ERBUD S.A.

Topic:
Signing of a significant agreement
Legal basis: Article 56 section 1 item 2 of the Bid Law - current and periodic information

Content of report:

The Management Board of Erbud SA (the **"Issuer"**) announces that the Amendment No. 2 to the Shareholders' Agreement of 28 July 2007 (the **"Amendment No. 2"** and the "**Agreement"**), which also constitutes a preliminary contract for sale of shares of a company operating under the name of Budlex limited liability company with headquarters in Warsaw, has been concluded on 29 September 2009 with Euroenergia Sp. z o.o. based in Warsaw, and as such, it meets the criterion of significant agreement.

A detailed description of the contract is presented below.

1. Date of conclusion of a significant agreement

September 29, 2009

2. Parties to the Agreement

ERBUD S.A. with its registered office in Warsaw (hereinafter referred to as the **„Buyer”**)

Euroenergia Sp. z o.o. with its registered office in Warsaw, 117 Aleja Solidarności, entered in the Register of Entrepreneurs of the National Court Register under the reference number 0000050425 (hereinafter referred to as the **„Seller”**)

3. Agreement subject

On basis of the Agreement, the Buyer intends to acquire all shares held currently by the Seller in the Budlex limited liability company based in Warsaw, 117 Aleja Solidarności, entered in the Register of Entrepreneurs of the National Court Register under the number 0000098126 (the **"Company"**), and the Seller intends to sell the shares to the Buyer.

The Seller and the Buyer have committed themselves to conclude a sales agreement (the "**Definitive Agreement"**) under which the Seller shall sell to the Buyer and Buyer shall buy from the Seller 251 shares in the nominal capital of the Company, with a nominal value of PLN 1,000.00 each, and a total nominal value of PLN 251,000.00, representing 25 per cent of the share capital of the Company and authorizing the holder to 25 per cent of the total number of votes at the Shareholders' Meeting, held by the Seller (the **"Shares"**), free from any encumbrances and rights of third parties, for the price of the total amount of PLN 25,000,000.00 (the **"Price"**).

The Buyer holds at present 753 shares in the share capital of the Company, constituting 75 per cent of the Company's share capital and entitling the holder to 75 per cent of the total number of votes at the Shareholders' Meeting; therefore, as a result of the acquisition of Shares, the Buyer shall have a 100 per cent stake in the Company.

4. Essential terms of the Agreement, in particular financial terms of the agreement, specific conditions stated by the parties and characteristic for this contract, especially those which differ from terms commonly used for the given type of contracts.

4.1. Conclusion of the Definitive Agreement on Shares Sale

The Definitive Agreement on Sale of Shares shall be concluded at the latest by 30 November 2010. A request to conclude the Definitive Agreement on Shares sale cannot be submited to the Buyer by the Seller earlier than on 1 January 2010.

4.2. Price payment

As per the Definitive Agreement, the Buyer shall pay the Price in favour of the Seller with a total amount of PLN 25,000,000.00, while the payment shall be effected in instalments (the **"Instalments of Price"**) arranged to pay by 1 July 2013. The first cash payment amounting PLN 7,605,500.00 shall be made by ERBUD by 1 April 2010 (although, if the Definitive Agreement is not concluded before 1 March 2010, the due day will be postponed to the first day of the third calendar month following the calendar month in which the Definitive Agreement will be signed). The second and third instalment shall be paid by the 1.07.2011 and 1.07.2012, the last payment in the amount of PLN 5,667,000.00 shall be effected by 1 July 2013.

In the event, that a change in control over the Buyer occurs after the conclusion of the Amendment No. 2, all unpaid Instalments of Price shall be due on the date of such control change over the Buyer, although if the change in control over the Buyer is done before the conclusion of the Definitive Agreement or payment date of the second Instalment of Price, all the outstanding Price shall be payable at maturity of the second Instalment of Price. Any occurrence, in result of which the entity possessing, as at the day of signature of the Amendment No. 2, a number of Buyer's shares empowering to less than 5 per cent of the total number of votes at the Buyer's general meeting, or entity which is not a shareholder of the Buyer, shall directly or indirectly acquire shares giving at least 51 per cent of voting power at a general meeting of the Buyer, shall be deemed for the change of control over the Buyer.

4.3. Payment securities

At the same time as concluding the Definitive Agreement, in order to secure the Seller's claims against the Buyer due to payment of Price Instalments under the Definitive Agreement:

1) the Buyer shall submit a declaration in the form of a notarial deed on voluntary submission by the Buyer to execution, in accordance with Article 777 section 1 item 4 of the Code of Civil Procedure;

2) the Buyer shall make a statement in the form of a notarial deed on voluntary submission by the Buyer to execution in case of acceleration of Price maturity in connection with changing control over the Buyer, in accordance with Article 777 section 1 item 5 of the Code of Civil Procedure;

3) Budlex Invest Sp. z o.o., a subsidiary of the Company, shall submit a declaration in the form of a notarial deed on taking out of a mortgage in the amount of PLN 20,340,821.42 on real estate located in Torun and owned by Budlex Invest Sp. z o.o., including plots registered under number 21/191, 21/192 and 21/193KW, for which the District Court in Toruń, VI Land and Mortgage Registry Division keeps a mortgage register No. TO1T/00047697/3(the **"Property"**, the **"Mortgage"**);

4) The Buyer and the Seller shall enter into a pledge agreement under which the Buyer shall establish for the benefit of the Seller a registered pledge (the **"Registered Pledge"**) on 29 per cent of the shares in Przedsiębiorstwo Robót Drogowych S.A. based in Toruń (**"PRD"**), which

shall be preceded by a lien on shares as referred to above and which expire on the date of registration of the Registered Pledge in the register of pledges.

The documents mentioned in points 1) - 4) above are hereinafter referred to as the "**Collateral Documents**".

4.4. Transfer and exercise of the rights from Shares

Pursuant to the Definitive Agreement on Shares Sale, the transfer of Shares to the Buyer shall be done at the time of:
1) payment by the Buyer of Price Instalment in the amount PLN 7,605,500.00;
2) Mortgage entry in the Land and Mortgage Register;
3) entry of the Registered Pledge in the register of pledges.

After concluding the Amendment No 2, the Buyer shall execute the right to vote from Shares on the basis of power of authority ("**Power to Vote**") issued by the Seller to the Buyer.

In virtue of the Definitive Agreement, the Shares shall be used by the Buyer until their transfer to the Buyer.

When executing voting rights from Shares, whether under the power of authority or right to use, the Buyer shall be obliged, under pain of penalty amounting PLN 2,000,000.00, to vote in the following cases only after prior consent of the Seller:

(a) sale and lease of the Company business or its organized part, and establishment of limited property right on it;
(b) dissolution of the Company and the opening its liquidation procedure, including the liquidator appointment;
(c) raising or lowering the share capital of the Company and redemption of shares;
(d) change the Company's contract;
(e) division, merger and transformation of the Company;
(f) imposition of surcharges and their refund;
(g) disposal of shares in subsidiaries of the Company aforesaid in the Agreement;
(h) distribution of profits or losses, including authorization of payment of dividends or advances on dividends.

4.5. Security of claims of the parties to conclude the Definitive Agreement

To secure the mutual claims related to conclusion of the Definitive Agreement and signing Collateral Documents, together with the conclusion of the Amendment No. 2 to the Agreement:

1) the Buyer has provided the Seller an irrevocable power of attorney drawn up in the form of a notarial deed to sign the Definitive Agreement and relevant Collateral Documents, i.e. a declaration of submission to execution and a pledge contract on shares of PRD;

2) the Seller has provided the Buyer an irrevocable power of attorney drawn up in the form of a notarial deed to sign the Definitive Agreement and a lien contract on shares of PRD;

3) Budlex Invest Sp. z o.o. has provided the Seller an irrevocable power of attorney drawn up in the form of a notarial deed to make a statement on the establishment of Mortgage.

Counterclaims of the Parties over concluding the Definitive Agreement and signing Collateral Documents are also secured by mutual contractual penalties described below, according to which the evading Party shall be charged by the amount of PLN 6,000,000.00.

5. In case that the significant contract contains provisions relating to contractual penalties, which maximum amount can exceed an equivalent of at least 10% of the agreement value or at least PLN equivalent of EUR 200,000, according to the average NBP exchange rate valid on the day of the Agreement conclusion, the maximum penalty height shall be fixed or if it is not possible - shall be indicated the base of going beyond the specified limit as well as whether the payment of contractual penalties shall exclude the right to claim damages exceeding the amount of these penalties

1) In the event of cancellation by the Seller of the Power to Vote or breaching other Seller's obligations related to voting rights from Shares, the Seller shall be obliged to pay to the Buyer a penalty in the amount of PLN 2,000,000.00 for each breach. Lack of fault does not exclude liability of the Seller.

2) In case of executing by the Buyer on behalf of the Seller voting rights from Shares when passing decisions of the Company's Shareholders in the matter which is not covered by the Power to Vote, the Buyer shall be obliged to pay to the Seller a contractual penalty in the amount of PLN 2,000,000.00 for each such violation. Lack of fault does not exclude liability of the Seller.

3) In case of evading conclusion of the Definitive Agreement by the Seller or conclusion Collateral Documents by the Buyer and Budlex Invest Sp. z o.o. (a declaration on the establishment of Mortgage in relation to Budlex Invest) within the time limit set in the Agreement, the Buyer shall pay to the Seller a contractual penalty amounting to PLN 6,000,000.00. Lack of fault does not exclude liability of the Buyer. The payment of penalty shall not absolve the Buyer from an obligation to conclude Definitive Agreement and sign Collateral Documents as well as ensure that Budlex Invest Sp. z o.o. shall sign the relevant Collateral Document.

4) In case of evading conclusion of the Definitive Agreement or signing the relevant Collateral Documents by the Seller within the time limit set in the Agreement, the Seller will pay to the Buyer a contractual penalty amounting to PLN 6,000,000.00. Lack of fault does not exclude liability of the Seller. The payment of penalty shall not absolve the Seller from an obligation to conclude Definitive Agreement and sign Collateral Documents

5) In the event of breach by the Buyer his obligation to notice the Seller on change of control over the Buyer, the Buyer shall pay to the Seller a contractual penalty amounting to PLN 2,000,000.00. Lack of fault does not exclude liability of the Buyer.

6) In the event, when (I) during the period from the establishment of the Registered Pledge on Shares of PRD to the payment date of the whole Price, the Buyer will perform a disposition act, including sale or charge of PDR shares, or (II) withdraw or prosecute an appeal related to Mortgage entry or entry of Registered Pledge on the PRD shares, the Buyer shall pay to the Seller a contractual penalty in the amount of PLN 6,000,000.00. The same contractual penalty is payable to the Seller in the event of incorrect Buyer's statement on holding 29 per cent of the shares in the share capital of PRD. Lack of fault does not exclude liability of the Buyer.

7) In case, the Seller disposes or charges all Shares or their part for the other entity than the Buyer, undertakes to such action, concludes a preliminary agreement or submits an offer within the period prior to transfer Shares to the Buyer, the Seller shall pay Buyer a contractual penalty in the amount of PLN 6000 .000,00. The same contractual penalty is payable to the Buyer in the event of incorrect Seller's statement on Shares. Lack of fault does not exclude liability of the Seller.

8) In the event of breach by the Seller a commitment to issue the Buyer an acknowledgement of receipt of Price Instalments in the amount of PLN 7.605.500,00 (payment of which is one of

the terms for the transfer of Shares), the Seller shall pay to Buyer a contractual penalty amounting to PLN 2,000,000.00. Lack of fault does not exclude liability of the Seller.

9) The Buyer has undertaken to ensure that on the day of concluding the Definitive Agreement and signing Collateral Documents, which date is arising from the Agreement, the PRD statutes shall not provide any restrictions or requirements to established by the Buyer for the benefit of the Seller a lien on 29 per cent of the PRD shares, which shall not be fulfilled on the day of concluding the Definitive Agreement and signing Collateral Documents.

10) The Buyer has also committed itself to ensure (I) that up to the date of submitting the application for Mortgage entry, Budlex Invest Sp. z o.o. shall not sell the Property or encumber it with any other mortgage, excluding the Mortgage, and (II) that until the conclusion of the Definitive Agreement and signing Collateral Documents, the Buyer shall not sell nor burden shares in the PRD which shall be subject to a pledge in favour of the Seller.

11) In the event of breach obligations described in Art. 9) or 10) above, the Seller shall be entitled to refuse to enter into the Definitive Agreement and sign Collateral Documents; this shall be considered as evading the conclusion of the Definitive Agreement and signing Collateral Documents within the time limit set in the Agreement, and Seller shall be entitled to require the payment of contractual penalty by the Buyer as defined in Art. 3) above.

12) In case that the Buyer breaches obligations described in Art. 10) above, which violation will bring to light after conclusion of the Definitive Agreement and signing Collateral Documents, the Buyer shall be obliged to pay to the Seller a contractual penalty amounting to PLN 6,000,000.00. Lack of fault does not exclude liability of the Buyer.

13) In case that the Seller transfers all its shares as well as rights and obligations arising from the Agreement to an affiliated entity, and this entity does not give the Buyer a proxy to exercise voting rights in the same range as provided by the Seller, the Seller shall be obliged to pay to the Buyer a contractual penalty in the amount of PLN 2,000,000.00. Lack of fault does not exclude liability of the Seller.

14) The Agreement provides for additional penalties for breaching the non-competition provision, as stipulated in the Agreement, by the Seller or entities related to the Seller. In the event of violation, the Seller shall be obliged to pay to the Buyer a contractual penalty in the amount of EUR 100,000.00 for each breach.

Parties shall be entitled to require compensation over the amount of the above contractual penalties.

6. In case of conclusion of a significant agreement subject to the condition or deadline - stipulated in the agreement condition or deadline with indication if dissolving or suspending

Amendment No. 2 has been concluded provided that the Shareholders' General Meeting, on which represented is a 100 per cent of share capital of the Company, adopts the unanimous resolution on division of the Company's profit for the year 2008 in the amount of PLN 13,780,773.53, in the following manner: a) the amount of PLN 6,020,000 is to be distributed among shareholders, b) the amount of PLN 7,760,773.53 is to be allocated for supplementary capital. This condition was fulfilled on 29 September 2009.

The Definitive Agreement on Shares sale shall be a conditional one and shall come into force upon signature of all Collateral Documents.

7. Determination of the criterion to recognize the agreement as a significant contract

The agreement was deemed the important one due to the fact that its value exceeds 10% of the equity of the Issuer.

Handing over the Shares to use, and their transfer pursuant to the Definitive Agreement is an acquisition of assets within the meaning of Article 2 section 1 item 45) of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information disclosed by issuers of securities and the conditions for recognition as equivalent to the information required by law of non-member country. The Issuer will inform about such an event after its occurrence in a separate current report.

Decisions on movements in ownership are accompanied by strategic decisions and changes in the management staff. On 17 September 2009 the owners have appointed a new management board of the company responsible for implementing the development strategy of the Budlex Group. The outgoing Board will remain in the company and have an advisory role.