



**Report of the Supervisory Board of ENEA S.A.
for the financial year 2012**

Poznań, 25.03.2013

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

As at 01.01.2012, the Supervisory Board of the Company of the 7th term was composed of the following members:

1. Wojciech Chmielewski – Chairman of the Supervisory Board,
2. Jeremi Mordasewicz – Vice-Chairman of the Supervisory Board,
3. Michał Kowalewski – Secretary of the Supervisory Board,
4. Małgorzata Aniołek – Member of the Supervisory Board,
5. Agnieszka Mańkowska – Member of the Supervisory Board,
6. Tadeusz Dachowski – Member of the Supervisory Board,
7. Mieczysław Pluciński – Member of the Supervisory Board,
8. Paweł Lisiewicz – Member of the Supervisory Board,
9. Graham Wood – Member of the Supervisory Board.

On 12.03.2012, the Extraordinary Shareholders' Meeting of ENEA S.A. appointed Mr Sławomir Brzeziński as Member of the Supervisory Board of ENEA S.A. of the 7th term of office.

The Ordinary Shareholders' Meeting of ENEA S.A. held on 29 June 2012 decided that as of 30 June 2012, the mandates of the following members of the Supervisory Board will have expired:

1. Małgorzata Aniołek,
2. Agnieszka Mańkowska,
3. Sławomir Brzeziński,
4. Wojciech Chmielewski,
5. Tadeusz Dachowski,
6. Michał Kowalewski,
7. Paweł Lisiewicz,
8. Jeremi Mordasewicz,
9. Mieczysław Pluciński,
10. Graham Wood.

At the same time, the Ordinary Shareholders' Meeting of ENEA S.A. held on 29 June 2012 decided that the Supervisory Board of ENEA S.A. of the 8th term of office will be composed of 9 members and appointed, with effect as of 1 July 2012, the following Members of the Supervisory Board for the 8th term:

1. Małgorzata Aniołek,
2. Sandra Malinowska,
3. Sławomir Brzeziński,
4. Wojciech Chmielewski,
5. Michał Kowalewski,
6. Przemysław Łyczyński,
7. Tadeusz Mikłosz,
8. Jeremi Mordasewicz,
9. Graham Wood.

On 22.10.2012, the Extraordinary Shareholders' Meeting of ENEA S.A. appointed Mr Michał Jarczyński as Member of the Supervisory Board of ENEA S.A. of the 8th term of office.

As at the date of drawing up of this Report, the Supervisory Board of the Company has had ten following members:

1. Wojciech Chmielewski - Chairman of the Supervisory Board,
2. Jeremi Mordasewicz* – Vice-Chairman of the Supervisory Board,
3. Michał Kowalewski – Secretary of the Supervisory Board,
4. Małgorzata Aniołek – Member of the Supervisory Board,
5. Sandra Malinowska – Member of the Supervisory Board,
6. Sławomir Brzeziński – Member of the Supervisory Board,
7. Michał Jarczyński* – Member of the Supervisory Board,

8. Przemysław Łyczyński – Member of the Supervisory Board,
9. Tadeusz Mikłosz – Member of the Supervisory Board,
10. Graham Wood* - Member of the Supervisory Board.

* Members of the Supervisory Board fulfilling the criterion of independence, referred to in § 22 of the Company's Statutes.

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

In 2012, the Supervisory Board of the 7th and 8th held 19 meetings and adopted 90 Resolutions (including 11 Resolutions adopted by electronic mail, pursuant to the provisions of § 6 section 6 of the By-Laws for the Supervisory Board of ENEA S.A.).

The supervisory and auditing activities of the Supervisory Board in the financial year 2012 concerning, among others, the following issues:

1) Appointment of the chartered accountant for the purpose of auditing the financial statements:

On 20.12.2011, the Supervisory Board appointed the auditor for ENEA S.A. - KPMG Audyt Sp. z o.o. - for the period of 2012-2014,

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

In 2012, the Supervisory Board did not approve of any strategic long-term plans of the Company.

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

- a) on 30.07.2012, the Supervisory Board approved of the correction of the Investment Plan of ENEA S.A. for the years 2012-2014.
- b) on 12.03.2012, the Supervisory Board approved of the Business Financial Plan of ENEA S.A. for the year 2012 and subsequently, on 30.07.2012, it approved corrected Business Financial Plan of ENEA S.A. for the year 2012,
- c) on 12.03.2012, the Supervisory Board approved of the Consolidated Business Financial Plan of the ENEA Capital Group for the year 2012 and subsequently, on 30.07.2012, it approved corrected Consolidated Business Financial Plan of the ENEA Capital Group for the year 2012.

4) Issuing opinions on all matters submitted by the Management Board for consideration by the Shareholders' Meeting:

- a) on 08.05.2012, the Supervisory Board issued positive opinions on:
 - *Standalone financial statements of ENEA S.A.* for the period from 01.01.2011 to 31.12.2011,
 - *Management Board's Report on the operations of ENEA S.A. in the financial year 2011* and at the same time filed a motion with the Shareholders' Meeting for discharging the President of the Management Board and Management Board Members from fulfilment of their duties in the financial year 2011,
 - *Consolidated financial statements of the ENEA Capital Group* for the period from 01.01.2011 to 31.12.2011,
 - *Management Board's Report on the operations of the ENEA Capital Group in 2011*,
- b) on 08.05.2012, the Supervisory Board:
 - issued a negative opinion on the motion from the Company's Management Board concerning allocation of net profits of ENEA S.A. for the financial year 2011.

- Recommended to the Shareholders' Meeting adoption of a resolution on allocation of the net profits of PLN 355,169,000.00 in the following way:
 - PLN 211,892,437.44 to be paid as dividend to shareholders (PLN 0.48 of the profit per share), PLN 143,276,562.56 to be allocated to increase reserve capitals to be used for investment financing,
- c) on 21.11.2012, the Supervisory Board issued a positive opinion on:
- motion addressed to the Shareholders' Meeting concerning the disposal of the shares of the company Elektrownie Wodne Sp. z o.o.

5) Providing guidelines to 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:

In 2012, the Supervisory Board did not provide guidelines to the Management Board concerning the By-Laws for the Company's Management Board and did not approve of Management Board By-Laws.

6) Approval of the organisational by-laws of the Company's enterprise:

In 2012, the Supervisory Board did not approve of any amendments to the *Organisational By-Laws of the Company's Enterprise*.

7) Granting approvals to the Management Board for:

The Supervisory Board granted approvals to the Management Board for conducting the following activities:

- a) award of a loan to ELKO Trading Sp. z o.o. amounting to PLN 40,000,000;
- b) purchase of bonds issued by the subsidiary company Elektrociepłownia Białystok S.A. amounting to PLN 98,500,000;
- c) conclusion of a settlement agreement in the bankruptcy proceedings allowing for the possibility of settlement, concerning the Regional Dairy Plant in Złotów;
- d) contracting a liability by ENEA S.A. in the form of establishment of a Bonds Issue Programme up to the maximum amount of PLN 4,000,000,000;
- e) conclusion of Annexe no. 1 to the Surety Contract between the Izba Rozliczeniowa Giełd Towarowych S.A. and ENEA S.A. extending the period of surety until 31 July 2013;
- f) awarding a subsidy to Anna Dymna's „Against the Odds” Foundation;
- g) purchase by ENEA S.A. from ENEA Wytwarzanie S.A. of 100% of shares in ELKO Trading Sp. z o.o. by way of a non-cash dividend;
- h) conclusion of major agreements with an Affiliated Company and contracting a liability consisting in providing a guarantee by ENEA S.A. to acquire and to purchase bonds issued by ENEA Wytwarzanie S.A. up to the maximum amount of PLN 4,000,000,000;
- i) granting to IRGIT S.A. a guarantee for the liabilities of ELKO Trading Sp. z o.o. pertaining to transactions on the commodity exchange run by Towarowa Giełda Energii S.A.;
- j) contracting by ENEA S.A. of a liability exceeding the equivalent of EUR 5,000,000 in connection with conclusion of the „Finance Contract between the European Investment Bank and ENEA S.A.” and the „Programme Implementation Agreement between the European Investment Bank and ENEA Operator Sp. z o.o. and ENEA S.A.”;
- k) acquisition of shares of ENEA Wytwarzanie S.A. and disposal of shares, stocks and claims;
- l) releasing CGS Invest Sp. z o.o. from debt;

- m) increasing the obligation of ENEA S.A. to acquire bonds issued by the subsidiary company Elektrociepłownia Białystok S.A.;
- n) amending the Contract of co-operation in the area of wholesale trading in electrical power and property rights of 19 July 2011, concluded by and between ENEA S.A. and ENEA Trading Sp. z o.o. as regards the change of the model of remuneration ENEA Trading Sp. z o.o. for the services provided on behalf of ENEA S.A.;
- o) releasing Windpark Śniatowo Management GmbH EW Śniatowo Sp. k. from debt on account of contractual penalties under the Contract of sale of property rights of 10 April 2007.

8. Granting consent to Management Board Members for sitting on governing bodies of other companies:

The Supervisory Board granted consent to Member of the Management Board of ENEA S.A., Mr Janusz Bil for performing the function of Member of the Supervisory Board of ENEA Wytwarzanie S.A.

Besides, the Supervisory Board conducted the following activities, among others:

- carried out the recruitment procedure for the following positions: Members of the Management Board of ENEA S.A. for Commercial Affairs and President of the Management Board of ENEA S.A.;
- recommended that the Management Board should conduct an evaluation of the internal control system at ENEA S.A, by using to this end the services of an external advisor;
- adopted new standard forms of the *Contract for provision of managerial services* concluded with Members of the Management Board of ENEA S.A.,
- determined the amount of the remuneration payable to Members of the Management Board of ENEA S.A.,
- ordered election of three candidates for members of the Supervisory Board appointed by employees of ENEA S.A. for the 8th term of office and appointed the Chief Electoral Committee of ENEA S.A. and Members of Regional Electoral Committees of ENEA S.A.;
- approved the *Report of the Supervisory Board of ENEA S.A. for the financial year 2011* and filed a motion with the Shareholders' Meeting for discharging Members of the Supervisory Board from the fulfilment of their duties in the financial year 2011,
- approved amendments to the *By-Laws for the Supervisory Board of ENEA S.A.*;
- appointed the Chairman, Vice-Chairman and Secretary of the Supervisory Board of the 8th term;
- appointed members of the Audit Committee of the Supervisory Board of ENEA S.A.,
- appointed members of the Appointments and Remuneration Committee of the Supervisory Board of ENEA S.A.,
- adopted the standard form of the report on the performance of the Programme Agreement concerning the Bond Issue Programme Agreement;
- took a decision on conducting an analysis of the structure of the ENEA Capital Group with the participation of a business advisor, KPMG Advisory Sp. z o.o. Sp. k., and subsequently adopted and forwarded to the Management Board of ENEA S.A. a report entitled „The Analysis of the ENEA Capital Group” in order that the a respective standpoint could be prepared thereby;
- in connection with the letters from the Strategic Projects Department of the Ministry of the State Treasury addressed to the Supervisory Board on 27.04.2012, 14.06.2012, 20.06.2012 and 08.08.2012, concerning interpellations and allegations of Mr Jan Cedzyński, MP, the Company's Supervisory Board undertook a number of auditing activities aimed to explain and clarify the allegations referred to in the aforementioned letters, which concerned the following issues:
 1. Personal relations between President of the Management Board of ENEA S.A. and Ms Dominika Uberman,
 2. Contacts of the Company with representatives of Gateway Green Energy,
 3. Justification for and expediency of joining by the Company of the Central Europe Energy Partners association with seat in Brussels,
 4. The ENEA 2010+ Programme, carried out at the Company,

5. Concluding additional civil law contracts with Company employees,
6. Relations between President of the Management Board and Chairman of the Supervisory Board,
7. Contracts for lobbying services,
8. Marketing and sponsoring activity of the Company.

Information on the explanatory activities carried out by the Supervisory Board in order to clarify the above issues was included on the agenda of the Extraordinary Shareholders' meeting of ENEA S.A., which was held on 22.10.2012 as *Information concerning the letter of the Management Board submitted with one of the shareholders, the Ministry of the State Treasury, concerning letters from the Strategic Projects Department of the Ministry of the State Treasury dated 27.04.2012, 14.06.2012, 20.06.2012 and 08.08.2012, regarding the interpellations and allegations made by Mr Jan Cedzyński, MP.*

- took a decision on conducting audits – with the support of Ernst&Young Advisory Spółka z o.o. i Wspólnicy Sp. k and of Frauditt Mikołaj Rutkowski - concerning:
 - a. cross-border Poland-Belarus connection (110 kV power line connecting Wólka Dobryńska and Brest),
 - b. Windfarm Sp. z o.o.,
 - c. Liszkowo Biogas Plant,
 - d. Co-operation with PBG DOM Sp. z o.o. (Skalar Office Center project),
 - e. Delivery of biomass to ENEA Wytwarzanie S.A.,
 - f. Co-operation of the Company with Ms D. Uberman,
 - g. Co-operation of the Company with Gateway Green Energy,
 - h. Lobbying activities undertaken by the Company.

On 19.03.2013, the Supervisory Board acknowledged the following information from the Management Board on the activities undertaken by the Company in order to implement the recommendations from the forensic audits carried out by Ernst&Young Business Advisory Spółka z ograniczoną odpowiedzialnością i Wspólnicy Sp.k.:

1. By virtue of its Resolution no. 75/2013 of 19 February 2013, the Management Board decided to:
 - a) Appoint a team composed of representatives of selected substantive units in order to standardise the process of conducting new capital investment projects and co-operation with business partners,
 - b) Appoint a supervisory team (further herein: the Team) overseeing the implementation of the recommendations ensuing from the report on forensic audits, including a representative of Ernst&Young;
 - c) Obligate selected units to implement the recommendations arising from the report of Ernst&Young and to report on the progress of implementation to the team referred to in b) above.
2. The team supervising the implementation of the recommendations has developed the rules of operation and determined the frequency of reporting of the units on the completed actions in order to implement the recommendations. Also, based on information from the Chairman of the Team, on 14 March 2013, the substantive units will be asked for information on the planned method of implementation of the particular recommendations together with the propose schedule of such implementation. Besides, responding to the request of the Supervisory Board, the Chairman of the Team commenced work aimed to support the Team in the supervision over implementation of the recommendations. The draft motion for launching the procedure concerning support to the supervisory team overseeing the implementation of recommendations from forensic audits conducted by Ernst&Young is currently being reviewed by the legal advisor. The Company also received initial information on the price and scope of involvement obtained on the basis of market research. The formal launch and commencement of the procedure will take place following obtaining the relevant approval by the Management Board of ENEA S.A. for waiving the Procurement By-Laws by ENEA S.A

Additionally, the Corporate Department commenced the corporate activities aimed to obtain the necessary information from ENEA Wytwarzanie S.A. in connection with the recommendations concerning purchases of biomass.

- acknowledged information from the Management Board on the planned engagement of the Company in a shale gas exploration project;
- determined the method of exercising the right of vote at ENEA Wytwarzanie S.A. by voting at the Extraordinary Shareholders' Meeting in favour of the resolution on:
 - waving the subscription right of ENEA S.A. in full,
 - granting an approval for undertaking actions aimed at incorporation of the following companies: Elektrownie Wodne Sp. z o.o., Elektrociepłownia Białystok S.A., Dobitt Energia Sp. z o.o. to ENEA Wytwarzanie S.A.

The Supervisory Board acknowledged, among others, the following information from the Management Board:

- planned development of the Business Centre of the ENEA Capital Group at ul. Strzeszyńska 58 in Poznań;
- results on an audit in reference to an appeal filed by Asseco and relations with that company;
- carrying out a project concerning description of jobs, development of competency job profiles and valuation of posts;
- contacts with Gateway Green Energy, objectives and plans of co-operation between GGE and ENEA S.A., including in the context of prospective privatization of ENEA S.A. and the role of Gateway Green Energy in that process;
- Proceedings for the purpose of appointment of service providers to ENEA S.A. in the area of corporate communication,
- Conditions and expediency of joining the association Central Europe Energy Partners with seat in Brussels by ENEA S.A.;
- Contract of ENEA S.A. with the Law Firm of Ms Dominika Uberman;
- Membership of ENEA S.A. in the association „Presidents Volunteers Coalition”;
- Operation of the Wholesale Trading Area within the ENEA Capital Group, including prospects for its development;
- Report on the audit of the Control and Audit Bureau on joining organisations, associations, foundations and other entities by ENEA S.A.;
- Civil law contracts concluded with employees of ENEA S.A.,
- Review of powers of attorney granted to employees as regards contracting liabilities by the Management Board of ENEA S.A.,
- Cost saving programme at ENEA Operator Sp. z o.o.;
- Co-operation of ENEA S.A. with PBG Basket S.A.;
- Performance of the contract with PBG DOM Sp. z o.o., with an emphasis on the securing its performance;
- Performance of the contract between ENEA S.A. and PBG Erigo Sp. z o.o., and information on joint business/ marketing undertakings carried out in co-operation with PBG S.A. and/ or other companies from the PBG Group,
- Co-operation of ENEA S.A. with persons providing lobbying services;
- Development of the policy of remunerating and motivating managerial personnel and the status of work regarding the concept of remunerating key managers of ENEA S.A.;
- Procedures concerning storage and forwarding of C class documents at ENEA S.A.;
- Free CO2 emission allowances in the context of a power unit construction project (power unit no. 11) at ENEA Wytwarzanie S.A.;
- Expenditures at the ENEA Capital Group connected with the drawing up and reviewing the Terms of Reference for the tender procedure pertaining to the project of construction of power unit no. 11 at ENEA Wytwarzanie S.A.;
- Analysis of the costs of operations incurred by the Company and the pursued and planned investment programmes;
- Co-operation of ENEA S.A. with PBG Basket S.A. and other sports sponsoring project, in which ENEA S.A. was engaged;
- A list of contracts concluded in the Corporate Communication Area in the period from 01.12.2009 to 30.06.2012;

- Supplementing the information from the Management Board of ENEA S.A. on commissioning the development and review of the Terms of Reference for the purpose of the tendering procedure concerning the project of construction of power unit no. 11 at ENEA Wytwarzanie S.A.;
- Contracts concluded with TFS Sp. z o.o. concerning security audit;
- Prospective threats connected with the conclusion of the contract for construction of power unit no. 11 at ENEA Wytwarzanie S.A.;
- studies and reports by external companies, commissioned by the Company in connection with the project of centralisation of wholesale trading in electrical power at the ENEA Capital Group;
- Outsourced services incurred in 2011 and planned for 2012 and an increase of the payroll fund in the correction of the plan for 2012;
- Comparison of the Trading business model recommended by the Company with models in force in other power companies in Poland;
- Assumptions for and the schedule of implementation of the framework concept of remuneration at the ENEA Capital Group, pertaining to a selected group of employees;
- Law firms, PR and advisory companies currently co-operating with the Company;
- Occupational safety at the ENEA Capital Group ENEA;
- Review of projects of investing in generation sources, in particular in renewable energy sources;
- Progress of works as regards the development of the concept for remunerating key managers at ENEA S.A.;
- Contracting substrate deliveries to Gorzesław biogas plant;
- Operation of measurement and billing systems;
- Rules of co-operation between ENEA S.A. and law firms and the expenditures incurred by the Company on legal services in the years 2009-2012;
- Co-operation regarding Public Relations activities in the ENEA Capital Group;

At its meetings, the Supervisory Board reviewed up-to-date information concerning:

- Business and financial results of the Company,
- Sale of electrical energy,
- Progress of the project of construction of a 1000 MW power unit by Elektrownia Kozienice S.A.,
- Progress of the project of development of the power bridge using the 100 kV Brest 2 – Wólka Dobryńska power line;
- Progress of works connected with the implementation by the Company of the “*ENEA 2010+ Operational Plan*”,
- Activity of ELKO Trading Sp. z o.o.,
- Planned investments in renewable energy sources, including, among others:
 - Renewable energy projects, concerning wind farms and biogas plants, in terms of the current progress of acquisitions and planned actions,
 - Renewable energy projects carried out in 2012 (50MW Bardy Wind Farm, 1,6 MW Gorzesław Bio power Plant, Conversion of the other OP 140 boiler to a biomass-fired unit at Elektrociepłownia Białystok
 - Planned and carried out undertakings regarding investment projects (Construction of a hard-coal fired power unit with the capacity of 1.075 MW gross, Expansion of 50 MW Bardy Wind Farm with further 9 MW, Acquisition of shares of MPEC Białystok Sp. z o.o., Construction of a gas-fired power unit – common investment project with PGNiG).

The activities of the Supervisory Board of ENEA S.A. have been documented in the minutes of the meetings of the Board in 2012.

3. Appointments, dismissals and suspensions of members of the Management Board by the Supervisory Board and delegating members of the Supervisory Board to perform the functions of Management Board members.

- on 24.02.2012, the Supervisory Board of ENEA S.A. appointed Mr Janusz Bil as Member of the Management Board ENEA S.A. for Commercial Affairs, with effect as of 19.03.2012,

- on 01.10.2012, the Supervisory Board of ENEA S.A. dismissed Mr Maciej Owczarek performing the function of President of the Management Board ENEA S.A. from the Management Board ENEA S.A.;
- on 01.10.2012, the Supervisory Board of ENEA S.A. entrusted Mr Janusz Bil with the performance of the duties of President of the Management Board ENEA S.A. until appointment of the new President of the Management Board ENEA S.A.;
- on 29.11.2012, the Supervisory Board appointed Mr Krzysztof Zamasz as President of the Management Board of ENEA S.A. of the 7th term, with effect as of 01.01.2013.

In 2012, the Supervisory Board did not suspend any members of the Company's Management Board from fulfilment of their duties and did not delegate its members to perform functions of Management Board members.

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

Activities of the Supervisory Board were supported by Committees acting as collective advisory and opinion-giving bodies, appointed from among members of the Supervisory Board. In 2012, there were two permanent Committees of the Supervisory Board:

- Audit Committee,
- Appointments and Remuneration Committee.

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

From the beginning of 2012, the Audit Committee of the Supervisory Board of the Company of the 7th term was composed of the following members:

1. Graham Wood – Chairman,
2. Małgorzata Aniołek – Deputy Chairman,
3. Wojciech Chmielewski – Member,
4. Agnieszka Mańkowska – Member.

Due to the appointment of Members of the Supervisory Board of the 8th term by the Ordinary Shareholders' Meeting of ENEA S.A., on 30.07.2012 the Supervisory Board appointed the following Members of Audit Committee of the Supervisory Board of the 8th term:

1. Graham Wood - Chairman,
2. Małgorzata Aniołek - Member,
3. Wojciech Chmielewski – Member,
4. Przemysław Łyczyński - Member.

As at the date of drawing up this report, the composition of the Committee has not changed.

In 2012, the Audit Committee held two meetings and adopted three resolutions.

Issues considered by the Audit Committee during its meetings included, among others:

- Appointment of the Chairman of the Audit Committee of the Supervisory Board of the 8th term,
- Evaluation of the methods of auditing financial statements of the Company for the financial year 2011,
- Adoption of the Report on the activity of the internal audit function in the year 2011,
- Evaluation of the internal control system at ENEA S.A.

On 17.01.2013, the Audit Committee issued a positive opinion on the following documents: „Annual Audit Plan for 2013 for the ENEA Capital Group” in part pertaining to ENEA S.A. and the „Recommended Budget for the Control and Audit Bureau for 2013” and decided to submit those documents to the Supervisory Board for approval.

Besides, the Audit Committee:

- Reviewed the Financial Statements for the first half of 2012,
- Reviewed the completed internal audits and reports on those audits,
- Acknowledged information on the progress of implementation of the Project entitled „Development and implementation of the risk management system at the ENEA Capital Group”,
- Evaluated the progress of works concerning reorganisation of the internal audit function,
- Acknowledged the report on the performance of the audit plan for 2012 and the proposed Audit Plan for 2013.

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

From the beginning of 2012, the Appointments and Remuneration Committee of the Supervisory Board of the Company of the 7th term was composed of the following members:

- Michał Kowalewski – Chairman,
- Tadeusz Dachowski – Deputy Chairman,
- Paweł Lisiewicz – Member,
- Jeremi Mordasewicz – Member,
- Mieczysław Pluciński – Member.

Due to the appointment of Members of the Supervisory Board of the 8th term by the Ordinary Shareholders’ Meeting of ENEA S.A., on 30.07.2012 the Supervisory Board appointed the following Members of Appointments and Remuneration Committee of the Supervisory Board of the 8th term:

- Michał Kowalewski – Chairman,
- Sandra Malinowska – Member
- Tadeusz Mikłosz – Member,
- Jeremi Mordasewicz – Member.

In 2012, the Appointments and Remuneration Committee held 4 meetings and adopted 9 resolutions.

The purpose of the meetings of the Committee included, among others, development of recommendations for the Supervisory Board concerning:

- Determination of a new date for the change of the fixed remuneration payable to Vice-President of the Management Board for Generation on account of the performance of the Contract for provision of managerial services,
- Amending the standard form of the Contract for provision of managerial services of 26.01.2012, to be concluded with Members of the Management Board appointed as of 2012,
- Conclusion of the Contracts for provision of managerial services with President of the Management Board and Management Board Member for Commercial Affairs, determination of

the fixed remuneration payable to the President of the Management Board and Management Board Member for Commercial Affairs, and authorising Chairman of the Supervisory Board to sign the respective Contracts,

- Changing the amount of fixed remuneration payable to Management Board Member for Generation under the Contract for provision of managerial services concluded on 28 June 2011,
- Granting consent for Management Board Member for Commercial Affairs to sit on the Supervisory Board of a company belonging to the ENEA Capital Group,

Besides, the Appointments and Remuneration Committee:

- Appointed Chairman of the Committee,
- Carried out a discussion concerning the rules of engaging and remunerating Members of the Management Board of ENEA S.A.

5. Information on the evaluation of standalone and consolidated financial statements and the Management Board's report for the year 2012

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

1. Management Board's report on the operations of ENEA S.A for the financial year 2012;
2. Standalone financial statements of ENEA S.A. for the financial year ending on 31 December 2012 including audited (by chartered accountant):
 - Standalone report on the financial standing as at 31 December 2012 showing on the side of assets and liabilities an amount of PLN 11,647,700,000 (say: eleven billion six hundred and forty seven million seven hundred thousand 00/100 Polish zlotys);
 - standalone profit and loss account and other total earnings for the period from 1 January 2012 to 31 December 2012, showing a net profit of PLN 522,680,000 (say: five hundred twenty two million six hundred and eighty thousand 00/100 Polish zlotys);
 - notes to the standalone financial statements, containing the description of the major applied accounting principles and other explanatory information;
 - standalone statement of changes in equity, showing an increase of equity as at 31 December 2012 by PLN 292,036,000 (say: two hundred and ninety two million thirty six thousand 00/100 Polish zlotys);
 - standalone cash flow statement showing net cash outflow of PLN 346,209,000 (say: three hundred and forty six million two hundred and nine thousand 00/100 Polish zlotys).
3. Management Board's report on the operations of the ENEA Capital Group for the financial year 2012;
4. Consolidated financial statements of the ENEA Capital Group from 1 January 2012 to 31 December 2012, including the audited (by chartered accountant):
 - consolidated report on the financial standing as at 31 December 2012 showing on the side of assets and liabilities an amount of PLN 14,710,462,000 (say: fourteen billion seven hundred and ten million four hundred and sixty two thousand 00/100 Polish zlotys);
 - consolidated profit and loss account and other total earnings for the period from 1 January 2012 to 31 December 2012 showing a net profit of PLN 711,609,000 (say: seven hundred and eleven million six hundred and nine thousand 00/100 Polish zlotys);
 - notes to the consolidated financial statements, containing the description of the major applied accounting principles and other explanatory information;

- consolidated statement of changes in equity, showing an increase of equity as at 31 December 2012 by PLN 458,526,000 (say: four hundred fifty eight million five hundred and twenty six thousand 00/100 Polish zlotys);
- consolidated cash flow statement showing net cash outflow of PLN 122,866,000 (say: one hundred and twenty two million eight hundred and sixty six thousand 00/100 Polish zlotys).

After having reviewed the Opinion and Report of the auditor, KPMG Audyt Sp. z o.o., and after a thorough consideration of the above documents, the Supervisory Board decided the standalone financial statements of ENEA S.A. for the year 2012, Management Board's report on the operation of ENEA S.A. in the financial year 2012 and the consolidated financial statements for the year 2012 and the Management Board's report on the operations of the ENEA Capital Group in the financial year 2012 fully comply with the books of accounts and accounting records, as well as with the actual situation. The Supervisory Board recommended to the Ordinary Shareholders' Meeting of ENEA S.A. consideration and approval thereof.

6. Brief assessment of the Company's situation including evaluation of the internal control system and the system of management of significant risks run by the Company.

In 2012, ENEA S.A. generated a positive net financial result amounting to PLN 522,680,000 which was higher than the profit generated in the previous year by PLN 169,846,000. The net profitability ratio was 9.1% (in 2011: 6.3%), and return on equity was 5.3% (in 2011: 3.8%).

In 2012, total electricity sales to end customers amounted to 14.9 TWh, while sale of electricity to customers connected to power grids managed by distribution system operators other than ENEA Operator amounted to approximately 3.1 TWh. The number of end customers as at 31 December 2012 was approximately 2.4 million and it is on a level comparable to previous years.

In 2012, ENEA S.A. had sufficient funds enabling payment of all current expenditures connected with the Company's operations and performance of investment tasks. The balance of available cash facilitated flexible settlement of current liabilities.

Owing to its good financial situation, while carrying out investment projects in 2012, the Company did not use any external financing.

Activities carried out by the Company in 2012 are reflected in the description of the following business areas, pursued by the Company.

Generation Area

The main objective in the area of conventional generation is construction of a new, hard coal-fired power unit for supra-critical parameters with the gross capacity of 1.075 MWe in Świerze Górne. Commissioning of the new power unit is planned to take place in 2017. As a result of the conducted tender procedure concerning appointment of the contractor for the new 1.000 MWe power unit, conducted in conformity with the provisions of the Public Procurement Act of 29 January 2004, from among the two submitted offers, the offer filed by the consortium of Hitachi Power Europe GmbH and Polimex – Mostostal S.A. was selected as the best one. (The other offer was filed by the consortium of China National Electric Engineering Co. Ltd. and China Overseas Engineering Group Co. Ltd.). By the prescribed deadline, i.e. by 8 June 2012, appeals were received by the National Chamber of Appeals in Warsaw, submitted by each of the aforementioned entities. On 27 July 2012, the National Chamber of Appeals in Warsaw announced its decision pursuant to which it dismissed the appeals filed by both bidders. As a result, it was possible to sign - on 21 September 2012 - a contract for construction of hard coal-fired power unit for supra-critical parameters, with the gross electrical power of 1.075 MWe, net efficiency of 45.59% and unit availability of above 90% in the first year and above 92% in the following years with the contractor whose offer was selected. According to the concluded contract, the performance of the project will take 58 months from the date of signing of the contract. The anticipated outlay on the project amounts to PLN 5.3 billion net (excluding financial costs). In September 2012, the Management Board of ENEA Wytwarzanie concluded with BRE Bank and ENEA S.A. a programme agreement concerning the bonds issue programme up to an amount of PLN 4 billion. Funds from the bonds issue will be used, among others, to finance the construction of the power unit at ENEA Wytwarzanie. Along with the programme agreement concerning the bonds issue

programme up to an amount of PLN 4 billion, a contract guaranteeing the acquisition of the bonds was concluded between ENEA S.A. and ENEA Wytwarzanie. As at the beginning of October 2012, the official handover of the site of construction of the new power unit with the gross power of 1.075 MWe to the general contract took place at ENEA Wytwarzanie.

On 16 April 2012, ENEA S.A. purchased 100% shares in the special purpose vehicle Windfarm Polska Sp. z o.o. The company is the owner of a newly built wind farm Bardy (50 MW) consisting of 25 Vestas turbines with the power of 2 MW each and own main switching station. The wind farm is located in the north-western Poland on premises with very good wind conditions, which translate to the projected average annual electrical power generation of approximately 150.000 MWh. In the period between the start-up (March 2012) until the end of 2012, the wind farm generated 121 914,3 MWh of electrical energy. The company Windfarm Polska Sp. z o.o. intends to expand its production capacity with additional 9-10 MW.

On 25 May 2012, under the project entitled „Integration of the Generation Area” Elektrownia „Kozienice” S.A. changed its name to ENEA Wytwarzanie S.A. and it is going to manage generation of electrical energy and heat in the entire ENEA Capital Group. The integration of the Generation Area applies to seven subsidiary companies of the ENEA Capital Group: ENEA Wytwarzanie S.A., Elektrociepłownia Białystok S.A., Elektrownie Wodne Sp. z o.o., Dobitt Energia Sp. z o.o., Windfarm Polska Sp. z o.o., MEC Piła Sp. z o.o. and PEC Oborniki Sp. z o.o. The purpose of integration of the companies generating electrical power and heat is to implement a new model of the Group's operations ensuring efficient decision-making processes within the frame of a joint generation strategy, optimum allocation of resources and improvement of productivity of the generation area. On 28 December 2012, ENEA Wytwarzanie acquired from ENEA S.A. the shares and stocks in the six companies engaged in generation of electricity and heat within the ENEA Capital Group. In exchange, ENEA S.A. acquired all the shares in the increased share capital of ENEA Wytwarzanie. As a result of those activities, a holding structure of the generation area was developed, which is managed by ENEA Wytwarzanie. Another stage of the integration of the generation area to be carried out in 2013 will be incorporation of three of the aforementioned companies to the capital structure of ENEA Wytwarzanie, while the three other companies will operationally fully report to ENEA Wytwarzanie as its subsidiaries.

In 2011, ENEA S.A. commenced co-operation with Polskie Górnictwo Naftowe i Gazownictwo S.A. (PGNiG) as regards the analysis of possibilities of carrying out a joint investment project of construction a gas-fired electricity generation source. Within the frame of that co-operation it is planned to carry out works aimed at selecting the optimum location for a gas-fired power unit. At the moment, detailed location analyses and business analyses for selected locations are carried out together with PGNiG, on the basis of which relevant corporate decisions will be taken.

Sales Area

On 25 September 2012, the Management Board ENEA S.A. adopted the „Sales Strategy of ENEA S.A. in the area of retail trading for the years 2013 – 2016”. The strategy is based on expansion beyond the historic market, improvement of customer service efficiency and purchases in wholesale energy market and it provides for reversing the declining trend of sales.

The main pillars of the sales strategy include:

1. Expansion of retail sales (solicitation of new customers beyond the historic area, maintaining and regaining customers in the historic area and development of gas trading competencies);
2. Customer service efficiency (development of new channels for soliciting and serving customers, improvement of the efficiency and quality of customer service and cost optimisation);
3. Efficiency in wholesale trading market (efficiency of purchases in wholesale market, improvement of forecasting, risk management and portfolio management).

Customer Service Area

In 2012, a programme of change of the customer service model was launched, covering the most important issues pertaining to customer service.

The programme includes initiatives and projects aimed at the achievement of the following objectives:

1. An increase of efficiency of customer acquisition and maintenance;
2. Increase of the level of customer service quality;
3. Optimisation of unit costs of customer services.

The increase of efficiency of customer acquisition and maintenance and increase of the level of customer service quality will be achieved by the implementation of a new operational model of the sales and customer service area and implementation of IT customer service systems (Billing, CRM, Contact Center).

As a result of implementation of the new operational model, it is planned to reduce unit customer service costs, to increase sales volume and market share, and to obtain increased customer satisfaction.

The largest and most important project carried out within the Programme is the implementation of the operational model including the IT customer service system.

Wholesale Trading Area

In 2012, the model of settlements between ENEA S.A. and ENEA Trading under the Contract of co-operation in the area of wholesale trading in electrical energy and proprietary rights was amended.

The Contract sets new terms of co-operation between the parties, aimed at obtaining optimum business effects for the ENEA Capital Group as regards sales of electrical energy to end customers and sale of products and services connected with supporting the electricity sales area, including rules of calculation of the remuneration due to ENEA Trading on account of services provided to ENEA S.A..

The new model is based on the transactional net margin method and introduces a mechanism motivating ENEA Trading to efficiently perform its functions on behalf of ENEA S.A., both in terms of trading efficiency against the market and in terms of cost discipline.

The new settlement model was introduced with effect as of 1 January 2012; however the effectiveness criteria, on which the amount of remuneration payable to ENEA Trading will depend, pertain to settlements of accounts as of 1 January 2013.

1. In 2012, ENEA S.A. undertook a number of actions which, in the Supervisory Board's opinion, should contribute to the development of the internal control system and the risk management system. In line with the best market practices, ENEA S.A. decided to conduct evaluation of its internal control system. The main objectives of the conducted project included a close insight into the internal control system at the Company level based on the well-tested COSO methodology and the generally applied internal control models.

In the opinion the Supervisory Board, there are numerous control mechanisms that may be used as examples of best practices in the internal control area. As regards the *internal control environment*, it is worthwhile to mention the following:

- The organisational structure, indicating the main organisational units of the Company and the directions of reporting as well as the Organisational By-Laws setting out the scope of responsibilities of the individual units;
- The role of the Management Board in managing the organisational, the practice of regular meetings and engagement of the Management Board in the decisions of key importance for the organisation;
- Properly defined principles of granting, recording and revoking powers of attorney, discretions and limits in force in the Company, formal determination of the scope of responsibilities for particular positions;
- Procedures regarding recruitment of employees and induction training.

In the *risk assessment area* attention has been drawn to, among others:

- the strategy of the Capital Group setting out the strategic objectives and methods of measurement of their implementation, as well as regular monitoring of the respective strategy implementation measures;
- implementation of the „ENEA 2010+ Programme”, under which a list of strategic projects has been defined which should contribute to improved efficiency of operational and strategic management;

- Identification and assessment of risks, summary of current activities, plans of response to risks and key risk indicators carried out within the frame of implementation of the integrated risk management system.

As regards *control activities*, attention has been drawn to, among others:

- sets of policies, procedures and instructions regulating key aspects of the Company business;
- properly determined rules regarding the issue of internal regulations and making amendments thereto;
- properly defined procedures regarding protection of classified information, personal data, confidential information of the Company;
- the process of agreeing upon and approval of the annual business and financial plan, regular reporting on the Company's performance and analysis of deviations against the plan;
- the approved accounting policy of ENEA S.A. in place and the process of its updating;
- the process of monitoring amendments to the International Financial Reporting Standards;
- the process of verification of accounting documents and records prior to posting thereof;
- period stock-taking of the Company's assets;
- audits during the consolidation process (verification of completeness of the provided information, checking the mathematical correctness of the consolidated figures and exclusions, controlling completeness of disclosures);
- the process of approval of financial statements of the Company by the Company's governing bodies (Management Board, Supervisory Board);
- controlling activities in individual business processes – process of trading, sales and receivables management, process of payroll calculation and payment of salaries, investment process, funds management process (treasury)

In the area of *information and communication*, attention has been drawn to, among others:

- corporate communication principles, determining the main rules of internal and external communication;
- running a website including, among others, an Investor Relations (IR) section;
- communication channels for internal information (central repository of policies and procedures, *newsletters* for management and employees);
- maintaining a central register of resolutions passed by the Company's governing bodies and a register of agreements concluded by the Company;
- following the „Social Corporate Responsibility Strategy at the ENEA Capital Group”, defining the main objectives and strategic directions of the CSR.

As far as the last element of the COSO I model is concerned, i.e. *monitoring and supervision*, the following has been identified:

- the Capital Group Council Agreement, concluded by the companies forming the ENEA Group at the end of 2011 and in 2012;
- formal determination of the principles of shareholders' supervision;
- operation of the Audit Committee of the Supervisory Board and co-operation with the internal audit function;
- monitoring the reliability of financial information by the Audit Committee, regular meetings of the Audit Committee with the auditor of the Company;
- including the internal audit function in the organisational structure (functional reporting to the Audit Committee of the Supervisory Board), regular meetings with the Control and Audit Bureau and the Audit Committee;

- the mission and rules of operation of the Control and Audit Bureau defined in the Internal Audit Charter, which was formally approved by the Supervisory Board;
 - existing co-operation agreements in the internal audit area with companies forming the ENEA Capital Group;
 - activity of the internal audit based on the approved audit plan and defined work methodology. Internal audits carried out in the main areas of the Company's business, follow-up audits, using a co-sourcing model while implementing complex auditing tasks in order to supplement missing skills.
2. In the opinion of the Supervisory Board, the operation of the Audit Committee is an important element of the internal control system. In the reporting period, the Audit Committee was responsible, among others, for monitoring of the financial reporting process and of the efficiency of the internal control systems, internal audit and the risk management system. In particular, the Audit Committee:
- held regular meetings with the external auditor and the Management Board, during which the following issues were discussed: annual and interim financial statements, consistency of the accounting policy followed by the Capital Group and its conformity with the International Financial Reporting Standards,
 - held regular meetings with the internal auditor, during which decisions and recommendations made by the internal audit functions were discussed and the response of the Company's Management Board to those recommendations was monitored,
 - participated in the process of development of the annual audit plan, recommending areas to be audited in a given year.
 - issued opinions on the annual audit plan and internal audit budget plan and submitted the said documents for the Supervisory Board's approval.
3. In the Supervisory Board's opinion, the internal audit function, performed by the Control and Audit Office is an important element of the internal control system. Internal audit at ENEA S.A. functionally reports to the Audit Committee, at the same time reporting to the Management Board. In order to ensure the adequate level of independence of that function, the Supervisory Board approves of the annual audit plan, the annual budget of the audit unit and – if necessary – issues an opinion on electing, appointing or recalling the head of the internal audit office. In 2012, , the internal audit function evaluated debt recovery processes, methods of securing the Company's interests in the concluded agreements, as well as it verified the implementation of recommendations concerning information security, HR, restructuring processes in one of the subsidiary companies. The internal audit function additionally performed advisory functions to the managerial staff of the Company.
- In the course of auditing the internal control system, the Company identified areas where the existing internal controls can be further improved.

4. As far as risk management is concerned, the Audit Committee regularly monitored the progress of work aimed to implement a formalised integrated risk management system at the Company. The Supervisory Board issued a positive opinion on the scope of conducted works, including in particular the process of identification of the key financial and market risk factors, measurement of credit, foreign exchange and loss of liquidity risks as well as design and approval by the Management Board of formal policies regulating the process of management of corporate risks, foreign exchange and interest rate risk, loss of liquidity risk and credit risk. In the opinion of the Audit Committee, the designed management model provides for a comprehensive approach to risk management, by setting out detailed rules of identification and evaluation of risks, monitoring of exposure to risk and approving and monitoring plans of procedure pertaining to the key risks run by the Company. The adopted rules are designed on the basis of top management standards and they conform to the best market practices in that area.

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

After having evaluated the work of each of the Management Board Members of ENEA S.A. in 2012, the Supervisory Board recommends that the Annual General Shareholders' Meeting should discharge Mr Janusz Bil and Mr Hubert Rozpędek from the fulfilment of their duties in the financial year 2012.

As a result of the conducted voting, the Supervisory Board does not recommend that the Annual Shareholders' Meeting discharge Mr Maciej Owczarek and Mr Krzysztof Zborowski from the fulfilment of their duties as Management Board Members in the financial year 2012.

Signatures of 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 _____

Sandra Malinowska – Member of the Supervisory Board _____

Sławomir Brzeziński – Member of the Supervisory Board _____

Przemysław Łyczyński – Member of the Supervisory Board _____

Tadeusz Mikłosz – Member of the Supervisory Board _____

Michał Jarczyński – Member of the Supervisory Board _____

Graham Wood – Member of the Supervisory Board _____

Poznań, 25.03.2013