

## **Current Report No. 44/2010**

Date of preparation: 20 December 2010

### **Subject: Conclusion of significant agreements with Elektrownia Kozienice S.A.**

*General legal basis: Article 56.1.2 of the Act on Public Offering – current and periodic information*

#### *Content:*

The Management Board of LW Bogdanka S.A. (the "Company") hereby announces that on 20 December 2010 it concluded an *annual Agreement on the supply of power coal in 2011* (hereinafter the "Annual Agreement") with Elektrownia Kozienice S.A., with registered office in Świerże Górne, 26-900 Kozienice 1, attached as Schedule 2 to the Long-Term Agreement, which was the subject of Current Report No. 5/2010 of 5 March 2010 (hereinafter the "Long-Term Agreement").

The Annual Agreement is effective from 1 January 2011 to 31 December 2011 and concerns basic coal supplies for the units of Elektrownia Kozienice under the Long-Term Agreement. According to current prices, the net value of the Annual Agreement amounts to PLN 617.34 million. As a result of concluding this Agreement, the net value of the entire Long-Term Agreement, presented in Current Report No. 5/2010 of 5 March 2010, has increased to PLN 10,642 million.

The Annual Agreement attached as Schedule 2 to the Long-Term Agreement provides for the following liquidated damages: The Party to the Agreement which fails to collect or supply the contracted amount of coal in quarterly periods, shall pay the other Party liquidated damages in the amount of 20% of the value of the undelivered/uncollected coal. Other terms and conditions do not differ from the market standards applied in such agreements.

Moreover, the Management Board of LW Bogdanka S.A. (the "Company") announces that on 20 December 2010 it concluded, also with Elektrownia Kozienice S.A., an *Agreement on the supply of additional amounts of power coal in 2011* (hereinafter the "Additional Agreement", a contract not included in the Long-Term Agreement) increasing the supplies to Elektrownia Kozienice with respect to the level specified in the Long-Term Agreement.

The Additional Agreement is effective from 1 January 2011 to 31 December 2011 and concerns additional coal supplies for the units of Elektrownia Kozienice.

According to current prices, the net value of the Additional Agreement on supply of additional amounts of power coal amounts to PLN 68.56 million. The total (the Annual Agreement and the Additional Agreement) net value of the power coal supplies to Elektrownia Kozienice S.A. in 2010 will amount to PLN 685.90 million.

The criterion for deeming concluded agreements to be significant is that they exceed 10% of the value of the Company shareholders' equity.

Legal basis for submitting the report: Article 5.1.3 of the Regulation of the Minister of Finance on the Stock Exchange.