

Current report no. 47/2016

Date prepared: 11.08.2016

Issuer's abbreviated name: POLIMEX-MOSTOSTAL

Subject: The 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.

Referring to current report no. 45/2016, the Management Board of Polimex-Mostostal S.A. having its registered address in Warsaw (hereinafter referred to as the "**Company**") announces that Polimex Energetyka Sp. z o.o. (a subsidiary of the Company) and Doosan Lentjes GmbH having its registered address in Ratingen, Germany (hereinafter jointly referred to as the "**Contractor**"), and PGE Górnictwo i Energetyka Konwencjonalna S.A. having its registered address in Bełchatów (hereinafter referred to as the "**Employer**") have concluded today an agreement the subject matter of which is the turnkey construction including the design, construction, delivery, assembly, commissioning and optimisation, as well as hand-over for operation of a complete and modern semi-dry flue gas desulphurisation plant using calcium sorbent, as well as a complete and modern dry ash removal system for two once-through Benson boilers with a nominal flue gas flow capacity of about 270,000 Nm³/h each, characterised by a nominal production of dry ash in the amount of about 4,5 t/h, fired with black coal, installed in power units A and B at the Pomorzany Power Plant in the scope described in detail in the agreement (hereinafter referred to as the "**Contract**").

The net price of the Contract for the complete execution of the Contract and performance of all obligations of the Contractor resulting from the Contract has been determined as a lump price pursuant to Article 632 of the Civil Code and amounts to PLN 97,000,000.00 (in words: nine hundred and seven million zlotys) (hereinafter referred to as the "**Price**"). The remuneration will be paid after the Employer has accepted all the stages of Contract execution specified in the Contract. Polimex Energetyka Sp. z o.o. has 55.7% share in the consortium.

The Contract provides for contractual penalties, including but not limited to penalties for: (i) a delay in the execution of the Contract in the amount of 0.1% up to 0.5% for each of delay, (ii) for not meeting the guaranteed technical parameters at the set level in the amount of 0.1% to 0.2% of the Price for each exceedance of a parameter by a specified value, (iii) for withdrawing from the Contract for reasons attributable to the other Party in the amount of 20% of the Price, (iv) a failure to pay or a delay in payment of remuneration due to the subcontractors or further subcontractors on the part of the Contractor, the Employer has the right to charge the Contractor with a contractual penalty of 5% of net remuneration not paid or paid after the deadline for each identified case of (v) a failure on the part of the Contractor to submit a draft subcontract or draft amendment thereto for the approval of the Employer, the Employer has the right to charge the Contractor with a contractual penalty amounting to 10% of net remuneration resulting from the subcontract for each draft agreement or draft amendment thereto not submitted for approval. The total sum of contractual penalties charged to the Contractor for exceeding the time limit for Contract execution and withdrawal from the Agreement should not be higher than 20% of net contractual remuneration. This limitation does not apply to penalties for a delay in removing defects identified in the period of implied warranty or guarantee.

The payment of contractual penalties does not exclude the possibility of claiming damages exceeding their value, where the maximum liability of the Parties resulting from a failure to perform or improper performance of this Contract shall not be higher than 100% of the Contract Price. The limitation does not apply to willful damage. The Contractor shall be required to obtain a cash performance guarantee, bank or insurance guarantee in the amount of 10% of the Price plus VAT.

The Contractor is required under the Contract to issue implied warranty for defects and quality guarantee for a period of 36, 60 or 72 months, depending on the type of possible defects, from the signing of a contract completion report. The period of the Contractor's liability resulting from implied warranty for defects coincides with the basic guarantee period and covers 36 months.

The Contract shall be executed from the day of its signing to 27.09.2019. The Contract enters into force upon its signing.

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

Signatures of persons representing the Company:

Joanna Białas – Disclosure Requirement Fulfilment Coordinator

