

Company presentation

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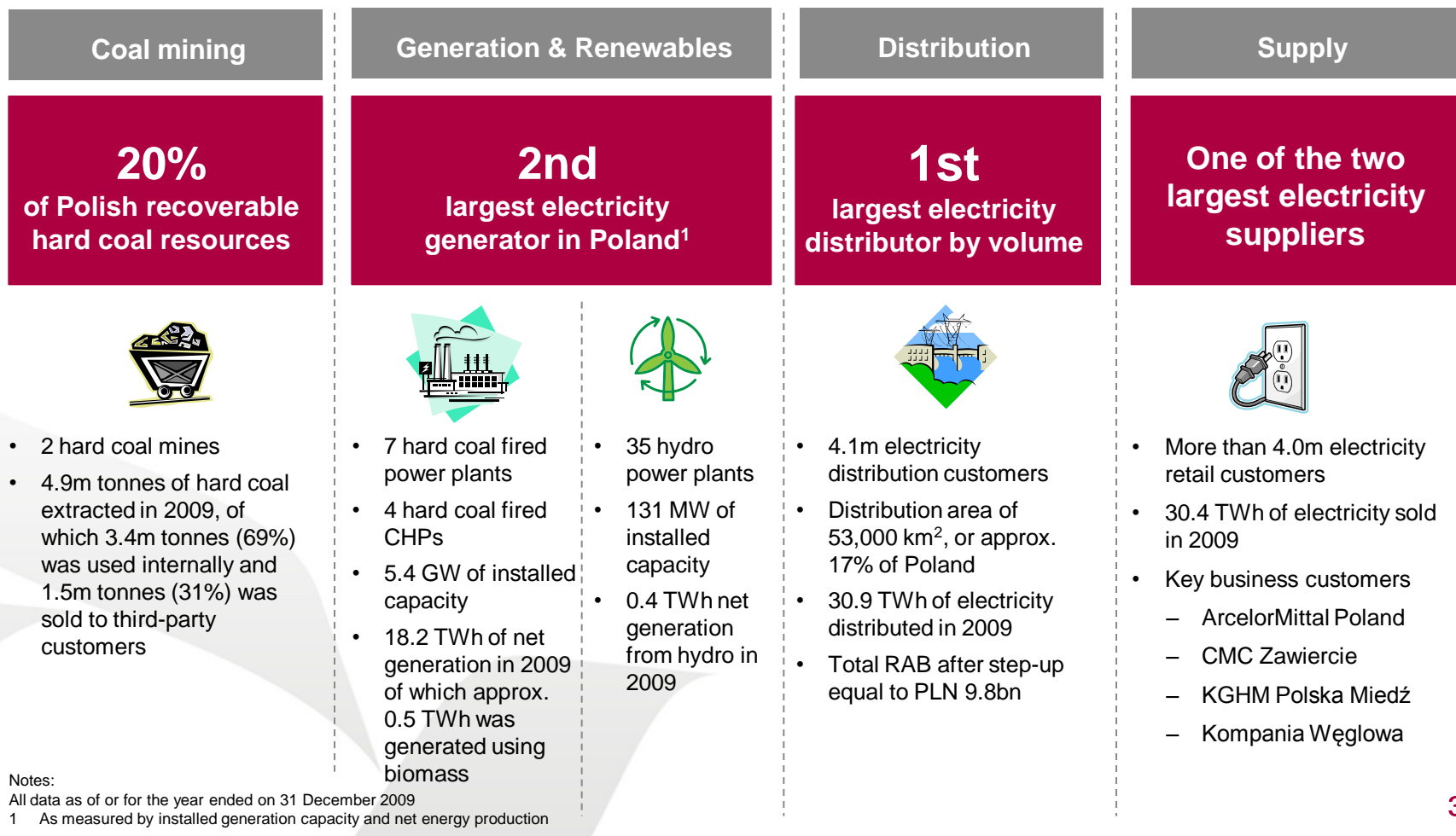
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Integrated value chain

The TAURON Group is the second largest Polish vertically integrated power utility¹ with a strong presence in the entire value chain from coal mining to power supply to end customers



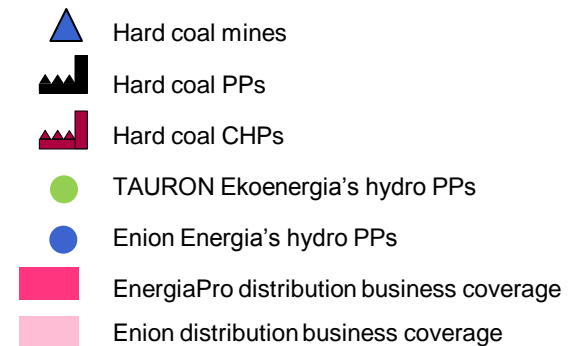
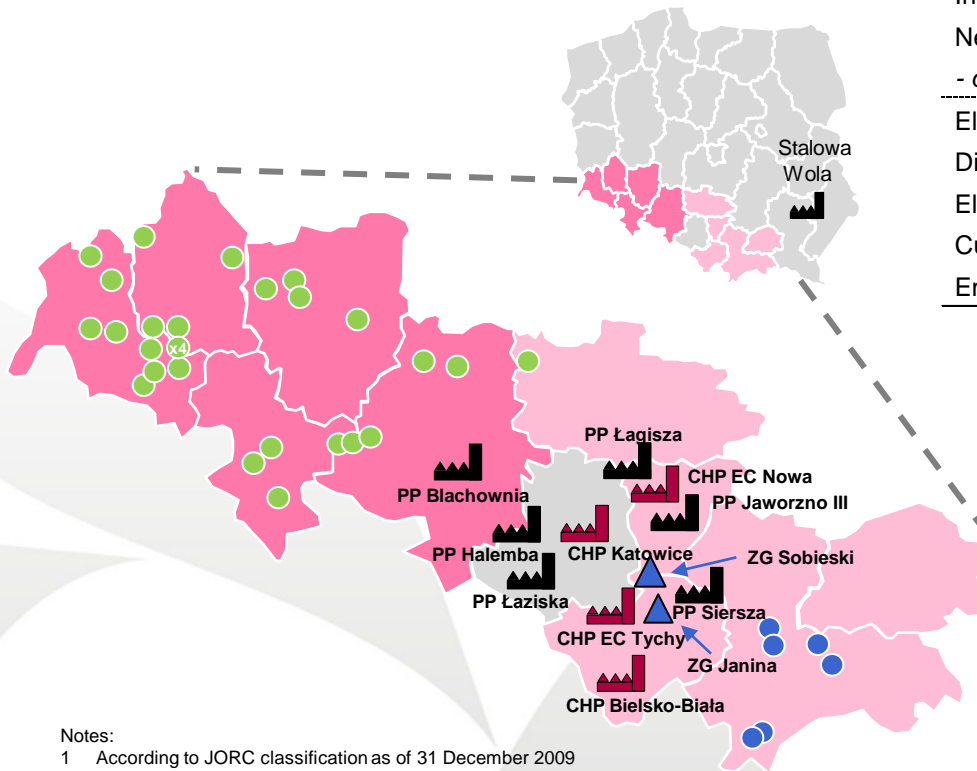
TAURON at a glance

Key assets / locations

- 7 hard coal PPs
- 4 hard coal CHPs
- 2 hard coal mines
- 35 hydroelectric power plants
- 2 DSOs
- 2 supply companies

Key operating data (2009)

Annual hard coal extraction	4.9 mt
Hard coal reserves ¹	56.1 mt
Hard coal resources ¹	2,480.0 mt
Installed capacity	5.6 GW
Net electricity generation	18.6 TWh
- of which from renewable sources	0.9 TWh
Electricity distribution	30.9 TWh
Distribution lines	192.4 thou km
Electricity sold to end customers	30.4 TWh
Customers	4.1m
Employees ²	28,824



Notes:

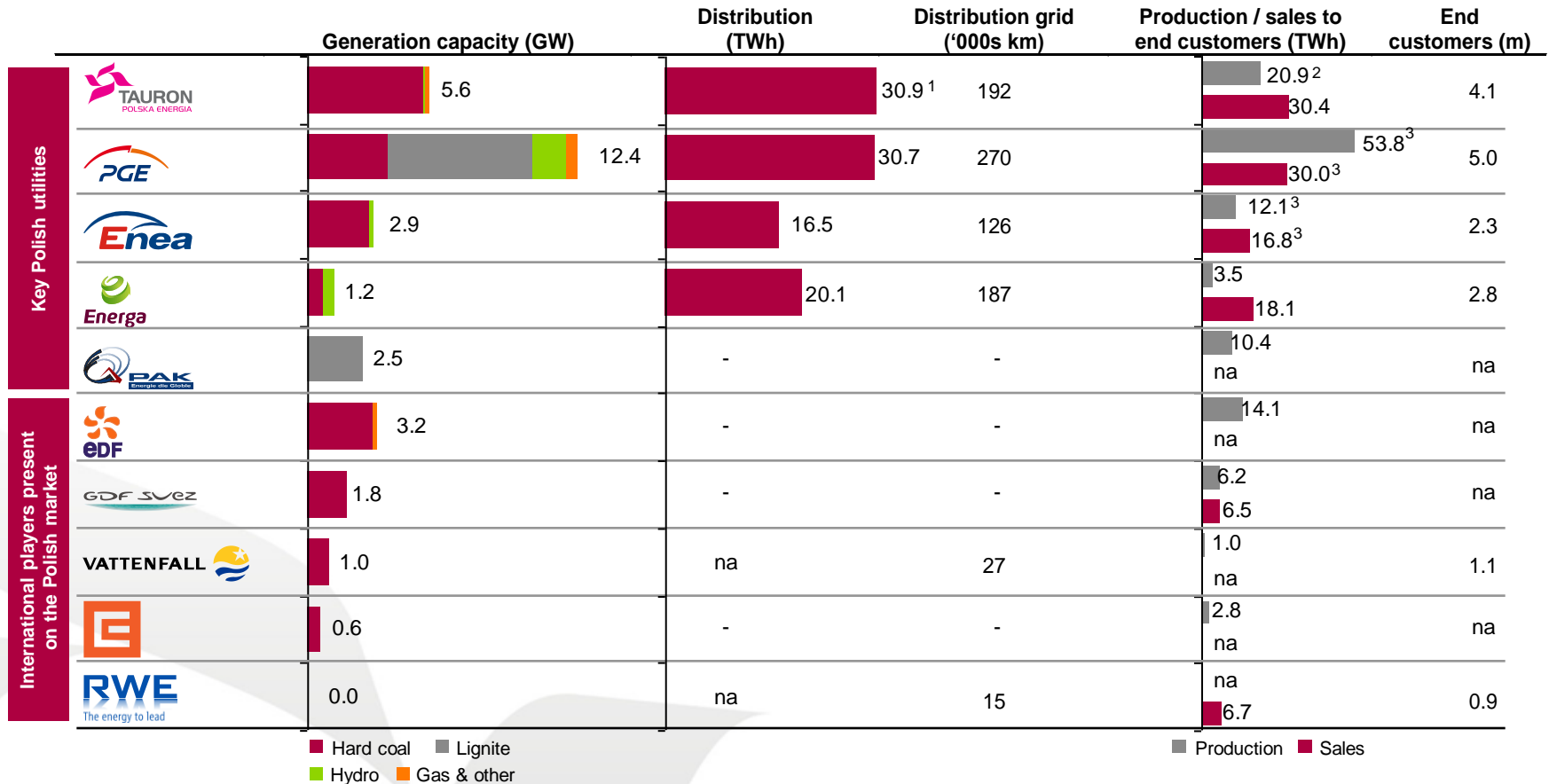
1 According to JORC classification as of 31 December 2009

2 Annual average

Data as of or for the year ended on 31 December 2009

Polish market competitors

Competitive landscape: key players



Notes: All TAURON data is for 2009. All other data, unless stated otherwise, is for 2008 and sourced from ARE and company filings

1 Distribution of electricity by TAURON in 2008 amounted to 32.3 TWh

2 Reflects TAURON's 2009 gross electricity production

3 Reflects 2009 data as per company annual reports

Strategy and investment program

Strategy

Mission

- Ensuring energy supply to our clients backed by best practice standards as a way to build shareholder value

Ultimate goal

- Create value added for existing and new shareholders

Vision

- Become one of the leading energy companies in the region

Strategic objectives

- Development of Group's core activities**
- Improved operational efficiency**
- Central management of all areas in the value chain**
- Expand sales throughout Poland and in selected international markets**

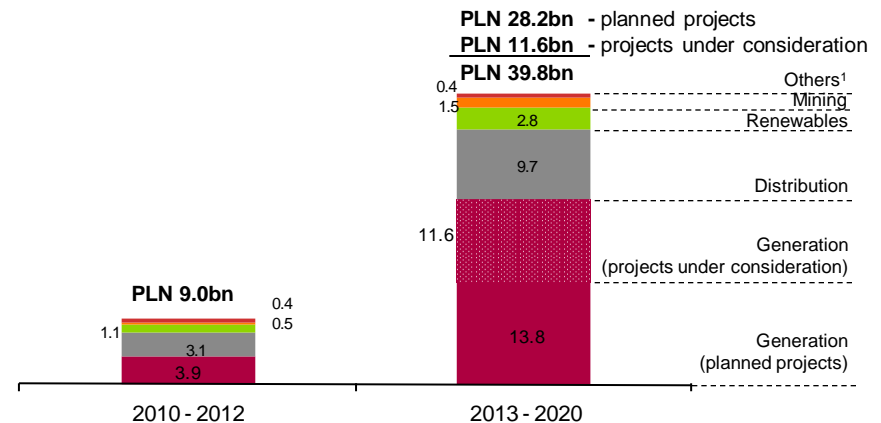
Integrated business model across the value chain

Notes:

1 PLN 0.8bn attributable to investments made by the supply and other segments

2 Acquisition of Boleslaw Śmiały in exchange for new issue shares

Investment program



Key projects

- Several new build generation projects with the aim to reach approximately 7.9 GW of achievable capacity by 2020 (taking into account the decommissioning of around 1.7 GW)
- Modernization and maintenance investments in existing capacities to meet environmental standards and allow biomass co-burning
- Construction of new wind farms with total capacity of 440 MW by 2020
- Acquisition of the Boleslaw Śmiały coal mine by 2011 year end (expected 1.6 mt incremental annual coal production)²
- Construction / modernization of cross-border distribution lines with Germany, the Czech Republic and Slovakia

Efficiency improvements

The TAURON Group aims to continue to improve the efficiency of its operations, primarily through the reduction of operating costs

Improve asset usage

- Integrated planning of electricity generation to ensure the most economically-efficient generation
- Further development of biomass co-combustion
- Synchronized monitoring of assets

Improve business procedures

- The centralization of fuels procurement
- The consolidation of all wholesale electricity trading
- The centralization of business risk management

Optimizing procurement and logistics

- Centralizing of the fuel procurement
- Further streamlining of the TAURON Group's management and operating processes

Optimizing labor costs

- Implementation of voluntary redundancy programs and organizational streamlining
- Voluntary redundancy program aimed at several hundreds employees will be launched still in year 2010 in PKE, Enion and EnergiaPro

Reduce financing costs

- Implementation of a centralized financing model
- Centralized treasury management including consolidated financial risk management
- Introduction of intra-group financing and cash pooling

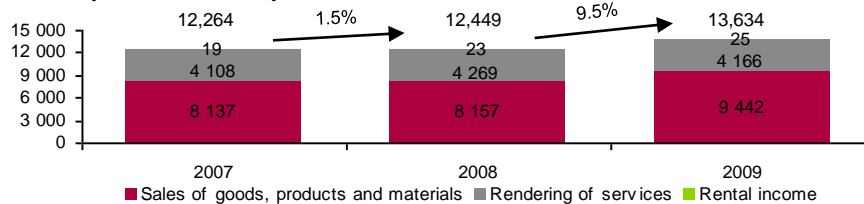
Streamlining of investment decision-making

- Centrally-coordinated system for undertaking strategic investments

It is expected that abovementioned actions will improve efficiency of TAURON's operations and lead to costs reductions of approximately PLN 1 billion over the period 2010-12, mainly in the generation and distribution segments.

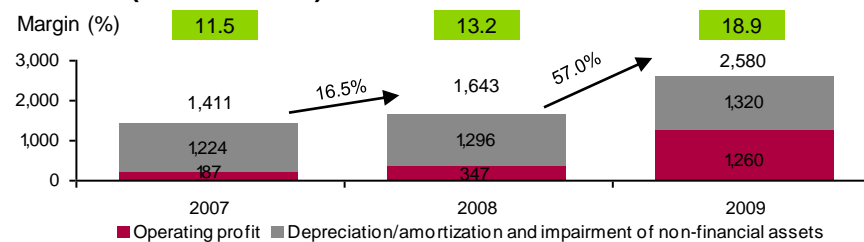
Key group financials

Sales (PLN millions)



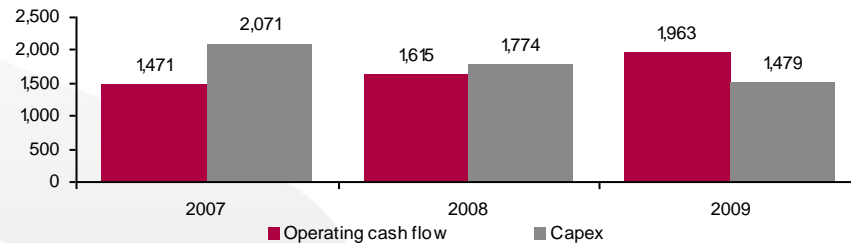
- Stable revenue in 2007-8 and 9.5% growth in 2009, despite decreases in volume of electricity consumed
- 2009 growth is largely due to higher achieved wholesale and end customer electricity prices

EBITDA¹ (PLN millions)



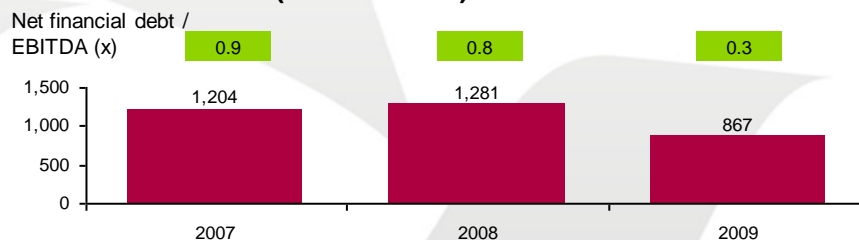
- Margin improvement achieved through higher sales revenue as well as operating cost containment

Operating cash flow and Capex (PLN millions)



- Strong cash flow generation from operations
- Cash flow generated allocated to replacement and new projects expenditure

Net financial debt² (PLN millions)



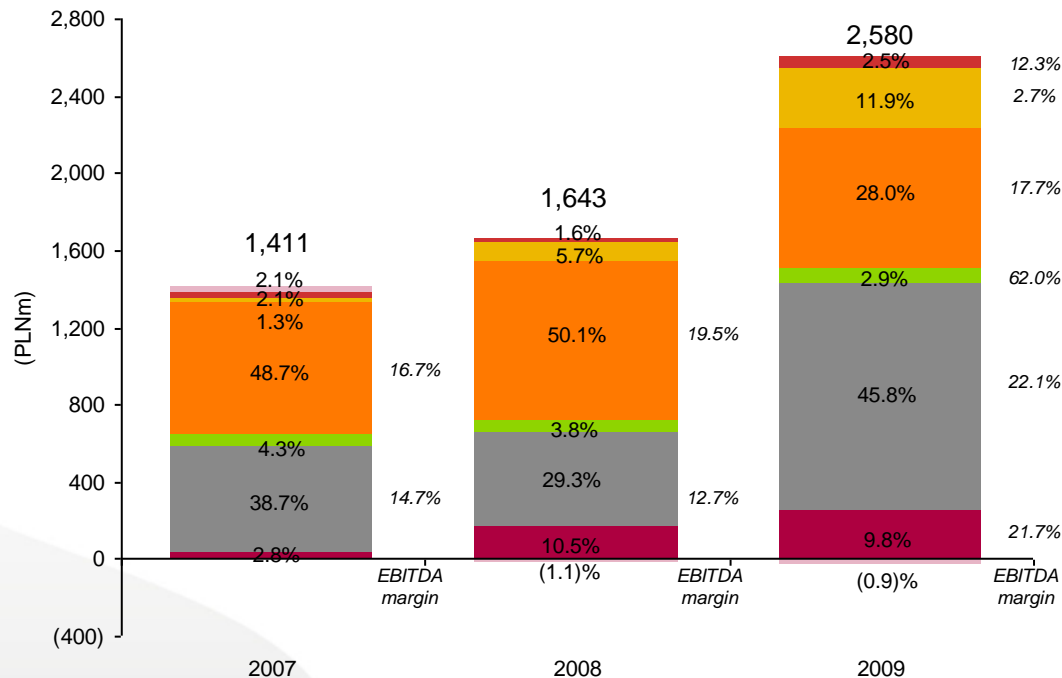
- Moderate position of leverage enabling future funding for key investment projects
- Part of long-term debt repaid in 2009

Notes:

1 Defined as operating profit / (loss) plus depreciation, amortization and impairment of non-financial assets

2 Defined as interest-bearing loans, bonds and similar securities (long- and short-term) plus finance lease and hire purchase commitments less cash and cash equivalents

EBITDA¹ by segment



- EBITDA from distribution represents a large portion of total EBITDA
- Substantial increase in 2009 in EBITDA from generation of electricity and EBITDA from sales of energy and other energy market products on the back of rising wholesale electricity prices and industrial customer tariffs

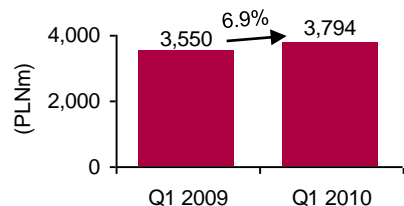
- Coal production
- Generation of electricity and heat using conventional sources
- Generation of electricity using renewable sources
- Electricity distribution
- Sales of energy and other energy market products
- Other
- Unallocated items

Note:

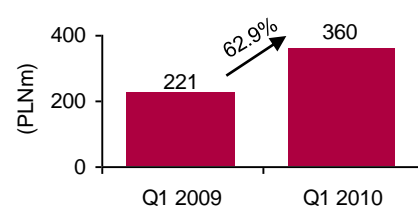
¹ Defined as operating profit/(loss) plus depreciation, amortization and impairment of non-financial assets

Q1 2010 financials

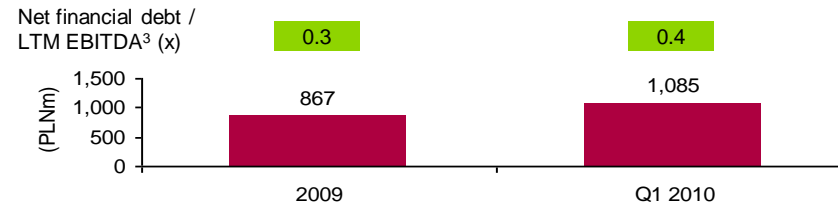
Sales



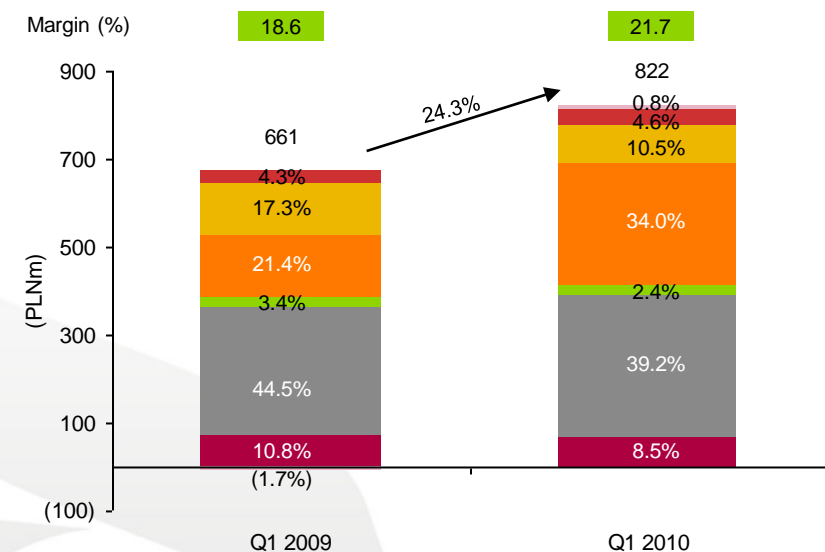
Net Income



Net financial debt²

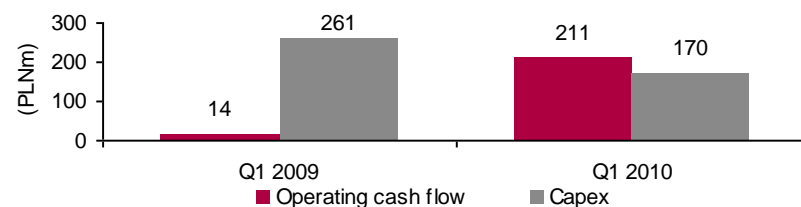


EBITDA¹ by segment



- Coal production
- Generation of electricity and heat using conventional sources
- Generation of electricity using renewable sources
- Electricity distribution
- Sales of energy and other energy market products
- Other
- Unallocated items

Operating cash flow and Capex



Comments

- 6.9% increase in sales mainly due to higher volume of electricity sold and higher distribution tariffs
- Substantial increase in EBITDA mainly due to increase in EBITDA from electricity distribution, as well as generation of electricity and heat using conventional sources. This increase was driven mainly by higher distribution tariffs (average 6% increase) and increased sales volume due to improving macroeconomic conditions in Poland
- Net debt increased by PLN 218m as a result of a drop in cash and cash equivalents of PLN 274m, while total financial debt decreased by PLN 56m

Note:

1 Defined as operating profit / (loss) plus depreciation, amortization and impairment of non-financial assets

2 Net financial debt is defined as interest-bearing loans, bonds and similar securities (long- and short-term) plus finance lease and hire purchase commitments less cash and cash equivalents

3 EBITDA for the last 12 months, including the effect of implementation of interpretation IFRIC 18 (recognition of connection fees in revenues) since 1 July 2009

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Investment highlights

TAURON's investment case is based on six core pillars

1

Operates in the Polish market with high growth potential

2

The largest distributor and one of the largest suppliers of electricity in Poland

3

Second largest electricity generator in Poland, well-positioned to develop new generation capacity given the attractive location of its existing generation assets

4

A fully vertically-integrated power utility company, which allows it to achieve synergies resulting from the size and scope of its operations

5

Considerable financial potential allowing for growth

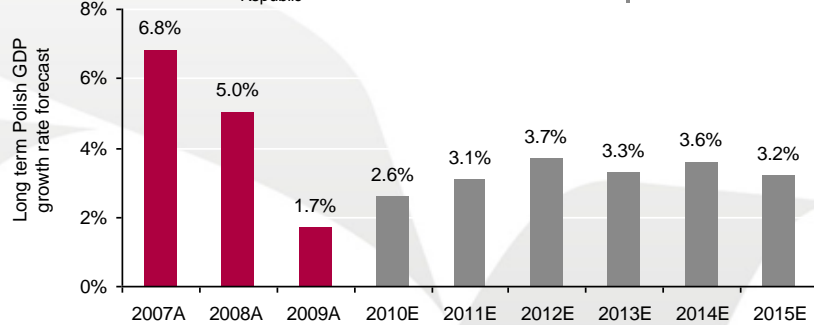
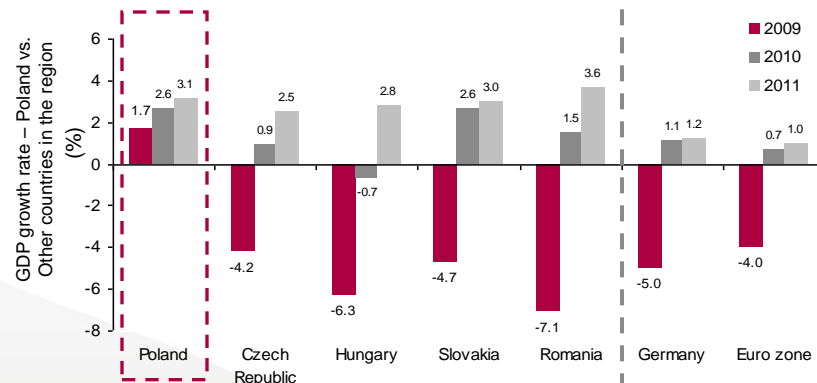
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Highly-experienced management team

1 Market with high growth potential

Poland's GDP stays resilient

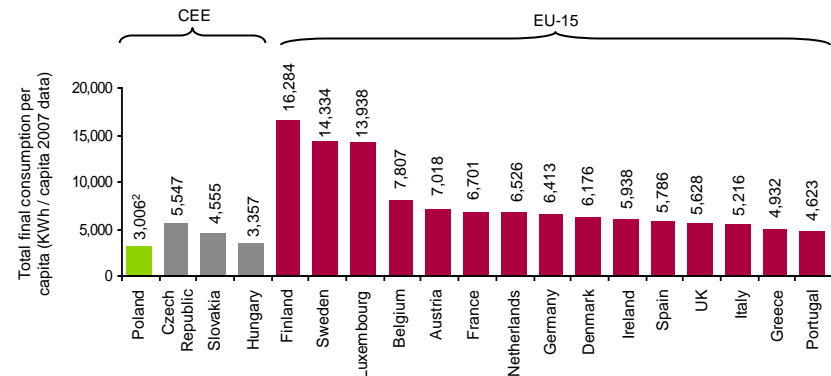
- Poland is the largest economy in the CEE region in terms of GDP and one of the largest countries by area and population size with high projected electricity demand growth
- Historically, GDP in Poland has shown strong growth
 - In 2009, GDP grew by 1.7%¹, a higher growth rate than any of the EU countries



Source: ARE, EIU April 2010, Central Statistical Office

Electricity demand in Poland

- Poland is Europe's 6th largest electricity market
- Per capita energy consumption is half of Western European levels



Source: IEA Electricity Information 2009

- Forecasts of stable GDP growth as well as low level of electricity consumption per capita allow to assume that Polish electricity demand will be growing steadily in future
- For example, according to Poland's Energy Policy until 2030, domestic consumption of electricity is projected to grow by 2.3% p.a. through 2030

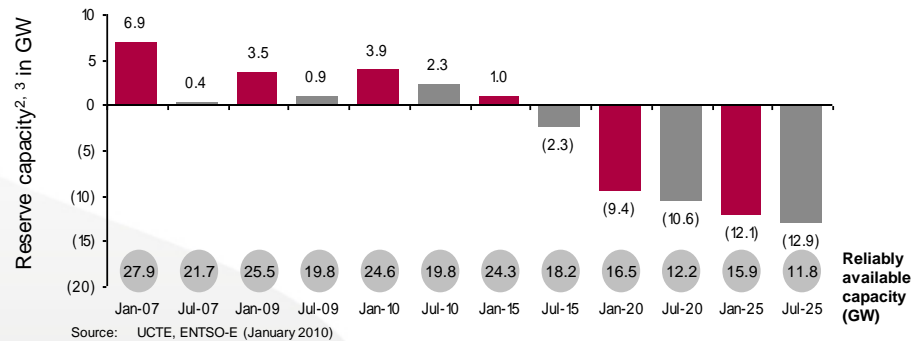
Notes:

- Interim estimate of Central Statistical Office
- According to ARE, per capita energy consumption in Poland equaled to 3.92 MWh in 2009. ARE, however, does not publish comparable data for other countries

1 Market with growth potential (cont.)

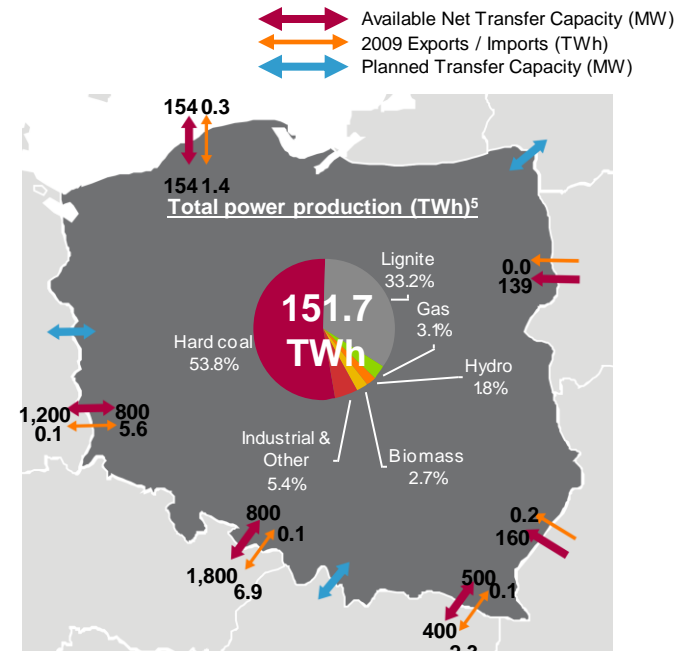
Key characteristics

- The Polish generation fleet requires modernization and replacements
 - 64% of Polish power generating facilities are older than 25 years¹
 - Until 2016 over 5.5 GW of conventional capacity in Poland is expected to be decommissioned due to ageing and environmental regulations
 - Only one large generation unit (858 MW in Bełchatów) under construction at present
 - UCTE forecasts show that reserve margins are expected to contract to low levels by around 2015



- Reserve margins are expected to decline as a result of electricity demand growth, coupled with a limited supply of new capacity and the planned decommissioning of obsolete generation assets
- This is expected to lead to a significant increase of Polish wholesale power prices in the medium term
- Poland has a favorable CO₂ position compared to the rest of the EU and expects to be able to benefit from partially free allocations from 2013 to 2020 for generation assets that were in operation or under construction in 2008

Power generation and system interconnection⁴



- With abundant available coal deposits, Poland's generation fuel mix has been traditionally focused on hard coal and lignite
 - Poland is world's no. 8 producer of hard coal⁶
 - New build is expected to be based on more efficient and state-of-the-art hard coal technology
 - Further diversification into renewables, gas-fired plants and nuclear is foreseen

Notes:

1 ARE

2 Known as "remaining capacity" in UCTE and ENTSO-E publications, this is defined as the difference between available generating capacity and load at a reference time point (third Wednesday January and July, 11 am)

3 Capacity forecasts take into account the commissioning of new power plants considered as sure and the shutdown of power plants expected (conservative scenario), as per System Adequacy Forecast, 2010–2025

4 2009 data based on PSE-Operator (export / import); capacities – UCTE ; 5 ARE 2009 data, PSE-Operator ;

6 Central Statistical Office

2 Leading distribution businesses

Overview

- TAURON is the largest electricity distribution system operator in Poland
 - 30.9 TWh of electricity distributed in 2009
 - 4.1 million customers with 55,000 new connections added in 2009
- Distribution footprint covers highly-industrialized and densely-populated areas
 - Natural monopoly of the Group's DSO in their respective distribution areas,
- Predictable and stable cash flows from regulated revenues
- Steady growth in distribution tariffs expected as a result of recent RAB revaluation

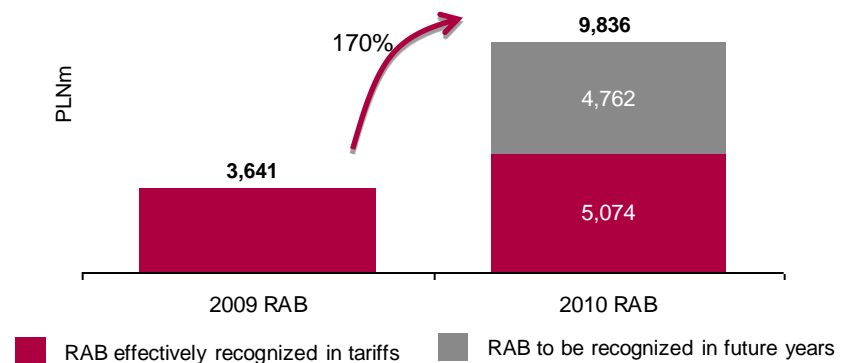
Regulatory framework

- Electricity distribution in Poland is fully regulated and supervised by the Energy Regulatory Office
- RAB-based regulation similar to other European countries
- DSO's profitability depends on the return on capital (RAB * WACC) and the ability to meet benchmark operating costs deemed by the Regulator as justifiable
 - Nominal Post-tax WACC set by the Regulator annually
 - Benchmark opex established for three-year-long regulatory periods

Return on distribution assets

- The RABs of all Polish DSOs was revalued and their actual value as of December 31, 2008 has been adopted as the initial value. Additionally, a methodology has been introduced for reflecting both RABs initial value and subsequent capital expenditures in calculation of the return on the distribution assets
- A mechanism has been introduced to spread the increase in return on distribution assets over several years in order to avoid a significant immediate increase in the tariffs
- An allowed maximum increase of return on capital of 1.5% of total regulated revenue from the previous tariff year (adjusted for return and amortization of investments)
 - This implies that the new RAB values should be recognized in full after a few years

Expected increase in RAB



2 One of the two largest electricity suppliers in Poland

Increasing competition in Poland

- The power market in Poland has been liberalized and customers can freely choose their power supplier
- The competition level in power supply in Poland has increased recently
 - Market participants focusing on particular niche markets have emerged, including foreign players
 - Supply margins in the segments of medium-size business customers, institutional and corporate customers (i.e. high and medium voltage) are expected to decrease over time

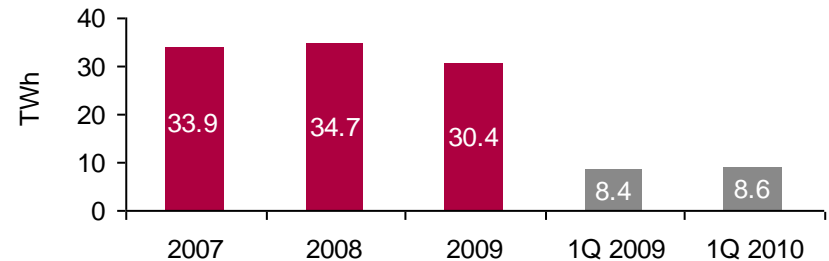
Key strategic objectives and initiatives

- Acquisition of new business customers
- Retention of existing customers across segments
- Margin maximization in SME & retail segments
 - Possible post retail tariffs liberalization given high customer loyalty
 - TAURON's management expects the liberalization of household tariffs might occur in the medium term
- TAURON is in the process of further integrating its supply businesses of Enion Energia and EnergiaPro Gigawat into one unified supply company and also wishes to establish a separate customer service centre
- TAURON intends to expand its electricity and heat supply operations in other regions of Poland outside the area of current coverage

Key business customers

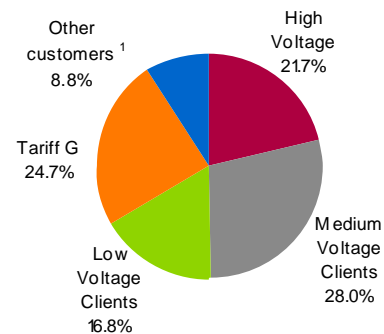
- KGHM
- ArcelorMittal Poland
- CMC Zawiercie
- Kompania Węglowa
- ISD Huta Częstochowa

Historical supply volumes



TAURON supply volumes and customers per type

2009 supply: 30.4 TWh



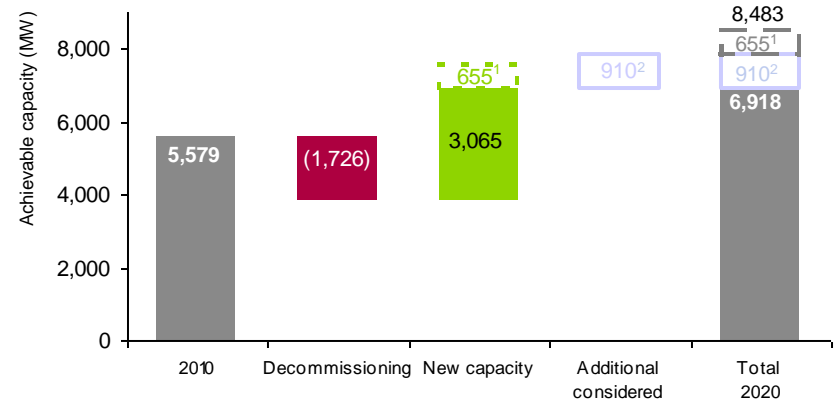
2009 clients

	Thousands
High voltage	0.1
Medium voltage	7.3
Low voltage	464.2
Tariff G (households)	3,613.5
Other customers	0.002
TOTAL	4,085.1

Generation business positioned for growth

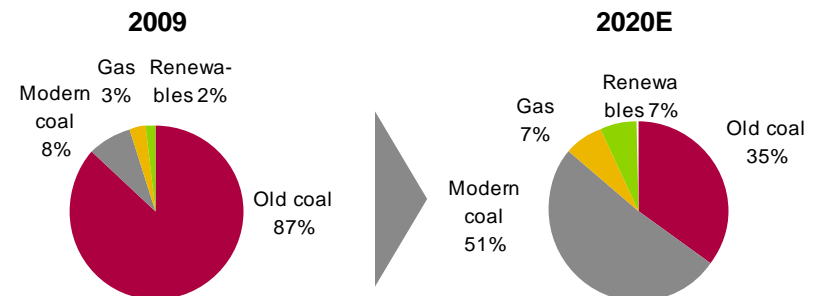
- Second largest generator in Poland with 5.6 GW of total installed capacity
 - Sizeable portfolio with access to significant own coal resources and contracts with leading Polish coal producers in the region
 - Attractive location of assets close to coal deposits and with access to the most developed part of the Polish transmission system
- All TAURON plants have all environmental permits
 - Certain installations also benefit from derogations related to SO₂ or NO_x emissions
- TAURON's existing plants and some of the planned investment projects are expected to benefit from a favorable treatment in the EU ETS phase III (2013-20) and receive free CO₂ emissions allocations
- TAURON has an ambitious plan of capacity additions and CO₂ footprint reduction
 - Increase capacity to over 8.0 GW by 2020
 - Investments focused on highly efficient coal technologies
 - Planned installation of Carbon Capture and Storage (CCS) facilities in IGCC power plant in Kędzierzyn-Koźle
 - All new coal power plants will be CCS ready
 - Further diversify into cleaner technologies, including CCGT plants, wind farms and biomass units
 - Increased biomass combustion: co-burning and new pure biomass blocks
 - In the long-run, considering the construction of nuclear blocks

Capacity build-out plan



1 Share of partners in the capacity of Stalowa Wola and Blachownia projects
2 Łaziska 910MW hard coal unit

TAURON fuel mix (by MW)



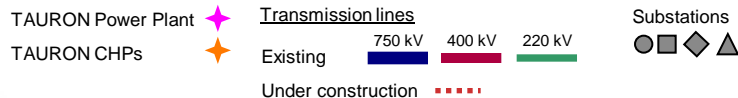
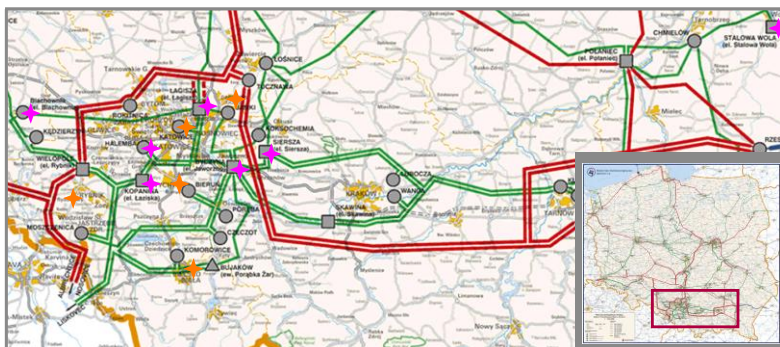
Plans to increase production from renewable sources (TWh)

0.9 TWh

>3.0 TWh

3 Generation business positioned for growth (cont.)

Attractive brownfield sites...



- Location in the attractive, industrialized and densely populated region of southern Poland in close proximity to:
 - Hard coal deposits
 - Well developed transmission grid
 - Large industrial power off-takers
- The proximity of the most developed part of Poland's transmission system:
 - Increases the reliability of existing operations
 - Reduces costs and time required to carry out the planned investment projects compared to greenfield developments

...and proven management track record in the execution of newbuild projects

New Łagisza block (460 MW): Case Study

- High efficiency 460 MW with supercritical circulating fluidized-bed (CFB) boiler
 - First ever block of this kind built globally
 - Recognized “clean coal” state-of-the-art technology fully compliant with EU's BAT requirements
 - High fuel flexibility: allows biomass and coal residues co-firing
- Seamless project execution
 - Financing originated and secured
 - 42 months construction period
 - Top contractors: Foster Wheeler and Alstom
- Significant improvement of key technical and environmental parameters



		Old 120 MW		New 460 MW
Emissions	Gross efficiency	36.4%	+8.6%	45.0%
	ash	0.22kg/MWh	- 60%	0.09kg/MWh
	SO ₂	8.51kg/MWh	- 93%	0.6kg/MWh
	NO _x	2.23kg/MWh	- 73%	0.6kg/MWh
	CO ₂	950kg/MWh	- 21%	750kg/MWh

Overview of key strategic investment projects

Prudent investment program aimed at modernization of the asset fleet and cost-efficient capacity expansion at TAURON's attractive brownfield sites

Katowice¹

- New units and modernization of an existing units to allow biomass combustion
- 135 MWe / 87 MWt
- COD: 2015

Kędzierzyn-Koźle²

- IGCC power plant with CCS facility
- 309 MWe / 137 MWt
- JV with nitrogen company ZAK
- COD: end of 2015

Blachownia

- New brownfield hard coal unit in Blachownia site
- JV with KGHM, a Polish copper company
- 910 MWe
- COD: 2016

Wind farms

- 40 MW in Wicko, COD: 2012
- 200 MW, COD: 2014
- 200 MW, COD: 2019



Łagisza¹

- Brownfield investment on existing Łagisza power plant site
- 460 MWe
- COD: end of 2017

Stalowa Wola

- Brownfield CCGT at site adjacent to ESW power plant
- JV with PGNiG, a Polish oil & gas company
- c.400 MWe / 240 MWt
- COD: 1st half of 2014

Jaworzno III – 910 MW

- New brownfield hard coal unit in Jaworzno site
- 910 MWe
- COD: 2016

- 50 MWe / 45 MWt biomass unit, COD: end of 2012

- Additionally, 910 MWe units are considered in Łaziska and Siersza

Bielsko-Biała

- Construction of a new CHP unit
- 50 MWe / 182 MWt
- Construction start: May 2010
- COD: mid 2013

Tychy

- Construction of new CHP unit and associated heat boilers
- 55 MWe / 186 MWt
- COD: beginning of 2016

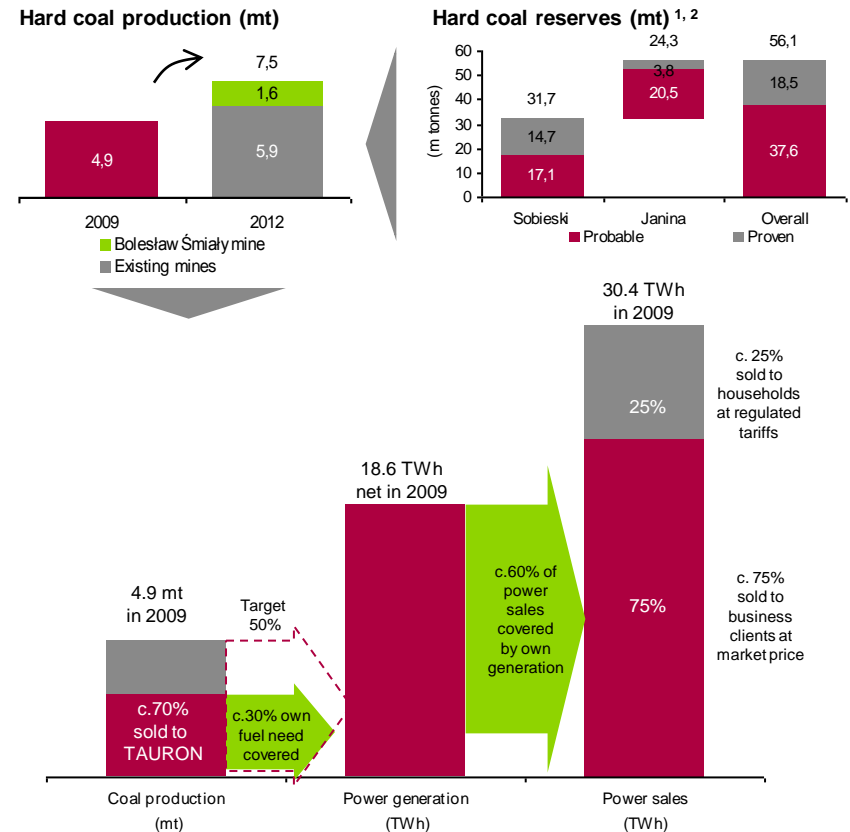
Notes:

- 1 Final technical parameters of these projects will be determined only after local heat market analyses have been completed
- 2 Project realization is contingent upon TAURON receiving sufficient project co-funding from the EU

4 Benefits from vertical integration

Control over hard coal assets allows for full vertical integration within the TAURON Group

- Vertically integrated energy company controlling the entire value chain from coal mining to electricity supply to end-customers
 - Controls c.20% of Polish hard coal resources
- Direct access to fuel supply with own coal production covering c.30% of own needs reduces dependence on third party suppliers
 - Its assets comprise of two hard coal mines, Janina and Sobieski, with annual output of 4.9 mt in 2009 located in close proximity to TAURON's generation assets
 - Plans to increase own coal production to cover 50% of own consumption
- Internal fuel procurement and control over its own generation assets eliminate, to a certain extent, the exposure to fluctuations in commodity prices and increases the stability of revenues and margins
- Synergies from economies of scale and relatively strong negotiating position with suppliers of fuels, materials and electricity
- Management has identified a cost cutting plan for the period 2010-2012 to enhance business efficiency and increase synergies from different TAURON's entities



Source: Company, IMC Mineral expert's report for the coal assets held by TAURON Polska Energia S.A.

Notes:

- JORC equivalent reserves as at 31 December 2009
- Reserve assessments for individual seams were based on face production schedules and panel layouts provided by the Company for the period 2010-2020 inclusive. Reserves to be extracted during the first quarter of 2010, and from face development drivages were added to the grand total

5 Considerable financial capacity...

- The Company plans to invest PLN 9.0 billion by 2012 and an additional PLN 39.8 billion by 2020 (of which projects under consideration of PLN 11.6 billion)
- Current strong balance sheet supports the investment-driven growth profile
- Limited leverage and no imminent refinancing needs, a unique profile compared to Western European integrated utilities
- Stable and predictable revenues from the regulated distribution businesses
- Assigned a long-term issuer rating of BBB by Fitch with a stable outlook

TAURON currently has low financial leverage (Fitch-adjusted net debt to EBITDA of 0.4x at end-2009) compared with other European utilities rated by the agency. However, Fitch projects that as a result of new debt TAURON plans to raise to co-fund its large mid-term capex plan, the group's leverage is likely to increase to about 2x-2.5x by YE13. This leverage level would still be commensurate with the current ratings and is largely in line with projected leverage in the medium term for other central European (CE) electric utilities rated by Fitch, who also pursue large capex plans.

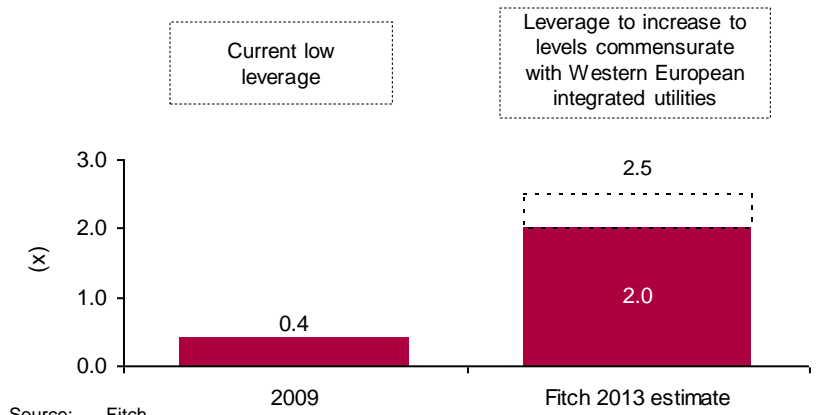
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The Stable Outlooks reflect Fitch's expectation that TAURON will maintain a solid capital structure and healthy credit ratios (including net debt to EBITDA of up to 2.5x) to 2013 despite higher debt due to projected negative free cash flow driven by increased capex, mostly devoted to generation capacity replacement and distribution assets.

Fitch, April 8, 2010

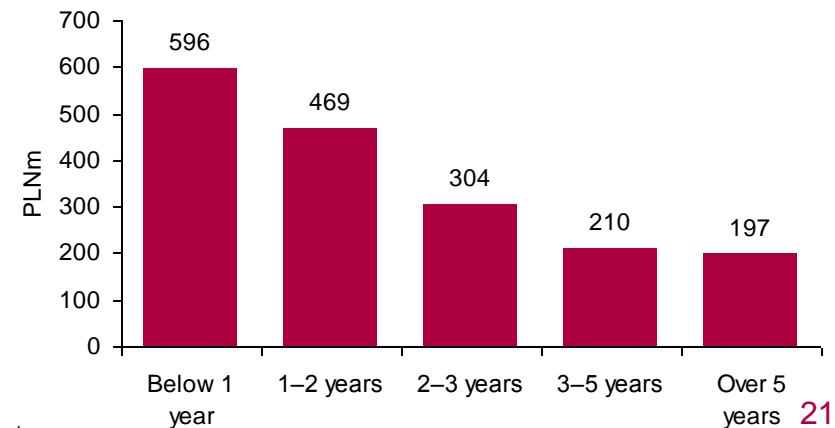
Note:
 1 Defined as operating profit / (loss) plus depreciation, amortization and impairment of non-financial assets

Fitch adjusted net debt / EBITDA¹ leverage



Source: Fitch

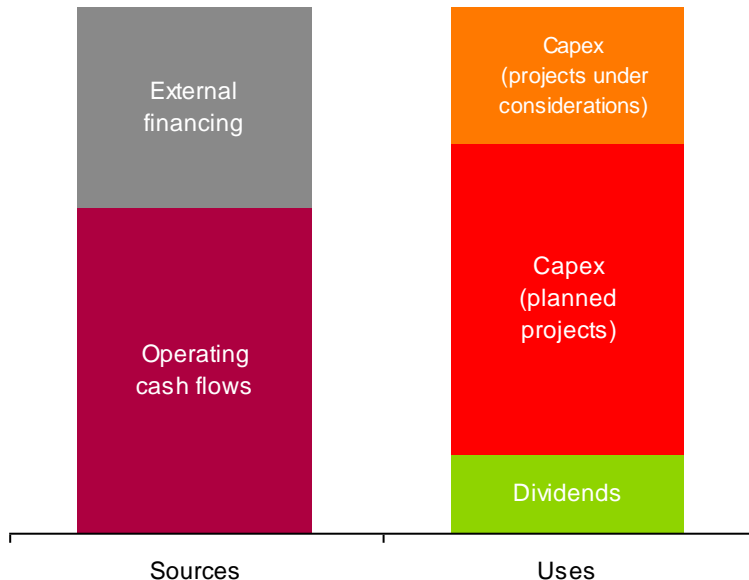
Debt maturities schedule (2009)



5 ... to fund TAURON's growth program

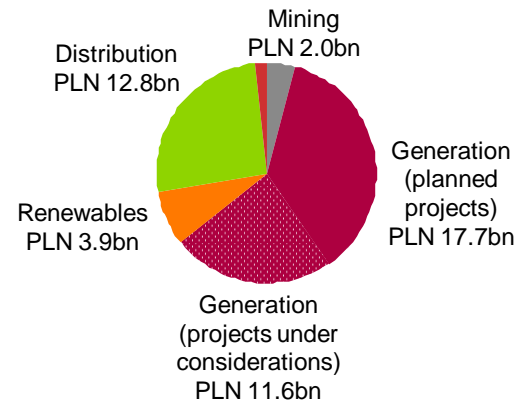
Funding needs for the period 2010–20¹

Planned capex 2010–2020



- Depending on market conditions, TAURON expects to finance its capex program primarily from operating cash flows and external debt
 - No new equity expected to be required in any case prior to 2012
- The company is committed to maintaining an investment grade credit rating

PLN 48.8bn²



- Company plans to use following debt instruments:
 - bond issued on the local and the European market
 - loans raised on the local and the European market
 - financing raised from multilateral institutions like EIB and EBRD
 - preferential loans from environmental protection funds (e.g. National Fund for Environmental Protection and Water Management) and EU subsidies with respect to wind farms, polygeneration (IGCC joint venture), CHPs and environmentally friendly technological upgrades in its power generation projects

Notes:

1 For illustrative purpose only. Actual figures could differ materially

2 PLN 0.8bn not shown in breakdown is attributable to investments made by the supply companies, heat companies and the holding company

Highly experienced management team

- Experienced management team with intimate knowledge of the Company and the sector
- Track record of successful business consolidation within TAURON
- Strong leadership during the realization of complex projects at TAURON
 - Unbundling of generation, distribution and sales business activities
 - Introduction of centralized power trading at TAURON Group
 - Construction of the modern 460 MW, highly efficient hard coal fired block with CFB boiler of Łagisza power plant

Management board



Dariusz Lubera (51)
President and CEO

- CEO since March 2008
- 25 years of experience in the power sector
- President of Polish Power Transmission and Distribution Association for 10 years



Krzysztof Zawadzki (42)
Vice-President and CFO

- Board member since August 2009
- Former Tax & Accounting Director at TAURON
- 14 years of experience in the power sector



Dariusz Stolarczyk (46)
Vice-President,
Communications and
Management Director

- Board member since March 2008
- 15 years of experience in the power sector
- Former Chairman of EnergiaPro



Krzysztof Zamasz (36)
Vice-President,
Commercial Director

- Board member since March 2008
- 9 years of experience in the power sector
- Former CEO of Tychy CHP

Why TAURON?

1

Vertically integrated utility with balanced business model and significant contribution to earnings from the regulated distribution business

2

Significant scope for further cost cutting and increased efficiency

3

Low cost generation business with attractive locations for the development of new generation capacity

4

Distribution business is expected to grow strongly as the asset base becomes fully reflected in tariffs

5

Strong management team with significant industry experience

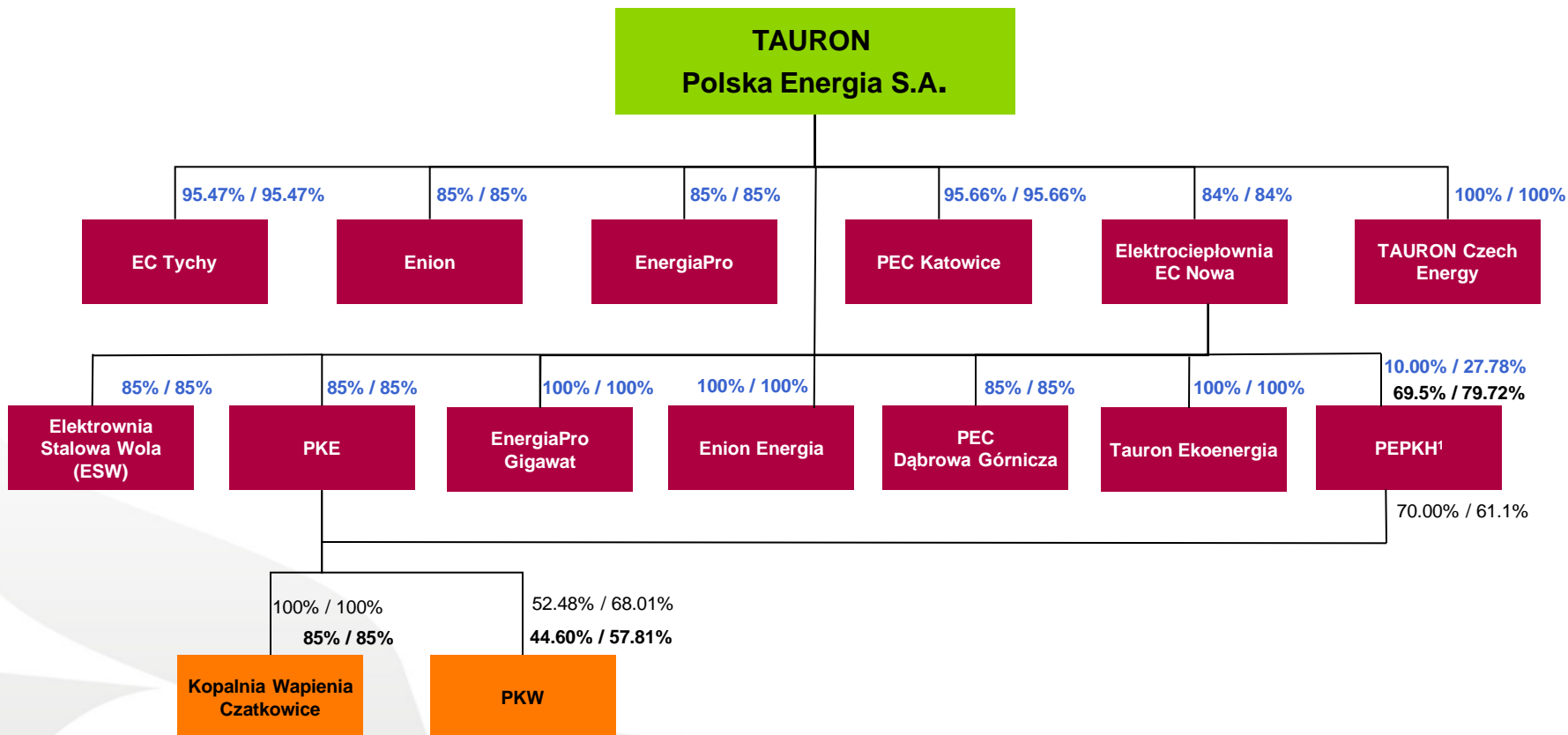
6

Last near-term privatisation of a Polish utility through an IPO

Table of contents

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Section 2	Investment highlights
Section 3	Supporting materials

TAURON Group current legal structure



Notes:

% share in the subsidiaries share capital / % share in the total number of votes at the Shareholders' Meeting

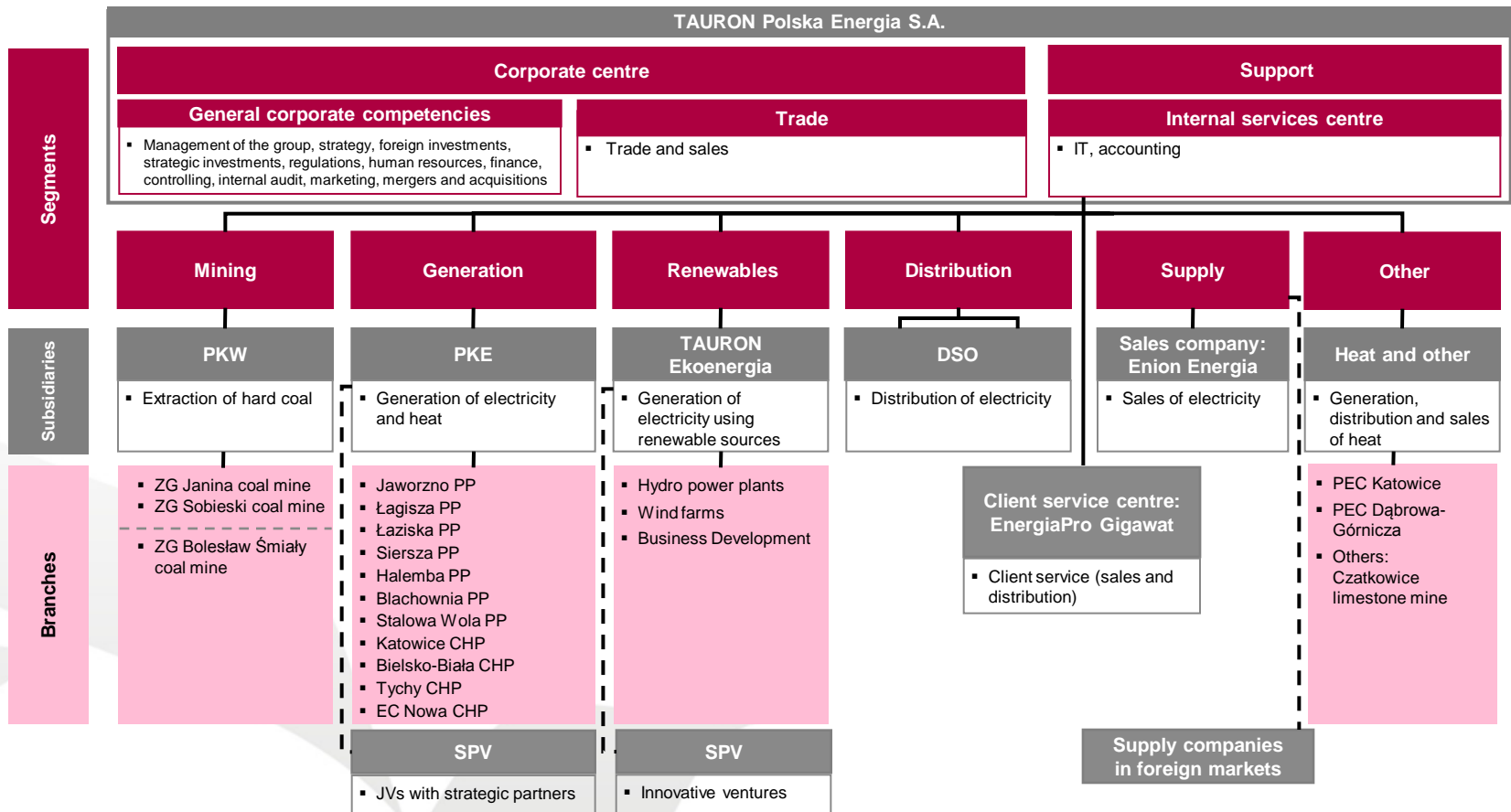
numbers in blue show direct TAURON shareholdings

numbers in bold show TAURON's effective share in subsidiaries share capital / total number of votes at the Shareholders' Meeting

- 1 TAURON PE S.A. has 10% in PEPKH's share capital and 27,77% in total number of votes at the Shareholders's Meeting. PKE has 70% in PEPKH's share capital and 61.1% in the total number of votes at the Shareholders' Meeting.

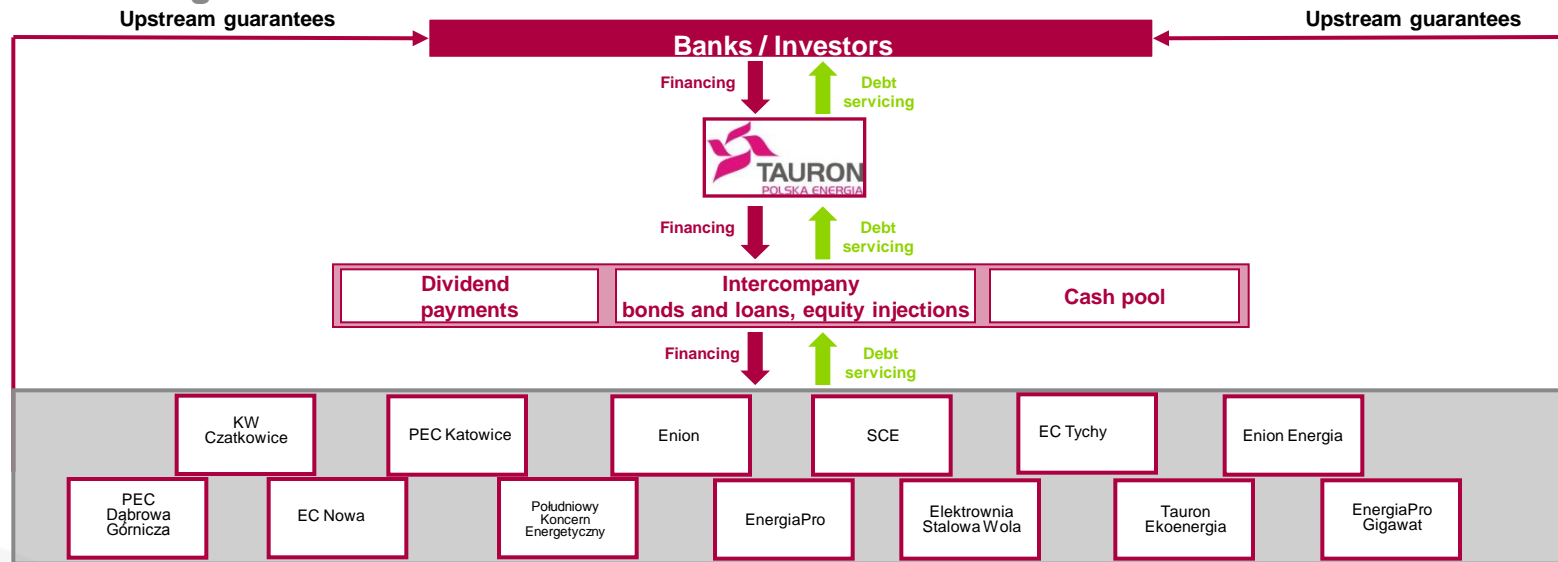
Target Group Structure

Central management of all the areas in the value chain



Financing strategy

Intercompany bonds, dividend payments to the Holding Company and a cash pooling mechanism will contribute to the redistribution of funding within the Group and repayment of debt financing to banks/investors



- New external financing of capital expenditure will be raised at the Holding Company level. Existing debt of the Subsidiary Companies will be refinanced at the Holding Company level in order to avoid structural subordination of newly raised external financing.
- The debt financing raised at the Holding Company level will be redistributed within the Group through an intercompany bond/loan programs and/or capital injections, depending on the financing needs of the Subsidiary Companies.
- The debt will be repaid to banks/investors from the cash flows generated by the Holding Company and Subsidiary Companies, which will channel funds to the Holding Company via the intercompany bond/loan program, dividend payouts and the cash pool.
- The debt financing raised at the Holding Company level will be secured by upstream guarantees issued by selected Subsidiaries.

Coal mining—overview

Overview

- TAURON's hard coal mining activities are operated through Południowy Koncern Węglowy (PKW), currently a 52.48% owned subsidiary of PKE
 - A 47.52% stake in PKW is owned by Kompania Węglowa
- PKW holds c.20% of Poland's recoverable hard coal resources and has a 6.3% share in the sales market
- Its assets are comprised of two hard coal mines, Janina and Sobieski, with annual output of 4.9 mt in 2009
 - Located in close proximity to TAURON's generation assets
- Janina and Sobieski are expected to operate until 2083 and 2064, respectively
- After a potential transaction with Kompania Węglowa (currently still under negotiation), TAURON will own 100% of PKW as well as an additional mine, Bolesław Śmiały
 - In 2009, the mine's reported hard coal production was 1.6 mt
 - The mine supplies coal to TAURON's Łaziska plant
- PKW intends to grow output to 7.5 mt by 2012, of which 1.6 mt through the acquisition of the Bolesław Śmiały mine
- In the long-term, PKW intends to extend the working lives of its existing mines and get access to a further c.230 mt of coal deposits by constructing a new shaft at Sobieski and deepening an existing shaft at Janina
- TAURON's power generation fleet is PKW's largest client, accounting for c.69% of sales in 2009
 - PKW aims to provide c.50% of TAURON's hard coal requirements in power generation by 2012

Key data—mining

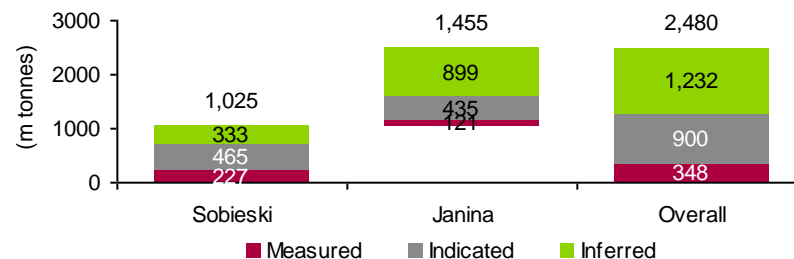
PLNm	2007	2008	2009
Revenues	755	1,004	1,167
EBITDA ⁴	39	173	253
Segment assets	984	945	1,042
Capex	83	64	130
No. of employees ⁵	5,822	6,002	6,096

Source: Company, IMC Mineral expert's report for the coal assets held by TAURON Polska Energia S.A.

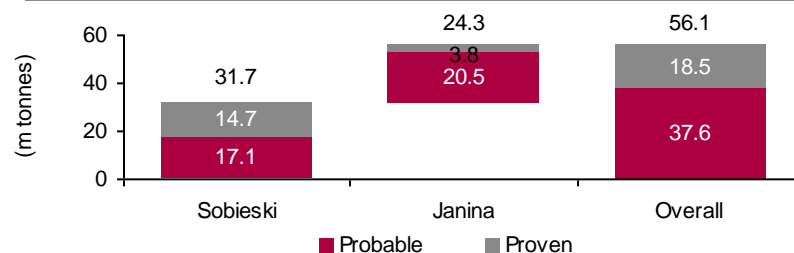
Notes:

- JORC equivalent resources as at 31 December 2009
- Resources are inclusive of reserves
- Reserve assessments for individual seams were based on face production schedules and panel layouts provided by the Company for the period 2010-2020 inclusive. Reserves to be extracted during the first quarter of 2010, and from face development drivages were added to the grand total
- Defined as operating profit / (loss) plus depreciation, amortization and impairment of non-financial assets
- Annual average

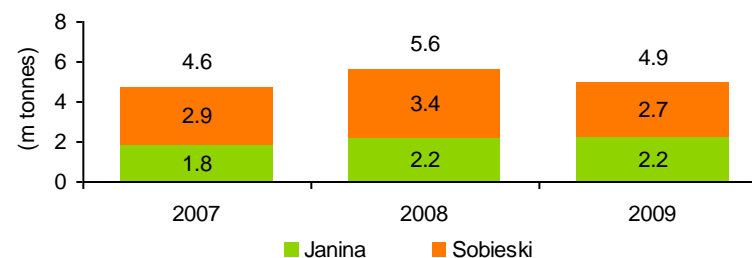
Resources^{1, 2}



Reserves^{1, 3}



Production



Generation—overview

Key highlights

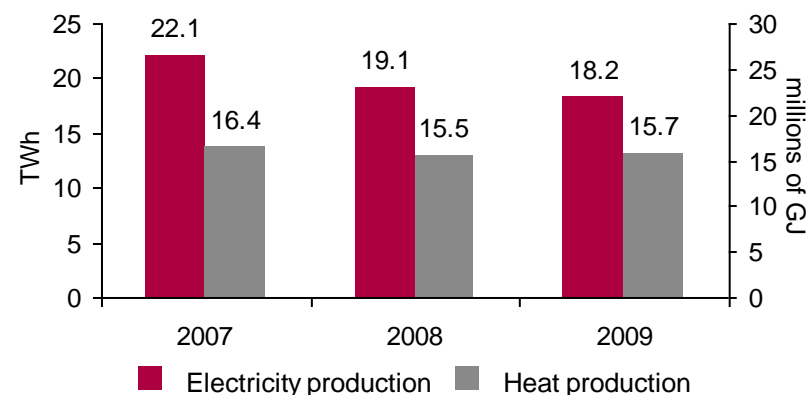
- 7 conventional power plants and 4 combined heat and power plants with total available capacity of 5.4 GW in 2009
 - Most of the power plants were built in the 1960s and 70s
 - 25 out of 42 power blocks are centrally-dispatched units
- TAURON's power plants are mainly hard coal fired
 - Secure and cost efficient hard coal supplies through own mines and reliable third-party suppliers
 - TAURON intends to increase its own coal production to cover up to 50% of own needs and to continue to conclude long and medium term agreements with major coal suppliers in Poland
- The Company actively develops biomass co-combustion
 - TAURON initiated biomass co-firing in its power plants in 2004
 - 24 out of 42 power blocks have biomass co-firing capabilities
 - Over 0.5 TWh of power was produced in 2009 from biomass
- Compared to its peers in Poland, TAURON's generation fleet is relatively clean
 - TAURON's predominantly hard-coal fired generation fleet emits relatively less CO₂ than its peers that operate lignite-fired plants
 - All TAURON plants have all key environmental permits, including those related to emissions other than CO₂
 - Certain installations benefit from derogations related to SO₂ emissions (until 2015) or NO_x emissions (until 2017)
- TAURON has an ongoing maintenance and overhaul program in order to keep high availability of generation units and remain in compliance with environmental standards
 - Maintenance capex of PLN 302m, PLN 454m and PLN 333m in 2009, 2008 and 2007, respectively

Note:

1 Defined as operating profit / (loss) plus depreciation, amortization and impairment of non-financial assets

2 Annual average

Historical net electricity and gross heat production¹



Note:

1 Electricity production shown excludes generation by hydroelectric plants of c.0.4 TWh in each of the years 2007-09. Heat production shown excludes production by local heat producers

Key data—generation

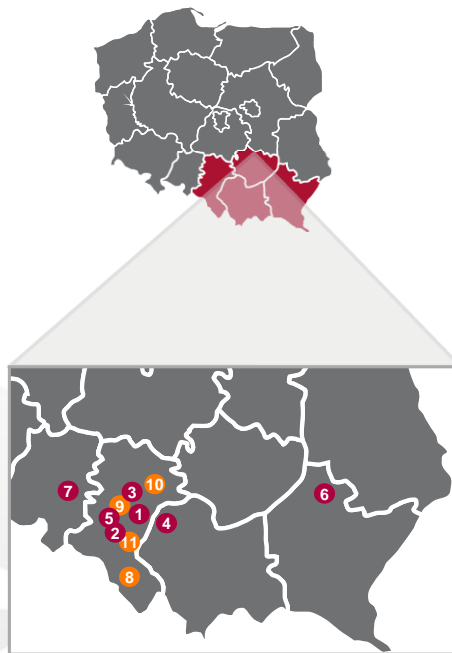
PLNm	2007	2008	2009
Revenues	3,726	3,782	5,338
EBITDA ¹	546	482	1,181
Segment assets	8,952	9,060	9,578
Capex	1,107	860	573
No. of employees ²	6,641	6,542	6,438

Generation—asset portfolio

Location

Selected technical characteristics¹

TAURON is Poland's 2nd largest electricity generator with its generation assets located in the south of Poland



Notes:

1 Definitions: decommissioning date: date on which TAURON plans to decommission the asset based on the environmental regulations currently in force; availability factor: working hours / available hours (average for the blocks shown); last modernization / general overhaul date: the year in which such activity was conducted with the aim to maintain the availability of the plant

2 Refers to block 5 only

3 Refers to boilers 8 and 9 only

4 Refers to water boilers only

Power Plant	Blocks	COD	Modernisation / general overhaul date	Planned Decomm. Date	Available Capacity (electr., heat) MWe / MWt	Net Production (electr., heat) TWh / PJ	Efficiency %	Availability Factor %	CO ₂ Emissions Mg CO ₂ / MWh	Comments on environmental installations			
Power Plants													
Jaworzno II	Block 2 & 3 Collector	1999 1954	- / 06-07 - / 2000	2039 2013	1,535 372	6.32 1.31	40% 33%	80% 100%	0.805 0.859	●			
1	Jaworzno III	Blocks 1-6	✓ 1977-78	97-01 / 98-09	2029-31		37-38%	87%	0.910	●			
2	Łaziska	Blocks 1-2 Blocks 9-12	✓ 1967 1970-72	94-95 / 05-06 96-99 / 04-09	2018 2027-28	1,145 196	4.64 0.33	36% 38%	0.921 0.863	●			
3	Łagisza	Blocks 1-2 Blocks 5-7 Block 10	✓ 1963-64 1969-70 2009	91-94 / 01-02 92-93 / 06-08 - / -	2013 2016-18 after 2043	1,060 335	2.34 1.34	35% 34-36% 44%	0.939 0.966 0.779	●			
4	Siersza	Blocks 1-2 Blocks 3-6	✓ 2001-02 1969-70	- / 2009 91-94 / 00-05	2042-43 2016	677 37	1.70 0.08	39% 34%	70-76% 0.839	● ²			
5	Halemba	Collector	1963	-	2012	100	58	0.22	0.20	33%	83%	1.152	●
6	Stalowa Wola	Blocks 1-2 Collector	1965 1956	- / 05-08 - / 2008	2016-22 2045	341	366	0.97	1.68	34-38% 57%	96% 99%	0.901 0.467	● ³
7	Blachownia	Collector	1957-58	- / 2008	2016	158	174	0.44	0.96	43%	87%	0.596	●
Combined Heat and Power Plants (CHPs)													
8	Bielsko Biala	EC-1 EC-2	1970 1997	- / 2008 - / 2004	2013 2041	132	447	0.41	2.29	65% 57%	96% 88%	0.843 0.747	●
9	Katowice		2000	-	2041	135	459	0.71	2.46	68%	88%	0.723	●
10	EC Nowa		1976-87	2006 / 2009	2027-2037	125	466	0.31	2.24	46%	85%	1.693	●
11	EC Tychy		2000	- / 2009	2035	40	290	0.14	1.83	54%	73%	0.899	● ⁴
Total						5,448	3,199	18.2	14.74				

- Upon EU accession Poland was granted transition periods to adopt to LCP Directive environmental standards
- Several TAURON plants installations were exempt from emission requirements for
 - SO₂ (until 31 Dec 2015): 3 Łagisza boilers, 6 Stalowa Wola boilers
 - NO_x (until 31 Dec 2017): 6 Jaworzno boilers, 6 Łaziska boilers, 2 Łagisza boilers and 6 EC Nowa boilers

Units in transition period to achieve compliance with emission standards for:

● SO₂ ● NO_x

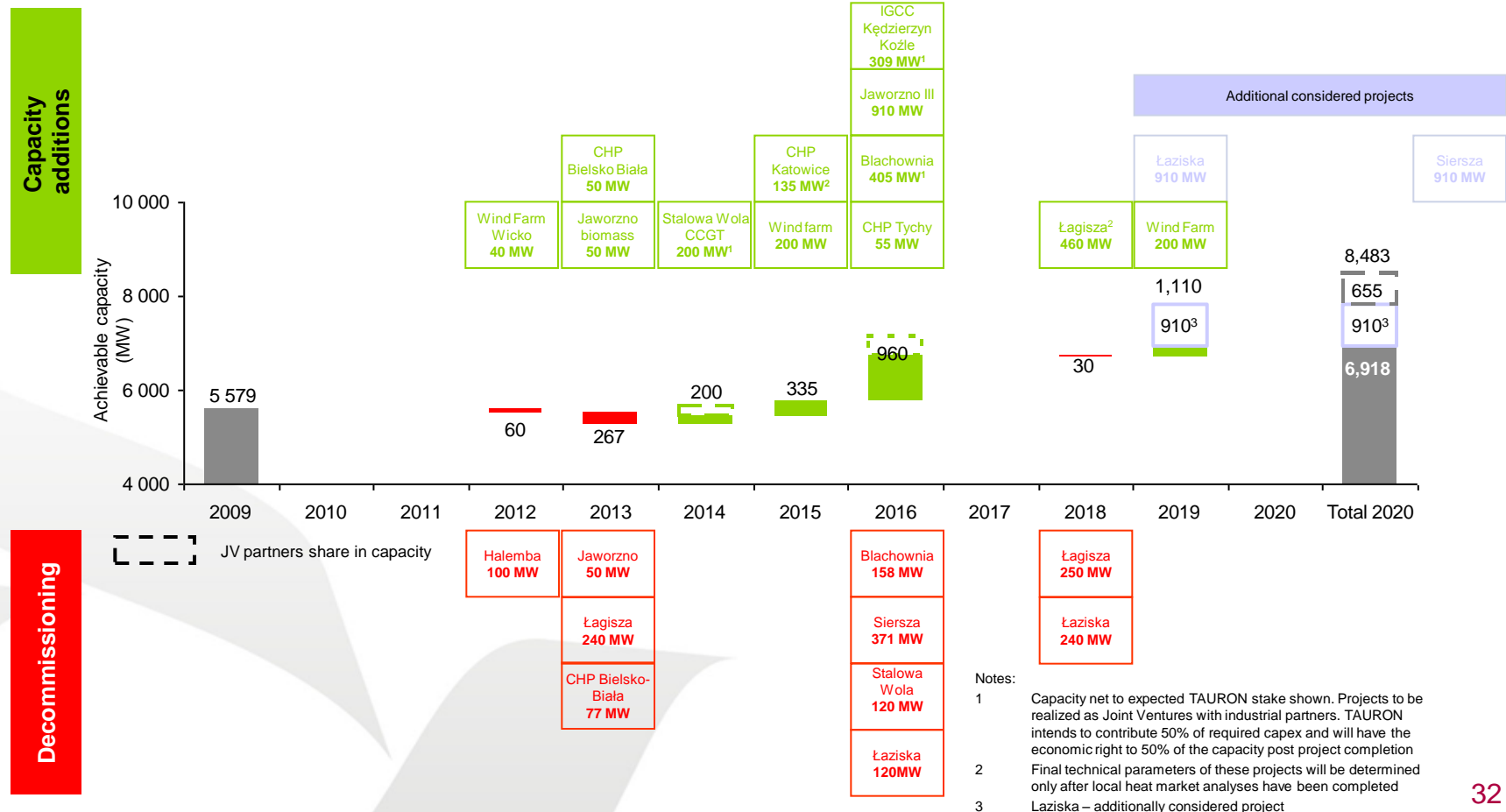
● No installations - units under natural derogations

✓ Contains centrally dispatched units **31**

Generation—capacity balance

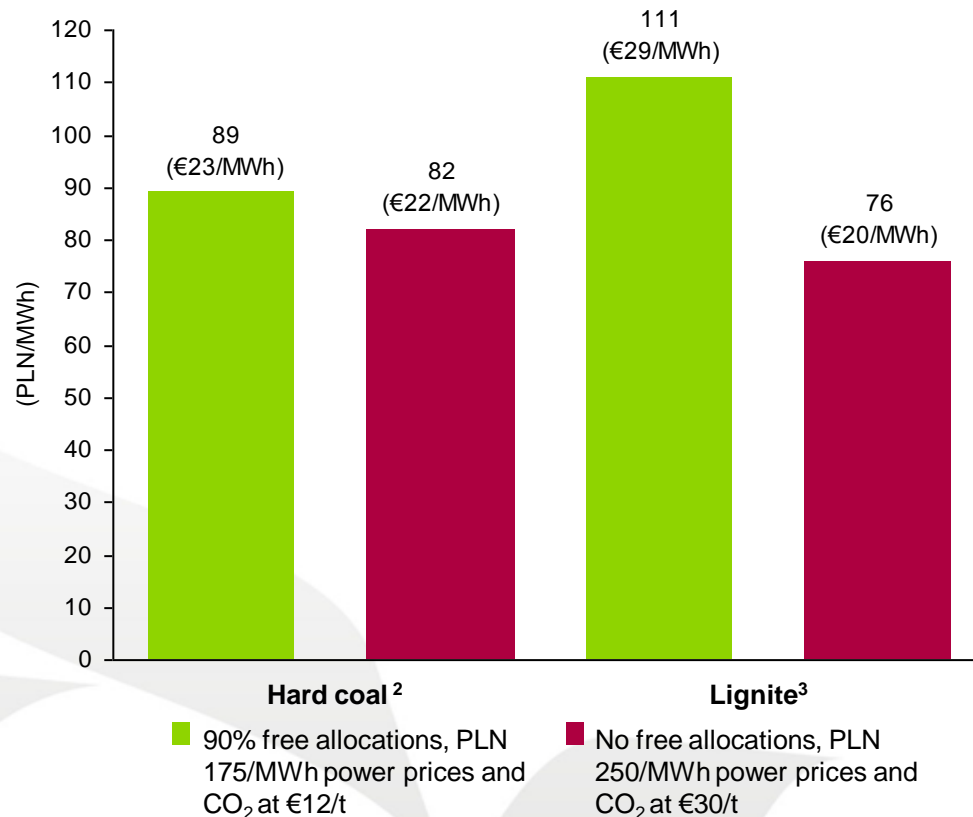
TAURON group capacity balance: planned additions and decommissioning

Planned modernizations and new build capacity expansion plans will be realized using Best Available Techniques (BAT) according to IED Directive requirements and so allow for electricity generation with the least adverse possible impact on the environment



Generation—economics of hard coal vs. lignite

Illustrative clean dark spreads for new technologies¹



- In case of no free CO₂ allocations post 2020, a state-of-the-art hard coal plant is expected to be more profitable than a modern lignite plant in an environment of higher CO₂ prices

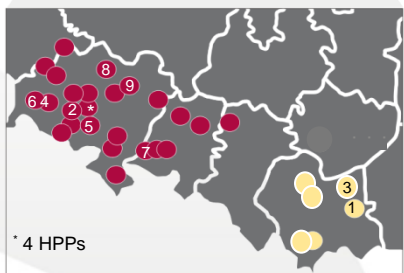
Notes:

- The 90% free allocations scenario assumes power prices of PLN 175/MWh and a cost of CO₂ of €12/tonne, whereas the no free allocations scenario assumes power prices as PLN 250/MWh and a cost of CO₂ of €30/tonne. Both scenarios are based on a cost of hard coal of PLN 11.0/GJ (€2.8/GJ) and an exchange rate of PLN 4.0 = €1.0
- Assumes an efficiency factor of 48.0% and a CO₂ emissions factor of 0.75t/MWh
- Based on an efficiency factor of 43.0%, a CO₂ emissions factor of 1.00t/MWh and assuming a cost of lignite at a 35% discount to the price of hard coal

Renewables—overview



- TAURON Ekoenergia Hydro Plants (29)
- Enion Energia Hydro Plants (6)¹
- Planned 40 MW wind farm



PLNm	2007	2008	2009
Revenues	80	105	123
EBITDA ²	60	63	76
Segment assets	525	535	567
Capex	20	31	24
No. of employees ³	204	211	223

- Note:
- 1 Managed by ZEW Rożnów
 - 2 Defined as operating profit / (loss) plus depreciation, amortization and impairment of non-financial assets
 - 3 Annual average

Selected key hydro power plants

	Available capacity (MW)	Type	COD	Average annual net prod. (GWh)
1 Rożnów	56.0	Storage	1942	160
2 Pilchowice I	9.2	Storage	1912	30
3 Czchów	9.0	Storage	1954	43
4 Złotniki	4.9	Storage	1924	7
5 Wrzeszczyn	4.2	Storage	1927	9
6 Leśna	2.8	Storage	1907	7
7 Otmuchów	4.8	Storage	1933	12
8 Wały Śląskie	9.7	Run-of-the-River	1959	46
9 Wrocław I	4.8	Run-of-the-River	1924	16

- TAURON has 11 storage and 24 run-of-the-river hydro plants
- Total net generation of 0.4 TWh (storage - 0.3 TWh and run-of-the-river - 0.1 TWh)
- TAURON's hydro plants are located in the Dolnośląskie, Małopolskie and Opolskie provinces; storage plants on the Bóbr, Dunajec, Kwisa, Bystrzyca, Nysa Kłodzka and Mała Panew rivers; run-of-the-river plants on the Odra, Vistula, Bóbr, Bystrzyca, Kamienna and Nysa Kłodzka rivers, as well as on the Olczyski and Bystry streams

Investment projects

- 40 MW wind farm project in Wicko
 - Acquisition of 100% shares in wind farm development company (all permits in place)
 - 20 turbines with expected total annual production capacity of c.90 GWh
 - COD: 2012
- First 200 MW wind farm project with planned COD in 2014
- Additionally, after 2012 the company plans to initiate the construction of another wind farm project of 200 MW
- Ekoenergia hydro plants modernization investments (maintenance and refurbishment)
 - Related to Otmuchów, Pilchowice I and Leśna hydro plants
 - Projects are to be carried out in 2012, 2013 and 2017

Indicative Investment Projects Parameters

Hard Coal

- Capex: ~€1,500-1,700/kW (brownfield)
- Construction time: 42-60 months
- Project life: 30-40 years
- Operating hours: ~7,600 h/year
- Efficiency: 45-46%

Gas

- Capex: ~€1,100-1,300/kW
- Construction time: 36-48 months
- Project life: 30 years
- Operating hours: ~7,900 h/year
- Efficiency: 67-68%

Wind

- Capex: ~€1,550-1,750/kW
- Construction time: 18-24 months
- Project life: 20 years
- Operating hours: 2,100 h/year

Biomass

- Capex: ~€2,000-2,200/kW
- Construction time: ~36 months
- Project life: 25 years

Distribution-overview

Overview

- In 2009 TAURON provided distribution services to about 4.1m customers and covered an area of 53,000 km² or 17% of the total area of Poland
- Distribution activity is performed by two separate DSOs: EnergiaPro and Enion, which are fully unbundled
- TAURON's DSOs distributed 32.2, 32.3 and 30.9 TWh of electricity in 2007, 2008 and 2009, respectively
- Primary strategic objectives of the distribution businesses include improvement of efficiency and reliability of the distribution network, cost base optimization as well as development of interconnections with neighboring countries
- Age duration of network assets: 42% below 25 years, 52% between 25 and 50 years, and 6% older than 50 years

Key data of TAURON's DSOs

PLNm	2007	2008	2009
Revenues	4,100	4,232	4,085
EBITDA ¹	687	824	722
Segment assets	7,453	7,268	7,767
Capex	807	762	746
No. of employees ⁴	13,731	13,928	12,895

Notes:

- 1 Defined as operating profit / (loss) plus depreciation, amortization and impairment of non-financial assets
- 2 The System Average Interruption Duration Index (SAIDI), which is calculated as the sum of all customer interruption durations divided by the total number of customers served. It shows the total duration of interruptions in electricity deliveries that can be expected by a customer over the course of the year
- 3 The System Average Interruption Frequency Index (SAIFI) is calculated as the number of all unplanned interruptions in a year divided by the number of customers connected to a grid. It shows the average number of unplanned interruptions that can be expected by a customer over the course of the year
- 4 Annual average

TAURON's key distribution assets and KPIs (2009)

	EnergiaPro	Enion
High voltage lines (km)	4,605	4,554
Medium voltage lines (km)	24,780	28,178
Low voltage lines (km)	41,890	88,407
Total Lines (km)	71,275	121,139
Transformer stations (#)	19,870	25,947
Electricity distribution in 2009 (TWh)	30.9	
SAIDI ² (minutes)	645	488
SAIFI ³	4.7	5.5
Network losses	5.4%	8.1%

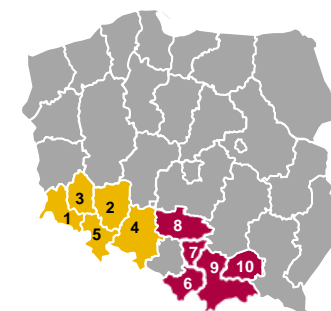
Tariff group	Electricity distribution (TWh)	No. of customers (thousand)
A tariff	8.4	0.2
B tariff	9.9	7.7
C tariff	5.1	472.5
G tariff	7.5	3,614
Total	30.9	4,094.4

Location of TAURON's DSOs

- EnergiaPro
- Enion

Distribution branches of:

EnergiaPro	Enion
1. Jelenia Góra	6. Bielsko—Biala
2. Wrocław	7. Będzin
3. Legnica	8. Częstochowa
4. Opole	9. Kraków
5. Wałbrzych	10. Tarnów



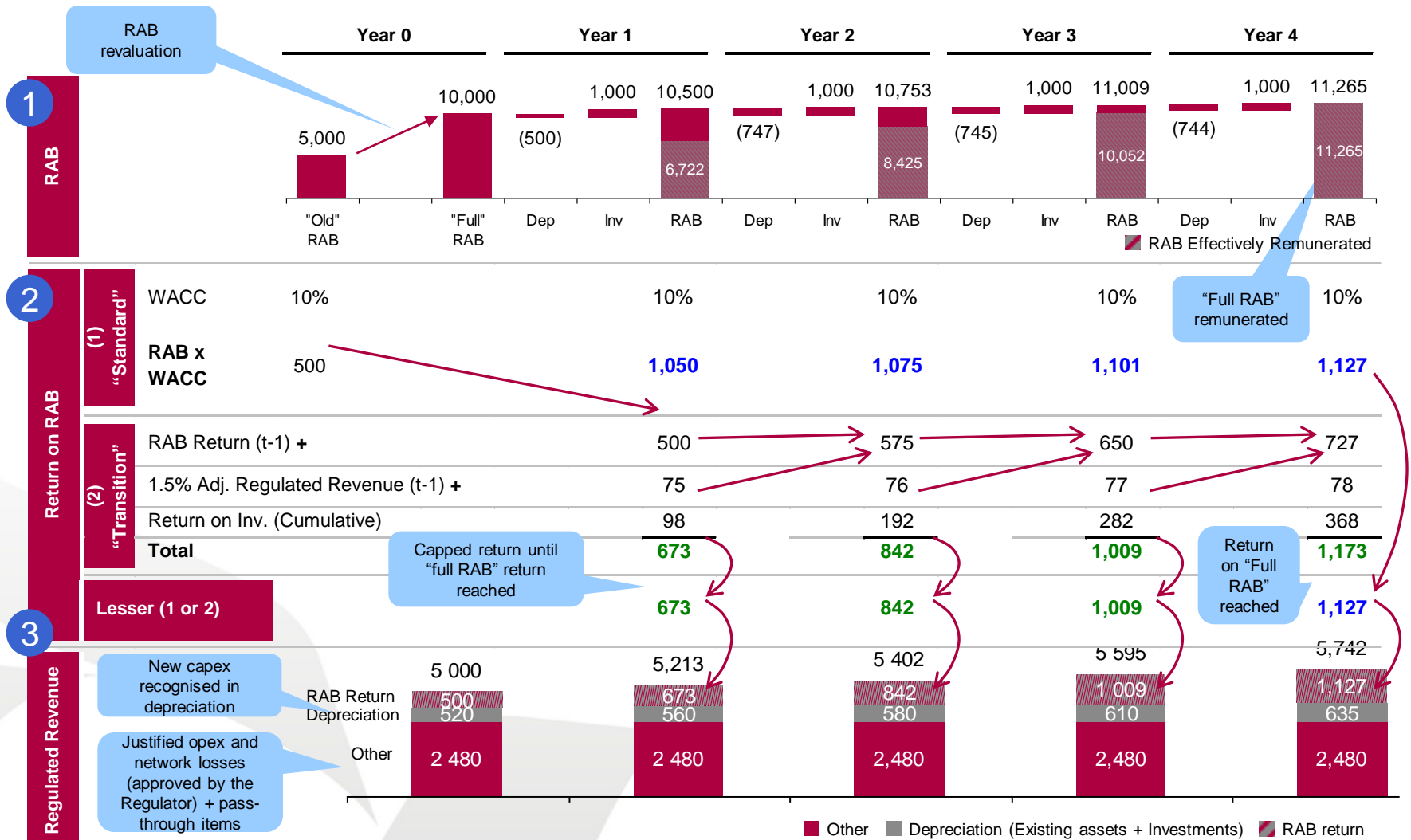
Polish distribution RAB – brief overview

- 1 • “Old” RABs of distribution companies have been revalued to reflect their full economic value (“full RAB”)
 - Going forward, in line with the regulatory RAB formulas it is understood that RABs will be increased by new investments, decreased by RAB depreciation and also impacted by some other auxiliary items (grid connection charges and other corrective coefficients)

- 2 • “Full RAB” will not be reflected in regulated revenues and distribution tariffs straightaway – a smoothing mechanism has been introduced
 - RAB Return will increase by 1.5% of last year’s adjusted Regulated Revenue plus return on new investments (cumulative) (“transition” formula) as long as the so calculated RAB Return is lower than “standard” RAB return ($RAB * WACC$) on “full RAB”
 - “Full RAB” is therefore not effectively remunerated in whole in the initial “transition” period

- 3 • Key components of the Regulated Revenue
 - RAB Return
 - RAB Deprecation, reflecting new investment capex
 - Other:
 - Under /overperformance components with key parameters approved by the Regulator (i.e. justified opex and network losses) incentivising the Company to introduce greater efficiencies
 - Other pass-through items

RAB return – illustrative example

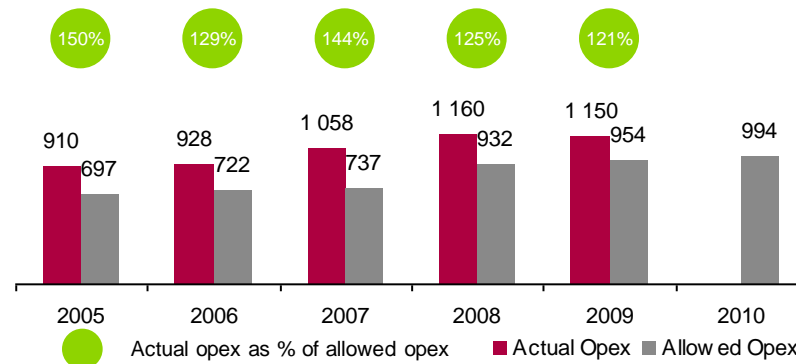


Note: This calculation is for illustrative purpose only

Other components of regulated revenue

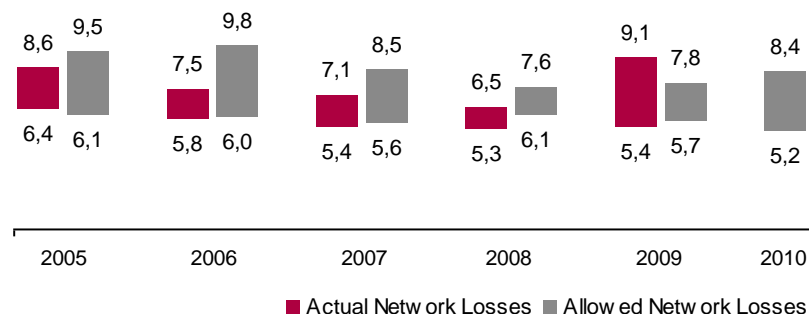
Operating Costs

- Any changes in company actual opex vs. opex levels allowed by the regulator will directly impact EBITDA
- Historically, TAURON has underperformed allowed opex by c. 20-40%
- TAURON intends to decrease actual opex level by:
 - introduction of synchronized monitoring of distribution network
 - integration of Group's distribution businesses
 - implementation of voluntary redundancy programs in Enion and EnergiaPro
- New model to establish allowed opex levels might be introduced by the Regulator in future regulatory periods



Network Losses

- Any changes in actual costs to cover network losses vs. these deemed justified by the Regulator will directly impact EBITDA
- Historically, TAURON network losses ratios were normally below levels approved by the Regulator,
- However, since 2008 the Regulator set power prices to cover network losses at levels far lower than market power price levels



Other

- Other regulated revenues components are in general pass-through items
 - Real estate (network assets) tax
 - Costs of electricity transit for neighbouring DSOs
 - FSO transmission fees other
 - Other

Bottom numbers reflect EnergiaPro' network losses and top numbers reflect Enion's network losses (actual vs. approved)

Supply—overview

Key highlights

- TAURON is one of the leading electricity suppliers to end customers in Poland
 - 30.4 TWh of electricity sold to more than 4m end customers, including households and businesses in 2009
- TAURON is currently in the process of further integrating its supply businesses of Enion Energia and EnergiaPro Gigawat, and establishing a business advisors channel and customer service centre
- TAURON intends to expand its electricity and heat supply operations in other regions of Poland outside the area of current coverage
- TAURON also intends to actively manage its supply margins and develop a portfolio of electricity products, as well as to strengthen TAURON Group's brand in order to retain and win new customers

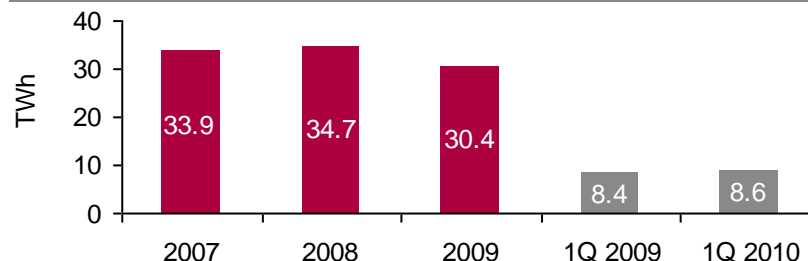
Key data—supply & trading¹

PLNm	2007	2008	2009
Revenues	6,863	9,947	11,522
EBITDA ²	19	93	306
Segment assets	1,094	1,783	1,958
Capex ³	3	10	15
No. of employees ⁴	211	367	1,399

Notes:

- 1 As per 2009 IFRS statements, these financials are for the segment of Sale of Energy and Other Energy Market Products, which includes wholesale trading in electricity, trading in emission allowances and energy certificates and sale of electricity to domestic end users or entities which further resell electricity
- 2 Defined as operating profit / (loss) plus depreciation, amortization and impairment of non-financial assets
- 3 Capex is the sales segment does not include purchase of green certificates and CHP certificates presented as intangibles
- 4 Annual average
- 5 Retail electricity prices (for industry and households clients) for the second half of 2007
- 6 Retail electricity prices (for industry and households clients) for the first half of 2009
- 7 Eurostat
- 8 Average price for the 3rd quarter 2007

Historical supply volumes to end-customers



Increasing competition

- The power market in Poland has been liberalized and customers can freely choose their power supplier
- The competition level in power supply in Poland has increased recently
 - Market participants focusing on particular niche markets have emerged, including foreign players
 - Supply margins in the segments of medium-size business customers, institutional and corporate customers (i.e. high and medium voltage) are expected to decrease over time

Electricity prices in Poland and neighboring countries

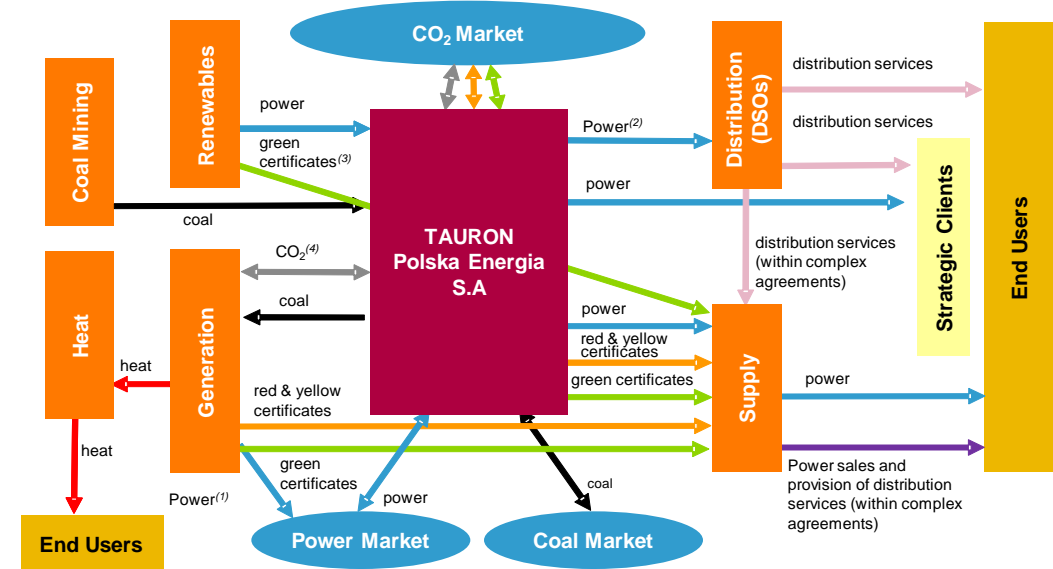
EUR/MWh		2007 ⁵	2008	2009 ⁶	
Poland	wholesale	30.9	58.2	39.85	
	retail ⁷	industry	90.5	89.6	90.2
		households	138.0	127.7	113.1
Germany	wholesale	38.1	65.8	38.9	
	retail ⁷	industry	101.3	106.6	113.2
		households	210.5	217.2	228.2
Czech Republic	wholesale	63.6 ⁸	68.5	39.2	
	retail ⁷	industry	94.6	111.4	106.9
		households	106.3	128.7	132.3

Trading—overview and target model

Trading overview

- The process for centralization of certain key business functions at TAURON Group's commercial division is ongoing
- The responsibilities of the commercial division will include:
 - Centralized electricity wholesale
 - Sale of electricity to strategic customers
 - Centralized fuel procurement
 - Trade of emissions allowances
 - Management and trade of certificates of origin
 - Commercial risk management
 - Centralized power generation dispatch
 - International and cross-border trade
- TAURON intends to develop its international presence in Central and Eastern Europe:
 - In October 2009, TAURON established TAURON Czech Energy s.r.o. in the Czech Republic, involved in the retail supply of electricity
 - Planned expansion to other CEE countries
 - In March 2009 TAURON was admitted to the Bluenext CO₂ exchange power exchange
 - TAURON plans to further develop interconnections with neighboring distribution areas in order to support the development of wholesale trading operations
- TAURON is a member of the Bluenext exchange in Paris and of Polish Towarowa Gielda Energii (both for CO₂ and certificates of origin trading), as well as Platforma Obrotu Energią Elektryczną (POEE) in Bełchatów in Poland, which gives TAURON access to Nordpool exchange in Oslo and the EEX exchange in Leipzig (power trading)

Target business model



Notes:

- 1 TAURON Polska Energia manages the sales portfolio of the generation segment
- 2 Power sales within portfolio management services
- 3 Green certificates are sold directly from renewables companies to supply companies
- 4 TAURON Polska Energia is the power installations dispatch manager

Benefits of centralization

- The centralization of trading activities at the commercial division of TAURON Polska Energia will result in economies of scale and will allow for optimization of margin in the Group:
 - Centralized hard coal and energy contracting will ensure more efficient volume and risk management, and will strengthen the Company's negotiating position towards suppliers
 - Integrated purchasing and selling of energy will limit internal competition
 - Improved contracting of emission allowances and certificates of origin

Thank you for your attention

TAURON Polska Energia S.A., ul. Lwowska 23, 40-389 Katowice
tel. +48 32 774 27 06, fax +48 32 774 25 24