

**A Report of the Supervisory Board of PGE Polska Grupa Energetyczna S.A.
on the evaluation of "The IFRS-consistent standalone financial statements of
PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2012",
"The Management Board's report on the activities of PGE Polska Grupa
Energetyczna S.A. for the year ended 31 December 2012" and the Management
Board's proposal concerning the distribution of net profit for the financial year
2012**

Acting pursuant to Article 382 § 3 of the Commercial Companies Code, the Supervisory Board evaluated "The IFRS-consistent standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2012" together with an opinion and report of a certified auditor prepared by KPMG Audyt Sp. z o.o., "The Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2012", and the Management Board's proposal concerning the distribution of net profit for the financial year 2012.

The Supervisory Board finds as follows:

I. With respect to "The IFRS-consistent standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2012":

1. The Supervisory Board became acquainted with and analysed "The IFRS-consistent standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2012" comprising a standalone statement of comprehensive income, a standalone statement of financial position, a standalone statement of changes in equity, a standalone statement of cash flows, as well as information on adopted accounting principles and additional explanatory notes.
2. The standalone financial statements were audited by KPMG Audyt Sp. z o.o. with its registered office in Warsaw, entered in the register of entities authorized 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 standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the financial year 2012:
 - have been drawn up in all material aspects in accordance with the International Financial Reporting Standards, which have been approved by the European Union,
 - complies with the legal regulations and the provisions of the Company's Statutes having influence on the content of the standalone financial statements,

- have been drawn up based on the account books, which are properly maintained in all material aspects,
 - are consistent with the account books, supporting documents and factual circumstances.
4. The standalone financial statements present truly and fairly the economic and financial position of the Company as at 31 December 2012, the financial result and cash flows for the financial year ended on that day.

II. With respect to "The Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2012":

1. "The Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. for the year 2012 has been prepared in accordance with the provisions of 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. The Company properly executes all 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 2012:

The Supervisory Board became acquainted with the Management Board's proposal concerning the distribution of net profit for the financial year 2012.

The Management Board's proposal was prepared properly.

1. A dividend may be paid out on the basis of the financial result determined in the standalone financial statements prepared for Statute purposes, i.e. in the Company's case, in accordance with the IFRS approved by the European Union.
2. According to the requirements of the Commercial Companies Code (Article 396), 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 standalone 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 standalone financial statements and may not be distributed for other purposes.

As at 31 December 2012 the value of the share capital of PGE Polska Grupa Energetyczna S.A. was PLN 18,697,608,290.00. One third of the share capital equals PLN 6,232,536,096.66, and the value of the supplementary capital is PLN 9,687,595,759.72. As at 31 December 2012 the surplus of the supplementary capital equals PLN 3,455,059,663.06.

Consequently, the Company is not bound by the obligation provided for in the Commercial Companies Code to establish a supplementary capital from the profit for the financial year 2012.

Based on the number of the Company's shares as at the day of the Management Board's adopting the resolution on the distribution of profit, the amount of the proposed dividend will be PLN 1,607,994,312.94 (which constitutes 50 % of the consolidated net profit attributable to equity holders in the parent company).

Net profit for the year ended 31 December 2012 equals PLN 783,997,742.44.

The Management Board of PGE Polska Grupa Energetyczna S.A. proposes that the Company's net profit for the financial year 2012 in the amount of PLN 783,997,742.44 and that part of the supplementary capital which can be allocated for dividend payment in the amount of PLN 823,996,570.50 be distributed as follows:

- PLN 0.86 per one Company share, i.e. PLN 1,607,994,312.94 to be allocated for dividend payout to the Company's shareholders,
3. As at 31 December 2012 the Company recognized retained profit of PLN 77,552,830.60 resulting from changes in the accounting principles and actuarial losses. The Management Board proposes that this retained profit be allocated to the supplementary capital.

Consequently, the Supervisory Board expresses no reservations regarding the Management Board's proposal concerning the distribution of net profit for 2012, the distribution of the supplementary capital, and the allocation of retained profit to the supplementary capital.

Final conclusions

The Supervisory Board evaluates positively the following:

1. "The IFRS-consistent standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2012";
2. "The Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2012";
3. The Management Board's proposal concerning the distribution of net profit for the financial year 2012.

Therefore, the Supervisory Board recommends that the General Meeting approve "The IFRS-consistent standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2012", "The Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2012", and The

Management Board's proposal concerning the distribution of net profit for the financial year 2012, the distribution of the supplementary capital, and the allocation of retained profit to the supplementary capital.

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

Marcin Zieliński

Vice Chairperson of the Supervisory Board:

Małgorzata Dec

Members of the Supervisory Board:

Maciej Bałtowski

Jacek Barylski

Grzegorz Krystek

Katarzyna Prus