

**CURRENT REPORT 27 / 2018**

**18 June 2018**

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

Subject: Cooperation with Subcontractor.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the “Company,” the “Issuer”) inform that on 18 June 2018, the Company and Electren S.A. with registered office in Madrid (the “Subcontractor”) defined the terms of additional works that will be performed by the Subcontractor under the subcontractor agreement (the “Agreement”). The Agreement provides for the performance by the Subcontractor of the construction works on the Wyczerpy – Chorzew Siemkowice section (the “Contract”). The Company informed about the Contract performance in the current report 38/2017 of 5 June 2017. After the scope of the works has been extended, the Subcontractor will be paid additional remuneration of approx. PLN 28m. Together with the remuneration for the initial scope of the works, the total value of the Agreement is approx. PLN 34m.

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

The Agreement provides for contractual penalties payable by the Subcontractor to the Company in the circumstances specified therein including a penalty for the failure to complete a stage of the project in a timely fashion or a delay in the removal of defects or termination of the Agreement by the Subcontractor or the Company due to the circumstances blamed on the Subcontractor. However, the total amount of the penalties must not exceed 36.9% 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 Agreement termination terms, do not differ from the standard terms of such type of transactions.

Apart from the abovementioned Agreement, since August 2017 the Company and the Subcontractor have entered into the agreements worth in total about PLN 17m.