



***Report of the Supervisory Board of ENEA S.A.
for 2014 financial year***

Poznań, 19.03.2014

1. Information on the term of office of the Supervisory Board and another year of operations during the term of office.

Members of the Supervisory Board of ENEA S.A. for the 8th three-year term of office were appointed by the Ordinary General Meeting of Shareholders of the Company on 29 June 2012.

In 2014 the Supervisory Board of ENEA S.A. operated as the Supervisory Board of the 8th term.

2. Composition of the Supervisory Board, positions held, changes to the composition of the Supervisory Board during the financial year.

As at 1 January 2014 the Supervisory Board of the Company of the 8th term operated in the following composition:

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. Sandra Malinowska - Member of the Supervisory Board,
5. Małgorzata Niezgoda - Member of the Supervisory Board,
6. Sławomir Brzeziński - Member of the Supervisory Board,
7. Przemysław Łyczyński - Member of the Supervisory Board,
8. Tadeusz Mikłosz - Member of the Supervisory Board,
9. Torbjörn Wahlborg - Member of the Supervisory Board,

* Members of the Supervisory Board fulfilling the independence criterion mentioned in § 22 item 7 of the Company's Statute.

On 22 January 2014 Mr. Torbjörn Wahlborg resigned from the function of a Member of the Supervisory Board of ENEA S.A. with immediate effect.

As at the date of preparation of this Report the Supervisory Board of the Company is composed of eight members and operates in the following composition:

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 Niezgoda - Member of the Supervisory Board,
5. Sandra Malinowska - Member of the Supervisory Board,
6. Sławomir Brzeziński - Member of the Supervisory Board,
7. Przemysław Łyczyński - Member of the Supervisory Board,
8. Tadeusz Mikłosz - Member of the Supervisory Board,

* Member of the Supervisory Board fulfilling the independence criterion mentioned in § 22 item 7 of the Company's Statute.

3. Operations of the Supervisory Board of ENEA S.A.

In 2014 the Supervisory Board of the 8th term held 8 meetings and adopted 58 Resolutions (including 2 Resolutions through email voting pursuant to § 6 item 6 of the Rules of the Supervisory Board of ENEA S.A.).

The supervisory and auditing activities of the Supervisory Board in 2014 financial year related to, among others, the following issues:

1) Appointing a certified auditor to audit the financial statements,

On 18 December 2014 the Supervisory Board selected KPMG Audyt Sp. z o.o. Sp. k. as a certified auditor for ENEA S.A. for 2015-2017.

2) Approval the Company's long-term strategic plans:

In 2014 the Supervisory Board did not approve any strategic multiannual plans for the Company.

The Corporate Strategy of ENEA Capital Group for 2014-2020 in force was approved by the Supervisory Board on 18 October 2013.

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

a) On 18 December 2014 the Supervisory Board approved:

- ENEA S.A.'s material and financial plan for 2015,
- ENEA CG's material and financial plan for 2015.

b) ENEA S.A.'s Investment Plan for 2013-2015 was approved by the Supervisory Board on 14 May 2013.

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

a) On 19 March 2014 the Supervisory Board issued a positive opinion on:

- Non-consolidated financial statements of ENEA S.A. for the financial year ended on 31 December 2013,
- Report of the Management Board on the operations of ENEA S.A. in 2013,
- Consolidated financial statements of ENEA Capital Group for the period from 01.01.2013 to 31.12.2013,
- Report of the Management Board on the operations of ENEA Capital Group in 2013.

b) On 19 March 2014 the Supervisory Board:

- issued a positive opinion on the motion of the Management Board regarding the division of net profit of ENEA S.A. for the period from 01.01.2013 to 31.12.2013 as follows:
 - distribution of dividend to shareholders - PLN 251,622,269.46 at around 30% of net profit,
 - increase of reserve capitals allocated in investment financing - PLN 581,842,730.54.

c) On 19 March 2014 the Supervisory Board:

- recommended to the Ordinary General Meeting of Shareholders granting:
 - to the President of the Management Board, Mr. Krzysztof Zamasz, a discharge from liability for the performance of his duties for the period of 01.01.2013 to 31.12.2013,
 - to the Member of the Management Board, Mr. Grzegorz Kinelski, a discharge from liability for the performance of his duties for the period of 11.03.2013 to 31.12.2013,
 - to the Member of the Management Board, Mr. Paweł Orlof, a discharge from liability for the performance of his duties for the period of 11.03.2013 to 31.12.2013,
 - to the Member of the Management Board, Mrs. Dalida Gepfert, a discharge from liability for the performance of her duties for the period of 23.04.2013 to 31.12.2013.

- did not recommend to the Ordinary General Meeting of Shareholders granting:
 - to the Member of the Management Board, Mr. Krzysztof Zborowski, a discharge from liability for the performance of his duties for the period of 01.01.2013 to 11.01.2013,
 - to the Member of the Management Board, Mr. Hubert Rozpędek, a discharge from liability for the performance of his duties for the period of 01.01.2013 to 11.03.2013,
 - to the Member of the Management Board, Mr. Janusz Bil, a discharge from liability for the performance of his duties for the period of 01.01.2013 to 11.03.2013.

5) Setting guidelines to the Management Board regarding the rules of the Management Board and approving the rules of the Management Board:

In 2014 the Supervisory Board did not issue any guidelines to the Management Board regarding the Rules of the Management Board of ENEA S.A. and did not consider any motions regarding approval of amendments to the Rules of the Management Board of ENEA S.A.

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

In 2014 the Supervisory Board of ENEA S.A. two times approved the amendments in the *Organisational By-Laws of the Company* (respectively, on: 19.03.2014 and 18.12.2014)

7) Granting consent for the Management Board concerning:

The Supervisory Board granted the Company's Management Board a consent to perform the following activities:

- a) conclusion by ENEA Trading Sp. z o.o., on behalf of and for the account of ENEA S.A., of an agreement with Windpark Śniatowo Management GmbH EW Śniatowo Sp. k.,
- b) drawing a liability by ENEA S.A. being working capital facility totalling to PLN 600 mln and issuing an approval for granting to IRGIT S.A. a guarantee for liabilities of ENEA Wytwarzanie S.A. relating to the conclusion of transactions on the commodity exchange conducted by the Polish Power Exchange up to the amount of PLN 50,000,000,
- c) conclusion of Annex No. 1 to the Bond Subscription Guarantee Agreement of 08.09.2012 concluded with ENEA Wytwarzanie S.A. and Annex No. 1 to the Programme Agreement of 08.09.2012 concluded with ENEA Wytwarzanie S.A. and mBank S.A.,
- d) establishment by ENEA S.A. of a foundation named ENEA Foundation seated in Poznań and making a donation to ENEA Foundation,
- e) drawing financial liabilities exceeding the equivalent of EUR 5,000,000 relating to the bond issue up to the total amount of all the bond issues not exceeding the amount of PLN 5,000,000,000 as part of the Programme Agreement relating to the bond issue programme up to the amount of PLN 5,000,000,000,
- f) drawing financial liabilities exceeding the equivalent of EUR 5,000,000 relating to the bond issue up to the total amount of all the bond issues not exceeding the amount of PLN 1,000,000,000 subject to the terms specified in the Programme Agreement relating to the bond issue programme up to the amount of PLN 1,000,000,000 between ENEA S.A. and Bank Gospodarstwa Krajowego,
- g) conclusion of Annex No. 6 to the Agreement on cooperation within wholesale trade in electricity and proprietary interests concluded between ENEA S.A. and ENEA Trading Sp. z o.o. and an Agreement on sales of gaseous fuel and Agreement of provision of trading and technical services,
- h) extension of the scope of the suretyships granted by ENEA S.A. for the liabilities of ENEA Trading Sp. z o.o. resulting from the operations conducted on the gas market, and also

possible activities on the market of allowances for gas emissions and also on primary fuels market,

- i) conclusion of an agreement on provision of transmission services for gaseous fuels with Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A. seated in Warsaw,
- j) conclusion of an agreement on provision of distribution services for gaseous fuels with Polska Spółka Gazownictwa Sp. z o.o. seated in Warsaw,
- k) conclusion of a Shareholder Agreement and Share Purchase Agreement between PGE Polska Grupa Energetyczna S.A., ENEA S.A., KGHM Polska Miedź S.A. and Tauron Polska Energia S.A.,
- l) granting a corporate guarantee for Białystok Municipality, as a collateral for the execution of an irrevocable share purchase offer of Miejskie Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. seated in Białystok,
- m) extension of the validity period for the suretyship for IRGIT S.A. for the liabilities of ENEA Trading Sp. z o.o. up to the amount of PLN 50,000,000 until 01.08.2017,
- n) drawing liabilities to hold bonds issued by ENEA CG companies as part of intergroup bond issue programmes up to the maximum amount of PLN 1,000,000,000 for ENEA S.A. to finance the investments realised by ENEA CG companies,
- o) ordering by ENEA S.A. granting bank guarantees for liabilities of ENEA Wytwarzanie S.A. relating to the conclusion of transactions on the commodity exchange conducted by the Polish Power Exchange up to the amount of PLN 150,000,000,
- p) conclusion of Annex No. 2 to the Agreement on sales of electricity between ENEA S.A. and ENEA Trading Sp. z o.o.
- q) conclusion of a settlement with Infovide-Matrix S.A. relating to mutual claims as regards the conclusion, realisation and expiry of the Implementation Agreement for "*Construction and implementation of the Information Customer Service System including the billing and CRM system*" of 18.09.2012,
- r) drawing liabilities by ENEA S.A. to hold bonds issued by ENEA CG companies as part of intergroup bond issue programmes up to the maximum amount of PLN 1,500,000,000 for ENEA S.A. to finance the investments realised by ENEA CG companies,
- s) making a donation to Drzycim Municipality, the right of perpetual usufruct of a part not necessary for the performance of core operations of ENEA Capital Group of a non-grid real estate located in Gródek, Drzycim Municipality,
- t) vesting in trustees the asset portfolio managed so far by IPOPEMA Asset Management Sp. z o.o. to the newly selected entities, i.e. ING Investment Management (Poland) Spółka Akcyjna and BZ WBK Asset Management S.A.,
- u) adoption of a strategy of hedging the interest rate risk and reduction from PLN 4,000,000,000 to PLN 3,000,000,000 the value of the intergroup programme in the Programme Agreement and Bond Subscription Guarantee Agreement of 08.09.2012 concluded e.g by ENEA S.A. (as Guarantor) and ENEA Wytwarzanie S.A. (as Issuer),
- v) modification of the definition of a Lost Rating Event in the document titled *Additional provisions to the draft conditions of bond issue* as part of the Programme Agreement of 30.06.2014 concluded by ENEA S.A. and ING Bank Śląski S.A., Bank Powszechna Kasa Oszczędności Bank Polski S.A., PEKAO S.A. and mBank S.A.

8) Granting consent for Management Board members to sit in the governing bodies of other companies:

In 2014 the Supervisory Board did not consider any motions for permitting Members of the Board to hold positions in the governing bodies of other companies.

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

1. approved ENEA S.A.'s Members of the Board KPI ratios for 2014 and concluded annexes to the Service Agreements - managerial contracts with Members of the Board of ENEA S.A.,
2. approved the Report of the Supervisory Board of ENEA S.A. for the financial year of 2013 and decided to present it to the Ordinary General Meeting of Shareholders of the Company,
3. confirmed the realisation of *ENEA S.A.'s Members of the Board KPI ratios for 2013 financial year*,
4. specified the methods of exercising voting rights from shares at Extraordinary Meetings of Shareholders of ENEA Wytwarzanie S.A. regarding:
 - a merger of ENEA Wytwarzanie S.A. with Windfarm Polska Sp. z o.o.,
 - a transformation of ENEA Wytwarzanie S.A. into a limited liability company,
5. decided on the entry into force of a new regulation relating to the functioning of the internal audit in ENEA Capital Group,
6. adopted an approach on the motion of a former Member of the Board for payment of a variable remuneration (bonus),
7. approved the amended *Rules of appointing and recalling Members of the Supervisory Board of ENEA S.A. elected by employees*,
8. ordered the introduction of elections of members of the Supervisory Board of ENEA S.A. elected by employees of the Company for the subsequent term and appointed the Chief Election Committee of ENEA S.A.,
9. approved the Annual Audit Plan for 2015 for ENEA Group and Budget of the Audit Management Department for 2015,
10. issued a positive opinion on the Promotion Plan for 2015,
11. acknowledged the Report of the Audit Committee of ENEA S.A.'s Supervisory Board on operations in 2013 and H1 2014.

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

1. the preliminary offer for purchase of shares of Energetyka Ciepła Opolszczyzny S.A.,
2. the method of exercising control over RES activities,
3. planned acquisitions (MPEC Białystok, KPEC Bydgoszcz),
4. audit relating to the assessment of the internal control system in ENEA S.A.,
5. forensic audit within potential irregularities, which could occur during the period of acquisition by ENEA S.A. from Equiventus Capital S.a.r.l. of 100% of shares in Windfarm Polska Sp. z o.o.,
6. audit of the remunerating system in ENEA Capital Group,
7. social dialogue in ENEA S.A.,
8. project of engagement of ENEA S.A. in the construction and exploitation of the first in Poland atomic power plant,
9. status of documents relating to the strategy of business areas in ENEA Capital Group for the following areas: Sales, Generation, Distribution, Wholesale Trade and Shared Service Centre,
10. process of purchasing shares in Annacond Enterprises Sp. z o.o. and the current progress of Annacond project,

11. the status of the acquisition process of Energetyka Ciepła Opolszczyzny S.A.,
12. forecasting the final settlement of stranded costs in ENEA Wytwarzanie S.A. and their recognition in 2013 - *oral information*,
13. realisation of the sponsorship plan of ENEA Group in H1 2014 and operations of ENEA Foundation,
14. non-grid real estates which are not required for the core operations of ENEA Capital Group,
15. process of purchasing shares in Dobitt Energia Sp. z o.o.,
16. organisation of the corporate governance in ENEA Group,
17. current operations of ENEA Foundation,
18. schedule of presenting the strategies of business areas in ENEA Capital Group and progress of their implementation for the subsequent areas: Generation, Distribution, Wholesale Trade, Sales and Shared Service Centre.

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

- economic and financial results of the Company and ENEA Capital Group,
- project titled: "Construction of bituminous coal fired supercritical 1,075 MWe gross power unit" realised by ENEA Wytwarzanie S.A.,
- progress of works relating to the implementation of the billing system.

The activities of the Supervisory Board of ENEA S.A. were documented in the minutes of the meetings of the Board in 2014.

4. 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.

In 2014, the Supervisory Board did not appoint, recall or 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.

5. 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 of the Supervisory Board, appointed from among members of the Supervisory Board. In 2014, there were two permanent Committees of the Supervisory Board:

- Audit Committee,
- Nominations and Remuneration Committee.

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

As of 1 January 2014 the Audit Committee of the Supervisory Board of the Company of the 8th term was composed of the following members:

1. Małgorzata Niezgoda - Chairman,
2. Sławomir Brzeziński - Member,
3. Wojciech Chmielewski - Member,
4. Przemysław Łyczyński - Member,

5. Jeremi Mordasewicz* - Member.

* Member of the Supervisory Board fulfilling the independence criterion mentioned in § 22 item 7 of the Company's Statute.

During 2014 financial year the Supervisory Board did not make any changes in the composition of the Audit Committee.

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

In 2014 the Audit Committee held 7 meetings and adopted 13 Resolutions regarding, e.g.

1. positive assessment of the methods of auditing the Non-consolidated financial statements of ENEA S.A. for the financial year ended on 31.12.2013 and Consolidated financial statements of ENEA Capital Group for the financial year ended on 31.12.2013,
2. positive assessment of the audit methods of the Condensed semi-annual non-consolidated financial statements for the period from 1 January to 31 March 2014 and Condensed semi-annual consolidated financial statements for the period from 1 January to 31 March 2014.
3. acceptance and presentation to the Supervisory Board of ENEA S.A. of *Report of the Audit Committee of ENEA S.A.'s Supervisory Board on operations in 2013 and Report of the Audit Committee of ENEA S.A.'s Supervisory Board on operations in H1 2014*,
4. adoption and presentation to ENEA S.A.'s Supervisory Board of the information on the audit of the remunerating system in ENEA Capital Group,
5. acceptance and presentation to the Supervisory Board of ENEA S.A. of the Report on the audit from the assessment of the internal control system in ENEA S.A.,
6. acceptance and presentation to the Supervisory Board of ENEA S.A. of the Report from the forensic audit within potential irregularities, which could occur during the period of acquisition by ENEA S.A. from Equiventus Capital S.a.r.l. of 100% of shares in Windfarm Polska Sp. z o.o.,
7. a positive opinion and presentation to ENEA S.A.'s Supervisory Board, in order to enforce a new regulation relating to the functioning of the internal audit in ENEA Capital Group,
8. adoption of the recommendation for ENEA S.A.'s Supervisory Board regarding the selection of KPMG Audyt Sp. z o.o. Sp. k. as a certified auditor for ENEA S.A. for 2015-2017.
9. positive assessment of the Annual Audit Plan for 2015 for ENEA Group and Budget of the Audit Management Department for 2015.

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

1. considered the report on internal audit operations in ENEA S.A. for 2013 and report on internal audit operations in ENEA Group for 9 months of 2014,
2. audited the *Condensed semi-annual non-consolidated financial statements of ENEA S.A. for the period from 1 January to 30 September 2014 and Condensed semi-annual consolidated financial statements of ENEA Capital Group for the period from 1 January to 30 September 2014*,
3. acknowledged the Report relating to the risk management on ENEA Group in 2013 and the Report relating to the area of Biomass and Management Information from supervisory activities,
4. heard the information of the Head of the Control and Audit Office relating to the issues of occurring pressures on the shape of reports from forensic audits conducted in the Company during 2010-2012 by Control and Audit Office in ENEA S.A.

The Audit Committee reviewed the information from the Management Board relating to:

1. review of internal regulations relating to the process of internal audit,
2. review and status of proceedings relating to matters under the forensic audits,
3. "Agreement on provision of personal consultancy services and processing of personal data" concluded between ENEA S.A. and companies comprising ENEA Group,
4. description of potential discrepancies between reports presented to the Management Board of ENEA S.A. and Audit Committee of ENEA S.A.'s Supervisory Board,
5. status of implementation of recommendations from the forensic audit regarding acquisition by ENEA S.A. of 100% of shares in Windfarm Polska Sp. z o.o. from Equiventus Capital S.a.r.l.

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

As of 1 January 2014 the Nominations and Remuneration Committee of the Supervisory Board of the Company of the 8th term was composed of the following members:

1. Michał Kowalewski - Chairman of the Committee,
2. Sandra Malinowska - Member of the Committee,
3. Tadeusz Mikłosz - Member of the Committee,
4. Jeremi Mordasewicz - Member of the Committee,
5. Torbjörn Wahlborg - Member of the Committee.

On 22 January 2014 a resignation from the position of a Member of the Supervisory Board of ENEA S.A. with immediate effect was submitted by Mr. Torbjörn Wahlborg.

As of 31 December 2014 the Nominations and Remuneration Committee of the Supervisory Board of the Company of the 8th term was composed of the following members:

1. Michał Kowalewski - Chairman of the Committee,
2. Sandra Malinowska - Member of the Committee,
3. Tadeusz Mikłosz - Member of the Committee,
4. Jeremi Mordasewicz* - Member of the Committee.

** Member of the Supervisory Board fulfilling the independence criterion mentioned in § 22 item 7 of the Company's Statute.*

As at the date of preparation of this report, the composition of the Nominations and Remuneration Committee has not changed.

In 2014 the Nominations and Remuneration Committee held 3 meetings and adopted 6 Resolutions. The subject matter of the meetings of the Committee was e.g. development of a recommendation for the Supervisory Board regarding:

1. approval of *ENEA S.A.'s Members of the Board KPI ratios for 2014* and conclusion of annexes to the Service Agreements - managerial contracts with Members of the Board of ENEA S.A.,
2. confirmation of the realisation of *ENEA S.A.'s Members of the Board KPI ratios for 2013 financial year*.

The Nominations and Remuneration Committee reviewed the information from the Management Board relating to:

1. documents in force in ENEA S.A. governing the issues of using the fleet of vehicles of ENEA S.A. and business payment cards and providing accommodation for the Company's employees,
2. realisation of ENEA S.A.'s Members of the Board KPI ratios for 2014 and proposal as regards ENEA S.A.'s Members of the Board KPI ratios for 2015,
3. rules of using business cars in ENEA Capital Group, with a particular regard to information relating to potential activities aiming at the unification and standardisation of these rules.

6. Information relating to the assessment of "Non-consolidated financial statements of ENEA S.A. for the financial year ended on 31 December 2014", "Consolidated financial statements of ENEA Capital Group for the financial year ended on 31 December 2014", "Management Board's report on operations of ENEA S.A. in 2014", Management Board's report on operations of ENEA Capital Group in 2014", and the motion of the Board regarding the division of net profit of ENEA S.A. for the period from 01.01.2014 to 31.12.2014.

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. report of the Management Board on operations of ENEA S.A. in 2014 financial year,
2. non-consolidated financial statements of ENEA S.A. for the financial year ending on 31 December 2014 covering the documents audited by the certified auditor:
 - non-consolidated statement of financial position as at 31 December 2014 showing a balance sheet amount of assets and liabilities equal to PLN 14,859,164 thou. (fourteen billion eight hundred fifty nine million and one hundred sixty four thousand zloty);
 - non-consolidated statement of profit and loss and other comprehensive income for the period from 1 January 2014 to 31 December 2014 showing a net profit in the amount of PLN 696,608 thou. (six hundred ninety six million six hundred and eight thousand zloty) with the comprehensive income totalling to PLN 691,574 thou. (six hundred ninety one million five hundred seventy four thousand zloty);
 - non-consolidated change in equity statement demonstrating an increase in equity as at 31 December 2014 by PLN 439,952 thou. (four hundred thirty nine million nine hundred fifty two thousand zloty);
 - Non-consolidated cash flow statement showing a decrease in cash of PLN 366,221 thou. (three hundred sixty six million and two hundred twenty one thousand zloty);
 - notes to the non-consolidated financial statements covering a description of key applied rules of accounting and other explanatory notes;
3. report of the Management Board on operations of ENEA Capital Group in 2014 financial year;
4. consolidated financial statements of ENEA Capital Group from 1 January 2014 to 31 December 2014 covering the documents audited by the certified auditor:
 - consolidated statement of financial position as at 31 December 2014 showing a balance sheet amount of assets and liabilities totalling to PLN 18,108,040 thou. (eighteen billion one hundred and eight million forty thousand zloty);
 - consolidated statement of profit and loss and other comprehensive income for the period from 01.01.2014 to 31.12.2014 showing a net profit in the amount of PLN 909,122 thou. (nine hundred nine million one hundred twenty two thousand zloty) with

the comprehensive income totalling to PLN 820,316 thou. (eight hundred twenty million three hundred sixteen thousand zloty);

- notes to consolidated financial statements covering a description of key applied rules of accounting and other explanatory notes;
- consolidated change in equity statement for the financial year from 01.01.2014 to 31.12.2014 showing an increase in equity of PLN 575,166 thou. (five hundred seventy five million one hundred sixty six thousand zloty);
- consolidated cash flow statement showing a decrease in cash of PLN 887,332 thou. (eight hundred eighty seven million and three hundred thirty two thousand zloty).

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 non-consolidated financial statements of ENEA S.A. for the year 2014, Report of the Management Board on the operations of ENEA S.A. in the financial year 2014 and the consolidated financial statement for the year 2014 and the Report of the Management Board on the operations of ENEA Capital Group for the financial year 2014 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.

Having in mind the Company's plans relating to the realisation of the long-term strategy of ENEA Capital Group within generation (including RES) and distribution, the Supervisory Board issued a positive opinion on the motion of the Management Board regarding the division of net profit of ENEA S.A. for the period from 01.01.2014 to 31.12.2014 in the amount of PLN 696,608 thou. (say: six hundred ninety six million six hundred eight thousand zloty) in the following way:

- distribution of dividend to shareholders - PLN 207,478,011.66 at around 30% of net profit,
- increase of reserve capitals allocated in investment financing – PLN 489,129,988.34.

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

In 2014, ENEA S.A. generated a positive net financial result amounting to PLN 696,608 thou. which was lower than the profit generated in the previous year by PLN 144,013 thou. The net profitability ratio was 13.7% (in 2013: 17.0%), and return on equity was 6.0% (in 2013: 7.5%).

In 2014 the total sales of energy to retail end users amounted to 16.4 TWh, but the sales to the recipients connected to the grid of operators of the distribution systems other than those of ENEA Operator Sp. z o.o. totalled to ca. 6.0 TWh. The number of end customers as at 31 December 2014 was approximately 2.4 million and it is on a level comparable to previous years.

In 2014 ENEA S.A. had the financial resources ensuring support for all ongoing expenses associated to the Company's operations. The balance of available funds allowed the flexible implementation of current liabilities.

In 2014 the Company, realising the investment tasks relating to the modernisation and extension of the distribution assets, used the special-purpose credit from EIB (PLN 1,050 mln).

The activities conducted by the Company in 2014 are reflected in the most important investment projects and initiatives conducted in particular areas, in which the Company operates:

Area of Generation:

- Continuation of the construction of supercritical highly efficient power unit No. 11,
- Modernisation of units No. 4 and 10,
- Modernisation of the slag and ash depot - modernisation of field 4b,
- Acceptance of Gorzesław biogas plant with the installed capacity of 1.6 MW,

- Takeover of 86.36% of shares in Miejskie Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. in Białystok;

Area of Distribution:

- Reconstruction of 110 kV overhead line in Lubiechnia Wielka - Sulęcín relation,
- Reconstruction of 110 kV overhead line in Niechorze – Skrobotowo and Pomorska – Załom relations,
- Construction of Ujście switching station, Redlica switching station and Babimost switching station,
- Reconstruction of Warlubie switching station, Braniborska switching station, Wawrów switching station and Osowa Góra switching station;

Area of Trade:

1. Wholesale:

- Commencement of Market Maker activities on the Polish Power Exchange in order to optimise variable costs of the concluded transactions,
- Obtaining membership in the London ICE Futures Europe,
- Extension of the trading system and implementation of advanced IT tools supporting the realisation of the trading function,
- Commencement of securing operations on the wholesale market of gas sales to ENEA's end customers and commencement of trade on own account,
- Development of non-standard, structured origination products for Customers from the area of trade in electricity and fuels,
- Extension of the cooperation model within purchases of electricity for coverage of grid losses of ENEA Operator,
- Implementation of the Due Diligence System within certification of biomass origin for Białystok location - enabling issuance of overdue certificates of origin for energy for 2013 and elimination of delays in filing applications to the Energy Regulatory Office for 2014;

2. Retail Trade:

- Reorganisation of the Sales Department and building Poland's wide sale structures,
- Implementation of "Fixed Price" new product building loyalty of Customers of G tariff group sets in an historical area of operations of ENEA S.A.,
- Conduct of a campaign building relations with business Customers based on the dedicated offer (Always cheaper+, Strike the raise),
- Completion of the project titled "Preparation of ENEA S.A.'s organisation to trade in natural gas" and obtaining 20 business Customers as part of dual-fuel offer,
- Launching product sales by Contact Centre and intensification of product sales realised via Customer Service Centre (CSC),
- Launching new products: "Fixed Price+" and "Energy with an account" (the offer prepared together with Getin Bank);

3. Customer Service:

- Centralisation of Customer Service within Shared Service Centre,
- Development and implementation of a new operating model from Customer Service,
- Implementation of a central billing system for TPA Customer Service,
- Extension of Contact Centre,

- Centralisation of the mass printing and delivery of communication.

Additionally, the significant activities realised in 2014 supporting the Capital Group's Strategy include e.g.:

1. completion of the construction process of the new corporate governance model,
2. establishment of the Shared Service Centre within the following support functions: Customer Service, IT, Finance and accounting, HR, Logistics and Coordination of legal services,
3. launching the process of implementing SAP information system in four ENEA Capital Group companies as the management supporting tool in ENEA Group in such areas as: Finance and accounting, Controlling, Logistics (Purchases), HR, Asset management (non-grid real properties, fixed assets management, exploitation of non-grid assets and investment processes),
4. conducting activities enabling introduction as of 1 January 2015 an electronic circulation of documents (WORKFLOW) as regards obligation documents, in five ENEA Capital Group companies,
5. introduction of ENEA Capital Group's Code of Values.

In 2014, in the assessment of the Supervisory Board, the Company undertook numerous activities, which contributed to the strengthening of the systems of internal control and risk management. ENEA S.A. decided to, according to best market practices, assess the system of internal control. The basic goals of the realised project was a cross-sectional look at the system of internal control on the level of the Company based on proven COSO I methods and generally adopted standards of internal control.

In the opinion of the Supervisory Board there are numerous control mechanisms which are examples of best practices within internal control. Within the *internal control environment* it is worth mentioning e.g.:

- 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 organisation, 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,
- adoption of the Competence Model in ENEA S.A., which will allow for the system approach towards activities within human resources management,
- adoption of ENEA Capital Group's Code of Conduct which is a set of formal and complete bases for promoting and observing ethical conduct and ENEA Capital Group's Code of Values whose principles such as: honesty, competence, responsibility, safety, set the pattern of conduct for ENEA Group employees,
- specification of the supervision over the observance of ethical values and settling reports on any defaults, which is performed by ENEA CG's Commission for Code of Conduct.

For the internal control to be more efficient in the area of environment:

- a "New" formal organisational order was determined in ENEA Group resulting from the realisation of the "Corporate Governance - ENEA CG's Management Plan" Project,
- Management Boards of particular ENEA Group Companies applied ENEA Group's Code along with the liability for its realisation,

- numerous activities were undertaken which shorten the decision making process, routes of communication and optimise the use of human labour within ENEA Group, including: six Committees were appointed which realise the tasks resulting from their rules, they exercise the decision and opinion making functions in their respective areas; five management Departments were established in order to centralise the processes in ENEA Group; centralisation included also Non-core companies from ENEA Group - organisational cells of these companies are to realise their respective tasks as part of the Department, in accordance with the matrix of responsibility; standardisation was introduced of the legal service through the operation of a homogeneous system of legal orders,
- companies possess knowledge on the Corporate Governance - meetings and workshops were performed. The Corporate Intranet includes materials from workshops and documents related to the Corporate Governance in force in the Company,
- implementation of a model of centre building model in ENEA Group, i.e. the development of the Shared Service Centre, and then the transformation of the processes within the common accounting, payroll and IT services for Core companies from ENEA Group.

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

- Corporate Strategy of ENEA Capital Group for 2014-2020 setting out the strategic objectives and methods of measurement of their implementation, as well as regular monitoring of the respective strategy implementation measures,
- designing and development of an organisational structure as part of the corporate risk management process in ENEA Group, where e.g.: the Risk Committee was appointed which assumed the opinion and decision making functions in ERM process; organisational cells were appointed in particular Companies which are responsible for the realisation of tasks within ERM,
- ENEA Group's Core Companies adopted strategies relating to the determination and monitoring of the plan of conduct as regards the identified risks. The Risk Committee approved, as part of the so called Risk Sheets, plans of conduct as regards the Key and Critical Risks, which allowed for commencement of implementing plans and reporting within Key and Critical Risks.

Specific Key and Critical Risks, such as risk of loss of liquidity, currency risk, interest rate risk, credit risk and risk of financing agreement compliance, are covered with the system of cyclical reporting and managed based on dedicated Policies and Procedures (financial risks, market risks and credit risks). For the internal control to function more efficiently in the area of risk management works are planned relating to e.g. allocation to cells responsible for the risk management process of tasks resulting from the current ERM Policy, development of the methodology supporting the realisation of ERM process in Core Companies of ENEA Group and during the next cycle of ERM the development of a consolidated Corporate Risk Map.

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

- introduction of a new system tool within the realisation of purchases and acceptance of obligation documents: an electronic purchase support platform (SRM) was launched, an electronic flow of obligation documents was launched (EOD),
- as part of Business Continuity Management (BCM) project realised in ENEA S.A. and in the other Core Companies of ENEA Group, the Policy and Methods were developed for Business Continuity Management standards for ENEA CG and Operation Continuity Plans for four companies from ENEA Group, i.e.: ENEA S.A., ENEA Operator, ENEA Wytwarzanie, ENEA Trading,
- 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,
- development and adoption of the Register Catalogue and Management Cockpit.

For the internal control to operate more efficiently within the area of control activities the works are planned in relation to e.g.:

- implementation of comprehensive operation continuity plans for business processes, taking into account the level of criticality and their impact on the Company,
- continuation of standardisation within personal data security in ENEA Group.

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

- Management Information Model implementation process which is realised in accordance with the schedule and includes the decision of the Steering Committee regarding extension of the scope of realisation with the payroll and HR area and financial liquidity management,
- 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.

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

- allocation of tasks relating to Compliance to the Operating Management Department,
- 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 certified auditor,
- 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 Office and the Management Board and the Audit Committee,
- audit activities based on the approved audit plan,
- structured and system monitoring of implementation of the recommendations from performed audits with reporting the status of recommendations to the Management Board of ENEA S.A.

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.

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 approved of the annual audit plan, the annual budget of the audit unit and – if necessary – issued an opinion on electing, appointing or recalling the head of the internal audit office.

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 control mechanisms can be further improved.

As far as *risk management* is concerned, the Supervisory Board issued a positive opinion on the scope of conducted works, including in particular:

- appointing the Risk Committee of ENEA Group in accordance with the principles of the new corporate governance of ENEA Capital Group,
- updating and approval of Policies and Procedures governing the area of managing corporate risk, liquidity risk, currency risk, interest rate risk and credit risk in ENEA Group,
- updating registers and maps of corporate risks and approval, based on them, lists of key and critical risks of ENEA Group with their Owners,
- preparation of mitigation strategies for particular key and critical risks along with meters for monitoring changes in exposures to risks,
- cyclical reporting within financial risks - leading monitoring of financial meters and making business decisions based on them,
- case by case credit scoring of the largest contractors of ENEA (including debtors) allowing for a reduction in credit risk, i.e. the likelihood of the Group's incurring financial losses as a result of failure to comply with contractual obligations by contractors,
- approving currency risk management strategies and interest rate risk management in ENEA Group.

The risk management model in ENEA CG assumes a comprehensive coverage of the issue of risk management, specifying detailed rules of identification and assessment of risks, monitoring exposures to risks and preparation and monitoring of plans of procedure with risks significant for the Company. Adopted rules are set based on the highest managerial standards and are compliant with best market practices being in force within this area.

In the course of auditing the internal control system, within the corporate risk management, the Company identified areas where the existing internal control mechanisms can be further improved. Identified areas of improvements will be included in the work schedule within the risk management area, which are foreseen for realisation in 2015/2016.

8. 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. holding functions in the Management Board of the Company in 2014, the Supervisory Board recommends that the Ordinary General Meeting of Shareholders should discharge the following persons from liability for the performance of their duties in the financial year 2014:

- Mr. Krzysztof Zamasz,
- Mrs. Dalida Gepfert,
- Mr. Grzegorz Kinelski,
- Mr. Paweł Orlof.

Signatures of Members of the Supervisory Board of ENEA S.A.

Wojciech Chmielewski – Chairman of the Supervisory Board _____

Jeremi Mordasewicz – Vice-Chairman of the Supervisory Board _____

Michał Kowalewski – Secretary of the Supervisory Board _____

Sandra Malinowska – Member of the Supervisory Board _____

Małgorzata Niezgoda – 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 _____

Poznań, dated 19.03.2015