

**CURRENT REPORT FILED WITH  
THE POLISH FINANCIAL SUPERVISION AUTHORITY**

DATE: April 17th 2014



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ENVIRONMENTAL  
MANAGEMENT  
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Subject: [Execution of significant agreement by RAFAKO subsidiary](#)  
[Establishment of security on assets of RAFAKO S.A. and its subsidiary](#)

Text of the report:

Current Report No. 18/2014

The Management Board of RAFAKO S.A. of Racibórz (the “**Company**” or “**RAFAKO**”) hereby announces that on April 16th 2014, E003B7 Sp. z o.o. (the “**SPV**”) ((a wholly-owned subsidiary of RAFAKO) concluded with (i) Powszechna Kasa Oszczędności Bank Polski S.A. (“**PKO BP**”), (ii) Powszechny Zakład Ubezpieczeń S.A. (“**PZU**”) and (iii) Bank Gospodarstwa Krajowego (“**BGK**” and collectively with PKO BP and PZU, the “**Guarantors**”) an agreement for the grant of bank and insurance guarantees to the SPV (the “**Agreement**”) in connection with the project providing for the development of new coal-fired generation capacities at TAURON Wytwarzanie S.A. (the “**Employer**”) – construction of a supercritical 910 MW power generation unit at Jaworzno III Power Plant – Power Plant II” (the “**Jaworzno Project**”) performed by RAFAKO and the SPV.

The Agreement has been executed on the following terms:

1. PKO BP undertook to issue, to the Employer, (i) an advance payment bank guarantee up to PLN 48,000,000 and (ii) a performance bond bank guarantee for the Jaworzno Project (the “**Main Contract**”) up to PLN 126,334,000, subject to the conditions precedent stipulated in the Agreement.
2. PZU undertook to issue, to the Employer, (i) an advance payment insurance guarantee up to PLN 48,000,000 and (ii) a performance bond insurance guarantee for the Main Contract up to PLN 126,333,000, subject to the conditions precedent stipulated in the Agreement.
3. BGK undertook to issue, to the Employer, (i) an advance payment bank guarantee up to PLN 48,000,000 and (ii) a performance bond bank guarantee for the Main Contract up to PLN 126,334,000, subject to the conditions precedent stipulated in the Agreement.
4. RAFAKO undertook to provide to the Employer a PLN 70.000.000 cash performance bond in respect of the Main Contract, provided that the detailed terms of payment of the amount by the Company will be defined in a separate agreement executed between RAFAKO, the Employer, the Guarantors and other parties.

On the date hereof, all conditions precedent referred to in items 1–3 have been fulfilled. Accordingly, the Guarantors have issued the guarantees and the performance bonds.

In order to secure the Guarantors' claims under legal recourse arising from the guarantees and performance bonds granted by the Guarantors, RAFAKO and the SPV established, for the Guarantors' benefit, a number of security instruments customarily established with

respect to such transactions, including: (i) a surety for the SPV's liabilities under the Agreement, valid until April 17th 2028, established by RAFAKO for the Guarantors; (ii) a registered pledge over the assets forming the SPV's enterprise; (iii) a registered and financial pledge over SPV shares representing 100% of the SPV's share capital and conferring the right to 100% of voting rights at the SPV's general meeting, held by RAFAKO, in each case up to the amount of PLN 1,046,000,000; and (iv) registered and ordinary or financial pledges on SPV's and RAFAKO's bank accounts and receivables connected with the Main Contract; as well as RAFAKO's and SPV's representations on submission to enforcement.

On April 16th 2014, the Company and the SPV concluded with the Guarantors security agreements. The registered pledges established under the agreements will take effect upon their entry in the register of pledges. Depending on the type of security, the instruments were established for the benefit of each Guarantor separately or for the benefit of one Guarantor acting as the security agent on behalf of all Guarantors. None of the Guarantors is RAFAKO's related party or an entity managing or supervising RAFAKO.

Rafako also undertook to establish a second ranking registered pledge for the benefit of the Guarantors over the assets forming RAFAKO's enterprise, up to PLN 1,046,000,000, by the date agreed upon between RAFAKO and the Guarantors.

The guarantees and performance bonds issued under the Agreement are one of the key elements necessary for the main contract with the Employer to be executed.

The Agreement is considered a reportable significant agreement as the aggregate value of the guarantees and performance bonds exceeds 10% of the RAFAKO Group's revenue generated in the last four quarters.

Legal basis: Art. 56.1.2 of the Public Offering Act.

Paweł Mortas, President of the Management Board  
Jarosław Dusiło, Vice-President of the Management Board