088), whose registered office is Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales
“Exceptional Items”	items which are considered to be one-off and so material that they require separate disclosure to avoid distortion of underlying performance
“Existing Ordinary Shares”	the Ordinary Shares in issue as at the date of this document
“FCA”	the UK Financial Conduct Authority
“Form of Proxy”	the form of proxy for use at the General Meeting which accompanies this document
“FSMA”	the Financial Services and Markets Act 2000
“Full MVNO”	form of MVNO which provides fuller control of network services, including ownership of the customer SIM and home location register
“Geek Squad Licence Agreement”	the licence agreement relating to the Geek Squad brand proposed to be entered into on Completion between Best Buy International Finance Sarl, Best Buy Enterprise Services, Inc, Best Buy, New BBED and the Company
“General Meeting”	the general meeting of Carphone Warehouse, to be held at the offices of Osborne Clarke, One London Wall, London EC2Y 5EB at 10.00 a.m. on 24 June 2013, notice of which is set out at the end of this document, and any adjournment of such meeting
“Group” or “Carphone Warehouse Group”	the Company and any parent company and any subsidiary or joint venture undertakings of Carphone Warehouse, or such companies, from time to time and, where the context so permits, each of them (and which shall include a 100 per cent. interest in New BBED from Completion)
“Headline Results”	results before the amortisation of acquisition intangibles and goodwill expense, before Exceptional Items and before the results of businesses which have been discontinued by joint ventures. The Headline EBIT and EBITDA of the Best Buy Europe Group includes the unwinding of discounts for the time value of money on network commissions receivable, which is included as interest income in its statutory results. The Headline revenue of Virgin Mobile France excludes contributions towards subscriber acquisition costs from network operators and customers, which is instead netted off against acquisition costs within EBITDA. The phrases “Headline earnings”, “Headline EPS”, “Headline EBIT”, “Headline EBITDA” and “Headline revenue” should be interpreted in the same way
“Implementation Agreement”	the implementation agreement entered into on 29 April 2013 between the Company, Best Buy, Best Buy Distributions, Best Buy UK Holdings and New BBED relating to the implementation of the Acquisition, described in Part II of this document
“Initial Consideration”	the sum of £341 million payable in cash by the Company to Best Buy Distributions and Best Buy UK Holdings as the initial consideration for the Acquisition

“Joint Bookrunners”	Deutsche Bank AG, London Branch of Winchester House, 1 Great Winchester Street, London EC2N 2DB and UBS Limited (incorporated in England and Wales with registered number 2035362), whose registered office is at 1 Finsbury Avenue, London EC2M 2PP
“Listing Rules”	the listing rules made by the FCA pursuant to section 73A of the FSMA
“London Stock Exchange”	London Stock Exchange plc
“MNO”	mobile network operator
“MVNO”	mobile virtual network operator
“New BBED”	New BBED Limited (incorporated in England and Wales under the Act with registered number 7866062), whose registered office is at 1 Portal Way, London W3 6RS
“New BBED Group”	New BBED and its subsidiaries and interests in joint ventures and associates, from time to time, which includes CPW Europe and the discontinued Best Buy UK business but excludes Best Buy Mobile
“Official List”	the official list maintained by the FCA
“Ordinary Shares”	the ordinary shares of 0.1 pence each in the capital of Carphone Warehouse
“Participation Plan”	the Carphone Warehouse Group plc Participation Plan 2011, as described in paragraph 11.1 of Part XI of the Prospectus
“persons with information rights”	persons in respect of whom a nomination pursuant to section 146 of the Act has been made (and not suspended, revoked or ceased to have effect) by a Shareholder
“Placing”	the placing of the Placing Shares with existing and other investors by the Joint Bookrunners as agents for and on behalf of the Company pursuant to the terms of the Placing Agreement which completed on 3 May 2013
“Placing Agreement”	the conditional placing agreement entered into on 30 April 2013 between the Company and the Joint Bookrunners relating to the Placing
“Placing Shares”	47,228,179 new Ordinary Shares allotted and issued by the Company pursuant to the Placing
“Prospectus”	the prospectus dated the same date as this document relating to the Enlarged Group and the Ordinary Shares
“Prospectus Rules”	the prospectus rules made by the FCA pursuant to section 73A of the FSMA
“Regulatory Information Service”	any channel recognised as a channel for the dissemination of regulatory information by listed companies as defined in the Listing Rules
“Resolutions”	the resolutions set out in the notice convening the General Meeting at the end of this document and “Resolution” shall mean any one of them
“Shareholders”	holders of Ordinary Shares
“Share Scheme Proposals”	the establishment of the CPW SAYE Scheme and the CPWG Share Plan, and the proposals relating to the Carphone Warehouse Share Scheme, Best Buy Europe LTIP and the Participation Plan, as described in section 9 of Part I of this document

“Termination Agreement”	the amendment and termination agreement proposed to be entered into on Completion between, amongst others, Carphone Warehouse, Best Buy, Best Buy Distributions, CPW Retail, Best Buy Europe and New BBED
“UK Listing Authority” or “UKLA”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
“UKLA Rules”	together, the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“US” or “United States”	the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
“Virgin Mobile France”	the joint venture operating an MVNO in France between, amongst others, Bluebottle UK Limited, Carphone Warehouse and Financom S.A.S., operated by the French branch of Omer Telecom Limited and by Omer Mobile S.A.S.

In this document and the Form of Proxy, the expressions “subsidiary”, “subsidiary undertaking”, “associated undertaking” and “undertaking” have the meanings given by the Act.

References to the singular include the plural and vice versa, unless the context otherwise requires. References to time are to London time, unless the context otherwise requires.

Carphone Warehouse Group plc

*(Incorporated under the Companies Acts 1985 and registered in England and Wales with
registered number 7105905)*

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Carphone Warehouse Group plc (the “**Company**”) will be held at 10.00 a.m. at the offices of Osborne Clarke, One London Wall, London EC2Y 5EB on 24 June 2013 for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 5 shall be proposed as ordinary resolutions and resolution 6 shall be proposed as a special resolution of the Company:

ORDINARY RESOLUTIONS

1. That the Acquisition (as defined in the circular to shareholders of the Company dated 6 June 2013 (the “**Circular**”)) substantially on the terms and subject to the conditions of the implementation agreement described in the Circular be and is hereby approved and that the directors of the Company (or any duly constituted committee of them) be and they are hereby authorised to take all such steps as they consider necessary to effect the Acquisition and to waive, amend, vary, revise or extend (to such extent as shall not constitute a material amendment in the context of the Acquisition as a whole) any of such terms and conditions as they may consider to be appropriate.
2. That, subject to and conditional upon resolution 1 being approved, the expiration date of the Carphone Warehouse Group plc 2010 Share Scheme (the “**Carphone Warehouse Share Scheme**”) shall be amended to the tenth anniversary of the date of this resolution, and no awards may be granted under the plan after that date and:
 - (a) the directors of the Company be and they are hereby authorised to make such amendments to the rules of the Carphone Warehouse Share Scheme as may be necessary to carry this resolution into effect; and
 - (b) the directors of the Company be and they are hereby authorised to establish further employee share schemes based on the Carphone Warehouse Share Scheme but modified to take account of local tax, exchange control or securities laws in any overseas jurisdiction including modifications to the nature of the awards that may be granted provided that the shares made available under such further employee share schemes are treated as counting towards the limits on participation in the Carphone Warehouse Share Scheme.
3. That, subject to and conditional upon resolution 1 being approved, the establishment of the Carphone Warehouse Group plc Savings Related Share Option Scheme (the “**CPW SAYE Scheme**”), the principal terms of which are summarised in paragraph 11.3 of Part XI of the prospectus of the Company dated 6 June 2013, be and is hereby approved and:
 - (a) the directors of the Company be and they are hereby authorised to make such amendments to the CPW SAYE Scheme as may be necessary to obtain HM Revenue & Customs approval to the same and to do all things necessary or expedient to carry the CPW SAYE Scheme into effect;
 - (b) subject to the rules of the CPW SAYE Scheme, the directors of the Company be and they are hereby authorised to make such alteration or addition to the CPW SAYE Scheme as may be necessary in order to benefit the administration of the CPW SAYE Scheme at any time; and
 - (c) the directors of the Company be and they are hereby authorised to establish further employee share schemes based on the CPW SAYE Scheme but modified to take account of local tax, exchange control or securities laws in any overseas jurisdiction provided that the shares made available under such further employee share schemes are treated as counting towards the limits on participation in the CPW SAYE Scheme.
4. That, subject to and conditional upon resolution 1 being approved, the establishment of the Carphone Warehouse Group PLC 2013 Share Plan (the “**CPWG Share Plan**”), the principal terms of which are summarised in paragraph 11.4 of Part XI of the prospectus of the Company dated 6 June 2013, be and is hereby approved and:

- (a) the directors of the Company be and they are hereby authorised to make such amendments to the CPWG Share Plan as may be necessary to obtain HM Revenue & Customs approval to the same and to do all things necessary or expedient to carry the CPWG Share Plan into effect;
 - (b) subject to the rules of the CPWG Share Plan, the directors of the Company be and they are hereby authorised to make such alteration or addition to the CPWG Share Plan as may be necessary in order to benefit the administration of the CPWG Share Plan at any time; and
 - (c) the directors of the Company be and they are authorised to establish further employee share schemes based on the CPWG Share Plan but modified to take account of local tax, exchange control or securities laws in any overseas jurisdiction provided that the shares made available under such further employee share schemes are treated as counting towards the limits on participation in the CPWG Share Plan.
5. That, subject to and conditional upon resolution 1 being approved, the directors of the Company be and are hereby authorised to make an award of shares in full and final satisfaction of awards made under the Best Buy Europe Long Term Incentive Plan 2010 (the “**Share Award**”) and:
- (a) for the purposes of the Share Award, pursuant to section 551 of the Companies Act 2006 (the “**Act**”) the directors of the Company be and are hereby unconditionally authorised to allot Carphone Warehouse Ordinary Shares up to an aggregate nominal amount of £16,300 provided that, unless previously revoked, varied or extended, this power shall expire on the date falling five years after the date of the passing of this resolution; and
 - (b) the directors of the Company be and are hereby authorised to make such amendments to options granted under the rules of the Carphone Warehouse Group plc Participation Plan 2011 as may be necessary to bring forward the vesting date of those options to the date of this resolution.

SPECIAL RESOLUTION

6. That, subject to and conditional upon resolution 1 and 5 being approved, the directors of the Company be and they are hereby unconditionally authorised pursuant to Section 570(1) of the Act, for the purposes of the Share Award, to allot equity securities (as defined in Section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the directors under Section 551 of the Act conferred by resolution 5(a) above, as if Section 561(1) of the Act did not apply to such allotment.

Dated: 6 June 2013

Registered office:

1 Portal Way
London
W3 6RS

By Order of the Board

Tim Morris
Company Secretary

Notes:

1. A member of the Company is entitled to appoint a proxy to exercise all or any of his or her rights to attend and to speak and vote on his or her behalf at the meeting. A member of the Company may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.
2. A form of proxy which may be used to make such appointment and give proxy instructions accompanies this notice. Instructions for use are shown on the form. Lodging a completed form of proxy or any CREST Proxy Instruction (as described in paragraph 9 below) will not prevent the member from attending and voting in person if he/she wishes to do so.
3. To be valid, the form of proxy, together with any power of attorney or other authority under which it is signed, or a duly certified or office copy thereof, must be received by post or (during normal business hours only) by hand at the offices of the Company's Registrar, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, not later than 10.00 a.m. on 20 June 2013, or if the meeting is adjourned, no later than 48 hours before the time fixed for the adjourned meeting.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “Nominated Person”) may, under an agreement between him/her and the member by whom he/she was

- nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
5. The statement of the rights of members in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by members of the Company.
 6. To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company as at 6.00 p.m. on 20 June 2013 or, in the event that the meeting is adjourned, in the register of members at 6.00 p.m. on the date two days before the date of any adjourned meeting. Changes to entries on the register of members after the relevant deadline shall be disregarded in determining the rights of any persons to attend or vote at the meeting.
 7. As at 5 June 2013 (being the last day prior to the publication of this notice) the Company's issued share capital consisted of 519,982,722 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 5 June 2013 are 519,982,722.
 8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
 9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (CREST participant ID RA19) not later than 10.00 a.m. on 20 June 2013, or if the meeting is adjourned, not later than 48 hours before the time fixed for the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
 10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
 11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
If you would like to submit your proxy vote electronically, you can do so by visiting www.sharevote.co.uk. You will need to enter Voting ID, Task ID and Shareholder Reference Number printed on the Form of Proxy and follow the online instructions. Alternatively, Shareholders who have already registered with the Equiniti online portfolio service, Shareview, can appoint their proxy electronically via their portfolio at www.shareview.co.uk. The deadline for receipt of electronic proxies is 10.00 a.m. on 20 June 2013.
 12. Representatives of shareholders that are corporations will have to produce evidence of their proper appointment when attending the general meeting. Please contact our Registrar if you need any further guidance on this.
 13. During the meeting the Chairman will give members and eligible participants the opportunity to ask questions. The Company will answer any such questions unless exempted from doing so by the provisions of section 319A of the Companies Act 2006.
 14. The following documents are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this notice until the conclusion of the meeting and will also be available for inspection at the place of the meeting from 9:45 a.m. on the day of the meeting until its conclusion:
 - (a) the Implementation Agreement (as defined in the Circular);
 - (b) the Termination Agreement (as defined in the Circular);
 - (c) the rules of the Carphone Warehouse Share Scheme (as amended)
 - (d) the rules of the CPW SAYE Scheme;
 - (e) the rules of the CPWG Share Plan; and
 - (f) the rules of the Carphone Warehouse Group Participation Plan 2011 (as amended).
 15. A copy of this notice, and other information required by section 311A of the Companies Act 2006, will be available from the date of this notice and for the following two years on the Company's website, and can be accessed at www.cpwplc.com.
 16. If you have any questions relating to this document, the General Meeting or the completion and return of the form of proxy, please telephone Equiniti between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) 0871 384 2089 (from within the UK) or +44 (0)121 415 7047 (from outside of the UK). Calls to 0871 384 2089 will be charged at 8 pence per minute plus network extras. Calls to +44 (0)121 415 7047 from outside of the UK will be charged at applicable international rates. Different charges may apply to calls made from mobile telephones. The helpline cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice. You may not use any electronic address provided either in this notice or any related documents (including the Chairman's letter and form of proxy) to communicate with the Company for any purposes other than those expressly stated.

