

Appendix to the resolution of the Supervisory Board
of PGE Polska Grupa Energetyczna S.A.
no 282/IX/2015 of 20 May 2015

Report of the Supervisory Board of PGE Polska Grupa Energetyczna S.A. on the evaluation results of: the “IFRS-consistent standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year 2014 ended 31 December 2014” and the “Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. for the year 2014 ended 31 December 2014” as well as the motion of the Management Board of PGE Polska Grupa Energetyczna S.A. concerning the adoption of the motion submitted to the General Meeting regarding the distribution of the net profit for the financial year 2014, the determination of the dividend record date and the dividend payment date, as well as the allocation of profit to cover retained loss.

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 2014 ended 31 December 2014” together with the opinion and report of a statutory auditor prepared by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k. and the “Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. for the year 2014 ended 31 December 2014” as well as the motion of the Management Board of PGE Polska Grupa Energetyczna S.A. concerning the adoption of the motion submitted to the General Meeting regarding the distribution of the net profit for the financial year 2014, the determination of the dividend record date and the dividend payment date, as well as the allocation of profit to cover retained loss.

The Supervisory Board states the following:

I. With respect to “IFRS-consistent standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year 2014 ended 31 December 2014”

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 2014 ended 31 December 2014” consisting of 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 and additional information on adopted accounting principles and additional explanatory notes.
2. The standalone financial statements for the year 2014 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., with its registered office in Warsaw, entered into the list of entities authorised to audit financial statements under registration number 3546, kept by the National Chamber of Statutory Auditors.

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3. The standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the financial year 2014:
 - have been drawn up, in all material aspects, in accordance with the International Financial Reporting Standards which have been approved by the European Union,
 - comply with the provisions of law 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 accounting books, which are properly maintained in all material aspects.
4. The standalone financial statements present fairly and clearly the economic and financial position of the Company as at 31 December 2014, the financial result and cash flows for the financial year ended on that day.

II. With respect to the “Report of the Management Board on the activities of PGE Polska Grupa Energetyczna S.A. for the year 2014 ended 31 December 2014”

1. The Report on the Company's activities includes, in all material aspects, the information referred to in Article 49 of the Accounting Act and the Regulation of the Minister of Finance of 19 February 2009 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 (ie. Journal of Laws 2014, item 133).
2. The report has been prepared in accordance with the information contained in the standalone financial statements.
3. The Company properly executes its tasks related to the economic activity specified in § 3 of the Statutes of PGE Polska Grupa Energetyczna S.A.

III. With respect to the motion of the Management Board of PGE Polska Grupa Energetyczna S.A. concerning the adoption of the motion submitted to the General Meeting regarding the distribution of the net profit for the financial year 2014, the determination of the dividend record date and the dividend payment date, as well as the allocation of profit to cover retained loss

The Supervisory Board became acquainted with the motion of the Management Board concerning the distribution of profit for the year 2014.

The Supervisory Board states that the motion of the Management Board has been drawn up in compliance with the following legal requirements:

- 1) A dividend may be paid put on the basis of the financial result determined in the standalone annual financial statements prepared for statutory purposes,

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ie. in the Company's case, in accordance with IFRS approved by the European Union.

- 2) According to the provisions of the Commercial Companies Code (Article 348 § 1) the sum allotted to be shared between the shareholders cannot exceed the income of the last financial year increased by undivided income of previous years and sums transferred from supplementary and reserve capitals created from income which can be allotted for payment of dividend. The sum shall be reduced by uncovered losses, own shares and sums which according to the act or company Statutes should be allotted from income for the last financial year for supplementary and reserve capitals.
- 3) In accordance with the requirements of the Commercial Companies Code (Article 396) public limited company is obliged to create a supplementary capital to cover losses. At least 8 percent of profit for a given financial year, as shown in the company's standalone financial statements, is transferred to this category of capital, until it reaches at least one third of the company's share capital. The use of the supplementary and reserve capitals shall be decided by the General Meeting; however, the part of the supplementary capital equal to one third of the share capital may only be used to cover losses shown in the company's standalone financial statements and may not be distributed to other purposes.

As at 31 December 2014 the value of the share capital of PGE Polska Grupa Energetyczna S.A. amounted to PLN18,697,608,290.00. One third of the share capital is PLN6,232,536,096.66, while the value of supplementary capital of the Company amounts to PLN9,231,370,908.97. Therefore, the surplus of the supplementary capital exceeding one third of the share capital as at 31 December 2014 amounts to PLN 2,998,834,812.31 and therefore 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 2014.

The Management Board of PGE Polska Grupa Energetyczna S.A. by the resolution no. 153//30/2015 of 20 May 2015 decided to submit a motion to the Ordinary General Meeting, proposing:

1. the distribution of Company's net profit for the financial year 2014 in the amount of PLN5,452,949,990.10 (say: five billion four hundred and fifty-two million nine hundred and forty-nine thousand nine hundred and ninety zlotys 10/100) as follows:

- a) the amount of PLN1,458,413,446.62 (say: one billion four hundred and fifty-eight million four hundred and thirteen thousand four hundred and forty-six zlotys 62/100) to be allocated for dividend payout to the Company shareholders, which gives a dividend of PLN0.78 (say: zero zloty 78/100) per one Company share,
- b) the amount of PLN217,281,458.04 (say: two hundred and seventeen million two hundred and eighty-one thousand four hundred and fifty-eight

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zlotys 04/100) to be allocated to cover the retained loss resulting from changes in accounting policies,

- c) remaining amount of PLN3,777,255,085.44 (say: three billion seven hundred and seventy-seven million two hundred and fifty-five thousand eighty-five zlotys 44/100) to be allocated to the supplementary capital.
- 2. determination of the dividend record date at 24 September 2015,
 - 3. determination of the dividend payment date at 15 October 2015.

Accordingly, the Supervisory Board positively evaluates the distribution of net profit for the year 2014 proposed by the Management Board of PGE Polska Grupa Energetyczna S.A. in a motion concerning the adoption of a motion submitted to the General Meeting regarding the distribution of the net profit for the financial year 2014, the determination of the dividend record date and the dividend payment date, as well as the allocation of profit to cover retained loss.

Final conclusions

The Supervisory Board evaluates positively the following:

- 1) "IFRS-consistent standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year 2014 ended 31 December 2014" and
- 2) "Report of the Management Board on the activities of PGE Polska Grupa Energetyczna S.A. for the year 2014 ended 31 December 2014".
- 3) Motion of the Management Board of PGE Polska Grupa Energetyczna S.A. concerning the adoption of the motion submitted to the General Meeting regarding the distribution of the net profit for the financial year 2014, the determination of the dividend record date and the dividend payment date, as well as the allocation of profit to cover retained loss

Therefore, the Supervisory Board recommends the Company's Ordinary General Meeting to approve the "IFRS-consistent standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year 2014 ended 31 December 2014" and the "Report of the Management Board on the activities of PGE Polska Grupa Energetyczna S.A. for the year 2014 ended 31 December 2014" and the distribution of the net profit for the financial year 2014, the determination of the dividend record date and the dividend payment date, as well as the allocation of profit to cover retained loss in accordance with the motion of the Management Board of PGE Polska Grupa Energetyczna S.A.

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

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