

Current report no. 43/2016

Date prepared: 14.07.2016

Issuer's abbreviated name: POLIMEX-MOSTOSTAL

Subject matter: Conclusion of a material agreement

Legal basis: Article 17(1) of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

The Management Board of Polimex-Mostostal S.A. having its registered address in Warsaw (hereinafter referred to as the "**Company**") hereby informs that, on 13 July 2016, Polimex Energetyka Sp. z o.o. (a subsidiary of the Company) (hereinafter referred to as the "**Contractor**") and E003B7 Sp. z o.o. having its registered address in Racibórz (a special purpose entity of Rafako S.A. having its registered address in Racibórz) (hereinafter referred to as the "**Employer**") concluded a conditional agreement the subject matter of which is the assembly of a boiler pressure part in accordance with the documentation of the Employer as part of the construction of a supercritical power unit with a capacity of 800 - 910 MW in the Jaworzno III Power Station - Power Station II, testing and participation in the commissioning of Packages 1, 2 and 3 in the scope described in detail in the agreement (hereinafter referred to as the "**Contract**").

The Contract net price for the full execution of the Contract and performance of all the obligations of the Contractor thereunder, including assembly, is an estimated price and amounts to 77,500,000.00 zlotys (in words: seventy-seven million five hundred thousand zlotys) (hereinafter referred to as the "**Price**"). The remuneration shall be paid after the Employer accepts the Contract execution phases indicated in the Contract.

The Contract provides for contractual penalties, including but not limited to penalties for: (i) delays in Contract execution in the amount of 0.2% up to 0.5% of the Price for each day of delay, (ii) delays in acceptance of the power unit for use that can be blamed on the Contractor in the amount of 0.2% of the Price for each day of delay, (iii) terminating the Contract for reasons attributable to the other Party in the amount of 10% of the Price. The Parties have agreed that the limit of contractual penalties for delays in the performance of contractual obligations on the part of the Contractor will amount to 15% of the Price.

The payment of contractual penalties does not exclude the right to claim compensation exceeding the amount of such penalties with the proviso that the upper limit of the Parties' liability for non-performance or improper performance of the Contract shall not be jointly higher than 100% of the Contract Price.

The Contractor is required to obtain a cash performance guarantee, bank or insurance guarantee in the amount of 10% of the Price plus VAT.

Under the Contract, the Contractor grants a quality warranty and implied warranty for defects for a period of 24 up to 60 months, depending on the type of possible defects, from signing a report on the completion of Contract execution.

The Contract shall be executed from July 2016 to April 2018. The Contract enters into force provided that the Employer obtains necessary permits for the conclusion of the Contract from the entities specified in the Contract, including but not limited to Rafako S.A. having its registered address in Racibórz and TAURON Wytwarzanie S.A. having its registered address in Jaworzno.

The Contract is deemed to be material considering that the amount of remuneration due to the Contractor exceeds the value of at least 2% of consolidated sales revenues of the Company's capital group for the last four quarters.

Signatures of persons representing the Company:

Joanna Białas – Disclosure Requirements Fulfilment Coordinator