

Warsaw, 1 July 2011

Current Report No. 51/2011

Information about the conclusion of a material agreement

The Management Board of Trakcja Polska S.A. (hereinafter: the "Contractor", the "Company") wishes to inform that on 30 June 2011 the Company concluded with **PKP Polskie Linie Kolejowe S.A.** (hereinafter: the "Ordering party") an agreement for the design and performance of a reconstruction of the Łódź Widzew railway station and a part of the Łódź Fabryczna – Łódź Widzew route at km 2,250–7,200 along with railway traffic control and telecommunication devices for the whole Łódź Fabryczna – Łódź Widzew route and modernisation of the detour route of Łódź Widzew – Łódź Chojny – Łódź Kaliska as part of the POliS Project 7.1-24.2 "Modernisation of the Warszawa – Łódź railway line, phase II, lot B – section Łódź Widzew – Łódź Fabryczna with the Łódź Fabryczna station and construction of the underground part of the Łódź Fabryczna station for departures and arrivals of trains and passenger service", (hereinafter: the "Agreement").

Value of the Agreement:

Total net value of the Agreement: **PLN 238,882,613.18** (say: two hundred thirty-eight million eight hundred eighty-two thousand six hundred and thirteen 18/100 PLN);

Total gross value of the Agreement: **PLN 293,825,614.21** (say: two hundred ninety-three million eight hundred twenty-five thousand six hundred and fourteen 21/100 PLN);

Subject Matter of the Agreement:

On the basis of the Agreement, the Contractor will perform works related to the design and performance of a reconstruction of the Łódź Widzew railway station and a part of the Łódź Fabryczna – Łódź Widzew route at km 2,250–7,200 along with railway traffic control and telecommunication devices for the whole Łódź Fabryczna – Łódź Widzew route and professional works related to the modernisation of the detour route of Łódź Widzew – Łódź Chojny – Łódź Kaliska.

Term of Performance of the Agreement:

42 months from the date of commencement of works.

Duration of Warranty for Defects:

5 years

Contractual Indemnity:

The Contractor shall pay to the Customer contractual indemnity in the following cases and in the following amounts:

- 1) for exceeding the Timeline for Finishing the Works, for each day of delay, in the amount of 0.05 % of the gross contractual remuneration;
- 2) for exceeding the timelines for performing individual design tasks, works or other activities indicated in the Work Schedule (Sub-clause 8.3), for each day of delay, in the amount of 0.05 % of the gross value of the individual tasks or works;
- 3) for a failure to meet the timeline for removing defects as specified in the Takeover Certificate or subsequently in the defect notification period within the timeline specified in the Engineer's notification, in the amount of 1.0% of the gross value of the individual tasks or works to which a given defect relates, for each day of delay;
- 4) by virtue of the termination of the Agreement for reasons attributable to the Contractor, in the amount of 30% of the gross contractual remuneration;
- 5) in all cases in which the agreement imposes on the Contractor the obligation to obtain within a stipulated timeline arrangements or notifications on specific events of the Ordering Party or the Engineer, where this obligation is not performed by the Contractor within the stipulated timeline – in the amount of 0.001% of the gross contractual remuneration, separately for each case of lack of the required arrangement or notification;
- 6) for absence of the contractor's representative authorised to take binding decisions at coordination conferences and meetings as required by the agreement, in the amount of PLN 10,000, separately for each event of absence at the indicated date of a conference or meeting;
- 7) for delay in providing a report on the progress of works, in the amount of PLN 10,000 for each day of delay in providing this report;
- 8) for delay in providing an insurance policy document or a document confirming the payment of a premium, in the amount of PLN 25,000 for each day of delay in providing this insurance policy document or document confirming the payment of a premium;
- 9) for delay in complementing the amount of the required security after eliminating the damage, in the amount of PLN 25,000 for each day of delay in complementing the security;
- 10) for infringement of the industrial safety and fire prevention regulations at the construction site, in the amount of PLN 25,000, separately for each case of such infringement identified by the Ordering Party.

The maximum amount of the contractual indemnity shall not exceed 10% of the total gross price.

Moreover the Contractor shall cover the costs of:

- train delays resulting from causes attributable to him, caused by the prolonged time limits for the scheduled tracks closures and unscheduled notification of the planned track closures that prevent arrangements with carriers on the timetable developed during the construction works to be concluded, unagreed occupation of an active track during the construction, repair or replacement of infrastructure damaged during the construction works, use of a speed different from the speeds indicated in the rules of the temporary speed limits during the construction and after its completion,
- introduction of the replacement bus services,
- use of locomotives for pulling the trains.

The costs arising due to the trains delays shall be calculated according to the notes or invoices submitted by the carriers and the cost of introduction of the replacement bus services and the use of locomotives for pulling the trains, according to invoices submitted by the carriers.

The terms and conditions of the agreement are similar to those commonly used for these type of agreements. The value of the above Agreement exceeds 10% of the equity of TRAKCJA – TILTRA S.A.

Legal basis: § 5, paragraph 1, point 3 of the Regulation of the Minister of Finance dated 19 February 2009 on the current and periodic disclosures to be made by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state.