

*Enclosure to resolution of the Supervisory Board of
PGE Polska Grupa Energetyczna S.A.
no. 119/X/2016 of 31 May 2016*

The Report of the Supervisory Board of PGE Polska Grupa Energetyczna S.A. on the results of the evaluation of the following: "The EU-IFRS-compliant standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2015", "The Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2015" as well as the PGE Polska Grupa Energetyczna S.A. Management Board's proposal for the General Meeting concerning the distribution of net profit, the determination of the dividend record date and the dividend payment date.

Acting pursuant to Article 382 § 3 of the Commercial Companies Code and § 18 clause 1 items 1 and 2 of the Statutes of PGE Polska Grupa Energetyczna S.A., the Supervisory Board evaluated the following: "The EU-IFRS-compliant standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2015" together with an opinion and report of a certified 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 ended 31 December 2015" as well as the PGE Polska Grupa Energetyczna S.A. Management Board's proposal for the General Meeting concerning the distribution of net profit, the determination of the dividend record date and the dividend payment date.

The Supervisory Board finds as follows:

- I. Re: "The EU-IFRS-compliant standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2015".
 1. The Supervisory Board became acquainted with and reviewed "The EU-IFRS-compliant standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2015" comprising 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, as well as additional information on the adopted accounting principles and additional explanatory notes.
 2. The standalone financial statements were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, entered in the register of entities authorized to audit financial statements under registration number 3546, the said register kept in the custody of the National Chamber of Auditors in Poland.
 3. The standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the financial year 2015:
 - 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 legal regulations 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 account books, which are properly maintained in all material aspects.
4. The standalone financial statements present truly and fairly the economic and financial position of the Company as at 31 December 2015, the financial result and cash flows for the financial year ended on that day.
- II. Re: "The Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2015":
1. The report on the Company's activities includes, in all material aspects, 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 periodical information to be released by issuers of securities and the conditions for recognizing as equivalent information required under the laws of a country which is not a Member State (i.e. Journal of Laws of 2014, item 133).
 2. The report is consistent with the information included in the standalone financial statements.
 3. The Company properly executes all tasks related to its objects specified in § 3 of the Statutes of PGE Polska Grupa Energetyczna S.A.
- III. Re: the proposal of the Management Board of PGE Polska Grupa Energetyczna S.A. for the General Meeting concerning the distribution of the Company's net profit, the determination of the dividend record date and the dividend payment date.

The Supervisory Board became acquainted with the Management Board's proposal concerning the distribution of profit for the year 2015. The Supervisory Board finds that the Management Board's proposal has been drawn up in compliance with the following legal requirements:

- 1) A dividend may be paid out on the basis of the financial result determined in the standalone financial statements prepared for Statute purposes, i.e. in the Company's case, in accordance with the IFRS approved by the European Union.
- 2) Pursuant to the provisions of the Commercial Companies Code (Article 348 § 1), the amount to be distributed among the shareholders may not exceed the profit for the previous financial year increased by the undivided profit for the previous years and by the amounts transferred from the supplementary and reserve capitals which may be allocated for dividend payments. This amount needs to be decreased by the accumulated losses, treasury shares and other sums which, pursuant to the Act or the Statutes, need to be allocated to the supplementary and reserve capitals.
- 3) According to the requirements of the Commercial Companies Code (Article 396), a public limited company is obliged to establish a 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 standalone 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 disclosed in an entity's standalone financial statements and may not be distributed for other purposes.

As at 31 December 2015 the value of the share capital of PGE Polska Grupa Energetyczna S.A. was PLN 18,697,608,290.00. One third of the share capital equals PLN 6,232,536,096.66, and the value of the supplementary capital is PLN 13,008,625,994.41. As at 31 December 2015 the surplus of the supplementary capital over one third of the share capital equalled PLN 6,776,089,897.75.

In view of the above and under the provisions of the Commercial Companies Code, the Company is not obliged to establish the supplementary capital from the profit for the financial year 2015.

In its resolution no. 189/48/2016 of 24 May 2016, the Management Board decided to submit a proposal to the General Meeting providing for the following:

- 1) the distribution of the net profit for the year ended 31 December 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 zlotys 86/100) in the following manner:
 - 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 and sixty-two zlotys 68/00) to be allocated for dividend payout to the Company shareholders, which gives a dividend of PLN 0.92 (say: zero zloty 92/100) per one Company share,
 - b) the remaining amount, i.e. PLN 47,819,354.18 (say: forty-seven million eight hundred and nineteen thousand three hundred and fifty-four zlotys 18/100) to be allocated to the supplementary capital,
- 2) the dividend record date to be set for 23 September 2016; and
- 3) the dividend payment date to be set for 14 October 2016.

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).

Final conclusions

The Supervisory Board evaluates positively the following:

- 1) "The EU-IFRS-compliant standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2015",
- 2) "The Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2015"; and
- 3) the proposal of the Management Board of PGE Polska Grupa Energetyczna S.A. for the General Meeting concerning the distribution of the Company's net profit, the determination of the dividend record date and the dividend payment date.



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In connection with the above, the Supervisory Board recommends that the General Meeting approve "The EU-IFRS-compliant standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2015", "The Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2015" as well as the distribution of net profit, the determination of the dividend record date and the dividend payment date as recommended in the Company Management Board's proposal.

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

Anna Kowalik

Members of the Supervisory Board:

Jarosław Głowacki
Janina Goss
Mateusz Gramza
Grzegorz Kuczyński
Małgorzata Mika-Bryska
Mieczysław Sawaryn
Artur Składanek

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