

A justification for the draft resolution of the Ordinary General Meeting ("OGM") of "PGE Polska Grupa Energetyczna Spółka Akcyjna" ("Company", "PGE") convened for 06 June 2014 concerning the distribution of the Company's net profit for the financial year 2013, the determination of the dividend record date and the dividend payment date, the distribution of retained profit as well as the reversal and allocation of the capital reserve.

On 12 March 2014 the PGE Management Board adopted a decision concerning the proposed distribution of net profit for the financial year 2013, the proposed dividend record date and the the dividend payment date, the distribution of retained profit as well as the reversal and allocation of the capital reserve. The PGE Management Board decided to submit a motion to the Ordinary General Meeting to approve the following proposals:

1. The Management Board proposes that the Company's net profit for the financial year 2013 in the amount of PLN 2,337,559,286.34 (say: two billion three hundred and thirty-seven million five hundred and fifty-nine thousand two hundred and eighty-six zlotys 34/100) be distributed as follows:
 - a. the amount of PLN 2,056,736,911.90 (say: two billion fifty-six million seven hundred and thirty-six thousand nine hundred and eleven zlotys 90/100) to be allocated for dividend payout to the Company shareholders, which gives a dividend of PLN 1.10 (say: one zloty 10/100) per one Company share,
 - b. the amount of PLN 237,631,186.48 (say: two hundred and thirty-seven million six hundred and thirty-one thousand one hundred and eighty-six zlotys 48/100) to be allocated to the supplementary capital,
 - c. the amount of PLN 43,191,187.96 (say: forty-three million one hundred and ninety-one thousand one hundred and eighty-seven zlotys 96/100) to be allocated to finance the retained loss resulting from the merger of PGE Polska Grupa Energetyczna S.A. with PGE Energia Jądrowa S.A.
2. The Management Board proposes that the Company's retained profit recorded in the standalone financial statements for 2013 in the amount of PLN 2,808,401.20 (say: two million eight hundred and eight thousand four hundred and one zlotys 20/100) resulting from the recognition of actuarial earnings and adjustments to payments from profit for previous periods be allocated to the supplementary capital.
3. Furthermore, the Management Board proposes that the capital reserve in the amount of PLN 49,779,301.47 (say: forty-nine million seven hundred and seventy-nine thousand three hundred and one zlotys 47/100) be reversed and allocated to the supplementary capital.

The proposed dividend record date is 05 September 2014 and the dividend payment date - 26 September 2014.

Justification

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.

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 capital reserves 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 2013 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 8,941.152.019,82. As at 31 December 2013 the surplus of the supplementary capital over one third of the share capital equalled PLN 2,708,615,923.16.

In view of the above and under the provisions of the Commercial Companies Code, the Company is not obliged to establish the supplementary capital from the profit for the financial year 2013.

The amount of the proposed dividend is PLN 2,056,736,911.90 (which constitutes 50% of the consolidated net profit attributable to equity holders in the parent company).

As at 31 December 2013 the Company recorded a retained profit of PLN 2,808,401.20 resulting from actuarial earnings and adjustments to payments from profit for previous periods. The Management Board proposes that this retained profit be allocated to the supplementary capital.

As at 31 December 2013 the Company recorded a capital reserve in the amount of PLN 49,779,301.47 resulting from the distribution of profit of PGE Electra S.A. before its merger with PGE Polska Grupa Energetyczna S.A. The resolutions adopted by the General Meeting of PGE Electra S.A. did not determine the purpose of allocating profit to the capital reserve. The maintenance of this capital reserve distorts the picture of the Company's equity. The Management Board proposes that this capital reserve be allocated to the Company's supplementary capital.

Pursuant to Article 348 § 3 of the Commercial Companies Code and § 43 clause 5 of the Company Statutes, the Ordinary General Meeting is obliged to determine the dividend record date and the dividend payment date.