



Warsaw, 3 June 2015

Ministry of Treasury Republic of
Poland

Zdzisław Gawlik
Secretary of State

DSK.5220.37.2015

Mr
Marek Woszczyk
President of the Management Board
of PGE Polska Grupa Energetyczna
S.A.

Dear Sir,

Acting as a representative of the shareholder, the State Treasury, pursuant to Article 2 of the Act of 8 August 1996 on Principles of Implementation of Treasury Powers (Journal of Laws, No. 106, item 493, as amended), as a person authorised pursuant to Article 401 § 1 of the Commercial Companies Code, I request that the following points be included in the agenda of the Ordinary General Meeting of PGE Polska Grupa Energetyczna S.A. with its registered office in Warsaw convened for 24 June 2015:

1. Adoption of a resolution on the changes in the Company Statutes.
2. Adoption of a resolution authorising the Supervisory Board of the Company to determine the consolidated text of the Company Statutes including the changes in the Statutes adopted by the Ordinary General Meeting on 24 June 2015.

Pursuant to Article 402 § 2 of the Commercial Companies Code, the following are the proposed changes in the Statutes of PGE Polska Grupa Energetyczna SA:

1. In § 3 clause 3 item 1 of the Company Statutes, the existing text, i.e.:

“1) such activity shall be conducted in compliance with the provisions of the Energy Law of 10 April 1997 (consolidated text: Journal of Laws of 2006, No. 89, item 625, as amended),

concerning, among other things, the status of distribution system operators, with respect to their legal and organisation forms as well as decision making processes, as entities independent of any other activities not related to electricity distribution,”

is replaced by the following:

“1) such activity shall be conducted in compliance with the provisions of the Energy Law of 10 April 1997 (Journal of Laws of 2012, item 1059, as amended), concerning, among other things, the status of distribution system operators, with respect to their legal and organisation forms as well as decision making processes, as entities independent of any other activities not related to electricity distribution,”

Justification:

An editorial and legislative change aimed at updating the publication reference of the Energy Law in connection with the publication of the consolidated text of this Act.

2. In § 13 of the Company Statutes, the existing text, i.e.:

“1. Cooperation of two members of the Management Board or one member of the Management Board and a commercial proxy shall be required to make declarations of will on behalf of the Company.

2. The procedures of the Management Board shall be set out in detail in the Regulations of the Management Board.”

is replaced by the following:

“1. Cooperation of two members of the Management Board or one member of the Management Board and a commercial proxy shall be required to make declarations of will on behalf of the Company.

2. In the event that the Management Board shall consist of one member, the only member of the Management Board shall be authorised to make statements on behalf of the Company.

3. The procedures of the Management Board and the internal division of competences between individual members of the Management Board in relation to the management of the Company's affairs shall be set out in the Regulations of the Management Board.”

Justification:

Formal change regulating the matter of Company representation if the Management Board consists of one member and emphasising the responsibility of the members of the Management Board for areas of management. Adding a new clause 2 is associated with the change of § 15 clause 1, as a consequence of the proposal relating to the number of members of the PGE's Management Board.

3. In § 14 of the Company Statutes, the existing text, i.e.:

“1. The work of the Management Board shall be managed by the President of the Management Board. The President's special rights in this respect shall be specified in the Regulations of the Management Board.

2. All matters outside the scope of the Company's ordinary acts shall require a resolution of the Management Board. If an equal number of votes is cast for and against a resolution, the vote cast by the President of the Management Board shall prevail.

3. Irrespective of the matters mentioned in clause 2 above, a resolution of the Management Board shall be required in case of every matter submitted by the Management Board to the Supervisory Board for consideration, including matters unreserved for its competence.

4. The Management Board may adopt resolutions in writing or using means of direct remote communication.

5. A detailed procedure for the Management Board's adoption of resolutions shall be specified in the Regulations of the Management Board. ”

is replaced by the following:

“1. The work of the Management Board shall be managed by the President of the Management Board. The President's special rights in this respect shall be specified in the Regulations of the Management Board.

2. All matters outside the scope of the Company's ordinary acts shall require a resolution of the Management Board. If an equal number of votes is cast for and against a resolution, the vote cast by the President of the Management Board shall prevail.

3. The matters that require a resolution of the Management Board are, in particular, the following:

1) the Company's acquisition or disposal of the following components of assets:

- a) real property, perpetual usufruct, interest in real property or perpetual usufruct,
- b) shares, interests or other participation rights.

2) incurring credits and loans,

3) granting sureties and guarantees by the Company and issuance of promissory notes,

4) making donations and releasing from debts,

5) concluding agreements not related to the Company's business activities specified in § 3 clause 1 of the Statutes,

6) appointing commercial proxies,

7) appointing Company proxies authorised to incur liabilities with a value exceeding EUR100,000, excluding (i) the powers of attorney to conclude agreements or incur liabilities related to trade in electricity and gas, related products and rights related thereto, and related to the purchase and sale of fuels and raw materials (ii) powers of attorney ad litem,

8) adopting the Regulations of the Management Board,

9) approving the Company's Organisational Regulations,

- 10) establishing and closing branches,
 - 11) establishing of another company,
 - 12) adopting the Company's yearly and long-term financial plans, including investment, marketing and sponsorship plans,
 - 13) approving the rules of conducting sponsorship activity,
 - 14) adopting the Company's development strategy,
 - 15) determining the method of exercising the voting right at general meetings or general meetings of the companies in which the Company holds shares or interests
 - 16) making advanced payments towards planned dividends,
 - 17) approving the materials submitted by the Management Board to the Supervisory Board.
4. Irrespective of the matters mentioned in clause 2 and 3 above, a resolution of the Management Board shall be required in case of every matter submitted by the Management Board to the Supervisory Board or the General Meeting for consideration.
5. The Management Board may adopt resolutions in writing or using means of direct remote communication.
6. A detailed procedure for the Management Board's adoption of resolutions shall be specified in the Regulations of the Management Board.
7. Meetings of the Management Board may be held even if not formally convened, provided that all the members of the Management Board have been effectively notified of the meeting and none of the members of the Management Board has objected to holding the meeting and the proposed agenda of the meeting. ”

Justification:

The introduction of an open catalogue of the most common actions outside the scope of ordinary management which require a resolution of the Management Board aims to clarify the rules for internal management of the Company's affairs.

4. In § 15 clause 1 of the Company Statutes, the existing text, i.e.:

“1. The Management Board shall consist of from two to seven members, including the President; the other members of the Management Board shall fulfil the functions of Vice Presidents. ”

is replaced by the following:

“1. The Management Board shall consist of from one to seven members, including the President; the other members of the Management Board shall fulfil the functions of Vice Presidents.”

Justification:

This change is intended to avoid doubt about meeting the requirements of the Statutes as to the number of members of the Management Board, and consequently the possibility to

act and represent the entity.

5. In § 18 clause 1 of the Company Statutes, the existing text, i.e.:

“1. The competence of the Supervisory Board shall include the following:

- 1) evaluating the Management Board's report on the Company's activities and separate financial statements for a previous financial year with respect to their consistency with the account books and other documents as well as the factual state; this shall also concern consolidated financial statements of the Capital Group, if applicable,
- 2) evaluating the Management Board's proposals concerning distribution of profits or coverage of losses,
- 3) submitting to the General Meeting a written report on the result of activities referred to in items 1 and 2,
- 4) selecting a certified auditor responsible for auditing the Company's separate financial statements and the Capital Group's consolidated statements, if applicable,
- 5) approving the Company's yearly and long-term financial plans, as well as determining their scope and deadlines for submission by the Management Board,
- 6) approving the Company's development strategy,
- 7) adopting detailed regulations specifying the procedures of the Supervisory Board,
- 8) approving the Regulations of the Company's Management Board,
- 9) determining the amount of remuneration and other conditions of agreements as well as entering into agreements with the members of the Management Board (including the President of the Management Board), subject to the competence of the General Meeting as provided for in the mandatory provisions of the law,
- 10) giving opinions on all motions for resolutions submitted by the Management Board to the General Meeting of the Company. ”

is replaced by the following:

“1. The competence of the Supervisory Board shall include the following:

- 1) evaluating the Management Board's report on the Company's activities and separate financial statements for a previous financial year with respect to their consistency with the account books and other documents as well as the factual state; this shall also concern the Management Board's report on the activities of the Capital Group and the consolidated financial statements of the Capital Group, if applicable,
- 2) evaluating the Management Board's proposals concerning distribution of profits or coverage of losses,
- 3) submitting to the General Meeting a written report on the result of activities referred to in items 1 and 2,
- 4) selecting a statutory auditor responsible for auditing or reviewing the Company's separate financial statements and the Capital Group's consolidated financial statements, if applicable,
- 5) approving the Company's yearly and long-term financial plans, as well as determining

their scope and deadlines for submission by the Management Board,

- 6) giving opinions on the rules of conducting sponsorship activity,
- 7) approving the Company's development strategy,
- 8) adopting detailed regulations specifying the procedures of the Supervisory Board,
- 9) approving the Regulations of the Company's Management Board,
- 10) establishing the consolidated text of the Company's Statutes,
- 11) determining the amount of remuneration and other conditions of agreements as well as entering into agreements with the members of the Management Board (including the President of the Management Board), subject to the competence of the General Meeting as provided for in the mandatory provisions of the law,
- 12) giving opinions on all motions for resolutions submitted by the Management Board to the General Meeting of the Company. ”

Justification:

The changes are intended to clarify and supplement the competence to evaluate the Management Board's reports on the activities of the PGE Capital Group and appoint the statutory auditor that reviews the reports. Also the competence of the Supervisory Board has been extended, and it is entitled to give opinions on the sponsorship activities and to establish the consolidated text of the Statutes.

6. In § 18 clause 2 items 1-6 of the Company Statutes, the existing text, i.e.:

“2. The competence of the Supervisory Board shall also include giving consent to the following:

- 1) the Company's acquisition or disposal of the following components of assets:
 - a) real property, perpetual usufruct, interest in real property,
 - b) components of the Company's tangible assets other than real property,
 - c) shares, interests or other participation rights in companies,
- whose value is equal to or higher than EUR5,000,000,-
- 2) encumbering components of the Company's property meeting the criteria mentioned in item 1 above with a limited property right in the amount (security) equal to or higher than EUR5,000,000,
- 3) the Company's entering into the following agreements:
 - a) agreements providing for donations or debt releases whose value equals at least EUR5,000,-
 - b) agreements not related to the Company's business activities specified in § 3 clause 1 of the Statutes whose value equals at least EUR5,000,-
- 4) the Company's granting of sureties or guarantees to entities other than directly subordinate companies and cooperatives (within the meaning of the Commercial Companies Code),
- 5) agreements providing for the construction or commissioning of connections with power systems of other countries,

6) the Company's entering into agreements other than these referred to above or incurring liabilities other than these mentioned above whose value is equal to or higher than EUR100,000,000.00; however, such consent is not required in the case of the Company's entering into agreements or incurring liabilities related to trade in electricity, related products or related rights as well as fuels,”

is replaced by the following:

“2. The competence of the Supervisory Board shall also include giving consent to the following:

1) the Company's acquisition or disposal of the following components of assets:

a) real property, perpetual usufruct, interest in real property or perpetual usufruct,

b) components of the Company's tangible assets other than real property,

c) shares, interests or other participation rights

- whose value is equal to or higher than EUR5,000,000,-

2) encumbering components of the Company's property meeting the criteria mentioned in item 1 above with a limited property right in the amount (security value) equal to or higher than EUR5,000,000.-

3) the Company's entering into the following agreements:

a) agreements providing for donations or debt releases whose value equals at least EUR5,000,-

b) agreements not related to the Company's business activities specified in § 3 clause 1 of the Statutes whose value equals at least EUR5,000,-

4) the Company's granting of sureties or guarantees on behalf of the entities other than directly and indirectly subordinate companies (within the meaning of the Commercial Companies Code),

5) agreements providing for the construction or commissioning of connections with power systems of other countries,

6) the Company's incurring of other liabilities whose value is equal to or higher than EUR100,000,000.00; excluding the agreements or liabilities related to trade in electricity and gas, related products or related rights as well as related to the purchase and sale of fuels and raw materials,”

Justification:

The word “cooperatives” has been deleted from clause 2 item 4. PGE does not have any subordinate cooperatives hence it is reasonable to delete this provision.

7. In § 20 clause 6 of the Company Statutes, the existing text, i.e.:

“6. The Supervisory Board shall include at least one person appointed by the General Meeting from among the persons meeting the criteria of independence specified in the principles of corporate governance adopted by the Board of the Warsaw Stock Exchange. Proposing a candidate for this position a shareholder nominating such candidate shall be

obliged to submit to the minutes of the General Meeting such candidate's written statement confirming his/her independence ”

is replaced by the following:

“6. The Supervisory Board shall include at least one person appointed by the General Meeting from among the persons meeting the criteria of independence specified in the principles of corporate governance adopted by the Board of the Warsaw Stock Exchange. Proposing a candidate for this position a shareholder nominating such candidate shall submit to the minutes of the General Meeting such candidate's written statement confirming his/her independence. The members of the Supervisory Board are required to submit a statement of compliance or non-compliance with the independence criteria specified in the principles of corporate governance adopted by the Board of the Warsaw Stock Exchange and to inform if there are any changes due to which the submitted statement becomes out-of-date.”

Justification:

The change is intended to establish a duty for the shareholder to submit a written statement confirming that the candidate meets the independence criteria. The current wording implied a written statement signed by the candidate which not always has been submitted at the general meeting. From now on, the shareholder will be obliged to obtain candidate's assurance that he/she meets the independence criteria. In order to fulfil this duty the shareholder must submit the statement.

8. Adding a new clause 4 in § 24 of the Statutes reading as follows:

“4. Meetings of the Supervisory Board may be held even if not formally convened, provided that all the members of the Supervisory Board are present at the meeting and none of the members of the Supervisory Board has objected to holding the meeting and the proposed agenda of the meeting.”

Justification:

Provision introduced in order to avoid doubts about the possibility of using certain analogy between the rules for adopting resolutions by the General Meeting and the Supervisory Board.

9. In § 25 clause 6 of the Company Statutes, the existing text, i.e.:

“6. Under the procedure specified in clause 4, resolutions concerning the election or dismissal of the Vice Chairperson and Secretary of the Supervisory Board, the appointment, dismissal or suspension of a member of the Management Board may not be adopted.”

is replaced by the following:

“6. Under the procedure specified in clause 4, resolutions concerning the election or dismissal of the Chairperson, Vice Chairperson and Secretary of the Supervisory Board, the appointment, dismissal or suspension of a member of the Management Board may not be adopted.”

Justification:

The change in clause 6 results from the need to adapt this provision to Article 388 § 4 of the Commercial Companies Code (CCC).

10. In § 26 clauses 5 and 6 of the Company Statutes, the existing text, i.e.:

“5. Remuneration for a member of the Supervisory Board delegated temporarily to perform the duties of a member of the Management Board shall be determined by the Supervisory Board in the amount which jointly with the remuneration of a given member of the Supervisory Board determined by the General Meeting shall not be higher than the highest remuneration determined for the other members of the Management Board.

6. The Company shall reimburse costs incurred by members of the Supervisory Board in the fulfilment of the function entrusted to them, in particular costs of travel to meetings of the Supervisory Board, costs of board and accommodation, as well as costs of the exercise of individual supervision. ”

is replaced by the following:

“5. Remuneration for a member of the Supervisory Board delegated temporarily to perform the duties of a member of the Management Board shall be determined by the Supervisory Board in the amount which shall not be higher than the highest remuneration determined for the other members of the Management Board. The member of the Supervisory Board delegated temporarily to perform the duties of a member of the Management Board is not entitled to his/her remuneration for performing the duties of a member of the Supervisory Board for the period of such posting.

6. The Company shall reimburse costs incurred by members of the Supervisory Board in the fulfilment of the function entrusted to them, in particular costs of travel to meetings of the Supervisory Board, costs of board and accommodation, costs of independent performance of certain supervisory activities by the members of the Supervisory Board, as well as costs of the exercise of individual supervision.”

Justification:

In terms of collecting the remuneration for serving on the Supervisory Board by the seconded member of the Supervisory Board, it is proposed to suspend remuneration for control functions. During the period of his/her posting, the member of the Supervisory Board should not be entitled to remuneration for serving on the Supervisory Board, as the seconded member of the Supervisory Board does not perform his/her duties in this respect, although he/she is formally a member of the Supervisory Board.

The addition of a new provision in clause 6 aims to conform with the provisions of Article 390 of the CCC.

11. In § 43 clause 7 of the Company Statutes, the existing text, i.e.:

“7. The Management Board shall be entitled to adopt a resolution on the advance payment of expected dividend to shareholders at the end of a financial year if the Company is in possession of funds for such advance payment. Such advance payment of dividend shall require consent of the Supervisory Board.

Such advance payment of expected dividend shall be possible provided that the Company has achieved profit and such profit is recognized in the Company's financial statements for the previous financial year and such financial statements have been audited by a statutory auditor. Such advance payment of dividend may constitute not more than a half of profit achieved from the end of the previous financial year, recognized in the financial statements and audited by a statutory auditor, plus capital reserves created from profit which remain at the disposal of the Management Board for the purpose of such advance payment, less remaining losses and treasury shares. ”

is replaced by the following:

“7. The Management Board shall be entitled to adopt a resolution on the advance payment of expected dividend to shareholders at the end of a financial year if the Company is in possession of funds for such advance payment. Such advance payment of dividend shall require consent of the Supervisory Board. Such advance payment of expected dividend shall be possible provided that the Company has achieved profit and such profit is recognised in the approved financial statements of the Company for the previous financial year. Such advance payment of dividend may constitute not more than a half of profit achieved from the end of the previous financial year, recognized in the financial statements and audited by a statutory auditor, plus capital reserves created from profit which remain at the disposal of the Management Board for the purpose of such advance payment, less remaining losses and treasury shares.”

Justification: Adjustment to the wording of Article 349 of the CCC.

12. In § 45 clause 6 of the Company Statutes, the existing text, i.e.:

“6. Whenever these Statutes refer to the Energy Law, it shall mean the Energy Law of 10 April 1997 (Journal of Laws of 2012, item 1059, as amended).

Whenever these Statutes refer to the Geological and Mining Law, it shall mean the Geological and Mining Law of 9 June 2011 (Journal of Laws, no. 163, item 981, as amended).”

is replaced by the following:

“6. Whenever these Statutes refer to the value of liabilities or agreements, the net value

should be taken into account. ”

Justification: The new proposed wording is only a formality intended to eliminate any doubts in interpretation in terms of counting the value of liabilities.

13. In § 45 of the Company Statutes, clauses 7 - 9 are added, reading as follows:

“7. Whenever these Statutes refer to the conclusion of the agreement, the following should be adopted to determine its value:

1) in the case of an agreement concluded for a definite period - the total value of the provisions under such agreement for its entire term,

2) in the case of an agreement concluded for an indefinite period - the total value of the provisions under the agreement for a period of five years.

If it is impossible to determine the value of provisions under the agreement, it is necessary to estimate the value of the subject of the agreement.

8. Whenever these Statutes refer to the value, it must be estimated, unless it can be determined based on the Statutes or applicable provisions of law.

9. Whenever these Statutes refer to the Energy Law, it shall mean the Energy Law of 10 April 1997 (Journal of Laws of 2012, item 1059, as amended).

10. Whenever these Statutes refer to the Geological and Mining Law, it shall mean the Geological and Mining Law of 9 June 2011 (Journal of Laws, no. 163, item 981, as amended). ”

Justification:

The provisions contained in clause 7 introduce guidelines for counting the value of liabilities under the agreements and other liabilities. In view of the fact that various acts and regulations use different terms to count the value of liabilities, it is proposed to adopt a solution conforming with the Regulation of the Minister of Finance on current and periodic information published by issuers of securities and on conditions under which such information may be recognised as being equivalent to information required by the regulations of law of a state which is not a member state.

Yours sincerely

Secretary of State

Zdzisław Gawlik