

CURRENT REPORT 58/2016

1 December 2016

Legal basis: Art. 17.1 of the MAR – Confidential Information.

Subject: Settlement with Elektrobudowa S.A.

Content:

The Management Board of ZUE S.A. of Cracow (the "Company," the "Issuer") inform about the settlement (the "Settlement") reached on 1 December 2016 with Elektrobudowa S.A. of Katowice ("Elektrobudowa") whereby any and all disputes between the Company and Elektrobudowa (the "Parties," the "Contractors") relating to the project named "Construction of the *Franowo* tram depot in Poznań" (the "Project") will be resolved finally and amicably. The said Project was executed on the basis of a contract entered into with Miejskie Przedsiębiorstwo Komunikacyjne w Poznaniu (the "Contracting Authority") on 13 July 2011. The Issuer informed about the contract in the current report 39/2011 (Settlement). The Parties cooperated on the Project as part of the consortium.

According to the Settlement, the Company will pay Elektrobudowa the total amount of PLN 26.5m including:

1. Remuneration for the services provided by Elektrobudowa in connection with the Project transferred by the Contracting Authority to the Company's bank account specified in the public procurement contract of PLN 24.8m; and
2. Amount drawn by the Issuer under the counter-guarantee issued at the request of Elektrobudowa of PLN 1.7m.

The Company states that it has the funds necessary to settle the abovementioned amounts and the settlement will not influence the Company's profit or loss.

In addition, the Parties are obliged to cooperate in order to resolve any disputes with the Contracting Authority and finally settle the Project. The Company's Management Board believes that the said settlement will not have any negative impact on the Company's profit or loss.

The Settlement satisfies any counter-claims of the Parties relating to the Project.

The Company informed about the disputes with Elektrobudowa connected with the Project in the financial reports as well as the current report 45/2016 of 23 September



2016 and the current report 46/2016 of 27 September 2016 concerning the instigation of court proceedings.