

Warsaw, 03 August 2011

Current Report No. 59/2011

Information about the conclusion of a material agreement

The Management Board of Trakcja - Tiltra S.A. (the Company") hereby announces that on 2 August 2011 the Company concluded material agreements with Krakowskie Zakłady Automatyki S.A. with its registered office in Kraków ("KZA" or the "Subcontractor") for the total net amount of: **PLN 41,800,000.00** (say: forty-one million eight hundred thousand zlotys 00/100).

Agreement with the highest value is the agreement concluded by the Company with KZA on 2 August 2011 – a subcontract – (hereinafter: "the Agreement"), in relation with the Company's performance of construction works to which the agreement relates: *"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"* (the "Head Contract"), announced by the Company by current report no. 51/2011 on 1 July 2011.

Value of the Agreement:

Total net value of the Agreement: **PLN 33,650,000.00** (say: thirty-three million six hundred fifty thousand zlotys 00/100).

Subject Matter of the Agreement:

On the basis of the agreement the Subcontractor will perform the comprehensive specialist works (construction works – installation works – railway traffic control systems) for the following task: *"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"* .

Term of Guarantee:

60 months.

Contractual penalties:

1. For a failure to perform or improper performance of the Agreement, the Subcontractor shall pay to the Contracting Party contractual penalties which will be payable in the following amounts and on the following grounds:
 - (a) for exceeding the Timeline for Finishing the Works, for each day of delay, in the amount of 0.05 % of the gross contractual remuneration under the Head Contract;

- (b) for exceeding the timelines for performing individual design tasks, works or other activities indicated in the relevant schedule, for each day of delay, in the amount of 0.05 % of the gross value of the individual tasks or works;
 - (c) for each individual failure to meet the timeline for removing defects or subsequently in the defect notification period, 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;
 - (d) by virtue of the termination of the Agreement for reasons attributable to the Subcontractor, in the amount of 30% of the gross contractual remuneration under the Head Contract;
 - (e) in all cases in which the Agreement imposes on the Subcontractor the obligation to obtain within a stipulated timeline arrangements or notifications on specific events of the Contracting Party, PKP PLK S.A. or the Engineer, where this obligation is not performed by the Subcontractor within the stipulated timeline – in the amount of 0.001% of the gross contractual remuneration under the Head Contract, separately for each case of lack of the required arrangement or notification;
 - (f) for absence of the Subcontractor'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;
 - (g) 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;
 - (h) 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.
2. In a case of termination of the Agreement for reasons attributable to the Contracting Party, the Contracting Party will pay to the Subcontractor a contractual penalty in the amount of 30% of the gross contractual remuneration under the Head Contract.
3. If the Contracting Party, for reasons attributable to the Subcontractor, does not complete the construction works within the stipulated timeline, he will pay for such a delay a contractual penalty in the amount of 0.05 % of the remuneration under the Head Contract, payable for each day of delay. The total amount due, however, will not exceed 10% of the gross price under the Head Contract.
4. The payment of the contractual penalties referred to above will not discharge the Subcontractor from his obligation to complete the works or any other duties, obligations or responsibilities he might have under the Contract.
5. In addition, the Subcontractor will 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, as applicable in PKP PLK S.A.,
 - introduction of the replacement bus services,

- use of locomotives for pulling the trains.
6. 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.
 7. The Subcontractor agreed that the Contracting Party will have the right to deduct the contractual penalties from the net remuneration due to the Subcontractor and the performance bond applicable to the Agreement.
 8. The payment of contractual penalties does not limit the Contracting Party's right to seek compensation exceeding the amount of the stipulated contractual penalties.
 9. Application of one contractual penalty does not exclude the validity of the application of the remaining ones.
 10. The total amount of contractual penalties, calculated in accordance with the stipulations outlined above, will not exceed 30% of the gross remuneration of the Contracting Party as set out in the Head Contract.
 11. The Contracting Party will have the right to impose contractual penalties if such penalties are imposed against the Contracting Party by PKP PLK S.A.

Terms and conditions of the agreement do not differ from those commonly used for this type of agreements.

The value of the abovementioned Agreement exceeds 10% of the equity capital of Traction - Tiltra SA

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.