Polska Grupa Energetyczna

Q1-Q3 2011 Results

Not audited, Consolidated data, in accordance with IFRS

November 14, 2011

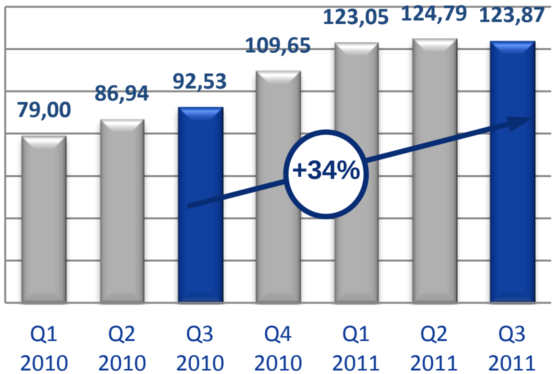
Q1-Q3 2011– key achievements

Key financials	▪ Revenues ex LTC grew by 38.6% y-o-y to PLN 20.4 bn due to higher volume and prices of electricity (+ 8.2%, +PLN 1.2bn) but mainly due to change in electricity trading model (+30.4%, +PLN 4.5bn). ▪ EBITDA ex-LTC increased by 12% y-o-y and reached PLN 5.35 bn ▪ Net profit (to equity) increased by 36.1% to PLN 3.06 bn, due to increase of profitability and as a result of consolidation and changes in group capital structure (minorities buy-out). ▪ EPS increased by 27.1% y-o-y to PLN 1.64 in Q1-Q3 2011
Key operating data	▪ Net generation volume up by 6.4% y-o-y (41.47 TWh in Q1-Q3 2011 vs. 38.98 TWh in Q1-Q3 2010), surpassing market growth by almost 1.2 percentage point ▪ Lignite generation higher by 5.9% with visible contribution of Bełchatów Unit 14 (0.7 TWh), Significant growth (8.9%) in hard coal plants, as their profitability increased after price growth. Lower base effect due to outages in 2010 was noticed as well. ▪ Renewable generation higher by 7% y-o-y, reached 1.08 TWh, driven by biomass co-combustion ▪ Reported distributed volume slightly higher y-o-y (22.98 TWh vs. 22.59 TWh) ▪ Sales to end customers higher as well, with pace well exceeding market growth (23.24 TWh in Q1-Q3 2011 vs. 22.05 TWh in Q1-Q3 2010) ▪ Average PGE wholesale price of electricity amounted to ca. 199 PLN in Q1-Q3 2011 compared to PLN 194 in Q1-Q3 2010
Consolidation and non-core disposals	▪ Polkomtel disposal closed. Proceeds of PLN 3.29 bn received on November 9, 2011. Significant net income (PLN 1.32bn in stand-alone and PLN 1.66bn in consolidated P&L) will be recognized in Q4. ▪ Exatel disposal proceedings launched on November 10, 2011. ▪ Further buy-out of minorities – on October 27, 2011 we purchased 8.25% of Opole Plant for ca. PLN 100m.
Investment programme	▪ Bełchatów 858MW lignite Unit 14 commissioned. Our installed capacity increased to 13.1GW. ▪ PGE formed a positive opinion on purposefulness of realization of the 2x900 MW project at the Opole power plant at the prices received in the tender process. We expect to select a contractor soon. ▪ Tender in Turów progressing, first tender for gas unit being prepared ▪ 108 MW windprojects already acquired with a commissioning date of Q2 2012. Requests for offshore windfarms licences submited.

Economic enviroment – key data

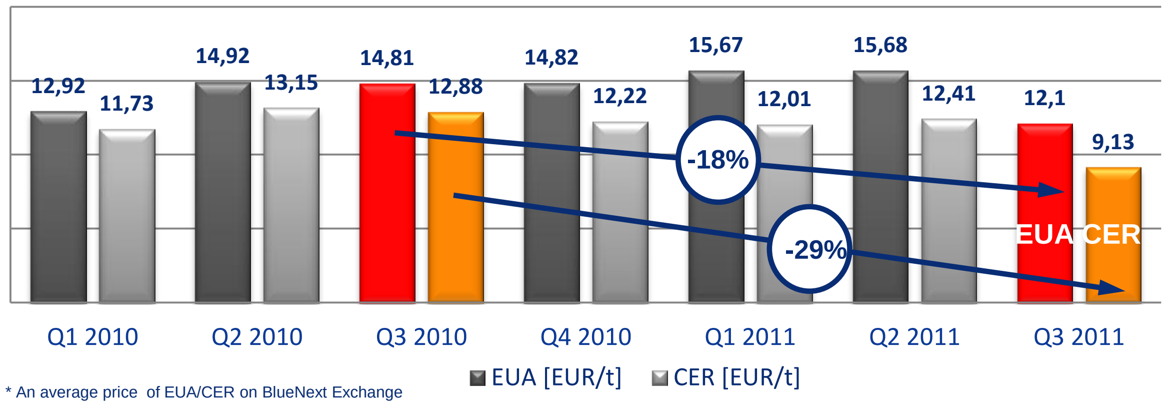
Prices of Selected Commodities in 2011 and 2010

Hard coal [USD/t]*



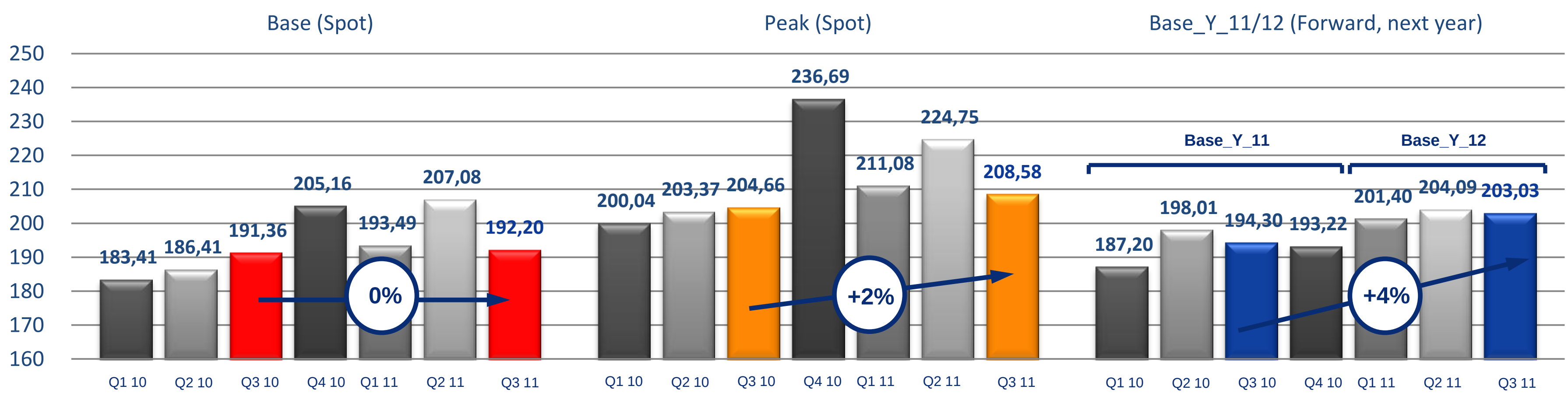
* An average price on global COAL DES ARA Index

CO_2 Allowance [EUR/t]*



* An average price of EUA/CER on BlueNext Exchange

Average quarterly TGE Electricity Prices in 2011 and 2010



Flat prices of electricity y-o-y meant actually expansion of the generators' margin due to significant drop in CO_2 prices

Key Operating Data

Poland	Q3 2010	Q3 2011	Q1-Q3 2010	Q1-Q3 2011
Real GDP growth y-o-y [%][1]	4.2	4.0	--	--
Industrial production growth y-o-y [%][2]	--	7.7	10.7	7.0
CPI y-o-y [%][3]	2.5	3.9	2.5	4.2
Domestic Electricity Consumption Growth [%][4]	4.6	2.2	4.6	2.4

PGE Group	Q3 2010	Q3 2011	Q1-Q3 2010	Q1-Q3 2011
Net Generation Volume [TWh]	12.77	14.21	38.98	41.47
Sales on the wholesale market [TWh]	5.72	14.10	17.03	41.57
Sales to end-users [TWh]	7.53	7.98	22.89	23.83
Sales to end-users excl. intra-group [TWh]	7.25	7.90	22.05	23.24
Electricity distribution volume [TWh]	7.46	7.61	22.59	22.98

1) Source: estimates by Bank Handlowy w Warszawie
2) Source: GUS, Central Statistical Office
3) Source: GUS, Central Statistical Office
4) Source: PSE Operator S.A.

Key Operating Data
Electricity generation by source [TWh]

	Q3 2010	Q3 2011	Q1-Q3 2010	Q1-Q3 2011
Lignite-fired power plants	8.76	10.16	26.66	28.23
Hard coal-fired power plants	3.17	3.22	9.29	10.12
Coal-fired CHPs	0.22	0.22	0.94	0.98
Gas-fired CHPs	0.34	0.37	1.20	1.44
Pump storage	0.13	0.10	0.38	0.29
Hydro	0.14	0.13	0.47	0.37
Wind	0.01	0.01	0.04	0.04
TOTAL	**12.77**	**14.21**	**38.98**	**41.47**
Renewable generation	0.37	0.40	1.01	1.08
incl. Biomass (co)generation	0.22	0.25	0.50	0.67

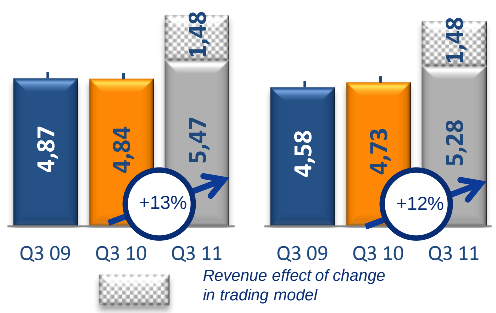
Higher electricity production in lignite- and hard coal-fired units results mainly from higher generation in Bełchatów (end of U5 and U6 renovations, introduction of Unit 14), higher generation in Turów and Dolna Odra due to low base effect (outages in 2010). Additionally favourable prices of electricity allowed for higher commercial utilization of Opole Power Plant in 2011 compared to the previous year.

Production of electricity from gas-fired CHPs is in Q1-Q3 2011 higher mainly due to the outage in Rzeszów CHP, which happened in January 2010 and stopped unit from operation till June 2010.

Electricity generation in hydro power plants in Q3 2011 remained flat compared to Q3 2010, however decreased in Q1-Q3 2011 vs. Q1-Q3 2010 due to worse hydrological conditions.

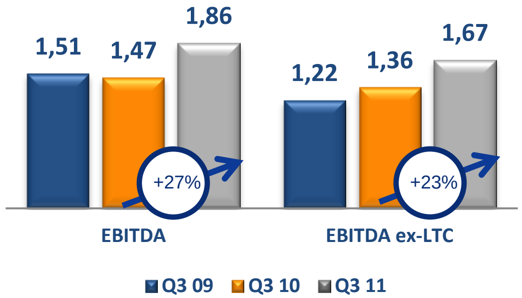
Q3 2011 Financial results – key drivers

Revenues [PLNbn] | Revenues ex-LTC [PLNbn]



- Revenues ex-LTC went up significantly by 42.7% y-o-y or PLN 2,024m.
- Growth of ex-LTC revenues includes
  - increase resulting from change in PGE trading model (ca. 31.3% or PLN 1,481m)
  - contribution from increased sales (ca. 11.5% or PLN 543m)
- Long Term Contracts compensations higher by PLN 81m y-o-y (PLN 191m vs PLN 110m)

EBITDA [PLNbn]



- EBITDA ex-LTC in Q3 2011 driven by better results of the electricity sale in the whole value chain (reported mostly in the Conventional Generation). Both margin increase and higher volume contributed.
- EBITDA ex-LTC margin adjusted for exchange trading effect reached 31.61% in Q3 2011 compared to 28.75% a year ago.

Net Profit to equity [PLNbn] and EPS [PLN]

- Net profit (to equity) and EPS increased by 12% and 7% y-o-y mainly after consolidation and changes in capital structure (buy-out of minorities).
- On the other hand, bottom line was influenced negatively by:
  - Higher provision for deferred tax due to taxation of LTC compensations exceeding quota attributable to the respective financial period.
  - Net result of financial operations lower by over PLN 173m y-o-y mostly due to FX differences.

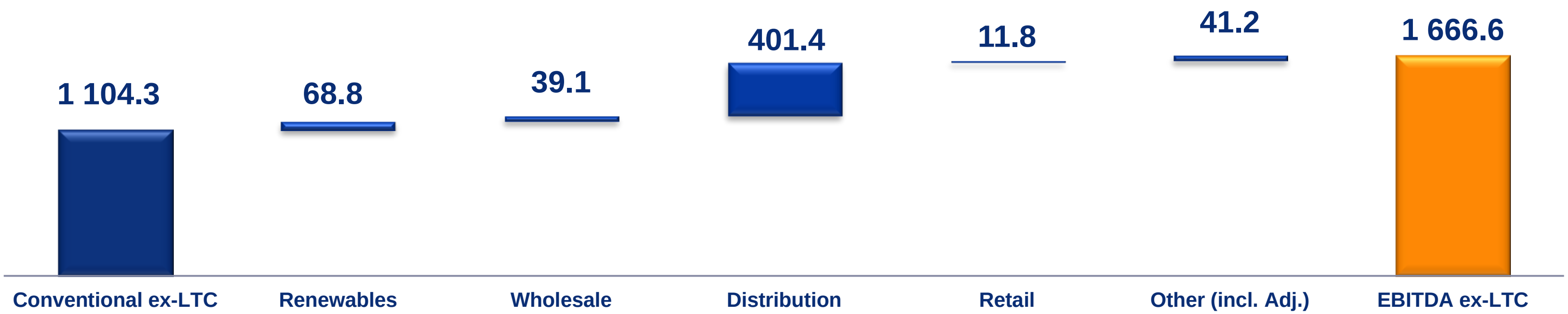
Key Financials

	Q3 2010	Q3 2011	Q3 2011	Q1-Q3 2010	Q1-Q3 2011	Q1-Q3 2011
	PLNm not audited	PLNm not audited	PLNm Ex change in trading model not audited	PLNm not audited	PLNm not audited	PLNm Ex change in trading model not audited
Sales	4 840	6 946	5 465	14 973	20 861	16 396
Sales Ex-LTC	4 730	6 754	5 273	14 693	20 366	15 901
EBITDA	1 466	1 858		5 060	5 847	
EBITDA Ex-LTC	1 356	1 667		4 780	5 352	
EBIT	793	1 208		3 074	3 872	
Net profit (to equity)	747	837		2 247	3 058	
EBITDA margin	30.29%	26.75%	34.00%	33.79%	28.03%	35.66%
EBITDA ex-LTC margin	28.67%	24.68%	31.61%	32.53%	26.28%	33.65%
Net cash from operating activities	1 586	1 606		5 006	4 556	
Net cash from investing activities	(1 068)	(874)		(2 875)	(3 041)	
CAPEX	1 315	1 090		3 173	2 701	

		As of Dec. 31, 2010	As of Sept. 30 2011	
Net Working Capital		738	3 231	
Net Debt/LTM EBITDA		0.01	0.02	

Q3 2011 EBITDA Ex-LTC Composition and Development

Q3 2011 in PLNm



	Conventional ex-LTC	Renewables	Wholesale	Distribution	Retail	Other (incl. Adj.)	EBITDA ex-LTC
y-o-y	+317.4	+ 13.9	- 24.7	+ 47.0	- 28.1	- 14.7	+ 310.8
change	+40.3%	+ 25.3%	- 38.7%	+ 13.3%	- 70.4%	- 26.3%	+ 22.9%

Increase mainly due to higher volume (especially in lignite-fired plants) and prices higher than a year before.

Q3 was first quarter in 2011 with good hydrological conditions, therefore result on energy sale is comparable y-o-y

Significant one-off impact of Alpiq claim provision (-PLN 48m in Q3 2011). On the other hand good result from CO_2 trading was supportive

Higher volume and higher tariff contributed to the increase. Revenues from new clients connections were higher as well.

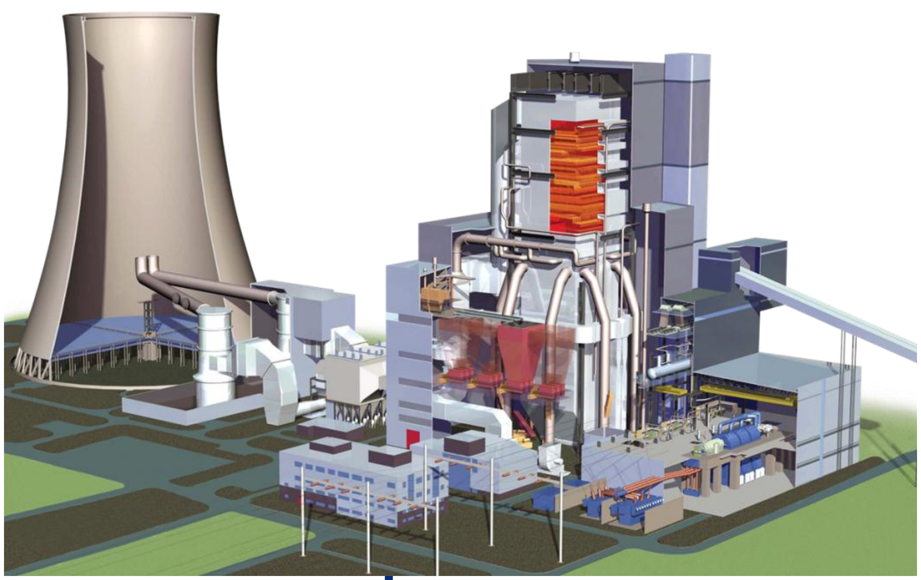
Decrease mainly due to the higher redemption cost of certificates of origin.

Investment programme – Bełchatów Unit 14 (Lignite 858MW)

Bełchatów Unit 14 commissioned on September 28, 2011

After commissioning achievable capacity of PGE Group increased to 13.1 GW

Bełchatów Plant (5,354 MW) is currently the largest thermal power plant in Europe and fourth largest in the world



Key data

- Capacity: 858 MW_e
- Net efficiency: 42%
- CO_2 emmissions: ca. 910 kg/MWh
- Lignite utilization: ca. 6m tons p.a.
- Gross power generation: 6.5 TWh p.a.
- CAPEX spent: ca. EUR 1.2bn
- Expected D&A: ca. PLN 150m p.a.

P&L recognition

- Since the beginning of the regulatory/trial run (July 1, 2011) both costs and revenues of Unit 14 have been recognized in P&L
- D&A was not recognized in Q3 2011. We have started to include it into P&L since October 2011.

Free CO_2 Allocations

- Unit 14 curently doesn't receive free CO_2 allocation
- We count on an amendment of NAP II allocation for 2012 or receiving free allocation from the national reserve for new installations
- According to the Polish application to the EC Unit 14 is to receive ca. 11m tons of free CO_2 emmission rights in NAP III (2013-2020).

Investment programme – Opole Units 5&6 (Hard coal 2x900 MW)

We have finished diligent analysis of the project economics

In our opinion there is a space in Polish power system to build profitable hard coal units without falling into overcapacity

Our long term assumptions	
Domestic electricity demand	In line with historical observations, depends on GDP pace
Electricity price trend	Long term growth of dozen basis points above CPI
Market margin above variable cost of generation	Highly dependant on the achievable system reserve margin
CO_2 price trend	Moderate growth
New capacities – cogeneration units	Significant, sufficient to replace decommissionings and cover increasing demand for heat
New capacities – condensation units	Limited, as most projects not valid economically

Key technical information

- Technology: supercritical pulverized coal boilers, CCS ready
- Net efficiency: ≥ 45.5%
- CO_2 emmission: ca. 745 kg/MWh
- Expected load factor: 80% (first 10 years)
- Net electricity generation: ca. 11.1 TWh p.a. (first 10 years)

Status

- Final bids received and under detailed review
- Quoted prices: PLN 9.3-9.4bn + VAT for 2x900MW
- Difference in price between bidders of ca. 1% of project value, therefore careful review is necessary
- Signing of the contract is expected in Q4 2011 or Q1 2012 (partially depends on public procurement procedures)
- Commissioning: Q4 2016 (U5) and 2017 (U6) – if contract signed in 2011

Why we believe in success of Opole project

Supportive external conditions

- Tight supply/demand situation allows for margins above marginal cost, therefore there is a space for construction of 2-3 coal condensation units without falling into the overcapacity

Brown-field formula

- In brown-field projects it is possible to utilize existing technical infrastructure, which provides for significantly lower capex. We currently don't believe in profitability of green-field projects in conventional condensation technology

First mover advantage

- We are able to commence construction and commission units before our competitors. We expect each next project in Poland to be more expensive per MW due to i.a. limited supply of engineering and construction services.

Operational synergies

- New units will be fully integrated with the existing infrastructure of the Opole Plant. This will preserve position of the Opole Plant as one of the cheapest electricity generators in Poland. Opole capacity will be increased from 1,532 MW to 3,332 MW while fixed costs will grow by no more than dozen per cent.

Opole Units 5&6 is in our opinion one of the most profitable projects in the conventional condensation generation.

Other investment projects

Wind farm Projects

Goals:

- 1,000 MW in on-shore wind power generation by the end of 2015 and 1,000 MW in off-shore by the end of 2020
- Diversification of Group's fuel mix

Status:

- **Żuromin on-shore Wind Farm (project acquired)**
  - Capacity of 60 MW, consisting of 30 turbines, 2 MW each
  - Located in Mazovia Province
  - Currently in the process of construction
  - Expected commissioning in Q2 2012
- **Pelplin on-shore Wind Farm (project acquired)**
  - Capacity of 48 MW , consisting of 24 turbines, 2 MW each
  - Located in Pomorskie Province
  - Currently in the process of construction
  - Expected commissioning in H1 2012
- **Off-shore wind projects**
  - Requests for licences to build and explore artificial islands on Baltic Sea submitted to Ministry of Environment in Oct. 2011

Gas (Co)Generation Projects under consideration

Goals:

- Fleet diversification and change of fuel mix
- Reduction of average CO_2 emission rate

Status:

- Projects in preparatory phase, works on feasibility studies
- First tender to start till the end of 2011
- Expected commissioning: Jan. 2016

Several gas units considered in different locations (ca. 100 - ca. 400MW per unit, depending on local conditions)

Bełchatów – Retrofits (lignite)

Goals:

- Increased power (by 10MW /U5/ and 24MW /U6/) and efficiency (by over 2%)
- Improved operation ratios (eg. Availability Ratio to exceed 90%)
- Lower emissions – compliance with IED

Status:

- Retrofit of Unit 5 started in Apr.10. Commercial production restarted in Mar. 11
- Retrofit in Unit 6 started in Aug.10. Commercial production restarted in Oct. 2011 (three months ahead of schedule)

Next steps:

- Retrofit o Unit 7 starts in Jan.12 and finishes in Jan.13
- Retrofit of Unit 8 starts in Jun.12 and finishes in Jul.13

Turów Unit 11 (lignite, 460 MW)

Goals:

- Replacement of decommissioned capacity (3x 206MW in 2011-2013)
- Improved average efficiency
- Utilisation of existing lignite capacity

Status:

- Tender under progress
- Initial bids to be submitted in Q4 2011
- Expected commissioning: 2016/2017

Other projects

Biomass Steam Boiler in Szczecin Plant (ZEDO)

- To be commissioned in Nov. 2011
- 183 MW_t- one of the largest biomass boilers in CE
- Utilisation of ca. 800,000 tons of biomass annually

Several modernization investments to comply with IED and allow production after 2015

Non-core assets disposals & minorities buy-out

Polkomtel

- On November 9, 2011 shareholders of Polkomtel (PGE, PKN Orlen, KGHM, Węglokoks and Vodafone) signed agreement with Spartan Capital Holdings Sp. z o.o. (SPV controlled by Mr. Zygmunt Solorz-Żak) for the final sale of 100% shares in Polkomtel
- For its 21.85% stake in Polkomtel PGE received cash proceeds of PLN 3,289,444,171.
- Book value of PGE's share in Polkomtel: PLN 1,656,469,286.13 (parent) and PLN 1,318,068,289.71 (consolidated)
- Difference between cash proceeds and book value of Polkomtel shares is taxed and recognized as a capital gain (below EBIT level).
- Tax will be paid for stand-alone profit. The same tax amount will be presented in consolidated accounts.
- Net income from the transaction amounts to: ca. PLN 1.323 bn (stand-alone) and PLN 1.661bn (consolidated)
- PGE intends to pay out profit from transaction as a part of a regular dividend and in line with the dividend policy (payout of 40-50% of net consolidated profit /to equity/)

Other disposals

➢ **TGE (Polish Power Exchange)**

- On November 8, 2011 shareholders of TGE signed conditional agreement with Warsaw Stock Exchange for the sale of 80.33% shares in TGE. Transaction is subject to approval by the antimonopoly authority.
- For its 21.01% stake in TGE, PGE Group will receive cash proceeds of ca. 46m PLN

➢ **Exatel**

- Process started in Q4 2011 and is planned to be completed in 2012

➢ **AWSA**

- Company is currently in a dispute with Ministry of Infrastructure. Before resolving this dispute, disposal of AWSA is not likely.

Minorities buy-out

➢ On October 27, 2011 PGE concluded an agreement (total value PLN 101.5m) with the State Treasury for the purchase of minority shares in following companies:

- PGE Elektrownia Opole S.A. – Opole Power Plant (82,479 shares constituting 8.25% of the share capital)
- PGE Górnictwo i Energetyka Konwencjonalna S.A. – Conventional Generation Company (44,087 shares constituting 0.0068% of the share capital)
- PGE Dystrybucja S.A. – Distribution Company (24,423 shares constituting 0.0025% of the share capital)
- PGE Obrót S.A. – Retail Company (96 shares constituting 0.0019% of the share capital)

➢ After the transaction PGE controls (directly or indirectly):

- Conventional Generation– 98.94%
- Opole Power Plant – 93.25%
- Renewable Generation– 100%
- Distribution – 99.96%
- Retail – 99.31%

Polska Grupa Energetyczna

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

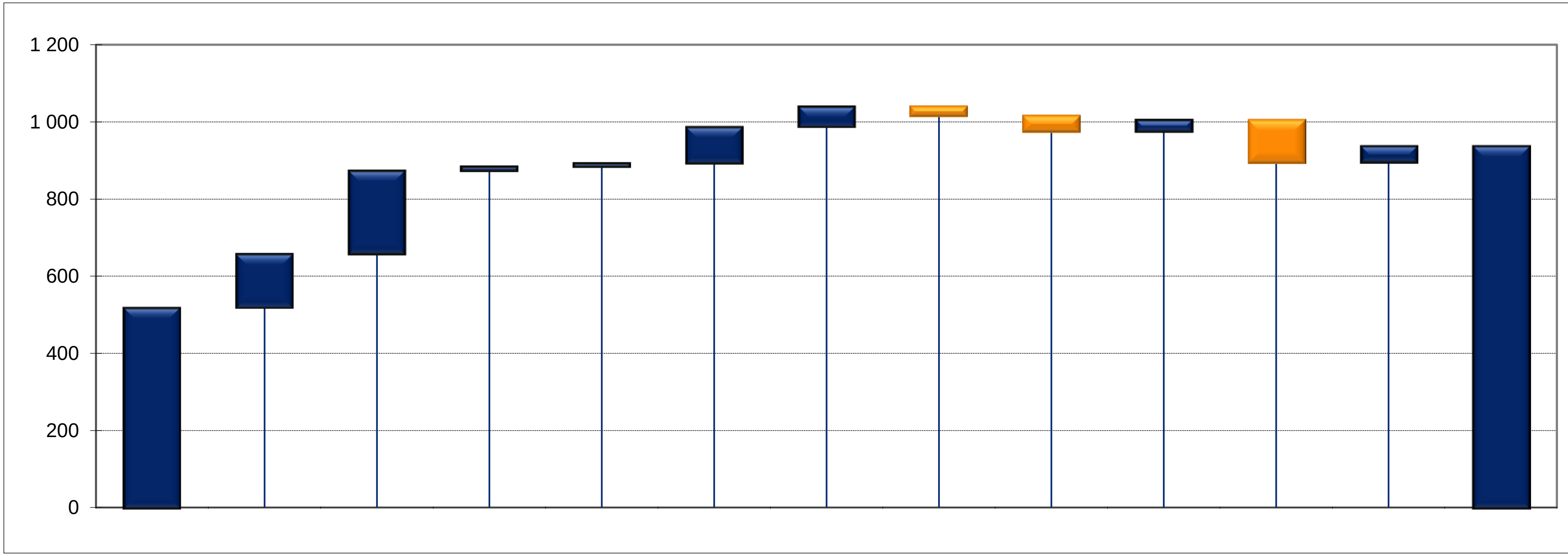
IR Officer
Krzysztof Dragan
Tel: (+48 22) 340 15 13
Fax: (+48 22) 629 47 25
Mob: +48 601 33 42 90

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

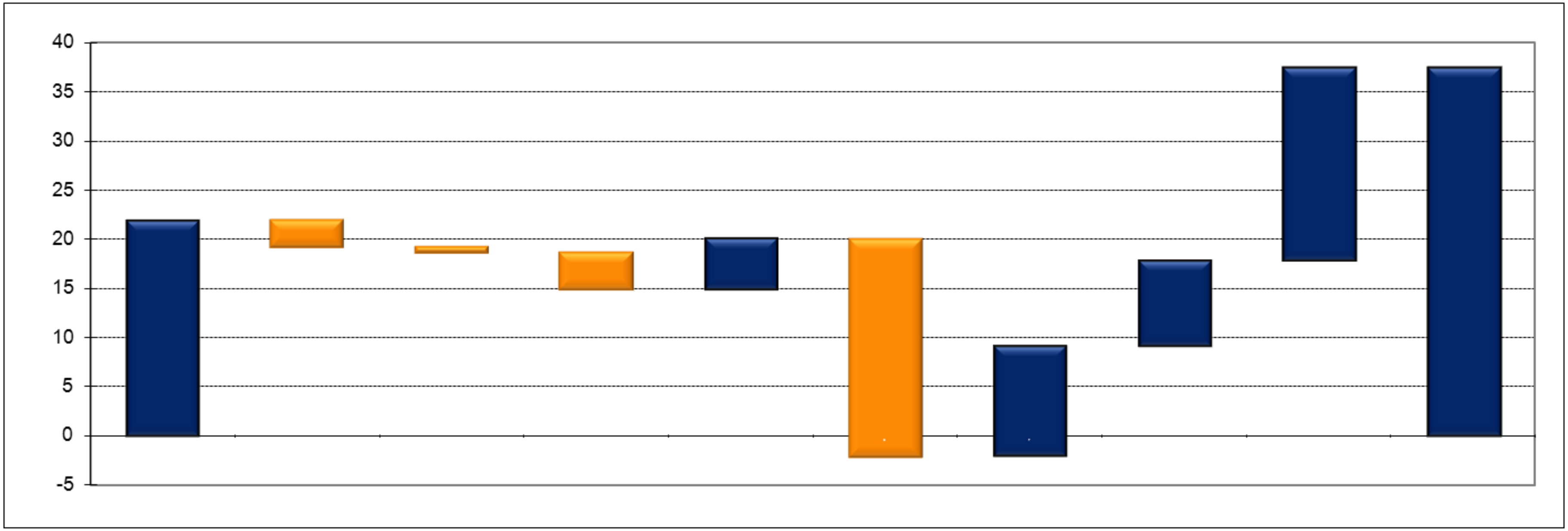
Back-up slides

Mining and Conventional Generation – Key Changes in EBIT [PLNm]



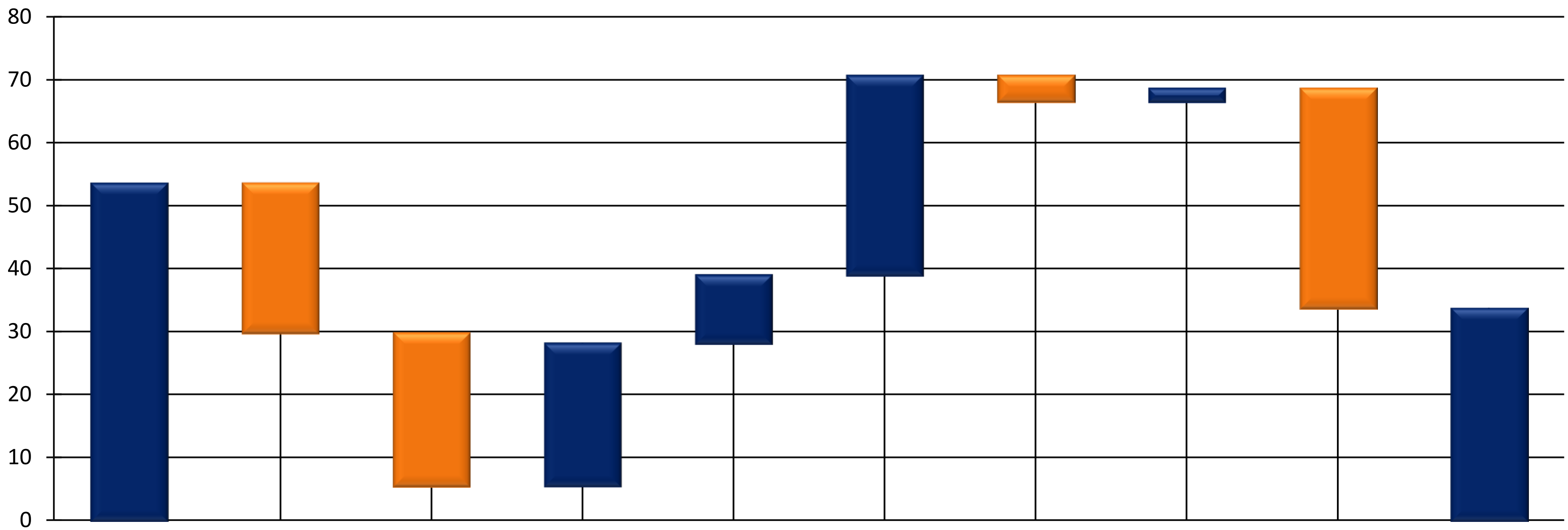
	Result Q3 2010	Sale of electricity – difference in volume	Sale of electricity – difference in price	Revenues from regul. serv. and bal. market	Revenues from cert. of origin	Other revenues	Electricity consumption	Cost of CO_2	Cost of fuel	Cost of merchandise and materials sold	Other costs	Result on other oper. activities	Result Q3 2011
Change		**138.8**	**216.6**	**10.3**	**8.0**	**94.7**	**52.7**	**-23.9**	**-40.6**	**29.8**	**-109.7**	**42.0**	
Q3 2010	**519.5**			85.4	91.5	243.9	72.1	62.3	551.5	231.0	1410.3	-43.4	
Q3 2011				95.7	99.5	338.6	19.4	86.2	592.1	201.1	1520.1	-1.5	**938.0**

Renewable Generation – Key Changes in EBIT [PLNm]



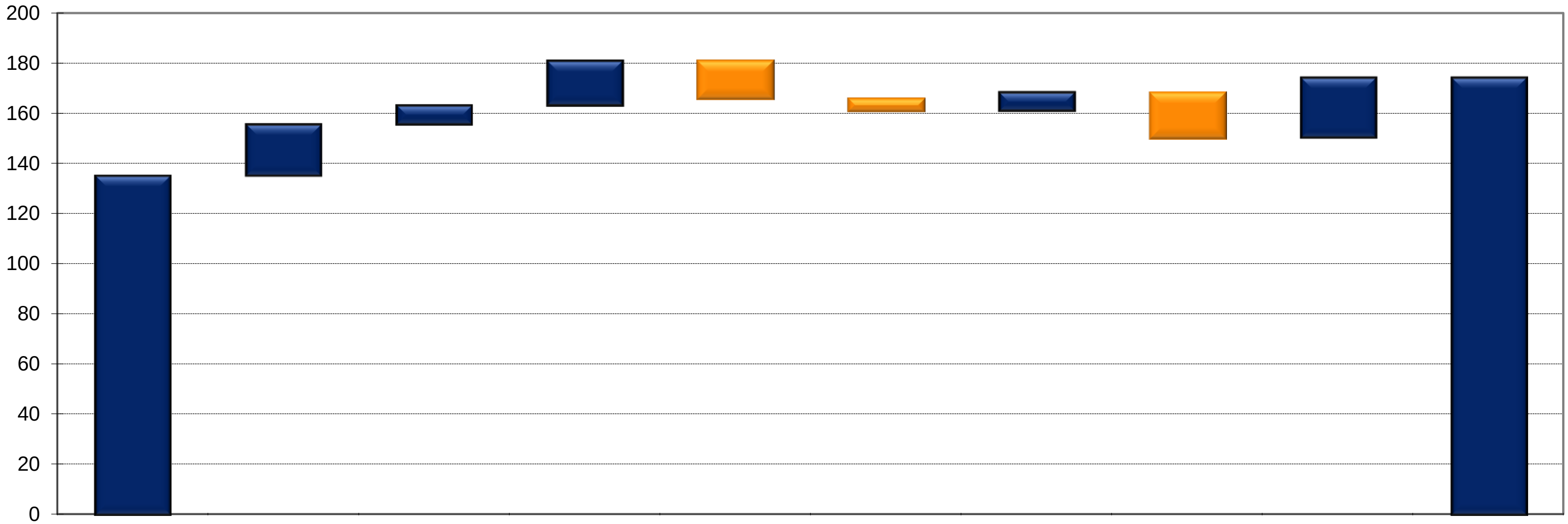
	Result Q3 2010	Sale of electricity – difference in volume	Sale of electricity – difference in price	Revenues from regul. serv. and bal. market	Revenues from cert. of origin.	Other revenues	Energy consumption	Operating expenses	Result on other oper. activities	Result Q3 2011
Change		**-2.7**	**-0.6**	**-3.8**	**5.1**	**-22.0**	**11.1**	**8.8**	**19.6**	
Q3 2010	**21.9**			54.6	24.5	59.8	45.5	81.0	-15.4	
Q3 2011				50.8	29.6	37.7	34.3	72.3	4.2	**37.4**

Wholesale – Key Changes in EBIT [PLNm]



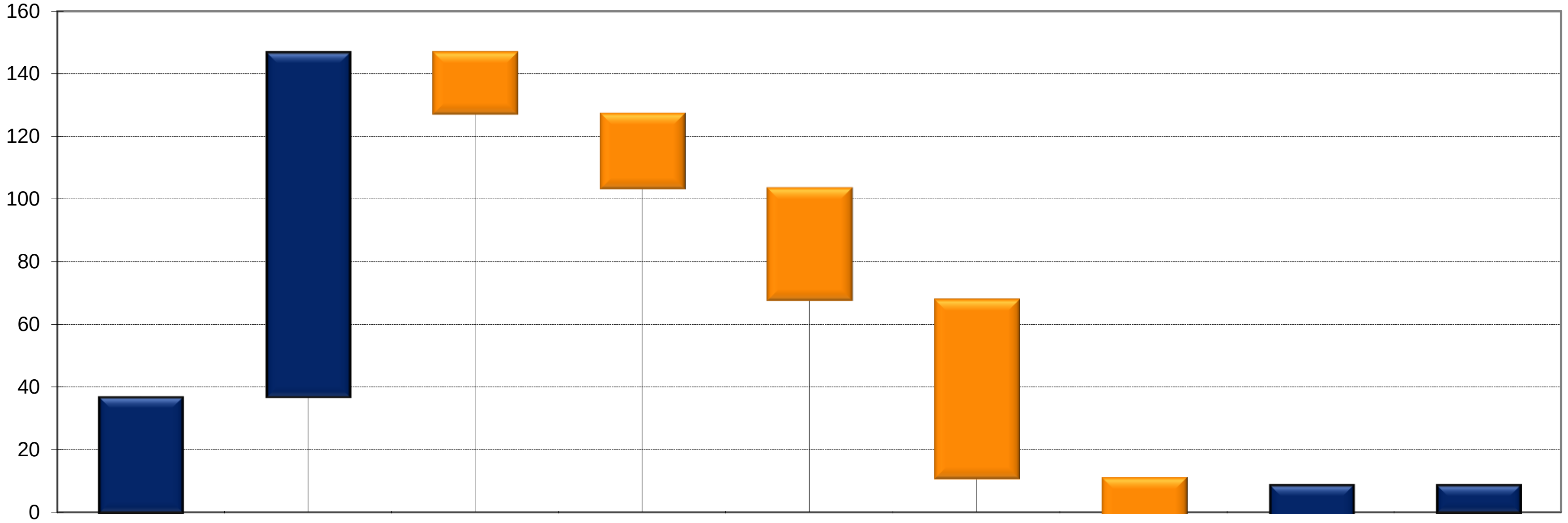
	Result Q3 2010	Sale of electricity – difference in volume	Sale of electricity – difference in margin	Revenues from cert. of origin and CO_2 allow.	Other revenues	Cost of products and services	Selling expenses	General and administrative costs	Result on other oper. activities	Result Q3 2011
Change		**-23.8**	**-24.3**	**22.7**	**10.9**	**31.6**	**-4.1**	**2.1**	**-34.9**	
Q3 2010	**53.5**				46.3	37.9	0.1	35.4	5.0	
Q3 2011					57.2	6.3	4.2	33.3	29.9	**33.7**

Distribution – Key Changes in EBIT [PLNm]



	Result Q3 2010	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 Q3 2011
Change		**20.5**	**7.6**	**17.7**	**-14.9**	**-4.9**	**7.4**	**-18.2**	**24.0**	
Q3 2010	**135.2**			127.4	45.7	106.7	309.8	672.2	-13.0	
Q3 2011				145.1	30.8	111.7	302.4	690.3	11.0	174.4

Retail – Key Changes in EBIT [PLNm]



	Result Q3 2010	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 Q3 2011
Change		**110.0**	**-19.6**	**-23.8**	**-35.6**	**-56.9**	**-24.8**	**22.5**	
Q3 2010	**36.9**			1 057.9	262.8	2 592.7	72.5	2.6	
Q3 2011				1 034.1	298.4	2 649.6	97.3	25.2	**8.8**

Changes in PGE trading model

Key changes in PGE trading model 2011 vs. 2010

Starting from 2011 changes in PGE trading model were implemented, which influenced presentation of some result lines:

- Wholesale manages sale of electricity from PGE conventional plants which is sold by Conventional Generation on power exchange. Electricity for needs of Retail (for end users) and Distribution (for network losses) is bought by Wholesale from power exchange and resold to Retail and Distribution. Previously electricity from Conventional Generation was bought directly by Wholesale.
- Certificates of origin produced in PGE Group are sold to Wholesale which manages PGE Group overall position in certificates and supply Retail with volume needed. Previously certificates were sold directly from Generation to Retail.
- Electricity to cover network losses in Distribution is bought from Wholesale. Previously it was bought by Distribution from Retail.

Item	Previously	Today	Effect on reported results
Electricity from conventional power plants (ex regulatory services and balancing market)	Sold to Wholesale	Sold on power exchange	- Margin moved from Wholesale to Conventional Generation (ca. PLN 185m in Q1-Q3 2011) - Sales management fee paid by Conventional Generation to Wholesale (ca. PLN 104 m in Q1-Q3 2011) - Additional margin realized by Wholesale on energy bought from exchange (PLN 56m)
Electricity for Retail needs (for sale to end users)	Bought by Wholesale from Generation and resold to Retail	Bought by Wholesale from power exchange and resold to Retail	- Consolidated revenues increased by ca. PLN 4.47 bn as these transactions are no longer eliminated in consolidation
Electricity for Distribution to cover network loses	Bought by Distribution from Retail	Bought by Distribution from Wholesale	- Revenues and costs in Retail lower by ca. PLN 382m
Certificates of origin produced in the Group	Sold by Conventional and Renewable Generation directly to Retail	Sold by Conventional and Renewable Generation to Wholesale which manages PGE Group overall position in certificates and supply Retail with volume needed.	- Not material

Detailed segmental revenues

	Mining&Conventional Generation		Renewables		Wholesale	
	Q1-Q3 2010	Q1-Q3 2011	Q1-Q3 2010	Q1-Q3 2011	Q1-Q3 2010	Q1-Q3 2011
Sales, including:	9 073	10 076	487	411	8 703	7 500
sale of electricity	7 828	8 575	212	160	7 894	5 769
auxiliary services	92	44	53	13	-	-
LTC compensations	280	495	-	-	-	-
sale of heat	465	446	-	-	-	-
sale of certificates of origin	291	362	73	84	365	817
EBIT	2 109	2 969	124	78	143	132
EBIT ex-LTC	1 829	2 474				
EBITDA	3 233	4 071	220	173	166	149
EBITDA ex-LTC	2 953	3 576				

	Distribution		Retail	
	Q1-Q3 2010	Q1-Q3 2011	Q1-Q3 2010	Q1-Q3 2011
Sales, including:	3 732	3 896	9 161	9 256
sale of electricity	-	-	5 882	6 018
revenues from distribution services	3 462	3 603	3 213	3 179
other distribution related revenues	136	95	41	30
EBIT	448	579	173	85
EBITDA	1100	1 256	180	92

Capital Expenditures – details for Q32011

Segments

Conventional – PLN 693.3m

- construction of 858MW unit in Bełchatów – PLN 87.8m
- modernization of units 5-12 in Bełchatów – PLN 202.7m
- construction of CCS installation in Bełchatów – PLN 26.4m
- construction of desulphurization installations on units 1 and 2 in Bełchatów – PLN 62.4m
- construction of desulphurization installations on units 5 and 6 in ZEDO – PLN 30.7m
- construction of steam boiler for biomass in Szczecin – PLN 65.9m

Distribution – PLN 322.2m

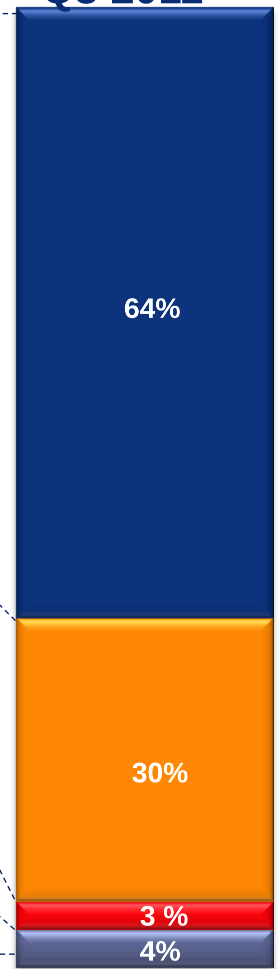
- new clients connection – PLN 143.7m
- distribution grid – PLN 93.9m

Renewables – PLN 31.7m

- modernization and replacement – PLN 26.3m

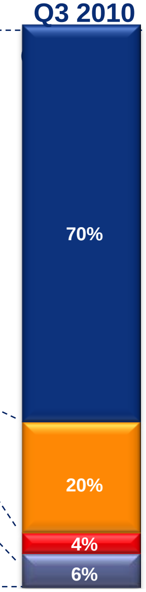
Retail, Wholesale and Others – PLN 42.7m

Q3 2011



Total CAPEX amounted in Q3 2011 to ca. PLN 1,090m

Q3 2010



Conventional – PLN 928.3m

Distribution – PLN 259.3m

Renewables – PLN 47.8m

Retail, Wholesale and Others – PLN 80m

Total CAPEX amounted in Q3 2010 to ca. PLN 1,315m

Debt Position

	End of 2010	End of H1 2011	End of Q3 2011
Gross Debt (PLNm)	2,730	1,099	2,372
Net Debt (PLNm)	64	-502	120
Net Debt/LTM EBITDA	0.01x	-0.07x	0.02x
Net Debt/Equity	0.002x	-0.01x	0.003x

Changes in net debt position

Net debt increase mainly as a result of dividend payment in September 2011, but still at level providing very low net debt/EBITDA ratio

Current position different – proceeds from Polkomtel received

New bond program established

On August 29, 2011 a new PLN 5 billion bond program agreement was signed by PGE and Pekao S.A. and ING Bank Śląski S.A.:

- Coupon and zero-coupon bearer bonds allowed under the program
- Maturity of coupon bonds from 1 up to 10 years
- PGE's cost based on market interest rates.

Financial Strength Confirmed by Rating Agencies

Moody's
(initially issued on Sep 2, 2009, confirmed on Nov 3, 2010)

A3 Stable

Fitch
(initially issued on Sep 2, 2009)

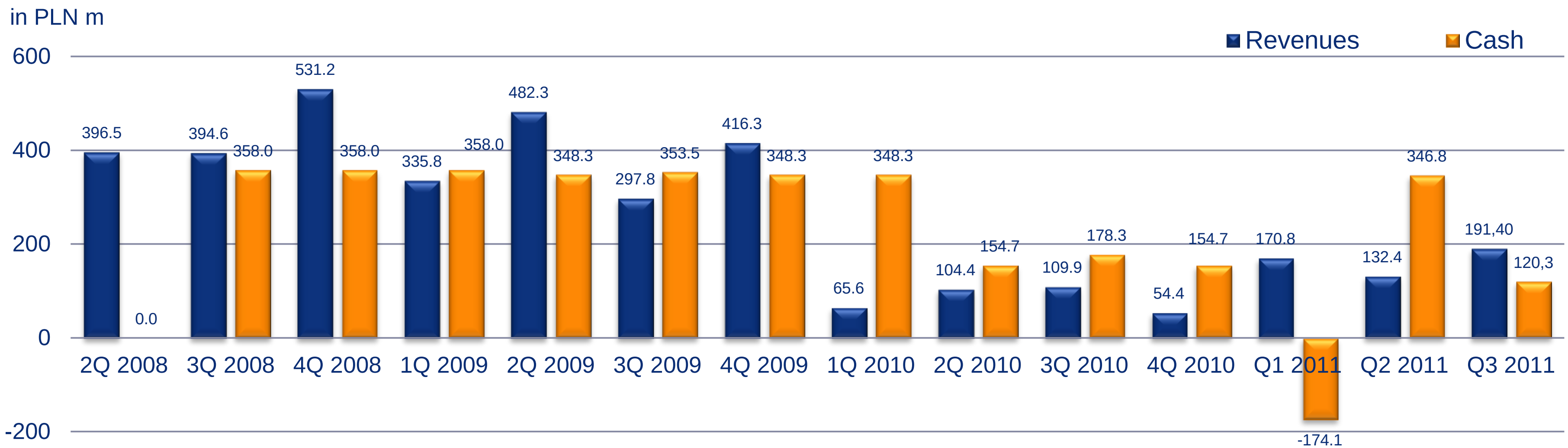
BBB+ Stable (Issuer) – recently affirmed on Aug 12, 2011

BBB+ (Senior Unsecured Debt) – downgraded from A- on August 4, 2011*

** Downgrade of the senior unsecured rating is a result of criteria tightening by Fitch Ratings. Altogether, 8 European utilities were affected by implementation of new, more restrictive approach to utilities assessment. In particular, new rule assumes that the issuer of instruments may obtain rating by 1 notch higher that its issuer rating, when around or more than 50% of its cash flows come from regulated activities.*

Impact of the Long Term Power Purchase Agreements (LTC) compensations

LTC cash inflows and revenues



LTC compensation in Q3 2011

- Revenues from LTC compensations amounted in Q3 2011 to PLN 191.4m compared to PLN 109.9m in Q3 2010.
- Compensation revenues are higher y-o-y due to change in way of calculating LTC compensations for Turów and Opole plants (switch from forecasted results to liquidity method.
- In cash terms in Q3 2011 PGE accounted for net cash inflow of PLN 120.3 m due to advance payment for 2011 compensation (349.8m) and annual adjustment (226.5m)

Update on disputes with regulatory body

- Appeals concerning 2008 settled fully in favour of PGE Capital Group. Verdicts are not yet valid, ERO President appealed against decisions.
- Appeals concerning 2009 compensation in the Court of Competition and Consumer Protection and has not been settled yet.
- ERO President informed about similar decision re 2010 compensations in July 2011 and requested PGE to return PLN 317m. PGE doesn't agree with ERO President's decision and argumentation and filed appeals.

Q1 - Q3 2011 Key business flows

ILLUSTRATIVE ONLY

Generation

41.47 TWh

38.98 TWh
(Q1-Q3 2010)

Electricity from power plants (under „exchange obligation")

Electricity from co-generation and renewables

Electricity supply by direct line

Other
(e.g. regulatory services)

Wholesale

41.57 TWh

17.03 TWh
(Q1-Q3 2010)

Power exchange

PGE
(parent company)

Retail

23.24 TWh

22.05 TWh
(Q1-Q3 2010)

Regulated market

29%

71%

Free market

Households

6.75 TWh

6.76 TWh
(Q1-Q3 2010)

Business customers

16.49 TWh

15.29 TWh
(Q1-Q3 2010)

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

Calendar of events

Meet us at the roadshows and conferences

Event	Date	Location	Hosted by
Non-deal Roadshow	November 17-18, 2011	London	Wood&Co
Non-deal Roadshow	November 21, 2011	Amsterdam, Brussels	Credit Suisse
Conference	November 28, 2011	London	Goldman Sachs
Conference	November 30 - December 1, 2011	Warsaw	ING Securities
Non-deal Roadshow	December 5, 2011	Paris	Credit Suisse

Sell-side analysts covering PGE

Domestic analysts

Institution	Analyst
BRE Bank	Kamil Kliszcz
BZ WBK	Paweł Puchalski
DM BOŚ	Michał Stalmach
Citigroup	Piotr Zielonka
Credit Suisse	Piotr Dzięciołowski
Deutsche Bank	Tomasz Krukowski
Espirito Santo	Maciej Hebda
Erste Group	Piotr Łopaciuk
IDM	Sylwia Jaśkiewicz
ING Securities	Milena Olszewska
IPOPEMA Securities	Arkadiusz Chojnacki/Tomasz Duda
Millennium DM	Franciszek Wojtal
PKO BP	Stanisław Ozga
Unicredit CAIB	Flawiusz Pawluk

Foreign analysts

Institution	Analyst
Bank of America Merill Lynch	Evgeny Olkhovich
Goldman Sachs	Fred Barasi
JP Morgan	Nathalie Casali
Morgan Stanley	Igor Kuzmin
Raiffeisen Centrobank	Teresa Schinwald
Renaissance Capital	Derek Weaving
Societe Generale	Alberto Ponti

Polska Grupa Energetyczna

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 33 42 90

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

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