

**Justification for the resolution of the Ordinary General Meeting ("OGM") of "PGE Polska Grupa Energetyczna Spółka Akcyjna" ("Company", "PGE") convened for 27 June 2013, in the matter of the distribution of the net profit of PGE for the financial year 2012 and the allocation of a part of the supplementary capital for dividend payment as well as the determination of the dividend record date and the dividend payment date.**

On 13 March 2013, the Management Board of PGE took a decision about the proposed distribution of the net profit for the financial year 2012 and the allocation of a part of the supplementary capital for dividend payment as well as the determination of the dividend record date and the dividend payment date and decided to make a request to the Ordinary General Meeting of the Company for an approval of the above mentioned proposals.

The Company's Management Board proposes to distribute the entire net profit for the financial year 2012 in the amount of PLN 783,997,742.44 and that part of the supplementary capital which can be allocated for dividend payment in the amount of PLN 823,996,570.50 for the dividend payout to the Company's shareholders in the total amount of PLN 1,607,994,312.94, i.e. PLN 0.86 (eighty six groszy) per one share.

The Management Board also proposes to allocate the "retained profit" presented in the standalone financial statements for the financial year 2012 to the supplementary capital. It is necessary to explain that the "retained profit" in the Company's equity as at 31 December 2012 is PLN 861,550,573.04, of which the amount of PLN 783,997,742.44 was from the net profit for the financial year 2012 and the remaining part in the amount of PLN 77,552,830.60 was the outcome of the following:

- the Company's move to the use of the IFRS from 1 January 2010, which caused a change in the evaluation of fixed assets, intangible assets, financial instruments and provisions for employee benefits;
- the change in accounting principles in respect of the evaluation of the shares value in subsidiaries;
- the recognition of actuarial losses in accordance with the International Accounting Standard no. 19 *Employee Benefits*.

The retained profits created in consequence of the said operations in the total amount of PLN 77,552,830.60 cannot be distributed among the shareholders in dividend. The supplementary capital is a reserve, which may be used for, among others, balance sheet loss coverage, share redemptions, or a return of additional equity contributions. This capital is created both from the profits of previous periods and as a result of other events.

Consequently, it is justified to allocate the retained profits, which are not subject to a division among shareholders, to supplementary capital.

The proposed dividend record date is 5 September 2013 and the dividend payment date - 26 September 2013.

**The justification of the draft resolutions of the Company's OGM convened for 27 June 2013, in the matter of the determination of the number of members of the Supervisory Board and the changes in the composition of the Supervisory Board.**

The draft resolutions were prepared in connection with the written request received on 20 May 2013, pursuant to article 401 § 1 of the Commercial Companies Code, from the State Treasury Minister, representing the shareholder State Treasury, to include in the agenda of the nearest General Meeting the following items:

- The adoption of a resolution in the matter of the determination of the number of members of the Supervisory Board;
- The adoption of resolutions concerning changes in the Supervisory Board;

Having regard to the fact that pursuant to article 401 § 1 of the Commercial Companies Code, a shareholder representing at least one twentieth of the share capital may request that particular matters be included in the agenda of the nearest General Meeting and in accordance with § 20 clause 1 and 2 of the Company Statutes the decisions in the above mentioned matters belong to competences of the General Meeting, the Company's Management Board accepted the request of the State Treasury Minister placing in the agenda of the OGM the above mentioned matters and presented proper draft resolutions.

**Justification for the resolution of the Ordinary General Meeting ("OGM") of "PGE Polska Grupa Energetyczna Spółka Akcyjna" convened for 27 June 2013, in the matter of the merger of PGE Polska Grupa Energetyczna S.A. and PGE Energia Jądrowa S.A., giving consent to the merger plan and to the changes in the Company Statutes of PGE Polska Grupa Energetyczna S.A.**

For the purpose of simplifying the capital structure of PGE Capital Group, the cost reduction resulting from the maintenance of a separate entity and in order to increase the effectiveness of nuclear plant project preparation from the level of the Corporate Centre, the Management Board of PGE Polska Grupa Energetyczna S.A. (the Merging Company) has taken the decision about the intention of a merger of PGE Polska Grupa Energetyczna S.A. with its subsidiary company PGE Energia Jądrowa S.A. (the Merged Company) responsible within the capital group for the nuclear power plant project preparation.

The company merger shall take place under article 492 § 1 item 1 of the Commercial Companies Code (CCC) in connection with article 516 § 6 of the CCC, i.e. by way of a takeover of PGE Energia Jądrowa S.A. by PGE Polska Grupa Energetyczna S.A., by transfer of the entire assets of the Merged Company to the Merging Company. The merger shall take place without increasing the share capital of the Merging Company and without the issue of new shares of the Merging Company in exchange for the shares of the Merged Company in accordance with article 515 § 1 of the CCC. The merger shall take place under the so-called simplified merger procedure specified in article 516 of the CCC (in particular, the Management Boards have not prepared their reports justifying the merger, and the merger plan is not subject to an audit by an independent auditor in respect of its correctness and reliability).

Within the works conducted so far aiming at the merger, the Management Boards of PGE Polska Grupa Energetyczna S.A. and PGE Energia Jądrowa S.A. have adopted and signed the merger plan on 16 May 2013, which was published in Monitor Sądowy i Gospodarczy (Court and Commercial Gazette) no. 98/2013 of 22 May 2013 item 7022, and conveyed to the public in a form of the current report no. 38/2013 of 16 May 2013.

The merger plan includes the information required in accordance with article 499 § 1 items 1, 5 and 6 of the CCC. In connection with the fact that the merger takes place under the simplified procedure, the merger plans does not include the information mentioned in article 499 § 1 items 2-4 of the CCC (i.e. the ratio of exchange of the shares, the rules governing the allocation of shares to the shareholders of the Merged Company, the date as of which the merger shares give right to participate in the profit of the Merging Company). Furthermore, pursuant to article 499 § 4 of the CCC the Merging Company has not prepared an accounting statement, mentioned in article 499 § 2 item 4 of the CCC, because in accordance with the regulations on public offerings and on the conditions for introducing financial instruments to an organised distribution system and on public companies, it publishes and makes available to its shareholders half-yearly financial statements.

According to article 506 § 1, § 2 and § 4 of the CCC, the merger shall take place on the basis of the resolution of the General Meeting, which should include the following:

- (i) consent to the Merger Plan and
- (ii) consent to the proposed changes in the statutes of the Merging Company.

The proposed changes in the Statutes of PGE Polska Grupa Energetyczna S.A. result from the necessity to adapt its content to the tasks PGE Polska Grupa Energetyczna S.A. shall execute after the merger, in particular the need to broaden the scope of economic activities of the Merging Company with the categories being the objects of the Merged Company, whose all rights and duties shall be taken over by PGE Polska Grupa Energetyczna S.A. as from the merger date. The proposed changes concern § 3 clauses 1 and 3 and § 6 of the Statutes of PGE Polska Grupa Energetyczna S.A.

The change of § 3 clause 1 of the Statutes of PGE Polska Grupa Energetyczna S.A. consists in the following:

- a) ordering the types of economic activities by PKD classification, including their arrangement in accordance with the PKD numbers and deleting the below mentioned items from the list of the economic activities of PGE Polska Grupa Energetyczna S.A. in connection with their inclusion in broader PKD categories, which does not lead to an actual change in the Company's economic activities, but is of an ordering character only:
  - 1) Wholesale of solid, liquid and gaseous fuels and related products (PKD 46.71.Z)
  - 2) Agents involved in the sale of a variety of goods (PKD 46.19.Z),
  - 3) Agents specialised in the sale of other particular products (PKD 46.18.Z),
- b) broadening the current economic activities with the following ones that have been performed so far only by the Merged Company:
  - 1) Mining of uranium and thorium ores (PKD 07.21.Z),
  - 2) Processing of nuclear fuel (PKD 24.46.Z),
  - 3) Remediation activities and other waste management services (PKD 39.00.Z),
  - 4) Development of building projects (PKD 41.10.Z),
  - 5) Wholesale of other machinery and equipment (PKD 46.69.Z),
  - 6) Warehousing and storage of other goods (PKD 52.10.B),

- 7) Other information service activities n.e.c. (PKD 63.99.Z),
- 8) Buying and selling of own real estate (PKD 68.10.Z),
- 9) Renting and operating of own or leased real estate (PKD 68.20.Z),
- 10) Management of real estate on a fee or contract basis (PKD 68.32.Z).

The change of § 3 clause 3 of the Company Statutes consists in the change of the reference appearing in the second sentence resulting from the changes introduced to § 3 clause 1 of the Company Statutes, i.e. the change of the phrase "..., referred to in clause 1 item 9:" and replacing it with the phrase "..., referred to in clause 1 item 15:".

The change of § 6 of the Company Statutes consists in adding clause 4, whose content indicates the merger of PGE Polska Grupa Energetyczna S.A. as the Merging company and PGE Energia Jądrowa S.A. as the Merged Company under article 492 § 1 item 1 of the CCC.

The resolution of the General Meeting of PGE Polska Grupa Energetyczna S.A. concerning the merger with a different company and the change in the Company Statutes is required under the provisions of § 37 clause 1 item 6) and item 8) of the Statutes of PGE Polska Grupa Energetyczna S.A. and article 506 of the CCC.

**A justification for the draft resolution of the Ordinary General Meeting of PGE Polska Grupa Energetyczna S.A. convened for 27 June 2013 concerning changes in the Statutes of PGE Polska Grupa Energetyczna S.A.**

Acting as the representative of the shareholder - the State Treasury, i.e. an authorized person under article 401 § 1 and 4 of the Commercial Companies Code, the Minister of the State Treasury has sent the Company a motion requesting that an additional item be included in the agenda of the Ordinary General Meeting, i.e. "Adoption of a resolution concerning changes in the Company Statutes", and a draft resolution related to the aforementioned item of the agenda, to be considered by the General Meeting of PGE Polska Grupa Energetyczna S.A.

The justification for the resolution contains the following explanation: "As one of the shareholders, the State Treasury considers it advisable to effect changes in the Company Statutes, in particular by broadening the catalogue of affairs assigned to the Company's particular governing bodies. Such changes are to strengthen the governing bodies' powers in matters of considerable importance for the Company's business activities as well as for the interests of the Company and its shareholders."

On June 26, 2013 the Ministry of State Treasury submitted a modified draft of Ordinary General Meeting resolution concerning amendment of Company Statutes within proposed § 18, clause 2, item 12”.