Press Release

Agreements reached with the Group's financial and industrial partners aimed at ensuring continued business activity

Ormes, 17 September 2012

Vergnet announces the conclusion of agreements with its major shareholders and with its industrial and financial partners to secure and retain financing in the order of €17.4 million to ensure continued business activity in a climate of weak demand and increased competition.

These agreements, which are the culmination of discussions held since the beginning of the year and which are subject to approval by the *Autorité des Marchés Financiers*, the competent courts and the Company's shareholder and bondholder meetings, must be implemented before the end of 2012.

Signature of agreements which aim to boost shareholders' equity and fund continued business activity

At 31 December 2011, the Company had reached a position in which its shareholders' equity amounted to less than half of its registered capital. In recent months, the Group has indicated that it faces significant difficulties associated with a general downturn in the wind energy market, project implementation conditions in the Ethiopian market, and delays affecting the execution of projects in French overseas *départements* awarded to the Group following government tenders. In the final quarter of 2012, the Group's ability to continue business operations was called into question. The Company was compelled to remedy the situation.

At the Company's request, the *Fonds Stratégique d'Investissement* and Nass&Wind agreed to reschedule the €7.2 million bond issue subscribed in May 2011 and maturing at 31 December 2015, and to take part in a new reserved €5 million share-convertible bond subscription, in partnership with Marc Vergnet.

The banks have agreed to allow a restructuring of the Group's short-term borrowings. They confirmed that a short-term credit line of €2.4 million for Vergnet Hydro would remain in place for 2 years and that a credit line of €5 million will remain available to the Company until 30 June 2014, after which, it will be progressively tapered until expiry at 31 December, 2018.

Additionally, the repayment schedule for the Ethiopian project is to be rearranged which will improve the project's cash flow and produce a positive impact of €5 million; the repayment schedule will be extended to 30 June 2014 and progressively reduced until completion at 31 December 2016.

At 30 June 2012, Group debt stood as follows[1]: €8.2 million corresponding to convertible bonds issued in May 2011, €1.1 million corresponding to medium-term debt and a positive net available cash position of €2.4 million (excluding pledged cash/non convertible debt). In addition, at that date, the Group had cash lines amounting to €7.4 million, distributed as follows: €2.4 million, with unlimited duration, for the water business and €5 million, maturing end September 2012, for the wind power business.

Taking into account its own forecasts, the Company believes that these agreements will enable it to continue its business activities which will require maximum funding in 2013.

[1] Provisional unaudited data, the half-yearly financial statement will be published on 18 October 2012, following stock exchange closure

Procedures for implementing the memorandum of understanding

In view of the Company's proven financial difficulties, the need for swift action and the necessary bond debt restructuring, a reserved operation has been chosen.

Once approval has been obtained from the AMF and from the competent courts, the Company will convene a general meeting of the body of its debt security holders, an extraordinary general shareholders' meeting and a special meeting of shareholders holding double voting rights, to whom the following operations will be proposed:

- elimination of double voting rights,
- a capital reduction owing to losses amounting to €8,379,411.30, achieved by reducing the par value of shares from €1.30 to €0.40 which will be the reference value for all the additional operations described here below,
- early redemption of the bond debt amounting to €7.2 million issued in May 2011. The proceeds from that redemption amounting to €7.6 million, including capitalized interest, will be used to subscribe for:
    - a capital increase reserved for *Fonds Stratégique d'Investissement* and Nass & Wind, by offsetting debts, amounting to €1,905,234.40 through the issue of 4,763,086 shares at €0.40 each, subscribed as follows: (i) FSI to hold 3,440,007 new shares representing a total of €1,376,002.80 and (ii) Nass&Wind to hold 1,323,079 new shares representing a total of €529,231.60.
    - a new bond issue in the amount of €5,715,703.20 by issuing 14,289,258 share-convertible bonds at €0.40 each, subscribed as follows: (i) FSI to hold 10,320,020 bonds representing a total of €4,128,008 and (ii) Nass & Wind to hold 3,969,238 bonds representing a total of €1,587,695.20. In the event of non-conversion, this bond will be redeemable upon maturity at 31 December 2019 with a non-conversion premium charged at 3% per year. In addition, it will be paid at a rate of 8% per year, of which 5% will be capitalized and payable at maturity.
- a new bond issue in the amount of €5,000,000 by issuing 12,500,000 share-convertible bonds at €0.40 each, subscribed as follows: (i) FSI to hold 11,450,000 bonds representing a total of €4,580,000 and (ii) Nass & Wind to hold 750,000 bonds representing a total of €300,000 and (iii) Marc Vergnet to hold 300,000 bonds representing a total of €120,000. In the event of non-conversion, this bond will be redeemable in stages starting from 30 June 2014 and ending on 31 December 2018 with a non-conversion premium charged at 3% per year. In addition, it will be paid at a rate of 3% per year.

Following the operations described here above, Marc Vergnet, the FSI and Nass&Wind will hold 10.45%, 38.30% and 14.73%, respectively, of the share capital and the voting rights corresponding to a float of 36.52% (compared with holdings of 15.79%, 20.94%, 8.06% and 55.21% of share capital and 25.46%, 16.88%, 6.49% and 51.17% of voting rights, respectively, at present). In the event that all the convertible bonds are converted, the respective holdings of Marc Vergnet, FSI and Nass&Wind would become 4.33%, 66.47% and 16.62% of share capital and of voting rights in the event of conversion of all convertible bonds for a float of 12.58%. Shareholders participating in the operation have asked the AMF if the Group may be discharged from the obligation to file a public tender offer for the entire share capital and securities giving access to the Group's capital or voting rights, pursuant to application of article 234-9 2 and of article 235-3 of AMF General Regulations.

In order to reassure shareholders, the Company's Board of Directors has requested a Fairness Opinion from the independent expert responsible for reporting on conditions concerning the operation described here above, even though this is not a measure required by AMF General Regulations.

All preparatory information gathered for the general shareholders' meeting will be published on the Company's website (www.vergnet.com) within the timeframe specified by law and following the lifting of suspensive conditions described here above. The body of debt security holders will be convened individually.

Under the terms of this agreement, Marc Vergnet acknowledges "the commitment and support of shareholders assisting the French wind power equipment manufacturer, an industrial player bringing significant innovation to cyclonic and island markets in these difficult times".

Outlook: an agreement which enables Vergnet to look to the future with peace of mind

Following these operations, the Group will have the resources to develop its business activities and to confront continuing difficulties in the economic environment in 2013, while enjoying the prospect of resuming profitability and growth, particularly in its historic markets - the French overseas departments and territories - from 2014 forwards.

During the environmental conference which took place this weekend, the Prime Minister, Jean-Marc Ayrault, announced urgent measures to assist French solar and wind power subsidiaries currently experiencing difficulties.

In particular, for wind power subsidiaries, he announced the introduction, between now and the end of this year, of a purchase tariff adapted to overseas wind power markets, to enable the development of power production capacities adapted to the constraints of insular electrical systems.

Vergnet welcomes these measures which will create favourable conditions for renewed wind power business in the French overseas departments.

The Group will publish its half-year results on 18 October, following stock exchange closure.

About Vergnet SA

VERGNET SA was founded in 1988 by its current manager, Marc Vergnet, a long-time figure in sustainable development. VERGNET is currently the leading manufacturer in its two businesses: the design and production of wind turbines for the FARWIND® markets and water supply equipment in Africa. On the back of singular patented technologies, the Group has already installed close to 650 FARWIND® wind turbines, and supplies water to over 50 million people worldwide. The FARWIND® market covers over 130 countries in which electricity is mainly produced from oil and where the infrastructure and limited logistical resources mitigate against the installation of conventional wind turbines. The Group has 9 facilities worldwide (France, Caribbean, Pacific, Indian Ocean, Africa) and some 300 employees. The VERGNET Group has been listed on the Alternext market since 12 June 2007 (FR0004155240 – ALVER).

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