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### **Information on the execution of the Vranduk hydro power plant project**

Following an international call for tenders for the construction of Vranduk hydro power plant issued by Elektroprivreda BiH, as the client, the execution of the project was entrusted to a consortium comprising Strabag and KONČAR - Power Plant and Electric Traction Engineering Inc. During the preparation phase of the Contract execution, Strabag requested that the agreed price be increased, which subsequently led to notices of contract termination from both parties. In the meantime, Strabag has sent a request for contract termination; however, negotiations are still ongoing.

We have been verbally informed by Strabag that, in the event of contract termination, KONČAR will receive reimbursement for the possible damages.

Zagreb, 5 July 2017

Končar Electrical Industry Inc. Managing Board