

**CURRENT REPORT FILED
WITH THE POLISH FINANCIAL SUPERVISION AUTHORITY
DATE: April 15th 2014**



VERIFIED
ENVIRONMENTAL
MANAGEMENT
REG. NO. PL 24-001-5



**SVTI
ASIT**
KIS.VZ.200132

listed on
WSE



Subject: Execution of significant agreement by RAFAKO subsidiary

Text of the report:

Current Report No. 16/2014

The Management Board of RAFAKO S.A. of Racibórz (the "Company" or "RAFAKO") announces that on April 15th 2014, E003B7 Sp. z o.o. (a wholly-owned subsidiary of RAFAKO) and a consortium composed of Siemens Aktiengesellschaft of Munich and Siemens sp. z o.o. of Warsaw (jointly the "Contractors"), entered into a conditional agreement to manufacture, deliver, and install a turbine island (the "Contract") for the purpose of the Company's project "Development of new coal-fired generation capacities at TAURON Wytwarzanie S.A. ("Employer") – Construction of supercritical 800-910 MW generating unit at the 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 manufacture, delivery and installation of a turbine island system for the purposes of the Jaworzno Project, as well as provision of services and delivery of components necessary to start up and operate a turbine island as part of the Jaworzno Project.
2. Total remuneration due to the Contractors for performing the Contract is EUR 208,350,000.
3. The Contractors are obliged to provide a performance bond equal to 20% of their remuneration, and a defects liability bond equal to 3% of their remuneration, in the form of bank guarantees.
4. Under the Contract, RAFAKO may charge contractual penalties for improper performance of the Contract by the Contractors, up to 25% of the Contractors' remuneration.

The Contract stipulates the following conditions precedent:

1. Conclusion of the main contract for the Jaworzno Project by the Employer and the consortium executing the Jaworzno Project;
2. Conclusion by the Employer, RAFAKO, a subsidiary, and the Contractors of an agreement specifying the method for settlement and payment of remuneration to the Contractors by the Employer, and defining the parties' responsibility for payment of the remuneration to the Contractors; and
3. Provision of the performance bond by the Contractors.

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
Edward Kasprzak, Member of the Management Board