

Subject: Agreement with KGHM

The Management Board of PBG S.A. w upadłości układowej (in company voluntary arrangement) (the "Company", "PBG") announces that on August 10th 2016 the Company and KGHM Polska Miedź S.A. ("KGHM") executed an Agreement, dated August 5th 2016, concerning claims made by KGHM as part of calling for conciliation hearings, in connection with the contract of July 30th 2010 for the 'Delivery, installation and commissioning of four heat recovery steam generators' ("Heat Recovery Steam Generators") (Current Report No. 41/2015 of October 7th 2015), and in connection with the contract of July 9th 2010 for the manufacture, delivery, installation and commissioning of four complete Gas Turbine Generator Sets ("Gas Turbine Generator Sets") (Current Report No. 49/2015 of November 21st 2015). Both contracts were executed as part of KGHM's project for the construction of CCGT units in Głogów and Polkowice.

Under the Agreement PBG recognised:

- 1) KGHM's claim of up to PLN 2,631,540.00 under the contract for Heat Recovery Steam Generators;
- 2) KGHM's claim for payment of EUR 80,000.00 by PBG to cover the cost of removal of a defect that occurred in the course of performance of the contract for Gas Turbine Generator Sets.

The Agreement was executed on condition that PBG removes the defects that occurred in the course of performance of the contract for Gas Turbine Generator Sets by December 31st 2016.

KGHM's claim of up to PLN 3,480,660.00 under the contract for Gas Turbine Generator Sets is to be negotiated by December 20th 2016.

Legal basis:

Art. 17.1 of MAR

For PBG S.A.:

Magdalena Eckert