Questions of the representative of the Association of Individual Investors asked during the Extraordinary General Meeting of PGE Polska Grupa Energetyczna S.A. on August 3, 2010 with the replies given by the Management Board.

1. The plan of merger lacks the explanation why the profitability method (for the acquiring company – PGE's editor. note) was applied within the merger plan, and in case of the acquired company- the adjusted net asset method? As far as I understand, it was arbitrarily chosen by the expert or the entity which prepared the valuation. However, there is no justification why such a methodology was chosen. I suppose that this valuation has been made with the use of all available methods, but the valuator chose this particular one for the merger plan. I would to hear, if you could explain, why these particular methods were chosen for the merger plan?

Management Board's reply (Mr Wojciech Topolnicki, Vice President of the Management Board): When it comes to the valuation methodology , I will give the floor to Mr. Piotr Łuba from PricewaterhouseCoopers - the company, which was responsible for this process. However, I would like to emphasize, that it was done with care and we conducted this process according to our best of knowledge. However, in order to explain the detailed technical reasons, I convey the voice.

Piotr Łuba (PricewaterhouseCoopers): Thank you very much, Piotr Łuba. These two companies (PGE GiE SA and PGE Energia SA), or that company you have spoken about, do not perform any economic activities, they only possess financial assets. Therefore the adjusted net asset method was applied. On the other hand, during valuation of the financial assets, which create the value of that company, we have obviously used also the profitable method. This is the only reason and it is very difficult to do this in any other way. In other words, each financial component of the company's financial assets was properly valued in accordance with the applied methodology. And there are no differences here.

2. A little bit more fundamental question: Could you clarify, especially to the shareholders, especially to the employees of the low-level companies, which were brought to PGE Górnictwo i Energetyka, for example , taking into consideration those two companies, which merger with PGE, a listed company, we will vote today, how it happened that until today these shareholders have owned almost 15% of votes as a result of Privatization Law, but after all these exchange and conversions and determining the exchange parity, they share falls dramatically, roughly by 50%. Does the management board of the company deliberates about that, or do we accept that as it is and there is no problem with that? Or maybe I just perceive wrongly the structure that will be created. I would be grateful, if you could comment on that.

Management Board's reply (Mr Wojciech Topolnicki): As far as the process of conversion of employee share is concerned, it is implemented in accordance with the provisions of the relevant law, i.e. the Conversion Act, and this is basically the answer to your question. In fact, we realize the law literally and we respect the law. This law was created with the participation of social factors, social partners, stakeholders, including our group, but also other companies. It was passed and approved by the Polish legislator, and we follow this law.

3. Since I have to decide during the voting as a shareholder, or as a shareholder's representative, whether I opt "for" or "against" the adoption of the merger resolution, I would like to know, whether this merger resolution causes perhaps some legal shortcomings, perhaps the legal defects of the law itself, or some faults that took place and take place at the stage of conversion of shares held by employees between the low-level companies and PGE Górnictwo i Energetyka. It seems to me that I know, what answer of the Mr President will be like - that it is only the execution of the provisions of the law. It is actually clear to me, but I understand it a little bit different in some areas. I mean exactly this aspect, when the employees of the low-level companies declare their shares to the exchange and as a result of the law they are required to present all of the shares held by them and it is alright, it is a literal application of the provision of the law. However, this surplus, which is not covered by the shares of PGE Górnictwo I Energetyka, which has been prepared for them, will not be refunded to them. As a result the number of shares will be reduced in some way. According to the law all the shares should be declared for exchange. Frankly speaking, it might be my oversight – please comment on that - but it seems to me that the law does not say that these shares are not allowed to be refunded, that their ownership is transferred. Therefore, there is the question whether you have any opinion on this issue? It is the first thing. If you have any opinion, what does it result from? And another thing: who really decides that these shares, which have no coverage in shares of PGE GiE will not be returned to employees and shareholders? Is it also under the law, or whether the management boards of companies decide about that? Thank you very much.

Management Board's reply (Mr Piotr Szymanek, Vice President of the Management Board): Well, I will just briefly go back to your previous question ... and literally, a clarification: certainly the conversion of shares under the law is the employee's right and not the obligation. So employees do not have the obligation to convert shares, and therefore if they want further to be shareholders of the low-level company, they maintain such a right. On the other hand their share is falling. If these shares are converted to liquid shares of PGE Polska Grupa Energetyczna S.A., their share will fall. You asked why they had 15% share and after the conversion they will not have. It is due to the fact they will have shares of PGE SA, which can be traded on the stock market – just for explanation, to make it clear.

I will answer shortly to your second question. Actually the problem of shares' reduction has been reported, especially by the social party. This problem concerns shares' reduction, which results from applied conversion's calculations. Workers must exchange 100% of the shares and they do not get parity for that, but as I said: it results from the act and implementing regulation issued pursuant to the act. Such a solution has been adopted by the legislator and without changing the law, or without the ruling of the bodies examining the validity of laws, PGE is simply unable to change anything. We need to apply this mechanism, reduction mechanism, which is included in the implementing regulation.

Can you provide a legal basis and the title of this regulation?

Management Board's reply (Mr Piotr Szymanek): In a moment we'll provide the legal basis and the title of this regulation.

4. Just as a comment, really at the end. Mr. President made a logical error answering my second question. You said that conversion is not mandatory, it is voluntary. Yes, but taking into consideration the reduction and the loss of this surplus, which has no cover, which is not directly formulated in the act and is not clearly resulting from the act - which in my opinion is very doubtful - the shareholder should be informed, that they will lose these shares. Therefore, he can make an entry, hoping that an adequate number of shares will be converted, and the surplus will be returned to him. If there are any ambiguities in the interpretation of the act, then such a position of minority shareholders is not absolutely incorrect, or wrong. The minority shareholders, as well as the main shareholder and you make some interpretation. If it is not explicitly formulated in the law, if you cannot show that it is written here and there is the result of that, then I think there is a problem, which should be considered, especially because it is more of a social dimension, because it affects many people. I may be the last person who needs to remind you, how many people received these shares.

Management Board's reply (Mr Piotr Szymanek): Ladies and gentlemen, unfortunately I can only repeat what I said before: PGE, like any other economic entity, has to follow the law. PGE cannot interpret the laws, especially because quite a substantial amount of money is involved, and any interpretation can simply be dangerous for the company, because we could have made a wrong calculation. This issue was consulted with the State Treasury, the lawyers have adopted such a position, but it seems that the law does not allow various interpretations. I would not like to carry legal disputes here with you, because as I suppose, this could extend this general meeting, but we have dealt quite a long time with this issue, because it is quite important. When it comes to our shareholders' money, it is the most important issue for us and we have clear legal advice, that such a version (...)

I'm providing here what you have asked about. This is The Regulation of the Minister of the State Treasury of February 19, 2008 on determination of the number of shares of the consolidating company subject to conversion and on conversion mode of shares or rights to shares of the consolidated company to consolidating company's shares, Dz. U. of March 11, 2008, and according to this regulation, we are obliged to apply such a form of conversion.

5. I totally agree with you Mr. President, absolutely. Except for one aspect. Regulation, which you called, determines the number of shares, and therefore defines parities. It does not mention anything about the fact that the excess shares without coverage will not be refunded. I do not know (just to comment on that), whether you have bothered and got to the origin of this act, how it came to the amendment act and the addition of the word "all"? In the original version of the act there was not the word "all" and the shareholder could decide on his own about the number of shares declared to exchange. He could count the surplus, leave it on his own account and there was no problem. I really encourage you to become familiar with the stenographic record of the parliamentary subcommittee meeting that dealt with the act for that resolution. The applicant, asked by the other members of the subcommittee, explicitly states that this amendment will not imply the property of the shareholders. It has been approved once and it was not considered anymore.

Management Board's reply (Mr Piotr Szymanek): Unfortunately we are not responsible for commas or no commas in the acts. There is, as you have confirmed, the word "all". That are actually the State Treasury's shares. We are talking about the State Treasury and making decision today, we are actually executing this, what is enclosed in the existing law.

In connection with what I've said and perfectly understanding that many ofconversion process issues are not dependent on the Management Board of the PGE S.A., I would like to lodge to the General Meeting for the announcement of 30-day break in order to allow the shareholders of PGE S.A. analyse these problems, which I've pointed out, and generally the consolidation process, in what way its eventual change for more proper or – I'll risk that statement – for legal, will affect the merger plan of PGE GiE and PGE S.A.

I would like to ask to record that the representative of the Association of Individual Investors voted "against", asked and requested to record that objection. And I would like to ask, that these two actions are recorded in the minutes.