# Financing agreements and covenants of Wendel

## 1. Bonds issued by Wendel – documentation

These bonds are not subject to financial covenants, but carry standard clauses for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.).

## 2. Wendel's syndicated credit – documentation and covenants (undrawn as of December 31, 2015)

The syndicated credit facility has financial covenants associated with it, based primarily on the market value of Wendel's assets and on the amount of its net debt.

This net debt figure is based on consolidation of the Group's financial holding companies and does not include the debt of operating companies or that of holding companies set up for the purpose of acquisitions. As of December 31, 2015 the net debt taken into account corresponds to Wendel bonds and the syndicated credit, less available cash where applicable (potential pledged cash being lodged in the structure for financing with margin calls).

Net debt of the Group subsidiaries, as well as potential drawing of debt with margin calls (less any cash potentially pledged), is deducted from the gross revalued assets of these subsidiaries inasmuch as it is without recourse to Wendel.

These covenants are as follows:

- the net financial debt of Wendel and its financial holding companies must not exceed 50% of gross revalued assets after future tax on unrealized gains and losses (excluding cash);
- the ratio of:

**(i)** unsecured gross debt plus off-balance-sheet commitments similar in nature to unsecured debt of Wendel and its financial holding companies, less available cash (not pledged or in escrow) of Wendel and the financial holding companies,

to

**(ii)** the sum of 75% of the value of the available listed assets (not pledged or in escrow) and 50% of the value of available unlisted assets (not pledged or in escrow),

must not exceed 1.

These ratios are tested half-yearly when there are drawdowns under the syndicated credit line. As of June 30, 2015 Wendel was in compliance with all covenants.

The syndicated loan agreement carries standard covenants for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.).

## 3. Bank financing with margin calls (undrawn as of December 31, 2015)

If the two bank facilities with margin calls are drawn down (total available commitment of €850 million) listed securities must be pledged. In this event, the value of the collateral given (Saint-Gobain shares, Bureau Veritas shares, and cash) must remain at the level required under the bank agreement covenants, based in turn on the amount of debt. If this value declines, the bank demands further collateral; if it increases, a portion of the collateral is freed up. As these debts are without recourse to Wendel, the Company could decide not to respond to potential additional margin calls. This would put the related financing contract in default, and the bank could then exercise the collateral already provided.