

**A Report of the Supervisory Board of PGE Polska Grupa Energetyczna S.A.  
on the evaluation of  
"The Financial Statements of PGE Polska Grupa Energetyczna S.A.  
for the period from 1.01.2009 to 31.12.2009",  
"A Report of the Management Board on the Activities of PGE Polska Grupa  
Energetyczna S.A. in the year 2009"  
the Management Board's proposal concerning the distribution of net profit for  
the financial year 2009.**

Acting pursuant to article 382 § 3 of the Commercial Companies Code, the Supervisory Board conducted an evaluation of "The Financial Statements of PGE Polska Grupa Energetyczna S.A. for the period from 1.01.2009 to 31.12.2009" together with an opinion and report of a certified auditor prepared by KPMG Audyt Sp. z o.o. and "A Report of the Management Board on the Activities of PGE Polska Grupa Energetyczna S.A. for the year 2009" and the Management Board's proposal concerning the distribution of net profit for the financial year 2009.

The Supervisory Board finds as follows:

**I. With respect to "The Financial Statements of PGE Polska Grupa Energetyczna S.A. for the period from 1.01.2009 to 31.12.2009",**

1. the Supervisory Board became acquainted with and analysed "The Financial Statements of PGE Polska Grupa Energetyczna S.A. for the period from 1.01.2009 to 31.12.2009", including the following:
  - an introduction to the financial statements,
  - a balance sheet drawn up as at 31 December 2009, showing the total balance of assets and liabilities in the amount of PLN 25 956 484 942.85,
  - a profits and loss statement for the period from 1 January 2009 to 31 December 2009, showing a net profit of PLN 1 440 497 736.84,
  - a statement of changes in equity for the period from 1 January 2009 to 31 December 2009 showing an increase in equity in the amount of PLN 6 400 701 902.61,
  - a cash flow statement for the period from 1 January 2009 to 31 December 2009, showing an increase in cash during the course of the financial year in the amount of PLN 3 173 435 210.45,
  - additional information and notes.
2. An audit of the financial statements for the year 2009 was conducted by KPMG Audyt Sp. z o. o., with the registered office in Warsaw, entered in the register of entities entitled 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 financial statements of PGE Polska Grupa Energetyczna S.A. for the financial year 2009 have been drawn up in all material aspects:

- pursuant to the accounting principles effective in the territory of the Republic of Poland as specified in the Accounting Act and related secondary legislation,
  - in compliance with the legal regulations and the provisions of the Company Statutes having influence on the content of the financial statements,
  - based on the properly maintained account books.
4. The financial statements present truly and fairly all information material for the evaluation of the Company's economic and financial position as at 31 December 2009 and its financial result for the financial year from 1 January to 31 December 2009.

## **II. With respect to "A Report of the Management Board on the Activities of PGE Polska Grupa Energetyczna S.A. in the Year 2009":**

1. "A Report of the Management Board on the Activities of PGE Polska Grupa Energetyczna S.A. for the Year 2009" has been drawn up pursuant to the regulations of the Accounting Act of 29 September 1994 (i.e. Journal of Law of 2002, no. 121, item 591, as amended) and "The Principles of Corporate Supervision over Companies with the State Treasury's Shareholding and Other State-owned Legal Entities" issued by the Ministry of the State Treasury on 19 October 2005.
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 its 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 2009:**

The Supervisory Board became acquainted with the Management Board's proposal concerning the distribution of net profit for the financial year 2009.

The Management Board's proposal was prepared properly.

The allocation of net profit to the supplementary capital results from the provisions of the Commercial Companies Act. An entity which is a public limited company is obliged to establish 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 separate 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 separate financial statements and may not be distributed to other purposes.

As at 31 December 2009 the value of the share capital of PGE Polska Grupa Energetyczna S.A. equalled PLN 17,300,900,000, and the value of the supplementary capital equalled PLN 5,449,549,000. As at 31 December 2008 the value of the share capital of the parent company shown in the financial statements as provided for by the Accounting Act equalled PLN 14,705,765,000 and the value of the supplementary capital equalled PLN 2,100,156,000.

In light of the above, it is justifiable to allocate the amount of PLN 125,629,336.84 to the supplementary capital.

Considering the decisions of the Management Board of PGE Polska Grupa Energetyczna S.A., which, with respect to dividend, intends to apply the payment policy reflecting the development of the Group's operations and allowing the maintenance of the required level of financial liquidity, the Supervisory Board submits no reservations regarding

the allocation of part of net profit for 2009 to the payment of dividend to shareholders to the amount of PLN 1,314,868,400.00.

### **Final conclusions**

**The Supervisory Board evaluates positively the following:**

- 1. "The Financial Statements of PGE Polska Grupa Energetyczna S.A. for the Period from 1.01.2009 to 31.12.2009",**
- 2. "A Report of the Management Board on the Activities of PGE Polska Grupa Energetyczna S.A. in the Year 2009";**
- 3. The Management Board's proposal concerning the distribution of net profit for the financial year 2009.**

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

Mr Marcin Zieliński

Vice Chairperson of the Supervisory Board

Mr Maciej Bałtowski

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Members of the Supervisory Board

Mr Jacek Barylski

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Mr Wojciech Cichoński

.....

Ms Małgorzata Dec

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Mr Ryszard Malarski

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Ms Katarzyna Prus

.....

Mr Zbigniew Szmuniński

.....

Mr Krzysztof Żuk

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