

Warsaw, 12 April 2010

**The General Meeting of the Company operating under the business name of:
PGE Polska Grupa Energetyczna S.A. with the registered office in Warsaw,**

**A MOTION OF THE SUPERVISORY BOARD
TO GRANT AN ANNUAL BONUS
TO THE PRESIDENT OF THE MANAGEMENT BOARD
OF PGE POLSKA GRUPA ENERGETYCZNA S.A. (hereinafter: PGE S.A.)**

I. *Given name (names) and surname of entitled person:* Tomasz Zadroga

**II. *Position of entitled person and scope of responsibilities:* President of the
Management Board**

In the period from 1 January to 31 December 2009 the President of the Management Board ensured long-term, sustainable development and increase in the market value of the PGE Capital Group (hereinafter: PGE CG) taking into consideration the requirements of Poland's energy security, i.e. in particular:

- 1) ensured the development and implementation of a strategy guaranteeing the transformation of PGE CG into a market organization being the leader in the generation and sale of electricity in Central and Eastern Europe,
- 2) ensured the capitalization and development of PGE CG by conducting the Company's initial public offering and securing its debut on the Warsaw Stock Exchange,
- 3) ensured the achievement of the key budget objectives of PGE CG and the adjustment of its operations to the superior requirements of the national energy security system - initiated relevant cooperation with public administration institutions,
- 4) ensured the identification of market needs and the execution of development research as well as the transfer of knowledge guaranteeing the preparation of optimum technological and investment development programmes, also on foreign markets by way of takeovers and alliances,
- 5) ensured the acquisition of funds from the European Union for planned investments as well as supervision over the correct absorption of such funds within PGE CG,
- 6) ensured the creation and development of a positive image of PGE CG in the country and abroad for the purpose of strengthening its position as a world-class company operating in accordance with the highest standards and undertaking CSR activities (including donations),
- 7) ensured the security and stability of PGE CG's operations by maintaining effective communication with its major investors,
- 8) ensured PGE CG's security by guaranteeing business risk identification and control systems as well as information and intellectual property protection systems,
- 9) ensured the coordination of the activities of the Management Board in accordance

- with the Company's objectives and the standards of the Polish commercial law,
- 10) ensured the preparation and implementation of the Group's merger and acquisition policy,
 - 11) ensured the establishment and functioning of the optimum organizational structure of PGE CG,
 - 12) ensured the preparation and implementation of the guidelines for PGE CG's personnel policy guaranteeing the employment, motivation and maintenance of the top-quality personnel,
 - 13) ensured the development of Collective Labour Relations in PGE CG in accordance with the adopted strategy and the social climate shaping objective guaranteeing the implementation of the strategy and especially approval for the process of organizational changes,
 - 14) ensured continuous monitoring of PGE employees' working conditions and initiated changes concerning their adjustment to the requirements of industrial health and safety,
 - 15) ensured supervision over the process of integrating the companies belonging to PGE CG,
 - 16) contributed to the increase in the value of PGE CG by the effective management of the Group's portfolio of shares and interests in economic enterprises,
 - 17) ensured the execution of the nuclear power project and cooperation of PGE S.A. and GK CG with the Government's Representative for Nuclear Power Engineering Affairs in Poland as regards the preparation and implementation of "Poland's Nuclear Power Engineering Programme" in connection with the Company's nomination as the leading entity responsible for the implementation of this programme,
 - 18) ensured the consolidation of the operations of the trade, distribution, mining and generation companies within PGE CG, with a view to maximizing their effectiveness and achieving the synergy effect,
 - 19) ensured, on the basis of PGE CG's market strategy and cost effectiveness assumptions, the execution of restructuring, modernization and reconstruction projects within the trade, distribution, mining and generation companies,

by coordinating tasks executed mainly by the following organizational units:

in the period from 1 January to 27 April 2009:

- the Research and Development Department,
- the Strategy Department,
- the Management Board Office,
- the Public Relations Office,
- the Audit Office,
- the Security Office

in the period from 28 April to 19 November 2009:

- the Public Relations Office,
- the Management Board Office,
- the Merger and Acquisition Office,
- the Integration Office,
- the Personnel Department (until 30 April 2009),
- the Social Dialogue Office (until 30 April 2009),
- the Human Resources Management Department (as of 1 May 2009),
- the Occupational Health and Safety Specialist

in the period from 20 November to 31 December 2009:

- the Nuclear Power Engineering Department,
- the Audit and Risk Analysis Office,
- the Merger and Acquisition Office,

and the following positions:

- the Spokesperson,
 - the Occupational Health and Safety Specialist,
 - the Management Board's Representative for Confidential Information Protection,
- and the following organizational unit:

- the Secretariat of the Management Board

and was responsible for the implementation of the Company's strategy in the operating area mentioned above.

III. Starting date of employment in PGE S.A.:

Mr Tomasz Zadroga, President of the Management Board, commenced his employment with PGE S.A. on 1 August 2008.

IV. Date of obtaining current position:

As of 1 August 2008 the General Meeting appointed Mr Tomasz Zadroga as President of the Management Board.

V. Remuneration of entitled person:

In 2009 his average monthly salary equalled PLN 19,918.68 (say: nineteen thousand nine hundred and eighteen zloty sixty-eight grosz) (as determined by the proper authority) - in total PLN 239,024.16 (say: two hundred and thirty-nine thousand twenty-four zloty sixteen grosz).

VI. Proposed amount of award and justification:

Pursuant to article 10 clause 7 of the Act of 3 March 2000 on remuneration of persons managing some legal entities (Journal of Laws, no. 26, item 306, as amended), the proposed amount of the annual award equals 3 times the average monthly salary in 2009, i.e. PLN 59,756.04 (say: fifty-nine thousand seven hundred and fifty-six zloty four grosz).

The Company's size, the range of its activities, the economic results and the Management Board President's personal contribution justify the granting of the award in the maximum amount.

VII. Reasons for granting award and justification:

Core business

The President participated in the works of the Management Board, pursuing the following objectives of the Company's activities:

- maintaining the Company's financial stability, creating the Company's value and contributing to the increase in the value of PGE CG in accordance with the corporate governance principles and the legal regulations,
- creating the increase in the economic effectiveness of the activities of the PGE CG companies by performing the centralised managerial functions within PGE CG,
- achieving and maintaining a strong position in the areas of PGE CG's activities, effecting organizational and cost restructuring as provided for in the strategy.

As an entity directly or indirectly controlling the companies belonging to PGE CG, PGE S.A. is a company creating the strategy of PGE CG, whose main object is the mining of fuels as well as generation, distribution and sale of electricity.

In 2009, the mission of PGE S.A. was to secure the fulfilment of needs of electricity consumers and to build value for shareholders taking into consideration Poland's energy security and environmental protection requirements.

In 2009 PGE S.A. had the following operating objectives:

PGE's strategic goal was the building of value and the achievement of the position of a leading power industry company in Central Europe by executing the following tasks:

- expansion on the domestic and foreign markets by building new capacities in conventional and renewable power generation as well as developing distribution networks.
- the building of an integrated company by developing PGE holding's management structure based on management by objectives as well as the consolidation of generation and trade, and the coordination of distribution.
- the improvement of operating and investment effectiveness, among other things, by achieving integrative synergies and optimizing investments.
- the improvement of market competitiveness and the regulatory environment by acquiring new customers and implementing high customer service standards.

The most important achievements of PGE S.A. in 2009 comprise the following:

1. The Company's debut on the stock exchange

On 6 November 2009 the Company made its debut on the Warsaw Stock Exchange. It was one of the largest initial public offerings in the history of Poland's capital market and one of the largest in Europe in 2009. The initial public offering was conducted in very demanding market conditions. PGE S.A. managed to achieve a very advantageous issue price of PLN 23.00 per share. The revenues from the share issue amounted to almost PLN 6 billion. The Company's preparation for its stock exchange debut and its adjustment to the stock exchange standards caused improvements in the major operating areas of the Group (the consolidation of financial reports, the acquisition of managerial information, the improved flow of information). Additionally, thanks to the execution of such a complex and comprehensive project, the Company acquired valuable experience related to the implementation of strategic projects within PGE CG.

2. The allocation of share issue revenues

On 2 November PGE S.A.'s special reserved account was credited with the gross amount of revenues of PLN 5968,8 million from the initial public offering of the Company shares. The amount in the reserved account was blocked until the date of the

Company's fulfilment of all formal requirements related to the registration of the Company's new shares and capitals, i.e. until 1 December 2009.

On 1 December 2009 the amount acquired in consequence of the Company's stock exchange debut was released and since that date the Company has been able to manage the funds coming from the share issue. These funds are used in accordance with the objectives specified in the share issue prospectus. Some funds have been used to repay the Company's short-term and long-term debt; among other things, PGE S.A. has refinanced its debt incurred in order to finance the first and second tranches of payments due to the State Treasury for the buyout of minority shareholdings in some major subsidiaries. Some parts of the financial surplus are spent on financing the Company's operations or invested in short-term safe term deposits.

Besides, in 2009 PGE S.A. carried out bond issues within the framework of bond issue agreements. The revenues from the bond issues were used to finance the Company's current operations and investment programmes conducted by the selected subsidiaries.

3. The Consolidation Programme

In May 2009 the Management Board of PGE S.A. adopted a preliminary idea of the PGE Consolidation Programme, and in November 2009 - the Definition and Schedule of the Consolidation Programme as well as the distribution of rights and obligations among the participants of that undertaking.

The objective of the Programme is the achievement of a strong market and financial position ensuring, among other things, the necessary further development of PGE CG by carrying out the legal and organizational consolidation of the Companies in the following operating areas:

- electricity retail sales,
- electricity distribution,
- conventional power generation,
- renewable power generation

in the form of consolidated entities as well as the implementation of business changes in the area of wholesale electricity sales. The Programme provides for the reorganization of the complicated capital structure, the implementation of the optimum managerial structure together with the centralisation of the functions performed in the particular operating areas and the achievement of the synergy effects within PGE CG.

So far the implementation of the Consolidation Programme has led to: (i) the selection of the consolidating companies within the particular operating areas; (ii) adoption and signing of the merger plan for PGE S.A. and the subsidiaries of PGE Górnictwo i Energetyka S.A. as well as PGE Energia S.A., and (iii) the signing of the merger plans for the other subsidiaries within the following business areas:

- conventional power engineering (the acquiring company is PGE Elektrownia Bełchatów S.A.),
- renewable power engineering (the acquiring company is PGE Energia Odnawialna S.A.),
- electricity sales to end users (the acquiring company is PGE Obrót S.A.),
- electricity distribution (the acquiring company is PGE Dystrybucja S.A.).

4. Activities in the area of the development of nuclear power generation

In 2009 PGE S.A. continued the process of building its competence to be used in the development of nuclear power generation in Poland, intensified cooperation with the state authorities, research and science entities, international organizations and foreign

companies. The Company performed analytical works as well as informative and education activities, e.g.

- an analysis of the best practices within the scope of organizational, financial, legal and corporate solutions concerning the management and execution of nuclear power plant construction projects,
- a location research programme for potential nuclear power plants in Poland,
- guidelines for the preliminary general evaluation of a standard design of a nuclear power plant for Poland,
- a long-term forecast of the development of power generation sources in light of Poland's and the EU's power generation policy as well as prospects for investments planned by PGE S.A.,
- a strategic evaluation of the economic and social consequences of the development of nuclear power generation in Poland.

The scope of activities of PGE S.A. in the area of nuclear power generation comprised the Company's participation in the creation of organizational, legal and administrative conditions favourable for the construction of a nuclear power plant in Poland, the development of competence and the organizational preparation of PGE S.A. for the assumption of the role of an investor with regard to nuclear power plants in Poland, the initiation and coordination of research and analytical projects related to the preparations for the construction of nuclear power plants in Poland.

5. The achievement of very good financial results

The Company's net profit reached the level of PLN 1440.5 million in the financial year ended 31 December 2009, which is a 160% increase over the results of the financial year ended 31 December 2008.

The Company's net profit margin (the ratio of net profit to total sales revenues) equalled 13.2%. An increase in the net profit resulted from the following:

- in the operating revenues - by PLN 84.3 million, including electricity sales - by PLN 69.2 million, products sales - by PLN 15.2 million,
- in the other operating revenues by PLN 122.2 million, mainly in consequence of establishing lower balance sheet reserves in 2009,
- in the financial revenues - by PLN 781.0 million, mainly in consequence of higher dividend of PLN 942.1 million received by PGE S.A.

6. The execution of the investment programme

In 2009 the investment programme of PGE CG comprised the following important events:

- **PGE Elektrownia Opole S.A.** received a letter of commitment for the amount of EUR 3.158 billion for the investment task called "The Construction of Power Units 5 and 6 with a Capacity of 2x800÷900 MW in the Opole Power Plant". Additionally, on 17 September 2009 PGE Elektrownia Opole S.A. announced a procedure of competitive negotiations involving publication for the construction of power units no. 5 and 6 in PGE Elektrownia Opole S.A. The subject of the published announcement is the design, delivery, construction, startup, commissioning and guarantee period services of two new ultra supercritical coal-fired power units together with auxiliary systems with a capacity of 800-900 MW each, on an EPC basis.
- **PGE Elektrociepłownia Rzeszów S.A.** on the basis of a decision of the National Environmental Protection and Water Management Fund of 7 September 2009, had 10%, or PLN 14,042,777, of its credit obtained from the National Fund remitted. Additionally, on 30 September 2009, the Company received a permit to execute an

investment task called: "A Unit for the Combined Generation of Electricity and Heat Based on Diesel Engines Fuelled with Plant Oils" plus all required connections.

7. An improvement in the Company's economic position

An increase in the value of the Company's assets during the twelve months of 2009 in comparison to the same period in 2008 was related to an increase in the value of cash and cash equivalents by PLN 3595.6 million caused by the Company's debut on the Warsaw Stock Exchange.

As at 31 December 2009 and 31 December 2008 the Company's fixed assets had the book value of PLN 21,018.5 million and PLN 20,419.7 million, respectively. A PLN 598.8 million increase in the value of fixed assets was caused by:

- an increase in the value of long-term investments by PLN 623.0 million in connection with a purchase of shareholdings in PGE Elektrownia Opole S.A. and PGE Kopalnia Węgla Brunatnego Turów S.A., an increase in the share capital of PGE Elektra S.A., the establishment of Energia Jądrowa S.A.,
- a reversal of a permanent impairment write-off concerning Exatel S.A. in the amount of PLN 188.3 million,
- the buyback of bonds issued by the particular Companies from the PGE CG and the reclassification of some bonds from long-term debt to short-term debt in the amounts of PLN 41.2 million and PLN 194.7 million, respectively,
- the revaluation of the AWSA bonds in the amount of PLN 29.4 million.

As at 31 December 2009 the value of (short-term and long-term) bonds, especially those issued by the PGE CG Companies and acquired by PGE S.A., rose in comparison to that as at 31 December 2008 by PLN 114.5 million. As at 31 December 2009 the Company held bonds issued by PGE Elektrownia Turów S.A., PGE ZEDO S.A. and PGE KWB Bełchatów S.A.

Financial data

The base business activity of PGE S.A. is wholesale electricity trade. The Company's remaining activities comprise the provision of so-called supporting services for the companies belonging to PGE CG, the lease of IT systems and office space.

Selected data from the PGE separate financial statements

in PLN thousands	2008	2009	Dynamics (change 2009/2008)
Sales revenues, including	9,704,401	10,929,870	12.6%
Operating costs	9,398,568	10,539,705	12.1%
Profit on sales	305,833	390,166	27.6%
Operating profit	140,139	346,679	147.4%
Gross profit	731,752	1,719,307	135.0%
Net profit	553,462	1,440,498	160.3%

in PLN thousands	As at 31.12.2008	As at 31.12.2009	Dynamics (change 2009/2008)
Fixed assets	20,419,711	21,018,516	2.9%
Current assets	1,342,380	4,937,969	267.9%

Total assets	21,762,091	25,956,485	19.3%
Equity	17,795,740	24,196,442	36.0%
Share capital	14,705,765	17,300,900	17.6%

PGE S.A. is the parent company in the PGE Capital Group. The Group's business activities are currently organized in five segments:

- mining and generation, which comprises the mining of lignite and generation of heat and electricity from conventional sources,
- renewable power generation, which comprises the generation of electricity from renewable sources,
- wholesale trade of electricity and related products,
- distribution of electricity,
- retails sales of electricity.

Selected data from the PGE CG consolidated financial statements

in PLN thousands	2008	2009	Dynamics (change 2009/2008)
Sales revenues	19,408,706	21,623,350	11.4%
Operating profit/loss	3,262,295	5,344,729	63.8%
Gross profit/loss	3,169,535	5,378,534	69.7%
Net profit/loss	2,670,247	4,337,223	62.4%
Total income	2,700,434	4,296,508	59.1%

in PLN thousands	As at 31.12.2008	As at 31.12.2009	Dynamics (change 2009/2008)
Fixed assets	40,701,211	41,964,446	3.1%
Current assets	6,487,592	12,477,640	92.3%
Group's assets classified for disposal	3,458	5,712	65.2%
Total assets	47,192,261	54,447,798	15.4%
Equity	30,175,578	38,849,752	28.7%
Share capital	14,705,765	17,300,900	17.6%

VIII. A description of the impact of the payment of an annual award on the Company's financial position:

The total amount of annual awards for all members of the Management Board equals PLN 238,906.38 (say: two hundred and thirty-eight thousand nine hundred and six zloty,

thirty eight grosz) and is included in the payroll plan for the year 2010. The payment of the sum referred to above will have no influence on the Company's financial position.

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

Mr Maciej Bałtowski

Enclosures:

- 1) The financial statements of PGE S.A. for the period from 1.01.2009 to 31.12.2009.
- 2) Resolution no. 114/14/2010 of the Management Board of PGE S.A. of 15 March 2010 concerning the adoption of the separate financial statements of the Company for the year 2009.
- 3) Resolution no. 124/VIII/2010 of the Supervisory Board of PGE S.A. of 23 March 2010 concerning the evaluation of the Company's financial statements for the financial year 2009.
- 4) A declaration of the Company's timely settlement of its public law liabilities.
- 5) A declaration of the Company's compliance with the maximum yearly index of an average monthly salary increase.
- 6) Resolution no.139/VIII/2010 of the Supervisory Board of PGE S.A. of 12 April 2010 concerning the granting of an annual award to the President of the Management Board for the year 2009.

RESOLUTION NO. 114/14/2010
of the Management Board of PGE Polska Grupa Energetyczna S.A.
of 15 March 2010

concerning the Management Board's adoption of the separate financial statements of
PGE Polska Grupa Energetyczna S.A. for the year 2009

§ 1.

Acting pursuant to § 42 items 1 and 4, and § 15 clause 1 and clause 3 of the Company Statutes, following a motion of the Accounting Department Director, the Management Board decides as follows:

§ 2.

1. To adopt the separate financial statements of PGE Polska Grupa Energetyczna S.A. for the period from 1 January 2009 to 31 December 2009 consisting of 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 profit 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 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 to the financial statements.
2. After previous consultations with the Supervisory Board, to submit a motion to the Ordinary General Meeting to approve the separate financial statements for the financial year 2009.

§ 3.

The Resolution was passed unanimously.

President of Management Board
Tomasz Zadroga

Vice President of the Management Board
Marek Szostek

Vice President of the Management Board
Piotr Szymanek

Vice President of the Management Board
Wojciech Topolnicki

Vice President of the Management Board
Marek Trawiński

Enclosure no. 2 to official minutes no. 03/VIII/2010
of the meeting of the Supervisory Board, 8th term of office
of PGE Polska Grupa Energetyczna S.A.

Warsaw, 23 March 2010

**RESOLUTION NO. 124/VIII/2010
of the Supervisory Board of PGE Polska Grupa
Energetyczna S.A.
of 23 March 2010**

**concerning the evaluation of the Company's Financial Statements for the financial
year 2009**

Acting pursuant to article 382 § 3 of the Commercial Companies Code and § 19 clause 1
item 1 of the Company Statutes, The Supervisory Board of PGE Polska Grupa
Energetyczna S.A., decides as follows:

§ 1

The Supervisory Board evaluates positively the Company's financial statements for the
financial year 2009, which have been audited by a certified auditor, with respect to their
compliance with the accounts books, supporting documents and factual circumstances.

§ 2

The resolution becomes effective as at the day of its adoption.
The resolution was voted on in an open ballot.
The Resolution was passed unanimously.

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

Mr Marcin Zieliński

Members of the Supervisory Board

Mr Maciej Bałtowski

Mr Jacek Barylski

Mr Wojciech Cichoński

Mr Ryszard Malarski

Ms Katarzyna Prus

Mr Zbigniew Szmuniowski

Mr Krzysztof Żuk

Warsaw, 30 March 2010

**A DECLARATION OF THE ENTITY'S TIMELY SETTLEMENT
OF ITS PUBLIC LAW LIABILITIES**

The Management Board of PGE Polska Grupa Energetyczna S.A. hereby declares that in 2009 the Company's public legal liabilities were settled in a timely manner.

Warsaw, 29 March 2010

**A DECLARATION FOR THE SUPERVISORY BOARD ON THE COMPANY'S COMPLIANCE
WITH THE MAXIMUM YEARLY INDEX
OF AN AVERAGE MONTHLY SALARY INCREASE**

The Management Board hereby declares that in 2009 the maximum yearly index of an average monthly salary increase in PGE Polska Grupa Energetyczna S.A. was planned at the level not higher than 0%. This value could be exceeded only as a result of an increase in the Company's Payroll Fund for 2009 as compared to its execution in 2008:

- 1) in consequence of decisions made in 2008 and having effect in 2009,
- 2) by amounts resulting from employees' becoming entitled to some components of remuneration such as an internship allowance or a long service award,
- 3) in consequence of decisions made by the Management Board.

The maximum yearly index of an average monthly salary increase for 2009 as announced in the Regulation of the Council of Ministers was 8%.

In PGE Polska Grupa Energetyczna S.A., the factual value of the index was negative and equalled – 0.4%. Thus, the achieved yearly index of an average monthly salary increase was not in excess of either the maximum value announced in the Regulation of the Council of Ministers or the value planned for the Company.

Warsaw, 12 April 2010

**RESOLUTION NO. 139/VIII/2010
of the Supervisory Board of PGE Polska
Grupa Energetyczna S.A.
of 12 April 2010**

**on granting an annual award for the year 2009
to the President of the Management Board of PGE Polska Grupa
Energetyczna S.A.**

Acting pursuant to article 10 clause 2 of the Act of 3 March 2000 on remuneration of persons managing some legal entities (Journal of Laws, no. 26, item 306, as amended), the Supervisory Board of PGE Polska Grupa Energetyczna S.A. decides as follows:

§ 1

The Supervisory Board submits a motion to the General Meeting of PGE Polska Grupa Energetyczna S.A. to grant an annual award for the year 2009 to Mr Tomasz Zadroga, President of the Management Board, in the amount of his 3 average monthly salaries in 2009.

§ 2

Simultaneously, the Supervisory Board authorizes Mr Maciej Bałtowski to sign on its behalf the motion referred to in § 1 together with the necessary enclosures.

§ 3

The resolution becomes effective as at the day of the General Meeting's approval of the financial statements of PGE Polska Grupa Energetyczna S.A. for the period from 1 January 2009 to 31 December 2009.

The resolution was voted on in a secret ballot.

The Resolution was passed unanimously.

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

Mr Marcin Zieliński

Members of the Supervisory Board

Mr Maciej Bałtowski

Mr Jacek Barylski

Mr Czesław Grzesiak

Mr Grzegorz Krystek

Ms Katarzyna Prus

Mr Zbigniew Szmuniewski

Mr Krzysztof Żuk