

A letter from Polimex-Mostostal SA to Shareholders

Dear Sirs,

Behind us, there is a very difficult year in the history of Polimex-Mostostal, a year of serious financial crisis as a result of which the Company faced the real threat of bankruptcy.

In this situation it was necessary to urgently implement a comprehensive restructuring program. It was necessary to include, among others, making deep budget adjustments of contracts and the financial results of the Group. Significant changes had to be made within the philosophy of the operations and management of the Group.

The rescue operation, without which continuing operations of the company would not be possible, was taken in the second half of 2012. Management has developed and agreed a rescue plan with creditors, including financial and operational restructuring, raising capital through the conversion of bonds into shares and issue of shares intended for the investor and the issuance of rights issue, reduction of operating costs, as well as divestments involving the sale of assets not related to the core business of the Company.

Tasks that have been designated to be carried out in the first stage of the reorganization in the second half of 2012, have been accomplished, although it often required very difficult and painful decisions to be taken. This, however, made signing final restructuring agreement with banks and bondholders possible, it took place on 21 December 2012. In this way, the risk of Polimex-Mostostal's bankruptcy has been done away with.

It should be noted that saving the company would not be possible without significant commitment, mobilization and perseverance of all the parties involved in this process. First of all, the Industrial Development Agency, which has played a very important role in the financial and operational restructuring of Polimex-Mostostal and as a result, has become a new, significant shareholder of the Company, and the PKO BP SA Bank that declared and kept its promise not to fold the protective shield in this extremely difficult time for the Company, when black clouds accumulated over it.

We believe that we are learning a lot during that crises lesson. As part of the changes of the management system, among others, we have improved and streamlined procedures for risk management. We have effectively increased the security operations and secured Polimex-Mostostal against the risk of a repetition

of the financial crisis we are dealing with now. A number of other initiatives have been taken and implemented within the Group which increased the transparency of our operations. The changed, formerly multi-department, organizational structure includes five main business segments, namely:

- Power Engineering and Chemistry,
- General Construction
- Infrastructure Construction,
- Service and
- Production

allowing us to operate more efficiently and flexibly respond to changing market conditions and focus on promising areas of activity, with particular emphasis on Energy.

Complete restructuring of the Group will take about two years. Many activities, such as significant revaluation of road contracts, or recognizing and sustaining the necessary one-off costs, resulting in negative financial events, have already been behind us.

Currently, one of our main priorities is to restore confidence among investors, creditors, contractors and sub-contractors, or all of these, thanks to whom we are continuing operations.

We would like to thank everyone involved for their valuable contribution to the process of transformation and healing Polimex-Mostostal; Employees for their daily commitment, diligence and creativity; Members of the Supervisory Board for professional and constructive comments and decisions; The Shareholders for placing trust in us; and Contractors and business Partners for good cooperation in difficult times.

Please be assured that we will make every effort in order to take the best advantage of the opportunity to have "a new opening", which was granted to Polimex-Mostostal.

Robert Oppenheim  
Acting Chairman of the Board of Polimex-Mostostal