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PAPERLINX ANNOUNCES ADDITIONAL RESTRUCTURING IN THE UK

The Board of PaperlinX Limited (PaperlinX) today announced approval for the rapid implementation of further restructuring and cost reduction initiatives in its businesses in the UK in response to the ongoing depressed trading conditions in Europe.

The restructuring in the UK will cost \$3 million to implement but in conjunction with discretionary cost savings, will deliver estimated benefits of \$13 million on a full year basis. It is anticipated that the program will be cost neutral in financial year 2013 as the benefits are realised over the balance of the financial year.

The Company is also taking similar action to recalibrate the cost base of its businesses in Continental Europe to match current demand and has taken the view that if restructuring costs cannot bring benefits, it will consider asset rationalisation.

Based on decisions made to date, in total, European restructuring in the 2013 financial year will see 370 employees leave the business. This includes an additional 200 employees identified through this new plan.

In addition, the Board has appointed Andrew Price as an Executive Director to work with management to add weight to the restructuring efforts in Europe and he will relocate to Europe for a provisional six month period which may be extended. The terms of his remuneration during this time will involve a modest fixed component and an incentive, still to be finalised, but related to share price improvements.

Commenting on the announcement, PaperlinX Chairman, Michael Barker said, "This new Board is fully committed to taking decisive action to restore PaperlinX to profitability. This new restructuring plan and Andrew's appointment demonstrate our immediate priorities. We will continue to work to strengthen our already profitable businesses in Australia, New Zealand, Asia and Canada and direct the future of the Company towards a diversified range of products with growth ahead of them."

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