

**To the General Meeting of
ENERGA Spółka Akcyjna****MOTION
OF THE MANAGEMENT BOARD OF ENERGA SPÓŁKA AKCYJNA**

With a view to meeting the condition referred to in Article 8.6 of the Investment Agreement concluded on 8 December 2016 between ENERGA SA, ENEA S.A. and Elektrownia Ostrołęka Sp. z o.o. (joint-stock company on the date of conclusion of the Agreement), amended by Annex No 1 on 26 March 2018, hereinafter the **Investment Agreement**), the Management Board of ENERGA SA moves for expressing a directional consent to the commencement of the Construction Stage as part of the Ostrołęka C Project, consisting in the preparation, construction and operation of a supercritical hard coal-fired steam power unit with a gross capacity of approximately 1,000 MWe.

RATIONALE

In accordance with the Investment Agreement concluded between Elektrownia Ostrołęka Sp. z o.o. (hereinafter the **Company**), ENERGA SA and ENEA S.A., the object of the Ostrołęka C Project is the "*preparation, construction and operation of a supercritical hard coal-fired steam power unit with a gross capacity of approximately 1,000 MWe*". The owners of the Company, holding 50% shares each, are ENERGA S.A. and ENEA S.A. Capitalised terms used below shall have the meaning given to them in the Investment Agreement.

Pursuant to Article 8.6 of the Investment Agreement, the prior adoption by the General Meeting of ENERGA SA and the General Meeting of ENEA S.A. of a resolution expressing a directional consent to the commencement of the Construction Stage is one of the conditions of voting by the shareholders of Elektrownia Ostrołęka Sp. z o.o., including ENERGA SA, in favour of the adoption of a resolution on the consent to the issuance of the Notice to Proceed to the General Contractor.

The Investment Agreement stipulates the following stages of implementation of the Ostrołęka C Project:

- 1) Development Stage – the stage from the acquisition by ENEA S.A. of the first tranche of rights to the Company until the issuance by the Company of a Notice to Proceed addressed to the General Contractor,
- 2) Construction Stage – the stage "from the issuance by the Company of the Notice to Proceed addressed to the General Contractor until the commercial commissioning of Ostrołęka C",
- 3) Operation Stage – the stage of commercial operation of Ostrołęka C.

Currently, the Ostrołęka C Project remains in the Development Stage.

On 4 April 2018, the Company resolved a tender procedure for a public contract entitled "Construction of Ostrołęka C Power Plant with a capacity of approximately 1000 MWe" by selecting a consortium of companies: GE Power Sp. z o.o. and Alstom Power System S.A.S., as the General Contractor, who offered to execute the object of the contract with the parameters specified in the tender for the net amount of PLN 5,049,729,000.00, gross amount of PLN 6,023,034,950.00.

On 12 July 2018, Elektrownia Ostrołęka Sp. z o.o. signed a contract agreement with the General Contractor. The agreement provides that the commencement of the construction works shall depend on the issuance by the Company of the so-called "Notice to Proceed". Until the moment of issuing the Notice to Proceed, the General Contractor shall be entitled only to perform preparatory, design and organisational works, however, it is estimated that capital expenditures until the moment of issuing the Notice to Proceed will not exceed the equivalent of 4% of the price covered by the said contract agreement.

The parties to the Investment Agreement have agreed that the issuance of the Notice to Proceed shall require in particular:

1. the prior, directional consent to commence the Construction Stage, as referred to above, and
2. the consent of the Supervisory Board of ENERGA SA and the Supervisory Board of ENEA S.A. to issue the Notice to Proceed to the General Contractor.

As at the date of submission of this motion neither of the aforesaid consents has been obtained. Taking into account the scale of the Ostrołęka C Project as well as the level of planned expenditures, the project is, from the point of view of ENERGA SA, of strategic character, and will determine the long-term financial standing of the ENERGA Group. For this reason the Management Board of ENERGA S.A. moves for the General Meeting of ENERGA S.A. expressing a directional consent to the commencement of the Construction Stage as part of the Ostrołęka C Project, consisting in the

preparation, construction and operation of a supercritical hard coal-fired steam power unit with a gross capacity of approximately 1,000 MWe

The draft of the Resolution of the Management Board forms an Attachment to this motion.

Attachment:

The draft of the Resolution of the Management Board of ENERGA SA concerning expressing a directional consent to the commencement of the Construction Stage as part of the Ostrołęka C Project, consisting in the preparation, construction and operation of a supercritical hard coal-fired steam power unit with a gross capacity of approximately 1,000 MWe.

For the Management Board of ENERGA SA

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