# Polimex-Mostostal implements their arrangements with Creditors. The Board of Directors convened the Extraordinary General Meeting on November 12, 2013

10/17/2013

On October 11, 2013, Polimex-Mostostal signed with their Creditors an agreement specifying the terms of the second phase of the financial restructuring of the company. The changes necessary in the agreement on financial debt service were agreed.

- The Management agreed with the Creditors a plan of measures necessary for the company to recover its stable financial position, allowing for independent, not disturbed, activities and debt service due to Creditors – Robert Bednarski informs, Vice President, Chief Financial Officer of Polimex-Mostostal SA.

- Convening the Extraordinary General Meeting by the Board on November 12, 2013 is an important part of the plan agreed with the Creditors – Robert Bednarski adds.

The Extraordinary General Meeting (EGM), in particular, aims to increase the share capital and allow the conversion of debt into share capital. Subject to the approval of the Shareholders, the Company will issue:

· no more than 133,393,702 of P-series shares, which will be covered in private subscription within offers sent by the company's management to selected creditors of the company, in particular creditors who are parties to the agreement signed with the company in December 2012 on the principles of financial debt service. The issue price of the P-series shares will be determined by the company's management, based on the amounts reported for the conversion of receivables,

· no more than 812,500,000 million of registered subscription warrants of series 1, corresponding to acquiring Q-series shares, issued under the conditional capital increase. The company's creditors who agree to convert receivables, particularly creditors who have entered the agreement on the principles of financial debt service with the company in December 2012 will be entitled to take the warrants of series 1. The issue price of Q-series shares, acquired in the exercise of the warrants of series 1 is PLN 0.25.

As part of an agreement with creditors to convert debt to equity the following amounts and dates are expected:

· about PLN 20 million till 30 November 2013

· about PLN 30 million (cumulatively, taking into account the previous conversion) till 31 December 2013

· about PLN 140 million (cumulatively, taking into account previous conversions) till 28 February 2014

The proposed resolutions submitted by the Board to the Shareholders will, depending on market price of the shares, create the ability to convert higher amounts of receivables than those referred to as a minimum in the Agreement with the Creditors.

Furthermore, to obtain additional financing, the company, in the case of Shareholders' approval, will issue not more than 187,500,000 registered shares of series 2 warrants, which entitle to subscribe for R-series shares, issued under the conditional capital increase. Entities interested in the recapitalization of the company, selected by the board and approved by the Supervisory Board will be entitled to subscribe for warrants of series 2. The issue price of R-series shares acquired in the exercise of rights of subscription warrants of series 2 is PLN 0.20.

- We assume that the prices at which the shares will be acquired will be agreed with the shareholders and will not be lower than the current market prices – the Vice President Bednarski adds.

- We want to achieve a debt-to-equity conversion of at least PLN 150 million and to raise new funds in the amount of about PLN 30 million– Robert Bednarski completes.

In addition to the warrants which may be issued pursuant to the decision of the EGM, the Industrial Development Agency holds warrants entitling to subscribe for approximately 209 million O-series shares at an average price of the last 40 listings. These warrants were issued pursuant to a resolution at the EGM, held on 15 October 2012. On the basis of its resolutions, the IDA is also entitled to receive warrants entitling to subscribe for A-series shares, a total of approximately 47.6 million. An additional pool of warrants will be able to be covered by the IDA in the case of the issuance of shares pursuant to resolutions of the Extraordinary General Meeting held on November 12 this year.

The Management Board also asked the EGM to repeal Resolution No. 5 of the EGM of 15 October 2012 on the share capital increase with pre-emptive rights by issuing N2-series shares, offered at a price of PLN 0.52.

In addition, subject to the consent of the EGM, the sale by the Company of an organized part of the enterprise, the Department of Steel Structures in Rudnik on the San, will be completed by the Board.

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