



LA SEDA DE BARCELONA

**The company finalizes the financial restructuring plan with the banks**

**ENGLISH HIGH COURT RATIFIES THE FINANCIAL RESTRUCTURING AGREEMENT OF LA SEDA DE BARCELONA**

- For the first time a Spanish corporate achieves a successful approval of the “Scheme of Arrangement” process.

*El Prat de Llobregat (Barcelona), 26 May 2010.-* The High Court of England and Wales has sanctioned this morning the financial restructuring agreement of La Seda de Barcelona. By having the “Scheme of Arrangement” approved by the British judge, the corporate finalizes an intense negotiating process with the financial institutions making up the syndicate loan, for an amount totaling 600 million euro.

This historical judgement is an unprecedented case, being the first time that a Spanish corporate applies and approves a “Scheme of Arrangement” under British Law.

The “Scheme of Arrangement” is a formula applied to companies immersed in a crisis situation which allows to carry out a debt renegotiation, counting on the support of 75% of its liabilities, instead of 100%, as it is currently requested by Spanish Law. In the “Scheme”, if three quarters of the debt value and more than half of the banking lenders accept the restructuring conditions, their vote is automatically extended to 100% of the debt.

In Scheme meetings previous to the official presentation at the English Court, La Seda de Barcelona obtained 95,5% of votes favouring the financial restructuring process of the syndicate loan. In today’s Court session none of the lenders has attended to oppose to this process.

**New conditions for refinancing the debt**

The agreement of the “Scheme of Arrangement” allows to carry out the restructuring process of the Company’s 600 million euro financial debt in the following terms:

- 2 years grace period for paying back the principal



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- 236 million euro loan as principal debt
- 210 million euro as loan payment in kind for a 5 year term, with its refunding being conditioned by the Company's profitability (PIK Loan)
- Conversion of 150 million euro from debt to equity, with a share price of 0,10 euro

Apart from the syndicate loan, the Company's financial restructuring process includes the agreement with suppliers and bilateral loans for a total amount of 400 million euro, the whole restructured debt thus amounting to approx. 1 billion euro.

Within short, the corporate has foreseen to issue a capital increase for 300 million euro, which was approved by the General Extraordinary Shareholders Meeting in December last year and which will be used to re-establishing the Group's normal operations.