

## **CURRENT REPORT 85 / 2015**

**17 July 2015**

*Legal basis: Art. 56.1.2 of the Public Offering Act – Current and Financial Reports.*

Subject: Conclusion of Major Contract.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the “Company”) inform that on 17 July 2015, the Company and Zarząd Infrastruktury Komunalnej i Transportu w Krakowie (the “Contracting Authority”) entered into the contract whereby the Company would perform certain tasks in connection with the following project: “Maintenance and repair of tram infrastructure in Cracow in the period 2015 – 2018” (the “Contract”).

The Company informed of the submission of the lowest price tender in the said tender procedure in the current 74/2015 of 24 June 2015 and of the selection of the most economically advantageous tender in the current report 80/2015 of 3 July 2015.

Net value of the Contract will not exceed PLN 42.3m and gross value of the Contract will not exceed PLN 52.0m. The value of the Contract includes the lump-sum remuneration for maintenance works in the gross amount of PLN 19.7m, remuneration for repairs in the gross amount up to PLN 14.9m and remuneration for other services, including additional tasks under the Contract, in the gross amount up to PLN 17.4m.

The Contract will be performed in the period 1 August 2015 – 31 July 2018.

The warranty given by the Company for the works performed under the Contract is 36 months of the final acceptance. The warranty given by the Company for the maintenance services is 36 months of the month the new parts and materials are delivered in. The guarantee given by the Company is also 36 months.

The Contracting Authority reserves the right to charge the Company with contractual penalties including:

- 1) The penalty of 10% of the remuneration if the Contracting Authority terminates the Contract through the fault of the Company or the Contracting Authority terminates the Contract with immediate effect as a result of the Company’s failure to duly or timely perform the Contract;
- 2) The penalty of 1% of the remuneration in cases of untimely settlements with subcontractors and of 0.5% in cases connected with informing the Contracting Authority about agreements with subcontractors; and
- 3) The penalty of 0.01% - 0.03% of the remuneration in connection with the circumstances and events provided for in the Contract including the failure to remove or effectively remove

defects, delay in the removal of defects and the failure to duly perform other activities provided for under the Contract.

The Contracting Authority shall pay the Company the contractual penalty of 10% of the total remuneration if the Company terminates the Contract through the fault of the Contracting Authority.

The parties have the right to claim damages in excess of the contractual penalties, up to the actual damage.

If the Contract performance is not in the public interest and this circumstance could not be predicted upon the Contract conclusion, the Contracting Authority may terminate the Contract within 30 days of the receipt of the notice of the said circumstance. However, the Company may demand remuneration for the services provided by the Company. The remaining provisions of the Contract do not differ from the standard terms of such type of contracts.

The Contract is deemed major since its value exceeds 10% of the Company's equity.

*Legal basis: § 5.1.3 of the Ordinance by the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the conditions for recognizing information required under the law of a non-member state as equivalent.*