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Touche**



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***Poland - Privatization  
Through Restructuring  
January and February 1993  
Monthly Report***

**Delivery Order Number 18  
Privatization Through Restructuring**

**Project No. 180-0014  
Contract No. EUR-0014-1-00-1056-00  
Eastern European Enterprise  
Restructuring and Privatization Project**

**U.S. Agency for International Development  
EUR/RME/ER/ED**

**March 1993**

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Touche**

Sp. z o.o.



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4 March 1993

Mr. William Joslin  
AID Representative  
U.S. Embassy  
00-461 Warsaw  
Poland

Mr. Mark Karns  
Bureau for Europe  
Agency for International Development  
Washington D.C. 20523  
USA

Gentlemen,

US AID CONTRACT NO. EUR-0014-I-00-1056-00, DELIVERY ORDER NO. 18,  
PRIVATIZATION THROUGH RESTRUCTURING.

Enclosed herein is a status report covering activities under this assignment performed in  
January and February 1993.

Should you have any questions or comments, please do not hesitate to contact me.

Yours sincerely,

Jeffrey Baldwin  
Project Director

## **PRIVATISATION THROUGH RESTRUCTURING (PtR)**

### **STATUS REPORT January and February 1993**

#### Activities during January and February

- \* We prepared promotional materials, including a comprehensive summary of the program, an executive summary of the five participating companies, a detailed program description, company overviews, program summary and cover letters. All of the materials were prepared in Polish and English. (Attachment 1)
- \* We selected 1113 companies in 8 countries (including Poland) most suitable for a direct promotional mailing. We contacted these companies by fax, promoted the Privatization through Restructuring program, gave them an overview of the companies subject to the program and encouraged participation. (Attachment 2)
- \* We presented all the Phase I materials to the Ministry of Privatization and delivered numbered copies of business profiles, confidentiality agreements, cover letters, and all the promotional materials including additional sources of information for foreign investors.
- \* We delivered and presented the Phase I report to US AID in Washington.
- \* We selected national and international newspapers to place advertisements whenever the proposed promotional budget would be approved.
- \* We participated in a panel discussion in Toruń, organized by the Ministry of Privatization, at which we promoted the Privatization through Restructuring program and distributed promotional materials.
- \* We participated in a business mission to Belgium organized under the auspices of the National Chamber of Commerce during which we marketed the Privatization through Restructuring program through interviews with local newspapers, promotional presentations and the distribution of materials.

## ATTACHMENTS

**ATTACHMENT 1**  
**PROMOTIONAL MATERIALS**



# MINISTERSTWO PRZEKSZTAŁCEN WŁASNOŚCIOWYCH

00-325 Warszawa, ul. Krucza 36

tel.: 628 02 01. fax: 213 361. 625 11 14, tlx: 916 321

DEPARTMENT  
PRYWATYZACJI z RESTRUKTURYZACJĄ  
tel. 628-60-67, 628-02-81 w. 506

January, 1993

Dear Sir/Madam,

It is my pleasure to bring to your attention the latest privatization program of the Polish Ministry of Privatization "Privatization through Restructuring (PtR)" and to invite qualified Management Groups (MGs) to participate.

This new program is based on the concept that highly qualified Management Groups, independent or from existing corporations, will be contracted by the Polish government to manage, restructure and privatize Polish state owned enterprises.

The Polish government is currently accepting applications from teams interested in becoming an MG. Selected MGs will receive a salary, annual profit sharing, the first right of refusal to purchase company shares and a commission upon sale of company shares.

This innovative program not only presents unique opportunities to new market entrants but also offers an unequalled upside potential to entrepreneurs, corporate investors and professional restructuring experts at a low cost. You will find an overview of the PtR program and a summary of the first five companies involved enclosed. For your convenience, we have prepared a business profile for each of the companies within this program which is available upon signing a confidentiality agreement.

If you or any of your associates are interested in participating in the Management Group selection for one of the companies included, please contact our department and we will be happy to send you further details concerning the PtR program and the company.

I trust you find this program appealing.

Yours sincerely,  
D Y R E K T O R

*Jan Sidorowicz*

Jan Sidorowicz  
Department Director  
Ministry of Privatization of the Republic of Poland.

# Privatization Through Restructuring

## Overview:

In an effort to accelerate the privatization of Polish state owned enterprises, the Ministry of Privatization (MoP) has developed a new program called Privatization through Restructuring (PtR). This new approach offers an alternative privatization method to those enterprises that require a transition period to prepare for full privatization. It is based on the concept that before actual privatization takes place companies will be restructured to enhance their attractiveness to potential buyers. The restructuring will be carried out by highly qualified Management Groups (MGs).

## Objective:

To privatize small and medium-sized companies that require preliminary restructuring to make them economically viable.

## Participating Companies:

Carefully selected small and medium-sized state owned enterprises. The first five companies are:

### Company:

- Wuko-Wschowa,
- Optex-Opoczno,
- Techma-Bydgoszcz,
- Zakłady Chemiczne "Rudniki",
- Inofama-Inowrocław,

### Industry:

- Metal works
- Textiles
- Metal works
- Chemicals
- Metal works

### Additional companies shall include:

- MERA-ELZAB,
- Bielskie Zakłady Graficzne,
- PREMET S.A.,
- Huta Szkła "KARA",
- Gorniczo Przetwórcze Zakłady,
- TEMED S.A.,
- Powogaz-Poznan,
- Zakłady Przemysłu Dziewiarskiego "Wanda",
- Olsztynskie Kopalnie Surowców Mineralnych,
- Bielskie Przedsiębiorstwo Robot Instalacyjnych,

- Electronics
- Publishing of books and brochures
- Lighters
- Flatglass
- Heat resistant clays
- Medical equipment
- Sewage treatment equipment
- Knitwear
- Gravel
- Sewage and heat systems

## Who can apply?

Polish and foreign individuals or companies equipped to restructure a company can apply. This includes strategic investors, entrepreneurs, companies seeking access to the Polish market and other groups that want to explore new market opportunities at a low cost.

## Role and benefits for the Management Group (MG):

The MG will be contracted by the Ministry of Privatization (MoP) to restructure and sell the company. They will report to the company's existing Supervisory Board and are compensated on three levels. First, MGs will receive a salary. Second, MGs will share in the net annual profits of the company and finally, the MGs will receive a percentage of the proceeds from privatization. In addition, the MG will receive the right of first refusal to purchase company shares.

# Privatization Through Restructuring

## What to do, if interested?

Groups interested in becoming an MG should submit their name, address and the name of the company they are interested in to the Ministry of Privatization (see address below). They will receive additional company information, a detailed program description and a confidentiality agreement. Upon returning a signed copy of the confidentiality agreement a business profile of the company of interest will be available.

The potential MG is expected to conduct its own due diligence to collect sufficient information to submit a Restructuring Plan and to estimate the base value of the company, both needed to qualify for selection to MG.

## Program Steps:

### *1. Management Group (MG) Selection*

- |    |   |
|----|---|
| L1 | Participating companies prepare a Business Profile.             |
| L2 | The company is promoted to potential MGs                        |
| L3 | Interested MGs receive company information                      |
| L4 | Serious MGs visit the company and gather additional information |
| L5 | MGs submit a tender bid and Restructuring Plan                  |
| L6 | Ministry of Privatization (MoP) selects one MG                  |
| L7 | The winning MG is contracted by the MoP                         |

### *2. Pre-privatization Restructuring*

The contracted MG conducts pre-privatization restructuring activities.

### *3. Privatization of the Company*

The MG assist the MoP in selling company shares. The company is considered to be privatized when at least 51% of the shares are transferred to hands.

## Timing:

The first five companies are promotion to potential MGs (step 1.2 - 1.3); January-February, 1993  
Deadline for submission of restructuring plans and tender bids (step 1.5); March, 1993  
MG commences its activities as management of the company (step 2); June-August, 1993

## Additional Information:

Ministry of Privatization  
Privatization through Restructuring  
ul. Krucza 36, Room 141 Warsaw  
Contact: Bożena Dyjak, Beata Końska  
Tel:(2)628-0281 ext. 507 Fax:(2)628-3090

Deloitte & Touche,  
ul. Grzybowska 30/32, 3rd floor  
Warsaw  
Contact: Coen Pouters or Jolanta Kokosińska  
Tel:(2)661-5300 Fax:(2)661-5350

**Description:**

- PW - production workers
- SF - support staff
- A - administration
- B - board of directors
- DS - domestic sales
- I - export

**Privatization through Restructuring**  
**List of participants<sup>1</sup>**  
**Background information**



Name of the Company	Industry	Main products	Employment structure	Total sales as at 30/09/92 (ln m zl)	Geographical structure of sales
1. INOFAMA S.A.	Steel constructions	<ul style="list-style-type: none"> <li>- motorway barriers</li> <li>- agricultural equipment</li> <li>- waste containers</li> <li>- barrels and containers</li> </ul>	PW: 437 SS: 430 A : 187 B : 2	205,371	DS: 10% I: 90%
2. Optex-Opoczno S.A.	Textile	<ul style="list-style-type: none"> <li>- suit fabrics</li> <li>- ornamental fabrics</li> <li>- dress fabrics</li> <li>- laundry bags</li> </ul>	PW: 882 SS: 262 A : 134 B : 4	162,436	DS: 98% I: 2%
3. Chemical Works "Ituduki" S.A.	Chemical	<ul style="list-style-type: none"> <li>- sodium water glass</li> <li>- industrial cleaning media</li> <li>- deca-water sodium</li> <li>- sodium glaze</li> </ul>	PW: 121 SS: 179 A : 47 B : 3	16,436	DS: 81% I: 19%
4. TECHINA Bydgoszcz S.A.	Steel constructions	<ul style="list-style-type: none"> <li>- units and parts for cranes and transportation equipment</li> <li>- steel constructions</li> <li>- fork lift trucks</li> <li>- containers</li> </ul>	PW: 118 SS: 33 A : 41 B : 2	16,436	DS: 30% I: 70%
5. Wuko sp. z o.o.	Engineering	<ul style="list-style-type: none"> <li>- waste removal trailers</li> <li>- containers</li> <li>- waste removal semi-trailers</li> <li>- sand spreaders</li> </ul>	PW: 65 SS: 37 A : 35 B : 2	13,083	DS: 87% I: 13%

<sup>1</sup>First five companies

# PRIVATIZATION THROUGH RESTRUCTURING (PtR)

## Program Description

### **BACKGROUND**

In an effort to accelerate the privatization of Polish state owned enterprises, the Ministry of Privatization (MoP) has developed a new program called Privatization through Restructuring (PtR). This new approach offers an alternative privatization method to those enterprises that require preliminary restructuring to prepare for privatization.

### **OBJECTIVE**

The objective of the program is to privatize small and medium-sized companies that require preliminary restructuring to make them economically viable.

### **OVERVIEW**

The program invites Management Groups (MGs) to manage, restructure and privatize a company. The MG shall, in return, receive a management fee, an annual profit sharing, a commission upon transfer of at least 51% of the shares to private investors and the first right of refusal to purchase company shares.

### **COMPANIES INVOLVED**

The first five companies involved in this new program are:

<b>Company:</b>	<b>Industry:</b>
• Wuko-Wschowa,	Metal works
• Optex-Opoczno,	Textiles
• Techma-Bydgoszcz,	Metal works
• Zakłady Chemiczne "Rudniki",	Chemicals
• Inofama-Inowroclaw,	Metal works

### **THE PROGRAM**

#### **Sequence of events:**

1. The company is promoted to potential MGs
2. Interested MGs submit a tender bid to the Ministry of Privatization (MoP)
3. The MoP selects one MG for the company
4. The winning MG is contracted by the MoP
5. The MG conducts pre-privatization restructuring
6. The MG privatizes the company
7. Completion of the management contract

These events are described in more detail in the following paragraphs.

## 1. The company is promoted to potential MGs

The MoP promotes the company in Poland and abroad. Potential MGs will, after signing a confidentiality agreement, receive a business profile of the company. Interested MGs will have the opportunity to visit the company to conduct independent due diligence.

## 2. Interested MGs submit a tender bid to the Ministry of Privatization (MoP)

The tender bid should include the following:

- *A Restructuring Plan for the company*  
The Restructuring Plan should outline the MG's proposal for restructuring the company. The plan should include a technical, financial and social part as well as a general approach to restructure and privatize the company. The proposal should also include sources of financing for proposed capital investments and development programs.
- *An estimate of the company's initial value*  
The company's initial value should be quoted in Polish Zlotys or US Dollars. The value quoted by the winning MG will be the base for the calculation of the deposit and future commission from sales of company shares.
- *The names and backgrounds of the proposed company management*  
The tender bid should include the names and relative experiences and qualifications of the members of the team that the MG proposes for daily management of the company.
- *An irrevocable bank guarantee*  
The irrevocable bank guarantee should be valid for a period of 90 days after the closing date of the tender. The amount of the irrevocable bank guarantee should be in Polish Zlotys or US Dollars for an amount of 5 percent of the quoted estimated initial value of the company.

### Tender Conditions

- In accordance with its legal mandate, the MoP intends to seek bids for management contracts for the above named companies by means of a tender in the following manner:  

Bids for a contract to manage a company (organized as a joint stock company -Spółka S.A.- or limited liability company -Spółka z o.o.- under the Polish law) must be for the provision of management services, restructuring and sale of company shares.
- The tender is public and anyone is entitled to bid.
- The term of length for the management contract is 2 years.
- Interested parties can obtain, after signing a confidentiality agreement with the MoP, a business profile on the company free of charge. Prospective bidders should receive written authorization from the MoP prior to visiting the enterprise.
- Bids are to be submitted in Polish and English (3 copies each) in a sealed envelope marked only with the name of the company for which the bid is submitted.

- Bids must be received at the Ministry of Privatization, ul. Krucza 36, Room 141, Warsaw, Poland no later than 2:00 PM local time, on Wednesday March 31, 1993 (the "closing date"). Bids will be opened immediately thereafter by the evaluation committee. Bids must be denominated in Polish Zlotys or US Dollars, and shall remain valid for ninety (90) days after the closing date.
- Bids must be accompanied by a bond of five (5) percent of the bid value in the form of an irrevocable bank guarantee valid for ninety (90) days after the closing date. The bid bond will be forfeited if the bidder either fails to hold its bid open during the required period or refuses to sign a management contract in accordance with its bid.
- The MoP will decide on the bids within ninety (90) days after the closing date. The MoP is not bound to accept any bid and may accept a bid other than the highest.
- Bonds from teams not selected to become a MG will be returned.

### 3. The MoP selects one MG for the company

Submitted bids will be judged on the following criteria:

1. *Restructuring Plan.* The restructuring plan will be evaluated upon its merit and feasibility in areas such as finance, social and environment awareness, operations and marketing. All groups presenting credible and realistic restructuring plans will be eligible to participate in the tender.
2. *Qualifications of the proposed management team.* Bids will be evaluated upon the level of qualifications and relevant experiences of the management team proposed by the MG.
3. *Estimated initial value of the company.* Bids will be evaluated upon the initial value of the company.

The Ministry of Privatization reserves the right to accept or reject bids for any reason, and is not required to accept the highest bid.

### 4. The winning MG is contracted by the MoP

Successful bidders will be required to contribute a financial deposit representing a percentage of the initial (tendered) value of the company, calculated on the following scale:

<u>Initial Value of Company</u>	<u>Required Financial Deposit</u>
0 - 10 billion PLZ	10% of Initial Value
10 - 150 billion PLZ	1 billion PLZ plus 4% of the difference between Initial Value and 10 billion PLZ
150 billion PLZ +	6.6 billion PLZ plus 2% of the difference between Initial Value and 150 billion PLZ

Successful Polish bidders will enjoy a 50% discount on the required financial deposit.

After having paid the financial deposit, the MG will be engaged by the MoP by the means of a management contract for a period of two years.

The proceeds from the financial deposit shall be used as working capital to finance the restructuring. Upon payment of the financial deposit, the MG shall have the right to an equivalent percentage of company shares ("reserved shares") at the time of transfer of at least 51% of the company shares to private investors as specified in section 5.

#### 5. The MG conducts pre-privatization restructuring

During the contract period the MG shall be responsible for:

*Managing, restructuring and privatizing the company.*

- The terms under which these activities will be carried out will be specified in the management contract between the MoP and MG. A draft of this management contract will be made available by the MoP.

The MG shall not be responsible for:

- Obligations resulting from any damages arising out of environmental pollution related to activities or assets of the company prior to the beginning of the management contract.
- And shall be held harmless by the MoP for damages arising out of claims for restitution by previous owners of the company's shares or assets.

In return for its services the MG shall receive:

*A management fee,*

- The MG and the MoP shall agree upon a management fee which will be based on the previous existing remuneration levels for management within the company. This compensation shall be specified in the management contract.

*an annual profit sharing,*

- The MG shall be eligible to receive a percentage of the net annual profits. This percentage will be equal to the percentage of the financial deposit in relation to the initial value of the company.

*the first right of refusal to purchase shares; and*

- The MG shall be granted the first right of refusal to purchase company shares for an equal value quoted in any offer received by the MoP.

*a commission for sale of shares to private investors.*

- The MG shall receive a commission for the sale of company shares to private investors.
- Private investors can include, but are not limited to, the MG or company workers<sup>1</sup>.
- The commission shall be paid out in company shares.
- The commission shall be equal to the 70% of the real capital gain in the value of shares sold.
- The real capital gain is the value of the shares sold (at the time of sales) minus the initial value of the shares (at the time of tender) adjusted for 80% of the inflation<sup>2</sup> incurred during the period commencing on the first day of the management contract to the to the time of sales.

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<sup>1</sup>A commission, on shares bought by company workers, will only be granted over those shares that are not bought on preferential terms.

<sup>2</sup>The level of inflation shall be determined by taking the revaluation indices of tangible fixed assets as provided by the Polish Ministry of Finance.

- The commission shall be paid out upon the transfer of at least 51% of the company shares to private investors (this 51% includes shares granted as commission, shares bought by company workers at a preferential rate, shares sold to private investors and the previous mentioned "reserved shares" resulting from the financial deposit).
- See example for clarification.

#### 6. The MG privatizes the company

- The MG may request to sell shares to private investors at any time.
- The MoP shall grant or deny the request within 30 days.
- The MG shall be responsible for the preparation of an offering memorandum for use by prospective investors.
- Offerings of shares can be done by tender, by an offer for sale advertised in public, as a result of negotiations entered into through public invitation or by any combination thereof.
- The MG shall, unless it has already transferred 51% or more of the shares, conduct an offering not later than 30 days prior to the end of the two year management contract period.
- The MoP has the right to reject or accept any proposed sale of shares in any offering.

#### 7. Completion of the management contract

- The management contract will be completed upon transfer of 51% or more of the company shares to private investors, as described in section 5.
- In the event that less than 51% of the shares have been transferred into private ownership, the MG shall conduct a public tender offering not later than 30 days before the end of the two year management contract period. Under this event, the MoP shall accept and agree to the sales of shares and the program is assumed to be completed.
- The contract can, upon agreement from the parties involved, be extended for not more than 2 years.
- Remaining shares after the completion of the management contract will be the responsibility of the MoP.

#### Miscellaneous

- The Supervisory Board and workers of the company shall receive a commission for the sale of company share equal to 30 percent of the real capital gain in the value of shares sold as determined in section 5.
- Employees of the company shall have the right to purchase, on preferential terms, up to 20 percent of the company shares as specified by the Polish privatization law<sup>3</sup>. There will be no commission granted over the sales of these shares.
- No party shall be hold responsible for early termination under the event of force majeure.
- No representation or warranty is made for the reliability, completeness or accuracy of the information contained in the Business Profiles made available by the MoP.
- Disagreement or disputes in connection with the program will be settled by arbitration.

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<sup>3</sup> The Polish privatization law is expected to be modified shortly. In the new law the workers would be entitled to get 10% of the company shares free of charge.

**Example**

The initial (tendered) value of the company is assumed to be 20 billion PLZ (line 1 in table 1). Based on the initial value, the required financial deposit (for a non-Polish MG) will amount to 1.4 billion PLZ (line 2) as described in section 4.

$$10\% \cdot 10 \text{ Billion PLZ} = 1.0 \text{ Billion PLZ}$$

$$+ 4\% \cdot (20-10) \text{ Billion PLZ} = \underline{.4 \text{ Billion PLZ}}$$

1.4 Billion PLZ or 7% of the initial value.

During the two year management contract period the MG offers company shares for sale.

- In this example, during a first offering of shares the MG sells 15% of the shares (line 6), at a full price, to private investors (as defined in section 5) and 5% to company workers at a preferential rate (50% discount) in accordance with the Polish privatization law (line 5). The sales price of 100% of the shares is assumed to be 25 billion PLZ (line 4) while the inflation (see footnote 2) incurred during the period commencing on the first day of the management contract to the time of the sales equals 20 percent (line 3).
- The real capital gain during this period will be the value of the shares sold minus the initial value of the shares adjusted by 80% of the incurred inflation. In this example the real capital gain will amount to:

$$15\% \cdot (25 \text{ bln PLZ} - (20 \text{ bln PLZ} \cdot (1 + (.8 \cdot 20\%)))) = 0.27 \text{ bln PLZ}$$

- The MG will be eligible to a commission of 70% of the real capital gain while the workers and Supervisory Board together to a commission of 30%.

This amounts to:

Commission MG (line 10):

$$70\% \cdot 0.27 \text{ bln PLZ} = 0.189 \text{ (rounded 0.19) bln PLZ}$$

- or - 0.756 (rounded 0.76) percent of company shares.

Commission Workers and Supervisory Board (line 11):

$$30\% \cdot 0.27 \text{ bln PLZ} = 0.081 \text{ (rounded 0.08) bln PLZ}$$

- or - 0.324 (rounded 0.32) percent of company shares.

- No commission is calculated over the transfer of shares resulting from the financial deposit or share purchase by workers at a preferential price.

1	Initial value of the company:	20 Billion PLZ			
2	Financial Deposit:	1.4 Billion PLZ		7.00 Percent	
		<u>First Offering of Shares:</u>		<u>Second Offering of Shares:</u>	
3	Inflation occurred during period:	20 Percent		30 Percent	
4	Sales value of the company:	25 Billion PLZ		27 Billion PLZ	
5	Workers purchase (@ 50% discount):	5 Percent		10 Percent	
6	Percent sold to private investors:	15 Percent		11.95 Percent	
	Distribution:	Value	Percent	Value	Percent
7	Private investors	3.75	15.00%	7.28	26.95%
8	Workers (Bought @ 50% discount)	1.25	5.00%	4.05	15.00%
9	MG (Financial Deposit)	1.75	7.00%	1.89	7.00%
10	MG (Commission)	0.19	0.76%	0.39	1.44%
11	Supervisory Board & Workers (Commission)	0.08	0.32%	0.17	0.62%
12	Polish State Treasury	<u>17.98</u>	<u>71.92%</u>	<u>13.23</u>	<u>49.00%</u>
13	Total	25.00	100.00%	27.00	100.00%

Table 1.

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- Table 1 shows the share distribution after this first offering of shares. Because the transfer of shares (to private investors, to workers at a preferential rate, to the MG in connection with the financial deposit, to the MG as a commission and to the Supervisory Board and Workers as a commission) is less than 51%, privatization has not accomplished. Consequently, the commissions and the reserved shares in connection with the financial deposit will not be paid out but remain in the hands of the Polish State Treasury. The actual share distribution therefor will be:

	Value	Percent
Private investors:	3.75	15.00%
Workers:	1.25	5.00%
Polish State Treasury:	<u>20.00</u>	<u>80.00%</u>
Total:	25.00	100.00%

- It is assumed that the MG sells additional shares in a second offering. This time 11.95% of the company shares are sold to private investors (line 6) and 10%, at a preferential rate, to company workers (line 5). The sales price is assumed to be 27 billion PLZ (line 4) and the inflation incurred 30% (line 3).

- The real capital gain is calculated similarly as in the first offering.  
 $11.95\% * (27 \text{ bln PLZ} - (20 \text{ bln PLZ} * (1 + (.8 * 30\%)))) = 0.2629 \text{ bln PLZ}$

- The commissions will equal to:

Commission MG (line 10):	
70% * 0.2629 bln PLZ =	0.184 bln PLZ
- or -	0.682 percent of company shares.
Commission Workers and Supervisory Board (line 11):	
30% * 0.2629 bln PLZ =	0.079 bln PLZ
- or -	0.292 percent of company shares.

- The accumulated commissions after the second share offering are:

Commission MG:	
0.756% + 0.682% =	1.438% (rounded 1.44) of company shares
- or -	0.388 (rounded 0.39) billion PLZ
Commission Workers and Supervisory Board:	
0.324% + 0.292% =	0.616% (rounded 0.62) of company shares
- or -	0.166 (rounded 0.17) billion PLZ

- Table 1 shows the share distribution after the second offering of shares. Because the transfer of shares (to private investors, to workers at a preferential rate, to the MG in connection with the financial deposit, to the MG as a commission and to the Supervisory Board and Workers as a commission) is more or equal to 51%, privatization of the company is accomplished. Consequently, the commissions and the reserved shares in connection with the financial deposit are be paid out. The management contract is completed.

This example shows two offerings of shares. Obviously, one or more offerings are also possible.

#### Additional Information

For additional information concerning this program please contact:

Ministry of Privatization  
 Privatization through Restructuring  
 ul. Krucza 36, Room 141 Warsaw  
 Contact: Bożena Dyjak or Beata Kotowska  
 Tel:(2)628-0281 ext. 507 Fax:(2)628-3090

Deloitte & Touche,  
 ul. Grzybowska 80/82, 3rd floor  
 Warsaw  
 Contact: Coen Potters or Jolanta Kokosińska  
 Tel:(2)661-5300 Fax:(2)661-5350

**ATTACHMENT 2**  
**DISTRIBUTION OF FAXES SENT**

**Privatization through Restructuring Promotion Program**  
**- faxes sent, as at 26 February, 1993**

<b>Country</b>	<b>Chemical Industry</b>	<b>Metal Industry</b>	<b>Textile Industry</b>	<b>Total</b>
United Kingdom	133	88	38	259
Germany	60	35	56	151
France	13	38	56	107
Italy	22	26	43	91
the Netherlands	2	15	3	20
Belgium	0	27	32	59
United States	3	3	3	9
Poland				437
<b>Total</b>	<b>233</b>	<b>232</b>	<b>231</b>	<b>1,113</b>

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