



GRUPA ZUE

CURRENT REPORT 21 / 2014

25 March 2014

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 today the consortium comprising:

- 1) ZUE S.A. of Cracow (the consortium leader); and
- 2) Dalekovod Polska Spółka Akcyjna of Warsaw (the consortium partner);

(hereinafter jointly referred to as the “Consortium”) concluded a contract (the “Contract”) with Polskie Sieci Elektroenergetyczne S.A. of Konstancin – Jeziorna (the “Contracting Authority”).

Under the Contract, the Consortium will perform a set of works in connection with the following Project: “Construction of the double track 400 kV Kozienice – Ołtarzew.”

The Company informed of the submission of the lowest price tender in the current report 37/2013 of 6 November 2013 and of the selection of the Consortium’s tender as the most economically advantageous offer in the current report 8/2014 of 31 January 2014.

Gross value of the Contract: PLN 576,870,000.

Net value of the Contract: PLN 469,000,000.

Completion date: 30 June 2019.

The Consortium give the Contracting Authority a seven-year warranty on the double track 400 kV Kozienice – Ołtarzew (the “Track”) and a five-year warranty on the 400/220/110 kV Kozienice Świerże Górne 26-900 Kozienice station and the 400/220/110 kV Ołtarzew station (hereinafter jointly referred to as the “Station”).

The Consortium will be liable for the same term under a guarantee.



The Contracting Authority reserve the right to charge the Consortium with the contractual penalties including:

- 1) 10% of the Contract net value if the Contract is terminated by the Contracting Authority through the fault of the Consortium;
- 2) 0.1% of the Contract net value for each day of exceeding the term set by the Contracting Authority in which the elements of the National Power System are switched off;
- 3) 0.05% of the Contract net value for each day of delay in turning the Station or the Line over for use by the date set in the schedule;
- 4) 0.05% of the remuneration payable for the performance of individual stages or parts of the stages of the Contract object in respect of which a date of partial acceptance has been set for each day of delay in the performance. However, the Contracting Authority may decide not to impose the contractual penalty or the contractual penalty may be repaid to the Consortium if the Consortium perform the Contract by the specified deadline;
- 5) 0.05% of the Contract net value for each day of delay in the removal of defects detected upon the final acceptance or during the defect liability period.

The total of the abovementioned contractual penalties must not exceed 20% of the Contract net value.

Regardless of the contractual penalties, the Contracting Authority may claim damages in excess of the contractual penalties in line with the general rules set out in the Polish Civil Code.

The Contracting Authority's right to claim one contractual penalty does not prevent the Contracting Authority from claiming other contractual penalties, including the penalties for exceeding the deadlines set in the Contract.

The Contracting Authority reserve the right to claim the contractual penalties provided for under the Contract despite the expiry thereof.

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.