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Zagreb, 8<sup>th</sup> May 2017

**AQUISITION OF THE MAJORITY OWNERSHIP IN THE  
COMPANY POWER ENGINEERING TRANSFORMATORY Sp. z o.o., CZERWONAK, POZNAN, POLAND**

Company Končar-Distribution & Special Transformers Inc. (Končar-D&ST), signed an Agreement of acquisition of the majority ownership (74%) in the company Power Engineering Transformatory Sp. z o.o. (PET) in Czerwonak, Poznan, Poland.

Core business of aforesaid company is design, production, sale and servicing of medium power transformers with a power rating of up to 63 MVA and a voltage rating of up to 145 kV. Today PET has 60 employees and its designed and manufactured transformers distributes only in Poland.

The amount paid for the acquisition of 74% stake will be used for purchasing new equipment and modernizing the plant. Končar D&ST Inc. will also contribute to the further development of the factory with its *know-how*, in order to create a modern and competitive medium power transformers factory in Poland.

As a country with about 38 million residents, with the attained degree of economic and political development, important strategic position in Europe and with numerous predictions of further significant development, Poland is recognised as a perspective market for power equipment in the upcoming period. Participation in the Polish market represents a

KONČAR ELECTRICAL INDUSTRY Inc.