

PGE Polska Grupa Energetyczna S.A.

**H1 2012
Q2 2012**

Financial Results

Consolidated data, in accordance with IFRS

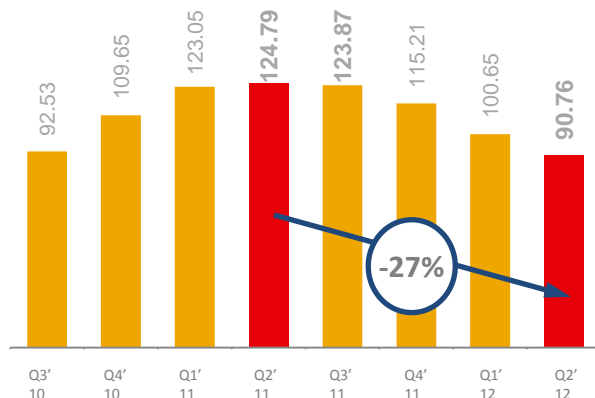
August 29, 2012

Q2 2012 – main messages

Key financials	Key operating data
<ul style="list-style-type: none"> • Revenues up by 6% y-o-y to PLN 7.0 bn • EBITDA up by 8% y-o-y to PLN 2.0 bn • Recurring EBITDA up by 13% y-o-y to PLN 1.95 bn • Net profit (to equity) down by 5% y-o-y to PLN 1.0 bn • EPS down to PLN 0.52 from PLN 0.54 	<ul style="list-style-type: none"> • Net generation volume up by 6% y-o-y to 14.0 TWh • Distribution volume up by 1% y-o-y to 7.5 TWh • Sales to end customers up by 2% y-o-y to 7.6 TWh • Growth of all key operational measures significantly surpassing the market
Investment programme	
<ul style="list-style-type: none"> • Renewables: Pelplin Windfarm (48MW) commissioned in Aug 2012, wind power capacity up to 78MW • Opole hard coal units 5&6: still waiting for clarification of construction permit issue • Gas co-generation projects: tenders progressing, prequalification requests in 3 tenders received, 4th tender to be announced soon 	
Other issues	
<ul style="list-style-type: none"> • First effects of Efficiency Improvement Programme visible in headcount • Fire in Turów power plant (Jul 24) – all units fully operational, damages estimated at PLN 40-50m • New renewable law draft presented – some concepts are controversial • Free CO₂ allocation for Poland for NAP III initially confirmed, in line with expectations, except for some minor issues • Mr. Paweł Smoleń will join PGE's Management Board as VP for Operations starting from October 1. 	

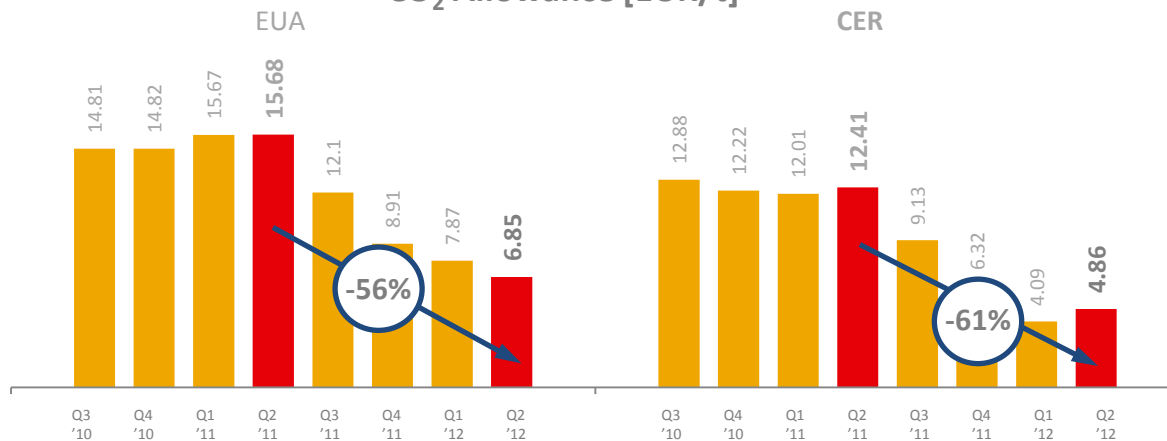
Economic environment – key data

Hard coal [USD/t]*



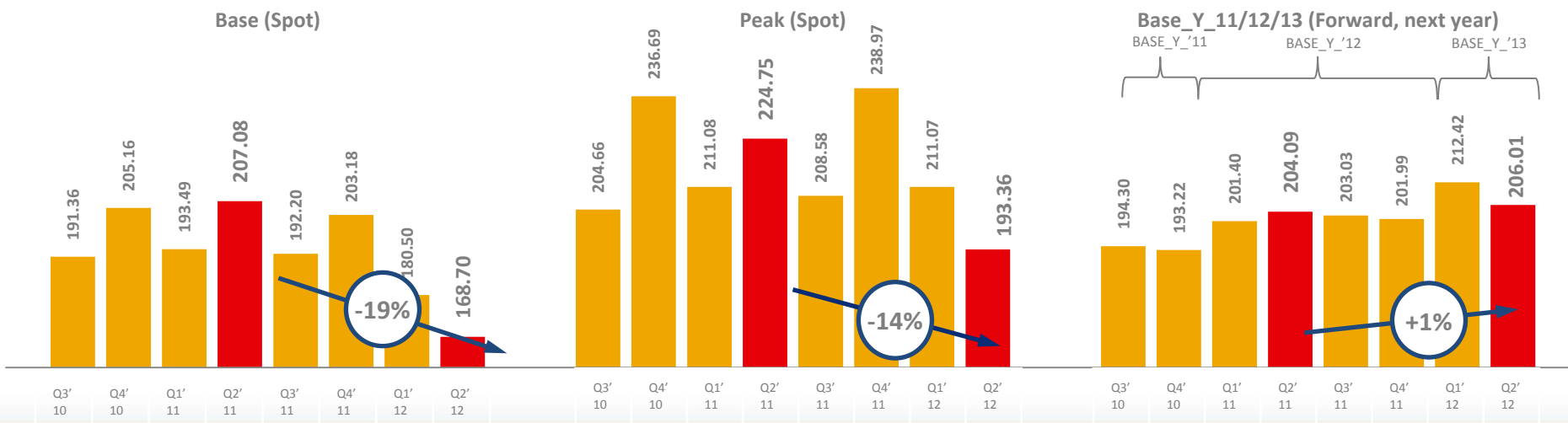
* An average price on global COAL DES ARA Index

CO₂ Allowance [EUR/t]*



* An average price on BlueNext Exchange

Average quarterly TGE Electricity Prices in 2012, 2011 and 2010 (PLN/MWh)



Key Operating Data (I)

Key Operating Data

Poland	H1 2011	H1 2012	Q2 2011	Q2 2012
Real GDP growth y-o-y [%]	4.4 ¹	3.3*	4.3	
Industrial production growth y-o-y [%] ¹	7.4	3.8	5.8	2.8
CPI y-o-y [%] ¹	4.2	4.3	4.6	4.0
Domestic Electricity Consumption Growth y-o-y [%] ²	2.5	0.3	3.6	- 1.1
Domestic Electricity Production Growth y-o-y [%] ²	5.5	- 0.9	7.5	- 2.5

PGE Group	H1 2011	H1 2012	H1 2012 vs. H1 2011	Q2 2011	Q2 2012	Q2 2012 vs. Q2 2011
Net Generation Volume [TWh]	27.26	29.38	8%	13.19	13.97	6%
Sales on the wholesale market [TWh]	27.47	30.86	12%	13.60	15.01	10%
Sales to end-users [TWh]	15.85	16.19	2%	7.52	7.64	2%
Electricity distribution volume [TWh]	15.37	15.62	2%	7.39	7.47	1%

1) Source: GUS, Central Statistical Office; 2) Source: PSE Operator S.A. * Estimates of Dom Maklerski Banku Handlowego

Key Operating Data (II)

Net electricity generation by sources (TWh)

	H1 2011	H1 2012	H1 2012 vs. H1 2011	Q2 2011	Q2 2012	Q1 2012 vs. Q1 2011
Lignite-fired power plants	18.07	20.71	15%	8.92	10.13	14%
Hard coal-fired power plants	6.90	6.14	-11%	3.48	2.86	-18%
Coal-fired CHPs	0.76	0.73	-4%	0.26	0.28	8%
Gas-fired CHPs	1.07	1.10	3%	0.31	0.33	6%
Biomass- fired CHP	-	0.20	-	-	0.11	-
Pump storage	0.19	0.17	-11%	0.09	0.08	-11%
Hydro	0.24	0.29	21%	0.12	0.16	33%
Wind	0.03	0.04	33%	0.01	0.02	100%
TOTAL	27.26	29.38	8%	13.19	13.97	6%
Renewable generation	0.69	1.05	52%	0.36	0.60	67%
incl. biomass co-combustion	0.42	0.52	24%	0.23	0.31	35%

Key Financials

Selected financial data, consolidated, IFRS

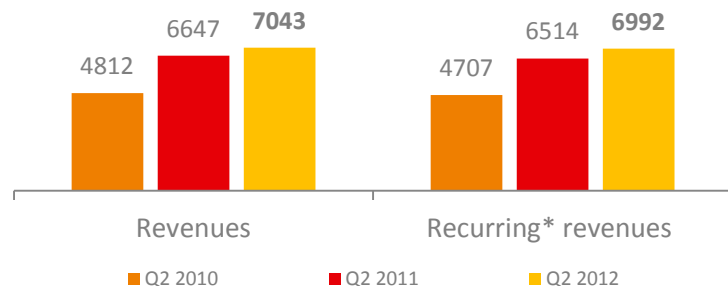
	H1 2011 PLNm reviewed	H1 2012 PLNm reviewed	H1 2012 vs. H1 2011	Q2 2011 PLNm not audited	Q2 2012 PLNm not audited	Q2 2012 vs. Q2 2011
Sales	13,915.30	14,950.90	7%	6,646.50	7,042.70	6%
<i>including LTC compensations</i>	303.30	107.50	-65%	132.40	51.20	-61%
Recurring Sales*	13,612.00	14,843.40	9%	6,514.10	6,991.50	7%
EBITDA	3,986.20	4,534.50	14%	1,850.50	1,997.70	8%
Recurring EBITDA**	3,682.97	4,296.71	17%	1,718.10	1,946.50	13%
EBIT	2,660.80	3,103.70	17%	1,184.10	1,279.90	8%
Net profit (to equity)	2,218.80	2,494.50	12%	1,012.90	964.60	-5%
CAPEX	1,610.70	1,554.00	-4%	990.40	949.20	-4%
Net cash from operating activities	2,950.10	4,135.80	40%	2,228.10	1,892.00	-15%
Net cash from investing activities	-2,166.30	160.70		-764.90	1,279.10	
EBITDA margin	28.65%	30.33%		27.84%	28.37%	
Recurring* EBITDA margin	27.06%	28.95%		26.38%	27.84%	
	June 30, 2011	June 30, 2012				
Net Working Capital	3,944.3	2,729.8				
Net Debt/LTM EBITDA	- 0.60 x	- 0.84 x				

*Recurring Sales = excluding key one-off items:
LTC compensations

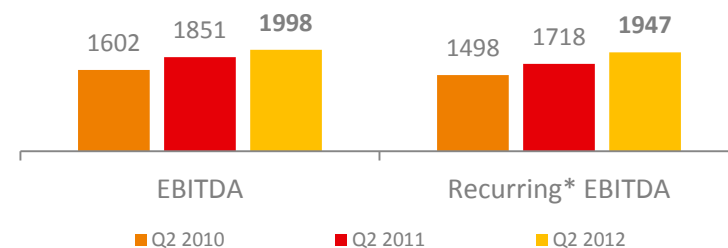
** Recurring EBITDA = excluding key one-off items:
LTC Compensations

Reversed LTC writedown (in Q1 2012 PGE reversed PLN 130m visible in operating revenues line)

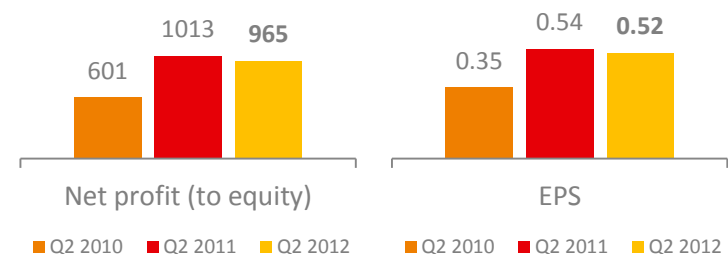
Q2 2012 Financial results – key drivers



- Recurring sales revenues went up significantly by 7% y-o-y or PLN 477m
- Higher volumes in generation together with higher volumes and tariffs in distribution contributed to growth of revenues.



- Recurring EBITDA increased by 13% y-o-y or PLN 228m.
- Distribution business line was a biggest contributor to the growth
- Recurring conventional generation EBITDA on a rise as well, together with renewables profiting from better hydro conditions
- Wholesale result up and retail down due to deliberate value chain management.

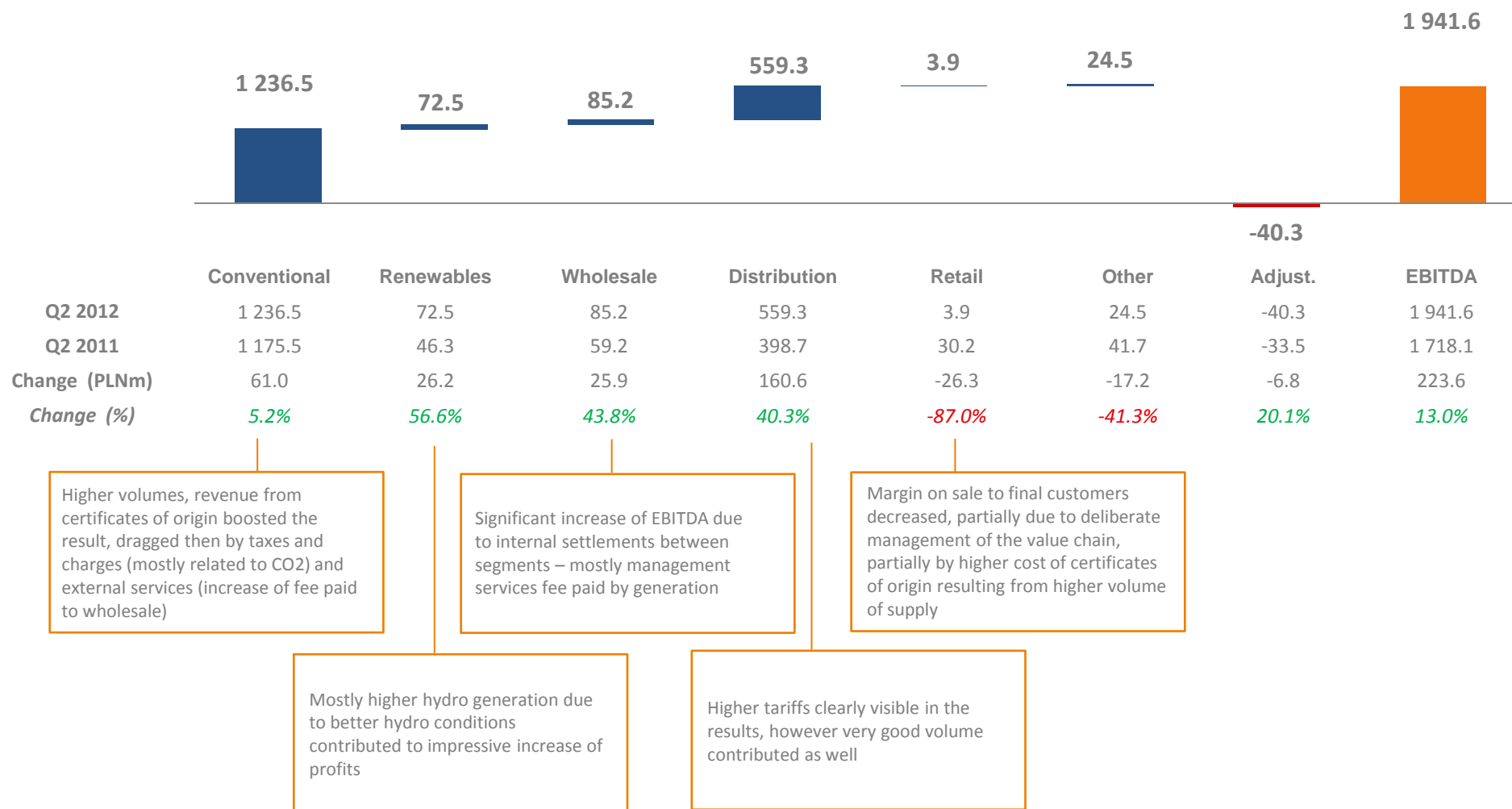


- Reported net profit to equity reached PLN 965m and PLN 0.52 per share
- Bottom line influenced mainly by:
 - Lack of Polkomtel profit contribution (-PLN 109m y-o-y)
 - Corrections in tax lines (- PLN 60m in Q2 2012, +PLN 20m in Q2 2011)

*Recurring = excluding significant one-off items (LTC compensations)

Q2 2012 EBITDA (ex. LTC) Composition and Development

Q2 2012 EBITDA (ex. LTC) Composition



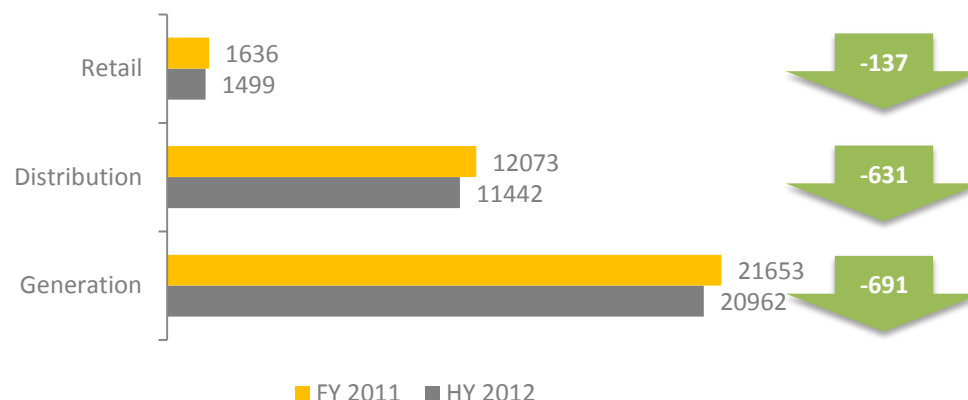
Efficiency Improvement Programme after H1 2012

Although the Efficiency Improvement Program was launched in Q1 2012 it has already brought some visible effects.

Headcount in three largest business lines has decreased by 1459 since end of 2011.

As a result of various voluntary leave programmes 1,092 employees left the company till the end of H12012.

- Conventional Generation: 417 have already left, further 111 confirmed to leave.
- Distribution: 566 people accepted compensations and left
- Retail: 109 people utilized offers and left



Conventional (PLNm)

Net effect in H1 2012	-16
Cost cutting initiatives	-19
Organizational structure effectiveness	-49
Redundancies and related provisions	-74
Payroll savings	24
Other initiatives	31
Revenues initiatives	3

Savings higher than expected (including PLN 7m savings on payroll and PLN 17m on actuarial provision)

Distribution (PLNm)

Net effect in H1 2012	16
Cost cutting initiatives	16
Organizational structure effectiveness	9
Redundancies and related provisions	-15
Payroll savings	24
Other initiatives	7

Cost of voluntary leave programmes lower than expected (lower average compensation)

Retail (PLNm)

Net effect in H1 2012	5
Cost cutting initiatives	6
Revenues initiatives	-1

Due to lower than expected value of average compensation and earlier recognition of savings effects of the EIP on 2012 financials will be less significant than previously announced.

Investment programme – key projects

Identified investment projects

Project	Capacity	Goals	CAPEX	Commissioning date	Status
Opole Units 5&6	2*900 MWe	<ul style="list-style-type: none"> Increased installed capacity Increased an average efficiency 	PLN 11.6bn	2017 (U 5) 2018 (U 6)	<ul style="list-style-type: none"> Contract with General Contractor concluded in Feb. 2012 In Q2 2012 the court dismissed an complaint of Alstom Consortium, which questioned the grounds for rejection of Alstom offer due to formal reasons
Turów Unit 11	460 MWe	<ul style="list-style-type: none"> Replacement of decommissioned capacity (3x 206MW in 2011-2013) Improved average efficiency Utilizations of existing lignite capacity 		2017	<ul style="list-style-type: none"> Tender in progress Final bids to be submitted in Q4 2012
Gorzów gas co-generation unit	135 MWe 95 MWt	<ul style="list-style-type: none"> Increased installed capacity Fleet diversification and change of fuel mix Reduction of average CO₂ emission rate 		2015-2018	<ul style="list-style-type: none"> Tender in progress Pre-qualification requests received in Q1 2012 Final bids to be submitted till the end of 2012
Bydgoszcz gas co-generation unit	240-430 MWe 170-240 MWt				<ul style="list-style-type: none"> Tender in progress Pre-qualification requests received in Q1 2012 Final bids to be submitted till the end of 2012
Pomorzany gas co-generation unit	240 MWe 150 MWt				<ul style="list-style-type: none"> Tender in progress Pre-qualification requests received in Q2 2012 Final bids to be submitted till the end of 2012
Puławy gas project (PGE share: 50%)	800 MWe 600 MWt				<ul style="list-style-type: none"> Tender expected to be announced in Q3 2012 Final bids to be submitted till the end of 2013 Initial agreement for heat supply from the Power Plant concluded
Bełchatów Retrofits (units 7&8 in 2012)		<ul style="list-style-type: none"> Increased power (by 20 MW /U7/ and 20MW /U8/) and efficiency Improved operation ratios (eg. Availability Ratio to exceed 90%) Lower emissions – compliance with IED 		2013	<ul style="list-style-type: none"> Retrofit of unit 7 started in January 2012, will be completed in Feb. 2013 Retrofit of unit 8 started in June in 2012, will be completed in July 2013
Windfarm Zuromin	60 MW	<ul style="list-style-type: none"> Fuel mix diversification Reduction of CO₂ intensity 		Q3 2012	<ul style="list-style-type: none"> Advanced construction phase Most turbines already mounted

THANK YOU

Investor Relations Contacts:

ir@gkpge.pl

Head of IR

Przemek Wasilewski

Tel: (+48 22) 340 19 46

Fax: (+48 22) 629 47 25

Mob: +48 723 189 235

IR Officer

Krzysztof Dragan

Tel: (+48 22) 340 15 13

Fax: (+48 22) 629 47 25

Mob: +48 601 334 290

IR Officer

Agata Milewska

Tel: (+48 22) 340 10 35

Fax: (+48 22) 629 47 25

Mob: +48 723 996 513

IR Officer

Jakub Frejlich

Tel: (+48 22) 340 10 32

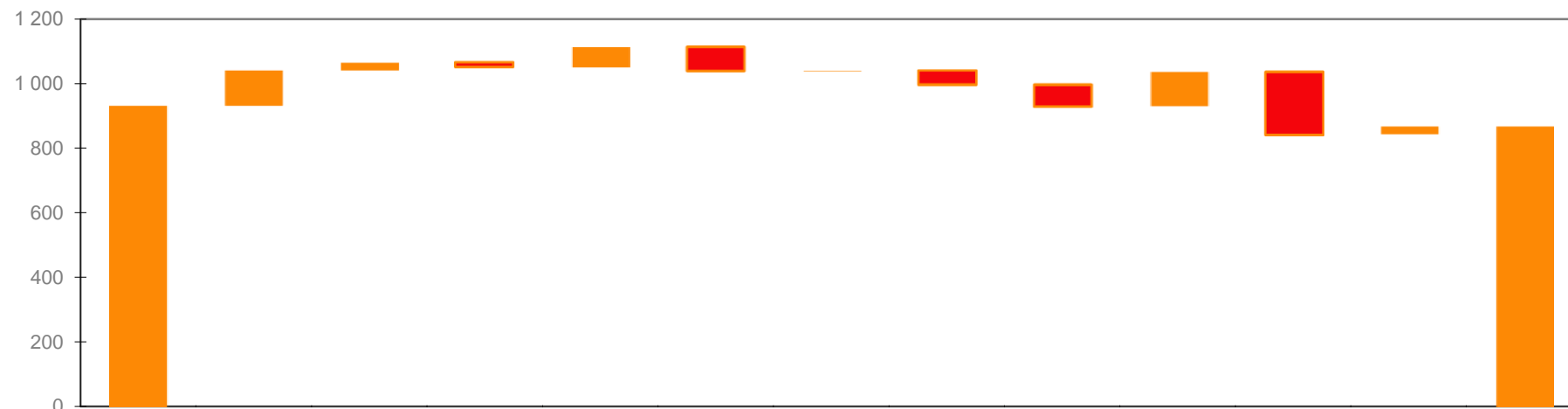
Fax: (+48 22) 629 47 25

Mob: +48 695 883 902

BACK-UP SLIDES

Conventional Generation – EBIT

Key Changes in EBIT [PLNm]



	Result Q2 2011	Sale of electricity – difference in volume	Sale of electricity – difference in price	Revenues from regul. serv. and bal. market	Revenues from cert. of origin	Other revenues	Electricity consumption	Cost of CO ₂	Cost of fuel	Cost of merchandise and materials sold	Other costs	Result on other oper. activities	Result Q2 2012
Change		109.1	24.0	-14.6	62.0	-74.2	2.3	-43.6	-66.6	105.3	-192.0	24.0	
Q2 2011	933.0			75.5	102.0	285.2	20.0	-29.9	612.4	228.1	1 432.3	14.5	
Q2 2012				60.9	164.0	210.9	17.7	13.7	678.9	122.8	1 624.3	38.5	868.7

Renewable Generation - EBIT

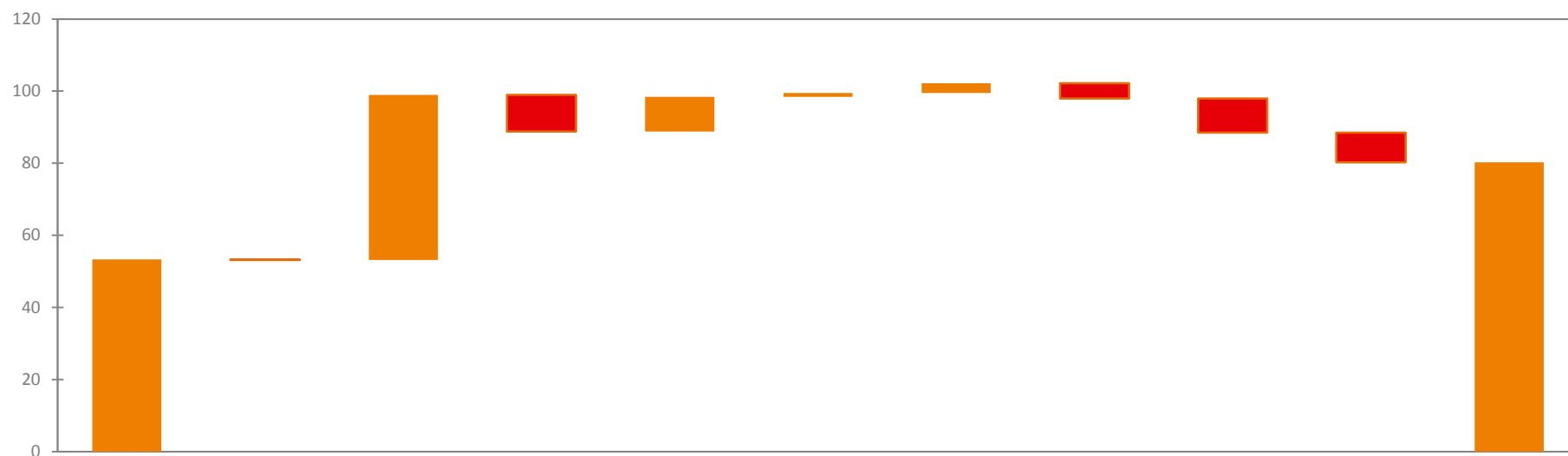
Key Changes in EBIT [PLNm]



Change	Result Q2 2011	Sale of electricity – difference in volume	Sale of electricity – difference in price	Revenues from regul. serv. and bal. market	Revenues from cert. of origin.	Other revenues	Energy consumption	Operating expenses	Result on other oper. activities	Result Q2 2012
		6.1	1.7	1.6	8.0	-4.3	2.3	2.2	6.1	
Q2 2011	14.2			77.5	27.3	7.9	34.3	78.2	-6.3	
Q2 2012				79.0	35.3	3.6	32.0	76.0	-0.2	37.9

Wholesale – EBIT

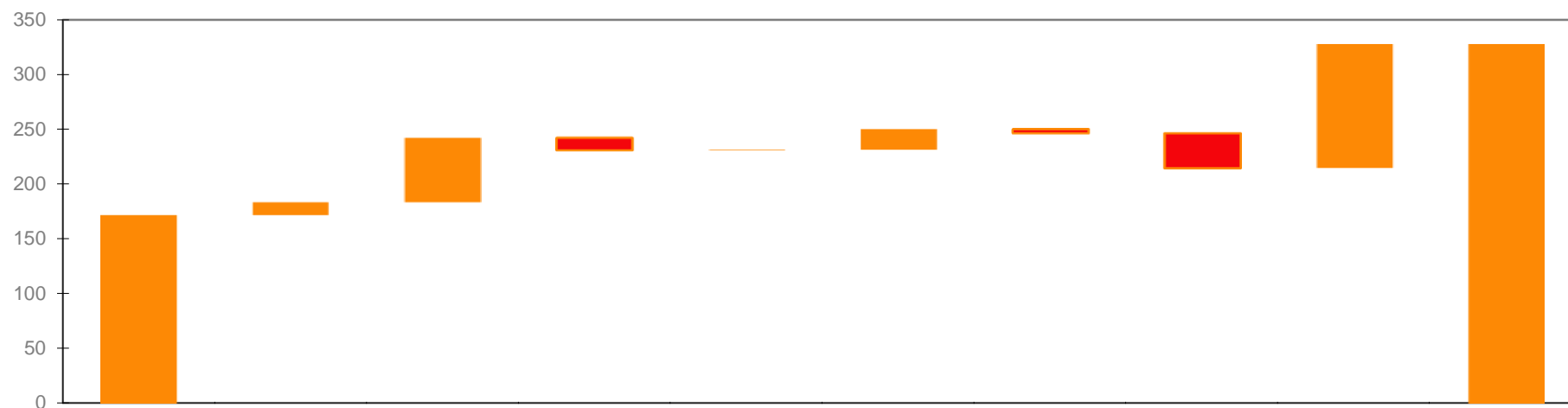
Key Changes in EBIT [PLNm]



	Result Q2 2011	Sale of electricity	Management service	Revenues from cert. of origin	Revenues from CO ₂ allowances	Other revenues	Cost of products and services	Selling expenses	General and administrative costs	Result on other oper. activities	Result Q2 2012
Change		-0.2	45.8	-10.1	9.6	1.1	2.7	-4.2	-9.4	-8.2	26.9
Q2 2011	53.4	25.5	57.9	15.0	-9.5	14.8	20.3	2.4	28.5	0.8	
Q2 2012		25.2	103.7	4.9	0.1	15.9	17.6	6.6	38.0	-7.4	80.3

Distribution – EBIT

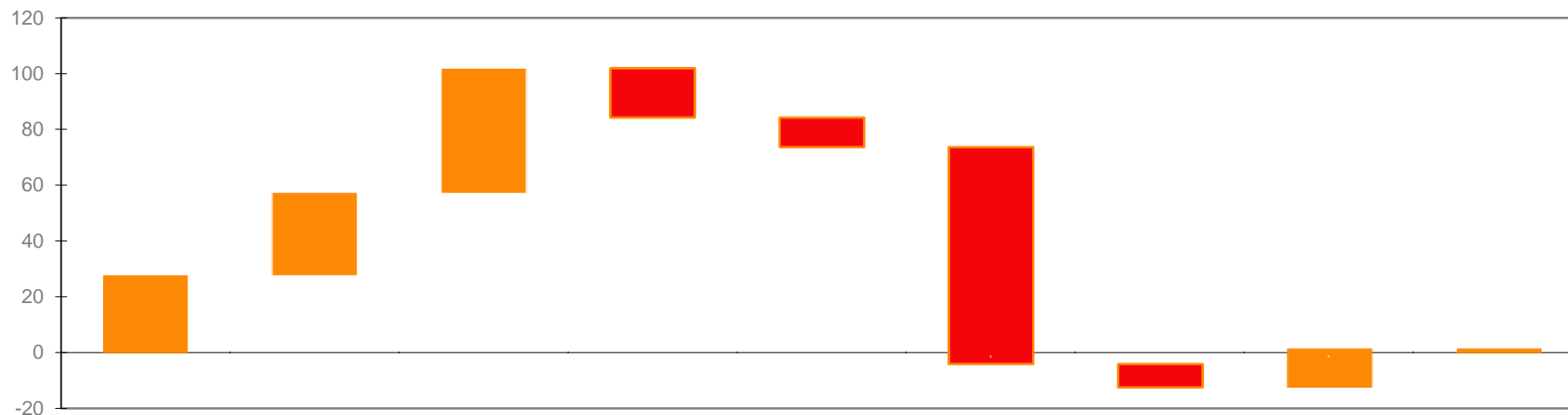
Key Changes in EBIT [PLNm]



	Result Q2 2011	Revenue from distrib. service – difference in volume	Revenue from distrib. service – difference in price	Other distribution related revenues	Other revenues	Energy consumption	Transmission services	Cost of merchandise and materials sold+ opex	Result on other oper. activities	Result Q2 2012
Change		11.5	59.0	-11.2	0.4	18.5	-3.6	-31.5	112.7	
Q2 2011	171.8			146.9	31.8	117.6	300.5	630.9	-40.1	
Q2 2012				135.7	32.2	99.1	304.1	662.3	72.6	327.7

Retail – EBIT

Key Changes in EBIT [PLNm]



	Result Q2 2011	Sale of electricity – difference in price	Sale of electricity – difference in volume	Other revenues	Costs of certificates of origin	Cost of merchandise and materials sold	Operating expenses	Result on other oper. activities	Result Q2 2012
Change		29.5	44.3	-17.6	-10.5	-77.6	-8.3	14.0	-26.2
Q2 2011	28.0			1 043.0	273.0	2 538.3	55.4	-26.1	
Q2 2012				1 025.4	283.6	2 615.9	63.7	-12.1	1.8

Detailed segmental revenues and costs

Conventional Generation

	H1 2012	H1 2011	H1'12 vs. H1'11	Q2 2012	Q2 2011	Q2'12 vs. Q2'11
Sales, including:	7,206.2	6,714.8	7%	3,287.6	3,181.3	3%
sale of electricity	6,202.1	5,659.0	10%	2,892.9	2,769.6	4%
LTC compensations	107.5	303.2	-65%	51.3	132.4	-61%
sale of heat	367.7	362.0	2%	113.5	107.5	6%
sale of certificates of origin	385.6	258.7	49%	164.0	102.0	61%
Cost by kind, including:	5,091.5	4,613.0	10.4%	2,436.4	2,185.9	11%
D&A	845.1	746.2	13.3%	422.7	374.9	13%
Materials	1,888.8	1,736.7	8.8%	851.1	833.4	2%
Energy	34.2	99.6	-65.7%	17.7	20.0	-12%
External services	531.9	478.7	11.1%	291.2	250.2	16%
Taxes and charges	432.3	398.2	8.6%	191.6	125.9	52%
Personnel expenses	1,261.0	1,088.8	15.8%	610.7	546.9	12%
Other cost	98.2	64.9	51.3%	51.4	34.8	48%
EBIT	2,227.4	2,019.0	10%	868.6	933.1	-7%
EBITDA	3,072.6	2,765.1	11%	1,291.4	1,307.9	-1%

Detailed segmental revenues and costs

Renewables

	H1 2012	H1 2011	H1'12 vs. H1'11	Q2 2012	Q2 2011	Q2'12 vs. Q2'11
Sales, including:	287.5	272.8	5%	146.1	133.1	10%
sale of electricity	108.9	105.3	3%	57.6	51.5	12%
sale of certificates of origin	67.2	55.9	20%	35.3	27.4	29%
Cost by kind, including:	211.7	215.9	-2.0%	109.2	109.5	0%
D&A	67.3	64.6	4.1%	34.6	32.0	8%
Materials	4.6	3.9	16.4%	2.0	1.8	8%
Energy	61.1	69.6	-12.3%	32.0	34.3	-7%
External services	20.9	24.0	-13.1%	11.8	12.8	-8%
Taxes and charges	19.4	17.0	14.1%	10.0	8.6	16%
Personnel expenses	33.4	32.7	2.1%	17.3	17.7	-2%
Other cost	5.1	4.1	25.7%	1.5	2.3	-33%
EBIT	78.9	42.0	88%	37.9	14.3	166%
EBITDA	146.2	106.6	37%	72.5	46.3	57%

Detailed segmental revenues and costs

Wholesale

	H1 2012	H1 2011	H1'12 vs. H1'11	Q2 2012	Q2 2011	Q2'12 vs. Q2'11
Sales, including:	5,138.5	5,073.5	1%	2,307.3	2,171.6	6%
sale of electricity	4,149.2	3,814.5	9%	1,943.5	1,817.9	7%
sale of certificates of origin	677.5	675.1	0%	170.0	224.0	-24%
Cost by kind, including:	120.4	115.5	4.3%	62.8	57.8	9%
D&A	9.9	12.1	-18.3%	5.0	5.9	-15%
Materials	0.7	0.5	21.9%	0.4	0.2	49%
Energy	1.0	0.9	11.0%	0.5	0.5	-1%
External services	31.0	22.2	39.9%	19.3	10.2	90%
Taxes and charges	4.6	7.8	-40.4%	2.1	5.7	-62%
Personnel expenses	34.2	35.8	-4.4%	17.6	20.3	-13%
Other cost	39.1	36.2	7.8%	18.1	15.0	20%
EBIT	153.6	108.4	42%	80.2	53.4	50%
EBITDA	163.5	120.5	36%	85.2	59.3	44%

Detailed segmental revenues and costs

Distribution

	H1 2012	H1 2011	H1'12 vs. H1'11	Q2 2012	Q2 2011	Q2'12 vs. Q2'11
Sales, including:	2,763.5	2,612.1	6%	1,320.6	1,260.9	5%
revenues from distribution services	2,583.4	2,431.8	6%	1,228.4	1,164.0	6%
other operating revenues	116.6	116.1	0%	60.1	65.1	-8%
Cost by kind, including:	2,251.4	2,171.0	4%	1,076.4	1,065.0	1%
D&A	464.8	449.5	3%	232.8	226.8	3%
Materials	46.9	53.3	-12.%	24.2	27.2	-11%
Energy	277.8	282.8	-2%	99.1	117.6	-16%
External services	747.4	734.2	2%	374.0	369.8	1%
Taxes and charges	152.6	142.7	7%	73.4	69.1	6%
Personnel expenses	548.7	495.0	11%	265.1	247.9	7%
Other cost	13.1	13.4	-2%	7.7	6.4	20%
EBIT	604.9	416.1	45%	327.7	171.9	91%
EBITDA	1,069.7	865.6	24%	560.6	398.7	41%

Detailed segmental revenues and costs

Retail

	H1 2012	H1 2011	H1'12 vs. H1'11	Q2 2012	Q2 2011	Q2'12 vs. Q2'11
Sales, including:	6,398.9	6,227.3	3%	2,977.0	2,920.8	2%
sale of electricity	4,222.7	4,023.4	5%	1,951.6	1,877.8	4%
revenues from distribution services	2,135.8	2,166.6	-1%	1,001.6	1,022.4	-2%
Cost by kind, including:	757.7	711.8	6.5%	347.2	328.7	6%
D&A	4.3	4.4	-1.0%	2.1	2.3	-6%
Materials	2.2	2.2	0.1%	1.1	1.1	0%
Energy	0.5	0.5	-11.4%	0.2	0.2	-26%
External services	46.8	52.0	-10.0%	22.9	24.9	-8%
Taxes and charges	626.0	594.3	5.3%	284.4	274.0	4%
Personnel expenses	66.0	54.8	20.5%	31.8	24.3	31%
Other cost	11.9	3.6	232.8%	4.8	1.9	156%
EBIT	58.3	85.7	-32%	1.8	28.0	-94%
EBITDA	62.6	90.1	-31%	3.9	30.2	-87%

Capital expenditures

CAPEX for Q2 and H1 (PLN m)

<i>Segment</i>	H1 2011	H1 2012	H1 2012 vs. H1 2011	Q2 2011	Q2 2012	Q1 2012 vs. Q1 2011
Conventional	1160.1	1026.4	-12%	704.7	634.8	-10%
▪ construction of 858MW unit in Bełchatów	203.3	17.3	-91%	85.6	4.3	-95%
▪ modernization of units 7-12 in Bełchatów	48.6	405.3	734%		248.2	
▪ construction of desulphurization installations on units 1 and 2 in Bełchatów	93.7	31.0	-67%		14.2	
▪ construction of desulphurization installations on units 5 and 6 in ZEDO	77.2	58.0	-25%	25.2	42.7	69%
Distribution	392.8	504.5	28%	256.8	313.8	22%
▪ new clients connection	193.6	235.9	22%	124.1	144.8	17%
▪ distribution grid	127.0	158.8	25%	85.3	100.0	17%
Renewables	68.8	23.4	-66%	34.5	16.2	-53%
▪ modernization and replacement	63.1	16.8	-73%	32.0	13.1	-59%
Retail, Wholesale, Others	51.7	59.3	15%	30.7	19.3	-37%
TOTAL	1673.4	1613.6	-4%	1026.7	984.1	-4%
TOTAL (incl. Adjustments*)	1610.7	1554	-4%	990.4	949.2	-4%

* Mostly interest

Debt Position – plenty of headroom in the balance sheet

	FY 2011	H1 2012
Gross Debt (PLNm)	2,039.1	1,632.0
Net Cash(PLNm)	4,128.5	6,183.3
Net Debt/LTM EBITDA	- 0.60 x	- 0.84 x
Net Debt/Equity	- 0.10 x	- 0.15 x

Financial Strength Confirmed by Rating Agencies

Fitch Ratings

BBB+ Stable (Issuer)

initially issued on Sep 2, 2009; recently affirmed on Aug 10, 2012

BBB+ (Senior Unsecured Debt)

initially issued on Sep 2, 2009;downgraded from A- on Aug 4, 2011 due to change in Fitch Ratings' methodology; recently affirmed on Aug 10, 2012

AA- (pol) – (long-term national rating) issued on Aug 10, 2012

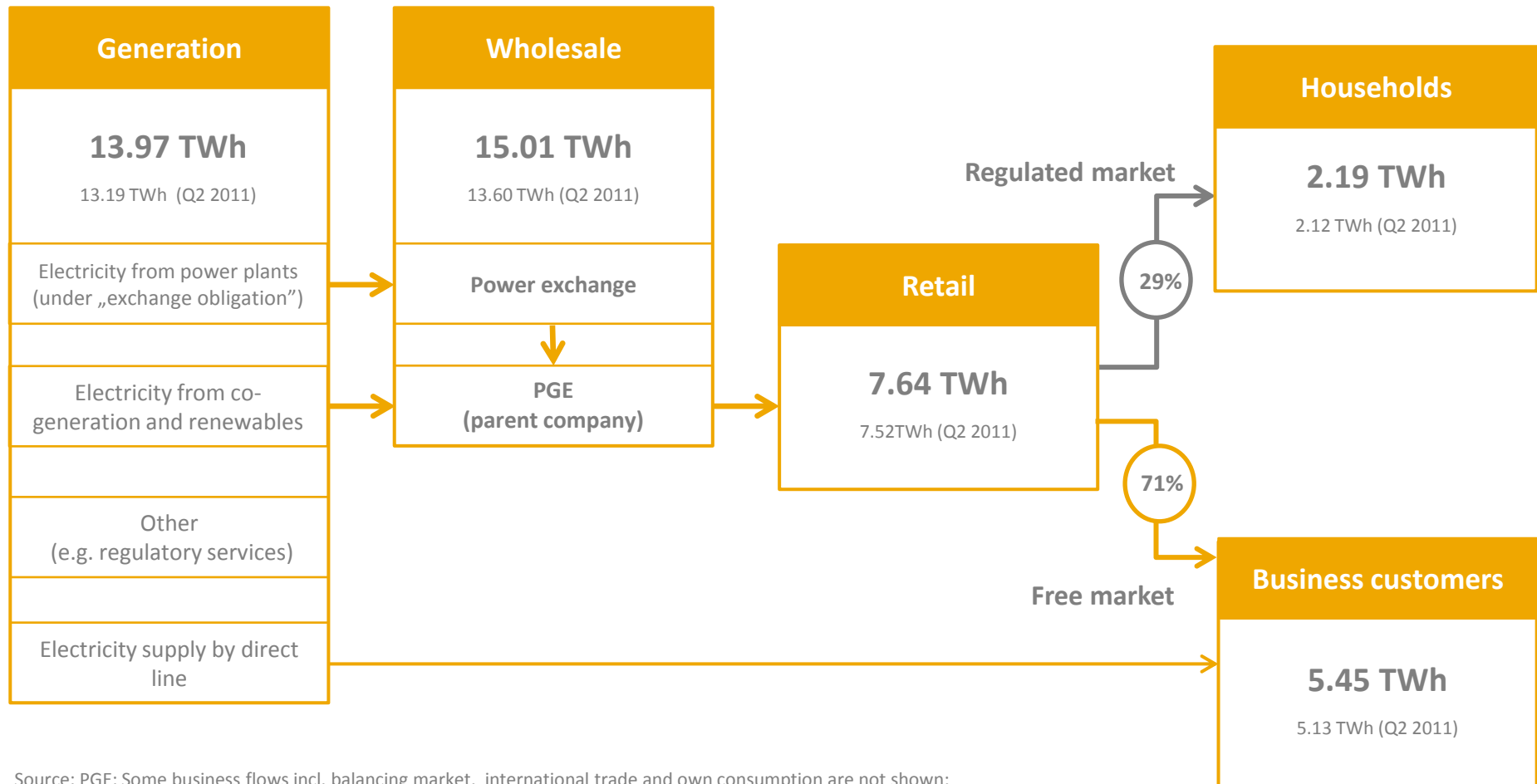
Moody's

A3 Stable

initially issued on Sep 2, 2009; affirmed on Dec 16, 2011

Q2 2012 Key business flows

Key business flows (illustrative only)



Source: PGE; Some business flows incl. balancing market, international trade and own consumption are not shown;
Volumes shown after intra-group eliminations

LTC compensations – an update

Generators from the PGE Capital Group are in disputes with the ERO President regarding stranded cost compensations in years 2008-2011.

Current status of 2008 cases

- In case of CHP Lublin-Wrotków the Court of Appeal issued a verdict unfavourable for PGE. After the verdict PGE Management Board reassessed LTC compensations accounting policy and decided to write-off the total value of outstanding disputed cases.
 - PLN 1,037m was included in FY2011 results in a line of other operating expenses.
 - PGE filed a cassation appeal in June 2012
- In 3 cases (CHP Rzeszow, CHP Gorzow and Turów PP) verdicts were favourable for PGE.
 - Decisions are final and binding, however ERO President filed cassation appeals in CHP Gorzów and CHP Rzeszów cases
 - PGE reversed the write off in value of PLN 130mIn in Q1 2012 in line of other operating revenues
- In 1 case (ZEDO) the Court of Appeal remitted the case for re-examination in the CCCP
- In 1 further case (Opole PP) PGE is awaiting a verdict from the Court of Appeal

Current status of 2009 cases

- CCCP issued verdicts in 2 cases (ZEDO and CHP Gorzow), both favourable for PGE.

Current status of 2010 cases

- PGE appealed against ERO decisions
- No case has been recognized by the CCCP yet

Current status of 2011 cases

- The President of ERO issued decisions concerning annual adjustments for 2011. According to these decisions PGE will return to Zarządca Rozliczeń S.A. PLN 537m, a part of advance payments received in 2011.
 - PGE appealed against ERO decisions
 - Return of the mentioned amount will not have significance for the reported revenues and profits of PGE. Settlement might impact a final adjustment of stranded costs which will be made in 2017
 - Dispute with 2011 LTC compensations refers to other issues than in 2008-2010 disputes

CO2 allowances in PGE books

Free EUA recognized at a fair value (BlueNext spot price from day of recognition) – note 14 of the H1 2012 consolidated FS

	EUA		CER/ERU		Total Value (m PLN)
	Quantity (m)	Value (m PLN)	Quantity (m)	Value (m PLN)	
As at Jan 1, 2012	56,405	3,038	8,238	329	3,367
Purchased	1.9	53	2.3	39	92
Allocated in NAP for 2012	57,042	1,738			1,738
Redeemed	54,185	2,642	4.9	177	2,819
As at June 30, 2012	61,162	2,188	5.6	191	2,379

Gross impact of PLN 79m recognized in conventional generation segment in costs by kind – note 10.2

Costs by kind (m PLN)	6M ended June 30, 2012
Depreciation/amortization	1,431
Materials and energy	2,102
External services	1,208
Taxes and charges	1,237
Personnel expenses	2,193
Other costs by kind	165

Free EUA are recognized in deferred income in the beginning of the reporting period and are settled pro rata in P&L – note 18

Other deferred income (m PLN)	As at June 30, 2012	As at December 31, 2011
CO2 allowances	869	-
Tangible assets received free of charge	124	130
Grants received and connection fees	767	800
Lease revenues	5	3
Other deferred income	61	74
Total deferred income	1828	1007

In H1 2012 PGE installations emitted 31.3m tonnes of CO2.

Provision for CO2 liabilities is created reflecting total emissions in a given period – note 17

Redeemable CO2 allowances	
As at Jan 1, 2012	3,100
Redeemed	2,819
Created in the reporting period	949
Valuation adjustment	-3
As at June 30, 2012	1,227

P&L situation (illustrative only)

m PLN	6M ended June 30, 2012
Compensation of costs in H1 2012 (revenues)	869
Costs	-949
Impact on P&L	-80

→ 2011 CO2 allowances redeemed in April 2012 ←

Calendar of events

Meet us at the roadshows and conferences in 2012

Date	Event	Location	Hosted by
August 30-31	Non-deal roadshow	Warsaw	DI BRE Banku
September 5-6	Non-deal roadshow	London	Goldman Sachs
September 10-11	Conference	Warsaw	Unicredit
September 13	European Utilities Summit	London	Morgan Stanley
September 19-21	Non-deal roadshow	Paris/Geneva/Zurich	UBS
October 2-3	CEE Conference	Stegersbach	Erste Group
October 2-3	Infrastructure and Utilities Conference	New York	Santander
November 26-27	Investor Conference	London	Goldman Sachs
November 28-30	CEE Conference	Prague	ING

Sell-side analysts covering PGE

Domestic analysts

Institution	Analyst
BRE Bank	Kamil Kliszczyński
BZ WBK	Paweł Puchalski
DM BOŚ	Michał Stalmach
Citigroup	Piotr Zielonka
Credit Suisse	Piotr Dzieciołowski
Deutsche Bank	Tomasz Krukowski
Espirito Santo	Maciej Hebda
IDM	Sylwia Jaśkiewicz
ING Securities	Milena Olszewska
IPOPEMA Securities	Arkadiusz Chojnacki/ Tomasz Duda
KBC Securities	Robert Maj
Millennium DM	Maciej Krefta
PKO BP	Stanisław Ozga
UniCredit CAIB	Flawiusz Pawluk

Foreign analysts

Institution	Analyst
Bank of America Merrill Lynch	Evgeny Olkhovich
Erste Group	Petr Bartek
Goldman Sachs	Fred Barasi
HSBC	Dmytro Konovalov
JP Morgan	Sarah Laitung
Morgan Stanley	Igor Kuzmin
Raiffeisen Centrobank	Teresa Schinwald
Renaissance Capital	Derek Weaving
Societe Generale	Alberto Ponti
UBS	Patrick Hummel

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THANK YOU

Investor Relations Contacts:

ir@gkpge.pl

Head of IR

Przemek Wasilewski

Tel: (+48 22) 340 19 46

Fax: (+48 22) 629 47 25

Mob: +48 723 189 235

IR Officer

Krzysztof Dragan

Tel: (+48 22) 340 15 13

Fax: (+48 22) 629 47 25

Mob: +48 601 334 290

IR Officer

Agata Milewska

Tel: (+48 22) 340 10 35

Fax: (+48 22) 629 47 25

Mob: +48 723 996 513

IR Officer

Jakub Frejlich

Tel: (+48 22) 340 10 32

Fax: (+48 22) 629 47 25

Mob: +48 695 883 902