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GENFIT: IMPLEMENTATION OF THE FIRST INSTALLMENT (€1 M) OF A RESERVED CONVERTIBLE BOND LOAN AGREEMENT OF €8 M

- **Reserved subscription of 100 bonds convertible into shares (OCA2012-2), with a unit value of €10,000**
- **Reserved subscription of 7 notes redeemable for bonds convertible into shares (BEOCA2012), each giving the right to subscribe, at GENFIT's initiative, to an additional €1 M installment of the convertible bond loan agreement**
- **Conversion into shares of the first 15 OCA2012-2**

Lille (France), Boston (Massachusetts, United States), January 3rd, 2013 – GENFIT (Alternext: ALGFT; ISIN: FR0004163111), a biopharmaceutical company at the forefront of drug discovery and development, focusing on the early diagnosis and preventive treatment of cardiometabolic and associated disorders, today announces the implementation of the first installment of an €8 M bond loan agreement, convertible into ordinary Company shares and available at GENFIT's initiative by installments of €1 M, in keeping with the 1st and 2nd resolutions of the Extraordinary Shareholders' Meeting held on December 18th, 2012.

In keeping with these resolutions and with the convertible loan contract signed with the investment company Yorkville Advisors LLC acting for and on behalf of YA Global Master SPV Ltd ("the Bondholder"), GENFIT's Management Board, by its decisions of December 20th and 21st, 2012, decided to issue to the Bondholder 100 bonds convertible into shares ("OCA2012-2"), with a unit value of €10,000 for the implementation of a first €1 M installment of the bond loan agreement and 7 notes redeemable for bonds convertible into shares ("BEOCA2012"), each giving the right to subscribe, at GENFIT's initiative, to a new installment of 100 OCA2012-2 bonds convertible into shares under the same conditions as the first such bonds, provided that the subscribed bonds of the previous installment have been completely converted or that the Bondholder is refunded to the value of the non-converted OCA2012-2 bonds.

The Management Board having decided to implement the first €1 M installment of the bond loan agreement by issuing 100 OCA2012-2 bonds to the Bondholder, a commitment fee of approximately 5% of the sum borrowed (€50,000), has been paid to the Bondholder in ordinary Company shares with an issue price of €2.61, issue premium included, that is, in keeping with the 2nd resolution of the Extraordinary Shareholders' Meeting of December 18th, 2012 ("the Assembly"), equivalent to 95% of the arithmetic mean of the volume-weighted average GENFIT share price for the five (5) trading days (December 13-19th, 2012) prior to the decision of December 20th, 2012 to issue the bonds. As a result, 19,127 new shares immediately assimilated with existing shares have been subscribed by the Bondholder to offset this commitment fee.

In keeping with the 1st resolution of the Assembly, the 100 OCA2012-2 bonds issued at par as part of this first loan installment, that is at a subscription price equivalent to their nominal unit value of €10,000, will not be admitted for trading on a regulated market and will be non-transferable, except to a subsidiary of the Bondholder. They are convertible into shares according to the following parity formula:

$$N = V_n / P$$

where:

- N: Number of ordinary shares of the Company with a nominal value of 0.25 €
- Vn: Nominal value of the Bonds
- P: 95% (ninety-five per cent) of the arithmetic mean of the volume-weighted average GENFIT share price for the five consecutive trading days ending on the trading day prior to the announce of the conversion by the Bondholder

These 100 bonds are convertible into shares at any time at the initiative of the Bondholder. Considering the mean of the volume-weighted average GENFIT share price for the past five trading days, the conversion of these 100 bonds would lead to the creation of 334,169 new shares.

The bonds that have not been converted into shares within six months from their issue date will be refunded by the Company in cash, at their nominal value. During this bond loan agreement, GENFIT and the Bondholder have decided to suspend their Standby Equity Distribution Agreement (see Company press release of August 24, 2011). GENFIT had initiated this Standby Equity Agreement in February 2012 (see Company press release of February 22, 2012).

In keeping with this 1st resolution, the Bondholder requested the conversion of 15 OCA2012-2 bonds on December 27th, 2012, for a total value of €150,000. This first conversion into 55,387 new shares was performed at a conversion rate of €2.71, issue premium included, equivalent to 95% of the arithmetic mean of the volume-weighted average GENFIT share price for the five trading days (December 18-24th, 2012) prior to the decision to issue the bonds.

As a result of these two reserved share issues (Payment of the commitment fee, and Conversion of 15 OCA2012-2 bonds):

- The social capital of GENFIT has increased from €3,992,308 to €4,010,936.50;
- The number of shares representing the social capital of GENFIT has increased by 75,514, from 15,969,232 to 16,043,746 shares;
- The amount of the first installment of the bond loan agreement that remains to be converted is €850,000.

Commenting on this announcement, Jean-François Mouney, Chairman and Chief Executive Officer of GENFIT, declared: « *As we announced at our last Extraordinary Shareholders' Meeting, this framework enables the Company to maintain the initiative on the progressive implementation according to our needs of this €8 M funding, while the discount of 5% protects the interests of our institutional and individual shareholders. This agreement is of course complementary to other capital increase approaches such as those that we are planning with specialized biopharmaceutical industry investors. All these financial means are designed to strengthen the potential of our key products, GFT505 in Phase IIb, as well as the promising programs TGFTX3 and TGFTX1.* »

About GENFIT:

GENFIT is a biopharmaceutical company focused on the Discovery and Development of drug candidates in therapeutic fields linked to cardiometabolic disorders (prediabetes/diabetes, atherosclerosis, dyslipidemia, inflammatory diseases...). GENFIT uses a multi-pronged approach based on early diagnosis, preventive solutions, and therapeutic treatments and advances therapeutic research programs, either independently or in partnership with leading pharmaceutical companies, including Sanofi, to address these major public health concerns and their unmet medical needs.

GENFIT's research programs have resulted in the creation of a rich and diversified pipeline of drug candidates at different stages of development, including GENFIT's lead proprietary compound, GFT505, that is currently in Phase IIb.

With facilities in Lille, France, and Cambridge, MA (USA), the Company has approximately 80 employees. GENFIT is a public company listed on the Alternext trading market by Euronext™ Paris (Alternext: ALGFT; ISIN: FR0004163111). www.genfit.com

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