

## Dear employees of S.C. OLTCHIM S.A.

As Chairman of the Board and CEO of OLTCHIM SA, I want to describe you the real situation of the company where we are working together and whose proper development is affecting not only our welfare but the whole region. At the same time, I will brief you about PCC SE's actions against OLTCHIM's activity, so that you may reach by yourself the conclusion, by comparing this with the message this shareholder has addressed to you in its letter published in all Romanian media in the week 26.10.2009 – 29.10.2009. Due to the respect I am granting to you, it is a duty for me to present to you the real situation of this group of investors, and you will daft your own decision about how serious they are.

### **1. The real situation of S.C. OLTCHIM S.A. Rm. Valcea.**

OLTCHIM S.A. Rm.Valcea was established in 1991, by inheritance of the former Chemical Works Rm.Valcea. Like all companies in Romania, OLTCHIM SA Rm Valcea has started off completely undercapitalized. In addition, between 1992-1994 it had to stop 75% of the plants from the Chemical Works due to pollution reasons and due to the loss of markets following the disintegration of the socialist block (see OLTCHIM website - page: Press / Press Releases / Press communicate to employees / Flow chart 1990). For these reasons, between 1994 and 2008, we had to rebuild almost all of the plants. In order to survive, we had to modify the activity profile and to replace the stopped plants with new ones and with new products. We have invested in this period of time EUR 371 million, out of which EUR 21 million only for environmental protection. These allowed us to provide a healthier working environment for you, but also to increase the turnover from **EUR 76 million** in 1992 to **EUR 528 million** in 2008, with exports worldwide and especially in EU countries representing up to 75% of the turnover (see OLTCHIM website - page: Press / Press Releases / Press communicate to employees / Sales structure in 2008).

Out of the total investment of EUR 371 million, we have received state guarantees for EUR 87 million and USD 60 million, the rest of the money being invested by OLTCHIM's own effort.

As a result of the legislation modifications in Romania, and due to the introduction of customs duties and VAT on imported equipments and blocking of such equipments in customs warehouses, we delayed the erection and the commissioning of the new plants. The Romanian state had to pay for OLTCHIM approximately 65% of the loans received by us with state guarantees. But, for the payments made by the Romanian state, OLTCHIM has paid penalties and interests. Nevertheless, during 2007, 2008 and 2009 all the instalments and interests for the loans guaranteed by the state were paid by OLTCHIM and in October 2009 we have made, just in time, the last payment for said loans.

In November 2008, PETROM S.A. stopped the activity of the petrochemical plants in Arpechim Pitesti, our supplier of ethylene and propylene. You have to know that Petrom has impended AVAS regarding the closure of the petrochemical activity already since 2007, inviting the Romanian state to decide if it wants to buy these plants or not.

Following the shutdown of the petrochemical activity in Arpechim Pitesti, OLTCHIM's activity has decreased by 60%. Due to the fact that this shutdown was overlapped by the economic crisis that began in 2008, we have recorded the greatest losses in the history of the Chemical Works, i.e. EUR 63 million end of 2008, although at 9 months 2008 we had over EUR 8 million operating profit.

Being aware of the importance of petrochemical activity for OLTCHIM, and of the lack of Petrom's interest for this activity, since March 2008 we have started the negotiation to purchase said petrochemical activity from Arpechim Pitesti, but we have been permanently obstructed by the minority shareholder PCC SE. In the General Meeting of Shareholders from November 2008 we have presented the financial projections for 2009 considering that starting with April 2009 the petrochemical activity in Arpechim will recommence and by this the operation at full capacity of OLTCHIM. We would have achieved in 2009 a turnover of EUR 631 millions and a profit of EUR 5 millions. We have presented to the Minister of Economy and Minister of Finance the same financial projections during their visit in February 2009 in Rm.Valcea, and also to the President of Romania during his visit in OLTCHIM in November 2008 (see OLTCHIM website - page: Press/Press Releases/Press communicate to employees/Cash-flow 2009).

During these visits we have also presented the financial projections for 2009 in the scenario that OLTCHIM operates with the lack of the raw materials coming from Arpechim, which where revealing a turnover of EUR 301 millions and a loss of EUR 55 millions, this without considering the differences from the exchange ratio for loans in foreign currency (see OLTCHIM website – page: Press / Press Releases / Press communicate to employees / Cash-flow 2009).

Today we are near to sign the agreement for purchasing the petrochemical activity from Arpechim and to receive the necessary financing with EximBank's guarantee. In case of the integration of Arpechim's petrochemical activity with OLTCHIM, in 2010 we will achieve, without investment, a turnover of EUR 718 millions and a profit of EUR 19 millions. By this, the stability of your jobs will be secured, as well as the retention of 1,000 jobs at Arpechim Pitesti.

Although we could have been already signed the agreement, we are blocked by the same hostile shareholder, PCC SE, which claimed into court against both the Inter-Ministerial Committee for Finance, Warranties and Insurance (CIFGA) and EximBank for the guarantee to be granted in favour of OLTCHIM SA, and which is necessary to secure the financing of this acquisition. I have to mention that granting of this guarantee is in compliance with an aid scheme already approved by the European Commission for Romania. Moreover, the full program that we have in mind will be developed with the strict observance of the provisions of the European Union regarding state aid and by information the European Commission about each of the steps made.

Although PCC SE is claiming in all the media that the state is violating the European Union rules, I have to point out that on June 5<sup>th</sup>, 2009 Romania has submitted to the European Commission a pre-notification related to the support program for OLTCHIM's activity. Following the informal consultations with the European Commission, strategy for OLTCHIM was approved by the Romanian Government through the Memorandum adopted in its session on July 15<sup>th</sup>, 2009.

Following the meetings in Brussels with the Romanian authorities regarding the pre-notification, the European Commission has accepted OLTCHIM SA to receive a state guarantee of EUR 49.6 millions according to a temporary aid scheme already approved for Romania. This guarantee should be used to obtain a loan, necessary for purchasing the assets of the petrochemical activity in Arpechim, and for turn-around and start-up of these plants.

For the second and the third points in the program approved by the Government Memorandum dated July 15<sup>th</sup>, 2009 - i.e. (i) debt-to-equity swap of AVAS receivables, in amount of RON 538 millions and (ii) granting of state guarantees for financings in the total amount of EUR 424 millions - Romania has notified the European Commission on July 17<sup>th</sup>,

2009. Following this notification, the European Commission has initiated an investigation to determine if these measures are involving state aid or not.

The hostile minority shareholder of Oltchim, named PCC SE, beside bringing into court EximBank and CIFGA, has logged complaints also to the European Commission against OLTCHIM and the Romanian state.

Dear employees, this is the reason why today we are working at a reduced level and we are going for technical unemployment by rotation, and the cause why in 2009 you have not benefited from the increase of the salaries. For all these, you have "to thank" to the one who has tried to win you over to PCC SE's side, by the letter published in all the newspapers, in the week 26 – 30.10.2009.

I believe that the Romanian courts will judge right and taking into account that all the actions of the Romanian state in favor of OLTCHIM are according to laws in the European Union and in Romania. The Romanian state has never violated the law in OLTCHIM's case

I am confident that, together, we, all employees of OLTCHIM S.A., will fight to save, to keep alive and to develop the last petrochemical complex left in Romania. We are confident that the employees in the petrochemical unit in Arpechim Pitesti will join us.

So help us God !

## ***2. Actions taken by PCC-SE, the hostile minority shareholder – against OLTCHIM's activity.***

PCC SE is a German company registered in Germany, Moerser Straße no. 149, 47198 Duisburg, the sole shareholder being Waldemar Preussner, a German citizen of Polish origin.

The spearhead of PCC SE for expansion of the shares holdings in Romania is Wojciech Zaremba, a former officer in the Polish secret services, as it is revealed in his CV on OLTCHIM site (see site OLTCHIM page: Shareholders / General Meetings of Shareholders/2009/Ordinary General Meeting of Shareholders dated March 30/31 2009/Curriculum Vitae Wojciech Zaremba).

PCC SE has become a shareholder in OLTCHIM in May 2007 by buying on the stock exchange market a stake of 1.1%, being aware that about the steps Romanian state was doing regarding OLTCHIM, namely that, aiming to bring to an end the old disputes with the minority shareholders, AVAS, the owner of the majority stake in OLTCHIM (95.73%), has announced minority shareholders that it will perform a reduction of capital in amount of RON 322 millions, followed by a share capital increase by swapping OLTCHIM's debt against the Romanian state amounting to RON 538 millions, by granting preference rights (subscription) to the minority shareholders

We have to specify that the market cap of OLTCHIM was over EUR 1 billion and the company was on profit being also on profit in 2004, 2005 and 2006. An informal meeting with the European Commission was scheduled in June 2007, to present the strategy that OLTCHIM is intending to implement. The European Commission asked AVAS to present in writing, the opinion of the minority shareholders related to the intended debt-to-equity swap. The minority shareholder PCC SE has sent on 04 June 2007 a letter announcing AVAS that it agrees with the capital increase and that it will contribute with cash to maintain its percentage, and even that it intends to buy the preference rights from other shareholders which do not intend to subscribe. The address was signed by Waldemar Preussner and is

on OLTCHIM's site on the page: Press / Press Releases / Press release to the employees / PCC Letter to AVAS of 04.06.2007.

In June 2007 Romania had an informal meeting with the European Commission and has presented the case OLTCHIM receiving the tacit consent that the capital increase is not being a state aid.

In November 2007 it has been held the Extraordinary General Meeting of Shareholders which has decided the capital reduction of OLTCHIM by which AVAS (Romanian state) went down from 95.73% to 53.7% and PCC climbs from 1.1% to 12.9% this without investing even one RON.

From now on PCC SE, when seeing itself with a percentage of 12.9%, has completely changed its attitude and has started to show its true face and true intentions, because it had already a similar experience since 2006 in Poland where it has fight with the Polish state for the privatization of the companies Zaklady Azotowe Kedzierzas SA and Zaklady Azoty Tarnow - see source Przemysl chemiczny dated 01.10.2008

On 21 December 2007 it has been the held the Extraordinary General Meeting of Shareholders to increase the capital of OLTCHIM with the receivables of the Romanian state against OLTCHIM, in amount of RON 509 millions, by granting preemption rights to the minority shareholders, in order to keep their percentages.

In this Extraordinary General Meeting of Shareholders, PCC SE comes with the address no. 3735/03.12.2007, announcing that it does not preclude the capital increase, but it would want an internationally recognized auditor to be hired, PricewaterhouseCoopers or Deloitte, to be paid by PCC SE, to verify if the amount intended to increase the capital is real, definite and due (see address on OLTCHIM site to page: Press / Press Releases / Press release to employees / Request of PCC regarding AVAS debt audit report).

AVAS - majority shareholder of SC OLTCHIM – has agreed to postpone the capital increase and to carry out the audit.

The falling of OLTCHIM and PCC SE's destroying actions against OLTCHIM began starting with this moment.

As a result of the capital reduction in November 2007, the share capital of OLTCHIM became of EUR 8 millions and its indebtedness has increased with the debt against the Romanian state. By this the own capitals of OLTCHIM have become negative, leading to higher bank interests and the impossibility to finance the company's activity.

PricewaterhouseCoopers has been hired in February 2008 to perform the audit, with the scope of work as determined by PCC SE, with deadline on 30th April 2008. Without waiting for the audit, PCC SE has logged already on 03 March 2008, under no. 0335/2008, a petition to the Petitions Committee of the European Parliament (see the site of OLTCHIM on page: Press / Press Releases / Press release to employees / Petition 0335/2008).

In this petition PCC is claiming that the measures envisaged by the Romanian state for OLTCHIM are likely to represent a State aid granted illegally. PCC SE has not announced anything in Romania regarding this petition and also had the nerve, in the General Shareholders Meeting of 25 April 2008, as an effect of the cumulative voting method, to occupy a position in the Board of Directors of OLTCHIM, where they promoted Preussner Waldemar. It is important to be mentioned that cumulative voting method applies only in two countries in the world: Romania and South Korea.

If talking about us as a nation and how we hurt ourselves: The Petition to European Parliament's Petitions Committee was presented and sustained by a Romanian member of the EP.

In the General Shareholders Meeting on 24 April 2008, PCC has contested the audit performed by PricewaterhouseCoopers and has accused said auditor that he took the view

of the Romanian state, and it has proposed the audit to be done by a limited liability company from Ploiesti. Also in the General Meeting of Shareholders of 24 April 2008 PCC-SE has opposed to the investment program of the OLTCHIM which was providing:

- Capacity increase of the polyols facility;
- Revamping of the Mercury Electrolysis plant by converting it in a Membrane Electrolysis
- Investments in the production of electric power

As a member of the Board of Directors of OLTCHIM, Waldemar Preussner has learned that we have begun the negotiations with PETROM to buy the petrochemical unit in Arpechim and he has opposed the Board of Directors when the approval to appoint OLTCHIM's team to participate in the negotiations was requested.

Behind our back, the gentlemen from PCC SE have presented themselves in Vienna in order to buy Arpechim directly from OMV, while we were negotiating in Bucharest.

We kindly ask you, dear employees, to evaluate the level of confidence of PCC Group and of this Mr. Waldemar Preussner, who were stating in "BURSA" of June 6<sup>th</sup>, 2008 the followings: "we have presented our offer to OMV Petrom Group for the takeover of Petrochemicals Arges, but the owner's requests are unacceptable to us", said Waldemar Preussner, General Manager at PCC SE.

"We are not entitled to decide for Oltchim, yet the acquisition of Petrochemicals would be an excellent solution for the future investments of the Complex", declared the representatives of PCC SE in the on-line edition of "BURSA" of June 6<sup>th</sup>, 2008.

After one year, honorable employees and readers, PCC SE stated in "Curierul Național" on October 8<sup>th</sup>, 2009, page 8, the followings:

- **Article's name: "PCC: The acquisition of Petrochemicals is harmful to Oltchim".**

"The takeover of the petrochemical business from Arpechim, the Petrochemicals Division, will worsen more the financial situation of Oltchim Ramnicu Valcea, which is already a disaster, stated yesterday the representatives of Petro Carbo Chem SE (PCC SE)". "Zaremba declared that PCC SE will keep on opposing to this transaction, as it does not coincide with the plans of PCC SE". "However, representatives of PCC SE rejected the accusations associated with the discussions carried out with Petrom and OMV about the takeover of the petrochemical business from Arpechim by the German group".

It is clear that, in Romania, the role of the Development Manager of PCC SE, Wojciech Zaremba, is a sole one: disinformation and manipulation. According to his resume, this is his specialization.

At the Extraordinary General Meeting of Shareholders in July 2008, OLTCHIM's share capital increase was once again postponed due to AVAS acknowledging about the petition to the European Union and that the Romanian state would be charged for another litigation.

We have learned that PCC SE is a majority shareholder at PCC SE Rokita in Poland, accounting for 98% stake. PCC Rokita produces and competes OLTCHIM for Caustic Soda, Chlorine, Hydrochloric Acid, Propylene Oxide and Polyols. Now it is explicable why Waldemar Preussner has opposed in the General Shareholders Meeting to OLTCHIM's revamping program.

Let's take a look at the Polish media:

- **Publication name: PARKIET of September 23<sup>rd</sup>, 2008**

- o Article name: "PCC counts on sales increase"

- "PCC intends to grow particularly in Poland through its subsidiary, PCC Rokita, which is to increase four times its production of surfactant anions and to develop the fourth line of Polyols production.

While in OLTCHIM, PCC SE has opposed to the developing of the Polyols production.

**- Publication name: Polska - Gazeta Wroclawska of February 18<sup>th</sup>, 2009**

- "PCC Rokita used EU funds for a number of projects, including the Thermo-Electric Power Station E-3"....

While in Oltchim, PCC SE has opposed to our investments in CET Govora to secure cheaper steam and power.

**- Publication name: Plus Biznesu of February 13<sup>th</sup>, 2009**

- Article name: " PCC Rokita is looking for cash"
- "PCC Rokita, a manufacturer of household and industrial chemicals, plans to collect PLN 18.5 million by issuing 1.2 million shares..... The funds thus collected will be allocated mainly to investment, including Membrane Electrolysis plant.

While in, PCC SE has opposed to investing in the revamping of the Mercury Electrolysis Plant and converting to the Membrane technology.

The actions against OLTCHIM's development, blocking the activity and reducing the market value of OLTCHIM will continue very aggressively starting with the second half of 2008 and will be intensified during 2009.

The gentlemen from PCC SE have proposed me to cooperate with them and to help them to take the control over OLTCHIM, by increasing the share capital with the exclusive contribution of the minority shareholders, under Ordinance No. 51/1998, the State not being allowed to contribute in cash in the share capital increase. OLTCHIM having a share capital of only EUR 8 millions, PCC SE could become a majority shareholder with only EUR 4 millions. After becoming the majority shareholder, PCC SE was intending to litigate with the Romanian state and to ask for the annulment of OLTCHIM's debt towards the Romanian state. I have refused this collaboration with PCC. As a result, they asked for my replacement in the Board of Directors and in OLTCHIM's management by convening the Shareholders General Meeting on the following dates: 24/25.04.2008, 10/11.10.2008, 30.03.2009 and 09.10.2009.

Seeing that we were able to keep the company alive after stopping the supply of raw materials (ethylene and propylene) from Arpechim, PCC has began, both in the media in Romania and worldwide, a media campaign aiming to block OLTCHIM's activity.

The media campaign was led by the Development Manager of PCC SE, Wojciech Zaremba, and has included statements such as: "PCC SE anticipates OLTCHIM's bankruptcy" and "PCC SE - OLTCHIM faces bankruptcy due to losses" ("BURSA" of 04.03.2009) or "OLTCHIM risks bankruptcy by its investment strategy - PCC" (ICIS News/16.03.2009).

All this media campaign has led to the reduction of the operating rate of OLTCHIM to 25% of its capacity, due to the fact that all our raw materials suppliers were afraid to give us raw materials without bank guarantees.

The result was the decrease of the company's market value and the danger of ceasing the activity. We had to retire and send employees in technical unemployment, although most of them still had the right to work.

By considering that OLTCHIM is down, the gentlemen from PCC have started to take action: "Cash offer for Oltchim" declared Wojciech Zaremba in MONEY EXPRESS of 10.03.2009, stating that " PCC sold in January its own logistics division, PCC Rail, to Deutsche Bahn for EUR 450 millions, amount that could fully cover Oltchim's debts..... The

amounts resulted from the sale of the logistics division are enough for Oltchim and we are interested to take over the Company. "These are money in cash, not credits, not warranties".... stated W. Zaremba, General Manager at PCC.

Mentioned statements were made by Zaremba in the Romanian media. Let's take a look at W. Preussner's statements in Poland:

- o Source: wnp.pl (Piotr Apanowicz) 11.03.2009, 13:48

**Title: "PCC Group will not invest in Romania"**

"We learned that despite media speculation, the funds resulting from the sale of PCC Rail to the German company DB Schenker will not be meant for the takeover of OLTCHIM Romanian enterprises. Instead, they can be meant for investments in the Polish chemical market. < *We have actually foreseen, in the forthcoming period, a share increase at OLTCHIM*> told us Waldemar Preussner, the owner of PCC Group.< "Surely we are interested to invest in the Polish chemical market, but it is too early to discuss details. We have to wait for the completion of PCC Rail's sale, which may take place in June-July this year and still requires the agreement of the German's antimonopoly office > Preussner W. said. "

Dear employees, Zaremba says that they have EUR 450 millions to be invested in OLTCHIM, but Preussner, who has so soapy written to you last week, says that they do not have the money yet, and when they will have them such will be invested in the Polish chemical industry.

The masquerade is not over. While Zaremba forces in Romania the taking over of OLTCHIM and submits petitions to all Romania authorities, sending even to the Ministry of Economy on 06.07.2009 a letter of intention for the privatization, claims in court against EximBank and the Ministry of Finance for granting guarantees to OLTCHIM, saying that PCC wants to buy the company and to take the management in the shortest time, Waldemar Preussner, Zaremba's chief, said in September in Poland that PCC is neither interested to increase it's holdings of 12.5% in OLTCHIM, nor to diminish them (Internet publication *Wirtualny Nowy Przemysl - Wiadomosci - wnp.pl* page (Piotr Apanowicz) - 07.09.2009 15:48).

Let's see what happens in Poland after PCC SE has submitted letter of intention to buy OLTCHIM:

- Thomson Reuters/24.09.2009 at 07:45 AM
- *"Updating the list of bidders for the purchase of shares in industrial companies Warsaw, September 24 (Reuters)-Poland limited to six the number of bidders to the auction for share acquisition in chemical companies announced on Thursday the state agency responsible for this process.*

*The list of bidders includes the German PCC, UAB Achema Lituania, National Qatar Industries Company, the Polish found Mistral and two private equity investors - Bain Capital and Cinven.*

*Polish State owns 37% in Ciech, 53% in Tarnow and 86% in ZAK."*

What this really means?

- o By buying Ciech, PCC will control USG Govora, our neighbors. Fortunately we are not dependent anymore on USG.
- o By buying ZAK, PCC becomes an important producer of oxo-alcohols and plasticizers and once again competing with OLTCHIM.

Basically, PCC will compete Oltchim for all its products in the event it will buy also ZAK .

For me, PCC action to destroy OLTCHIM or to acquire it at a ridiculously low price, is logical: PCC prepares its market. Whether OLTCHIM disappears or they acquires control in OLTCHIM, they will have available the huge market of Central and Eastern Europe.

Will PCC have the possibility to finance both the taking over of the Polish companies and of OLTCHIM? Is hard to say, but I am confident to believe that they will not be able to finance these projects both in Poland and in Romania.

Would you like to know why PCC so fiercely oppose that we take over Arpechim Petrochemistry and to integrate our PVC production? You will realize by yourself after you will read the following news:

*"ISI Intellinews - on 24 September 2009,*

*Nafta Polska – the Government Agency responsible for the restructuring of the chemical sector, considers likely that the investor that would buy the companies in the so-called First Chemical Group ( Ciech, Azoty Tarnow , ZAK) could also buy, soon after, the chemical company ZA Anwil from group PKN Orlen - said the Executive Director of Nafta Polska agency - Marek Karabula. "*

Who is Anwil? Simply, the biggest producer of PVC in Poland, which recently acquired also the PVC producer in Czech Republic (Spolana), and which is within the top three producers of PVC in Central and Eastern Europe, along with Borsodchem - Hungary and OLTCHIM - Romania. In case OLTCHIM would take over the cracker from Arpechim, it should be between the three producers and competitors in the market, the most integrated and advantaged producer of PVC.

Now it makes sense and we understand why PCC wants so ardently to block the takeover of the petrochemical unit in Arpechim. We would become the strongest petrochemical company in our sector in Central and Eastern Europe with integration on the chains:

- ethylene - vinyl chloride - PVC;
- propylene – propylene oxide – polyols;
- propylene – oxo-alcohols – plastifiers;
- ethylene oxide – propylene oxide – polyols.

Considering the letter that Mr. Waldemar Preussner address to OLTCHIM's employees, we see that he boasts with the sales volume of PCC SE group in 2008 but makes no reference to the financial status of the group on 31.12.2008.

The financial situation of the PCC group on December 31, 2008 was extremely fragile, due to a high degree of indebtedness (82.21%), as reflected by the following elements:

- Total debt of the group was in the amount of EUR 479.6 millions, out of which financial liabilities amounting to EUR 313.3 millions and commercial debts amounting to EUR 166.3 millions;
- Group net financial debt amounted to a value of EUR 289.8 millions;
- The net financial debt / EBITDA for the group was 10.3 x compared to accepted industry average of 5.5 x - 6.0 x;
- The net financial debt / Equity for the group is 9.8 x and indicates that the group heavily relies on financial debts for financing;
- Loss of PCC SE at the end of 2008 where of nearly EUR 30 million, without taking into account the influence of OLTCHIM stake that, if the results were consolidated in the holding balance sheet, would have increased their loss.

In OLTCHIM's press release of last week it was by error presented the loss of PCC SE as being 285 millions EUR. The correct figure is of EUR 30 million and we apologize for the typing error appeared.

Also in the letter addressed to OLTCHIM employees last week, Mr. Preussner said:

"PCC is supporting the company's share capital increase, but through real financial means not through debt-to-equity swap".

Mr. Preussner, you forgot to say that once you would make the capital increase you will start litigations with the state asking for the debt cancellation.

In fact, PCC SE is spreading news about the allocation of the money received from PCC Rail sale depending on the interest of the time. In the German press (the article in "Warmer Regen" and in "Wirtschafts Woche" magazine no. 35 on 24.08.2009, page 86), PCC SE claims that the money received from PCC Rail sale will cover mainly the debt of EUR 295 millions accrued in the last years. Said indebtedness is resulting mainly from the activity in the chemical sector of PCC SE, thereto another clear indication of the management "skills" of the minority shareholder of Oltchim.

OLTCHIM is a strategic industrial entity for Romania, the last still operating petrochemical complex and the Romanian state is granting a great importance to this company and to its prospects for development.

I believe that the state authorities will fulfill their duty in order to stop the destruction of OLTCHIM by a minority shareholder, outspokenly hostile.

The action plan of OLTCHIM for short and medium term has three development directions:

- We will take all steps for the acquisition of the petrochemical unit in Arpechim Pitesti, on which relies the supply of the raw materials for OLTCHIM. This will secure OLTCHIM's independence and the operation of the chemical complex at its capacity.

- The second measure we consider is the share capital increase involving the debt-to-equity swap with the state receivable against OLTCHIM, by granting also the preference rights to the minority shareholders.

- Last but not least, we will continue the investment program for the technical strengthening and environmental protection, a program initiated and developed in recent years.

All these actions will be implemented in strict compliance with EU legislation. OLTCHIM management is convinced that this hostile shareholder will never manage to take over and destroy the company.

Dear employees, we ask you to join our efforts so that together we will be able to bring OLTCHIM at international standards and to transform it into a company that will secure our future and also the future of our successors.

Constantin Roibu  
President of Managing Board  
General Manager