REVISED REORGANISATION PROGRAM AND PROPOSAL FOR SETTLEMENT OF E-STAR PLC. „CS.A."

The reorganisation program (business plan) is basically built on the following system of conditions:

1. With the agreement of the creditors, the Company suggests its creditors notifying unexpired creditor claims (including Creditors owning bonds issued by the Company and having creditor claims arising thereof), that they shall make the unexpired claims expired by common consent.

2. The Company does not plan to expand its assets, production capacities and investments during the term of the reorganisation program.

3. No significant positive movements are expected in the economic environment compared to the current situation. Although the municipalities are expected to become exempt from a significant part of their debts, but their incomes are also expected to decrease due to the uncertainty of local tax incomes, and therefore the significant positive change of their solvency is not expected in the reorganisation period, especially in the first years. This uncertainty is marked by the fact that the Company only accounts for the 90% actual return of its future revenues arising from the agreements concluded in the revenue plan of the reorganisation program.

4. The Company does not plan to sell either assets or investments in the reorganisation period. The fundamental reason for this is that though the investments in the balance sheet constitute significant business value, but the Company does not aim to sell the existing assets at a low price.

5. The business plan considers that the existing projects cease to exist at the expiry of the contractual period in Hungary in terms of both E-STAR Alternative Plc., and E-STAR ESCO Kft. in accordance with the agreement being in force currently.

6. The reorganisation program built up by the Company is built on loan/claim - capital conversion. In accordance with the request of the vast majority of creditors, the Company shall convert all its registered capital liabilities into shares).

7. The reorganisation program does not account for the Company acquiring significant amounts of bank financing in the future. The current financial environment does not provide basis for it, but the Company after the settlement with the creditors shall not constitute a desirable target market for the current Hungarian bank system either.

8. The business plan proposed for acceptance by the Company accounts for significant cost reduction in the central management costs, allowing for not reusing the resources produced by the members of the corporate group.

9. As the total amount of liabilities of the Company shall be converted into capital (subscribed capital + capital reserve), the future incomes shall not be encumbered by financing costs.

10. The reorganisation plan calculates that there shall be an opportunity in the case of its most significant Hungarian investment, E-STAR ESCO Ltd. to reschedule the VAT debt towards the National Tax and Customs Administration and to conclude a payment agreement, considering the cash-flow production abilities and opportunities there.

11. The Company shall fulfil its liabilities determined in Article 11. of the Bankruptcy Act (particularly including the wage type of payments and the administrator's fee) in 2013.

The reorganisation program built up by the Company is built on loan/claim - capital conversion. The Company compared the future expenditures in the future annual plans inevitably required for operations with the realistic expected revenues.

The revenue-expenditure records of the individual companies owned by E-STAR Alternative Plc. „cs.a." and the individual own projects of the Company are in-line with the valid agreements and the expiry date thereof in the model. The present reorganisation program includes the available cash given on the basis of this.

We enclose the figures of the planned balance sheet and statement of profit and loss (business plan) prepared for the reorganisation program of E-STAR Alternative Plc. „cs.a." as an annex.

The actual cash available at given time in the statements shall originate from three sources:

- The cash production of E-STAR Alternative Plc. „cs.a.",
- Dividend payments to E-STAR Alternative Plc. „cs.a." from the affiliated companies having positive profits and cash-flow owned by E-STAR Alternative Plc.,
- Return of positive cash flow to E-STAR Alternative Plc. „cs.a." from the companies owned by E-STAR Alternative Plc. under the title of fulfilment of liabilities towards the Company.

1.) Cash Resources

The cash producing process of the resources separated above shall be described below.

Cash Production of E-STAR Alternative Plc. „cs.a.

The payment willingness or ability in other cases of the municipality sector constituting the customer base has dramatically declined in the past years and no change is expected in these tendencies in the near future, so the Company calculated with the reception of 90% of the sales revenue charged on the basis of the agreements in its own projects, when the expected cash-flow was calculated.

The expenditures side was adjusted in the business plan in accordance with economical, minimised cost plans.

Dividend payments from the affiliated companies having positive profits and cash-flow

Dividends shall be paid from 2 directions:

- <u>From E-STAR ESCO Ltd:</u>
  E-STAR ESCO Ltd. is a currently profit producing affiliated company with positive cash-flow. It currently runs 3 projects, which shall produce profit and cash until their expiry. The cash produced in the period between 2013 and 2016 shall ensure the payment of its own tax debt of HUF 470 million towards the National Tax and Customs Administration. The utilisation of the cash produced for E-STAR Alternative Plc. shall be possible from the financial year of 2017. This free cash shall be paid to the Company under the title of dividends.

— Dividend payments from the Polish projects:
The cash producing ability of the Polish projects is the strongest. However the commencement dates of payments are limited by the loan agreement conditions relevant to the projects. The dividend payment prohibition under the duration of the 5-year loan made available by BZ WBK Bank is present among the conditions thereof. The expiry balloon of the loan of PLN 36 million is PLN 21 million, so the Company calculated in the model with the extension of the loan for further 7 years with unchanged conditions. Thus dividend income from the Polish projects, which may be spent on the settlement of the creditor claims of E-STAR Alternative Plc. shall be available in 2025 the soonest.

Returning positive cash-flow to the Company under the title of existing liability towards the Company

Romanian subsidiary: Only the Gheorgheni project produces positive profits at the level of cash from the investments in Romania. The new concession areas (district heating of Zalău and Târgu Mures) acquired in 2010, were closed earlier. The settlement of the liabilities of the company in Gheorgheni (E-STAR CDR) towards E-STAR shall start in 2013.

Balance Sheet Summary

The starting point of the balance sheet in the reorganisation program is the intermediate balance sheet audited on 30th November 2012, modified by the changes of December 2012. In order to provide a more realistic picture by the balance sheet in terms of the available cash, the opening cash (i.e. the closing cash of 2012) was reduced to zero, since the currently available cash (HUF 73 million) shall be needed to pay the operation costs due until the expected date of the settlement.

We preferred simplicity when setting up the model, so our calculation is based on that following the commencement day of the payment moratorium, the incoming supplier invoices shall be fulfilled, while on the income side, on the basis of the principle of carefulness, we calculated with 90% return of the contractual fee charged, and the revenue, due to the known market circumstances.
So the changes in the balance sheet are limited to liabilities, fixed assets and equity elements in addition to the cash.

2.) Profit and Loss Statement Summary

During the preparation of the reorganisation program, we started from the assumption, that the items requiring cash movements in the given period shall be fulfilled, considering the 90% return in the cash revenues mentioned above.
In case of settlement with the creditors the minimal amount of condoned liabilities shall be presented in the extraordinary income line.
The corporate tax payment liability was cancelled by the new regulation, which has been in force since 1st January 2013 and includes that 50% of the amount of condoned liabilities accounted as extraordinary income may reduce the pre-tax profit.

3.) Analysis of the Changes of Balance Sheet and Statement of Profit and Loss Annually in the Implementation Period of the Reorganisation Plan

YEAR 2013

In addition to the operations of the Company, the incoming cash shall be generated from the cash transferred under the title of member's loan repayment from the Romanian subsidiary in this year.

In the plan for 2013, the greatest change compared to the previous year, shall be the effect of the settlement with the creditors, which shall settle the liabilities as a first step by the loan/claim - capital conversion determined in the agreement.

The book value of the intangible assets and the tangible assets shall be reduced to the extent of the planned depreciation, while the value of the invested financial assets shall decrease due to the loan repayment of the Romanian subsidiary.

The net sales revenues and the costs and other expenditures invoices shall be adjusted to the date and amount of money corresponding to the expiry of the existing agreements.

In accordance with the plans, in the business year of 2013 (which is equivalent with the calendar year), the complete loan/claim - capital conversion shall be implemented. By the loan/claim - capital conversion the liabilities of the Company registered during the bankruptcy proceedings thereof shall be completely converted into equity capital elements. The ordinary shares of the Company shall have a par value of HUF 10 each. As a result of the 50 million piece capital increase (loan/claim - capital conversion) the registered capital of the Company shall be increased by HUF 500 million; the part of the value of the conversion (HUF 366 per share) exceeding the par value (HUF 356 per share) shall be capital reserve.

After the effective bankruptcy proceedings of the Company the unregistered liabilities thereof shall completely be acquitted.

The reserve (proportionate number of shares) shall be created for the liabilities disputed by the Company in order to fulfil the disputed creditor claim in case of potentially lost lawsuits.

The Proposal for settlement with the creditors is included in the Draft Agreement enclosed.

Dear Creditors,

Please accept the program aiming to recover the solvency of the Company, and the proposal for settlement devised in the form of a draft agreement.

The reorganisation program and the modified proposal for the settlement with the creditors shall be available from 13th April 2013 at the registered seat of the Company on working days between 10 am. and 3:00 pm., or on the website of the Company (www.e-star.hu).

Budapest, 16th April, 2013.

Faithfully,

E-STAR ALTERNATIVE PLC. „CS.A."
Represented by: Csaba Soós and Dániel Molnos members of the Board of Directors collectively

Annexes:

1. Financial plan (cash-flow) of the Company
2. Modified Balance sheet and Profit and loss statement 2013-2016

Cash-Flow Plan

Annex 1

Data in thousands HUF		**2013.12.31**	**2014.12.31**	**2015.12.31**	**2016.12.31**
Cash generated from the operations of PLC (at the level of trading profit)		244 817	235 937	260 493	287 982
Dividend received from ESCO		-	-	-	-
Dividend received from Romanian subsidiaries					
IC loan repayment received from Romanian subsidiaries		117 802	63 983	74 423	81 551
Dividend received from Polish subsidiaries					
TOTAL CASH		**362 619**	**299 920**	**334 916**	**369 533**

Annex No: 2.

“A” Balance Sheet

"A" BALANCE Assets Data in THUF

	Item Description	2012.12.31	2013.12.31	2014.12.31	2015.12.31	2016.12.31
A.	**Fixed assets**	**10 315 128**	**10 056 962**	**9 854 434**	**9 651 359**	**9 441 156**
I.	INTANGIBLE ASSETS	42 294	30 582	20 688	20 688	20 688
II.	TANGIBLE ASSETS	784 684	656 032	527 380	398 728	270 076
III.	FINANCIAL INVESTMENTS	9 488 150	9 370 348	9 306 366	9 231 943	9 150 392
B.	**Current assets**	**2 863 817**	**2 725 342**	**3 025 192**	**3 360 108**	**3 729 641**
I.	STOCKS	-	-	-	-	-
II.	RECEIVABLES	2 480 541	2 480 541	2 480 472	2 480 472	2 480 472
III.	SECURITIES	318 185	-	-	-	-
IV.	LIQUID ASSETS	65 091	244 801	544 720	879 636	1 249 169
C.	**Accrued and deferred assets**	18 932	8 322	8 322	8 322	8 322
	TOTAL ASSETS	**13 197 877**	**12 790 626**	**12 887 948**	**13 019 789**	**13 179 119**
D.	**Equity**	**- 8 208 016**	**12 660 447**	**12 757 768**	**12 889 609**	**13 048 940**
I.	Subscibed capital	26 400	526 400	526 400	526 400	526 400
II.	Subscibed capital unpaid (-)	-				
III.	Capital Reserve	3 493 600	21 343 600	21 343 600	21 343 600	21 343 600
IV.	Retained earnings	- 724 758	- 12 471 507	- 9 953 044	- 9 855 723	- 9 723 882
V.	Tied-up reserve	743 491	743 491	743 491	743 491	743 491
VI.	Revaluation reserve					
VII.	**Pprofit or loss for the year**	**- 11 746 749**	**2 518 463**	**97 321**	**131 841**	**159 330**
E.	**Privisions**	82 484	31 084	31 084	31 084	31 084
F.	**Liabilities**	**20 339 045**	**- 0**	**- 0**	**- 0**	**- 0**
I.	Subordinated liabilities					
II.	Long-term liabilities	10 929 031	- 0	- 0	- 0	- 0
III.	Short-term liabilities	9 410 014	-	-	-	-
G.	**Accrued and deferred liabilities**	984 364	99 096	99 096	99 096	99 096
	Total liabilities	**13 197 877**	**12 790 626**	**12 887 948**	**13 019 789**	**13 179 119**

		Data in THUF				
	"A" PROFIT AND LOSS ACCOUNT (nature of expense method)	**2012.12.31**	**2013.12.31**	**2014.12.31**	**2015.12.31**	**2016.12.31**
I.	**Total sales (01+02)**	804 705	847 802	751 005	741 956	735 894
II.	**Own work capitalized**	-				
III.	**Other income**	245 711				
	of which impairment loss reversed					
IV.	**Material costs (05+06+07+08+09)**	1 004 952	309 888	228 086	213 036	197 998
V.	**Staff costs (10+11+12)**	151 713	346 213	276 387	257 961	239 535
VI.	**Depreciation**	119 697	140 364	138 546	128 652	128 652
VII.	**Other expenses**	5 818 863	11 975	10 594	10 465	10 379
	of which: impairment loss					
A.	**Income from operations (I±II+III-IV-V-VI-VII)**	**- 6 044 809**	**39 362**	**97 391**	**131 841**	**159 330**
VIII.	**Income from financial transactions (13+14+15+16+17)**	1 805 096	-	-	-	-
IX.	**Expenses on financial transactions (18+19±20+21)**	7 500 292	-			
B.	**Profit or loss from financial transactions (VIII-IX)**	**- 5 695 196**	**-**	**-**	**-**	**-**
C.	**Operating results (±A±B)**	**- 11 740 005**	**39 362**	**97 391**	**131 841**	**159 330**
X.	**Extraordinary income**	12 557	2 479 100			
XI.	**Extraordinary expenses**	19 301				
D.	**Extraordinary profit or loss (X-XI)**	**- 6 744**	**2 479 100**	**-**	**-**	**-**
E.	**Profit before tax (±C±D)**	**- 11 746 749**	**2 518 463**	**97 391**	**131 841**	**159 330**
XII.	**Tax payable**	**-**	**-**	**70**	**-**	**-**
F.	**Profit after tax (±E-XII)**	**- 11 746 749**	**2 518 463**	**97 321**	**131 841**	**159 330**
22	Retained earnings allocated for dividend payment	-	-	-	-	-
23	Approved dividend	-	-	-	-	-
G.	**Profit loss for the year (±F+22-23)**	**- 11 746 749**	**2 518 463**	**97 321**	**131 841**	**159 330**