

The Report of the Supervisory Board of PGE Polska Grupa Energetyczna S.A. concerning the evaluation of "The financial statements consistent with IFRS of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2011", "A report of the Management Board on the activities of PGE Polska Grupa Energetyczna S.A. in the year 2011" and the Management Board's proposal concerning the distribution of net profit for the financial year 2011.

Acting pursuant to article 382§ 3 of the Commercial Companies Code, the Supervisory Board conducted an evaluation of "The financial statements consistent with IFRS of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2011", together with an opinion and report prepared by a certified auditor, drawn up by KPMG Audyt Sp. z o.o. and "A report of the Management Board on the activities of PGE Polska Grupa Energetyczna S.A. for the year 2011" and the Management Board's proposal concerning the distribution of net profit for the financial year 2011.

The Supervisory Board finds as follows:

I. With respect to "The financial statements consistent with IFRS of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2011":

1. The Supervisory Board became acquainted with and analysed "The financial statements consistent with IFRS of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2011" consisting of the following elements:
 - a statement of comprehensive income for the year ended 31 December 2011 showing a net profit of PLN 4,556,115,489.08 and a total income of PLN 4,556,419,562.43,
 - a financial position statement drawn up as at 31 December 2011 showing a total balance of assets and liabilities in the amount of PLN 33,032,058,173.24,
 - a statement of changes in equity for the year ended 31 December 2011 showing an increase in equity in the amount of PLN 3,340,639,335.58,
 - a statement of cash flows showing an increase in cash and cash equivalents during the course of the year ended 31 December 2011 in the amount of PLN 759,820,285.58,
 - a description of the accounting principles (policies) as well as additional information and notes.
2. An audit of the financial statements for the year 2011 was conducted by KPMG Audyt Sp. z o. o., with the registered office in Warsaw, entered in the register of entities entitled to audit financial statements under registration number 458, the said register kept in the custody of the National Chamber of Auditors in Poland.

3. The financial statements of Polska Grupa Energetyczna S.A. for the financial year 2011 have been drawn up in all material aspects:
 - pursuant to the accounting principles effective in the territory of the Republic of Poland as specified in the Accounting Act and related secondary legislation,
 - in compliance with the legal regulations and the provisions of the Company Statutes having influence on the content of the financial statements,
 - on the basis of on the properly maintained account books.
4. The financial statements present truly and fairly all information material for the evaluation of the Company's economic and financial position as at 31 December 2011 and its financial result for the financial year from 1 January to 31 December 2011.

II. With respect to "A report of the Management Board on the activities of PGE Polska Grupa Energetyczna S.A. for the year 2011":

1. "A report of the Management Board on the activities of PGE Polska Grupa Energetyczna S.A. for the year 2010" has been drawn up pursuant to the Accounting Act of 29 September 1994 and the Regulation of the Minister of Finance of 19 February 2009 on current and periodical information to be released by issuers of securities and the conditions for recognizing as equivalent information required under the laws of a country which is not a Member State.
2. The report is reliable and objective as well as consistent with the account books, supporting documents and factual circumstances.
3. 3. The Company properly executes its tasks related to its objects specified in § 3 of the Statutes of PGE Polska Grupa Energetyczna S.A.

III. With respect to the Management Board's proposal concerning the distribution of net profit for the financial year 2011:

The Supervisory Board became acquainted with the Management Board's proposal concerning the distribution of net profit for the financial year 2011.

The Management Board's proposal was prepared properly.

1. A dividend may be paid out on the basis of the financial result shown in the separate financial statements prepared for Statute purposes, i.e. in case of the Company, in accordance with the Accounting Act.
2. Pursuant to article 348 § 1 of the Commercial Companies Code (hereinafter "CCC"), the sums to be distributed among the shareholders may not exceed the profits for the previous financial year, increased by the undivided profits from the previous years and by the sums drawn from the supplementary and reserve capitals which may be allocated for dividends.

Pursuant to the requirements of the Commercial Companies Code (article 396, CCC) an entity which is a public limited company is obliged to establish a supplementary capital for the financing of possible losses. Each year this supplementary capital is increased with at least 8% of an entity's profit for a given financial year as shown in its separate financial statements until this capital has reached the amount of at least one third of such entity's share capital. The use of the supplementary and reserve capitals is determined by the General Meeting; however, the part of the supplementary capital equal to one third of the share capital may be used only to finance losses shown in an entity's separate financial statements and may not be distributed to other purposes.

As at 31 December 2010 the value of the share capital of PGE Polska Grupa Energetyczna S.A. was PLN 18,697,837,270.00. One third of the share capital equals to PLN 6,232,612,423.33, and the sum of the supplementary capital amounts to PLN 8,553,142,587.71.

Therefore for the Company, there is no obligation resulting from the Commercial Companies Code to create the supplementary capital from the profit for the financial year 2011.

To sum up, the Company's net profit for the year ended 31 December 2011 equalled PLN 4,556,115,489.08. The Management Board of PGE Polska Grupa Energetyczna S.A. proposed the distribution of the aforementioned amount as follows:

- dividend for Shareholders in the amount of PLN 1.32 per one share,
- supplementary capital in the amount constituting the balance of the aforementioned sum.

Taking into account the number of the Company's shares as at the day of the Management Board's adopting the resolution concerning a proposal for the profit distribution, exclusive of treasury shares, the amount of the proposed dividend will reach PLN 2,468,084,294.28 (which constitutes 50% of the consolidated net profit attributable to equity holders in the parent company), and the amount allocated for the supplementary capital will reach PLN 2,088,031,194.80.

3. As at 31 December 2011 there are no other limitations concerning the payment of dividend.

As a result, the Supervisory Board submits no reservations regarding the Management Board's proposal concerning the distribution of net profit for 2011.

Final conclusions

The Supervisory Board evaluates positively the following:

1. "The financial statements consistent with IFRS of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2011";
2. "A report of the Management Board on the activities of PGE Polska Grupa Energetyczna S.A. for the year 2011";
3. the Management Board's proposal concerning the distribution of net profit for the financial year 2011.

In connection with the above, the Supervisory Board recommends that the General Meeting approve "The financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2011", "A report of the Management Board on the activities of PGE Polska Grupa Energetyczna S.A. in the year 2011", and the Management Board's proposal concerning the distribution of net profit for the financial year 2011.

Chairperson of the Supervisory Board
PGE Polska Grupa Energetyczna S.A.

Marcin Zieliński

Vice Chairperson of the Supervisory Board

Mr Maciej Bałtowski

Members of the Supervisory Board:

Mr Jacek Barylski
.....

Ms Małgorzata Dec
.....

Mr Czesław Grzesiak
.....

Mr Grzegorz Krystek
.....

Ms Katarzyna Prus
.....

Mr Zbigniew Szmuniński
.....

Mr Krzysztof Żuk
.....