

Current report no. 46/2016

Date prepared: 21.07.2016

Issuer's abbreviated name: POLIMEX-MOSTOSTAL

Subject: Conclusion of a material conditional 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.

With reference to the material agreement about which the Management Board of Polimex-Mostostal S.A. having its registered address in Warsaw (hereinafter referred to as the "**Company**") informed in current report no. 43/2016, the Management Board of the Company announces that it has been notified today that Polimex Energetyka Sp. z o.o. o (a subsidiary of the Company) (hereinafter referred to as the "**Contractor**") and Przedsiębiorstwo Modernizacji Urządzeń Energetycznych REMAK S.A. having its registered address in Warsaw (hereinafter referred to as the "**Subcontractor**") have concluded a conditional agreement the subject matter of which is the assembly of a boiler pressure part in accordance with the documentation of the Contractor as part of the construction of a power unit, testing and participation in the commissioning of Packages 1, 2 and 3 in the scope described in detail in the Contract (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 for each day of delay. 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 Subcontractor 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 enters into force provided that the Contractor obtains necessary permits for the conclusion of the Contract with the Subcontractor, including but not limited to a permit from 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