

Current report No. 116/2015

Date prepared: 25.11.2015 r.

Issuer's abbreviated name: POLIMEX-MOSTOSTAL

Subject: Conclusion of a material contract by a subsidiary company of the Issuer

Legal basis: Art. 56, sec. 1, item 2 of the Act on Public Offering – current and periodic information

With reference to current report no. 114/2015, the Management Board of Polimex-Mostostal S.A. having its registered office in Warsaw at ul. Jana Pawła II 12 (hereinafter referred to as the '**Company**') hereby informs that on 25 November 2015 a contract was concluded between a subsidiary company of the Company – Polimex Energetyka Sp. z o.o. (hereinafter referred to as the '**Contractor**') and Górnictwo i Energetyka Konwencjonalna S.A. (hereinafter referred to as '**PGE**') for the 'Modernisation of CFB-670 boilers at units 1-3 of PGE GiEK S.A. Turów Power Plant Division' (hereinafter referred to as the '**Contract**').

The subject matter of the contract is the modernisation of CFB-670 boilers at units 1-3 of PGE GiEK S.A., and it covers the Contractor providing any and all materials, execution of modernisation and possible construction work aimed at enabling performance of the Contract. The modernisation shall be divided into three phases, and each phase shall be divided into milestones. The Contract shall be executed until 18 January 2020.

The Contract was concluded subject to a condition precedent, that being PGE submitting a declaration of conclusion of the last contract within the framework of separate proceedings. The last declaration shall be submitted by 31 October 2016; following the said date, the condition shall be deemed unfulfilled, as a result of which the Contract will not enter into force. PGE may, by 31 October 2016, submit a declaration of the Contract entering into force despite the non-fulfilment of the condition. However, if the Contract enters into force between 1 April 2016 and 31 October 2016, Contract performance dates with respect to individual phases shall be postponed accordingly.

Gross value of the Contract is PLN 417,635,430.00 (PLN 339,541,000.00 net) (hereinafter referred to as the '**Price**'). Payment for Contract performance shall be divided into three parts, depending on the progress of modernisation work – not more than 40% of the Price for phase 1, not more than 30% of the Price for phase 2 and phase 3.

The Contractor shall secure a performance bond accounting for 3% of the Price, and a defect removal bond for 0.9% of the Price.

The Contract stipulates the following contractual penalties: (i) default in completion or acceptance of specific completion stages, calculated as the product of the number of days or weeks of delay and a specific per cent of the value of a specific phase of the Contract; (ii) failure to accomplish technical parameters guaranteed in the Contract, calculated as the product of required technical parameter aggravation and a specific per cent of the value of a specific phase of the Contract; (iii) default in removal of defects disclosed, and (iv) termination of or withdrawal from the Contract by the Contractor due to reasons beyond PGE control. Individual contractual penalties shall be limited to 15% of the net Price; however, total amount of all contractual penalties shall not exceed 25% of the net Price. PGE shall have the right to claim compensation in line with general principles if damage resulting from non-performance or undue performance of the Contract exceeds the value of charged contractual penalties, or if the Parties agree on the amount of compensation due.

The guarantee and the warranty period applicable to each complete phase of the investment shall be 24 months, save for individual parts provided for in the Contract, with respect to which the guarantee and the warranty period shall be 36 or 54 months. The Contractor shall, at their own expense, purchase and maintain a civil liability insurance regarding damage arising in connection with Contract performance.

Both Parties shall have the right to terminate the Contract pursuant to the terms stipulated in it. PGE shall also have the right to denounce the Contract pursuant to the terms stipulated in it due to reasons on the part of the Contractor.

The Contract has been considered material due to the fact that the value of the subject matter of it exceeds 10% of the Company's consolidated revenues from sales in the last four working quarters of the year.

Legal basis: § 5 (1) (3) of the Ordinance of the Minister of Finances dated 19 February 2009 on current and periodical information provided by issuers of securities and terms of deeming information required by the regulations of a non-Member State equivalent.

Signatures of persons representing the Company:
Joanna Białas – Disclosure Requirement Coordinator