

CURRENT REPORT 25 / 2016**11 May 2016**

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

Subject: Value of Contracts Concluded with PKP PLK S.A.

Content:

With reference to the current report 18/2016 of 15 April 2016 concerning the total value of contracts entered into between the companies comprising the ZUE Capital Group and the companies comprising the PKP Polskie Linie Kolejowe Capital Group (“PKP PLK”), the Management Board of ZUE S.A. with registered office in Cracow (the “Company,” the “Issuer”) informs that following the conclusion on 11 May 2016 by the Company and PKP PLK of the design and construction contract for the upgrade of the railway line on the Skarżysko Kamienna – Suchedniów section, the total net value of contracts entered into since 16 April 2016 between the companies comprising the ZUE Capital Group and the companies comprising the PKP PLK Capital Group amounted to PLN 27.2m.

The abovementioned contract between PKP PLK and the Company is the highest value contract signed in the reporting period.

The contract deals with design and construction services in connection with the following project: “Preparation of documentation and performance of construction works on the Skarżysko Kamienna – Suchedniów section, railway line no. 8” as part of the following project: “Upgrade of the Radom - Kielce railway line no. 8.” (the “Contract”).

The Contract net value is PLN 17.5m. The Contract gross value used also to calculate contractual penalties is PLN 21.6m.

The Contract completion date (practical completion) has been set at 30 November 2016 while the final date for ensuring the compliance of each subsystem covered by the order and the as-built land survey as well as final acceptance has been set at 30 June 2017.

The warranty given by the Company to PKP PLK is ten years of the final acceptance. The guarantee given by the Company to PKP PLK is five years.

The Contract provides for contractual penalties payable by the Company to PKP PLK in the circumstances specified in the Contract the most important of which include the failure to perform the Contract in a timely fashion, the failure to timely complete a stage (milestone) specified in the schedule or the violation of declared track closure times.

Regardless of the foregoing, if the Company fails to meet the deadlines specified in the schedule and the failure results in unscheduled track closures, the Company will reimburse PKP PLK for any expenses relating to any costs and damages as well as contractual penalties paid to carriers and other business entities in connection with the violation of

timetable. The total amount of the contractual penalties must not exceed 30% of the Contract gross value. In addition, the Company will pay PKP PLK the contractual penalty of 30% of the gross price if the Contract is terminated through the fault of the Company.

Regardless of the contractual penalties, PKP PLK will have the right to claim additional damages up to the value of actual damage.

The remaining terms of the Contract, including but not limited to the termination terms, do not differ from the standard terms of such type of contracts.

The contracts are deemed major because their total value exceeds 10% of the Company's equity.

Legal basis: § 5.1.3 of the Regulation of 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.