

**CURRENT REPORT FILED WITH
THE POLISH FINANCIAL SUPERVISION AUTHORITY**

DATE: April 17th 2014

Subject: **Execution of agreement concerning the Jaworzno Project**

Text of the report:

Current Report No. 22/2014

In reference to Current Report No. 11/2014 of February 27th 2014 by which the Company announced that the consortium composed of RAFAKO S.A. as the consortium leader (the “**Company**” or “**RAFAKO**”) and Mostostal Warszawa S.A. (jointly “**Consortium**”) had extended the validity period of the bid for development of new coal-fired generation capacities at TAURON Wytwarzanie S.A. – Construction of a supercritical 910 MW power generation unit at Jaworzno III Power Plant – Power Plant II: steam generator, turbine generator set, main building, electrical and I&C systems (the “**Jaworzno Project**”), the RAFAKO Management Board announces that on April 17th 2014 the Company, Tauron Wytwarzanie S.A. (the “**Employer**”), Siemens Sp. z o.o. and Siemens Aktiengesellschaft (jointly “**Siemens**”), RAFAKO's subsidiary E003B7 Sp. z o.o. of Racibórz (the “**SPV-RAFAKO**”), and Bank Gospodarstwa Krajowego, PKO BP S.A. and PZU S.A. (jointly the “**Financial Institutions**”) executed an agreement which sets out the terms of cooperation between the parties in connection with the performance of Contract No. 2013/0929/Ri – Construction of a supercritical 910 MW power generation unit at Jaworzno III Power Plant - Power Plant II (the “**Agreement**”).

Under the agreement, the Employer accepted the terms of the subcontract agreement between RAFAKO and SPV-RAFAKO (the “**SPV-RAFAKO Subcontract Agreement**”) and approved its execution, and the parties to the Agreement agreed that SPV-RAFAKO will perform its obligations under the SPV-RAFAKO Subcontract Agreement towards the Employer. The Employer also accepted the terms of the subcontract agreement between SPV-RAFAKO and Siemens (the “**Siemens Subcontract Agreement**”), and approved its execution.

Under the agreement:

the parties agreed that in order to perform the Employer's obligation to pay remuneration to RAFAKO under the Agreement as well as RAFAKO's obligation to pay remuneration to SPV-RAFAKO under the SPV-RAFAKO Subcontract Agreement for the works performed under the SPV-RAFAKO Subcontract Agreement, the Employer will pay the remuneration under the Main Contract directly to SPV-RAFAKO in the form of fund transfer as defined in Art. 921¹ of the Polish Civil Code;

the parties agreed that in order to perform the Employer's obligation to pay remuneration to RAFAKO under the Agreement, RAFAKO's obligation to pay remuneration to SPV-RAFAKO under the SPV-RAFAKO Subcontract Agreement, and SPV-RAFAKO's obligation to pay remuneration to Siemens under the relevant Siemens Subcontract Agreement for the works performed by Siemens under the Siemens Subcontract Agreement, the Employer will pay the

remuneration under the Main Contract directly to Siemens in the form of fund transfers as defined in Art. 921¹ of the Polish Civil Code;

the parties agreed that the Performance Bond will be provided partly in the form of bank and insurance guarantees issued by the Financial Institutions at the request of SPV-RAFAKO, with the proviso that the Employer will be the beneficiary of the guarantees (see Current Report No. 18/2014), and part of the Performance Bond will be provided by RAFAKO in cash; the Company will provide PLN 40,000,000.00 prior to the execution of the Contract, and PLN 30,000,000.00 not later than within 6 months from the date of execution of the Agreement.

the parties determined the manner in which the Advance Payment Guarantee (within the meaning of the Contract) will be delivered to the Employer, and in which the Employer will make the Advance Payment under this Contract;

RAFAKO agreed to provide SPV-RAFAKO with adequate support in the performance of the Agreement and the SPV-RAFAKO Subcontract Agreement in the form of appropriate technical, financial and human resources.

The agreement executed between the Employer, RAFAKO, SPV-RAFAKO, SIEMENS and the Financial Institutions was considered a reportable significant agreement as it concerns the Jaworzno Project, from which the Company is to generate revenue in excess of 10% of the RAFAKO Group's revenue generated in the last four financial quarters.

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

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