

ARRANGEMENT PROPOSALS
PBG S.A. W UPADŁOŚCI UKŁADOWEJ

These Arrangement Proposals (hereinafter referred to as "Arrangement Proposals") were drawn up by PBG S.A. w upadłości układowej (in company voluntary arrangement) ("Company") with its registered office in Wysogotowo near Poznań, and were adopted as updated proposals for the restructuring of the Company's liabilities by resolution of the Company's Management Board on November 3rd 2014.

These Arrangement Proposals have been drawn up by the Company to be presented to its creditors for approval by way of voting at the creditors' meeting in the course of the voluntary arrangement proceedings pending against the Company and initiated at the Company's request by the decision of June 13th 2012 issued by the District Court in Poznań-Stare Miasto (court docket No. XI GUp 29/12).

The Company proposes the following arrangement framework:

I Common terms applying to all creditors

1. General terms

- 1.1. Claims of the Company's creditors covered by the arrangement will be settled by the Company within the creditor group ("**Group**") to which a given creditor belongs.
- 1.2. Groups are defined based on categories of interest into which all creditors will be classified. A creditor having a number of claims may be included in different Groups, depending on the type of claims and the classification criteria adopted for a given Group.

2. Cash amounts

- 2.1. All cash amounts due to creditors classified in Group 1, Group 3, Group 4, Group 5 and Group 6 to satisfy claims covered by the arrangement will be paid by the Company in instalments, in the amount representing a percentage of the claim which is to be satisfied in accordance with the arrangement ("**Repayment Instalments**").
- 2.2. Repayment Instalments and cash amounts due to creditors classified in Group 2 and Group 7 will be paid over the period ("**Payment Period**") starting on December 31st 2015 ("**Repayment Start Date**") and ending on June 30th 2020 ("**Repayment End Date**"), at fixed dates defined for each Group ("**Repayment Date**").
- 2.3. Claims of Group 1, Group 2, Group 3 and Group 4 creditors whose payment is conditional (contingent claims) and which fall due after the Repayment Start Date will be repaid on the dates of payment of the Repayment Instalments defined for that Group subsequent to the date on which a contingent claim became due. The amount of each Repayment Instalment will be equal to the amount of Repayment Instalments defined for a given Group, and any portion thereof remaining after the payment will be paid on the date of payment of the last Repayment Instalment.
- 2.4. Adoption of the arrangement by the creditors implies their approval of the terms of repayment of claims by way of cash payments to all eligible creditors, in accordance with the terms of the arrangement.

3. Conversion of Claims into Shares

- 3.1. A portion of Group 5, Group 6 and Group 7 claims is subject to conversion into new Shares in the Company, such portion to be defined as part of the arrangement ("**Conversion of Claims into Shares**").
- 3.2. As a result of the Conversion of Claims into Shares, the Company's share capital will be increased by not less than PLN [14,009,100] ([fourteen million, nine thousand and one hundred zloty]) through the issue of not fewer than [700,455,000] ([seven hundred million, four hundred and fifty-five thousand]) Series H ordinary registered shares, with a par value of PLN 0.02 (02/100) per share ("**Shares**").
- 3.3. The issue price of each Share taken up by an eligible creditor will be PLN 0.02 (in words: two grosz).
- 3.4. The Shares will carry the right to dividend as of January 1st 2014, i.e. for the financial year beginning January 1st 2014.
- 3.5. The Shares will be converted into book-entry form and admitted and introduced to trading on the regulated market organised by the Warsaw Stock Exchange.
- 3.6. Claims of the Company's subsidiaries will not be converted into Shares.
- 3.7. Adoption of the arrangement by creditors means approval of the terms of Conversion of Claims into Shares applying to all eligible creditors, as specified in the arrangement.
- 3.8. The Conversion of Claims into Shares is the conversion referred to in Art. 270.1.4 of the Bankruptcy and Reorganisation Law of February 28th 2003 ("**Bankruptcy Law**"). Therefore, under Art. 294.3 thereof, a validly approved arrangement will replace the activities associated with share capital increase and acquisition of shares, as provided for in the Commercial Companies Code of September 15th 2000. The arrangement, together with a copy of the final court decision to approve the arrangement, will serve as a basis for entering the share capital increase in the National Court Register.

4. Reduction of claims

With the exception of claims of Group 7 creditors, to the extent that the arrangement does not provide for full satisfaction of claims covered by the arrangement by way of cash payments or Conversion of Claims into Shares, individual creditors' claims against the Company covered by the arrangement will be reduced as of the date on which the court's decision to approve the arrangement becomes final.

5. Bond Issue

- 5.1. Within 60 (sixty) days of the date on which the court's decision to approve the arrangement becomes final, the Company will invite its eligible creditors, in accordance with the terms of the arrangement, to acquire ordinary bearer bonds ("**Bonds**") to be issued by the Company in a single or multiple issues ("**Invitation to Acquire Bonds**").
- 5.2. The Bonds will be issued in the form of secured, non-interest bearing securities.
- 5.3. The issue price of each Bond will be equal to its nominal value and will be paid by offsetting, on the Bond issue date, the entire claim of a given creditor to be repaid by the Company in accordance with the arrangement in the form of Repayment

Instalments against the Company's receivables under the Bond issue price. In the event that a creditor would be entitled to a fraction of a Bond, that fraction will not be allocated and the corresponding amount of the claim to be repaid in the form of Repayment Instalments will be cancelled.

- 5.4. The Bonds will be secured with (without limitations): (a) registered pledges over shares in the Company's selected subsidiaries, including (i) over the shares of RAFAKO S.A. of Racibórz, held by the Company's Group, and (ii) over the shares of PBG oil and gas sp. z o.o. of Wysogotowo; (b) sureties provided by the Company's selected subsidiaries; (c) a registered pledge over receivables under the agreement on the operation of the bank account where divestment proceeds will be deposited in accordance with the restructuring plan; (d) a registered pledge on movable property and rights of the Company and the Company's subsidiaries acting as surety providers, forming an integral whole; (e) mortgages over selected immovable properties of the Company and the Company's subsidiaries acting as surety providers; (f) assignment by way of security of receivables of the Company and the Company's subsidiaries acting as surety providers, arising from insurance contracts relating to immovable properties over which mortgages are established in respect of the creditors, and from loans granted by the Company to its subsidiaries. Irrespective of the above security instruments, the Company and its subsidiaries acting as surety providers will provide statements on voluntary submission to enforcement in relation to their liabilities arising from the Bonds or sureties, as the case may be. On the Bond issue date, the Bonds will be secured in the manner provided for in (b) above. Other security instruments will be established after the Bond issue date.
- 5.5. The Bonds will rank at least *pari passu* with the Company's other unsecured and non-subordinated liabilities, with the exception of debts ranking senior to other liabilities under mandatory provisions of law.
- 5.6. Subject to the rules to be specified in the terms and conditions of the Bonds, the Bonds will be redeemed on redemption dates, which will fall on the agreed Repayment Dates. In certain cases specified in the terms and conditions of the Bonds, the Bonds may be redeemed early or immediately.
- 5.7. The Bonds will be converted into book-entry form and admitted and introduced to trading in the alternative trading system organised by the Warsaw Stock Exchange or BondSpot S.A.
- 5.8. Adoption of the arrangement by the creditors implies their approval of the issue of Bonds to all eligible creditors, in accordance with the terms of the arrangement.
- 5.9. Eligible creditors who do not accept the Invitation to Acquire Bonds will receive Repayment Instalments in cash at the Repayment Dates over the Payment Period.

II Terms and conditions applying to individual Groups

1. **Group 1 Creditors entitled to monetary claims arising from agreements, excluding their claims classified in Group 4 and Group 6, and excluding creditors classified in Group 2, Group 3, Group 5 and Group 7 (“Group 1”).**

1.1. Group 1 includes creditors having monetary claims against the Company which arise from agreements and are covered by the arrangement. If a Group 1 creditor holds claims based on which the creditor can be simultaneously classified in Group 4 and Group 6, such a creditor, with respect to those claims, is classified as a Group 4 or Group 6 creditor, as appropriate, with the claims qualifying for inclusion in Group 4 or Group 6 payable on the terms specified for the respective Group. Group 1 does not include creditors classified in Group 2, Group 3, Group 5 and Group 7.

1.2. Group 1 claims will be satisfied by the Company in the following manner:

Repayments. Claims which include principal amounts and interest (including statutory, contractual, and other interest) will be satisfied by the Company by way of payment of Repayment Instalments over the Payment Period to each Group 1 creditor, in the amount of PLN 500,000 (in words: five hundred thousand złoty) and **11%** of the amount by which that creditor's claims exceed the amount of PLN 500,000 (in words: five hundred thousand złoty).

Claims to Group 1 creditors will be repaid in the following Repayment Instalments and on the following Repayment Dates:

Repayment Date	Jun 30 2106	Dec 31 2016	Jun 30 2017	Dec 31 2017	Jun 30 2018	Dec 31 2018	Jun 30 2019	Dec 31 2019	Jun 30 2020
Repayment Instalment amount	10.20%	5.04%	10.57%	3.14%	12.76%	7.44%	15.54%	2.66%	32.65%

1.3. Group 1 creditors will be entitled to acquire Bonds.

2. **Group 2. Creditors entitled to monetary claims in the aggregate amount not exceeding PLN 500,000 (in words: five hundred thousand złoty) as at the date of declaring the Company's bankruptcy, excluding their claims classified in Group 4 and Group 6, and excluding creditors classified in Group 3, Group 5 and Group 7 (“Group 2”).**

2.1. Group 2 includes creditors having monetary claims against the Company which are covered by the arrangement, in the aggregate amount, including on account of statutory, contractual and other interest on the principal amount, not exceeding PLN 500,000 (in words: five hundred thousand złoty) per creditor as at the date of declaring the Company's bankruptcy. If a Group 2 creditor holds claims based on which the creditor can be simultaneously classified in Group 4 and Group 6, such a creditor, with respect to those claims, is classified as a Group 4 or Group 6 creditor, as appropriate, with the claims qualifying for inclusion in Group 4 or Group 6 payable on the terms specified for the respective Group. Group 2 does not include creditors classified in Group 3, Group 5 and Group 7.

2.2. Group 2 claims will be satisfied by the Company in the following manner:

Repayments. Claims which include principal amounts and interest (including statutory, contractual, and other interest) will be satisfied by the Company in **full on June 30th 2016.**

3. Group 3. Creditors that are the Company's subsidiaries and whose assistance in execution of contracts is key to the implementation of the arrangement by the Company ("Group 3").

3.1. Group 3 comprises creditors that are the Company's subsidiaries and whose assistance in execution of contracts is key to the implementation of the arrangement by the Company.

3.2. Group 3 claims will be satisfied by the Company in the following manner:

Repayments. Claims which include principal amounts and interest (including statutory, contractual, and other interest) will be satisfied by the Company by way of payment of Repayment Instalments over the Payment Period to each Group 3 creditor, in the amount of PLN 500,000 (in words: five hundred thousand złoty) and **20%** of the amount by which that creditor's claims exceed the amount of PLN 500,000 (in words: five hundred thousand złoty).

Claims to Group 3 creditors will be repaid in the following Repayment Instalments and on the following Repayment Dates:

Repayment Date	Jun 30 2106	Dec 31 2016	Jun 30 2017	Dec 31 2017	Jun 30 2018	Dec 31 2018	Jun 30 2019	Dec 31 2019	Jun 30 2020
Repayment Instalment amount	10.20%	5.04%	10.57%	3.14%	12.76%	7.44%	15.54%	2.66%	32.65%

3.3. Group 3 creditors will be entitled to acquire Bonds.

4. Group 4. Creditors whose claims arise from: a) non-performance or improper performance of non-monetary obligations, including, but not limited to: (i) due to delay of or default on the performance of non-monetary obligations, (ii) damages for the non-performance or improper performance of non-monetary obligations, (iii) contractual penalties and interest on non-monetary obligations, (iv) guarantee obligations, (v) warranty claims, b) lost profit claims – regardless of the source of those obligations, c) unjust enrichment, d) damage caused through unlawful act, e) liability for the non-performance or improper performance of a contractual obligation by a third party other than a monetary guarantee or a surety for monetary obligations, f) liability for unlawful acts of third parties, and g) other non-contractual obligations not classified in any other Group, excluding Group 3 creditors ("Group 4").

4.1. Group 4 includes creditors whose claims against the Company are covered by the arrangement and arise from: a) non-performance or improper performance of non-monetary obligations, including, but not limited to: (i) due to delay of or default on the performance of non-monetary obligations, (ii) damages arising from the non-performance or improper performance of non-monetary obligations, (iii) contractual penalties and interest on non-monetary obligations, (iv) guarantee obligations, (v) warranty claims, b) lost profit claims – regardless of the source of those obligations, c) unjust enrichment, d) damage caused through unlawful act, e) liability for the non-performance or improper performance of a contractual obligation by a third party other than a monetary guarantee or a surety for monetary obligations of a third party, f) liability for unlawful acts of third parties, and g) other non-contractual obligations

not classified in any other Group. Group 4 does not include creditors classified in Group 3.

4.2. Group 4 claims will be satisfied by the Company in the following manner:

Repayments. Claims which include principal amounts and interest (including statutory, contractual, and other interest) will be each satisfied by the Company in **8%** in total, through Repayment Instalments payable during the Payment Period.

Claims to Group 4 creditors will be repaid in the following Repayment Instalments and on the following Repayment Dates:

Repayment Date	Jun 30 2106	Dec 31 2016	Jun 30 2017	Dec 31 2017	Jun 30 2018	Dec 31 2018	Jun 30 2019	Dec 31 2019	Jun 30 2020
Repayment Instalment amount	10.20%	5.04%	10.57%	3.14%	12.76%	7.44%	15.54%	2.66%	32.65%

4.3. Group 4 creditors will be entitled to acquire Bonds.

5. Group 5. Creditors that are bondholders, domestic and foreign banks, credit institutions, domestic and foreign insurance companies, lessors, and investment firms (especially brokerage houses and foreign investment firms), excluding their claims classified in Group 4 and Group 6, and excluding creditors classified in Group 7 ("Group 5").

5.1. Group 5 includes creditors that are bondholders, domestic and foreign banks, credit institutions, domestic and foreign insurance companies, lessors, and investment firms (especially brokerage houses and foreign investment firms) and hold monetary claims against the Company arising from (but not limited to): (i) bonds issued by the Company, (ii) credit facility agreements, (iii) loan agreements, (iv) instructions to issue bank or insurance guarantees and claims against the Company for the refund of amounts paid to beneficiaries under those bank and insurance guarantees, (v) forward transactions, (vi) bank account agreements, (vii) surety agreements, (viii) cash guarantees for the performance of obligations by other entities, (ix) insurance contracts, (xi) bill of exchange/promissory note endorsements (avals), and (xii) lease agreements, all existing on the date of declaring the Company's bankruptcy. If a Group 5 creditor holds claims based on which the creditor can be simultaneously classified in Group 4 and Group 6, such a creditor, with respect to those claims, is classified as a Group 4 or Group 6 creditor, as appropriate, with the claims qualifying for inclusion in Group 4 or Group 6 payable on the terms specified for the respective Group. Group 5 does not include creditors classified in Group 7.

5.2. Group 5 claims will be satisfied by the Company in the following manner:

Repayments. Claims which include principal amounts and interest (including statutory, contractual, and other interest) will be each satisfied by the Company in **21%** in total, through Repayment Instalments payable during the Payment Period.

Claims to Group 5 creditors will be repaid in the following Repayment Instalments and on the following Repayment Dates:

Repayment Date	Dec 31 2015	Jun 30 2106	Dec 31 2016	Jun 30 2017	Dec 31 2017	Jun 30 2018	Dec 31 2018	Jun 30 2019	Dec 31 2019	Jun 30 2020
Repayment Instalment amount	0.40%	9.80%	5.04%	10.57%	3.14%	12.76%	7.44%	15.54%	2.66%	32.65%

Shares. Claims of Group 5 creditors are subject to the Conversion of Claims into Shares, with the exception of a portion of claims of Bank Ochrony Środowiska S.A. of Warsaw against the Company, which are not subject to repayment in the form of Repayment Instalments. The Conversion of Claims into Shares will cover 0.491927% of the total amount of claims of each Group 5 creditor, with the proviso that the number of allotted shares will be rounded up to ten.

- 5.3. Group 5 creditors will be entitled to acquire Bonds.
- 5.4. A portion of claims of Bank Ochrony Środowiska S.A. of Warsaw against the Company in the amount of PLN 16,772,306.59 (in words: sixteen million, seven hundred and seventy-two thousand, three hundred and six złotych 59/100) which is not covered by repayment will be cancelled, without prejudice to the rights of Bank Ochrony Środowiska S.A. of Warsaw against the main debtor.

6. Group 6. Creditors that are domestic and foreign banks, credit institutions, and domestic and foreign insurance companies, to the extent they hold claims, both contingent and future, which are not due and payable on the date of voting on the arrangement at the creditors' meeting, excluding creditors classified in Group 7 ("Group 6").

- 6.1. Group 6 includes creditors that are domestic and foreign banks, credit institutions, and domestic and foreign insurance companies, holding claims against the Company covered by the arrangement, whose claims are contingent on the fulfilment of a condition within the meaning of Art. 272.3 of the Bankruptcy Law, as well as future claims covered by the arrangement which are not due and payable on the date of voting on the arrangement at the creditors' meeting, including, in particular: (i) claims for the refund of amounts paid to beneficiaries under bank and insurance guarantees issued upon the Company's instruction prior to declaring the Company's bankruptcy; (ii) claims for the refund of amounts paid to beneficiaries under bank and insurance guarantees issued upon the instruction of other entities prior to declaring the Company's bankruptcy, which are secured with the Company's surety, or for which the Company is jointly and severally liable, or which are otherwise secured or guaranteed by the Company, and (iii) other claims relating to bank and insurance guarantees issued upon the instruction of the Company or other entities prior to declaring the Company's bankruptcy. Group 6 does not include creditors classified in Group 7.

- 6.2. Group 6 claims will be satisfied by the Company in the following manner:

Repayments. Claims which include principal amounts and interest (including statutory, contractual, and other interest) will be each satisfied by the Company in **21%** in total, through Repayment Instalments payable during the Payment Period.

Any Group 6 claim which will fall due after the Repayment Start Date will be repaid on the dates of payment of subsequent Repayment Instalments after the date on which that claim became due. Any portion thereof remaining after the payment of Repayment Instalments will be paid on the date of payment of the last Repayment Instalment.

Claims to Group 6 creditors will be repaid in the following Repayment Instalments and on the following Repayment Dates:

Repayment Date	Dec 31 2015	Jun 30 2106	Dec 31 2016	Jun 30 2017	Dec 31 2017	Jun 30 2018	Dec 31 2018	Jun 30 2019	Dec 31 2019	Jun 30 2020
Repayment Instalment amount	0.40%	9.80%	5.04%	10.57%	3.14%	12.76%	7.44%	15.54%	2.66%	32.65%

Shares. Claims of Group 6 creditors are subject to the Conversion of Claims into Shares. The Conversion of Claims into Shares will cover 0.491927% of the total amount of claims of each Group 6 creditor, with the proviso that the number of allotted shares will be rounded up to ten.

6.3. Group 6 creditors will be entitled to acquire Bonds.

7. Group 7. Creditors that are the Company's shareholders holding shares conferring at least 5% of voting rights at the general meeting of the Company's shareholders ("Group 7").

7.1. Group 7 includes creditors that are the Company's shareholders and that hold, as at the date of declaring the Company bankrupt and as at the date of voting on the arrangement at the creditors' meeting, the Company's shares conferring at least 5% of voting rights at the general meeting of the Company's shareholders, having monetary claims against the Company, covered by the arrangement.

7.2. Group 7 claims will be satisfied by the Company in the following manner:

Shares. Claims of Group 7 creditors are subject to the Conversion of Claims into Shares. The Conversion of Claims into Shares will cover 9.645481% of the total amount of claims of each Group 7 creditor, with the proviso that the number of allotted shares will be rounded up to ten.

7.3. Repayments. The portion of Group 7 claims which is not subject to Conversion of Claims into Shares ("**Shareholder Claims**") will be satisfied only by offsetting against the Company's receivables in the form of the issue price of shares which may be taken up by Group 7 creditors so as to retain their holding of Company's share capital at 23.61% during the Payment Period, if this percentage share drops following Conversion of Claims into Shares. Any Shareholder Claims which are not offset as described above by the end of the Payment Period for Shareholder Claims will be cancelled.