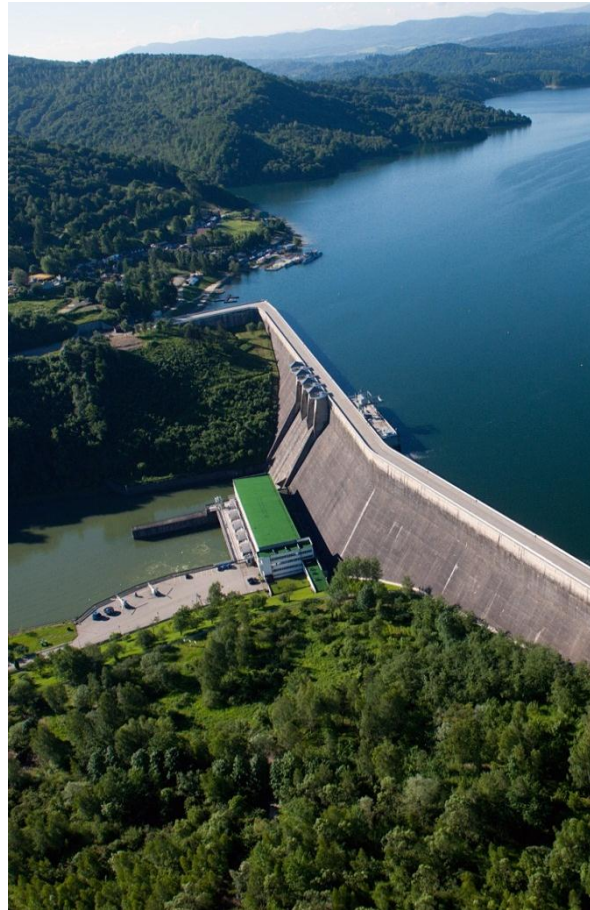


FY 2013 & Q4 2013 Financial and Operating Results

March 12, 2014





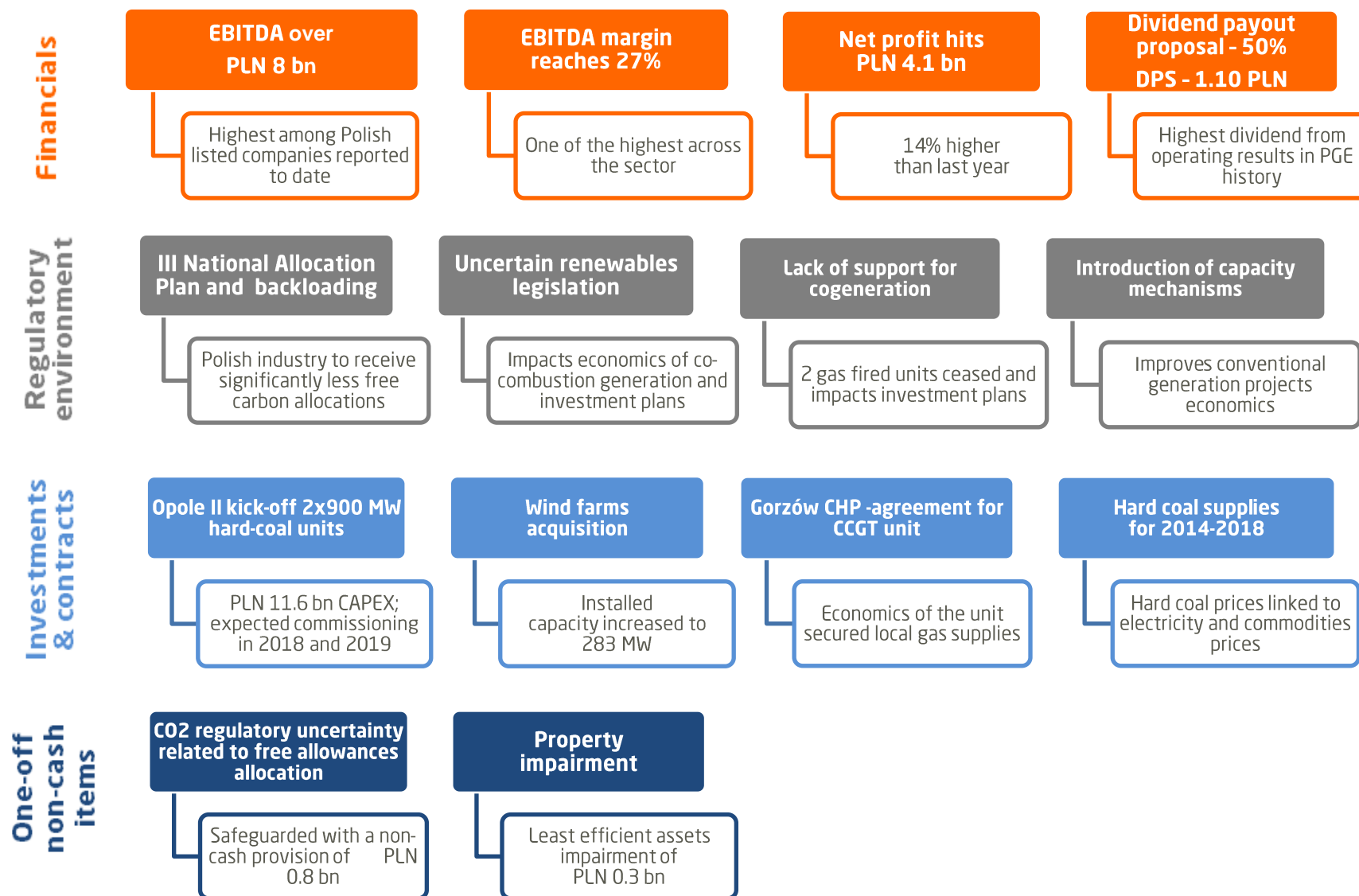
- Key achievements and developments



Marek Woszczyk

- President and CEO

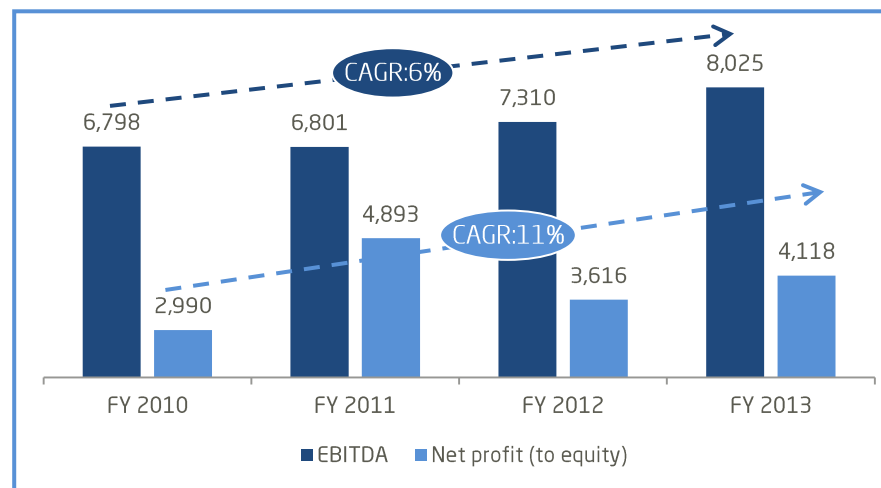
Through uncertain regulatory environment to sound results



Operational performance remains stable

PGE - a stable and reliable utility

- PGE remains a rare example of **financially stable european utility** despite deteriorating market environment
- Sustained improvement of results and increasing operational performance
- 10% EBITDA growth in 2013 secures **strong cash generation from operations** and provides attractive platform for future growth
- Net profit to equity growth of 14% drives EPS to PLN 2.20



PGE outgrows competitors in generation and retail sales growth

- PGE's net generation remained stable mostly due to higher utilization of most efficient lignite fired assets
- Cost leadership in generation allowed to provide a competitive offer on the retail market resulting in **15% growth in volumes** sold to end users
- Acquisition of wind farms strengthens PGE leadership position in renewables in Poland

(TWh)	FY 2013	FY 2012	% growth
Net generation volume	57.04	57.05	0%
Sales to end-users	36.95	32.10	15%
Electricity distribution volume	31.78	31.32	1%

Recovery in economy and new regulations beneficial for PGE

Economic and commodities situation

- **Improving situation** in the economy drove domestic demand
- Prices of carbon allowances and hard coal have fallen **pulling electricity prices down**
- Growth of generation from renewable sources continuously adds pressure on supply and thus prices
- As majority of electricity volumes is forward sold the **negative effect on electricity prices** will still be visible in short term

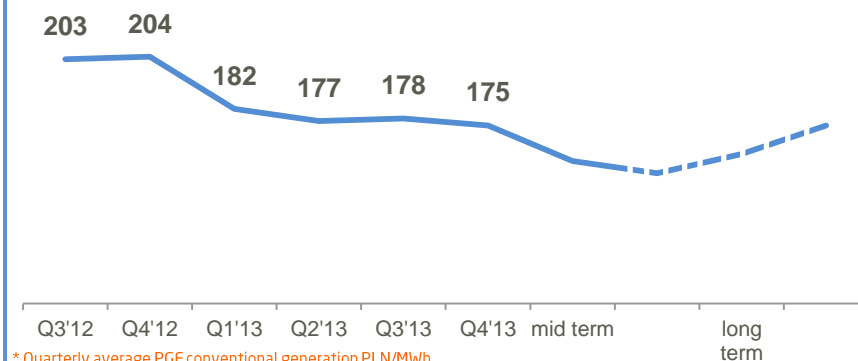
Outlook

- **Macroeconomic outlook is improving** - growth in the economy is expected to continue and will have an impact on demand and thus electricity prices
- **Regulations are shifting toward more favourable** - backloading is impacting carbon allowances prices which will be beneficial for most efficient generators
- Capacity mechanisms implemented will secure economics of conventional generation in mid-term
- PGE is well positioned to take advantage of improving situation while retaining high margins provide **stable cash flows**

Electricity production and consumption

	FY 2010 (TWh)	FY 2011 (TWh)	FY 2012 (TWh)	FY 2013 (TWh)
Domestic Production	156	163	160	163
Domestic consumption	155	158	157	158

Electricity price*

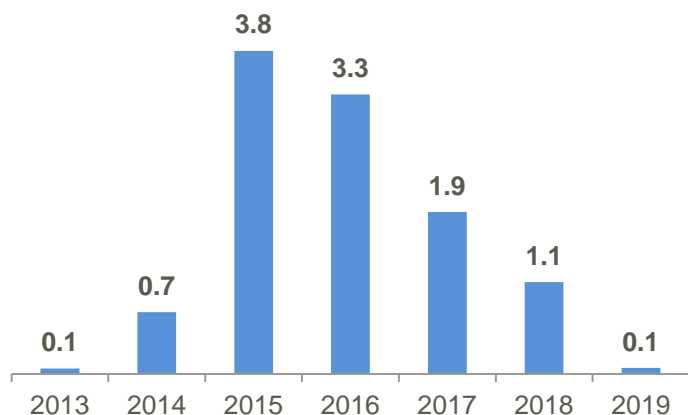


Important investments kicking-off

Opole investment project

- **Notice to Proceed (NTP)** issued **on January 31, 2014**
- Expected commissioning date:
 - **Unit 5: July 2018** - 54 months from NTP issue
 - **Unit 6: March 2019** - 62 months from NTP issue
- Contract value: **PLN 9.4bn net (PLN 11.6bn gross)**
- Investment conducted in EPC formula (engineering, procurement, construction)
- Long-term coal **contract signed, linking fuel cost to prices of commodities**

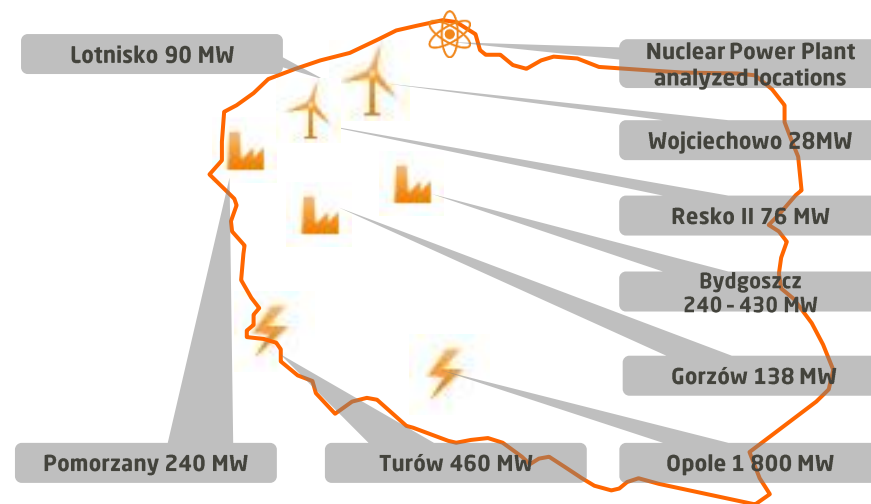
Expected CAPEX (PLN bn)



Other key projects progressing as planned

- **Gorzów 138MWe/90MWt CHP** - contract signed in Q3 2013
- **Turów 460 MW** - tender in progress - expected to be resolved in Q2 2014
- **Bydgoszcz 240-430 MW CHP** and **Pomorzany 240 MW CHP** - tenders in progress
- Conventional generation **upgrades and retrofits** - carried out as planned
- On-going process of **new client connections** in distribution and **modernization of HV, MV and LV lines**
- Wind farms - **14MW Resko** launched in Q3 2013. Our wind capacity increased to 283MW. **Pipeline for 2014-2015: Lotnisko 90MW, Resko II 76MW and Wojciechowo 28MW**
- **Polish Nuclear Power Program** approved in Jan 2014 allowing for preparation works

On-going investments map



Q4 2013 & FY 2013 Financial and Operating Results



Detailed financial and operating results



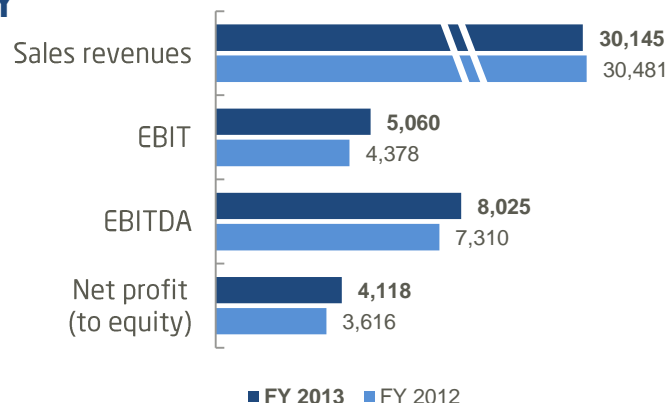
Magdalena Bartoś

- Managing Director, CFO

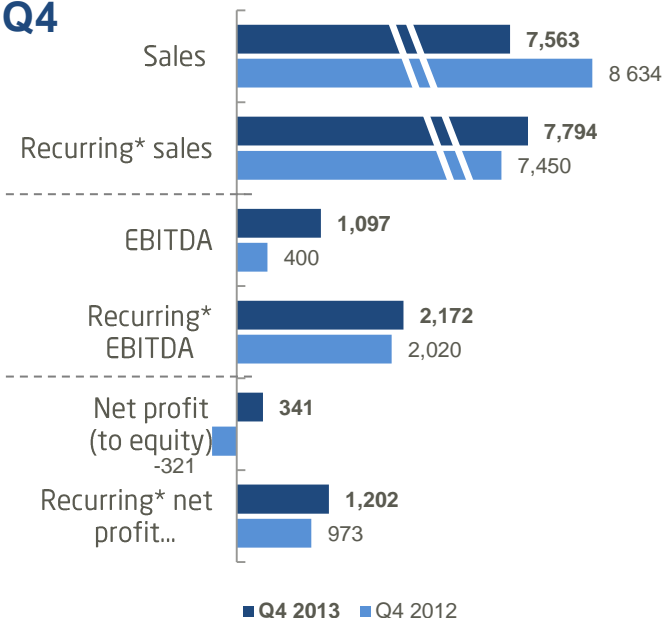
Key financial results

m PLN	2013	diff. y-o-y %	Q4 2013	diff. q-o-q %
Sales revenues	30,145	-1%	7,563	-12%
EBITDA	8,025	10%	1,097	175%
Recurring EBITDA	8,315	-4%	2,172	8%
Net profit to equity	4,118	14%	341	-206%
Earning per share (PLN)	2.20	14%		
Net cash from operating activities	7,941	7%	2,146	51%
CAPEX	4,357	-10%	1,529	-6%
Net cash (end of period)	3,131	25%		
Dividend payout*	2,057	28%		
Dividend per share* (PLN)	1.10	28%		
Credit ratings				
Fitch	BBB+			
Moody's	A3			

FY

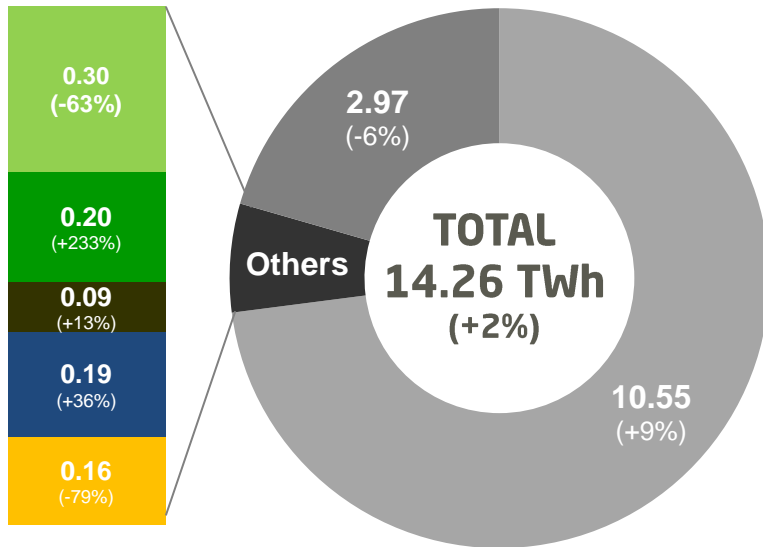


Q4

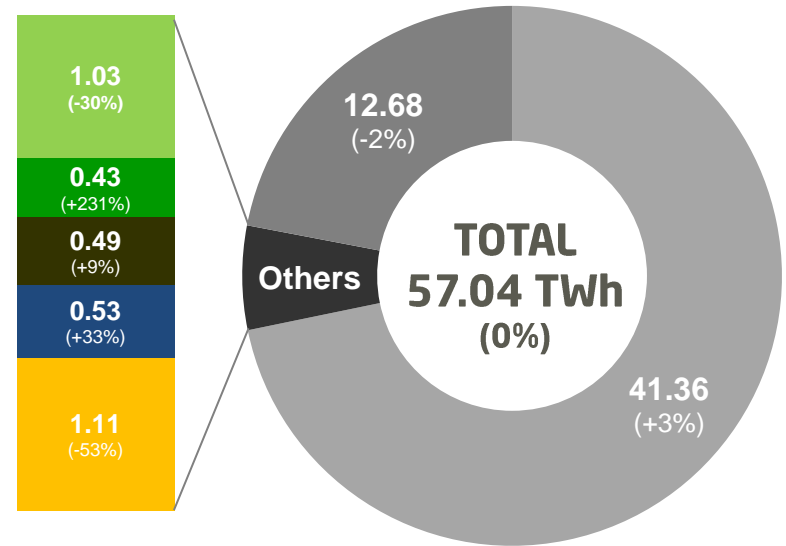


Generation - maximizing utilization of most efficient assets

Q4 2013 production (% change y-o-y)



FY 2013 production (% change y-o-y)

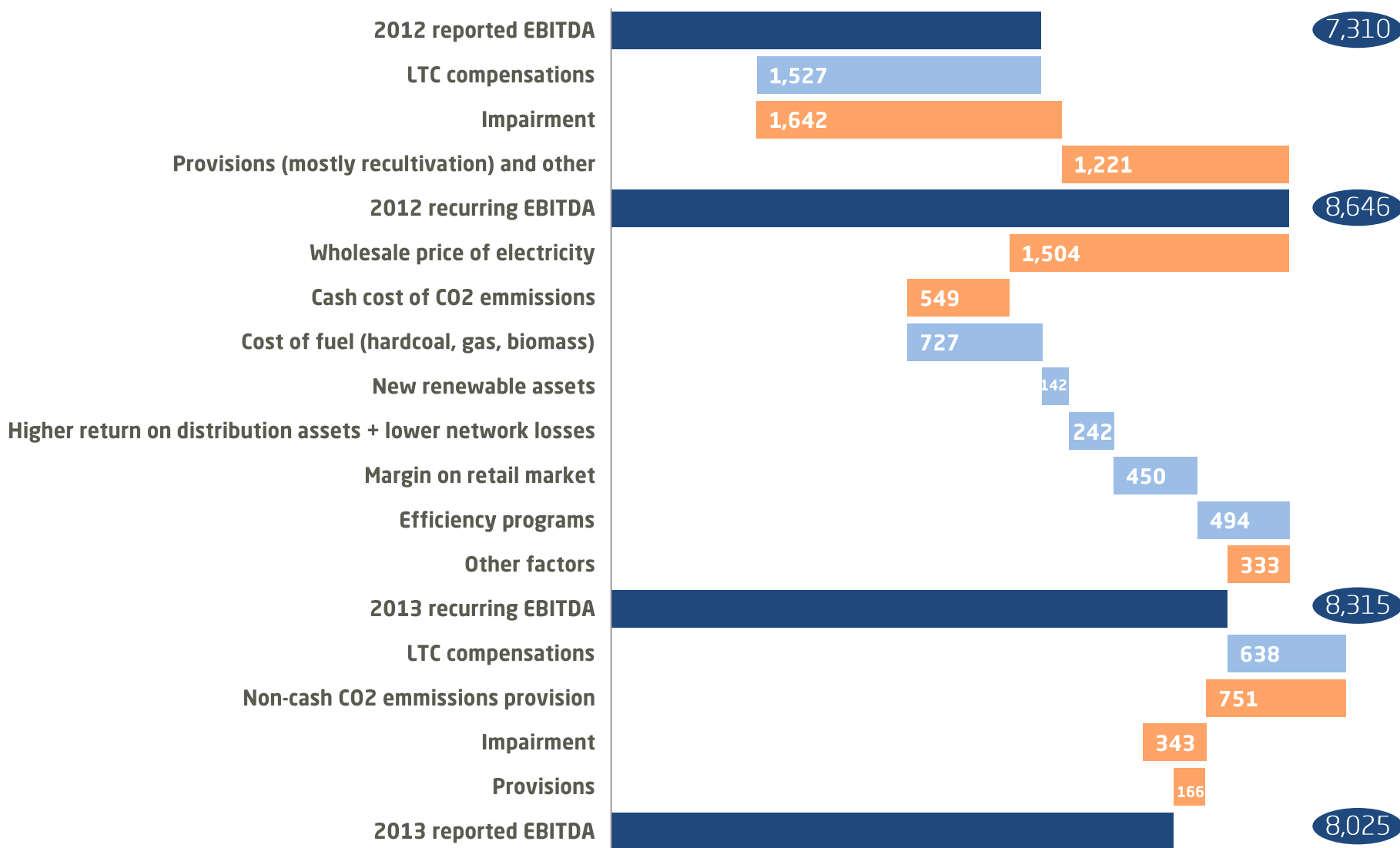


Lignite
 Hard coal
 Gas
 Pump-storage
 Hydro
 Wind
 Biomass

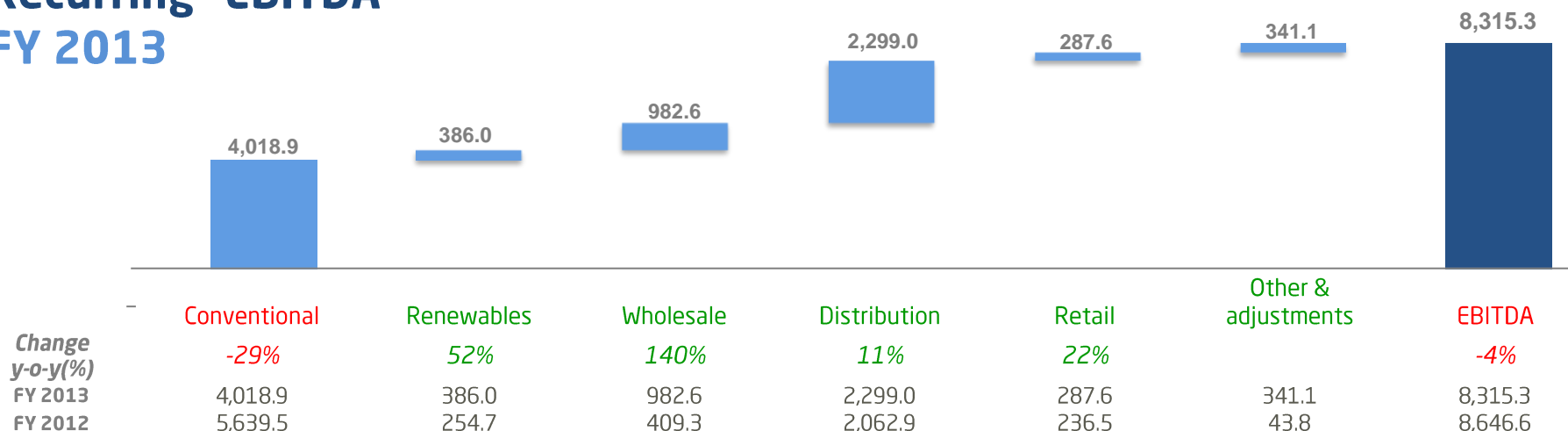
- Higher production from lignite thanks to higher utilization of the most efficient assets (fewer maintenance repairs).
- Hard coal production lower due to lower cost competitiveness of our fleet.
- Gas fired CHPs generation lower after production in Lublin and Rzeszów ceased due to lack of support for cogeneration.
- Renewables generation amounted to 1.95 TWh after biomass co-combustion decreased due to its deteriorated economics. Newly acquired wind farms contributed significantly to growth.

Development of annual EBITDA by major value drivers

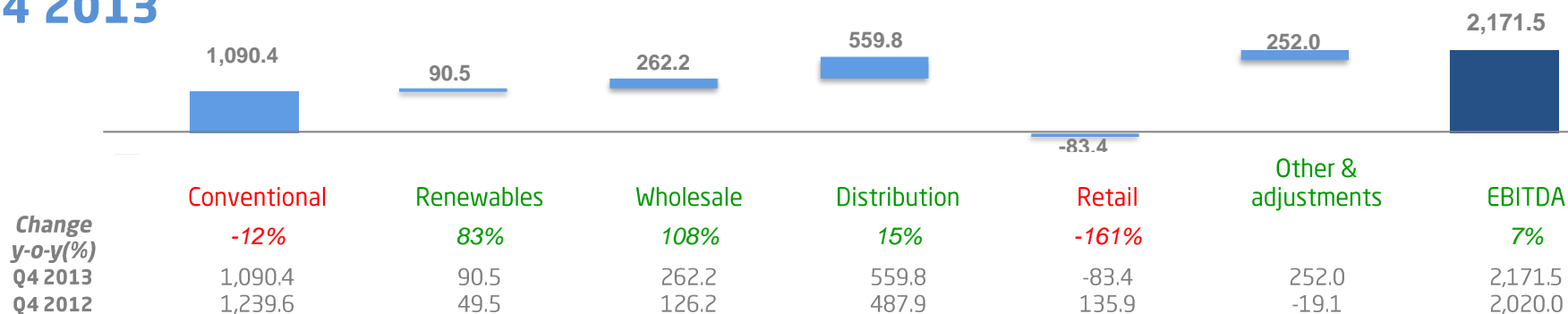
m PLN



Recurring¹ EBITDA FY 2013

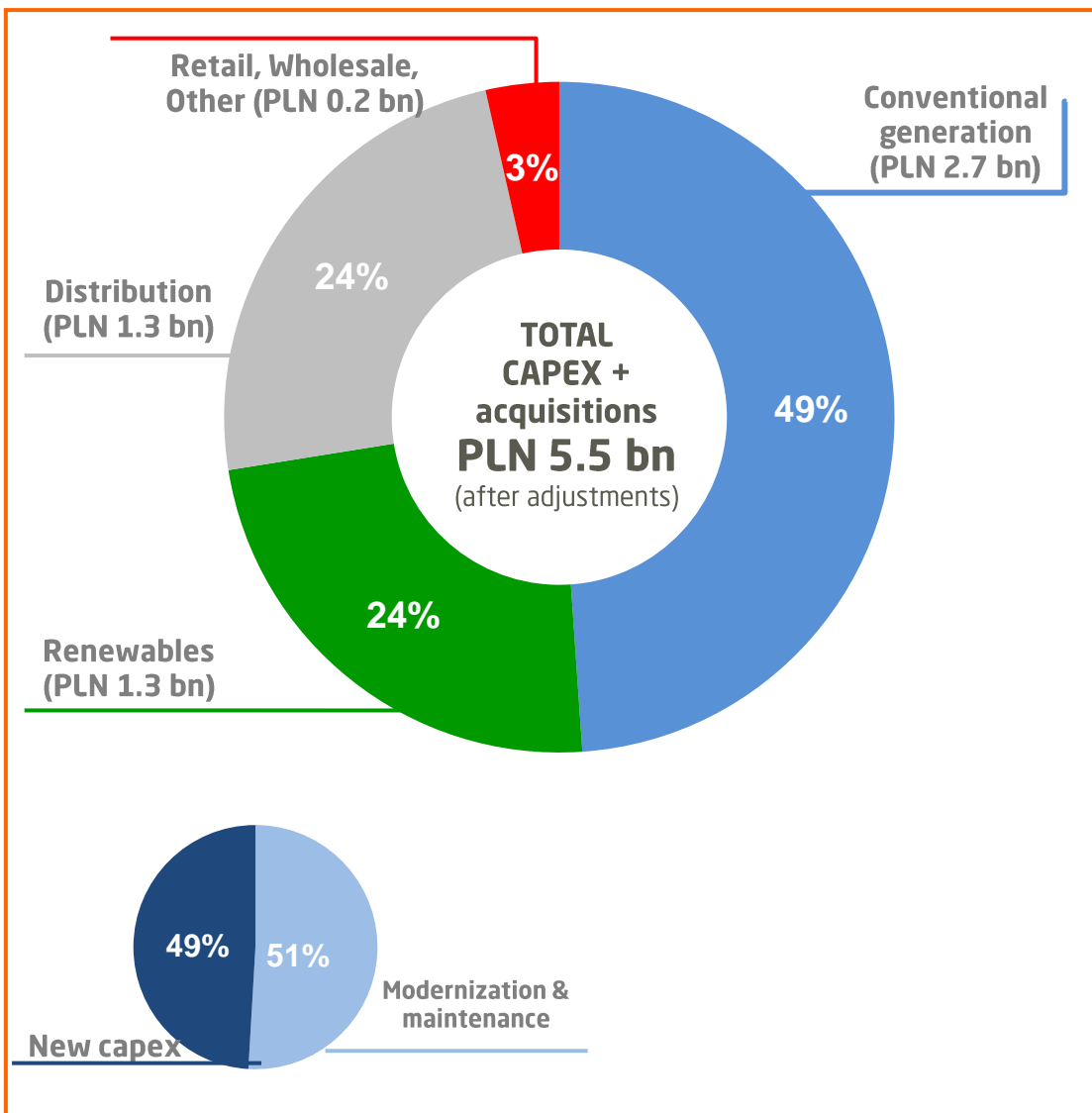


Q4 2013



- ↓ Wholesale price
 ↑ Higher volumes
 ↑ Retail margin effect
 ↑ Higher remuneration
 ↑ FY: Certificates of origin impact
- ↓ Carbon cost
 ↑ Cost of fuel
 ↑ Efficiencies
 ↓ Q4: Internal transfer price impact

Capital expenditures in 2013



➤ Conventional Generation

- Modernization of 3-12 units at Bełchatów plant (**PLN 542.3m**)
- Change of technology of furnace waste storage (Bełchatów) (**PLN 110.4m**)
- Modernization of IOS at units 3-12 (Bełchatów) (**PLN 96.5m**)
- Construction of installation for NO_x reduction at units 1-3 (Opole) (**PLN 39.3m**)

➤ Distribution

- Connection of new off-takers (**PLN 542.1m**)
- Modernization and expansion of power grid, stations and lines (**PLN 472.0m**)

➤ Renewables

- Acquisition of wind farms of 131 MW capacity (**Enterprise Value - PLN 1.1 bn**)
- Wind farm Resko I with a capacity of 14 MW (**PLN 70.1m**)
- Wind farm Wojciechowo with a capacity of 28 MW (**PLN 25.2m**)

Stable and reliable distribution of profit - dividend for 2013

Dividend policy

PGE's dividend policy states that the company will distribute 40-50% of the consolidated net profit for a given year.

Policy is sustainable in the course of the investment programme.

2013 proposal

Management Board proposes to payout the top of the policy's range.

Final decision will be taken by the Annual General Meeting.

Dividend per share

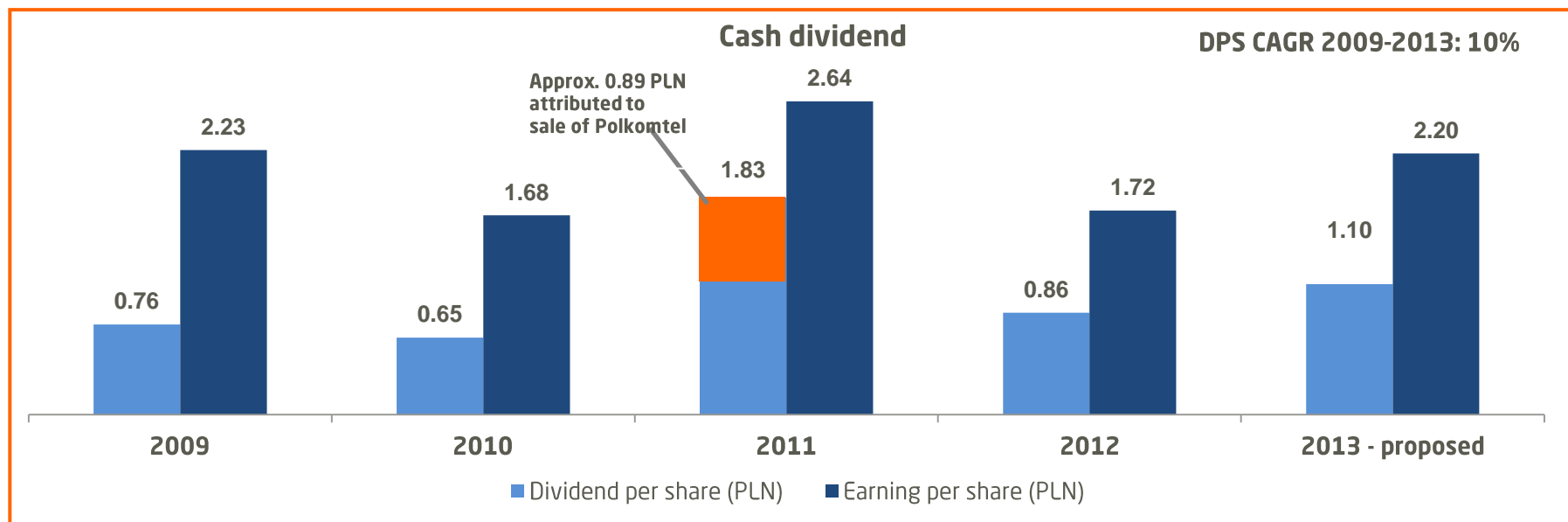
According to the proposal, the dividend from 2013 profit shall amount to:

- PLN 2.06 bn, which sets
- DPS for 1.10 PLN.

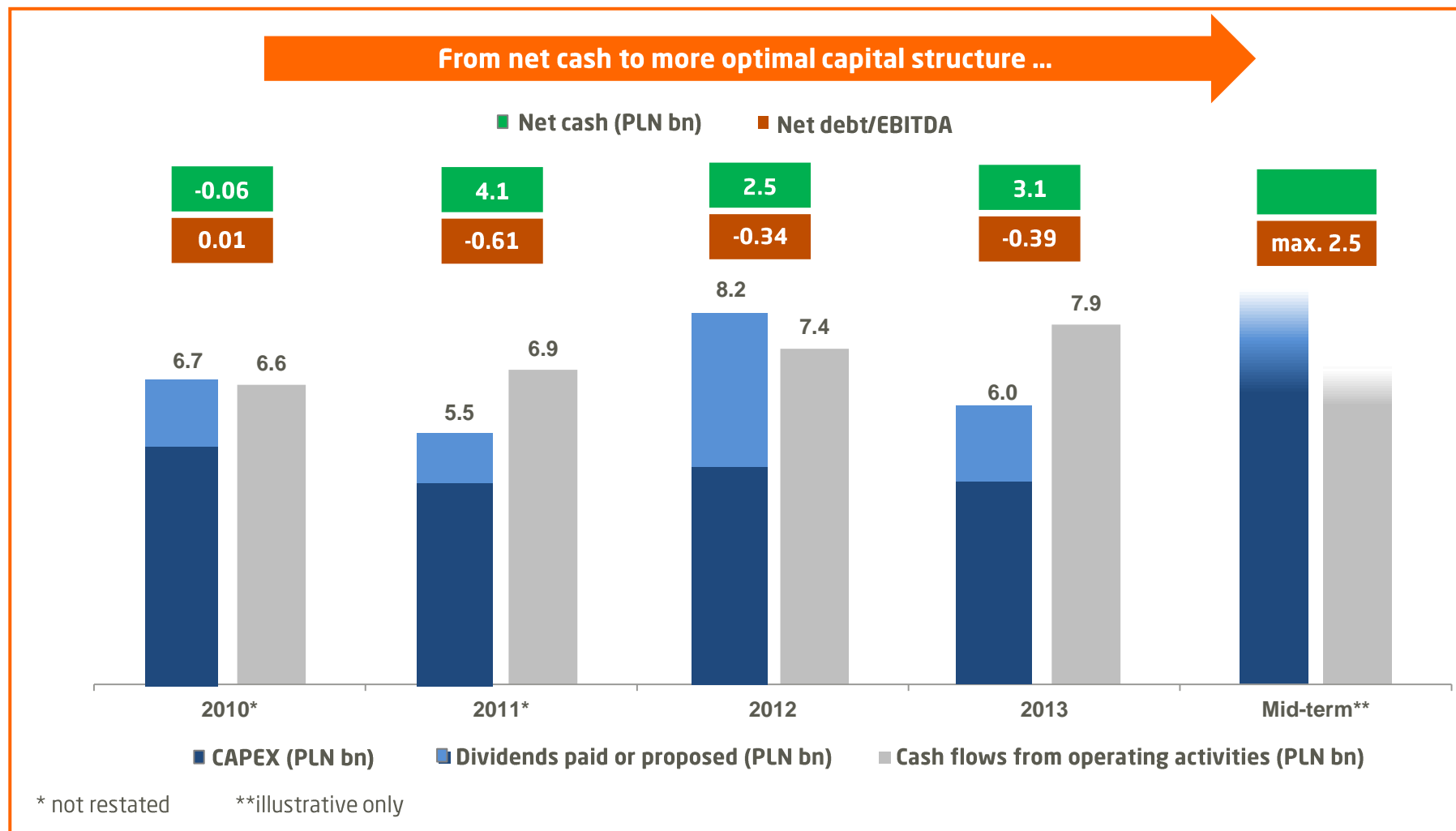
Timeline

Proposed dividend date: September 5, 2014.

Proposed dividend payment date: September 26, 2014.








Towards optimal capital structure through leverage



Division EBITDA & CAPEX outlook for 2014

2014 outlook vs 2013

Main drivers

Conventional Generation		Lower	<ul style="list-style-type: none"> Wholesale price to be lower by approx. 15-20 PLN/MWh Further increase of carbon burden Efficiency programs, better utilization of lignite assets and lower price of hard coal will partially offset negative drivers
Renewables		Higher	<ul style="list-style-type: none"> Full year operations of new assets with contracted off-take of electricity and certificates
Wholesale + Retail		Lower	<ul style="list-style-type: none"> Pressure from competitive market Potential negative impact after re-introduction of cogeneration certificates redemption obligation
Distribution		Flat	<ul style="list-style-type: none"> RAB revaluation completed However, lower risk-free rate drives WACC down significantly lowering revaluation impact
CAPEX		Higher	<ul style="list-style-type: none"> PGE kicked off important conventional generation investment projects in Opole and Gorzów Higher CAPEX in distribution impacting future return on assets

Questions and Answers Session

Q4 & FY 2013 Financial and Operating Results
March 12, 2014



Q4 2013 Financial Results

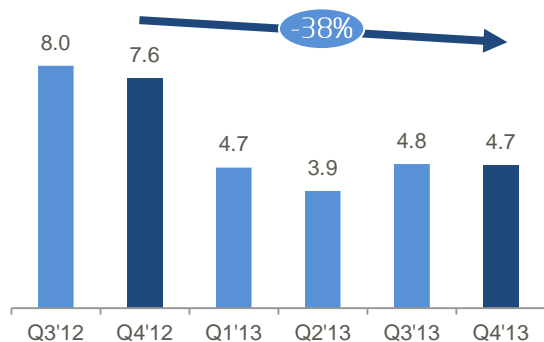


Additional information

Economics of the lignite generation remain sound despite situation on commodities markets

CO₂ allowance (EUA_DEC13)

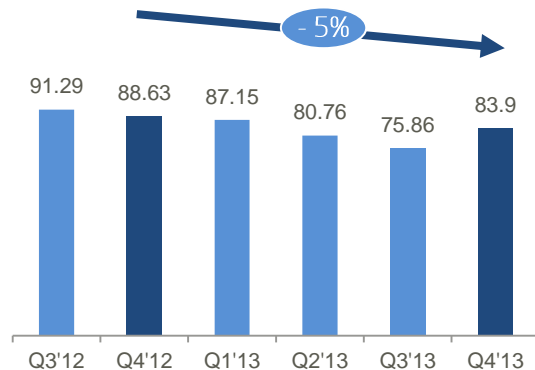
EUR/t



Source: Bloomberg

Hard coal

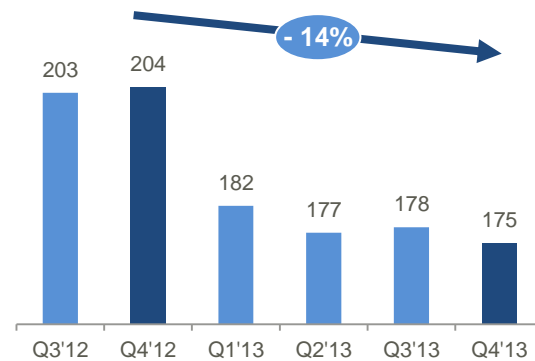
USD/t¹



Source: www.wnp.pl

PGE average wholesale price of electricity

PLN/MWh

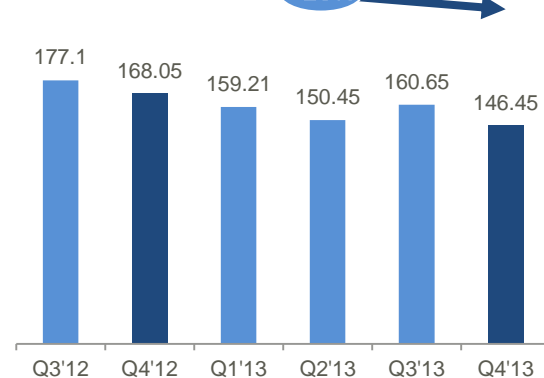


Average quarterly TGE Electricity Prices in 2013 and 2012

PLN/MWh

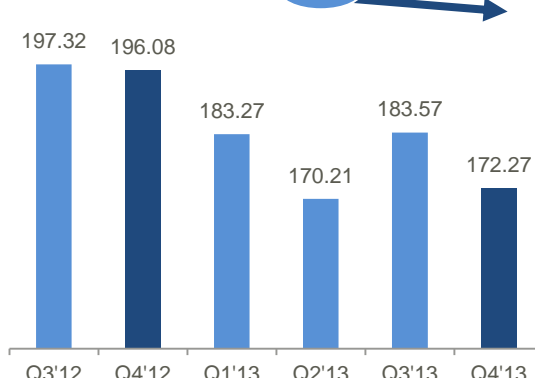
Base (Spot)

-13%



Peak (Spot)

-12%

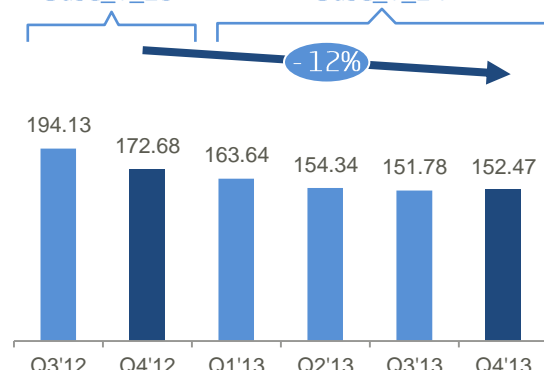


Base_Y_13/14 (Forward, next year)

Base_Y_13

Base_Y_14

-12%



¹ An average price on global COAL DES ARA Index

Effects of the Efficiency Improvement Program

- Net effect of the EIP after FY 2013 amounted to PLN +494m
- Headcount after 2013 remained flat
- Cost savings from reduction of employment relate to restructurization performed in 2012

Retail (PLN 15m) **Employment optimization** (PLN 12m) **New sales channel** (PLN 3m)

Distribution (PLN 78m)

Employment optimization (PLN 56m)

Network losses (PLN 21m)

Conventional generation (PLN 400m)

Employment optimization (PLN 250m)

Centralization of processes (PLN 86m)

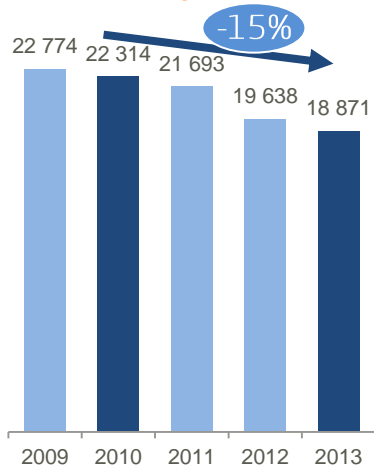
Central procurement (PLN 43m)

Re-pairs (PLN 21m)

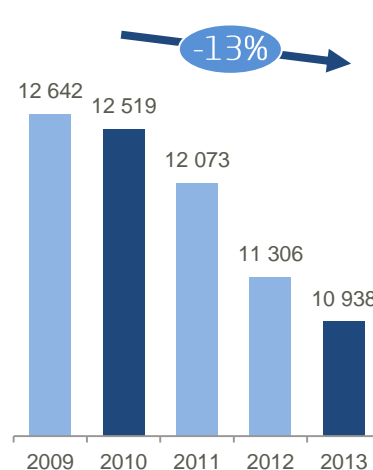
Total effect of EIP in 2013 amounted to PLN +494m

Employment [full time]

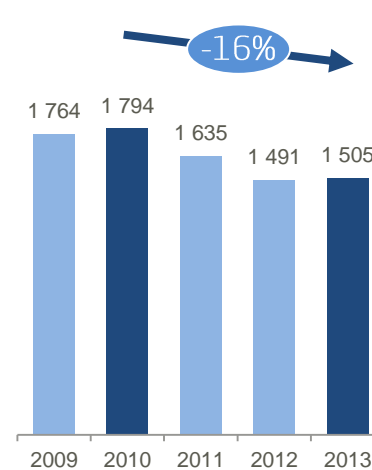
Conventional generation



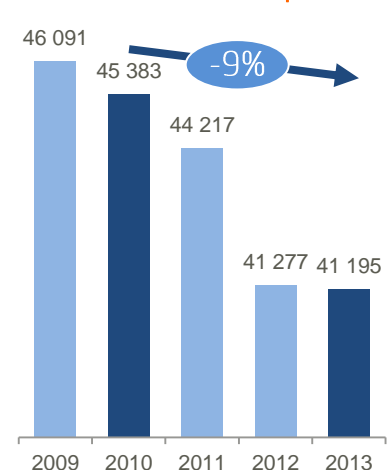
Distribution



Retail



PGE Group



Key Financials

Selected consolidated financial data. IFRS

Q4 2013
PLN m
not
audited

Q4 2012
PLN m
not
audited

Q4'13
vs.
Q4'12

FY 2013
PLN m
not
audited

FY 2012
PLN m
not
audited

FY13
vs.
FY12

Sales	7,562.6	8,633.5	-12%	30,144.9	30,481.1	-1%
including LTC compensations	231.6	-1183.6	-120%	-300.8	-1,327.3	-77%
Recurring* Sales	7,794.2	7,449.9	5%	29,844.1	29,153.8	2%
EBITDA	1,097.4	399.8	174%	8,024.9	7,310.1	10%
Recurring* EBITDA	2,171.6	2,019.9	8%	8,315.3	8,646.6	-4%
EBIT	367.6	-364.4	-201%	5,060.4	4,377.8	16%
Recurring* EBIT	1,441.8	1,255.7	15%	5,350.8	5,714.3	-6%
Net profit (to equity)	340.9	-321.1	-206%	4,118.5	3,616.3	14%
Recurring* net profit (to equity)	1,202.0	973.4	23%	4,351.9	4,682.6	-7%
CAPEX (incl. adj.)	1,529.4	1,621.1	-6%	4,356.6	4,823.4	-10%
Net cash from operating activities	2,146.3	1,421.2	51%	7,941.3	7,410.9	7%
Net cash from investing activities	-1,412.9	-1,265.1	12%	-5,717.0	-2,519.0	127%
EBITDA margin	15%	5%		27%	24%	
Recurring* EBITDA margin	29%	23%		28%	28%	
Net Working Capital				5,222.6	4,079.5	
Net Debt/LTM EBITDA				(0.39) x	(0.34)x	

Recurring = excluding key one-off items in Q4 2013:

- **Sales:** LTC compensations (PLN 231.6m)
- **EBITDA / EBIT:** LTC compensations (PLN 231.6m); LTC adjustment (PLN -85m); impairment (PLN 343m); costs of Voluntary Leave Programme (PLN -0.06 m); discount adjustment provision recultivation (PLN - 225.8m); actuarial provision (PLN -39.3m); Provision for pre-trial non-agreed usage of property (PLN 98.9m); CO2 provision (PLN 751m)
- **Net profit (to equity):** LTC compensations (PLN 185.4m); LTC adjustment (PLN -68.1m); costs of Voluntary Leave Programme (PLN -0.05m); impairment (PLN 274.6m); discount adjustment provision recultivation (PLN -180.8m); actuarial provision (PLN -31.6m); Provision for pre-trial non-agreed usage of property (PLN 80.1m); CO2 provision (PLN 601.4m)

Recurring = excluding key one-off items in Q4 2012:

- **Sales:** LTC compensations (PLN -1183.6m)
- **EBITDA / EBIT:** LTC compensations (PLN -1,183.6m); LTC adjustment (PLN -69.3m); costs of Voluntary Leave Programme (PLN 101.5m); impairment (PLN 1,486m); discount adjustment provision recultivation (PLN 886.2m); CCS impairment (PLN 155.7m); actuarial provision (PLN 243.7m);
- **Net profit (to equity):** LTC compensations (PLN -944.9m); LTC adjustment (PLN -55.3m); costs of Voluntary Leave Programme (PLN 81.0m); impairment (PLN 1,186.3m); discount adjustment provision recultivation (PLN 707.5m); CCS impairment (PLN 124.3m); actuarial provision (PLN 195.6m);

Recurring = excluding key one-off items in FY 2013:

- **Sales:** LTC compensations (PLN -300.8m)
- **EBITDA / EBIT:** LTC compensations (PLN -300.8 m); LTC adjustment (PLN -336.9m); impairment (PLN 342.9m); costs of Voluntary Leave Programme (PLN -0.4m) discount adjustment provision recultivation (PLN -225.8m); actuarial provision (PLN -39.3m); Provision for pre-trial non-agreed usage of property (PLN 98.9m); CO2 provision (PLN 751m)
- **Net profit (to equity):** LTC compensations (PLN -240.9m); LTC adjustment (PLN -269.8m); impairment (PLN 274.6m); costs of Voluntary Leave Programme (PLN -0.03m); discount adjustment provision recultivation (PLN -180.8m); actuarial provision (PLN -31.6m); Provision for pre-trial non-agreed usage of property (PLN 80.1m); CO2 provision (PLN 601.4m)

Recurring = excluding key one-off items in FY 2012:

- **Sales:** LTC compensations (PLN -1,327.3m)
- **EBITDA / EBIT:** LTC compensations (PLN -1,327.3m); LTC adjustment (PLN -199.6m); costs of Voluntary Leave Programme (PLN 257.4m); impairment (PLN 1485.9m); discount adjustment provision recultivation (PLN 886.2m); CCS impairment (PLN 155.7 m); actuarial provision (PLN 243.7m); Alpiq provision balance (PLN -165.5m)
- **Net profit (to equity):** LTC compensations (PLN -1,059.7m); LTC adjustment (PLN -159.4m); costs of Voluntary Leave Programme (PLN 205.7m); impairment (PLN 1,186.3m); discount adjustment provision recultivation (PLN 707.5m); CCS impairment (PLN 124.3m); actuarial provision (PLN 195.6m); Alpiq provision balance (PLN -134.1m)

Key Operating Data

Net electricity generation by sources (TWh)

	Q4 2013	Q4 2012	Q4 2013 vs. Q4 2012	FY 2013	FY 2012	FY 2013 vs. FY 2012
Lignite-fired power plants	10.55	9.69	9%	41.36	40.34	3%
Hard coal-fired power plants	2.68	2.78	-4%	11.57	11.62	0%
Coal-fired CHPs	0.29	0.39	-26%	1.11	1.33	-17%
Gas-fired CHPs	0.16	0.75	-79%	1.11	2.34	-53%
Biomass-fired CHP	0.10	0.10	0%	0.44	0.44	0%
Pump storage	0.19	0.14	36%	0.53	0.40	33%
Hydro	0.09	0.08	12%	0.49	0.45	9%
Wind	0.20	0.06	233%	0.43	0.13	231%
TOTAL	14.26	13.99	2%	57.04	57.05	0%
Renewable generation	0.59	0.50	18%	1.95	2.06	-5%
Incl. biomass co-combustion	0.20	0.26	-23%	0.59	1.04	-43%

Capital expenditures

CAPEX for Q4 and FY (PLN m)

	FY 2013	FY 2012	FY 2013 vs. FY 2012
Segment			
Conventional Generation	2,722.1	3,336.3	-18%
Distribution	1,334.9	1,339.3	0%
• New clients connection	542.1	566.6	-4%
• Distribution grid	472.0	462.3	2%
Renewables	195.9	126.7	55%
• Modernization and replacement	55.0	45.3	21%
Retail, Wholesale, Others	197.3	145.1	36%
TOTAL	4,450.0	4,947.4	-10%
TOTAL (incl. adjustments)	4,356.6	4,823.4	-10%

Detailed segmental revenues and costs

Conventional Generation (PLN m)

	Q4 2013	Q4 2012	Q4 2013 vs. Q4 2012	FY 2013	FY 2012	FY 2013 vs. FY 2012
Sales, including	2,870	4,690.2	-39%	12,211.3	15,081.7	-19%
Sale of electricity	2,670.0	3,155.3	-15%	10,535.5	12,226.2	-14%
LTC compensations	-231.6	1,183.6	-	300.8	1,327.3	-77%
Sale of heat	214.2	232.3	-8%	696.3	689.9	1%
Sale of certificates of origin	112.3	42.5	164%	247.6	535.6	-54%
Cost by kind, including	3,138.1	3,015.4	4%	10,739.4	10,615.1	1%
D&A	353.4	438.3	-19%	1,635.7	1,723.3	-5%
Materials	659.4	1,017.4	-35%	2,981.6	3,710.9	-20%
Energy	16.1	11.2	43%	58.2	63.3	-8%
External services	357.1	390.0	-8%	1,326.5	1,247.9	6%
Taxes and charges	1,082.1	194.1	457%	2,152.1	804.0	168%
Personnel expenses	615.4	911.8	-33%	2,382.4	2,870.8	-17%
Other cost	54.5	52.7	4%	203.0	194.7	4%
EBIT	-246.0	-726.4	66%	2,184.2	2,520.6	-13%
EBITDA	107.4	-288.1	-	3,820.0	4,243.9	-10%

Detailed segmental revenues and costs

Renewables (PLN m)

	Q4 2013	Q4 2012	Q4 2013 vs. Q4 2012	FY 2013	FY 2012	FY 2013 vs. FY 2012
Sales, including	195.9	150.5	30%	733.5	573.9	28%
Sale of electricity	86.3	62.0	39%	274.4	215.3	27%
Sale of certificates of origin	51.2	28.7	78%	216.7	122.5	77%
Cost by kind, including	163.5	134.1	22%	547.7	455.2	20%
D&A	55.9	43.5	29%	198.1	147.9	34%
Materials	2.6	2.6	2%	9.2	8.9	3%
Energy	36.8	34.3	7%	133.1	125.3	6%
External services	23.1	16.8	37%	64.8	47.9	35%
Taxes and charges	12.0	9.9	21%	46.2	39.0	18%
Personnel expenses	28.5	23.9	19%	82.8	76.3	9%
Other cost	4.5	3.1	48%	13.5	9.9	36%
EBIT	34.6	1.8	1839%	188.0	102.6	83%
EBITDA	90.5	45.3	100%	386.0	250.5	54%

Detailed segmental revenues and costs

Wholesale (PLN m)

	Q4 2013	Q4 2012	Q4 2013 vs. Q4 2012	FY 2013	FY 2012	FY 2013 vs. FY 2012
Sales, including	3,217.5	2,971.0	10%	12,488.6	10,573.1	18%
Sale of electricity	2,659.9	2,222.8	20%	10,252.0	8,372.1	22%
Sale of certificates of origin	209.7	256.3	-18%	903.9	1,149.4	-21%
Cost by kind, including	94.5	72.2	31%	287.8	243.3	18%
D&A	6.2	4.7	31%	17.8	19.3	-8%
Materials	0.6	0.7	-10%	2.0	1.8	10%
Energy	0.8	0.8	11%	2.7	2.4	14%
External services	27.0	17.6	53%	76.4	59.5	28%
Taxes and charges	-4.1	2.5	-	3.5	9.3	-62%
Personnel expenses	24.8	21.7	14%	89.1	72.2	23%
Other cost	39.2	24.1	63%	96.2	78.8	22%
EBIT	256.2	120.6	113%	965.0	554.5	74%
EBITDA	262.4	125.3	109%	982.8	573.9	71%

Detailed segmental revenues and costs

Distribution (PLN m)

	Q4 2013	Q4 2012	Q4 2013 vs. Q4 2012	FY 2013	FY 2012	FY 2013 vs. FY 2012
Sales. including	1,462.8	1,434.6	2%	5,616.3	5,538.7	1%
Revenues from distribution services	1,365.3	1,327.1	3%	5,250.6	5,159.4	2%
Other operating revenues	66.1	76.1	-13%	239.8	254.3	-6%
Cost by kind. including	1,182.4	1,293.1	-9%	4,361.3	4,626.6	-6%
D&A	253.5	242.4	5%	987.9	941.7	5%
Materials	25.3	26.5	-4%	90.5	97.3	-7%
Energy	161.7	184.1	-12%	532.5	571.5	-7%
External services	360.2	390.4	-8%	1336.0	1,518.8	-12%
Taxes and charges	77.9	73.5	6%	318.2	299.2	6%
Personnel expenses	298.0	369.2	-19%	1,076.3	1,173.0	-8%
Other cost	5.6	7.1	-20%	20.0	25.1	-20%
EBIT	216.6	167.3	30%	1,221.2	1,029.0	19%
EBITDA	470.1	409.7	15%	2,209.1	1,970.7	12%

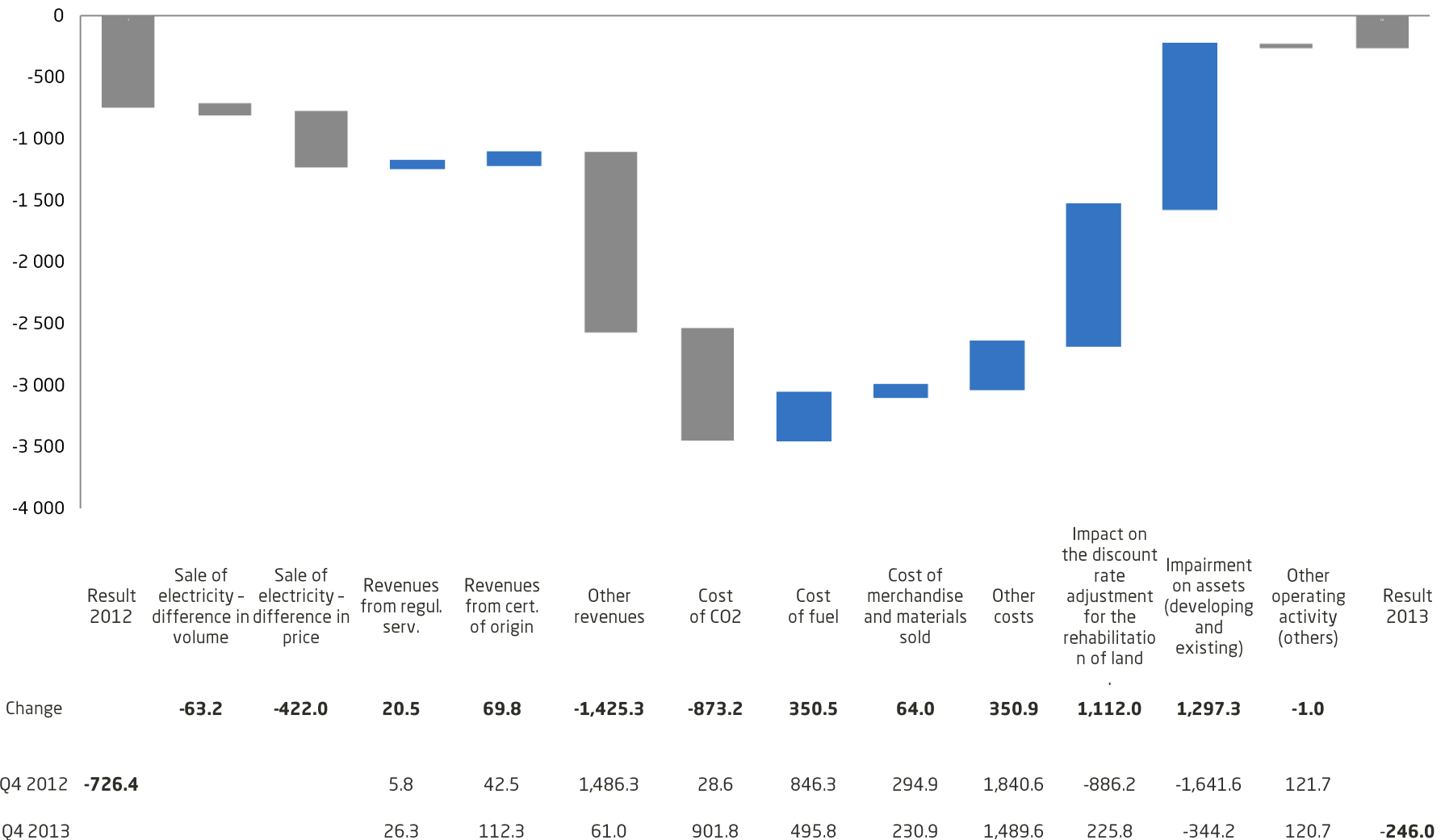
Detailed segmental revenues and costs

Retail (PLN m)

	Q4 2013	Q4 2012	Q4 2013 vs. Q4 2012	FY 2013	FY 2012	FY 2013 vs. FY 2012
Sales. including	3,303.8	3,200.3	3%	13,007.9	12,609.9	3%
Sale of electricity	2,238.1	2,123.7	5%	8,857.1	8,334.4	6%
Revenues from distribution services	1,047.9	1,060.7	-1%	4,085.4	4,203.3	-3%
Cost by kind. including	359.4	282.2	27%	1,215.3	1,371.9	-11%
D&A	2.0	2.3	-14%	8.2	8.9	-8%
Materials	1.4	1.2	21%	4.9	4.3	14%
Energy	0.3	0.3	0%	1.1	0.9	15%
External services	29.1	20.3	44%	96.8	85.7	13%
Taxes and charges	266.3	191.7	39%	922.3	1,085.9	-15%
Personnel expenses	47.2	55.2	15%	149.2	155.3	-4%
Other cost	13.1	11.2	17%	33.0	30.9	7%
EBIT	-85.3	124.7	-	279.6	218.7	28%
EBITDA	-83.3	127.0	-	287.7	227.6	26%

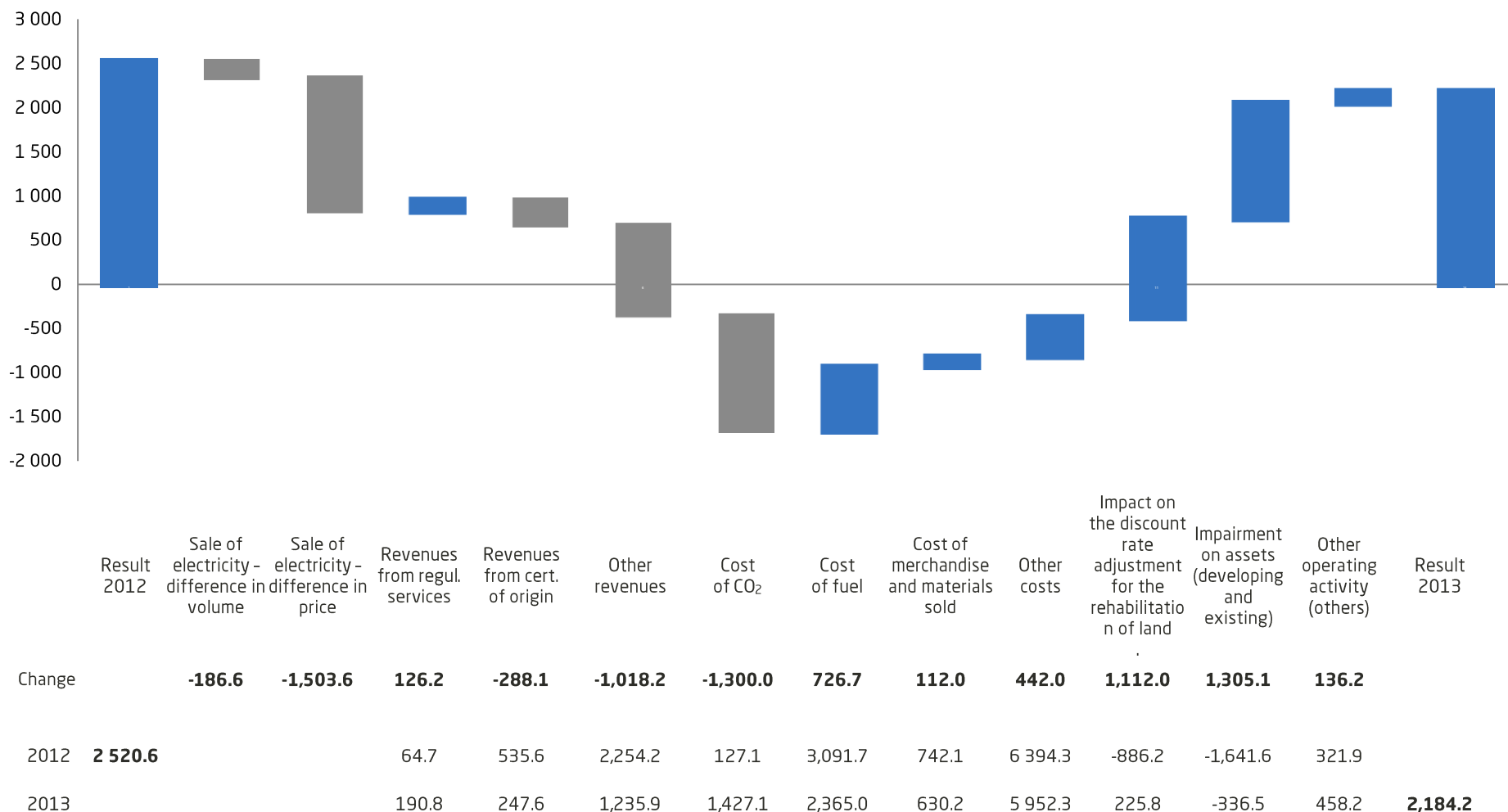
Conventional Generation - EBIT Q4 2013

Key Changes in EBIT (PLN m)



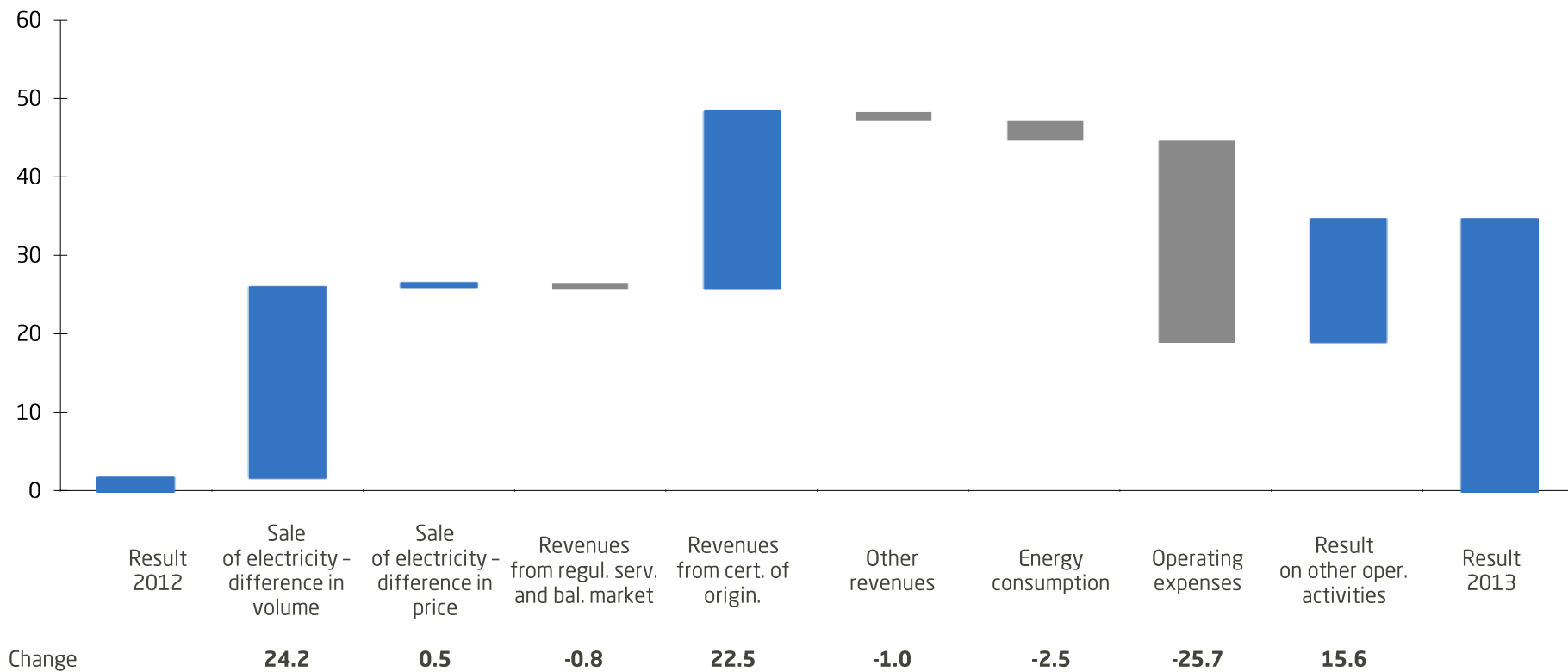
Conventional Generation - EBIT FY 2013

Key Changes in EBIT (PLN m)



Renewable Generation - EBIT Q4 2013

Key Changes in EBIT (PLN m)



Q4 2012 **1.8**

90.8

28.7

5.2

34.3

100.0

-14.4

Q4 2013

90.1

51.2

4.2

36.8

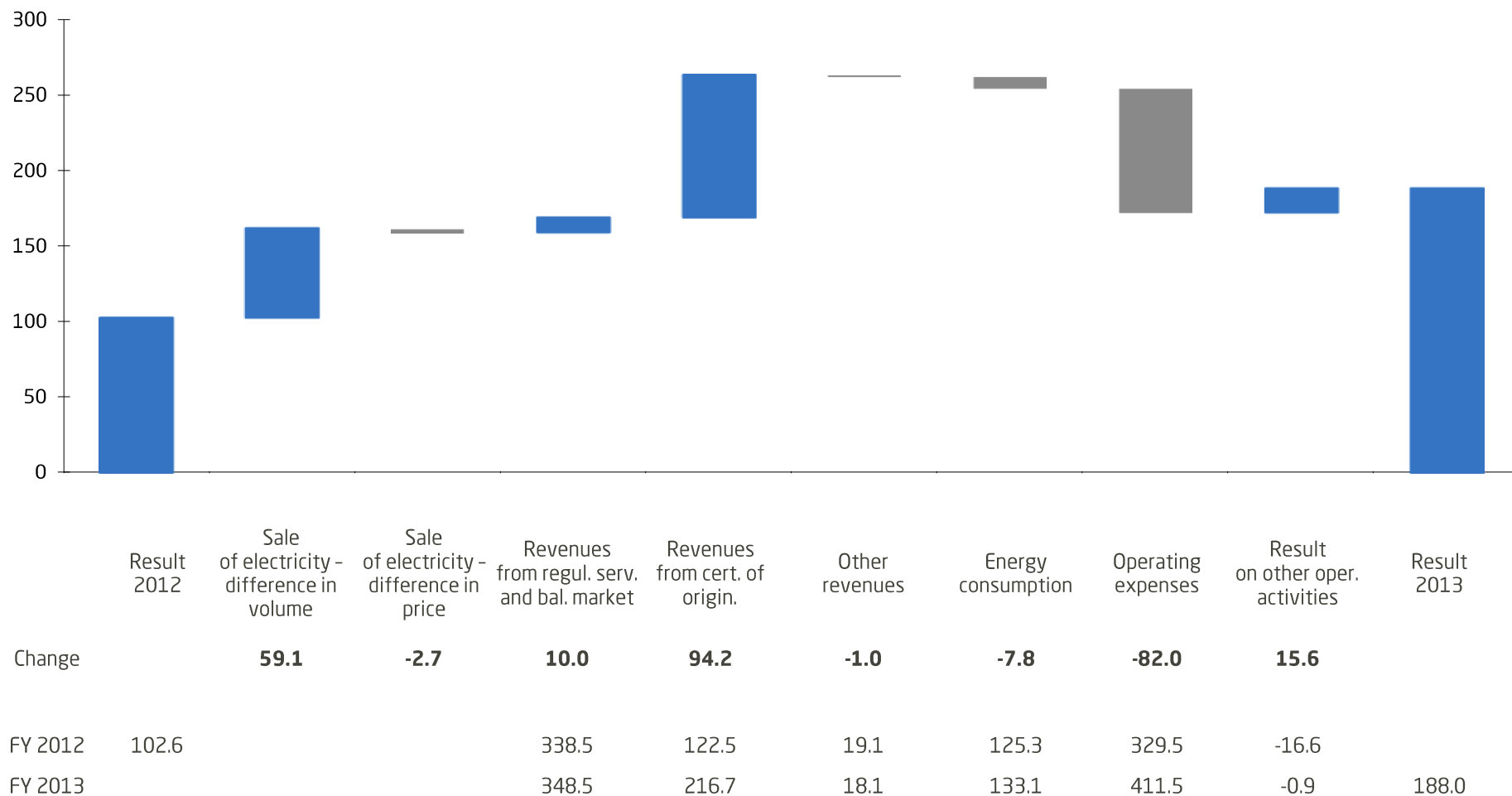
125.7

1.2

34.6

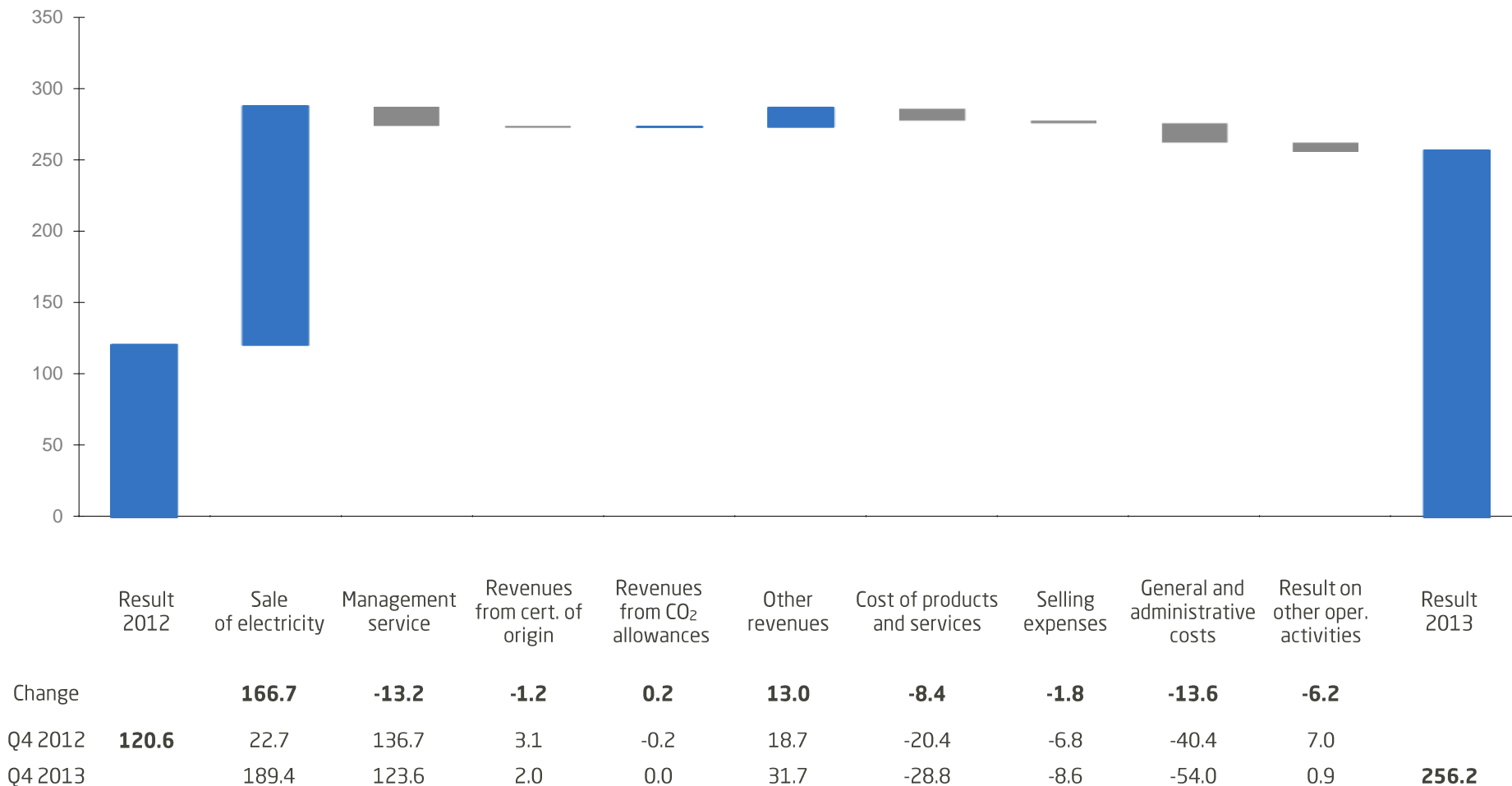
Renewable Generation - EBIT FY 2013

Key Changes in EBIT (PLN m)



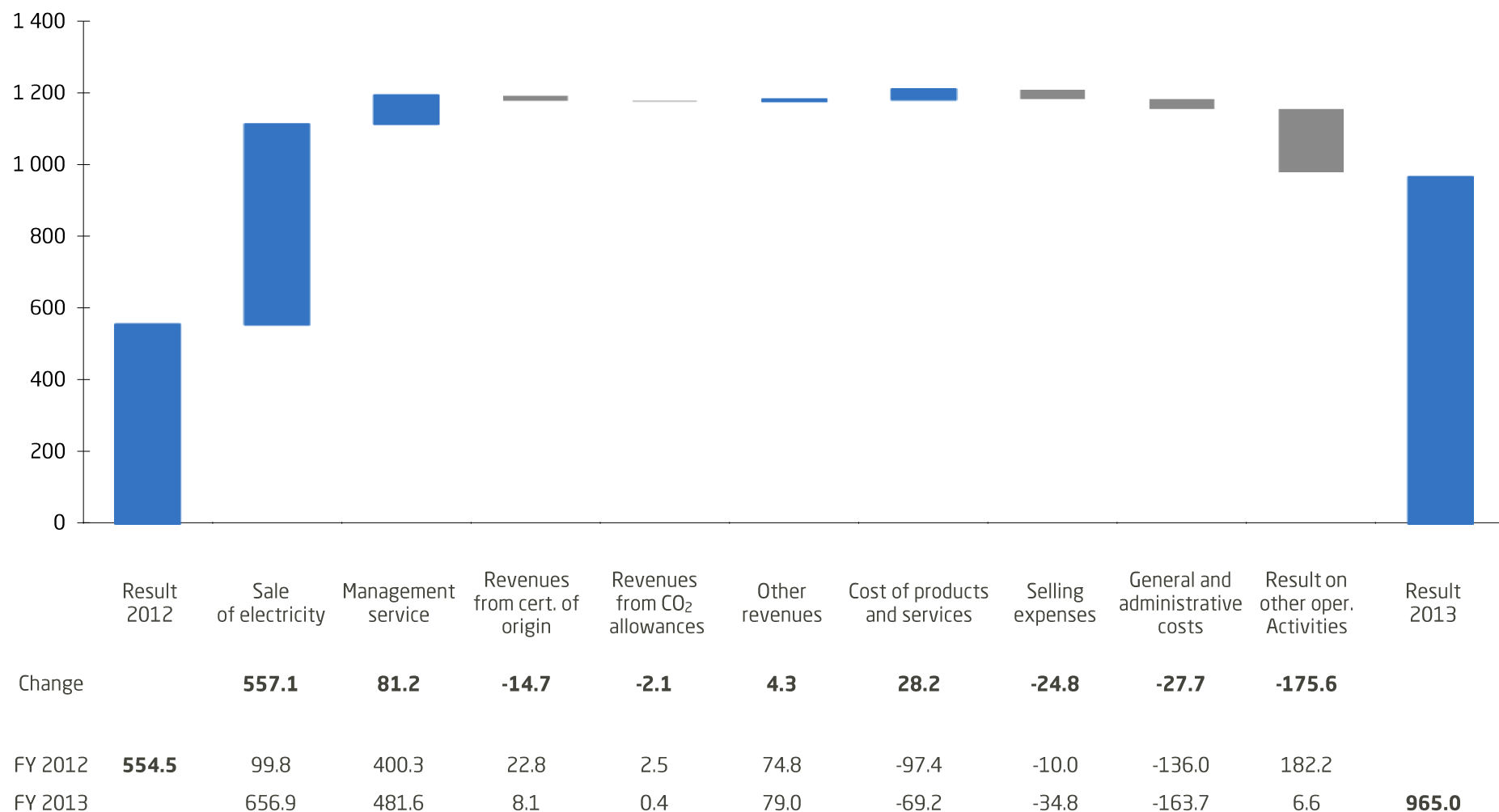
Wholesale - EBIT Q4 2013

Key Changes in EBIT (PLN m)



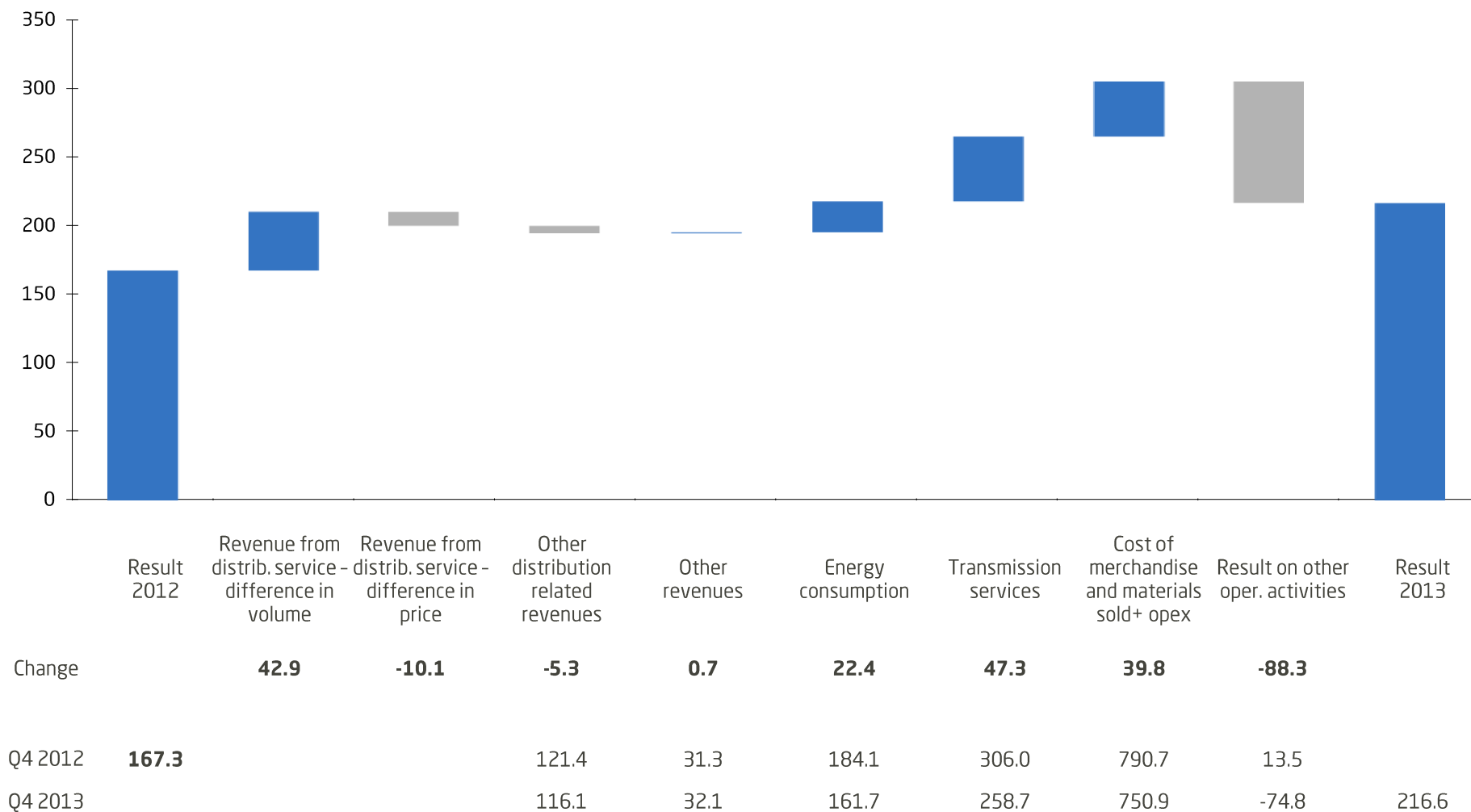
Wholesale - EBIT FY 2013

Key Changes in EBIT (PLN m)



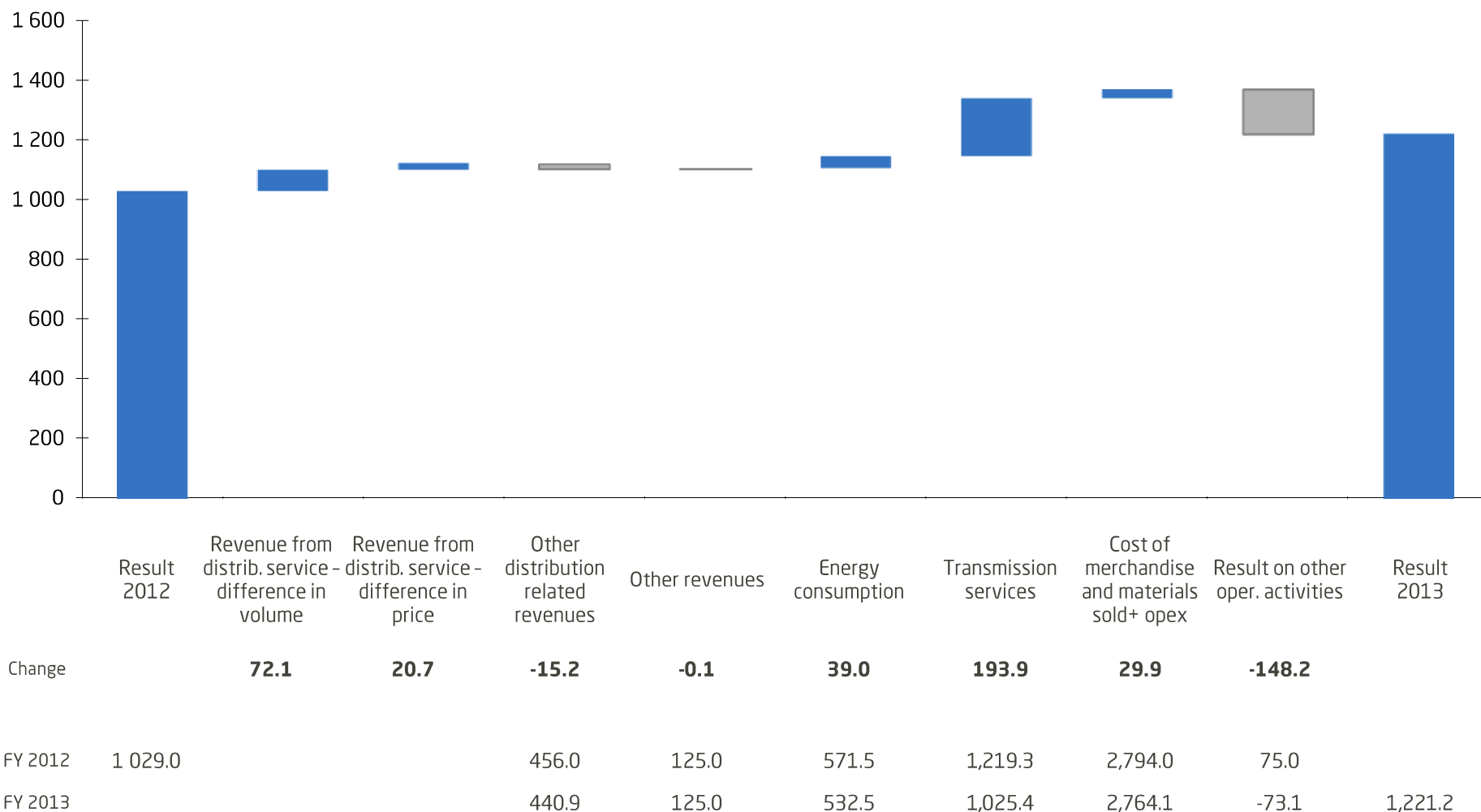
Distribution - EBIT Q4 2013

Key Changes in EBIT (PLN m)



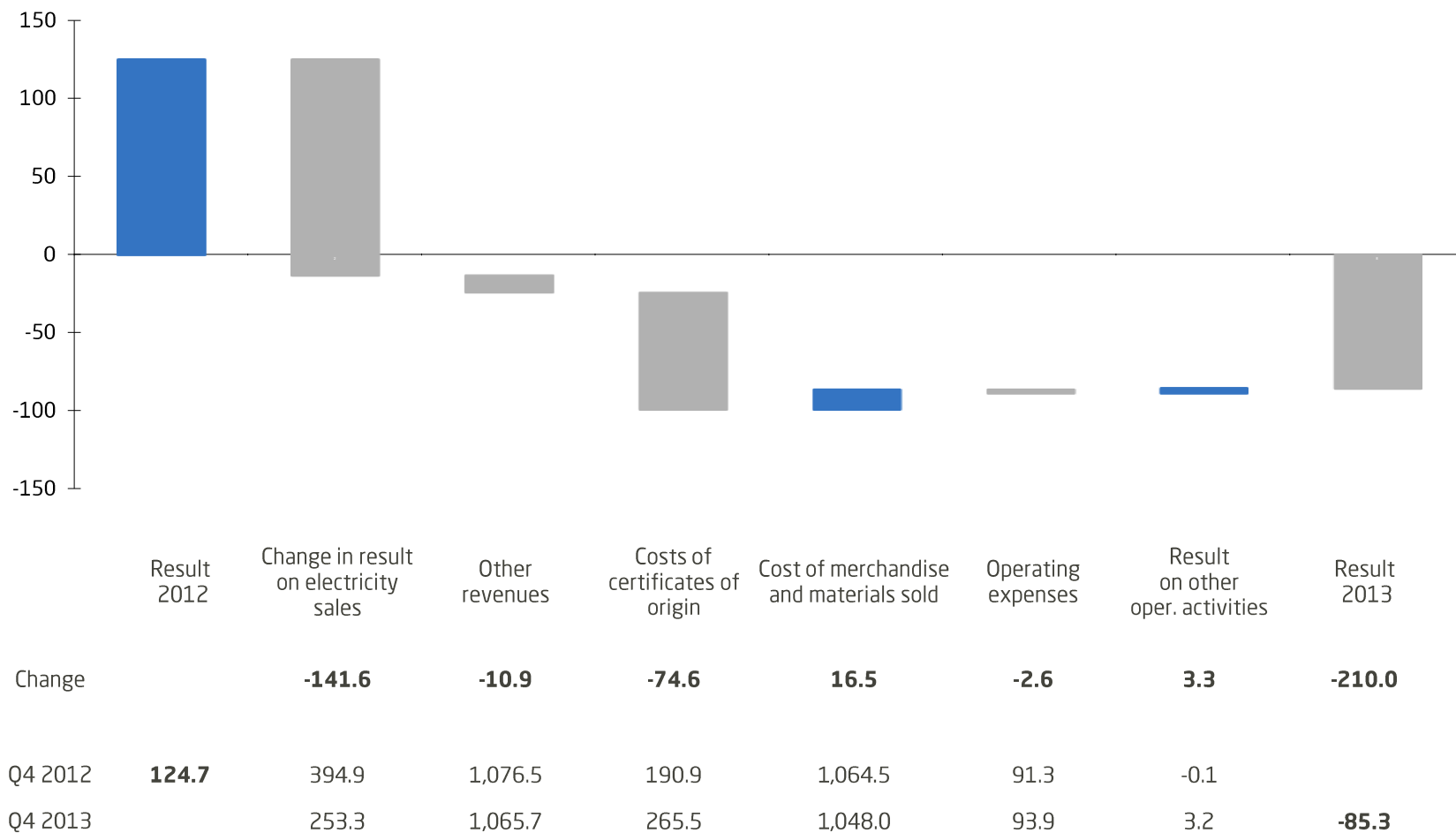
Distribution - EBIT FY 2013

Key Changes in EBIT (PLN m)



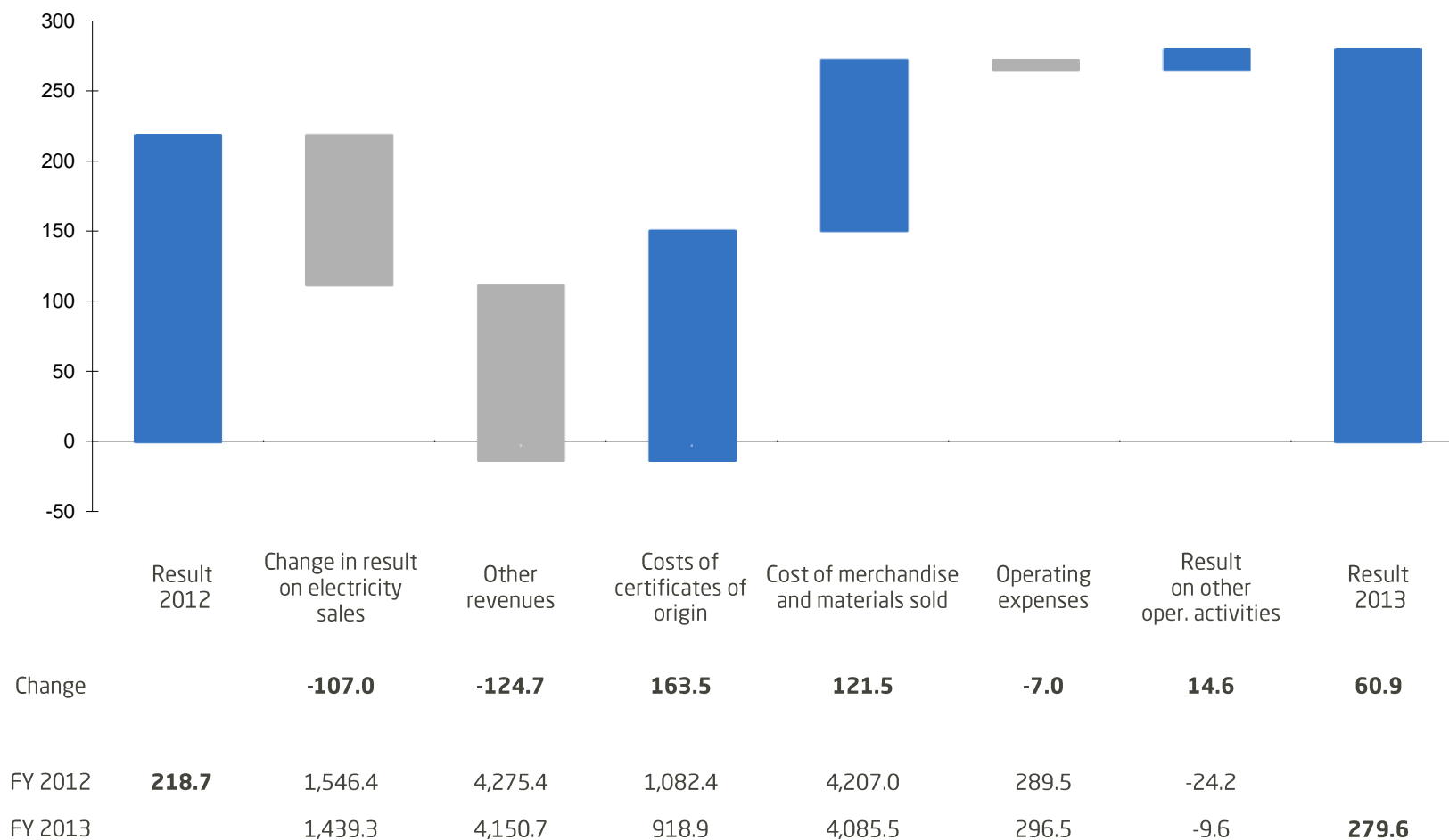
Retail - EBIT Q4 2013

Key Changes in EBIT (PLN m)



Retail - EBIT FY 2013

Key Changes in EBIT (PLN m)



PGE cash position provides...

...plenty of headroom in the balance sheet

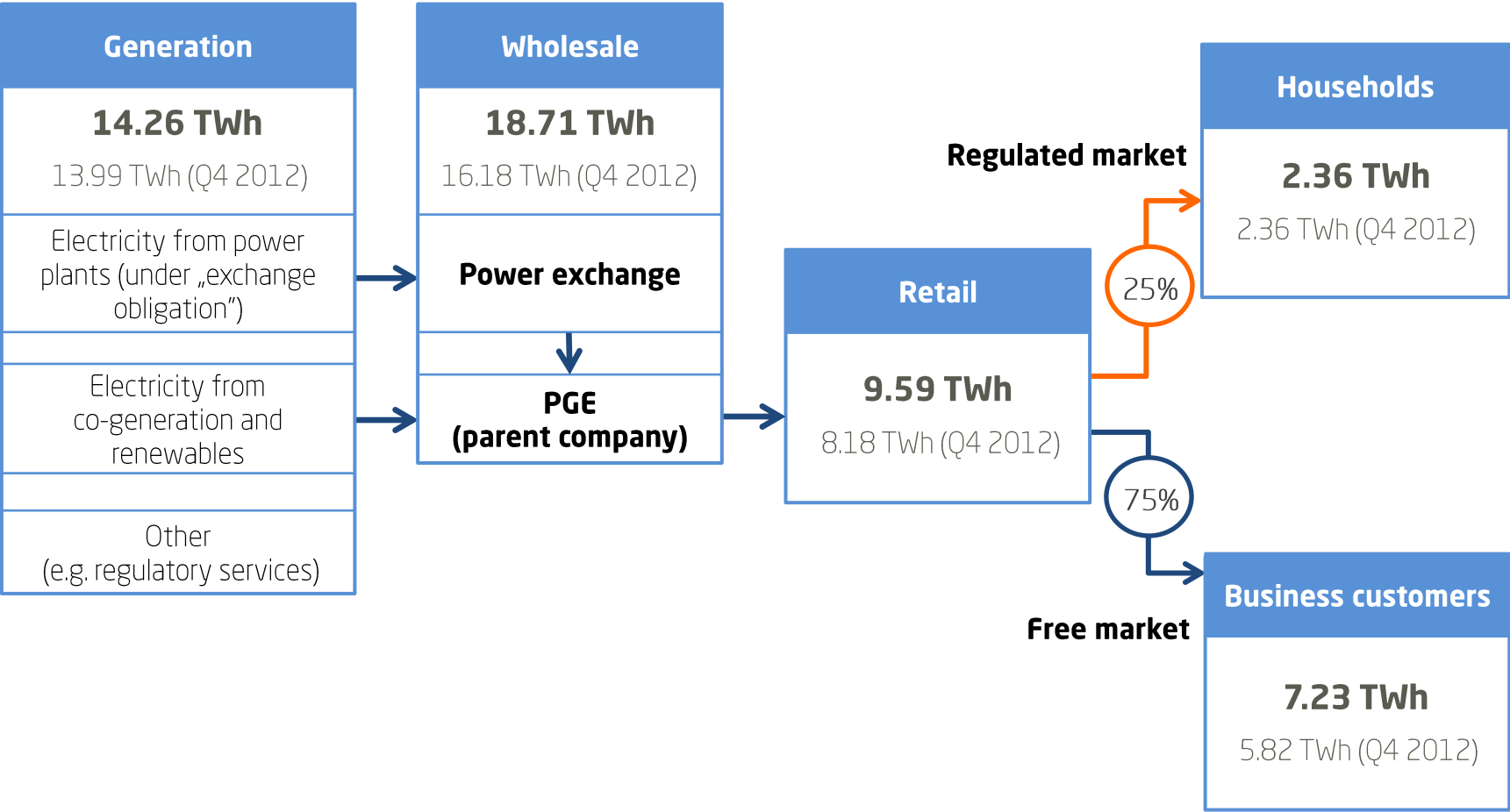
	FY 2013	FY 2012
Gross Debt (PLNm)	2,521.7	1896.7
Net Cash (PLNm)	3,131	2512.4
Net Debt/LTM EBITDA	-0.39x	-0.34x
Net Debt/Equity	-0.07x	-0.06x

Financial strength has been confirmed by rating agencies

	Moody's	Fitch
Long-term company rating (IDR)	A3	BBB+
Rating outlook	Stable	Stable
Date of rating assignment	September 2, 2009	September 2, 2009
Date of the latest rating confirmation	April 30, 2013	August 9, 2013
Senior unsecured rating		BBB+
Date of the latest rating change		August 4, 2011
Date of the latest rating confirmation		August 9, 2013
Long-term national rating		AA- (pol)
Date of rating assignment		August 10, 2012
Date of latest rating confirmation		August 9, 2013

Q4 2013 Key business flows

Key business flows (illustrative only)



CO₂ allowances - regulations and settlement

Regulations in the III National Allocation Plan

- As of 2013 only carbon allowances for heat production are received free of charge
- Further carbon allowances are granted free of charge conditionally on providing reports from investments realized that were included in the National Investment Plan

Accounting standard

- All allowances received free of charge are recognized at its nominal value - zero
- Provision for allowances required for redemption is raised respectively to its actual shortage in a given period
- Cost incurred is visible in taxes and charges P&L line

2013 settlement

- In 2013 PGE's installations emitted 61.3m tonnes of CO₂
- By the date of FY 2013 financial statements free carbon allowances were not granted by European administration
- PGE safeguarded its position by increasing provision for redemption of allowances by number of allowances shortage at its average purchase value: 32.7m of allowances, and PLN 751m value, respectively

Free EUA recognized at a zero value - note 28 FY 2013 consolidated FS

	EUA		CER/ERU		Total value
	Quantity (th)	Value (PLN m)	Quantity (th)	Value (PLN m)	(PLN m)
As at Jan 1, 2013	76,303	597	5,787	194	791
Purchased	38,111	772	24	0.05	772
Allocated in NAP for 2013	-	-	-	-	-
Redeemed	(54,955)	(42)	(5,763)	(193)	(235)
Adjustments	(27)	77	(24)	(0.9)	76
As at Dec 31, 2013	59,432	1,404	24	0.05	1,404

Provision for purchase of CO₂ allowances

(PLN m)	
As at Jan 1, 2013	163

Redeemed	(158)
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Provided in the reporting period (FY 2013)	1,427
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As at Dec 31, 2013	1,432
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Impact on P&L

Costs by kind (PLNm)	FY 2013
Depreciation/amortization	2,964
Materials and energy	3,514
External services	2,305
Taxes and charges	3,363
Personnel expenses	4,326
Other costs by kind	354

LTC compensations - current status

Generators from the PGE Capital Group are in disputes with the ERO President regarding stranded cost compensations in years 2008-2012.

Status of court cases:

Year	Opole PP	Turów PP	Gorzów CHP	Rzeszów CHP	Lublin-Wrotków CHP	ZEDO PP
2008	Case closed	Case closed	Case closed	Case closed	Case closed	Court of Appeal verdict
2009	CCCP verdict	Case closed	Case closed	CCCP verdict	CCCP verdict	Court of Appeal verdict
2010	No verdict	CCCP verdict*	n/a	CCCP verdict*	CCCP verdict*	CCCP verdict*
2011	No dispute	No dispute	n/a	No verdict PLN 7m dispute	n/a	n/a
2012	No dispute	No dispute	n/a	No verdict PLN 11m dispute	n/a	n/a

* One verdict jointly for PGE GiEK S.A. as a legal successor of the merged companies from generation segment

Case closed - favourable verdict

Court of Appeal - favourable verdict. ERO President entitled to cassation appeal

Court of Competition and Consumer Protection - favourable verdict

Not a subject to LTC compensations

No dispute

mPLN	2011	2012	2013
Provision for outstanding court cases re LTC from 2008-2010	(1,038)		
Reversal of provision based on legally binding verdicts	-	200	337

Sell-side analysts covering PGE

Domestic analysts

Institution	Analyst
• BRE Bank	• Kamil Kliszcz
• BZ WBK	• Paweł Puchalski
• Citigroup	• Piotr Dzięciołowski
• Deutsche Bank	• Tomasz Krukowski
• Espirito Santo	• Maria Mickiewicz
• IDM	• Andrzej Bernatowicz
• ING Securities	• Milena Olszewska
• Ipopema	• Piotr Zielonka
• PKO BP	• Stanisław Ozga
• Societe Generale	• Leszek Iwaszko
• UniCredit CAIB	• Flawiusz Pawluk

Foreign analysts

Institution	Analyst
• Erste Group	• Petr Bartek
• Goldman Sachs	• Fred Barasi
• HSBC	• Dmytro Konovalov
• JP Morgan	• Sarah Laitung
• Morgan Stanley	• Igor Kuzmin
• Raiffeisen Centrobank	• Teresa Schinwald
• UBS	• Patrick Hummel

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