

**A justification for the draft resolutions of the Ordinary General Meeting (“OGM”) of “PGE Polska Grupa Energetyczna Spółka Akcyjna” (the “Company”, “PGE”) convened for 28 June 2016:**

**I. in a matter of examination and approval of the financial statements and reports on the activities of the Company and the PGE Capital Group.**

According to Article 395 § 1 item 1 and § 5 of the Commercial Companies Code, the agenda of the Ordinary General Meeting should include a matter of examination and approval of the Management Board's report on the activities of the company and the financial statements for the previous financial year as well as the consolidated financial statements and the report of the Management Board of the Company on the activities of the capital group. In addition, the General Meeting is required to approve these documents based on the Accounting Act.

On 16 February 2016 the Management Board adopted resolution no. 49/12/2016 concerning the approval of the annual financial statements and the report of the Management Board on the activities of PGE Polska Grupa Energetyczna S.A. for the year 2015 as well as the annual financial statements and the report of the Management Board on the activities of the Capital Group of PGE Polska Grupa Energetyczna S.A. for the year 2015 as well as the submission of a motion to the Supervisory Board requesting an evaluation of the aforementioned documents.

On 31 May 2016 the Supervisory Board evaluated positively the annual financial statements and the report of the Management Board on the activities of PGE Polska Grupa Energetyczna S.A. for the year 2015 as well as the annual financial statements and the report of the Management Board on the activities of the Capital Group of PGE Polska Grupa Energetyczna S.A. for the year 2015.

**II. in a matter of acknowledgement of the fulfilment of duties by members of PGE authorities.**

According to Article 395 § 1 item 3 of the Commercial Companies Code, the agenda of the Ordinary General Meeting should include a matter of acknowledgement of the fulfilment of duties by members of the company authorities for the previous financial year.

On 31 May 2016 the Supervisory Board recommended that the General Meeting grant discharge to the members of the Management Board and requested that the General Meeting grant discharge to the Members of the Supervisory Board.

**III. in a matter of distribution of the PGE net profit for the financial year 2015 and the determination of the dividend record date and the dividend payment date.**

On 24 May 2016 the Management Board of PGE made a decision concerning the proposed distribution of net profit for the financial year 2015, proposed dividend record date and the dividend payment date. The Management Board of PGE decided to submit a motion to the Ordinary General Meeting for approval of the following proposals:

- the distribution of the Company's net profit for the financial year 2015 in the amount of PLN 1,767,999,316.86 (say: one billion seven hundred and sixty-seven million, nine hundred and ninety-nine thousand three hundred and sixteen zloty and eighty-six groszy) as follows:
  - a) the amount of PLN 1,720,179,962.68 (say: one billion seven hundred and twenty million, one hundred and seventy-nine thousand nine hundred sixty two zloty and sixty-eight groszy)

- to be allocated for dividend payout to the Company shareholders, which gives a dividend of PLN 0.92 (say: zero zloty and ninety-two groszy) per one Company share,
- b) remaining amount of PLN 47,819,354.18 (say: forty seven million, eight hundred nineteen thousand, three hundred fifty four zloty and eighteen groszy) to be allocated to the supplementary capital.

- the dividend record date at 23 September 2016,
- the dividend payment date at 14 October 2016.

A dividend may be paid on the basis of the financial result determined in the standalone annual financial statements prepared for statutory purposes, ie. in the Company's case, in accordance with IFRS approved by the European Union.

In accordance with the requirements of the Commercial Companies Code (Article 396 of the Commercial Companies Code) 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 2015 the value of the share capital of PGE Polska Grupa Energetyczna S.A. amounted to PLN 18,697,608,290.00. One third of the share capital is PLN 6,232,536,096.66, while the value of supplementary capital of the Company amounts to PLN 13,008,625,994.41. The surplus of the supplementary capital exceeding one third of the share capital as at 31 December 2015 amounts to PLN 6,776,089,897.75.

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 2015.

Pursuant to the amended dividend policy, which was the subject of the Company's current report no. 25/2015 of 25 August 2015, the Management Board of PGE intends to recommend that the General Meeting adopt a resolution to pay dividends to the shareholders at the level of 40-50% of the consolidated net profit adjusted by fixed asset revaluation write-downs. The amount of the proposed dividend payout equals PLN 1,720,179,962.68 (which constitutes 40.13% of the consolidated net profit attributable to the equity holders in the parent company and adjusted by fixed asset revaluation write-downs recognised in 2015).

Pursuant to Article 395 § 2 item 2 of the Commercial Companies Code, the subject matter of the Ordinary General Meeting should include a resolution on the distribution of profit or the financing of loss, and 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.