



A justification for the draft resolutions of the Ordinary General Meeting of "PGE Polska Grupa Energetyczna Spółka Akcyjna" ("Company", "PGE") convened for 30 May 2012 concerning the election of Members of the Supervisory Board.

On 18 August 2011 the term of office of the current Supervisory Board came to its end. Pursuant to article 369 § 4 in connection with article 386 § 2 of the Commercial Companies Code the mandate of a member of the Supervisory Board shall expire at the latest at the date of holding the General Meeting approving the Company's financial statements for the last full financial year in which such member fulfilled his/her functions. Therefore, the mandates of the Members of the Supervisory Board of the 8th term of office shall expire at the date of holding the Ordinary General Meeting convened for 30 May 2012, which according to the agenda should consider and approve relevant financial statements. In view of the above, it is necessary to elect Members of the Supervisory Board for the 9th term of office. Pursuant to § 20 clause 7 of the Company Statutes, Members of the Supervisory Board shall be appointed for a joint three-year term of office.

In view of the above, the adoption of the said resolutions by the General Meeting should be considered justified.

A justification for the draft resolution of the Ordinary General Meeting convened for 30 May 2012 concerning the redemption of the Company's treasury shares, the reduction of the share capital and the changes in the Company Statutes.

I. A justification for the proposed changes in the Company Statutes related to the redemption of the Company's treasury shares, the reduction of the share capital and the implementation of relevant changes in § 7 of the Statutes:

In consequence of the Company's merger with PGE Górnictwo i Energetyka S.A. and PGE Energia S.A. effected on 31 August 2010, the shareholders of these companies, in return for shares in these companies, received shares in the Company whose numbers were calculated at the share exchange parity specified in the merger plan. In view of the fact that it was not possible to allocate fractions of shares, the numbers of shares allocated to the shareholders were rounded down, and the shareholders were paid cash compensations for such roundings. After the completion of the share allocation process 22,898 shares remained unsubscribed for. Pursuant to the Management Board's resolution no. 402/59/2010 of 2 September 2010, subsequently amended by the Management Board's resolution no. 558/80/2010 of 7 December 2010, these shares were acquired by PGE. The said shares comprise 12,594 series C treasury shares and 10,304 series D treasury shares with a par value of PLN 10.00 each. The said shares were acquired with a view to their redemption.

Pursuant to article 360 § 1 of the Commercial Companies Code, share redemption requires a decrease in the Company's share capital.

Pursuant to § 37 clause 1 items 3 and 7 of the Company Statutes, share redemption and decreases in the share capital require a resolution of the General Meeting.

In view of the above, the adoption of the said resolutions by the General Meeting should be considered justified.

II. A justification for the proposed changes in the Company Statutes in § 14 clauses 1 – 3 and § 18 clause 1,

The proposed changes in the Company Statutes concerning the new wording of § 14 clauses 1 – 3 and the deletion of § 18 clause 1 item 11 of the Company Statutes aim at improving the work of the Management Board and the Supervisory Board.

III. A justification for the proposed changes in the Company Statutes and the Regulations of the General Meeting resulting from item 10 of part IV of "The Good Practices of Companies Listed on the Warsaw Stock Exchange":

As a company listed on the regulated market of the Warsaw Stock Exchange (WSE), PGE is obliged to follow the principles of corporate governance specified in the document adopted by the Management Board of WSE entitled "The Good Practices of Companies Listed on the Warsaw Stock Exchange" ("Good Practices"). In connection with revisions to the Good Practices effected in 2011 on the basis of the WSE Management Board's resolutions no. 15/1282/2011 of 31 August 2011 and no. 20/1287/2011 of 19 October 2011, on 20 December 2011, on the basis of resolution no. 495/77/2011, the Company's Management Board accepted the Good Practices and declared that the Company would follow the selected principles of corporate governance included in the Good Practices.

One of such principles is providing shareholders, as of 1 January 2013, with a possibility of participating in general meetings using the electronic means of communication ensuring a real-time two-way communication, thus making it possible for shareholders to give their opinions during debates of a general meeting while remaining at a place other than the venue of a general meeting, and to exercise their voting rights during the course of a general meeting.

In order to start to follow the aforementioned principle, it is necessary to make changes in the Company Statutes and the Regulations of the General Meeting. Pursuant to article 406⁵ of the Commercial Companies Code, the Company Statutes may allow shareholders to participate in General Meetings using the electronic means of communication, which in particular include the following:

- 1) a real-time broadcast of the General Meeting,
- 2) a real-time two-way communication allowing shareholders to give their opinions during the course of the General Meeting while staying at a place other than the place of the General Meeting,
- 3) the exercise of the voting right in person or by proxy, before or during the course of the General Meeting.

It means that a Statute regulation is necessary for the Company's implementation of the possibility of shareholders' remote participation in General Meetings.

In view of the above, it is proposed that clauses 3 and 4 providing for the possibility of shareholders' participation in General Meetings using the electronic means of communication be added to § 31 of the Company Statutes.

Such changes in the Company Statutes should be accompanied by corresponding changes in the Regulations of the General Meeting adjusting their provisions to those of the Statutes.

In this respect we propose that the Regulations of the General Meeting determine the principle of the maintenance of a two-way communication between shareholders staying at places other than the room of the General Meeting and the Chairperson of the General Meeting, and through the Chairperson - between such shareholders and those staying in the room of the General Meeting, as well as the possibility of exercising shareholders' voting rights using the electronic means of communication.

We propose that all information concerning participation in the General Meeting be presented by the Management Board in the announcement of the convening of the General Meeting, which, pursuant to article 402¹ of the Commercial Companies Code, is published on the Company's website and in a relevant periodic report. Each such announcement should include in particular the following information:

1. technical requirements concerning a used connection, computer system and the exercise of voting rights using the electronic means of communication,
2. the principles of drawing up an attendance list in the event that the debates of the General Meeting are conducted using the electronic means of communication.

Furthermore, we propose that the Regulations provide for the possibility of appointing Secretary/ies of the General Meeting by both the person opening the General Meeting and the Chairperson of the General Meeting. The responsibilities of such Secretary/ies should include the provision of assistance to the person opening the General Meeting, and subsequently the Chairperson of the General Meeting, without any possibility of taking any substantive decisions during the course of the General Meeting. Assistance provided by such Secretary/ies is to be limited to the operation of the system maintaining communication with the shareholders who participate in the General Meeting using the electronic means of communication.

In view of the above, the General Meeting's adoption of the proposed changes should be considered justified.

IV. A justification for the proposed changes in the Company Statutes related to the adjustment of the provisions of the Statutes to article 63c clause 2 of the Accounting Act with respect to changing the wording of § 42 clause 2 of the Company Statutes.

Pursuant to article 63c clause 2 of the Accounting Act, the parent company draws up consolidated financial statements not later than within 3 months from the balance sheet date for which the parent company draws up annual financial statements. According to the current provision of § 42 clause 2 of the Statutes, the Management Board is obliged to draw up consolidated financial statements of the capital group together with a report on the activities of the capital group for the previous financial year within 6 months from the balance sheet date, which is not compliant with the provisions of article 63c clause 2. Therefore, it is necessary to adjust the aforementioned provision of the Statutes to the provisions of the Accounting Act.

In view of the above, the General Meeting's adoption of the proposed changes should be considered justified and necessary.