Polimex-Mostostal SA - Implementation of a financing strategy plan

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- creditors and shareholders initially approved the elements of the Group's financing strategy plan proposed by the Board

- as a consequence The Board of Polimex-Mostostal SA incorporates them into practice and convenes EGM with the agenda including:

capital increase in the amount of about 500 million PLN
consent for the disposal of organized parts of the Company, being part of the implemented plan of the disposal of assets not related to the core business

The Board of Polimex-Mostostal SA received preliminary approval of the following elements of the financing strategy plan.

Convening an EGM seems to be a mere formality, but I strongly emphasize that for the Company it is an important step on the road to full stabilization of financial situation. Recent weeks have been a very intense period for the Board working on the details of the developed financing strategy. Our proposed scenario is also the result of numerous consultations held with all stakeholders and we hope that it will be adopted by the Shareholders at the EGM - Robert Oppenheim, CEO of Polimex-Mostostal, says.

An element of the Group's financing strategy developed and adopted for implementation is convening an EGM on 15 October, which is expected to vote increasing the share capital to the amount of about 500 million PLN. The planned capital increase will allow for the conversion of the existing debt of Polimex as well as attracting new money to the Company, which would be used to finance its current activities and the operation of the new contracts.

Draft resolutions include the issue of shares to the bondholders of the Company in the amount of about 250 million PLN and the issue addressed to a potential strategic investor in the amount of about 235 million PLN. In the event of a strategic investor being willing to recapitalize the Company with an amount of less than 235 million PLN in a short time, the Company will issue rights issue amounting to about 100 million PLN and the issue addressed to the investor in the amount of about 150 million PLN with subscription warrants, entitling the investor to achieve 32.99% of votes in the Company - Robert Oppenheim explains.

As far as the addressed is concerned - we turned to some recognized institution with a proposal to participate in the capital increase or underwriting. We received initial interest, which we hope will translate into final participation in the transactions of these institutions. Regardless, we are also talking with investors who expressed their interest in investing in the Company. - Robert Bednarski, Vice President, Chief Financial Officer of Polimex-Mostostal, says.

The agenda of Polimex EGM called for October 15 also requires voting the consent to transfer the organized parts of the Company, comprising three divisions: Transformers Branch (Polimex-Mostostal SA ZREW Division Transformers Branch in Łódź), Dębica Galvanizing Branch (Polimex-Mostostal SA Corrosion Protection Division Dębica Branch) and Galvanizing Częstochowa Branch (Polimex-Mostostal SA Corrosion Częstochowa Branch). This is due to the Company’s implemented process of reorganization and optimization of the organizational structure of the Group, including, among others disposal of assets. The Board expects the proceeds from the sale of all assets selected for this purpose (including real estate development and investment assets and other than the above mentioned Companies of the Group) of at least 330 million PLN.

In the case of the sale of assets talks are already held with potential buyers. We expect that the proceeds of the sale will successively power the budget of Polimex in the coming months according to the plan - Robert Oppenheim sums up.

The Board assumes that the implementation of the strategy will enable the Group to return to generating solid financial results within two years, i.e. an EBITDA margin of at least 5-6% and about 3-4% net margin. The Board reserves that the above given impacts and savings are only the goals that the company wants to achieve during the planned restructuring, in particular, none of the information contained in this document can be in any case regarded as a forecast or estimate of the Company's financial results. The final results of the Company will depend

on several factors which may or may not occur in the future, in particular the factors relating directly to the Company or its subsidiaries and to the environment in which the Company and its subsidiaries operate, including the achievement of a final agreement between all stakeholders in the terms of the restructuring of the Company and its subsequent implementation.

Details of the planned capital increase:
Draft resolutions include the issue of:
- a maximum of 431,034,000 M-series shares M addressed to the creditors of the Company (the conversion of bonds issued by the Company with an estimated total value of 250 million PLN nominal share capital),
- a maximum of 468,988,156 N1-series shares deprived of pre-emptive rights addressed to one or more investors in private placement, the minimum threshold of this issue, which is necessary to achieve success it is 300,000,000 N1-series shares (the Board estimates that through the issue of N1-series shares, the Company will be capitalized with an amount of about 235 million PLN).

EGM will also vote a rights issue of up to 208,461,630 N2-Series shares, the resolution comes into force, if not all the shares of N1-series find a buyer. The Board estimates that as a result of the issue of N2-series shares, the Company will be capitalized with an amount of about 105 million PLN.

In addition, the EGM will vote the conditional capital increase through the issuance of up to 271,663,288 subscription warrants convertible into an equal number of O-series shares. The entity entitled to subscribe for the warrants will be the entity which acquired N1-series Shares and holds the shares of the Company representing at least 15% in the capital of the Company or any other entity selected by the Board with the consent of the Supervisory Board. The deadline for completion of the rights of the warrants is 31 December 2014.

Resolution on the conditional capital increase will come into force only in the case of the issue of M-Series Shares, N2-Series Shares and acquiring N1-Series Shares in an amount equal to at least the minimum number of N1-Series Shares (300,000,000 N1-series shares), but less than the maximum possible number of issuable N1-Series Shares (468,988,156 N2-Series Shares). Under the proposed resolution the number of warrants and the O-Series Shares offered to be acquired cannot exceed the difference between the number of 780,124,918 and the total number of all shares of N1-Series Shares and N2-Series Shares acquired by the subscribers.

Emission rates of M, N1 and N2 and O-series shares will be determined by the Board with the consent of the Supervisory Board of Polimex in relation to the

market price. The proposed day of pre-emptive rights for N2-series shares was fixed for 22 November 2012. At the end of the day one held share of the Company will entitle to one subscription right of N2-series shares.

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