

CURRENT REPORT 80 / 2017**28 December 2017**

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

Subject: Contract with Subcontractor.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the “Company”) inform about an agreement (the “Agreement”) entered into on 28 December 2017 between the Company and Kolejowe Zakłady Automatyki S.A. with registered office in Katowice (the “Subcontractor”). Under the Agreement, the Subcontractor will carry out construction works on the Częstochowa – Zawiercie section (the “Contract”). The Company informed about the performance of the Contract in the current report 48/2017 of 20 July 2017.

Net value of the Agreement: PLN 79.6m.

The Agreement will be performed on the same date as the Contract.

The quality warranty given by the Subcontractor is about 6 years and 30 days of the Contract final acceptance. The Subcontractor is liable under guarantee for the same period of time

The Agreement provides for contractual penalties payable by the Subcontractor to the Company in the circumstances specified in therein, including the penalty for the failure to complete a stage of the project or to remove defects in a timely fashion. However, the total amount of the contractual penalties must not exceed 30% of the Agreement net value.

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

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