

**Justification of the Management Board of ENEA S.A.
regarding draft Resolution No. 7
of the Ordinary General Meeting of Shareholders of ENEA Spółka Akcyjna
of 20 April 2010 on the distribution of the net profit for the financial year
covering the period from 1 January 2009 to 31 December 2009**

The net financial result of PLN 305,414,000 achieved in financial year 2009 was contributed to by profits from the Company's core business activity, i.e. trading in electricity. The operating result amounted to PLN 156,063,000. Revenues were also obtained from dividends, in the amount of PLN 78,897,000 and financial revenues in the amount of PLN 135,400,000 were generated (primarily from interest on term deposits and State Treasury bills and bonds). In view of the above, the Management Board of ENEA S.A. justifies the proposed distribution of profits as follows:

1. One basic, significant factor in the development of the Group and its prospects is the implementation of a strategy based on attaining goals in three basic strategic areas:
 - Developing the core operations of the Group;
 - Improving the effectiveness of how the Group functions;
 - Building a socially responsible business.

Within the strategic area concerning the development of the core operations of the Group, one of the long-term strategic directions is for the Group to gain access to its own sources of power generation having enough capacity to at least meet the electricity needs of all the Group's customers.

The first step towards carrying out that strategy was including Elektrownia Koźienice S.A. (Koźienice Power Plant), Poland's highest capacity bituminous coal-fired power plant, in the ENEA Capital Group in October 2007. We are currently analysing the possibility of acquiring other entities operating in the field of generating electricity from conventional fuels. We are also taking steps to ensure the security of supplies of bituminous coal from optimal sources.

Irrespective of the opportunities there may be to acquire additional generation capacity by acquiring existing entities, we are planning to increase our own generation capacity, including at the Koźienice Power Plant, where by 2015 we plan to construct a new power unit with a total capacity of approximately 1,000 MW. We are also carrying out a preparatory analysis for the construction of a second 1000 MW power unit at the Koźienice Power Plant.

Due to forecast increases in the requirements with regard to renewable and co-generated energy sources, we are taking action aimed at increasing control over costs related to the fulfilment of the legal requirements in this respect. To that end, we plan to continue concluding long-standing agreements for the purchase of energy certificates for energy production from renewable sources and cogeneration from external entities, as well as to carry out direct investments in such sources. Our intention is to invest in wind farm projects, agricultural biogas plants and biogas generators that have already been commenced and are at varying stages of advancement, by acquiring existing entities or making investments in cooperation with external entities.

Furthermore, in the coming years we plan to continue modernising the thermal stations and thermal-electric power stations we have acquired. The thermal stations will be transformed into thermal-electric stations, including those fuelled by biomass, which will generate electricity and heat through cogeneration, enabling us to obtain additional certificates of origin.

As part of improving the effectiveness of how the Group functions, strategic goals will be implemented in order to increase revenues, reduce costs and integrate operations such that the margin on ENEA Capital Group's operations is increased. Optimisation activities will be conducted in all the Group's business areas, and will be implemented by, for example, transferring core strategic functions connected with business development to the corporate level of ENEA Capital Group and achieving synergies resulting from the operations of particular business areas within the entire Capital Group.

Within the strategic area of building a socially responsible business, targets will be set which will result, in the long term, in an increase in the value of the business by building responsible business principles into the operations of the ENEA Capital Group.

Implementing the Group's strategy and its development requires money, the provision of which is a key element of the implementation of the above-mentioned investment plans and increasing the value of the Group for shareholders. In implementing our strategy, we assume a base variant of about PLN 22 billion for investments in conventional generation (about 32 per cent of all investment outlays), distribution (about 29 per cent of total investment outlays) and renewable energy sources and cogeneration (about 37 per cent of total investment outlays).

Our main goal for conventional generation is to construct a new 1000-MW bituminous coal-fired power unit in Świerże Górne (we assume an average construction cost of EUR 1.3 million per 1 MW). Start-up is planned for 2015. We are currently going through the process of selecting a contractor to design and build the new 1000-MW unit. We plan to appoint a contractor in late 2010 or early 2011. At the same time as the new power unit is being constructed, we intend to modernise the remaining 200-MW units operating at the Koziencice Power Plant.

We are also currently conducting an analysis with regard to preparing the construction of a second 1000-MW power unit in Świerże Górne, which involves investment outlays.

In the area of distribution, during the period covered by the strategy we are planning investment works, modernisation of the grid infrastructure and essential refurbishment in connection with increasing demand for electricity and the necessity of connecting renewable sources of energy. Such investment and modernisation activities should improve the functioning of our grid and reduce grid losses. They will also involve replacing those sections of distribution lines which have seen the longest service. In 2010 we plan to invest in distribution assets to a value of approximately PLN 575 million.

Investment outlays on the grid are growing successively. Relative to 2008, they increased by 17 per cent in 2009 (taking into account the implementation of the investment plan), while in 2010 they will increase by 30 per cent relative to 2008 (taking into account outlays planned for 2010, which means that the final level of the increase will be known after information on the implementation of this year's Investment Plan has been obtained).

A similar tendency is observable in relation to infrastructure investment for supporting our distribution operations. Relative to 2008, they increased by 14 per cent in 2009

(taking into account the implementation of the investment plan), while in 2010 they will increase by 66 per cent relative to 2008 (taking into account outlays planned for 2010, which means that the final level of the increase will be known after information on the implementation of this year's Investment Plan has been obtained).

In the area of renewable sources of electrical and thermal energy, we plan to expand our wind power capacity to a level of 350-450 MW installed by 2020. We have also decided to invest in biogas generation, and plan to attain a level of about 150 MW by 2020.

In 2009, the Company carried out a complete preparatory procedure for the purchase of its first biogas power plant, in Liszkowo (Kujawsko-Pomorski Province), having a capacity of 2.12 MWe (the purchase was finalised in January 2010). In 2010-2011 we plan to attain 15.3 MWe of installed capacity from 10 biogas power plants.

Depending on the market situation, our financial situation, the results of technical and economic analyses, and our ability to finance investments, we do not rule out increasing the base investment program by additional investments in conventional generation, by about PLN 10 billion. That amount also covers the construction of a second 1000-MW power unit in Świerże Górne and making acquisitions on the Polish market. In addition, the Management Board does not rule out starting up the brown coal mine in Gubin after 2012, provided that suitable conditions exist on the market for CO₂ emissions rights, and in subsequent years building two 1000-MW power units fired by brown coal. In this case, additional outlays will amount to up to PLN 14 billion.

The motion to write off a part of the profits to other reserve capital is the result of the Company's considerable development needs for the period 2010-2015 and up to 2020, in which the basic variant (as mentioned above) involves planned investments of the Group of about PLN 22 billion. Development and investment plans are reflected in ENEA S.A.'s Investment Plan for 2010-2012, in which planned investments involve total expenditures of approximately PLN 2.2 billion (including pecuniary capital investments). The Company plans substantial outlays for the period 2013-2016 on the construction of the new power unit in Świerże Górne, in which total investment outlays may reach approximately PLN 11 billion. It is therefore important, from the perspective of ENEA S.A., to build a portfolio of equity capital over the long term so that investments can be funded in the future. Of course, funds from profits will constitute a supplementary source of finance for investment outlays, particularly with regard to investments associated with the Group's development, i.e. mainly investments in new production capacity.

Below are details of key items of the investment plan for 2010-2012, which will contribute to the optimisation of the functioning of ENEA S.A. and the development of the Company. Obviously they do not account for all investment needs, but only indicate the main directions of planned spending, which will also be considerable after 2012:

1) Pecuniary capital investments

Because ENEA S.A. acts as the manager of ENEA Capital Group and its core business activity is trading in electricity, and since most investments in fixed assets are carried out by subsidiaries of ENEA S.A., capital investments constitute a substantial and

important element of the Company's activities from the point of view of its functioning.

In view of the above, ENEA S.A. plans to carry out a series of pecuniary capital investments, the most important of which include the projects specified below, which are part of the Company's Investment Plan for 2010-2012:

a) Elektrownia KOZIENICE II Sp. z o.o. – an injection of capital into the company by way of a pecuniary contribution to cover the costs of activities associated with the construction of a power unit with super-critical parameters with a capacity of approximately 1,000 MW.

As part of the project to construct a new power unit with a capacity of approximately 1,000 MW, a capital injection is planned for 2010-2012 for the special purpose vehicle Elektrownia KOZIENICE II Sp. z o.o., by way of a pecuniary contribution in the total amount of PLN 689,846,000 (in 2010: PLN 34,066,000). It is also expected that the implementation of the investment project will require substantial outlays outside the planning period specified above.

b) EnergoPartner Sp. z o.o. – an injection of capital into the company by way of a pecuniary contribution to cover the costs of activities associated with the development of wind farm construction projects.

In connection with the increasing requirements to obtain certificates of origin for electricity, ENEA S.A. will be obliged to purchase a greater quantity of certificates of origin every year or pay a substitution fee. Taking existing contracts into account, there is a shortfall of certificates of origin, which should be covered by ENEA S.A. involving itself in new renewable energy projects in order to avoid the need to pay substitution fees or, more precisely, to channel funds to within the ENEA Capital Group that have hitherto been designated for substitution fees.

ENEA S.A. plans to inject capital into EnergoPartner Sp. z o.o. in 2010-2012 by way of a pecuniary contribution amounting to a total of PLN 533,164,000 (in 2010: PLN 30,301,000) designated for the development of wind power, in particular for the implementation of projects jointly with Renpro Sp. z o.o. It is also expected that the implementation of investment projects conducted by EnergoPartner Sp. z o.o. will require outlays beyond the planning period specified above, amounting to PLN 145,860,000, to be made in 2013.

c) The acquisition of shares in companies conducting activities associated with the production of electricity and thermal energy, particularly from renewable energy sources.

In view of ENEA S.A.'s obligations to purchase a greater annual quantity of certificates of origin or pay a substitution fee as referred to in Item b) above, irrespective of the investments carried out by EnergoPartner Sp. z o.o., ENEA S.A. plans to acquire companies which produce energy from renewable sources, including biogas and biomass. The Company has also started work aimed at investing in biogas generation, and plans to attain a capacity of about 150 MW by 2020. As mentioned above, in 2009 ENEA S.A. carried out a complete preparatory procedure for the purchase of its first biogas power plant, in Liszkowo (Kujawsko-Pomorski Province), which has a capacity of 2.12 MWe (the purchase was

finalised in January 2010). In 2010-2011 we plan to obtain 15.3 MWe of installed capacity from 10 biogas power plants.

For the achievement of the above objectives, the Company has planned total outlays of PLN 732,750,000 for 2010-2012 (in 2010: PLN 119,250,000). The acquisition of shares in companies which conduct activities associated with the production of electricity and thermal energy, particularly from renewable energy sources, is related to (among other things) the implementation of *Programme for the Development of the Heat Production Sector, RESs and Cogeneration in the ENEA Capital Group*. As part of these measures, we plan to make investments in dispersed sources of production on the basis of biomass and biogas, one of the purposes of which is to fulfil the obligation to obtain the required number of proprietary rights, i.e. certificates of origin for electricity produced from renewable energy sources. We also have plans to acquire existing sources of heat production (thermal plants) and modernise them, which involves installing units which allow the production of electricity combined with heat production (CHP), one of the purposes of which is to fulfil the obligation to obtain certificates of origin, i.e. certificates from the production of electricity and thermal energy in cogeneration.

2) Teleinformatics

In this area, we plan to carry out seven key investment projects worth a total of PLN 134,400,000 in the period 2010-2012, which will further the development of ENEA S.A., i.e.:

- a) Modernisation and development of ERP software;
- b) Construction of a document circulation system and business processes management platforms;
- c) Construction of an Integrated Customer Service System;
- d) Consolidation of labour resources;
- e) Development and implementation of an IT policy, including planning IT architecture, security policies, the quality of IT services and project management;
- f) Modernisation and development of the teleinformatics network;
- g) Technical/system infrastructure.

It is also expected that the implementation of the above-mentioned investment projects will require outlays outside the planning period specified above amounting to PLN 81,100,000.

3) Modernisation of street lighting

Planned outlays for the investment projects to be implemented in 2010-2012 associated with modernising street lighting amount to a total of PLN 68,870,000, and will be made in four areas: the Poznań Area, the Bydgoszcz Area, the Zielona Góra Area, the Gorzów Wielkopolski Area and the Szczecin Area.

Please note that the Company will not be able to fulfil even the minimum established development plan for 2010–2020 from its own funds, assuming investment requirements of PLN 22 billion. The Management Board of ENEA S.A. realises that financing the above-mentioned investments from own funds only is clearly not an ideal solution, and it is therefore of key importance to obtain external sources of co-financing for the investments. Please note, however, that ENEA Capital Group's creditworthiness,

taking into account its EBITDA and the situation on financial markets, currently amounts to approximately PLN 5 billion. This suggests that it is necessary to build a cash portfolio which will ensure that it is possible to carry out investments in the future. Bearing in mind that the financing structure for key investment projects which it is possible to achieve (i.e. an equity/debt ratio of 40-60 per cent) for the purpose of carrying out investment projects in the next few years, particularly relating to new power units, it will be necessary for ENEA S.A. to secure an amount of cash exceeding PLN 3.3 billion. Of course this will not satisfy the Group's needs, which is why it is of key importance to steadily build up a portfolio of own funds.

2. In view of the requirements related to assistance from the social fund, particularly with regard to the amount of funding for holidays, housing grants and material assistance for employees and pensioners, especially for ensuring that applications for housing loans can be fulfilled, taking into account the indexation of the amounts of the loans granted, and maintaining the amount of holiday funding granted to employees in a particularly difficult material situation at at least the current level, it is reasonable to designate for the Social Benefits Fund in ENEA S.A. PLN 309,000 from the profits that ENEA S.A. generated in 2009. It is also very important to provide the Fund with resources because, due to organisational changes (the establishment of a separate Distribution System Operator), there remain in the Company a large number of pensioners and recipients of benefits from the former power production plants that made up the Company before 1 July 2007.

Following the example of previous years, the amount requested is PLN 1,000 per employee, according to the headcount as at the end of the financial year.

As at 31 December 2009, employment amounted to 309 people (306.01 full-time positions).

3. With reference to the provisions of the IOC and the Issue Prospectus, which refer to the intention of the Management Board of ENEA S.A. to submit a motion to the General Meeting of Shareholders for a dividend to be paid to the shareholders amounting to between 30 and 60 per cent of the net profit disclosed in the non-consolidated financial statements for 2009, a part of the profit should be designated for paying a dividend to the shareholders. The proposed amount of the dividend is PLN 91,624,000, i.e. 30 per cent of net profit.