

Current report No. 137/2013

Date prepared: 12.10.2013

Issuer's abbreviated name
POLIMEX-MOSTOSTAL

Subject: Arranging with the creditors the initial terms of the second stage of restructuring of the Company's financial debt

Legal basis: Article 56 (1) (1) of the Act on Public Offering – Confidential information

The Management Board of Polimex-Mostostal S.A. with its registered office in Warsaw ("the Company") at ul. Czackiego 15/17 informs that on 11 October 2013, the Company on one part, and on the other part Bank Polska Kasa Opieki S.A., Bank Powszechna Kasa Oszczędności Bank Polski S.A., Bank Ochrony Środowiska S.A., Bank Zachodni WBK S.A. (hereinafter collectively referred to as the "Funding Banks"), Bank Millennium S.A. as a guaranty bank (hereinafter collectively with Funding Banks referred to as the "Banks") as well as the bondholders owning the receivables from the bonds issued by the Company of the total amount of ca. PLN 144 million (hereinafter referred to as the "Bondholders", and collectively referred to as the "Creditors") being the parties to the Agreement on the principles of managing the financial debt dated 21 December 2012 (hereinafter referred to as the "PMFD Agreement") (see current report no. 130/2012 dated 22 December 2012) have signed an initial binding agreement specifying the terms of the second stage of financial restructuring of the Company, including the amendments to the PMFD Agreement necessary for the second stage of restructuring of the Company ("Agreement"). After more than a year from signing the PMFD Agreement, the Company as well as the financial Creditors analyzed the Company's situation and agreed on the main directions of the necessary amendments to the PMFD Agreement aimed at regaining the stable financial situation by the Company which will enable uninterrupted conducting of activities and debt service towards the Creditors. The key amendments to the PMFD Agreement specified in the Agreement assume: I. Restructuring of the financial debt (credits, guarantees and bondholders' receivables). The date of the final repayment of Company's financial debt granted by the Funding Banks and the Bondholders' receivables from the bonds will be rescheduled to 31 December 2019. The debt will be repaid in the period of 2016-2019 according to the schedule agreed on with the Creditors. The interest rate of the financial debt from the credits and receivables from bonds will be lowered with respect to the one currently applicable. The payment of the part of interests on the granted credits and the receivables from the bonds for the period of 2013-2015 will be divided into two parts. The company will regularly repay to the Creditors the reference rate and a part of the margin while the remaining part of the margin will be accumulated and repaid in the period of 2016-2019 in equal quarterly instalments. The financial debt interests, the payment of which was deferred by the Creditors until 31 October 2013 pursuant to the Annex no. 3 to the PMFD Agreement (see current report no. 128/2013 dated 1 October 2013) will be paid by the Company until 30 November 2013 or the day following the receipt by the Company of the income due to bundling sale of the real property described in the point II of this report (depending on the prior date). The recourse claim under the granted guarantees will be repaid by the Company on the current terms specified in the PMFD Agreement. II. The operating restructuring Optimization of operating costs The company will continue to implement cost reduction plans aimed at optimization of operating costs of the Capital Group of the Company. The Company's progress with this matter will be monitored by the financial creditors of the Company. Bundling sale of the real property and the disposal of assets The Company and its selected subsidiary companies will perform a bundling disposal of real property agreed on with the Creditors until 31 December 2013. The company expects the income coming from the bundling sale of the abovementioned real property in the amount exceeding PLN 200 million. In order to enable the Company to perform the bundling sale of the real property, the creditors being the party to the PMFD Agreement will release the collateral established to them on the abovementioned real properties. The revenues coming from the bundling sale of the real property will be released of the escrow accounts by the Banks and made available for the Company after fulfilment of the number of conditions precedent (a/o after releasing the collaterals established on the abovementioned real properties to the creditors who were the parties to the agreement dated 24 July 2012 on refraining from enforcement of liabilities ("Standstill Agreement"), but are not the parties to the PMFD Agreement). The expenditure by the Company of the resources acquired from the bundling sale of the real property will be supervised by the Creditors. The Company will continue its current actions aimed at disposal of the assets which are not key for the Company's activity. The disposed assets shall comprise shares and stocks in subsidiary companies, redundant tangible assets or the organized parts of the enterprise. Pursuant to the PMFD Agreement, the Company is obliged to gain the amounts not lower than PLN 600 million until 31 December 2015. As of the date of this report, the Company effected the disposals totalling over PLN 258 million. III. The issuance of the shares and swapping the receivables for the share capital of the Company The Agreement assumes that the Company convenes the Extraordinary General Meeting of the Company in order to adopt new issuance of shares which will enable the Management Board of the Company to offer to prospective investors the new issuance shares with the aim of acquiring additional financial resources and enabling the Creditors of the Company to swap the receivables towards the Company for its share capital. With respect to the debt swap, the Agreement assumes carrying out: a) swapping the receivables owned by the Creditors in the amount of ca. PLN 20 million until 30 November 2013; b) swapping the receivables owned by the Creditors in the total amount of (increasingly, including the prior swap) ca. PLN 30 million until 31 December 2013; c) swapping the receivables owned by the Creditors in the total amount of (increasingly, including the prior swap) ca. PLN 100 million until 28 February 2014. With respect to acquiring new financial resources, the Company is obliged to acquire the total amount of PLN 240 million until 31 May 2015. The source of acquiring the abovementioned amount will be the issuance of the shares or the sale of subsidiary companies or the organized part of

the Company. IV. The amendments to the new guarantee line At the same time, the Agreement assumes the introduction of a mechanism of automatic increase in the new guarantee line limit by the amount of PLN 126 million to the total amount of ca. PLN 328 million (after fulfilment of the numerous conditions) as part of the new guarantee line of which the Company informed in current report no. 132/2012 dated 22 December 2012. The Parties will also implement a number of amendments to the agreement on granting the new guarantee line, the aim of which is to improve and accelerate the procedures of verifying the projects reported by the Company and granting the guarantees by the Banks. V. Other amendments to the PMFD Agreement The Agreement also assumes the introduction of amendments aimed at the improvement of the Company's cooperation with the Creditors and the operation of the PMFD Agreement among others by improving the decision making by the Creditors, updating the financial indicators to the maintenance of which the Company will be obliged and dividing the cases of breaches of the PMFD Agreement into the cases having a key importance for the functioning of the restructuring process and those having a technical/cautionary character, the occurrence of which will not result in the limitation of the Company's access to the new guarantee line, financial assets on bank accounts and will not stop the implementation of the disposal plan by the Company. Furthermore, the Agreement also settles the conditions necessary for the issuance of the guarantees for Opole contract as well as the rules of restructuring of a subsidiary company PRINŻ-1 sp. z o.o. The Agreement assumes that the obligations of particular groups of Creditors to take particular actions are dependent on the Company's fulfilment of the numerous conditions or the fulfilment of obligations by other categories of Creditors. The Agreement assumes that the annex to the PMFD Agreement introducing the solutions agreed on in the Agreement will be signed on 18 October 2013. The entry into force of the annex to the PMFD Agreement will be dependent on the convening by the Management Board of the Company of a General Meeting with the agenda aimed at the adoption of resolutions enabling the implementation of the provisions specified in point III of the this report.

Signatures of persons representing the Company:
Robert Kosmal - Manager of the Shareholder Supervision
and Equity Investments Office