

Subject: Commencement of negotiations regarding proposed acquisition of shares in Pfeiderer GmbH

Current Report no. 29 /2015

The Management Board of Pfeiderer Grajewo S.A. ("**Grajewo**") hereby informs you that on June 30, 2015 Grajewo decided to accept the invitation received from its indirect controlling entity, Atlantik S.A., to commence negotiations regarding the proposed acquisition by Grajewo of all shares in Pfeiderer GmbH ("**PG**"), an indirect parent company of Grajewo and a wholly owned subsidiary of Atlantik S.A. (the "**Acquisition**", the "**Transaction**"). Upon the successful completion of the Transaction, Grajewo will become the dominant company in the restructured capital group and the parent entity of PG and its subsidiaries. PG and its subsidiaries are currently composed of the German and Western European business operations ("**Core West**") as well as the Polish and Eastern European business operations ("**Core East**", represented by Grajewo).

The structure of the proposed Transaction envisages that Grajewo will fund the acquisition of all shares in PG with the proceeds from an offering of newly issued shares in Grajewo through a capital increase without pre-emptive rights (the "**Offering**"). The Offering will be made on a public basis in Poland but not in other jurisdictions. The proposed Offering structure provides that Grajewo eligible shareholders who decide to participate in the Offering can benefit from the priority right with respect to the allotment of newly issued shares in proportion to their shareholding in the Company on the record date set at the end of the day immediately preceding the commencement of the subscription period for the newly issued shares (economically mirroring a pre-emptive right offering). A part of the proceeds from the Offering is intended to be used to reduce the indebtedness of Grajewo's enlarged group following the completion of the Transaction to help enable the achievement of a year-end target level of below 2x net financial debt/adjusted EBITDA. Moreover, Grajewo's majority shareholder, Pfeiderer Service GmbH, may also offer a number of existing shares in Grajewo in the Offering.

Under the proposed structure of the Transaction the acquisition price for the shares in PG will depend on the valuation of Grajewo determined in the course of the Offering. Based on a number of parameters, including an analysis of the relative contribution of the two businesses, the ratio of the relative enterprise valuation of Core East to Core West will be agreed upon and set out in the share purchase agreement with regard to the shares of PG (the "**SPA**"). The ratio of the relative 100% enterprise valuation proposed co Grajewo is 58% Core West to 42% Core East. As a result of the book-building process in the course of the Offering, the issue price of the newly issued shares will be determined, which, taking into account the agreed ratio of Core East enterprise valuation to the enterprise valuation of Core West set forth in the SPA, will allow the acquisition price of PG to be set. The proposed structure assumes that the SPA will provide the parties thereto with a withdrawal right if the issue price of the newly issued shares in Grajewo determined in the book-building process would lead to an acquisition price for the shares in PG that either of the parties would deem unacceptably low or high.

The proposed Transaction is a part of the reorganization process of the PG capital group (the "**Reorganization**"), which assumes that part of the current debt of certain members of the PG capital group, including PG, will be refinanced (the "**Refinancing**"). The Reorganization is subject to certain regulatory clearances,

including antitrust clearance. The proposed structure assumes that all elements of the Reorganization (specifically, the Acquisition, the Offering and the Refinancing) will be interdependent. In particular, it is proposed that the commencement of subscriptions under the Offering will depend upon the prior satisfaction of certain conditions precedent pertaining to the Reorganization, including those relating to the Acquisition. Moreover, the Acquisition will not be completed until the share capital increase has been registered in the commercial register and the proceeds from the Offering have been released to finance the acquisition of the shares in PG. It is expected that, as a consequence of the Transaction, Atlantik S.A. will likely lose its controlling participation in Grajewo.

The detailed terms and conditions of the proposed Transaction will be subject to negotiations between Grajewo and Atlantik S.A. and may change during the course of such negotiations. In relation to the proposed Transaction the Management Board of Grajewo has decided to convene an Extraordinary General Shareholders Meeting to consider the resolutions regarding Grajewo's share capital increase (please refer the Grajewo's current report no. 30/2015).

This report was prepared on the basis of article 56 Section 1 Item 1 of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (consolidated text: Dz.U. of 2013, item 1382).

June 30th, 2015

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