



A French *société anonyme* (limited company) with a management board ("*directoire*") and supervisory board ("*conseil de surveillance*") and capital of EUR 46,764,072  
Registered office: 10 Avenue Ledru-Rollin, 75012 Paris  
Paris Commercial and Companies Registry no. 572 209 583

Dollfus Mieg & Cie is launching:

- a capital increase in cash in an amount of EUR 15,588,024 preserving pre-emptive subscription rights
- and
- an issue of bonds convertible into new shares in an amount of EUR 29,461,357.80 preserving pre-emptive subscription rights.

### **Paris, 11 July 2006**

These issues are part of the financial restructuring project of Dollfus Mieg & Cie (hereinafter "DMC"), which seeks to restructure the Company's debt and thereby strengthen shareholders' equity. These issues follow:

- a memorandum of agreement signed on 30 January 2006 with the lenders (hereinafter "Lenders") and the Group's principal shareholder, Pienza International BV (Guinness Peat Group), and
- an amendment to the memorandum of agreement of 30 January 2006, signed on 1 June 2006, between the Lenders and the Guinness Peat Group.

The memorandum of agreement of 30 January 2006 and the amendment thereto dated 1 June 2006 together make up the "Memorandum of Agreement".

All of the conditions precedent set out in these agreements have either been fulfilled or have been waived by the Lenders.

In accordance with the Memorandum of Agreement, the Lenders, as a setoff against their claims, and Pienza International BV (Guinness Peat Group), DMC's principal shareholder, have agreed to subscribe these issues for a total amount of €40 Million.

In the event that the amount of the issues totals only that of the aforementioned subscription agreements, these issues of shares and bonds convertible into new shares will reduce DMC's bank debt that is the subject of the Memorandum of Agreement from €56.8 Million (amount at 31 December 2005) to €20 Million. In accordance with the Memorandum of Agreement, the balance of the debt in the amount of €20 Million retained by the Lenders will be reimbursed pursuant to a payment schedule ending no later than 31 December 2008. In the event that the issues are entirely subscribed, bank debt will be reduced to €15.9 Million.

On 21 June 2006, the Paris Commercial Court issued an order acknowledging these agreements ("*ordonnance de constatation*"). A request seeking approval ("*homologation*") of the agreements has been filed and is expected to be granted by the end of July 2006.

## PRINCIPAL CHARACTERISTICS OF THE CAPITAL INCREASE IN CASH PRESERVING PRE-EMPTIVE SUBSCRIPTION RIGHTS

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| <b>Number of shares to be issued</b>                            | 5,196,008 new shares   |
| <b>Subscription price</b>                                       | EUR 3.00 per share to be paid in cash or as a set-off against claims, i.e., an issue premium of 20% compared to the closing price on 7 July 2006 (EUR 2.50).   |
| <b>Gross proceeds of the issue</b>                              | EUR 15,588,024   |
| <b>Nominal amount of the issue</b>                              | EUR 15,588,024   |
| <b>Date new shares' dividend rights attach</b>                  | The new shares' dividend rights will attach on 1 January 2006. As from the time they are listed, they will be considered identical to existing shares.   |
| <b>Pre-emptive subscription rights</b>                          | <p>From 13 July to 28 July 2006 inclusive, the owners of shares that make up current share capital or the assignees of their rights will have a pre-emptive right to subscribe for an irreducible minimum number of new shares at the ratio of 1 new share for 3 existing shares held, disregarding any fractional amounts.</p> <p>At the same time that they file their subscription applications for an irreducible minimum number of new shares, the holders of pre-emptive subscription rights may subscribe for a reducible number of new shares in addition to the number of new shares to which they are entitled by exercising their irreducible pre-emptive subscription rights.</p> <p>Any new shares that are not subscribed for by the holders of irreducible pre-emptive rights will be allocated and distributed to subscribers for a reducible number of shares, up to the limit of their requests, in proportion to the number of their existing shares whose pre-emptive subscription rights were used to subscribe for an irreducible number of new shares, disregarding any fractional shares.</p> <p>In the event that less than all of the shares to be issued are subscribed for either irreducibly or reducibly, the Management Board may, in the order it deems best, decide to limit the number of ordinary shares to be issued to the amount of subscriptions received, provided that at least three-quarters of the amount of the capital increase is obtained, to distribute at its discretion all or part of the ordinary shares that were to be issued but were not subscribed, or to offer to the public all or a part of the ordinary shares that were not subscribed.</p> |
| <b>Listing of the pre-emptive subscription rights</b>           | On 13 July 2006, the subscription rights will be detached and traded as from that same date under code ISIN FR 0010356808 on Euronext's Eurolist market until the end of the subscription period, i.e., 28 July 2006.  |
| <b>Theoretical value of the pre-emptive subscription rights</b> | EUR 0, on the basis of a share price of EUR 2.50 (closing price on 7 July 2006)  |

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| <b>Subscription period</b>                             | From 13 July to 28 July 2006 inclusive  |
| <b>Listing of the new shares</b>                       | The Company will file an application to list the new shares on the Euronext Paris SA Eurolist market. The new shares may be listed only after issuance of the depositary certificate.                         |
| <b>Anticipated date for the delivery of new shares</b> | 9 August 2006   |
| <b>Anticipated date for the listing of new shares</b>  | 11 August 2006  |
| <b>Unconditional underwriting commitment</b>           | No unconditional underwriting commitment (" <i>garantie de bonne fin</i> ") within the meaning of Article L.225-145 of the French Commercial Code (" <i>Code de Commerce</i> ") has been made for this issue. |

**Subscription commitments**

Pursuant to the provisions of the Memorandum of Agreement, the Lenders and the principal shareholder, Pienza International BV (Guinness Peat Group), which on the date of this document holds 17.27% of the Company's capital and voting rights, undertook to subscribe this capital increase in accordance with the following terms and conditions:

- Guinness Peat Group has undertaken to irreducibly subscribe the capital increase by a cash payment in the amount of EUR 3.4 Million;

- In the event that the issue is not fully subscribed, either irreducibly or reducibly, several of the Lenders have jointly agreed to subscribe for the Company's new shares by a set-off against their claims up to a maximum amount of EUR 9,709,712.69, as set out in the following table.

| Lender                             | Debt that is the subject of the Memorandum of Agreement | Subscription commitments |
|------------------------------------|---|--------------------------|
| Natexis Banques Populaires         | €5,434,177.96   | €2,717,088.98            |
| Bank of America, NA                | €3,440,500.98   | €1,703,878.71            |
| New York Life Insurance            | €4,358,826.20   | €2,158,671.43            |
| Principal Life Insurance           | €4,358,826.20   | €2,158,671.43            |
| GE Capital Insurance               | €1,743,530.48   | €863,468.57              |
| Banc of America Securities Limited | €217,941.31   | €107,933.57              |

The total of these commitments covers 84.10% of the capital increase presented in this document.

To the issuer's knowledge, none of the other

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|                               | shareholders of the Company has communicated its intention to subscribe this issue.   |
| <b>Dilution</b>               | On the basis of DMC's capital on the date of this document, i.e., EUR 46,764,072.00, represented by 15,588,024 shares, the nominal amount of the capital increase of EUR 15,588,024 by issuing 5,196,008 shares will represent 25.00% of the Company's capital and voting rights at the conclusion of this issue. |
| <b>Financial intermediary</b> | The transaction will be coordinated by Natexis Bleichroeder.  |

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## CHARACTERISTICS OF THE BONDS CONVERTIBLE INTO NEW SHARES

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| <b>Number of convertible bonds to be issued</b>   | 9,352,812   |
| <b>Nominal value of the convertible bonds</b>   | EUR 3.15  |
| <b>Issue price of the convertible bonds</b>   | EUR 3.15  |
| <b>Gross amount of the issue</b>  | EUR 29,461,357.80   |
| <b>Subscription period</b>  | from 13 July to 28 July 2006  |
| <b>Date bonds' rights attach and settlement date</b>  | 9 August 2006   |
| <b>Term of the loan</b>   | 10 years as from the date the convertible bonds are settled   |
| <b>Annual interest rate</b>   | 1% per annum  |
| <b>Normal amortization</b>  | All of the convertible bonds will be redeemed at par on 9 August 2016, i.e., at EUR 3.15 per bond.  |
| <b>Gross actuarial yield rate</b>   | 1% on the date the bonds are settled (assuming no conversion into shares or pre-payment).   |
| <b>Prepayment subject to reimbursement in full of the debt that is the subject of the Memorandum of Agreement</b> | <p>In the event that the €20 Million balance of the debt that is the subject of the Memorandum of Agreement has been reimbursed in full or refinanced on 9 August 2013, the bonds convertible into new shares will be amortised by repaying one-quarter of the initial nominal value of each bond in accordance with the following schedule:</p> <ul style="list-style-type: none"> <li>- 9 August 2013: by a repayment price equal to 100% of the portion of the nominal value of the bonds maturing on such date;</li> <li>- 9 August 2014: by a repayment price equal to 100% of the portion of the nominal value of the bonds maturing on such date;</li> <li>- 9 August 2015: by a repayment price equal to 100% of the portion of the nominal value of the bonds maturing on such date;</li> <li>- 9 August 2016: by a repayment price equal to 100% of the portion of the nominal value of the bonds maturing on such date.</li> </ul> |
| <b>Prepayment at DMC's discretion</b>   | The issuer reserves the right to prepay all or any part of the bonds at any time, without limitation as to price or quantity, by redeeming them on an exchange or over-the-counter or by making public purchase or exchange offers.   |
| <b>Listing of convertible bonds</b>   | The Company will file an application to list the convertible bonds on the Euronext Paris S.A. Eurolist market. The initial listing is anticipated on 11 August 2006, under code ISIN FR 0010356816.   |
| <b>Conversion of bonds into new shares</b>  | The holders of bonds convertible into new shares may request that the bonds be converted into new shares of the Company at any time after the date the bonds are listed on the Euronext Paris Eurolist market until the   |

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seventh business day prior to the normal or early reimbursement date, at the ratio of one share per bond, subject to adjustments required to preserve the rights of the holders of bonds convertible into shares ("Preserving the rights of convertible bond holders").

In the event of prepayment of the bonds ("Prepayment subject to reimbursement in full of the debt that is the subject of the Memorandum of Agreement"), the conversion ratio will be as set out below, subject to adjustments required to preserve the rights of the holders of the convertible bonds:

- from 9 August 2013 to the seventh business day prior to 9 August 2014, one bond may be converted into 0.75 new shares;
- from 9 August 2014 to the seventh business day prior to 9 August 2015, one bond may be converted into 0.5 new shares;
- from 9 August 2015 to the seventh business day prior to 9 August 2016, one bond may be converted into 0.25 new shares.

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**Dividend rights of new shares issued pursuant to a conversion**

New shares issued pursuant to a conversion of bonds will be subject to all provisions of the memorandum and articles of association ("*statuts*") and shall have dividend rights as from the first day of the financial year during which the conversion rights were exercised. Assuming the same nominal value, in said financial year and all subsequent financial years, such shares will be entitled to the same dividend as that attributed to other shares having the same dividend rights. Consequently, such shares will be considered strictly identical to existing shares as from the payment of a dividend for the previous financial year or, if no dividend is distributed, after the annual shareholders' meeting that votes on the financial statements for such financial year.

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**Listing of the new shares**

Applications to list on the Euronext Paris Eurolist market the new DMC shares that are issued pursuant to a conversion will be filed periodically. Applications for admission to trade on the Euronext Paris market will be filed based on the date their dividend rights attach, either directly on the same trading line as existing shares or, initially, on a second trading line.

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**Pre-emptive subscription rights**

From 13 July to 28 July 2006 inclusive, the owners of shares that make up current share capital or the assignees of their rights will have a pre-emptive right to subscribe for an irreducible minimum number of bonds convertible into new shares at the ratio of 3 convertible bonds for 5 existing shares held, disregarding any fractional amounts. To arrive at this ratio, a shareholder has agreed in advance to waive 4 pre-emptive subscription rights pertaining to 4 shares.

At the same time that they file their subscription applications for an irreducible minimum number of convertible bonds, the holders of pre-emptive

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|   | <p>subscription rights may subscribe for a reducible number of bonds convertible into new shares in addition to the number of bonds convertible into new shares to which they are entitled by exercising their irreducible pre-emptive subscription rights.</p> <p>Any bonds convertible into new shares that are not subscribed for by the holders of irreducible pre-emptive rights will be allocated and distributed to subscribers for a reducible number of convertible bonds, up to the limit of their requests, in proportion to the number of existing shares whose pre-emptive subscription rights were used to subscribe for an irreducible number of convertible bonds, disregarding any fractional bonds convertible into new shares.</p> <p>In the event that less than all of the convertible bonds to be issued are subscribed for either irreducibly or reducibly, the Management Board may, in the order it deems best, decide to limit the number of bonds convertible into new shares to be issued to the amount of subscriptions received, provided that at least three-quarters of the amount of the issue is obtained, to distribute at its discretion all or part of the bonds convertible into new shares that were to be issued but were not subscribed for, or to offer to the public all or a part of the bonds convertible into new shares that were not subscribed.</p> |
| <b>Listing of the pre-emptive subscription rights</b>           | On 13 July 2006, the subscription rights will be detached and traded as from that same date under code ISIN FR 0010356840 on Euronext's Eurolist market until the end of the subscription period, i.e., 28 July 2006.  |
| <b>Theoretical value of the pre-emptive subscription rights</b> | EUR 0, on the basis of a share price of EUR 2.50 (closing price on 7 July 2006).   |
| <b>Subscription period</b>                                      | from 13 July to 28 July 2006 inclusive   |
| <b>Unconditional underwriting commitment</b>                    | No unconditional underwriting commitment within the meaning of Article L.225-145 of the French Commercial Code has been made for this issue.   |
| <b>Subscription commitments</b>                                 | <p>In the event that the issue is not fully subscribed, either irreducibly or reducibly, Bear Stearns, Goldman Sachs and West LB, in their capacity as Lenders to the Company, have agreed to subscribe the issue of bonds convertible into new shares by a set-off against their claims up to the amounts of EUR 17.93, EUR 5.56 and EUR 3.41 Million respectively (i.e., a total amount of EUR 26.91 Million).</p> <p>This commitment covers 91.36% of the issue.</p> <p>To the issuer's knowledge, none of the other shareholders of the Company has communicated its intention to subscribe this issue.</p>  |
| <b>Financial intermediary</b>                                   | The transaction will be coordinated by Natexis Bleichroeder.   |

## INDICATIVE SCHEDULE FOR THE ISSUES

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|----------------|---|
| 10 July 2006   | Approval of the transaction circular by the Autorité des Marchés Financiers [the French financial markets authority].   |
| 12 July 2006   | Publication of the summary setting out the principal characteristics of the capital increase and the issue of bonds convertible into shares.  |
| 13 July 2006   | Start of the subscription period – listing of the pre-emptive subscription rights for new shares and bonds convertible into shares.   |
| 14 July 2006   | Publication of the notice regarding the capital increase and the issue of bonds convertible into shares in the <i>Bulletin des Annonces Légales Obligatoires</i> .  |
| 28 July 2006   | End of the subscription period – delisting of the pre-emptive subscription rights for new shares and bonds convertible into shares.   |
| 9 August 2006  | Publication of Euronext's notice regarding the listing of new shares indicating the definitive amount of the capital increase.<br>Publication of Euronext's notice regarding the listing of bonds convertible into shares.<br>Issue of new shares – settlement-delivery |
| 11 August 2006 | Issue of bonds convertible into shares – settlement-delivery<br>Listing of new shares and bonds convertible into shares.  |

## RESTRICTIONS APPLICABLE TO THE OFFER

The offer will be open to the public in France. The distribution of the prospectus, the sale of or the subscription for new shares, bonds convertible into new shares and pre-emptive subscription rights may be subject to specific laws and regulations in certain countries, including the United States of America. Therefore, persons in possession of the prospectus must inform themselves concerning any local restrictions and comply therewith. Authorised intermediaries may not accept subscriptions for new shares or bonds convertible into new shares or the exercise of pre-emptive subscription rights from clients whose address is in a country that has imposed such restrictions, and subscriptions in violation thereof will be deemed null and void.

Any person (including trustees and nominees) who receives the prospectus may distribute it or forward it to such countries only in compliance with the laws and regulations applicable therein.

Any person who for any reason whatsoever transfers or allows the transfer of the prospectus to such countries must draw the recipients' attention to the restrictions applicable to the offer.

In general, any person who wishes to subscribe for new shares or bonds convertible into new shares outside France must ensure that doing so does not violate applicable laws. The prospectus and all other documents regarding the offer may be distributed outside France only in conformity with applicable laws and regulations and does not constitute a subscription or sale offer in countries in which such offer is contrary to applicable laws.

The new shares, the bonds convertible into new shares and the pre-emptive subscription rights will not be offered, sold, exercised or delivered within the United States of America and will not be registered within the meaning of the U.S. Securities Act of 1933 (the "Securities Act").

## **RISK FACTORS**

Before making any investment decision, investors are requested to pay particular attention to the risks described in detail in the section entitled "Risks" on pages 24 to 29 of the Company's reference document, which was filed with the Autorité des Marchés Financiers on 22 June 2006 under number D.06-0618, and in paragraph 2 of the transaction circular approved by the Autorité des Marchés Financiers under number 06-258 on 10 July 2006.

## **AVAILABILITY OF THE PROSPECTUS**

Copies of DMC's reference document, which was filed with the Autorité des Marchés Financiers on 22 June 2006 under number D.06-0618, and of the transaction circular that received approval no. 06-258 on 10 July 2006 are available free of charge on the Autorité des Marchés Financiers' website ([www.amf-france.org](http://www.amf-france.org)) and from: DMC, 10 Avenue Ledru-Rollin, 75012 Paris and Natexis Bleichroeder SA, 100 Rue Réaumur, 75002 Paris.

The legal notice will be published in the *Bulletin des Annonces Légales Obligatoires* (BALO) dated 14 July 2006.