



GRUPA PBG

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

DATE: February 28th 2017

Subject: [Decision to sign Annex 5 to the Jaworzno Project contract with Tauron Wytwarzanie S.A.](#)

Text of the report:

Current Report No. 6/2017

With reference to Current Report No. 21/2014 of April 17th 2014 on the execution of a contract with Tauron Wytwarzanie S.A. for the construction of a supercritical 910 MW power generation unit at Jaworzno III Power Plant - Power Plant II: steam boiler, turbine generator set, main building, electrical and I&C systems (**the "Contract"**), and further to Current Report No. 33/2016 of November 21st 2016 in which the Company made a delayed disclosure of information on the commencement of negotiations to amend the contract for the Jaworzno Project with Tauron Wytwarzanie S.A., the Management Board of Rafako S.A. of Racibórz (**the "Company"**) announces that on February 28th 2017 it made a decision to sign Annex 5 to the Contract ("**Annex 5"**) with Tauron Wytwarzanie S.A. of Jaworzno (**the "Employer"**) and that on February 28th 2017 the Company's Supervisory Board approved the execution of Annex 5. The Company plans to sign Annex 5 in the first half of March 2017, which will be announced by the Company in a separate current report.

Annex 5 will provide for:

1. An increase of the Master Contract Price by PLN 71.05m plus VAT (to PLN 4,470m) due to the need to change the design and place the unit facilities on deep foundations, also covering – currently commissioned to the Contractor (the Company and Mostostal Warszawa S.A.) as an additional task– the laying of foundations of the fifth zone of the electrostatic precipitator and extension of the electrostatic precipitator switchgear building. The additional works will enable the Employer to partly adapt the unit to meet the future requirements of the BAT Conclusions. In the course of negotiations, the Employer and Tauron Polska Energia S.A. admitted some of the financial and deadline claims raised by the Company and its subsidiary E003B7 Sp. z o.o. (the "SPV"), relating to the above circumstances and variation order requests. The Employer did not admit the claims arising from changes in the design standards (Eurocodes);
2. Extension of the Contract completion deadline by eight months and five days; the Commissioning Report will be signed within 67 months and five days from the Master Contract date (November 2019);
3. Abandonment of the claims resulting from an assessment of the conditions found on the construction site and review of the Employer's Documentation – Mostostal Warszawa Spółka Akcyjna, the Contractor, will represent that it has completed an assessment of the conditions found on the construction site and the review of the Employer's Documentation specified in Appendix 14 to the Contract, delivered to the

Contractor (the Company and Mostostal Warszawa S.A.), and that it makes no further claims in this respect;

4. Waiver of the Company's other claims against the Employer – the parties to the Contract represented that the settlements made under Annex 5 fully satisfy their mutual claims related to the Variation Order Requests (“**VOR**”) and that they will raise no further claims in this respect. The Contractor (the Company and Mostostal Warszawa S.A.) irrevocably and unconditionally waives any claims raised in the VORs, considering any claims related to the change of technical standards (from the previous Polish Standards to Eurocodes) to be groundless as a rule;
5. Six-month extension with respect to the unit's availability for direct deliveries by the Company, boiler maximum continuous rating, minimum load of the unit, moisture content in flue gases downstream of the FGD unit, and the level of structure vibrations; twelve-month extension for structure and building deliveries. The Contractor (the Company and Mostostal Warszawa S.A.) will extend the performance bond as appropriate.
The extended Warranty Period covers 2 (two) years of quality guarantee and warranty against defects (basic Warranty Period) and extended quality guarantee periods for the unit's buildings, structures and parts mentioned above;
6. Extension of type B guaranteed specifications for certain parts of the unit.

The other material terms and conditions of the Contract remain unchanged.

The current percentage of project completion is 31.8%. At present, the technological component of the boiler is being assembled and the steel structures of the main buildings are being erected. Work is continuing on the reinforced concrete structures of the switchgear building, erection of the cooling tower, and construction of the electrical bay building and the cooling water pumping station.

Legal basis: Art. 17 of the Market Abuse Regulation – Inside information

Agnieszka Wasilewska-Semail, President of the Management Board

Jarosław Dusiło, Vice President of the Management Board