ERBUD S.A.

Current Report No. 75/2010
Date of Report: 2010-10-29

Topic:
Concluding a significant agreement to develop the national road No. 8 on the section Rawa Mazowiecka - Łódź District border from 386km +000 to 408km+805
Legal basis: Article 56 section 1 item 2 of the Act on Public Offering - current and periodic information

Content of report:
The Management Board of ERBUD SA informs that on 29 October 2010 it signed as a partner of consortium established with Bilfinger Berger Budownictwo SA based in Warsaw (the Consortium Leader), a contract for developing the national road No. 8, section Rawa Mazowiecka - Łódz region border from 386km+000 to 408km+805 to the expressway standard.

The agreement has been concluded with the General Directorate for National Roads and Motorways, representing the State Treasury, with the Division of GDDKiA in Łódź as an agreement party.

The total contract value is PLN 381,697,673.10 net, i.e. PLN 465,671,161.93 gross.
Work to be performed by the Issuer, amounts respectively to:
- PLN 20,941,528.76 net,
- PLN 25,548,665.10 gross.

The completion deadline falls end of May 2012.

The Issuer has granted within the consortium the following guarantees:
Performance bond with a value of PLN 1,277,433.25, valid to 2012-07-28;
Guarantee for remedying defects and faults with a value of PLN 383,229.98, valid to 2017-07-13.

The agreement provides for the following penalties:
a) in the event of failure to timely execution of works - 0.2 percent of the agreed contract price for each day of delay
b) due to withdraw from the contract for reasons attributable to the contractor - 10 percent of the agreed contract price
c) in the event of failure to execute the required minimum scope of works - 0.02 percent of agreed contract price
d) in the event of failure to timely delivery of the time schedule - PLN 5,000.00 for each day of delay
e) in the event of failure to timely remedying defects and faults - PLN 5,000.00 for each day of delay.

This agreement is the fourth one signed by the Issuer for road works this year.