

Enclosure No. 1

with the Announcement of the Management Board of TAURON Polska Energia S.A.  
of convening an Extraordinary General Meeting of the Company

***Proposed amendments to the Articles of Association of TAURON Polska Energia S.A.***

Following inclusion in the agenda of the Extraordinary General Meeting of an item concerning amendments to the Company's Articles of Association, the Management Board of TAURON Polska Energia S.A. presents the existing provisions of the Articles of Association as well as proposed amendments thereto:

**1. The existing wording of §6 of the Articles of Association:**

"Company's share capital is fully paid-up by contributions in cash before registering the Company."

**The existing wording of §6 of the Articles of Association will be replaced with the following:**

"The share capital of the Company is PLN 9,162,746,970.00 (nine billion, one hundred and sixty-two million, seven hundred and forty-six thousand, nine hundred and seventy) and is divided into 1,832,549,394 (one billion, eight hundred and thirty-two million, five hundred and forty-nine thousand, three hundred and ninety-four) shares with a nominal value of PLN 5 (five) each, including 1,589,438,762 (one billion, five hundred and eighty-nine million, four hundred and thirty-eight thousand, seven hundred and sixty-two) ordinary bearer series AA shares, 163,110,632 (one hundred and sixty-three million, one hundred and ten thousand, six hundred and thirty-two) ordinary registered series BB shares and 80,000,000 (eighty million) preferred registered series C shares. The share capital of the Company, in the amount as provided in the Company's Articles of Association adopted at the time of the establishment thereof (i.e. PLN 500,000.00) was paid up in full in cash prior to the registration of the Company."

**2. The existing wording of §7 of the Articles of Association:**

"Share capital of the Company amounts to PLN 8,762,746,970.00 (PLN eight billion seven hundred sixty two million seven hundred forty six thousand nine hundred seventy) and is divided into 1,752,549,394 (one billion seven hundred fifty two million five hundred forty nine thousand three hundred ninety four) shares of the nominal value of PLN 5 (say: PLN five) each, including 1,589,438,762 (one billion five hundred eighty nine million four hundred thirty eight thousand seven hundred sixty two) series AA ordinary bearer shares and 163,110,632 (one hundred sixty three million one hundred ten thousand six hundred thirty two) BB ordinary registered series."

**The existing wording of §7 of the Articles of Association will be replaced with the existing wording of §8 with the following:**

- “1. Company’s shares are ordinary bearer shares, subject to articles 3 and 4.
2. Bearer shares may not be converted into registered shares.
3. The Company’s shares may be registered shares if they are issued in exchange for in-kind contributions and in other cases if absolutely applicable legal regulations require that shares issued to shareholders are registered shares.
4. Registered shares may be converted into bearer shares on terms and conditions set out in the Commercial Companies Code.”

**3. The existing wording of §8 of the Articles of Association:**

- “1. Company’s shares are ordinary bearer shares, subject to articles 3 and 4.
2. Bearer shares may not be converted into registered shares.
3. The Company’s shares may be registered shares if they are issued in exchange for in-kind contributions and in other cases if absolutely applicable legal regulations require that shares issued to shareholders are registered shares.
4. Registered shares may be converted into bearer shares on terms and conditions set out in the Commercial Companies Code.”

**The existing wording of §8 of the Articles of Association will be replaced with the following:**

- „1. The series C shares are registered, non-voting shares preferred in terms of dividend (pursuant to Article 353 of the Commercial Companies Code).
2. The series C shares were subscribed for by one of the shareholders, the State Treasury, and covered by a non-cash contribution of [●] shares of [●] which are publicly traded on the regulated market operated by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) (the “WSE”) (the “In-kind Contribution”).
3. The series C shares are preferred in terms of dividend in such a manner whereby: (i) the dividend per each series C share will amount to 200% of the dividend per each other non-preferred share in the Company; and (ii) the series C shares will be preferred in terms of the satisfaction of the right to dividend before the other shares.
4. The preference of the series C shares expires if the total sum of the additional dividend paid for all of the series C shares amounts to at least (it may be greater) the sum determined as follows:

$$W_a - W_r + K_p$$

where:

Wa means the value of the In-kind Contribution determined for the purposes of covering the issue price of the Series C Shares;

Wr means the market value of the ordinary bearer shares in the Company that are subject to public trading on the regulated market of the WSE and marked with the ISIN code: PLTAURN00011, determined as the average weighted price at which the shares in the Company were traded on the regulated market during the six months directly preceding the date of making the In-kind Contribution;

Kp means the sum of interest calculated at the annual WIBOR 6M (determined for each half-year period two business days prior to the end of each such period) increased by 50 basis points per each day of the period from the date of making the In-kind Contribution until the date of payment as additional dividend for the Series C Shares of the full value of the difference between the above-mentioned value of the In-kind Contribution and the market value of the shares in the Company ( $Wa - Wr$ ). On each day of such period, the sum of interest is calculated as accruing on the amount equal to the non-received (on account of additional dividend) amount for a given date, by the holder of the Series C Shares, of the difference between the above-mentioned value of the In-kind Contribution and the market value of the shares in the Company ( $Wa - Wr$ ).

The amount of "additional dividend" needs to be understood as the difference between the value of the dividend paid to the shareholder holding the Series C Shares, and the value of the dividend which would have been paid to such shareholder for the holding of the same number of non-preferred shares in the Company as the Series C Shares. For the purposes of calculating the above amount, the dividend paid to the shareholder holding the Series C Shares on account of holding other shares in the Company will not be taken into account.

5. The date of the expiry of the preferred status of the Series C Shares is the date on which the account of the holder of the Series C Shares is credited with a given amount of additional dividend resulting in exceeding the threshold referred to in the previous section.

6. Upon the expiry of their preferred status, the series C shares will become ordinary registered shares which, at the request of the holder of the series C shares, may be converted into bearer shares and introduced to trading on the regulated market. Pursuant to Article 419 §3 of the Commercial Companies Code, upon the revocation of their preferred status, the series C shares will entitle their holder to vote as with respect to all other shares in the Company.

7. Subject to the restrictions under the CCC, the Series C Shares are transferrable. In the case of the transfer of the shares during the period of their preference, the Series C Shares remain preferred, provided that, if a part of the Series C Shares is sold, each holder of the series C shares is subject to the above regulations in the proportion to the number of the Series C Shares held by each such shareholder."

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