

Report no 26

The Management Board of STALEXPORT S.A. informs that on 14.02.2007 the Extraordinary General Meeting of Shareholders was held in the seat of the Company. The shareholders present at the Extraordinary General Meeting of Shareholders represented 65,427,821 out of the total number of 157,762,023 shares/votes, what constituted 41,47 % of the share capital of the Company.

Shareholders which registered the share over 5% in the share capital:

Autostrade S.p.A	34 158 379	21,65%
PKO Bank Polski S.A.	8 733 864	5,54%

The Extraordinary General Meeting of Shareholders passed the following resolutions:

### **Resolution no 1**

*regarding the election of the Scrutinisers*

The Extraordinary General Meeting of Shareholders decides – according to the § 10a of the Regulations of the General Meeting of Shareholders – not to elect Scrutinisers and to authorise the Chairman of the Extraordinary General Meeting of Shareholders to sign the printed results of the voting.

### **Resolution no 2**

*in regard to an increase in stock capital of the Company*

1. Acting under art. 430 §1 and 5, art. 431 §1, art. 432 §1 and art. 433 §2 of the Commercial companies code the Extraordinary General Meeting of Shareholders of STALEXPORT S.A. with seat in Katowice, decides to increase the stock capital of the Company by the amount of 179,000,000 zloty (say: one hundred seventy nine million zloty) – from the amount of 315,524,046 zloty (say: three hundred fifteen million five hundred twenty four thousand forty six zloty) to the amount of 494,524,046 zloty (say: four hundred ninety four million five hundred twenty four thousand forty six zloty), by issuing 89,500,000 (say: eighty nine million five hundred thousand) of new bearer shares of G series of a nominal price amounting to 2.00 zloty (say: two zloty).
2. The issue price of shares of G series amounts to 2.2458 zloty ( say: two zloty 2458/10000) per one share.
3. 3. The new shares will participate in dividend, the right to which will arise, since the date the shares will be issued and given out or entered on the securities account of the subscriber.
4. The shares will be offered in a public offer, with excluding the right to acquire shares by existing shareholders of the Company, to the qualified investors, meeting the following criteria:
  - a. The annual revenues by virtue of operating the toll motorways in 2005 and in 2006 of the investor were not lower than 2,500,000,000 EURO (say: two milliard five hundred million);

- b. The investor holds a concession of the appropriate authorities for constructing and operating – directly or via the subsidiary companies – in the aggregate, of at least three thousand kilometers of toll motorways on the territory of the European Union countries;
  - c. The investor has experience in, joint with the Company, applying for projects of operating and constructing of motorways in Poland;
  - d. The investor has been conducting the activity in the range of operating the toll motorways since 1970 at least;
  - e. The investor will subscribe for all offered shares.
5. The Supervisory Board is authorized to determine the date of opening and closing the subscription.
  6. The subscribed shares will be covered by cash contributions.
  7. In connection with the above the content of §6 of the Company's Charter is changed and it receives the following reading:  
 "The stock capital of the Company amounts to 494,524,046 zloty (say: four hundred ninety four million five hundred twenty four thousand forty six zloty 00/100) and the content of § 7 section 1 of the Charter of the Company, receives the following reading:  
 "The stock capital of the Company is divided into 247,262,023 (two hundred forty seven million two hundred sixty two thousand twenty three) of ordinary bearer shares of a nominal value of 2.00 zloty (two zloty 00/100) each, including 8,341,030 (eight million three hundred forty one thousand thirty) shares of the A series with numbers from A 000,000,001 to A 008,341,030; 492,796 (four hundred ninety two thousand seven hundred ninety six) shares of the B series with numbers: from B 008,341,031 to B 008,833,826; 4,000,000 (four million) shares of the D series with numbers: from D 008,833,827 to D 012,833,826; 94,928,197 (ninety four million nine hundred twenty eight thousand one hundred ninety seven) shares of the E series with numbers: from E 12,833,827 to E 107,762,023; 50,000,000 (fifty million) shares of the F series with numbers: from F107,762,024 to F 157,762,023; and 89,500,000 shares of G series with numbers from G 157,762,024 to G 247,262,023."
  8. The Supervisory Board is authorized to draw up a uniform text of the Company's Charter taking into account the changes resulting from this resolution.

**The opinion of the Management Board  
 on depriving the right to acquire the shares of G series with numbers  
 from G 157,762,024 to G 247,262,023 by the existing shareholders and  
 the proposed issue price**

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The Management Board of the Company STALEXPORT S.A. with seat in Katowice, acting under art. 433 § 2 of Commercial companies code presents its opinion on depriving the right to acquire the shares of G series and the mode of fixing the issue price of the shares of G series with numbers from G 157,762,024 to G 247,262,023.

The Management Board of STALEXPORT S.A. for the few last years has been systematically executing "the Programme of executing the strategy of STALEXPORT S.A. in the years 2002-2007 under the condition of the arrangement proceedings" approved in 2002

According to the approved plan, the execution of the repayment of the arrangement and off-arrangement liabilities is the most important task of the Company. The arrangement proceedings, which covered the liabilities in the amount of 605 m zloty and the restructuring of the off-arrangement liabilities in the amount of 251 m zloty, gave the possibility for

further functioning of STALEXPORT S.A. The company systematically meets its arrangement and off-arrangement liabilities. Till today 14 out of 20 arrangement instalments have been repaid.

The off-arrangement liability towards the State Treasury by virtue of guarantees for Huta Ostrowiec ( ca 78 m zloty) still remains to be also repaid, the repayment of which will commence in the second half of 2008. The interests are currently repaid. The matter of the possible liability towards the State Treasury by virtue of guarantees for WRJ Sp. z o.o., which has not been settled till today, and which – *according to the best knowledge of the Management Board* – is estimated at maximum ca 88 m zloty.

Such considerable financial burdens affect the diminishing of the working capital, which results in the lack of the development of business activity and credit rating. Analysing the existing situation of the Capital Group of STALEXPORT it should be stated that the main tasks for the near years are:

- the development of the motorway activity so as it becomes the core business of the Company,
- repayment of the restructured liabilities.

The basic conditions of the executing of the above mentioned targets, among other things, are:

- increasing own funds,
- recovering the credit rating,
- recovering the market and business credibility in a degree enabling the expansion on motorway market.

In the opinion of the Management Board, equity capital of the Company does not secure the execution of the business purposes planned by the Company. The scale of needs of the Company indicates, that the necessary means can be obtained only by issue of new shares, which will be offered to the external investor. Such investor would contribute not only the necessary capital to the Company, but also other values, including in particular the experience and market credibility to secure the dynamic development of the Company in the range of the motorway activity.

The issue of shares of G series will result in an inflow of financial means in the amount of over 200,000 m zloty, which in connection with obtaining the strategic support of the business entity, specialized and experienced in operating the motorways, should secure the Company the stable grounds of the activity and prospects of dynamic development of the motorway business, and also repayment of the “historic” liabilities.

According to the draft of the resolution of the General Meeting concerning an increase in stock capital of the Company, 89,500,000 shares of G series will be offered in public offering, with excluding the right to acquire shares by existing shareholders of the Company, to the qualified investors, meeting the following criteria:

- a. The annual revenues by virtue of operating the toll motorways in 2005 and in 2006 of the investor were not lower than 2,500,000,000 EURO (say: two milliard five hundred million);
- b. The investor holds a concession of the appropriate authorities for constructing and operating – directly or via the subsidiary companies – in the aggregate, of at least three thousand kilometers of toll motorways on the territory of the European Union countries;
- c. The investor has experience in, joint with the Company, applying for projects of operating and constructing of motorways in Poland;

- d. The investor has been conducting the activity in the range of operating the toll motorways since 1970 at least;
- e. The investor will subscribe all offered shares.

Depriving the right to acquire shares by the existing shareholders and offering these shares to the qualified investors fulfilling the a/m criteria, is aimed at strengthening the market position of the Company STALEXPORT S.A. by incorporating the investor or investors having the experience and position in the motorway business in Poland and in the world, into the activity of the Company. To this end the Company presented a range of objective criteria, which should be fulfilled by the investor. They cover both economic criteria, such as the determined level of annual revenues amounting to two milliard five million EURO, which is to guarantee the stability of the financial situation of the investor, as well as the potential to develop the future motorway projects in Poland and also the substantial criteria assuming the high level of experience and engagement of the investor in the motorway business. To this end the Company expects supplying documentary evidence for the conducted activity of the investor covering the period since at least 1970, as well as holding the concession of the appropriate authorities for construction and operating – directly or via the subsidiary companies - in the aggregate, for at least three thousand kilometers of toll motorways on the territory of the European Union countries. Moreover, the next key criterion is the already gathered experience of the investor in joint with the Company, applying for projects of operating and constructing of motorways in Poland, which is to secure the concerted action in future motorway projects, in which STALEXPORT S.A. is to participate.

The experience of the branch investor in execution of the motorway projects will be invaluable in prospect of the anticipated development of the motorway network in Poland. Only the entities with capital and suitably qualified will be able to compete in tenders arranged in connection with development of the domestic motorway network and their later operating. That's why the support of the investor of the motorway industry, with capital, will enable the Company to effectively compete on the market. Moreover, in future, the presence of the investor of the motorway industry, with vast experience in numerous international infrastructure projects, will enable the company STALEXPORT S.A. an expansion in the region.

Also the Supervisory Board - *assessing the prospect of functioning of the Company, and also having in mind the amount of liabilities, remained to be repaid* – acknowledged that the intensification of actions is necessary, aimed at securing the means necessary for further functioning of the Company. According to the Supervisory Board, among other things, the actions aimed at obtaining the means from the capital market should serve this purpose, including first of all winning the strategic investor.

Not undertaking the above actions can result in disturbances in repayments of liabilities, which "opens" the risk of the Company bankruptcy and threatens wasting the effects of restructuring achieved so far.

The capital investment in the Company, by subscribing the shares of F series by AUTOSTRADE S.p.A. had already been positively reflected in the increase in the price of shares of the Company, which has been maintaining constantly till today, since the first information on possible investment in Poland by AUTOSTRADE S.p.A. appeared on the market. Thus, since 30.12.2005 the shares quotation increased from 1.64 zloty per one share to 4.42. zloty per share on 01.02.2007.

The book value (consolidated) per one share as at 30.09.2006 amounts to 1.14 zloty ( in comparison with 0.31 zloty as at 31.12.2005). The increase in book value of the shares of the Company resulted mainly from capital investment in the Company by AUTOSTRADE S.p.A. in July 2006 and from the conversion of debts towards banks to stock capital.

In connection with that the Management Board proposes, that in the offer directed to the qualified investors, meeting the criteria connected with the branch character of the investor, the shares of G series are offered at the same price, at which the banks had subscribed the shares, while converting the held debts towards the Company to capital, i.e. at the issue price equal to 2.2458 zloty.

The increase in quotation of shares of STALEXPORT S.A. results from first of all, recovering the trust by the Company among the investors, due to the investment by AUTOSTRADE S.p.A. It can be expected that the further capital engagement of AUTOSTRADE S.p.A. will result in further increase in shares value of the Company. Next, the loss of the trust of the branch investors and their possible withdrawal from the capital investments in STALEXPORT S.A. can bring about a sudden collapse of the shares quotation of the Company to the detriment of all its shareholders, and first of all for the Company itself and its creditors.

It should be acknowledged then that depriving the right to acquire the shares of G series with numbers from G 157,762,024 to G 247,262,023 by the existing shareholders is advantageous for the Company and it is not contradictory to the interests of the shareholders of the Company, and fixing the issue price of these shares at the level of 2.2458 zloty (two zloty 2458/10000) per one share is intentional and economically justified.

/.../ the Management Board of STALEXPORT S.A.

The representative of Bank Ochrony Środowiska S.A. stating that on the behalf of this shareholder he voted against and he demands recording it in the minutes.

### **Resolution no 3**

***in regard to on application for admitting the shares of G series (with numbers from G 157,762,024 to G 247,262,023) to the public trading on the regulated market and their dematerialisation as well as an authorization of the Management Board to conclude with the National Depository for Securities S.A. an agreement on registering the securities, mentioned in art. 5 of Act dated 29<sup>th</sup> July 2006 on Trading in Financial Instruments.***

Acting under art. 27 passage 2 point 3 of the Act dated 29.07.2005 on public offering and conditions of introducing the financial instruments to the organised system of turnover and public companies as well as art. 5 passage 8 of the Act dated 29.07.2005 on Trading in Financial Instruments, the Extraordinary General Meeting of Shareholders:

- 1) gives approval for applying for admittance to the public trading on regulated market on Warsaw Stock Exchange S.A. of shares of G series (with numbers from G 157,762,024 to G 247,262,023), issued within the framework of an increase in stock capital of the Company and their dematerialisation,

- 2) authorizes the Management Board of the Company to conclude with the National Depository of Securities an agreement on registering, in National Depository of Securities, the shares of G series (with numbers from G 157,762,024 to G 247,262,023), issued within the framework of an increase in stock capital of the Company.
- 3) Decides that admitting the shares of G series to trading at Warsaw Stock Exchange, mentioned in point 1) of this resolution, will not take place before 14.02.2008.

#### **Resolution no 4**

*In regard to: recalling the member of the Supervisory Board*

The Extraordinary General Meeting of Shareholders decides to recall Mr. Jeffery Grady from the composition of the Supervisory Board.

#### **Resolution no 5**

In regard to : appointing the members of the Supervisory Board

The Extraordinary General Meeting of Shareholders decides to appoint Mr. Konrad Tchórzewski to the composition of the Supervisory Board.

*Biography of the newly-appointed member of the Supervisory Board will be disclosed in separate current report.*

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*The only binding version is the Polish original that should be referred to in matters of interpretation.*