

PRESS RELEASE

THE GASCOGNE GROUP SIGNS A PROTOCOL AGREEMENT WITH ITS BANK PARTNERS AND ITS SHAREHOLDER EEM

Gascogne SA announces the signing of an agreement with its banks and its shareholder EEM following discussions that have been ongoing since the start of 2012.

In a press release dated March 27, Gascogne SA stated that losses in 2011 had led the company to renegotiate its syndicated loan with the bank pool. In line with IFRS standards, on 31 December 2011, the amount outstanding was classified as short-term debt.

In this context, the Group has started discussions with all of its bank partners in order to ensure that means of funding operations and development are made sustainable.

During the discussion phase, the banks agreed not to ask for advance repayment, to postpone the principal deadline from the end of March, and to maintain the bilateral lines of credit. On 20 February 2012, the banks also gave Gascogne a bridge loan of €1.6m, with the due date of July 2012, and on 12 April 2012, the French government loaned the company €1.93m which was used to partially repay the bridge loan, thus reducing the amount outstanding on this loan to €0.66m (both loans constitute the "New Loan").

In a tough economic environment, the Group had to face, early in July, a more important cash flow pressure than expected when discussions started with the bank pool. The company had to deal with this new context in its discussions with the bank pool and pending the outcome of these negotiations, the Group has decided to request the suspension of the trading of its shares.

Conciliation agreement

This situation gave rise to the signing of a conciliation agreement with the Group's banks and its shareholder EEM. It was approved by the Commercial Court of Dax on 18 July 2012.

The main elements of the agreement signed between the Group, the banks and its shareholder EEM are:

1. As announced at the start of the year, Gascogne took the decision to sell its "Laminates" division entities in order to reduce the Group's debt.

The sale of the Swiss subsidiary's assets was announced within the context of a sales contract signed on 31 May 2012, with the company UPM AG. The Group is awaiting the completion of conditions precedent pertaining to competition law in some countries.

2. Gascogne has requested the support of its shareholder EEM, which has agreed to make a shareholder's current account advance of €6m. This advance benefits from collateral on Gascogne's current account receivable from Gascogne Laminates Switzerland, its Swiss subsidiary. This guarantee is shared with the New Loan.

3. Gascogne also negotiated

- that the New Loan amounting to €1.6m and the shareholder's current account advance of which the principal amount is €6m, be paid off proportionally to the amount of the outstanding debt, up to €7.4m by 31 December 2012 at the latest, and then in lump sums of €1.7m between January and June 2013.

- that the current €17.6m short term bilateral credit lines be fully maintained until 2014 for the same amounts and under the same financial conditions as previously. The terms and conditions of repayment of bilateral credit lines will be examined in September 2013.

- the maintaining until July 2014 of factoring contracts with the Group's French companies for a net budget of €40m.

- a renegotiation of the margin, lower than the previous, and a new repayment schedule for syndicated loans.

. A new payment schedule was therefore fixed for the €2.9m refinancing loan. The lenders agreed to an exemption of the repayment due dates of the principal amount owed between 30 March 2012, and the 30 March 2014. The principal must be repaid starting on 30 March 2014 in 18 quarterly payments of €2m. The remaining balance of €6.9m must be paid by 31 July 2018.

. In addition, the repayment of a current revolving credit of €17m, which will be reduced to €10.5m with the sale of Gascogne Laminates, was fixed to 31 July 2018 at the latest.

Gascogne also made several commitments within the framework of this agreement, in particular with respect to certain financial aggregates.

The Groups, the banks and EEM have agreed to meet in September 2012 to continue their discussions and negotiations concerning the suitability of terms and conditions with identified developments.

Relisting on 25 July

In a difficult economic climate, Gascogne has recorded losses in the 1st half of the fiscal year. The Group will publish its half-yearly results on July 24 and will ask for the relisting to take effect the following day.

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About Gascogne group: Major player in the French wood industry, the Gascogne group is present at every stage in optimising the forest resource; it is the only French player fully integrated throughout the entire chain of the wood-paper-conversion sector. It has four complementary divisions: Gascogne is France's leading multi-specialist producer of wood products, the world's leading producer of natural machine glazed kraft paper, one of the European leaders of industrial and consumer sacks and one of the world's leading producers of laminates for packaging and protection applications..

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