

Current report No. 98/2012

Date prepared: 15.10.2012

Issuer's abbreviated name

POLIMEX-MOSTOSTAL

Subject:

Expiration of the commitment No. 1/2001 PKO B.P. S.A. for issuing the performance bank guarantee in connection with the Contract for turnkey construction of two power units no. 5 and 6 in PGE (Polish Energy Group) Opole S.A. up to the amount of PLN 386,121,600.

Legal basis:

Art. 56 sec. Article 56 (1) (2) of the Act on Public Offering – current and periodical information

The Management Board of Polimex-Mostostal S.A. with its registered office in Warsaw at ul. Czackiego 15/17 ("the Company"), informs that on 13 October 2012 the commitment No. 1/2001 of 14 October 2011, as amended, for issuing by Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna (PKO B.P. S.A.) the performance bank guarantee up to the amount of PLN 386,121,600 of the Contract for turnkey construction of two power units no. 5 and 6 in PGE Opole S.A. signed by the Consortium of the following companies: Rafako S.A., Polimex-Mostostal S.A. and Mostostal Warszawa S.A. (vide: current report No. 8/2012 and current report No. 10/2012) with PGE Opole S.A. (The Ordering Party) has expired.

In response to the Company's application concerning the prolongation of the commitment until 31 March 2013, PKO B.P. S.A. has taken up the decision not to prolong it, justifying the refusal with the Company's unclear legal position due to the judgement of the Supreme Administrative Court as well as not finished dispute settlement procedure between the Ordering Party and the ClientEarth Foundation regarding the decision on environmental conditions of the consent to implement the project.

In the letter addressed to the Company PKO B.P. S.A. Bank confirmed that it is still willing to participate in the implementation of the project, however, the performance bank guarantee of the abovementioned contract will be needed only in 2013 and may be issued from the new guarantee reserve within the conditions of restructuring of the credit commitment negotiated with financial creditors of Polimex-Mostostal S.A.

The Management Board of the Company explains that at the moment the performance guarantee of the abovementioned contract is contributed in cash in accordance with Art. 150 sec. 3 and 4 of the Public Procurement Law. After the Ordering Party informed the Consortium about the intention to issue a Notice to Proceed, the performance guarantee paid in cash may be changed to bank/insurance performance guarantee of the abovementioned Contract.

The value of the Issuer's equity capital has been assumed to be the criterion for considering the commitment to be material.

Signatures of persons representing the Company:

Robert Kosmal - Merger and Takeover Department Manager