

**CURRENT REPORT FILED WITH
THE POLISH FINANCIAL SUPERVISION AUTHORITY
DATE: April 17th 2014**



EMAS

VERIFIED ENVIRONMENTAL MANAGEMENT REG. NO. PL 2-24-013-5



Subject: [Execution of significant agreement by RAFAKO subsidiary](#)

Text of the report:

Current Report No. 17/2014

The Management Board of RAFAKO S.A. of Racibórz (the “**Company**” or “**RAFAKO**”) hereby announces that on April 16th 2014, E003B7 Sp. z o.o. (the “**SPV**”) (a wholly-owned subsidiary of RAFAKO) concluded with Energopol-Szczecin S.A of Szczecin (the “**Subcontractor**”) a conditional agreement for construction work (the “**Contract**”) to be performed as part of the project providing for the development of new coal-fired generation capacities at TAURON Wytwarzanie S.A. (the “**Employer**”) – Construction of a supercritical 910 MW power generation unit at Jaworzno III Power Plant – Power Plant II” (the “**Jaworzno Project**”).

The Contract has been executed on the following terms:

1. The subject matter of the Contract is the performance of construction works, delivery of supplies and provision of services under the Jaworzno Project.
2. The Subcontractor's remuneration under the Contract is ca. PLN 380,000,000 (VAT exclusive).
3. The Subcontractor is obliged to provide a performance bond equal to 10% of its gross remuneration. The performance bond provided by the Subcontractor will also secure SPV's any warranty claims for defects in the work performed by the Subcontractor; the value of security for warranty claims will equal 30% of the performance bond value.
4. Under the Contract, the SPV may charge contractual penalties for improper performance of the Contract by the Subcontractor, up to 15% of the Subcontractor's remuneration. The SPV may also seek compensation in excess of the contractual penalties provided for in the Contract.

The Contract stipulates the following conditions precedent:

1. Execution of the main contract for the Jaworzno Project by the Employer and the consortium executing the Jaworzno Project (the “**Main Contract**”);
2. The Employer's and RAFAKO's consents for the SPV to hire the Subcontractor to perform the Main Contract;
3. The SPV's consent for the Contract to be secured with the performance bond provided by the Subcontractor;
4. The Employer's consent for making advance payments due to the Subcontractor under the Contract directly to and for the Subcontractor.

The Contract is one of the key elements necessary for the main contract with the Employer to be executed.

The Contract is considered a reportable significant agreement as its value exceeds 10% of the RAFAKO Group's revenue generated in the last four quarters.

Legal basis: Art. 56.1.2 of the Public Offering Act.

Paweł Mortas, President of the Management Board
Jarosław Dusiko, Vice-President of the Management Board