Nuclear New Build Project in Poland

International Framework for Nuclear Energy Cooperation – Finance Workshop
London, 9th-10th April 2012

PGE Energia Jądrowa SA
Poland – Key statistics

- Area: 312,685 sq. km
- Population: 38 million people
- GDP: 330 bn EUR
- Financial reserves: 70 bn EUR
- Installed capacity: 36,000 MWe
- Production: 157,000 GWh
- Key source generation: Coal (90%)
The Polish Government is committed to develop nuclear power in Poland and designated PGE to lead the nuclear program.

Stages of the Polish Nuclear Power Program Development

<table>
<thead>
<tr>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Stage 4</th>
<th>Stage 5</th>
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<tbody>
<tr>
<td>Government adopts &quot;Nuclear Package&quot;</td>
<td>Government creates framework for construction and operation</td>
<td>Government establishes operational Nuclear Authority – approves site(s) and reviews construction permit</td>
<td>Nuclear Authority issues construction permit for the first NPP – provides oversight of construction</td>
<td>Nuclear Authority provides nuclear safety oversight of first NPP and construction of additional units</td>
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<tr>
<td>PGE designated as nuclear program developer</td>
<td>PGE selects site(s) and awards contract for NPP vendor</td>
<td>PGE completes technical design and construction applications</td>
<td>PGE constructs the first NPP and prepares operating license</td>
<td>PGE operates the first NPP and constructs additional units</td>
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Soon after Fukushima and German decision to withdraw from nuclear power, the Polish Government has clearly re-confirmed its engagement in the development of nuclear energy in Poland.

- Stage 1 – completed in June 2011 (unanimous vote in Parliament)
- Stage 2 – activities commenced
- PGE continues with execution of Investor’s activities with full Government support
PGE is a leading utility company in the Polish energy market in terms of production, distribution and sales (1/2)

Source: Energy Regulatory Office
* Tauron distribution network includes assets acquired from Vattenfall in 2011

Source: PGE
PGE is a leading utility company in the Polish energy market in terms of production, distribution and sales (2/2)

Key Assets - Locations

- 2 lignite power plants
- 36 hydroelectric power plants
- 2 hard coal power plants
- 10 CHP plants
- 1 wind farm
- 2 lignite mines
- 1 distribution and 1 retail sale company

Source: PGE

Key Operating Data

<table>
<thead>
<tr>
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<th>2011</th>
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<tbody>
<tr>
<td>Installed capacity</td>
<td>13.1 GW</td>
</tr>
<tr>
<td>Net electricity production</td>
<td>56.5 TWh</td>
</tr>
<tr>
<td>Lignite production</td>
<td>48.9 Mt</td>
</tr>
<tr>
<td>Distribution lines</td>
<td>ca. 270,000 km</td>
</tr>
<tr>
<td>Customers</td>
<td>ca. 5.1 m</td>
</tr>
<tr>
<td>Employees</td>
<td>ca. 44,500 persons</td>
</tr>
</tbody>
</table>

Source: PGE
PGE has strong financial position and high creditworthiness

• Despite an unstable conditions of global economy, PGE’s financial performance confirms strong financial standing of the company.

• The company has a high creditworthiness affirmed by good credit ratings assigned by two leading international rating agencies: Fitch (BBB+) and Moody’s (A3).

**Note: Ex-LTC (FY figures) = excluding one-off items, LTC – Long Term Contract**

Source: PGE
Key assumptions for the first NPP project in Poland

**Planned capacity of NPP**
- PGE strategic plans assume NPP’s of ca. 6000 MW to be constructed by 2030
- Construction of the first Nuclear Power Plant (one site) of ca. 3,000 MW (2-3 units) by end of 2025, with first unit by end of 2023
- Total Overnight CAPEX assumed at ca. 10–13 bn EUR (depending on technology) for the first NPP

**Technology**
- Considering safe, modern, licensable nuclear reactor technologies (gen III/III+)
- Strong emphasis on the highest safety and quality standards

**Location**
- In 2011 three potential sites in northern Poland have been shortlisted for further site characterization

![Map of Baltic Sea with potential sites](image)
NPP project development activities on PGE side – financing stream

Project structure within the PGE Group

- **PGE S.A.**
  - **PGE Energia Jadrowa S.A. (PGE EJ)**
    - **PGE EJ 1 Sp. z o.o.**
      - **Equity partners**

  - **49% (planned for selling)**
  - **51% (controlling stake)**

Financing structure under development

- **Base financing**
  - **Equity (PGE minimum 51%)**
  - **ECAs**
  - **Commercial Lending**

- **Strategic partners financing**
  - **Nuclear Utility Partner**

- **Supplementary financing**
  - **Industrial Offtakers**
  - **Other Options Under Consideration**

- **The State Treasury 61.89%**
  - **Other (freefloat) 38.11%**
Preliminary financing concepts

Option 1 – Financing raised by SPV

Option 2 – Corporate lending on Sponsors’ balance sheets

Commercial banks
ECA

PGE EJ 1

Equity (51%)

debt

debt repayment guarantee

Equity (49%)

debt repayment guarantee

PGE

Strategic Partner / Partners

Sponsors

ECA

PGE EJ 1

PGE

Sponsor 1

Sponsor 2

Electricity off-takers

Sponsors

Corporate lending Own funds

Corporate lending Own funds

Corporate lending Own funds

Corporate lending Own funds

Financial institutions

Sponsors

Commercial banks

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