



Dear Sir/Madam,

*Another year of building our company's strong position in Poland's power industry and of developing and strengthening the ENEA brand is behind us. We have successfully come through the process of preparing for the final stage of privatisation. And though in 2010 our majority shareholder, the Ministry of the State Treasury, did not select the entity which will acquire a majority interest in our company, this had no effect on the operations of the ENEA Capital Group. The basis of our operations is our long-term strategy looking towards the year 2020. Privatisation has not been, and is not, our business goal. Our goals are revenue and profit, the continuation of key investment processes, and continual improvements in the quality of our customer service.*

*The past year saw some stabilisation of demand on the energy market after a drop in energy consumption as a result of weakened industrial production in 2009. The face of the Polish power industry has changed, thanks to producers' obligation to sell a minimum of 15 per cent of generated power through the Polish Power Exchange. This change in the law has caused a dynamic development of the market – in Q4 2010, more than 84 per cent of aggregate wholesale trading in electricity took place on the Exchange. European Union member states have clearly elected to move in the direction of generating more electricity from renewable sources, investing in new capacity based on biogas, wind and other renewables.*

*In the ENEA Capital Group, as anticipated in our strategy, 2010 saw a number of investments that will determine the scope of operations in the coming years. We began by buying a biogas power station in Liszkowo – an important step in terms of developing generating capacity from renewable energy sources. And we finished by commissioning the desulphurisation installation for the 535-MW power unit No. 10 at the Koziencice Power Station. That investment will reduce emissions of harmful substances into the atmosphere. By systematically implementing our policy of investment and modernisation, we are increasing our generation capacity. Today, the Koziencice Power Station has a capacity of 2,905 MW, as opposed to its designed capacity of 2,600 MW. We are not only increasing capacity, but also acting to acquire existing wind and biogas projects. We are searching for new sources of renewables, and modernising our distribution network. Implementing this ambitious investment plan would not be possible without growth in profit and revenue.*

*In 2010, the ENEA Capital Group recorded year-on-year growth in net revenue from sales of 9.6 per cent, growth in net profit of 24.5 per cent, and growth in sales from distribution services of 10 per cent. This makes us one of the fastest growing power companies in Poland. We are continually modernising the distribution network of ENEA Operator, which covers about 20 per cent of the surface of Poland and contains power lines and connections of a total length of over 127,000 kilometres. Our Group provides electricity to around 2.4 million businesses and households. In addition to investment activities, another important element of our development is programs implemented within the Group. In 2010, the most important of these were a project for optimising costs, and ENEA 2010+, aimed at improving the effectiveness of the most important operations of the Capital Group.*

*Investments, development, and continually improving the efficiency of the activities of our Capital Group are the most important directions we will be pursuing further in 2011. My sincere thanks to the Supervisory Board, the Management Board, and to all employees for the contributions they have made to building one of the largest power groups in Poland. As the results of 2010 show, we are able to work both energetically and effectively. I am confident that, in the current situation of increasing competition on the Polish market, those skills will help the ENEA Capital Group to achieve further success.*

*Yours faithfully,*

**Maciej Owczarek**  
**President of the Management Board of ENEA S.A.**