



**Report of the Supervisory Board of ENEA S.A.
for the financial year 2010**

Poznań, April 2011

1. Composition of the Supervisory Board of ENEA S.A.

As of the beginning of 2010, the composition of the Supervisory Board of the 7th term was as follows:

- Michał Łagoda – Chairman of the Supervisory Board,
- Tadeusz Dachowski – Vice-Chairman of the Supervisory Board,
- Piotr Begier – Secretary of the Supervisory Board,
- Paweł Balcerowski - Member of the Supervisory Board,
- Wojciech Chmielewski – Member of the Supervisory Board,
- Marian Janas – Member of the Supervisory Board,
- Michał Kowalewski – Member of the Supervisory Board,
- Wiesław Pawliotti - Member of the Supervisory Board,
- Mieczysław Pluciński - Member of the Supervisory Board.
- Graham Wood - Member of the Supervisory Board (independent Board Member).

On 26 March 2010, the Extraordinary General Shareholders' Meeting of the Company recalled the following Members of the Supervisory Board:

- Michał Łagoda,
- Piotr Begier,
- Marian Janas,
- Wiesław Pawliotti

at the same appointing the following persons as Members of the Supervisory Board of the 7th term:

- Paweł Lisiewicz,
- Małgorzata Aniołek,
- Bartosz Nowicki,
- Jeremieg Mordasewicz.

As at the date of compiling of this Report, the Supervisory Board of the Company was composed of the following persons:

Wojciech Chmielewski	-	Chairman of the Supervisory Board
Jeremie Mordasewicz	-	Vice-Chairman of the Supervisory Board
Michał Kowalewski	-	Secretary of the Supervisory Board
Małgorzata Aniołek	-	Member of the Supervisory Board
Paweł Balcerowski	-	Member of the Supervisory Board
Tadeusz Dachowski	-	Member of the Supervisory Board
Paweł Lisiewicz	-	Member of the Supervisory Board
Bartosz Nowicki	-	Member of the Supervisory Board
Mieczysław Pluciński	-	Member of the Supervisory Board
Graham Wood	-	Member of the Supervisory Board

2. Activity of the Supervisory Board of ENEA S.A.

In 2010, the Supervisory Board of the 7th term held 12 meetings and adopted 101 Resolutions (including 15 Resolutions adopted in a vote by electronic mail, this pursuant to § 6 item 6 of the By-Laws for the Supervisory Board of ENEA S.A.).

The supervisory and control activities of the Supervisory Board in the financial year 2010 concerned, among others, the following issues:

1) Appointment of the chartered accountant to audit the year-end accounts:

- a) on 19.02.2010, the Supervisory Board adopted the Minutes of the meeting of the Supervisory Board's Committee concerning the process of opening the offers and preliminary formal assessment of the offers submitted in the procedure of appointment of the auditor for the purpose of conducting reviews and audits of the financial statements of the Company and companies belonging to the ENEA Capital Group for the year 2010,

- b) on 05.03.2010, the Supervisory Board appointed the auditor for the purpose of conducting the reviews and audits of the financial statements of ENEA S.A. and of companies belonging to the ENEA Capital Group for the year 2010,
- c) on 26.10.2010, the Supervisory Board commenced the procedure of invitation to tender and appointment of the auditor for the purpose of conducting reviews of the financial statements of ENEA S.A. and consolidated financial statements of the ENEA Capital Group drawn up as at 31.03.2011, 30.06.2011 and 30.09.2011 according to the IFRS and conducting an audit of the financial statements of ENEA S.A. and consolidated financial statements of the ENEA Capital Group drawn up as at 31.12.2011 according to the IFRS, including translation of the statements, reports and opinions on the audit into English,
- d) on 16.12.2010, the Supervisory Board adopted the report of the Supervisory Board's Team on the process of opening the offers and preliminary formal evaluation of the offers submitted in the procedure concerning selection of the auditor, determined the principles underlying the second stage of the auditor appointment procedure and authorised the Management Board to conduct an electronic auction with the participation of the tenderers who submitted their offers.

2) Approval of the long-term strategic plans of the Company:

- a) on 26.08.2010, the Supervisory Board approved of the document entitled:
 - „Corporate Strategy for the ENEA Capital Group for the years 2010 – 2015 with prospects until 2020” ,
 - „Communication and marketing strategy for the years 2010 – 2011”,
- b) on 16.11.2010, the Supervisory Board approved of:
 - the „Corporate Strategy for the ENEA Capital Group for the years 2010 – 2015 with prospects until 2020” supplemented with the balance sheet and profit and loss account structures for Variant One of the Strategy,
 - a document entitled „ Social Corporate Responsibility Strategy for the ENEA Capital Group” integrated with the “Corporate Strategy for the ENEA Capital Group for the years 2010 – 2015 with prospects until 2020” approved on 26.08.2010.

3) Approval of annual business and financial plans, including investment plans:

- a) on 19.02.2010, the Supervisory Board approved of the Business and Financial Plan of ENEA S.A. for the years 2010-2012 and the Investment Plan of ENEA S.A. for the years 2010-2012,
- b) on 28.06.2010, the Supervisory Board approved of the correction of the Investment Plan of ENEA S.A. for the years 2010-2012,
- c) on 26.08.2010, the Supervisory Board approved of the corrected Business and Financial Plan of ENEA S.A. for 2010.

4) Issuing opinions on all matters submitted by the Management Board to be considered by the General Shareholders' Meeting:

- a) on 22.03.2010, the Supervisory Board issued a positive opinion on:
 - *Financial statements of ENEA S.A. for the period from 01.01.2009 to 31.12.2009,*
 - *Management Board's Report on the activity of ENEA S.A. in the financial year 2009* and filed a request with the General Shareholders' Meeting for discharging President of the Management Board and Members of the Management Board from the fulfilment of their duties in the financial year 2009,
 - Management Board's request concerning allocation of profits of ENEA S.A. for the year 2009,
 - *Consolidated financial statements of the ENEA Capital Group for the period from 01.01.2009 to 31.12.2009,*
- b) on 26.08.2010, the Supervisory Board issued a positive opinion on:

- intention to dispose of a Branch of ENEA S.A. called ENEA S.A. Liszkowo Power Plant Branch, constituting an organised part of the enterprise of ENEA S.A. by contributing it in-kind to the company Elektrownie Wodne Sp. z o.o.,
- intention and draft of a resolution overruling Resolution no 1 of the General Meeting of the legal predecessor of ENEA S.A., Energetyka Poznańska S.A., dated 23.08.2000, concerning the adoption of principles of remunerating Members of the Management Board as well as draft amendments to the Statute of ENEA S.A.

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- c) on 26.08.2011, the Supervisory Board issued a positive opinion on the draft amendments to the Company's Statute.

5) Issuing guidelines for the Management Board, concerning the By-Laws for the Company's Management Board and approval of the By-Laws for the Company's Management Board:

The Supervisory Board twice approved (on 18 June 2010 and 12 July 2010) the new By-Laws for the Management Board of *ENEA Spółka Akcyjna*.

6) Approval of the Organisational By-Laws for the Company's Enterprise:

The Supervisory Board approved the *Organisational By-Laws for the Company's Enterprise* four times, i.e. on 19.02.2010, 05.03.2010, 22.03.2010 and 16.11.2010,

7) Granting approvals to the Management Board:

The Supervisory Board granted an approval to the Company's Management Board for conducting the following activities:

- a) acquisition of an organised part of the enterprise trading as Elektrownia Biogazowa Liszkowo [Liszkowo Biogas Plant] and in-kind contribution of the organised part of the enterprise trading as Elektrownia Biogazowa Liszkowo to the company Finea Sp. z o.o.,
- b) establishment of a Branch called Liszkowo Biogas Plant within the organisational structure of the Company,
- c) contracting liability ensuing from conclusion of the placement agreement by and between ENEA S.A. and the State Treasury, Credit Suisse Securities (Europe) Limited, Citigroup Global Markets Limited, Dom Maklerski Banku Handlowego S.A., Unicredit CAIB Securities UK Limited and Unicredit Bank Austria AG,
- d) undertaking actions aimed to obtain – by ENEA S.A. – external financing for the purpose of an investment project carried out in the special purpose vehicle (SPV), Koziernice II Sp. z o.o., concerning erection of a power unit with capacity up to 1000 MW,
- e) acquisition of shares in the company Elektrownie Wodne Sp. z o.o. in exchange for the in-kind contribution in the form of a Branch of ENEA S.A. called ENEA S.A. Oddział Elektrownia Biogazowa Liszkowo, constituting an organised part of the enterprise of ENEA S.A., subject to adoption by the General Shareholders' Meeting of ENEA S.A. of a resolution on divestment of the Branch of ENEA S.A. called ENEA S.A. Liszkowo Power Plant Branch,
- f) implementation of an investment project not included in the annual Investment Plan of ENEA S.A. for the year 2010, consisting in the in-contribution of a Branch of ENEA S.A. called ENEA S.A. Oddział Elektrownia Biogazowa Liszkowo, constituting an organised part of the enterprise of ENEA S.A., to the company Elektrownie Wodne Sp. z o.o. subject to adoption by the General Shareholders' Meeting of ENEA S.A. of a resolution on divestment of the Branch of ENEA S.A. called ENEA S.A. Liszkowo Power Plant Branch,
- g) conclusion of an agreement concerning remuneration of the Members of the Management Board of ENEA S.A. and key employees of the Company, particularly engaged in the process of privatisation of the Company,
- h) contracting liabilities under annexes no. 1 and no. 1 to the technical support contract concluded with ENEA Operator Sp. z o.o. on 11 March 2010,
- i) transfer of a part of financial assets to the management company Credit Suisse Asset Management (Polska) S.A.,

- j) implementation of the „ ENEA 2010+ Programme”,

Besides, the Supervisory Board:

- a) adopted the *Report on the activity of the Supervisory Board of ENEA S.A. as a governing body of the Company in 2009* and the *Report of the Supervisory Board on the assessment of the Financial Statements, Management Board's Report on the Company's operations and the Management Board's recommendation regarding allocation of the net profit for the financial year 2009*,
- b) filed a request with the General Shareholders' Meeting for determination of the amount of remuneration for the President of the Management Board of ENEA S.A.,
- c) approved of the recommendation made by the Appointments and Remuneration Committee concerning the amount of the monthly remuneration of the Members of the Company's Management Board of the 7th term (excluding President of the Management Board),
- d) approved contracts of employment, contracts concerning use of a company car owned by the employer for business purposes, non-competition agreements with the President and Members of the Management Board and it authorised Chairman of the Supervisory Board of ENEA S.A. to conclude the aforementioned agreements with the President and Members of the Management Board of the 7th term,
- e) awarded an additional benefit to Members of the Management Board of ENEA S.A. of the 7th term in the form of reimbursement of a part of cost of use of residential premises,
- f) awarded annual bonuses for 2009 to Members of the Management Board of ENEA S.A.,
- g) granted an approval for Member of the Management Board of ENEA S.A. for Strategy and Development, Mr K. Zborowski, to simultaneously perform the function of a Member of the Management Board of ENEA S.A. and of Elektrownia „Kozienice” S.A. in Świerże Górne,
- h) granted an approval for Member of the Management Board of ENEA S.A. for Commercial Affairs to sit on the Supervisory Board of ENEA Operator Sp. z o.o. with seat in Poznań,
- i) granted an approval for Member of the Management Board of ENEA S.A. for Economic Affairs to sit on the Supervisory Board of „Kozienice II” Sp. z o.o. with seat in Świerże Górne,
- j) granted an approval for Member of the Management Board of ENEA S.A. for Strategy and Development to sit on the Supervisory Board of the company „Kozienice II” Sp. z o.o. with seat in Świerże Górne,
- k) granted an approval for Member of the Management Board of ENEA S.A. for Commercial Affairs to sit on the Supervisory Board of Elektrownia „Kozienice” S.A. with seat in Świerże Górne,
- l) granted an approval for Member of the Management Board of ENEA S.A. for Economic Affairs to sit on the Supervisory Board of Elektrownia „Kozienice” S.A. with seat in Świerże Górne,
- m) determined the significance level for documents to be audited by the auditor using full method,
- n) approved of the *„Report on the activity of the internal audit function in 2009”*,
- o) approved of the Budget Plan for the Control and Audit Office for 2011.

The Supervisory Board accepted the following information from the Management Board:

- on the *Operating Plan of the Company for the years 2009-2011*,
- on sales of electrical energy to end customers in the month of January of 2009 and 2010,
- on the progress of the process of allocation of employee shares,
- on the contract for building the Desulphuring System for the 500 MW power unit no. 10 (IOS III) concluded by ELKO, including the method of its conclusion, its compliance with corporate decisions and its assessment in terms of proper securing of the Company's interests,

- on the debt of Elektrownia Kozienice S.A. concerning a foreign currency loan and on the wording of the concluded loan agreement in terms of securing the interests of the Company taking into account the risks involved in contracting such a loan,
- on implementation of the *Investment Plan of ENEA S.A. for the years 2010-2012* in the period from 01.01.2010 to 31.03.2010,
- on the work of the Risk Management Department,
- on the protection of the natural environment at Elektrownia Kozienice S.A. in 2008 and 2009,
- on the schedule of construction of the power unit at Elektrownia Kozienice S.A.,
- on the life and health insurance programmes for employees of the ENEA Capital Group,
- on the progress of work concerning implementation of the Operating Plan *“ENEA 2010+ Programme”*,
- on the areas of operation of the Company where the implementation of the cost optimisation programme will bring the largest savings,
- on optimisation of purchasing costs at the ENEA Capital Group,
- on the progress of the project of construction of the power unit at Elektrownia Kozienice S.A.,
- on the holding agreement,
- on the planned amendment to the *Organisational By-Laws for the Company's Enterprise*,
- on the planned organisational structure of the Commercial Department and its activity,
- on the activity of the Liszkowo Biogas Plant in the context of an article published in the „Przekrój” weekly, issue no 30/2010 dated 27.07.2010,
- on the deadlines for development of the ready-made concepts for customer products,
- on the risk involved in generating energy from renewable sources and planned activities aimed to ensure a highest share of renewable sources in the electrical energy generation process,
- on the progress of works on the project entitled *Implementation of the project of reorganisation of the customer management system at ENEA S.A.*,
- occupational safety at the ENEA Capital Group.

At each meeting, the Supervisory Board examined the current business and financial results of the Company.

The activities of the Supervisory Board were documented in the minutes of the Board meetings for 2010.

3. Appointments, dismissals and suspensions of Members of the Management Board by the Supervisory Board in relation to the fulfilment of their functions as well as delegating Members of the Supervisory Board to perform the function of Members of the Management Board.

On 16 April 2010, the Issuer's Supervisory Board adopted resolutions on recalling the following persons from the Management Board of the Company: Mr Maciej Owczarek, Mr Sławomir Jankiewicz, Mr Piotr Koczorowski, Mr Marek Malinowski and Mr Tomasz Treider.

As a result of recruitment procedures, as of 16.04.2010 the Supervisory Board appointed:

- Mr Maciej Owczarek as President of the Management Board of the 7th term,
- Mr Maksymilian Górniak as Member of the Management Board for Commercial Affairs of the 7th term,
- Mr Hubert Rozpędek as Member of the Management Board for Economic Affairs of the 7th term,
- Mr Krzysztof Zborowski as Member of the Management Board for Strategy and Development of the 7th term.

On 12.07.2010, the Supervisory Board approved of the amendment to the *By-Laws for the Management Board of ENEA Spółka Akcyjna*, consisting in replacing the hitherto name of the function of Member of the Management Board for Strategy and Development with the new name: Member of the Management Board for Energy Generation.

In 2010, the Supervisory Board did not suspend any Members of the Company's Management Board from the fulfilment of their functions or did not delegate Members of the Supervisory Board to perform functions on the Management Board.

4. Committees of the Supervisory Board of ENEA S.A.

The activity of the Supervisory Board was supported by Committees performing advisory and supporting functions, appointed from among Members of the Supervisory Board. In 2010, there were two permanent Committees operating within the Supervisory Board:

- Audit Committee,
- Remuneration and Appointments Committee.

a) Audit Committee of the Supervisory Board of ENEA S.A.

As of the beginning of 2010, the composition of the Audit Committee was as follows:

- Graham Wood – Chairman,
- Piotr Begier – Deputy Chairman,
- Paweł Balcerowski – Member,
- Michał Kowalewski – Member,
- Wojciech Chmielewski – Member.

On 29 March 2010, in relation to recalling Mr P. Begier, Deputy Chairman of the Audit Committee, from the Supervisory Board of ENEA S.A. the Supervisory Board appointed Ms Małgorzata Aniołek as Deputy Chairman of the Audit Committee.

In 2010, the Audit Committee held 3 meetings and adopted 8 Resolutions.

The resolutions adopted in 2010 by the Audit Committee concerned the following issues:

1. a recommendation to the Supervisory Board of ENEA S.A. regarding appointment of the company Deloitte Audyt Sp. z o.o. as the auditor for the purpose of conducting reviews and audit of financial statements of ENEA S.A. and companies within the ENEA Capital Group for the year 2010 in compliance with variant three described in the Supervisory Board's Resolution No. 32/VII/2009 dated 19.11.2009.
2. assessment of the methods of auditing the financial statements of the Company for the financial year 2009. The Committee issued a positive opinion on the methods adopted to audit the financial statements of ENEA S.A. for the period from 1 January until 31 December 2009 and the consolidated financial statements of the ENEA Capital Group for the financial year ending on 31 December 2009 and did not have any objections thereto.
3. adoption of the „Report on the activity of the internal audit function for the year 2009”; the Committee adopted the „ Report on the activity of the internal audit function for the year 2009” and decided to forward the said document to the Supervisory Board in order that it should be adopted thereby.
4. requesting that the Manager of the Control and Audit Office should conduct an unplanned audit concerning work performed on behalf of ENEA S.A. by external advisory companies pursuant to contracts concluded in the period from 01.09.2009 to 31.09.2010 and verification thereof in terms of quality and compliance with the internal rules and procedures in force at ENEA S.A.
5. issuing opinions on the planned changes regarding the functioning of the internal audit units in the key companies of the ENEA Capital Group. The Committee issued a positive opinion on the plans regarding functioning of internal audit units in the key companies of the ENEA Capital Group, within the project of centralisation of the internal audit function.
6. acknowledgement of information on the „Audit Plan for 2011 at the ENEA Capital Group”.

7. issuing an opinion on the „Budget Plan of the Control and Audit Office for 2011”; the Committee issued a positive opinion on the „Budget Plan for the Control and Audit Office for 2011”.

Besides, the Audit Committee:

- conducted a review of the Financial Statements for the first half of 2010,
- adopted the Report on the activity of the internal audit function for the first half of 2010,
- conducted a review of the completed internal audits and adopted Reports on those audits,
- accepted information on the progress of implementation of the Project entitled „Development and implementation of a risk management system at the ENEA Capital Group”,
- accepted information on the centralisation of the internal audit function,
- accepted information on the „Development and implementation of an integrated market risk management system at the ENEA Capital Group”,
- accepted information on the progress of work at the Risk Committee of ENEA S.A.

b) Appointments and Remuneration Committee of the Supervisory Board of ENEA S.A.

As of the beginning of 2010, the composition of the Appointments and Remuneration Committee was as follows:

- Wiesław Pawliotti – Chairman,
- Tadeusz Dachowski – Deputy Chairman,
- Marian Janas – Member,
- Michał Łagoda – Member,
- Mieczysław Pluciński – Member.

On 29 March 2010, in relation to recalling Mr W. Pawliotti, Mr M. Łagoda and Mr M. Janas from the Supervisory Board of ENEA S.A., the Supervisory Board appointed Mr Bartosz Nowicki as Chairman of the Appointments and Remuneration Committee and Mr J. Mordasewicz and Mr P. Lisiewicz as Members of the Appointments and Remuneration Committee.

In 2010, the Appointments and Remuneration Committee held 2 meetings and adopted 5 Resolutions.

The resolutions adopted in 2010 by the Appointments and Remuneration Committee concerned the following issues:

1. a recommendation to the Supervisory Board of ENEA S.A. concerning filing a request with the General Shareholders' Meeting for determination of the remuneration of the President of the Management Board, and conclusion of the contracts of employment, non-competition contracts and agreement concerning the use of company cars for business purposes with the Members of the Management Board,
2. a recommendation to the Supervisory Board of ENEA S.A. concerning awarding an additional benefit in the form of reimbursement of a part of the costs of use of residential premises to the Members of the Management Board of ENEA S.A. of the 7th term,
3. a recommendation to the Supervisory Board of ENEA S.A. concerning adoption of a resolution on awarding annual bonuses to Members of the Management Board, i.e. Mr M. Malinowski, Mr P. Koczorowski, Mr S. Jankiewicz,
4. a recommendation to the Supervisory Board of ENEA S.A. concerning issuing a positive opinion on the intention and the draft resolution of the General Shareholders' Meeting of ENEA S.A. on overruling Resolution no. 1 of the General Meeting of the legal predecessor of ENEA S.A., Energetyka Poznańska S.A., concerning the principles of remunerating Members of the Management Board,

5. a recommendation to the Supervisory Board of ENEA S.A. concerning adoption and conclusion with Members of the Management Board of a resolution concerning remuneration for the performance of activities aimed at privatisation of the Company.

Besides, the Appointments and Remuneration Committee reviewed information from the Management Board concerning:

- the amount of remuneration for the managerial personnel at ENEA S.A.,
- change of salaries of the managerial personnel of ENEA S.A. in 2009,
- award of the task-based bonus for the managerial personnel of ENEA S.A. in 2009,
- observance of the procedure of recruitment of the managerial personnel,
- fulfilment of the formal requirement of awarding the annual bonus for 2009 to Members of the Management Board of ENEA S.A.

5. Assessment of the financial statements and the Management Board's Report

Acting pursuant to Art. 382 § 3 of the Commercial Companies Code, the Supervisory Board performed assessment of the statements and reports, referred to in Art. 395 § 2 item 1 and § 5, i.e.:

1. Management Board's report on the business activity of ENEA S.A. for the financial year 2010;
2. Year-end accounts of ENEA S.A. for the financial year ending on 31 December 2010, consisting of the following documents verified by the auditor:
 - balance sheet of the Company as at 31 December 2010, which on the side of assets and liabilities shows the sum of 11,075,352 kPLN (say: eleven billion seventy five million three hundred and fifty two thousand 00/100 Polish zlotys);
 - profit and loss account of the Company for the period from 1 January 2010 to 31 December 2010, showing a net profit of 364,386 kPLN (say: three hundred sixty four million three hundred and eighty six thousand 00/100 Polish zlotys);
 - additional information, consisting of the introduction to the year-end accounts of the Company and additional information and explanations;
 - statement of changes in the shareholders' equity, indicating an increase in equity as at 31 December 2010 by an amount of 211,426 kPLN (say: two hundred and eleven million four hundred and twenty six thousand 00/100 Polish zlotys);
 - cash flow statement of the Company, showing an increase in net cash by an amount of 64,697 kPLN (say: sixty four million six hundred and ninety seven thousand 00/100 Polish zlotys).
3. Management Board's report on the business activity of the ENEA Capital Group for the financial year 2010;
4. consolidated year-end accounts of the ENEA Capital Group for the period from 1 January 2010 to 31 December 2010, consisting of the following documents verified by the auditor:
 - consolidated balance sheet as at 31 December 2010, which on the side of assets and liabilities shows the sum of 12,836,705 kPLN (say: twelve billion eight hundred and thirty six million seven hundred and five thousand 00/100 Polish zlotys);
 - consolidated profit and loss account for the period from 1 January 2010 to 31 December 2010, showing a net profit of 639,381 kPLN (say: six hundred thirty nine million three hundred and eighty one thousand 00/100 Polish zlotys);
 - additional information, consisting of the introduction to the consolidated year-end accounts and additional information and explanations;

- statement of changes in the shareholders' equity, indicating an increase in equity as at 31 December 2010 by an amount of 503,843 kPLN (say: five hundred and three million eight hundred and forty three thousand 00/100 Polish zlotys);
- consolidated cash flow statement, showing a decrease in net cash by an amount of 2,916 kPLN (say: two million nine hundred and sixteen thousand 00/100 Polish zlotys).

After having read the Opinion and Report of the auditor Deloitte Audyt Sp. z o.o. and after a thorough examination of the aforementioned documents, the Supervisory Board is of the opinion that the financial statements of ENEA S.A. for the year 2010, Management Board's report on the activity of ENEA S.A. in the financial year 2010, the consolidated financial statements for the year 2010 and the Management Board's report on the activity of the ENEA Capital Group are in conformity with the books of accounts and accounting records and documents, as well as with the actual situation. The Supervisory Board recommends that the Ordinary Shareholders' Meeting should consider and adopt the same.

6. Brief evaluation of the Company's situation including assessment of the internal control system and the system of management risks of significance for the Company

In 2010, the Company generated a positive financial result (profit) which amounted to 364,386 kPLN and it was higher than the profit generated in the previous year by 58,972 kPLN. The increase in the financial result translates to a higher net profitability ratio which amounted to 5.8% and a higher return on equity which amounted to 4.1%.

In 2010, total sales concerning trade in energy amounted to approximately 18.5 TWh, whereof sale to retail customers, approximately 15.5 TWh. At the same time, the number of end customers amounted to approximately 2.4 million and was maintained at the level comparable to previous years. The aforementioned factors confirm the major position of ENEA S.A. in the energy market.

In 2010, ENEA S.A. had sufficient funds to ensure financing of all current expenditures relating to the Company's business and implementation of investment tasks. The balance of cash made it possible to flexibly settle the current accounts.

Owing to a good financial situation, upon implementation of the investment tasks in 2010 the Company did not use external financing.

In January 2010, ENEA S.A. purchased a newly built biogas power plant located in the town of Liszkowo, with electrical power of 2.2 MW. That innovative, highly advanced plant performs the function of biomass disposal at the same time generating energy. The aforementioned transaction was the result of implementation of the Corporate Strategy for the ENEA Capital Group and the establishment within the Group's structures of an entity in charge for the development of renewable energy generation, based on three 'pillars': water, wind and biomass (biogas).

Besides, in the near future, the Company plans to increase its generation capacity, including in the premises of Elektrownia Koźienice, where it plans to build a new power unit with the power of approximately 1 000 MW until 2016 as well as it plans to acquire a heat and power plant. Heat plants acquired so far will be upgraded and transformed into heat and power plants, including biomass-fuelled plants, in order that they could generate electrical and thermal energy in cogeneration, which will enable obtaining additional certificates of origin of energy. This is very important taking into account the anticipated increase in the obligation to sell electrical energy generated from renewable energy sources and in cogeneration.

In 2010, organisational changes were made at ENEA S.A., which contributed to the improvement of the efficiency of operating management at the Company and to the improvement of the efficiency of the strategic management at the ENEA Capital Group.

The Supervisory Board evaluates the internal control system and the risk management system through co-operation with the Management Board and the Control and Audit Office. As far as the risk management is concerned, the Audit Committee of the Supervisory is provided with cyclical information on the status of activities aimed at implementation of a formal integrated risk management system at the Company. The Supervisory Board issued a positive opinion on the scope of work

conducted, including the process of identification of key factors for financial and market risks, measurement of those risks, conducting the process of their identification, assessment and an in-depth analysis of the business and operating risks, as well as development of formal policies and procedures regulating the process of management of market risk (including commodity, currency and interest rate risk), credit risk, loss of liquidity risk and business and operating risks.

The Supervisory Board conducts regular supervision over the internal audit activity with the assistance of the Audit Committee which regularly meets with the head of the internal audit function, monitors performance of the approved audit plan and availability of resources necessary for the timely performance of the plan. Besides, the Audit Committee is informed of major findings ensuing from audit tasks and examines the response of the Management Board to recommendations made by the internal audit function.

7. Comments of the Supervisory Board regarding co-operation with the Management Board

Taking into account the results generated by the Company and the correct co-operation of the Management Board with the Supervisory Board, the Supervisory Board of ENEA S.A. requests that the Members of the Company's Management Board should be discharged from the fulfilment of their duties in the financial year 2010.

Signatures of the Supervisory Board Members:

Wojciech Chmielewski – Chairman of the Supervisory Board _____

Jeremi Mordasewicz – Vice-Chairman of the Supervisory Board _____

Michał Kowalewski – Secretary of the Supervisory Board _____

Małgorzata Aniołek – Member of the Supervisory Board _____

Paweł Balcerowski - Member of the Supervisory Board _____

Tadeusz Dachowski – Member of the Supervisory Board _____

Paweł Lisiewicz – Member of the Supervisory Board _____

Bartosz Nowicki - Member of the Supervisory Board _____

Mieczysław Pluciński - Member of the Supervisory Board _____

Graham Wood - Member of the Supervisory Board _____

Poznań, 21.04.2011