

Current Report (CR) No 13 – Draft Resolutions of the Extraordinary General Meeting of Shareholders (21.10.2015)

The Stalprodukt S.A. Management Board, herewith, discloses to the public the content of draft resolutions of the Extraordinary General Meeting of Shareholders, which will be held in Bochnia on 17 November 2015.

**DRAFT RESOLUTION N° XXXII/1/2015
of the Extraordinary General Meeting of Shareholders Stalprodukt S.A. in Bochnia to be held on 17 November 2015 concerning the election of the Chairman of the Meeting.**

The Extraordinary General Meeting of Shareholders of Stalprodukt S.A. in Bochnia, acting pursuant to Article 410 par. 1 of the Code of Commercial Companies adopts the following resolution:

§1

The Extraordinary General Meeting of Shareholders elects.....as the Chairman of the Extraordinary General Meeting of Shareholders.

§2

The Resolution takes effect on the day of adoption.

.....
/signature of the elected /
Chairman of the Meeting /

.....
/signature of the Chairman
of the Supervisory Board/

**DRAFT RESOLUTION N° XXXII/2/2015
Of the Extraordinary General Meeting of Shareholders Stalprodukt S.A. in Bochnia to be held on 17 November 2015 concerning the adoption of the agenda.**

The Extraordinary General Meeting of Shareholders of Stalprodukt S.A. in Bochnia adopts the following resolution:

§1

The Extraordinary General Meeting adopts the agenda which was included in the Announcement on the Extraordinary General Meeting published on the Company's web-site www.stalprodukt.com.pl/egm2015 on 21 October 2015.

§2

The Resolution takes effect on the day of adoption.

.....
Chairman of the General Meeting

DRAFT RESOLUTION N° XXXII/3/2015

of the Extraordinary General Meeting of Shareholders Stalprodukt S.A. in Bochnia to be held on 17 November 2015 concerning the election of the Ballot Counting Committee of the Extraordinary General Meeting of Shareholders of Stalprodukt S.A. in Bochnia.

The Extraordinary General Meeting of Shareholders of Stalprodukt S.A. in Bochnia adopts the following resolution:

§1

The following persons were elected to the Ballot Counting Committee:

1.
2.
3.

§2

The Resolution takes effect on the day of adoption.

.....
Chairman of the General Meeting

DRAFT RESOLUTION N° XXXII/4/2015

of the Extraordinary General Meeting of Shareholders Stalprodukt S.A. in Bochnia to be held on 17 November 2015 concerning the election of the Resolutions Committee of the Extraordinary General Meeting of Stalprodukt S.A. in Bochnia.

The Extraordinary General Meeting of Shareholders of Stalprodukt S.A. in Bochnia adopts the following resolution:

§1

The following persons were elected to the Resolutions Committee:

1.
2.
3.

§2

The Resolution takes effect on the day of adoption.

.....
Chairman of the General Meeting

RESOLUTION No XXXII/5/2015

of the Extraordinary General Meeting of Shareholders of Stalprodukt S.A. in Bochnia dated 17 November 2015 regarding the purchase of the Company's own shares with a view to redemption.

Acting pursuant to art. 362 par. 1 subpar. 5 and subpar. 8 in connection with art. 393 subpar. 6 of the Code of Commercial Companies, the Extraordinary General Meeting of Shareholders adopts the following resolution:

§ 1

The Extraordinary General Meeting grants an authorization to the Company, within the meaning of art. 362 par. 1 subpar. 8 of the Code of Commercial Companies, to acquire the Company's

own shares with a view to redemption (Program), compliant with the rules defined herein („Authorization”):

1. Only the Company's fully paid-up registered preference shares of A, B and E series can become the object of purchase, provided the same are dematerialized, and are not the object of trading on the regulated market, were designated with the code ISIN PLSTLPD00025 assigned by the National Depository for Securities based in Warsaw („Shares”).
2. The maximum number of Shares which can be acquired by the Company within the Program is 1,075,000 (in words: a million seventy-five thousand), which, including the Company's own shares already staying in its possession in the number of 69,733 items, accounts for 17.2 % of the Company's share capital as of the issuance day of the present Authorization. At no moment, during the Program implementation process, shall the nominal value of the Company's own shares, purchased by the Company pursuant to the Authorization, and the shares already staying in the Company's possession, exceed 20% of the Company's share capital.
3. The purchase price per Share within the Program amounts to PLN 250.00 (in words: two hundred fifty zlotys). The total purchase price of the Shares being purchased within the Program, increased by their purchase-related cost, shall not exceed PLN 270,000,000.00 (in words: two hundred seventy million zlotys).
4. The purchase of the shares within the Program may take place in a period no longer than within 10 June 2016, provided that the purchase shall be effected in 3 tranches during the above mentioned period, at the dates and under the terms and conditions defined by the Company's Management Board executing the Authorization arising from the present Resolution. The tranches, referred to above, shall be purchased at minimum 60-day intervals. In each of these periods the Company shall buy its own shares, accounting for not more than 10% of the total number of votes at the General Meeting of Shareholders.
5. The Shares purchases carried out within the Program shall be made outside the regulated market, run by the Warsaw Stock Exchange S.A. The detailed terms and conditions of the Program have to be disclosed, at least, in a current report and respective announcements at the customer's service office run by the entity involved in the Program implementation.
6. In order to purchase its own shares, the Company shall address all its Shareholders in possession of the above mentioned registered preference shares, with calls for tender, referring to the shares purchase. The purchase of shares pursuant to the Authorization shall be made proportionally, which means that in the event if the total number of the Company's shares, covered by all the tenders submitted at a time appropriate for their acceptance, is higher than the total number of the Company's shares intended to be purchased by the Company pursuant to the Authorization or within a given implementation stage of the Authorization, the Company shall proportionally reduce the number of the shares covered with the sales tenders submitted by the Company's Shareholders.
7. Purchasing Shares pursuant to the Authorization shall be financed with the Company's own resources.
8. In order to finance the purchase of Shares pursuant to the Authorization, in compliance with the provisions of art. 396 par. 4 and 5 in connection with art. 362 par. 2 subpar. 3 and art. 348 par. 1 of the Code of Commercial Companies, the General Meeting of Shareholders

decides upon the formation of a reserve capital intended to finance the purchase of the Shares to be acquired by the Company within the Program and settlement of the purchase-related costs amounting to the total of PLN 270,000,000.00 (in words: two hundred seventy million zlotys).

9. The Company's Management Board is authorized to undertake any factual and legal actions aimed at the implementation of the Program and purchase of Shares in compliance with the stipulations of the present Resolution and applicable law provisions, including, in particular, defining the detailed rules governing the purchase of the Shares within the scope not provided for herein, as well as concluding an agency agreement, regulating the purchase of Shares within the Program, with an investment company (brokerage house) selected by the Company's Management Board.
10. The Company's own shares purchased by the Company shall be redeemed by the reduction of the Company's share capital. In order to redeem the Company's own shares, the Management Board shall convene a General Meeting of Shareholders with the agenda containing, at least, the adoption of resolutions regarding the redemption and reduction of the Company's share capital.

§ 2

The Resolution takes effect as of its adoption day.

.....
Chairman of the General Meeting

The statement of reasons underlying the draft Resolution of the Extraordinary General Meeting of Shareholders regarding the purchase of the Company's own shares with a view to redemption

The Program which regulates the purchase of the Company's own shares, proposed by the Management Board, is intended to meet the expectations of the Shareholders in possession of the registered vote-preference shares, not quoted on the regulated market. The limitations contained in the Articles of Association restrict the registered shares trading as the Management Board's consent is needed for the transfer of the shares ownership titles. Moreover, the existing provisions of the Articles of Association exclude the possibility of replacing the registered shares with bearer shares, i.e. quoting them at the Exchange Market, which causes that the interest in the purchase of the registered shares (though these are vote-authorizing shares at the General Meeting) is relatively small and, thus, their price in the over-the-counter-sales, based on civil-law agreements, is markedly lower than the price of the shares quoted at the Warsaw Stock Exchange.

The share price offered in the Program is characterized with a significant discount in relation to the current level of bearer share prices, quoted at the Warsaw Stock Exchange, which is advantageous to the Company. In the Management Board's opinion, the Company's shares' price decrease in the recent months has, mainly, been caused by the falling raw material prices, including zinc; this metal's prices have a significant impact on the Zinc Segment's results, which for the Stalprodukt S.A. capital Group is one of the key areas of activity, significantly affecting the Group's consolidated results.

Stalprodukt had fulfilled the main guidelines related to the development directions, defined in the 5-year policy for the years 2011-2015. It was a period of the Company's dynamic development and completion of costly investments in the key areas of its activity, i.e. in the Electrical Sheets Segment (launching the production of the high grade HiB transformer sheets) and in the Cold Formed Profiles and Road Barriers Segment (significant increase of the production capacity and introduction of new profiles and barriers into the offer). In accordance with the plans, the Company managed to carry out a material transaction – the purchase of the ZGH “Bolesław” S.A.'s shares from the State Treasury. In connection with the above, in the years to come the Company is not planning any significant capital-absorbing investment projects.

The above conditions underlie the Management Board's opinion that the period concerned is advantageous for the Company to carry out a program of its own shares purchase with a view to their redemption. It is worth underlining that in the case of the shares purchase carried out further to a call for tender, the current price to be offered (i.e. as of the Extraordinary Meeting notice day) would amount to over PLN 400.00, which would be unjustified in the context of the current level of WSE share prices. Taking the above conditions into account, in the Management Board's opinion, this price may also be advantageous to the holders of registered shares, to whom the present Program is addressed.

Carrying out the purchase in the scope offered and finalizing the ultimate redemption of the shares will contribute to the improvement of such ratios as: profit per share and book value per share, which should, consequently, exert an extremely beneficial impact on the price of the WSE-quoted shares. At the same time, this should not result in the worsening of the Company's financial standing. In the Management Board's assessment, the Company has an appropriate balance sheet structure to carry out the program concerned, characterized with a high level of equity-based financing and low level of indebtedness. The low level of net debt allows for the financing of the program, and a potential increase of this ratio, will not have a significant impact on the Company's financial liquidity. At the same time, the Management Board assumes that if the program is carried out in its full scope, the external long-term financing needs will be close to approx. 1/3 maximum value of the program.

After the analysis of the EBITDA ratio generated by the Capital Group during the recent 4 quarters (2nd half of 2014 – 1st half of 2015) it should be concluded that carrying out the program at its maximum value should not result in the increase of the net debt/EBITDA ratio above the safe level. In the Management Board's Opinion, the program's maximum value stays within the Company's financial capacity.