



12,5% share
in the sales of
electricity in Poland



2,4 mln Customers



Report of the Management Board on the operations of ENEA S.A. in 2013

Date of approval: 10 March 2014



20% coverage
of Poland - ENEA
Operator's
distribution network



199 MW power
installed in RES



Ca. **8%** energy
generated in Poland
comes from our
power plants



3,2 GW installed
capacity



Enea

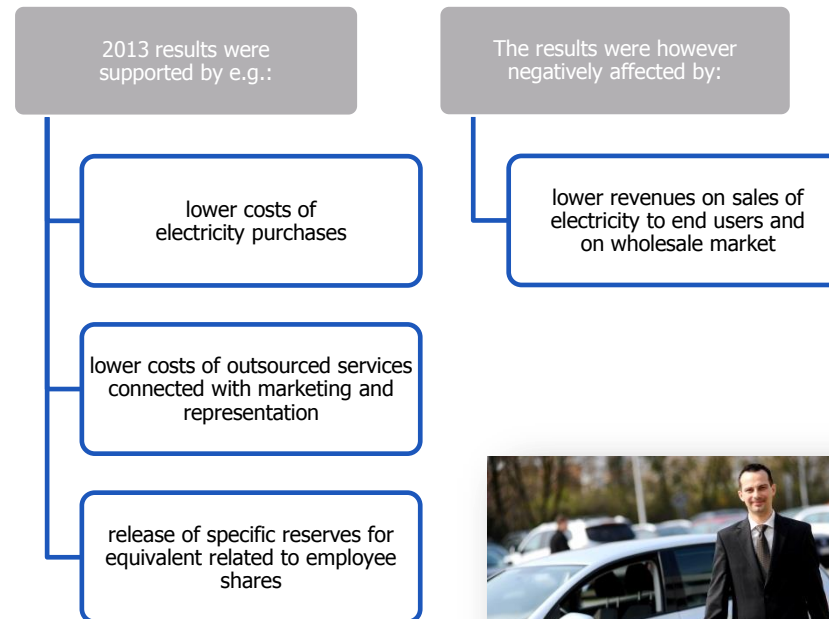
Poznań, 21 March 2014

Operating summary

Operating summary	1-5
Letter of the President of the Management Board	3
Selected financial data	4
Key events in 2013	5
ENE A S.A. organisational and capital ties	6-8
The operations of ENE A S.A.	9-29
Information on products and services	9
Information on concluded agreements	10-14
Development perspectives	15-29
Presentation of the financial position of ENE A S.A.	30-37
Information on shares and shareholding	38-39
The Corporate Bodies of ENE A S.A.	40-41
Declaration of the application of Corporate Governance Rules	42-48
Additional information	49-51
Glossary of terms	52-53

In 2013 ENE A S.A. generated:

- PLN 4,952 mln net sales revenues,
- PLN 228 mln EBITDA (growth by 72.6% yoy),
- PLN 833 mln net profit (growth by 64.4% yoy).



A detailed index of issues included in this Report is to be found on page 54

Letter of the President of the Management Board

Dear Sirs and Madams,

on behalf of the Management Board I have the pleasure to present the 2013 Annual Report in which we sum up the operations and achievements of ENEA S.A. and companies comprising ENEA Capital Group. The previous year was very important for our Company. It was a period of changes and new challenges. After thorough analyses and long discussions we completed works on the preparation of the Corporate Strategy of ENEA Capital Group for 2014-2020 which was approved by the Supervisory Board in October.

The adopted strategy makes our goals precise as well as tools with the use of which we will pursue them. Its provisions aim at increasing the strength and competitiveness of both ENEA S.A. and the whole Group. Our mission is enhancing the Group's value through building customer confidence. We wish to be a fully integrated energy group which flexibly responds to market needs and uses the resources at hand optimally. We treat these tasks seriously and they will lead all our activities during subsequent years. We will achieve these goals, e.g. through the implementation of the investment plan totalling to PLN 20 bln. It is indispensable both in the light of the rivalry with other players on the Polish power market, and also challenges which the whole country faces within this area. Operating in competitive market surroundings, we are continuously paying attention to building value for our Shareholders. We identified the Group's value generators and selected a range of activities which will allow us, in a planned and efficient way, to manage the value of our organisation. We are ready to respond to changes and market challenges, but we also wish to independently set trends and change directions.

What is a challenge for the whole Polish energy sector is a necessity to increase generating capacities. We undertake them through the realisation of projects in the segment of system power plants, cogeneration sources as well as heating networks, and as well as in the segment of renewable energy sources, which we treat as equally important. Expenses in the segment of generation constitute the largest item in the Group's planned investments.

ENEA S.A. ended 2013 with non-consolidated revenues on the level of PLN 4,952 mln and PLN 833 mln net profit. In the situation of great changes, market liberalisation and greater competition such a result must be deemed satisfactory.

Financial results confirm ENEA S.A.'s strong position on the electricity market in Poland. I am convinced that the realisation of the Corporate Strategy will contribute to the fact that in the future ENEA's results will be still satisfactory for its Shareholders.

In September the Warsaw Stock Exchange launched indices of companies listed on the regulated market. ENEA's shares became part of a prestigious index, WIG 30, which covers the largest and most important public companies listed on the Warsaw trading floor. This fact also emphasises ENEA's importance for the Polish capital market and the whole economy.

The new strategy is also connected with the approval and introduction of a new Code of Ethics of ENEA Group. It is a very important document which guarantees an efficient and transparent management of subsidiaries. Transparent and modern principles and corporate values are very important for the Group which thanks to them becomes not only a preferred business partner but also a perfect place for developing a professional career for present and future employee. At this stage I wish to express my many thanks to all the Group companies' and ENEA's employees and in particular to volunteers who during 2013 broke records of activity and social commitment. We believe that the implementation of the new corporate governance will allow us to transform the way in which the organisation is perceived. We want ENEA Group to speak one voice, to become a homogeneous economic body.

2014 is the first year wholly covered with the new strategy. We are facing numerous challenges. I am however convinced that thanks to the enthusiasm and determination of not only the Board and the key management personnel, but most of all of thousands of people forming ENEA Capital Group we will be able to realise set goals. Our priority is enhancement of the efficiency in which the Group operates. We established a Shared Service Centre, which will focus the Group's competences within the customer service, IT, finance and accounting, human resources and logistics. The first takeover of tasks, functions and employees within this initiative entered into force on 1 January 2014.

In December 2013 we also completed the process of Integration of the Generation Area whose crowning was the merger of ENEA Wytwarzanie S.A. with the following companies: Elektrociepłownia Białystok S.A., Elektrownie Wodne Sp. z o.o. and Dobitt Energia Sp. z o.o. The finalisation of this project will ensure an optimum use of the resources of



the segment of generation and quickening of processes taking place in it. Within ENEA Group a number of initiatives are undertaken which will allow to construe a modern and efficiently managed unit flexibly responding to the current market situation. We will make every effort to realise the assumptions and optimally use the potential of both ENEA and all the companies comprising the Capital Group.

Sincerely,

Krzysztof Zamasz

President of the Board of ENEA S.A.

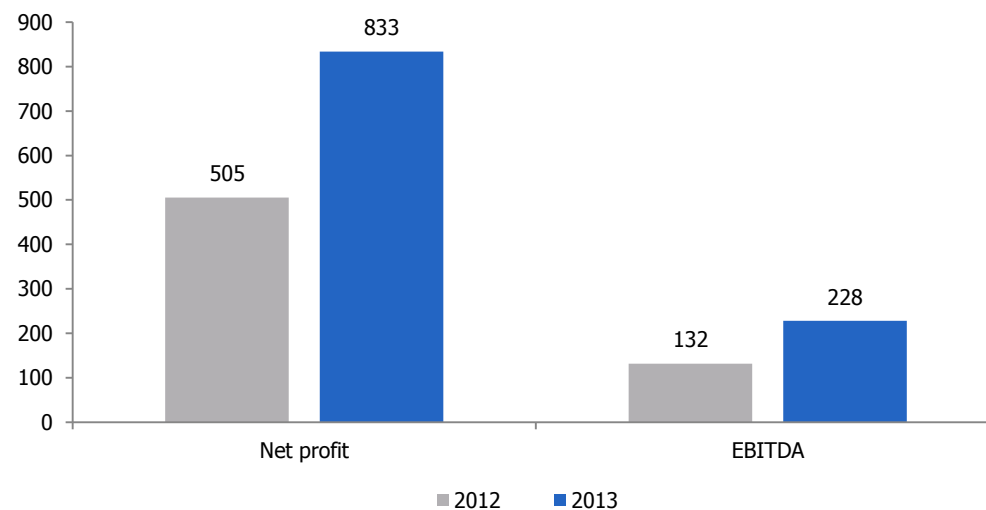
Selected financial data of ENEA S.A.

[PLN '000]	2012	2013	Change	Change %
Net sales revenues	5 759 339	4 951 774	-807 565	-14.0%
Profit / (loss) from operations	115 320	210 356	95 036	82.4%
Profit / (loss) before tax	539 275	887 459	348 184	64.6%
Net profit / (loss) for the reporting period	505 137	833 465	328 328	65.0%
EBITDA	132 198	228 229	96 031	72.6%
Net cash flows from operating activities	41 340	168 390	127 050	307.3%
Net cash flows from investing activities	-172 277	-340 216	-167 939	-97.5%
Net cash flows from financing activities	-215 272	617 461	832 733	386.8%
Total net cash flows	-346 209	445 635	791 844	228.7%
Weighted average number of shares [pcs.]	441 442 578	441 442 578	-	-
Net profit per share [PLN]	1.14	1.89	0.75	65.8%
Diluted profit per share [PLN]	1.14	1.89	0.75	65.8%

[PLN '000]	Q4 2012	Q4 2013	Change	Change %
Net sales revenues	1 461 008	1 251 788	-209 220	-14.3%
Profit / (loss) from operations	46 990	-9 950	-56 940	-121.2%
Profit / (loss) before tax	57 780	7 988	-49 792	-86.2%
Net profit / (loss) for the reporting period	48 130	10 159	-37 971	-78.9%
EBITDA	51 294	-5 545	-56 839	-110.8%
Weighted average number of shares [pcs.]	441 442 578	441 442 578	-	-
Net profit per share [PLN]	0.11	0.02	-0.09	-81.8%
Diluted profit per share [PLN]	0.11	0.02	-0.09	-81.8%

[PLN '000]	31.12.2012	31.12.2013	Change	Change %
Total assets	11 623 459	12 981 983	1 358 524	11.7%
Total liabilities	1 149 808	1 826 565	676 757	58.9%
Non-current liabilities	142 092	852 248	710 156	499.8%
Current liabilities	1 007 716	974 317	-33 399	-3.3%
Equity	10 473 651	11 155 418	681 767	6.5%
Share capital	588 018	588 018	-	-
Book value per share [PLN]	23,73	25,27	1,54	6.5%
Diluted book value per share [PLN]	23,73	25,27	1,54	6.5%

PLN mln



Key events in 2013

Q1

Nomination of the President of the Board of ENEA S.A. of the 8th term

On 11 March the Supervisory Board announced the results of the qualification procedure to the positions of the President and Members of the Board of ENEA S.A. Several dozen candidates joined the contest, and on 7 and 8 March qualification talks were conducted, as a result of which the Supervisory Board selected the Management Board of the new term, in the following composition: Krzysztof Zamasz - President of the Board, Paweł Orłof - Member of the Board for Corporate Affairs, Grzegorz Kinelski - Member of the Board for Commercial Affairs.

Q2

Maintenance of the rating by Fitch Ratings

Fitch Ratings agency upheld long-term ratings for ENEA S.A. in national and foreign currency on the level of "BBB" and a long-term national rating on the level of "A(pol)". In the opinion of analysts the outlook of the ratings is stable. In the justification of the agency we may read e.g. that the confirmation of the ratings results from stable operating and financial results generated in 2012 by both ENEA S.A. and ENEA Group together with holding the leading position within electricity distribution and sales, as well as a material position in the segment of generation.

Election of a new Member of the Management Board for Financial Affairs in ENEA S.A.

The Supervisory Board of ENEA S.A. terminated the qualification procedure and on 9 April 2013 adopted a resolution regarding the election of Mrs. Dalida Gepfert to the position of the Member of the Management Board for Financial Affairs. Ms. Dalida Gepfert holds a ten-odd years of experience within finance, accounting and controlling in the power industry.

General Meeting's decision on the dividend distribution

Pursuant to the resolution No. 7 of the Ordinary General Meeting of Shareholders of ENEA S.A. the Company distributed PLN 158,919,328.08 dividend from net profit for 2012, which means PLN 0.36 dividend per share. The record date was set on 23 July 2013 and the payment date on 12 August 2013.

ENEA obtains funding for the modernisation and extension of the energy networks of ENEA Operator Sp. z o.o.

On 19 June 2013 ENEA S.A. signed a loan agreement with the European Investment Bank of the value of PLN 475 mln. The previous loan agreement with the European Investment Bank totalling to PLN 950 mln was concluded on 18 October 2012. Obtained funds in the amount of PLN 1,425 mln will be designated for the financing of the tasks of the multi-annual investment plan: modernisation and extension of the energy networks of ENEA Operator Sp. z o.o.

Q3

ENEA in WIG30 index

In September 2013 ENEA was included in the index listing the largest and the most liquid companies on the Warsaw Stock Exchange. WIG30 will be a successor of WIG20 index published since 1994. Changes will be applied gradually. In accordance with decisions made by WSE, WIG20 index will be published till the end of December 2015. Until March 2014 mWIG40 index which presently includes the shares of the Company from Poznań and sWIG80 index will be also published. It means that ENEA shares till the moment of entry into WIG30 are listed concurrently also within mWIG40 index till its termination.



Closer to an atomic power plant

The Management Boards of ENEA S.A., PGE S.A., KGHM Polska Miedź S.A. and TAURON Polska Energia S.A. initialled the Shareholder Agreement. The execution of the document took place on 23 September in Warsaw. The deed obliged its parties to conclude an agreement of purchasing shares in PGE EJ1 Sp. z o.o., a special purpose vehicle for the construction and operation of an atomic power plant. On 31 December the shareholders decided to continue the works in the project.

ENEA Group Code

On 9 September the Board of ENEA S.A. approved the Code of ENEA Group, the basic act defining the new corporate governance model in ENEA Group and established ENEA Group consisting of ENEA S.A. and nine subsidiaries of ENEA, i.e. ENEA Operator, ENEA Wytwarzanie, ENEA Centrum, ENEA Trading, ENERGOBUD Leszno, ENEOS, BHU, Zakład Transportu and Energomiast. The objective of adopting new regulations and establishment of ENEA Group was introduction of the so called statutory mechanism of ENEA Group Companies management enabling a more efficient and effective management of the Companies and limitation of their independence. In the long run it is to guarantee the concentration of the Companies' operations on the Group's strategic goals and increasing its efficiency.

Establishment of the Tax Capital Group

In relation to works over the new corporate governance, on 19 September 2013 ENEA Group Companies signed an agreement of the Tax Capital Group (TCG). The objective of its creation is gaining larger flexibility in shaping relations between related entities within TCG.

Q4

Licence to sell gas

With the decision of the President of the Energy Regulatory Office ENEA SA obtained a licence to trade in gaseous fuels. ENEA plans to commence retail sales of natural gas in 2014. It will be performed in "dual-fuel" formula - i.e. combined sales of electricity and blue fuel. The place of obtaining the gaseous fuel will be the Polish Power Exchange. In so far as the trade in gaseous fuels is of a secondary importance to the results of the Capital Group, it will contribute to higher attractiveness and comprehensiveness of the offer directed to regular business consumers as a supplementation of the agreement relating to electricity.

ENEA Capital Group's Code of Conduct

The Board of ENEA S.A. on 29 October approved ENEA Capital Group's Code of Conduct. It promotes behaviours based on the responsibility, kindness and cooperation, which contribute to the creation of a friendly work place.

Approval of ENEA Capital Group Management Plan

Within implantation works connected with the new corporate governance model, first permanent internal teams were appointed of ENEA Group - Committees: Investment, Management and Compliance Committees. The Board of ENEA S.A. has also approved regulations of the first Management Departments, i.e. Financial, Audit and Legal Service. At the same time, General Meetings of Shareholders and General Assemblies of ENEA Group Companies approved amendments in articles of association/statutes enabling joining ENEA Group by particular Companies.

Corporate Strategy of ENEA Group

The Supervisory Board of ENEA S.A. approved a new "Corporate Strategy of ENEA Capital Group for 2014-2020". Pursuant to its provisions ENEA will become a fully integrated energy group. A new mission is enhancing the Group's value through building customer confidence. Within this strategy for 2014-2020 investments are planned in the amount of PLN 20 bln.

ENEA S.A. organisational and capital ties

ENEA S.A. as the dominant entity in ENEA Capital Group

In 2013 changes to the organisational structure of ENEA S.A. were connected with its adaptation to the directions set in the updated strategy of ENEA Capital Group.

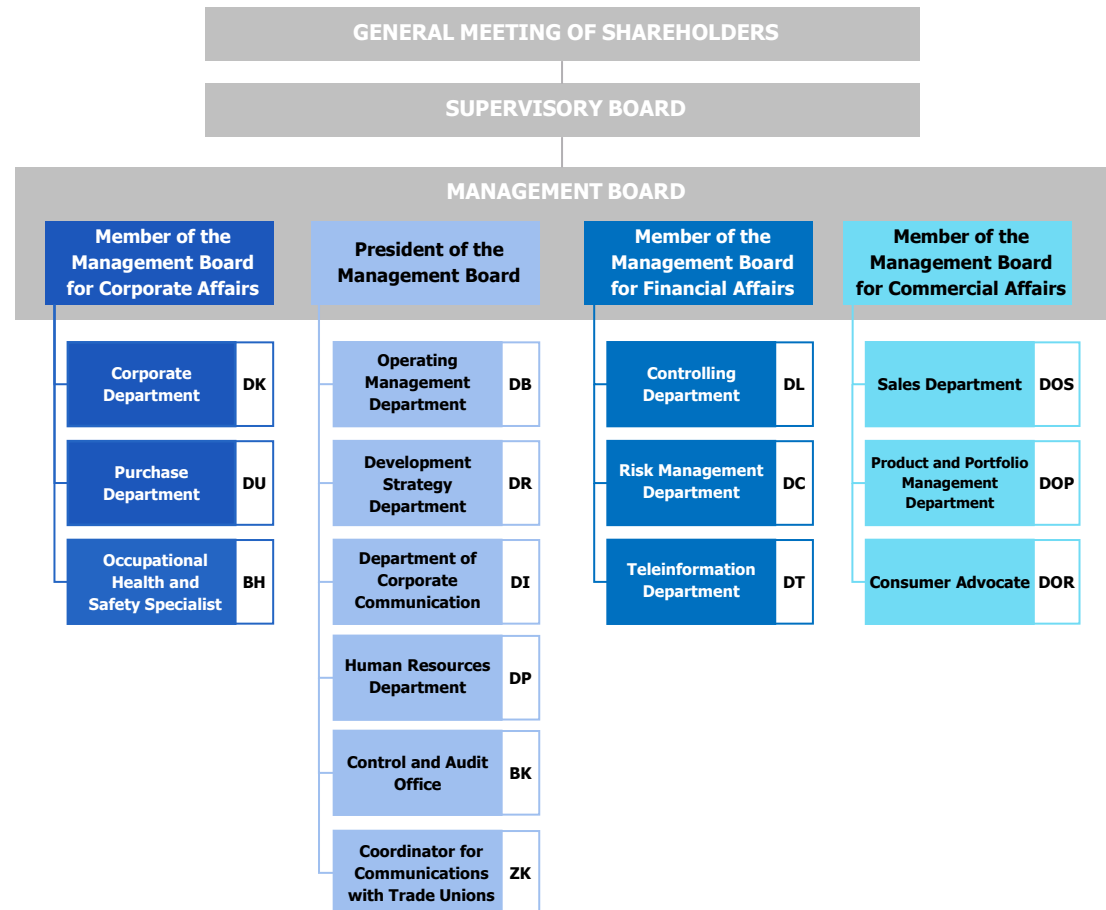
The most significant changes were made within the area of trade and management of the Capital Group. In the former there was a competence division, into two Departments: Sales and Product and Portfolio Management. Within the Capital Group's management the reorganisation performed consisted in the separation of functions connected with the corporate governance from the ownership supervision.

The core business of the Company is realised by the Portfolio and Product Management Department and Sales Department within which e.g. field units are operating.

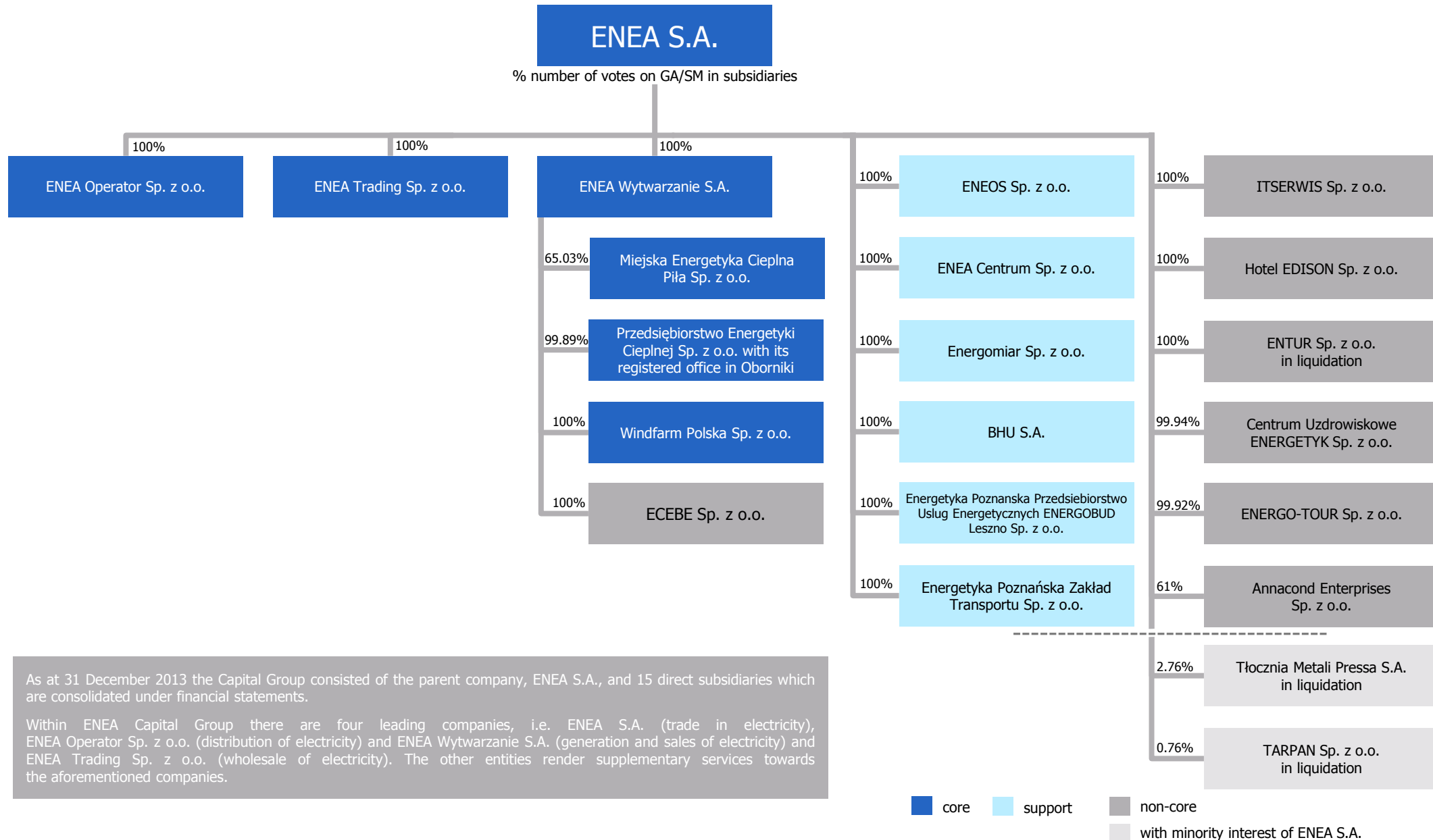
Activity within management and service for the Company support is realised in the following Departments: Development Strategy, Purchases, Operating Management, Corporate, Corporate Communication, Teleinformation, Human Resources Management, Risk Management, Control and Audit Office and Financial Department, which as of 1 January 2014 was moved to ENEA Centrum Sp. z o.o. within the realisation of Shared Service Centre project.

The interdependencies established within the Company (including a diagram of its organisational structure) and the division of tasks, responsibilities and authorisations, are formally reflected in the organisational rules: Organisational Rules for the Business of the Company and Rules for Organisational Units of ENEA S.A.

The Company's organisational structure is presented below as at the date of the report.



Description of ENEA Capital Group



As at 31 December 2013 the Capital Group consisted of the parent company, ENEA S.A., and 15 direct subsidiaries which are consolidated under financial statements.

Within ENEA Capital Group there are four leading companies, i.e. ENEA S.A. (trade in electricity), ENEA Operator Sp. z o.o. (distribution of electricity) and ENEA Wytwarzanie S.A. (generation and sales of electricity) and ENEA Trading Sp. z o.o. (wholesale of electricity). The other entities render supplementary services towards the aforementioned companies.

Policy on directions of development of ENEA S.A.

Key capital investment structure

Implementing the strategy within the development and restructuring of ENEA Capital Group, the following capital investments were made in 2013 by the Company:

Date	Company	Event
9 August 2013	ENEA	Purchase from ENERGA S.A. of 12,200 shares of BHU S.A. (the shares were transferred on 21 September 2013). ENEA S.A. presently holds 100% share in the share capital of BHU S.A.
31 December 2013	ENEOS	Raising of the share capital of the Company by PLN 134,037,500. All the newly created shares in the share capital of the Company were taken up by ENEA S.A. and covered in full with a contribution in kind in the form of an Organised Part of the Enterprise of ENEA S.A. namely "Gospodarka Oświetleniowa" in the meaning of Art. 55 ¹ of the Civil Code. The raised share capital of ENEOS Sp. z o.o. was registered in the National Court Register on 10 February 2014.

Asset restructuring

After execution during the previous years of key organisational changes within the Group in 2013 further asset restructuring occurred:

Date	Company	Event
27 February 2013	ENTUR	Adoption of a Resolution regarding dissolution of the Company after a liquidation procedure (Resolution entered into force on 1 March 2013)
18 September 2013	ENEA Centrum	Transformation into Spółka z ograniczoną odpowiedzialnością (limited liability company). The share capital of the Company amounts to PLN 1,973,700 and is divided into 19,737 shares of the nominal value of PLN 100 each.
3 October 2013	ENEA	Sale of 4,610 shares of MONNARI TRADE S.A. through Dom Maklerski BZ WBK S.A., and thus it ceased to be a shareholder of MONNARI TRADE S.A.
23 January 2014	Hotel Edison	Publication of an announcement regarding the purchase of the whole shareholding in Hotel EDISON Sp. z o.o. Selection of the investor and conclusion of the sales agreement is planned for the end of Q1 2014.

Changes to the organisation and management rules of ENEA S.A.

New Corporate Governance in ENEA Group

Implementation of the new Corporate Governance will contribute to the development of a competitive position of ENEA CG in the log run.

ENEA S.A. as a listed company, is perceived by the market along with its subsidiaries as one economic body, and the Management and Supervisory Boards of ENEA S.A. are responsible for the efficiency of the whole Capital Group management. The holding agreement of ENEA Capital Group legally authorised however the independence of subsidiaries of the parent company – ENEA S.A., strongly accented the separateness of companies, instead of emphasising the commonness and coherence of their goals.

Corporate Governance - ENEA Capital Group management plan

In July 2013 the Board of ENEA S.A. adopted a resolution on launching the new Corporate Governance project. On 15 November 2013 the Supervisory Board of the Company approved the document - "ENEA Capital Group Management Plan". The Plan anticipates the implementation, within the new corporate governance, legal and corporate solutions aiming in particular at raising the management efficiency within the Group and directing the operations of the Subsidiaries to the realisation of strategic goals of the whole Capital Group.

New legal tools to manage ENEA Capital Group were introduced in order to:

- development of a homogeneous economic body authorising the key role of ENEA S.A.,
- shortening of the decision making process within ENEA Capital Group,
- enabling introduction of modern methods of management,
- limitation of legal risks of management board and supervisory board of the parent company and subsidiaries,
- reducing a necessity of justifying the decisions affecting the operations of ENEA Capital Group performed by subsidiaries,
- shortening of the communication paths between the parent company and subsidiaries (including within the disclosure requirement),
- development of a communication channel to the leading shareholder, i.e. ENEA S.A.,
- excluding the decision arbitrariness of subsidiaries.

The operations of ENEA S.A.

Information on products and services

Sales by value and type

Within ENEA Capital Group sales of electricity and sales to end users belongs in a major part to ENEA S.A. for which it constitutes the core business. Wholesale is realised mainly by ENEA Trading Sp. z o.o. The company is responsible towards ENEA for e.g. managing the portfolio of electricity and proprietary interests of ENEA S.A., purchase of electricity and proprietary interests for ENEA S.A. and is a commercial coordinator on behalf of and for the account of ENEA S.A.

Item	Revenues on sales of electricity to end users [PLN '000]		
	2012	2013	Change
Tariff group set A	731 728.4	338 421.1	-53.8%
Tariff group set B	1 302 112.0	1 174 050.8	-9.8%
Tariff group set C	842 229.7	801 167.2	-4.9%
Tariff group set G	1 238 845.6	1 226 798.1	-1.0%
TOTAL	4 114 915.7	3 540 437.2	-14.0%

Item	Sales of electricity [GWh]		
	2012	2013	Change
Tariff group set A	3 083	1 595	-48.3%
Tariff group set B	4 835	4 645	-3.9%
Tariff group set C	2 603	2 536	-2.6%
Tariff group set G	4 414	4 429	0.3%
TOTAL	14 935	13 205	-11.6%

In 2013 lower sales were realised to low-margin customers from A tariff group sets, which affected a drop in sale revenues. At the same time, lower costs of energy purchases in 2013 affected lower prices of selling energy on the retail market.

Purchase and sale of energy by ENEA S.A. on the wholesale market

In connection with organisational changes and separation as of 1 August 2011 the scope of the operations connected with the wholesale market to the special purpose vehicle ENEA Trading Sp. z o.o. all the contracts connected with the wholesale market (also those concluded by ENEA S.A.) are serviced and administered by the subsidiary.

A major part of energy sold by ENEA S.A. was energy purchased within bilateral transactions, including mainly those with ENEA Trading Sp. z o.o. (over 78%), PAK S.A. (6%), local sources (12%). The remaining purchase contracts were entered into through PPE (2%) and realised in the process of balancing of the balancing mechanism unit on the balancing market [transactions on the balancing market of the Transmission System Operator resulting from the difference between estimated and actual trading positions (1%)].

In order to provide sales of comprehensive services (sale of electricity and electricity distribution services) to end users connected to the network of ENEA Operator Sp. z o.o., the Company purchases the electricity distribution services from ENEA Operator Sp. z o.o.



Information on concluded agreements

Agreements of significance to ENEA S.A.

Agreement with Hitachi Power Europe GmbH and Polimex-Mostostal S.A. on the construction of the power unit in Kozenice

On 21 September 2012, a subsidiary of the Issuer - ENEA Wytwarzanie signed an agreement with the consortium of Hitachi Power Europe GmbH and Polimex-Mostostal S.A. (Contractor) on the construction of a supercritical bituminous coal fired power unit with the electric capacity of 1,075 MWe gross and the efficiency of 45.6% net. The net value of the Agreement is around PLN 5.1 bln. The Parties decided that the Agreement would be realised within 58 months of the date of its execution. The key information on the contract fulfilment is that because of the transformations occurring within Hitachi Power Europe GmbH qualifying as a general succession, presently the party to the Contract in lieu of Hitachi is: MHPS Europe GmbH.

Financial agreements concluded with the European Investment Bank

On 19 June 2013 the Issuer and the European Investment Bank (Bank) concluded a B Financial Agreement (Agreement) providing for the granting of the loan to the Lessee in the amount of PLN 475,000,000 (say: four hundred seventy five million zloty) or its equivalence in EUR (Loan), in relation to which the total value of the debt financing obtained from the Bank obtained in 2012 -2013 amounted to PLN 1,425,000,000. The funds gained from the Bank will be designated for the funding of a multiannual investment plan in order to modernise and extend the power grids of ENEA Operator Sp. z o.o. (Programme) located in the north-western Poland. The total cost of the Programme is estimated for the amount of around PLN 3,275.87 mln. The Loan repayment period is up to 15 years from the planned disbursement of the facility. The term of the Loan availability expires on 18 October 2014.

At the same time, on 19 June 2013, in relation to the execution of the above Agreement an annex was additionally concluded to the agreement for the realisation of the Programme of 18 October 2012 concluded between the Issuer, Bank and ENEA Operator Sp. z o.o., regulating the issues connected with the principles of realisation of the Programme in the part based on the funds granted by the Bank, pursuant to which the rules of the Programme realisation were updated in connection with the increasing of the level of engagement of the funds coming from the Bank.

Detailed information on that issue was published by the Company in the current report No. 24/2013 of 19 June 2013.

In order to use the financial funds from the Bank in accordance with the financing objective on 20 June 2013 the Programme Agreement was concluded between ENEA S.A., as Guarantor, ENEA Operator Sp. z o.o., as Issuer, and mBank S.A, as Agent relating to the bond issue programme up to the amount of PLN 1,425,000,000. On the same day the Bond Subscription Guarantee Agreement was concluded between the Issuer and Guarantor.

Programme Agreement of 21 June 2012 between ENEA S.A., as Issuer, and PKO BP S.A., Bank PEKAO S.A., Bank Zachodni WBK S.A., Bank Handlowy w Warszawie S.A. and Nordea Bank Polska S.A., as Guarantors, relating to the bond issue programme totalling to up to PLN 4,000,000,000.

As at 31 December 2013 ENEA S.A. did not issue bonds within the aforementioned Programme.

ENEA S.A. in 2013 undertook activities towards renegotiation of financial conditions of the Programme Agreement of 21 June 2012 in order to adapt them to the current market situation.

In order to use the financial resources from this agreement the following were concluded: The Programme Agreement of 8 September 2012 between ENEA Wytwarzanie, as Issuer, ENEA S.A., as Guarantor, and BRE Bank S.A., as Issue Agent, Payment Agent, Depositary, relating to the bond issue programme up to the amount of PLN 4,000,000,000, and Bond Subscription Guarantee Agreement of 8 September 2012 between ENEA Wytwarzanie, as Issuer, and ENEA S.A., as Guarantor, relating to the bond issue programme up to the amount of PLN 4,000,000,000.

The Bond Issue Programme for the amount of PLN 746,000,000 of 16 July 2013 between ENEA Wytwarzanie S.A., as Issuer, ENEA S.A., as Guarantor, and BRE Bank S.A., as Organiser, Issue Agent, Payment Agent and Depositary.

As at 31 December 2013, within the Bond Issue Programme Agreement for the amount of PLN 746,000,000 of 16 July 2013, ENEA Wytwarzanie S.A. issued 4 series of 2-year bonds for the full amount of the Programme.

At the same time the Company emphasises that within regular operations intergroup electricity distribution transactions, energy trade transactions, and in the remaining part e.g. transactions on proprietary interests are concluded.

Transactions concluded between ENEA S.A. and ELKO Trading Sp. z o.o. (presently ENEA Trading Sp. z o.o.) on electricity trading and on proprietary interests

On 1 August 2011 in ENEA Capital Group there was a reorganisation performed as a result of which the competences within the wholesale were transferred to the special purpose vehicle – ENEA Trading Sp. z o.o. From that time on all the transactions connected with the wholesale market (also those concluded by ENEA S.A.) are serviced and administered by this company. Within this cooperation between ENEA S.A. and ELKO Trading Sp. z o.o. trading in electricity and proprietary interests in certificates of origin and provision of services relating to the service of the wholesale of electricity and related products is performed. More information on that issue is to be found in the Annual Report of ENEA S.A. published on 27 April 2012. The most recent update of information on the value of trading performed within the above mentioned transactions was published by the Company in the current report No. 8/2014 on 27 January 2014.

Information on transactions with affiliated entities

Information on significant transactions concluded by ENEA S.A. or its subsidiary with related entities is to be found in note No. 43 to the financial statement for 2013 financial year published as part of the annual report.

Agreements between shareholders of the parent company

The Company is not aware of any agreements between shareholders of ENEA S.A.

Dependence on suppliers or recipients

With the exception of electricity transmission agreements concluded with PSE Operator, coal transport agreement concluded with PKP Cargo, and agreements concerning the bond issue programme, we are not dependent on other industrial, trade or financial agreements. If the agreements with this company is terminated, we will be forced to conclude electricity transmission agreements on new terms, and if the agreement with PKP Cargo is terminated, we might have difficulty with ensuring continuous deliveries of coal to ENEA Wytwarzanie. When it comes to the agreements relating to the bond issue programme - if they are terminated we may have difficulties in financing the new power unit No. 11. We depend on two suppliers for our coal supplies: Lubelski Węgiel "Bogdanka" S.A. that in 2013 supplied ca. 71% of coal by volumes and Katowicki Holding Węglowy S.A. Moreover, from other suppliers: Jastrzębska Spółka Węglowa S.A. and Petrokol Sp. z o.o., Sp. k., ENEA Wytwarzanie performed supplementary purchases.

Collaboration or cooperation agreements

Agreement on the exploration and extraction of carbohydrates from shale

The Framework Agreement regarding exploration and extraction of shale carbohydrates concluded on 4 July 2013 between Polskie Górnictwo Naftowe i Gazownictwo S.A., KGHM Polska Miedź S.A., PGE Polska Grupa Energetyczna S.A., TAURON Polska Energia S.A. and ENEA S.A. expired on 31 December 2013.

A Letter of Intent, Memorandum of Understanding and Shareholder Agreement on the elaboration of the terms of cooperation on the construction of the first in Poland atomic power plant

On 5 September 2012 ENEA S.A. purchased (ENEA), PGE Polska Grupa Energetyczna S.A. (PGE), TAURON Polska Energia S.A. (TAURON) and KGHM Polska Miedź S.A. (KGHM) signed the Letter of Intent (Letter) regarding purchase by ENEA, TAURON and KGHM of shares in the special purpose vehicle established for the construction and operation of the first Polish atomic power plant. Pursuant to the Letter, the companies undertook to develop a draft agreement of purchase of shares in PGE EJ1 Sp. z o.o. (PGE EJ1) - a special purpose vehicle which is responsible for the direct preparation of the investment process of the construction and operation of the first Polish atomic power plant (Atomic Project). Pursuant to the intention expressed in the Letter the agreement would regulate the rights and obligations of each party by the realisation of the project, assuming that PGE will act, directly or through a subsidiary, as a leader in the process of the project realisation. On 28 December 2012 the parties to the Letter prolonged its validity till 31 March 2013.

On 25 June 2013 ENEA, KGHM, PGE and TAURON concluded a Memorandum of Understanding regarding continuation of works connected with the development of a draft agreement of purchase of shares in the special purpose vehicle for the construction and operation of an atomic power plant ("Memorandum of Understanding"), of which the Company informed in the current report No. 28/2013 of 26 June 2013.

Credit and loan agreements concluded and terminated

In the reporting period ENEA S.A. had access to working capital loans from BZ WBK S.A., Pekao S.A. and PKO BP S.A. The total limit of the working capital facilities available to ENEA Capital Group as at 31 December 2013 was PLN 150,000 thou. As at 31 December 2013 the Company did not have any debts by this title.

In H1 2013 ENEA S.A. signed another loan agreement with the European Investment Bank of the value of PLN 475,000 thou. – a detailed description on this issue was published on page 25 of the Report concerning the sources of financing of the investment programme.

The status of the loans as at 31 December 2013 is shown in the table below:

Creditor	Amount of credit granted [PLN '000]	Interest rate	Loan costs incurred in 2013 [PLN '000]	Debt on credit facilities as at 31.12.2013 ['000]	Start date	End date	Repayment period
PKO BP S.A.	50 000	WIBOR 1M + margin	0	0	25.04.2006	x	5 years of the first usage of the credit
Bank Pekao S.A.	10 000	WIBOR 1M + margin	0	0	17.11.2011	17.11.2014	17.11.2014
Bank Zachodni WBK S.A.	90 000	WIBOR 1M + margin	7.5	0	17.11.2011	17.11.2014	17.11.2014
EIB	1 425 000	floating or fixed	8 027.8*	780 000	18.10.2012	17.10.2029	15 years of the last usage of the credit
TOTAL			8 035.3	0.00			

* Credit costs are activated during the programme

ENEA S.A. during the reporting period only from time to time made a use of working capital facilities in order to finance current operations. The Company did not draw any loans on pawn, mortgage secured-loans, or any loans secured with transfer of ownership to fixed assets or transfer of ownership to an organised part of an undertaking. Securities for bank loans and credits referred to hereinabove are authorisation to use current accounts with the banks where ENEA S.A. holds current accounts as well as declarations on voluntary submission to enforcement. In 2013 ENEA S.A. did not draw any loans.

On 23 September 2013 ENEA, KGHM, PGE and TAURON, as a result of works connected with the development of a draft agreement of purchase of shares in the special purpose vehicle for the construction and operation of an atomic power plant initialled the Shareholder Agreement ("Shareholder Agreement"). After signing of the Shareholder Agreement ENEA, KGHM, PGE and TAURON the agreement will oblige its parties to conclude the Agreement of purchase of shares in PGE EJ1 ("Agreement on Purchase of Shares").

In accordance with the provisions of the draft Shareholder Agreement PGE will sell to the other parties to the Shareholder Agreement a block of 438,000 shares constituting a total of 30% in the share capital of PGE EJ1, as a result of which PGE will hold 70% in the share capital of PGE EJ1. The shares will be purchased as follows:

- ENEA S.A. will purchase 146,000 shares constituting 10% in the share capital of PGE EJ1,
- KGHM Polska Miedź S.A. will purchase 146,000 shares constituting 10% in the share capital of PGE EJ1,
- TAURON Polska Energia S.A. will purchase 146,000 shares constituting 10% in the share capital of PGE EJ1.

The draft Shareholder Agreement initialled on 23 September 2013 contained also the principles of participation of all the parties in the project of preparation and construction of an atomic power plant in Poland. PGE and each of the business partners was to be obliged to conclude the Agreement on Purchase of Shares after fulfilment of two conditions precedent:

- obtaining a decision regarding an unconditional agreement of the President of the Office of Competition and Consumer Protection for performing the concentration,
- adoption in 2013 by the Council of Ministers as a Resolution of the Polish Nuclear Energy Programme.

Despite failure to fulfil the conditions precedent anticipated in the draft Shareholder Agreement initialled on 23 September 2013, the parties decided to continue works in the project of preparation and construction of an atomic power plant in Poland and elaboration of revised provisions in the draft Shareholder Agreement.

Loans granted

Within loans granted in ENEA CG in 2013 loans were granted only by ENEA S.A. for Capital Group Companies for the total amount of PLN 11,046.9 thou. The status of loans approved and granted by ENEA S.A. for the account of the Companies as at 31 December 2013 is presented in the table below:

Company	Loan currency	Amount of loan granted [PLN '000]	Interest	Debt on credit facilities as at 31.12.2013 [in PLN '000]	Date of granting	Date of complete repayment
Hotel Edison Sp. z o.o.	PLN	300	WIBOR1M + margin	258.5	17.08.2011	31.08.2018
CU Energetyk Sp. z o.o.	PLN	250	WIBOR1M + margin	83.3	17.08.2011	31.08.2014
CU Energetyk Sp. z o.o.	PLN	500	WIBOR6M + margin	500	15.02.2013	31.01.2016
Hotel Edison Sp. z o.o.	PLN	250	WIBOR 1M + margin	250	04.09.2013	31.08.2018
ITSERWIS Sp. z o.o.	PLN	1 500	WIBOR 1M + margin	1 500	16.10.2013	29.10.2014
BHU Sp. z o.o.	PLN	1 625	WIBOR1M + margin	1 421.9	26.11.2013	30.09.2015
BHU Sp. z o.o.	PLN	2 375	WIBOR1M + margin	2 375	26.11.2013	30.06.2014
BHU Sp. z o.o.	PLN	1 550	WIBOR1M + margin	0	12.12.2013	30.11.2016
ENERGOBUD Sp. z o.o.	PLN	5 000	WIBOR1M + margin	5 000	18.12.2013	31.03.2014

Granted and received sureties and guarantees

During the financial year ENEA S.A. concluded an annex to the guarantee agreement for obligations drawn by ENEA Trading Sp. z o.o. towards Izba Rozliczeniowa Giełd Towarowych S.A. (IRGiT S.A.) up to the amount of PLN 50,000 thou. prolonging thus the term of the guaranty to 31 July 2014.

The status of granted guarantees and suretyships as at 31 December 2013 is shown in the table below.

Date surety/ guarantee was granted	Date of validity of surety / guarantee	Entity for which surety / guarantee was granted	Entity to which surety / guarantee was granted	Agreement number	Value of surety/ guarantee	Designation of amounts covered with surety/guarantee	Actual debt as at 31.12.2013
26.08.2003	31.08.2017	EP Zakład Transportu Sp. z o.o.	Poznań Department of Communal Services and Housing	Surety's statement of 02.09.2003	PLN 203.2 thou. EUR 49 thou.	for the purpose of meeting the statutory conditions for obtaining a licence to carry on for-profit transport operations	0.00
18.07.2013	31.07.2014	ENEA Trading Sp. z o.o.	Izba Rozliczeniowa Giełd Towarowych S.A. (Warsaw Commodity Clearing House)	Agreement No. ZAM/DF/40/1072/2011; amended with Annex 2	PLN 50 000 thou.	for the purpose of securing the liabilities drawn by ENEA Trading in relation to the membership in GIR (Exchange Clearing House) and purchasing electricity and proprietary interests	0.00
TOTAL					PLN 50 203.2 thou.		0.00

The average EUR exchange rate as at 31 December 2013 was 4.1472 - NBP table No. 251/A/NBP/2013 from 31 December 2013

The total off-balance sheet value of sureties and guarantees granted as at 31 December 2013 was PLN 50,203.2 thou.

Additionally, on 29 August 2013 ENEA S.A. and ENEA Trading Sp. z o.o. signed the Guarantee Framework Agreement regulating the principles of granting guarantees by the Company for the account of third parties for the obligations of ENEA Trading Sp. z o.o. It relates to wholesale trading of electricity and proprietary interests in the energy certificates of origin on the non-exchange market up to the maximum amount of PLN 150,000 thou.

There are no 'endangered guarantees or suretyships' among the suretyships and guarantees granted. The sureties and guarantees granted by ENEA S.A. fall within the limits specified in Article 33 item 1 of the Act on sureties and guarantees granted by the State Treasury and other legal persons of 8 May 1997 (Journal of Laws of 2003 No. 174, item 1689 as amended).

On 7 October 2013 ENEA S.A. signed with PKO BP S.A. a frame contract for the period till 6 April 2015 for granting of bank guarantees up to the amount of PLN 350,000 thou. Guaranties issued within the guarantee facility constitute security of making deposits for the account of IRGIT S.A. by ENEA S.A. and ENEA Trading Sp. z o.o. and other obligations. Obligations towards the aforementioned entities to make deposits result among others from the concluded futures contracts for supply of electricity and transactions of purchase of proprietary interests to the certificates of origin for electricity.

The status of guarantees issued to the order of ENEA S.A. as at 31 December 2013 is shown in the table below:

Date security was granted	Date of security validity	Entity for which security was granted	Purpose of the agreement	Form of security	Granted security amount
19.11.2012	31.03.2014 18.11.2014	Izba Rozliczeniowa Giełd Towarowych S.A. (Warsaw Commodity Clearing House)	the purpose of securing the transaction and securing deposit for the account of IRGIT S.A. in connection with settlements of transactions connected with trade in electricity and property rights on the commodity exchange	bank guarantee granted within the guarantee line in the amount of PLN 350 000 thou.	PLN 4 000 thou.
			guarantee granted by the bank for the obligations of ENEA Trading*		PLN 230 000 thou.
19.11.2013	31.12.2014	Górecka Projekt Sp. z o.o.	in order to secure the payments by title of the office space lease agreement	bank guarantee granted within the guarantee line in the amount of PLN 350 000 thou.	PLN 1 600 thou.
03.09.2013	31.08.2015	Atrium Tower Sp. z o.o.	in order to secure the payments by title of the office space lease agreement	bank guarantee granted within the guarantee line in the amount of PLN 350 000 thou.	PLN 1 861 thou.
29.10.2013	13.10.2014	International Chamber Of Commerce	in order to secure the arbitration costs relating to the agreement within case No. 19338 between ENEA S.A. and EQUIVENTUS CAPITAL S.A.R.L.	bank guarantee granted within the guarantee line in the amount of PLN 350 000 thou.	USD 210 PLN 632.5 thou.

* ENEA S.A. and ENEA Trading Sp. z o.o. on 11 July 2013 concluded an annex to the agreement for the guarantee facility up to the amount of PLN 230,000 thou. within which, on order of ENEA Trading, ENEA applies to the Bank for issuing a guarantee for the account of IRGIT for the obligations of ENEA Trading connected with the performance of transactions on the Polish Power Exchange. The average USD exchange rate as at 31/12/2013 was 3.012 - NBP table No. 365/A/NBP/2013 from 31/12/2013

Sureties and guarantees granted in ENEA Capital Group is presented in the table below:

Date surety/guarantee was granted	Date of validity of surety/ guarantee	Entity for which surety/ guarantee was granted	Entity to which surety/ guarantee was granted	Agreement number	Value of surety/guarantee [PLN '000]	Actual financed liability 31.12.2013 [PLN '000]
25.04.2013	27.04.2014	IT Serwis	KNF (Polish Financial Supervision Authority) Warsaw	KGWA0375/13	125	0
16.11.2013	20.06.2023	PEC Oborniki	Provincial Fund for Environmental Protection and Water Management in Poznań	191/U/400/209/2013	2 860	2 862

Bond issue programme by subsidiaries

On 20 June 2013 ENEA S.A. purchased (Company, Guarantor) concluded with ENEA Operator Sp. z o.o. (Subsidiary) and Nordea Bank Polska S.A. (Bank) the Programme Agreement relating to the bond issue programme up to the amount of PLN 1,425,000 thou. (Programme Agreement). Together with the Programme Agreement on 20 June 2013 between the Company and the Subsidiary an Agreement was concluded for guaranteeing the subscription for bonds issued within the Bond Issue Programme up to the amount of PLN 1,425,000 thou. (Guarantee Agreement).

On 13 September 2013 ENEA S.A. purchased the first series of bonds in the said Programme of the total value of PLN 780,000 thou.

On the conclusion of the above agreements the Company informed in the current report No. 25/2013 dated 20 June 2013.

On 16 July 2013 Bond Issue Programme Agreement was concluded for the amount of PLN 746,000 between ENEA Wytwarzanie S.A. (Issuer), ENEA S.A. (Guarantor) and mBank S.A. (formerly: BRE S.A.) as the Organiser, Issue Agent, Payment Agent and Depositary. The bonds are denominated i Polish zlotys and bear interest according to a floating rate. The deadline for bond redemption is 15 July 2015. Within the programme a maximum of 4 bond series may be issued, with the minimum value of PLN 100,000 thou. each.

The Bonds issued within the Bond Issue Programme are bonds in the meaning of the Act of bonds of 29 June 1995 (Journal of Laws of 2001, No. 120, item 1300, as amended). Within the above programme till 31 December 2013 ENEA S.A. purchased bonds of the total value of PLN 746,000 thou.

Additionally, on 9 September 2013 an annex was signed to the Bond Issue Programme Agreement for the amount of PLN 128,500 thou. concluded between ENEA S.A. and Elektrociepłownia Białystok S.A. (Issuer) and mBank S.A. (formerly: BRE S.A.) as the Organiser, Issue Agent, Payment Agent and Depositary. On the same day ENEA S.A. (Guarantor) concluded with Elektrociepłownia Białystok S.A. (Issuer) the Guarantee Agreement for the Bond Issue Programme. The above annexes to the agreements increased the amount of the Bond Issue Programme to the amount of PLN 158,500 thou., i.e. by PLN 30,000 thou. ENEA S.A. on 10 September 2013 took up 5th series of bonds in the total amount of PLN 30,000 thou. issued within the said programme.

The table below presents the status of intergroup bonds held as at 31 December 2013 [PLN '000]:

Bond Issuer	Date of agreements	Deadline for buy-out	Currency	Granted amount	Used amount	Current debt (capital)
Elektrownie Wodne Sp. z o.o.	10.03.2011	31.03.2023	PLN	26 000	26 000	26 000.00
Dobitt Energia Sp. z o.o.	29.09.2011	29.09.2019	PLN	14 500	14 500	14 500.00
Elektrociepłownia Białystok S.A.	23.07.2012	22.07.2019	PLN	158 500	158 500	146 268.20
ENEA Wytwarzanie S.A.	08.09.2012	depending on dates of issue of series of bonds, however not later than 15.06.2022	PLN	4 000 000	0	0.00
ENEA Operator Sp. z o.o.	20.06.2013	Depending on dates of issue of series of bonds, however not later than 18.10.2029	PLN, EUR	1 425 000	780 000	780 000
ENEA Wytwarzanie S.A.	16.07.2013	15.07.2015	PLN	746 000	746 000	746 000

On 31 October 2013 ENEA Operator Sp. z o.o. bought out the bonds purchased by ENEA S.A. within the Bond Issue Programme Agreement for the amount of PLN 500,000 thou. of 9 August 2011 in the total amount of PLN 454,000 thou.

Development perspectives

Situation on the electricity market

Wholesale electricity prices

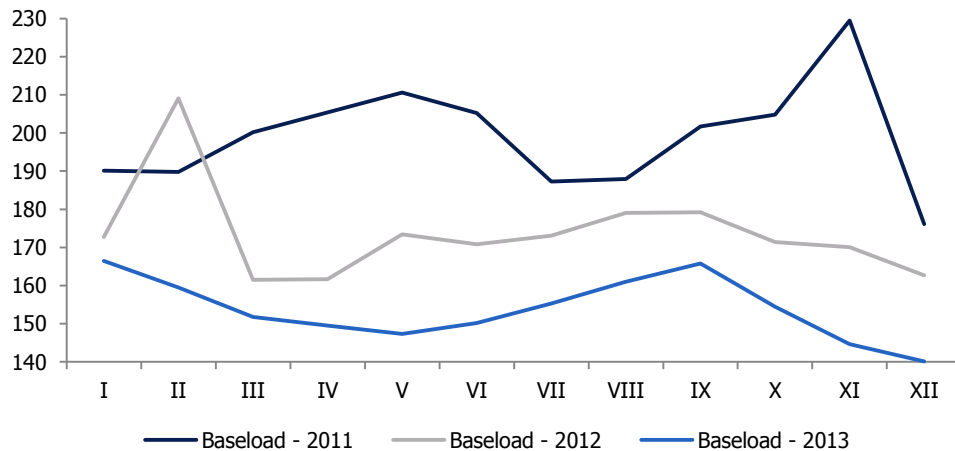
2013 was another year of decreasing prices on the spot market (Table 1). Low price levels on the spot market were affected by e.g. such factors as high generation of electricity from wind sources and the air temperature.

- In 2013, according to confirmed PSE data, production of electricity from wind farms amounted to 5,823 GWh and was by as much as 47.2% higher than in 2012, in relation to 2011 it was higher by 108.1%.
- Another factor which affected low levels on the spot market was a relatively high air temperature, in particular at the year's end.

Table 1. Average prices on SPOT market (PPE)

Year	Average price [PLN/MWh]	Change [%]
2011	198.99	-
2012	173.58	↓12.8
2013	153.82	↓11.4

Source: Own paper based on data from PPE.



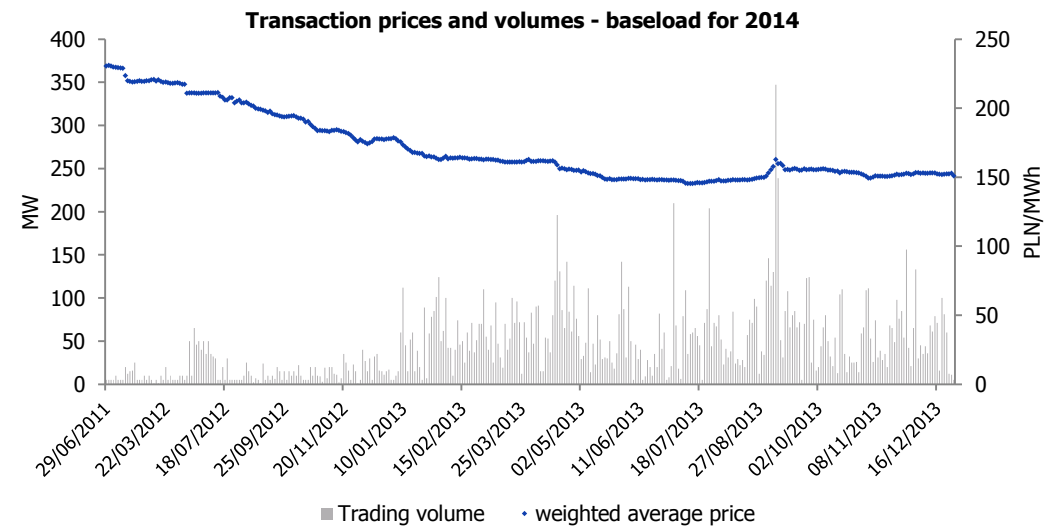
Source: Own paper based on data from PPE.

On the forward market in H1 2013 the downward trend continued. In September prices tried to soar but after an incremental growth prices suddenly collapsed coming back to the levels from before the growths. From that moment till the end of the year the most liquid product, BASE Y-14 was in the sideways trend between the price levels of 150.00 PLN/MWh and 155.00 PLN/MWh. Finally, BASE Y-14 ended quotations on the level of 151.00 PLN/MWh (transaction on TFS) i.e. by 18.50 PLN/MWh lower than BASE Y-13.

Table 2. Prices on the forward market

Product	Price at the end of quotations [PLN/MWh]	Change yoy [%]	Average price from quotations [PLN/MWh]	Change yoy [%]
BASE Y-12	201.65	-	202.62	-
BASE Y-13	169.50	↓15.9	191.23	↓5.6
BASE Y-14	151.00	↓10.9	160.27	↓16.2

Source: Own development based on data from PPE and TFS.

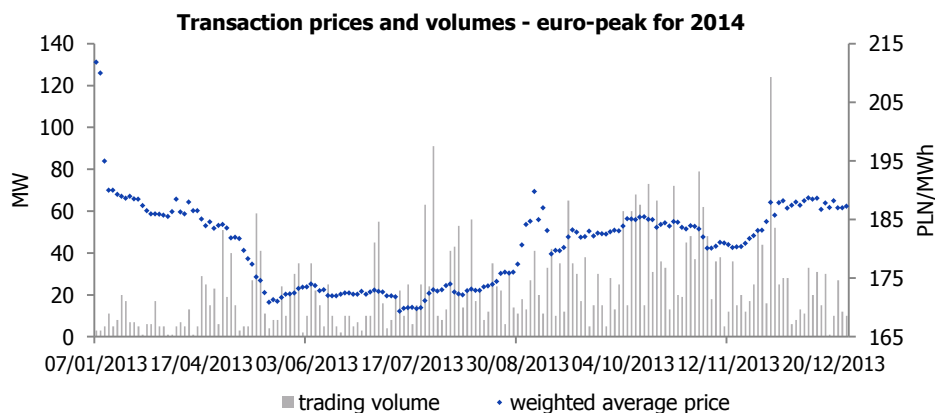


Source: Own development based on data from PPE and TFS.

A higher activity of market participants was noted and increasing of both the volume of speculative transactions and open positions on BASE Y-14 at the end of the year:

- at the end of BASE Y-14 instrument quotations on PPE open positions totalled to 7,993 MW (in comparison with BASE Y-13 there was a growth by 41.0% yoy),
- in the case of PEAK Y-14, contrary to BASE Y-14, there was a drop in open positions yoy by 11.3% (in comparison with PEAK Y-13) - at the end of 2013 open positions for PEAK Y-14 totalled to 2,008 MW,
- comparing the total volume of trading in annual contracts in the whole period of their quotation the volume grew by over 36.0% (the total turnover on BASE Y-14 amounted to 15,711 MW, and on BASE Y-13 11,532 MW).

The price of PEAK Y-14 was slightly different than for BASE Y-14. After a downturn phase which lasted till May 2013 there was a regular growth in the value till the end of the year. The last transaction was concluded at 187.25 PLN/MWh.

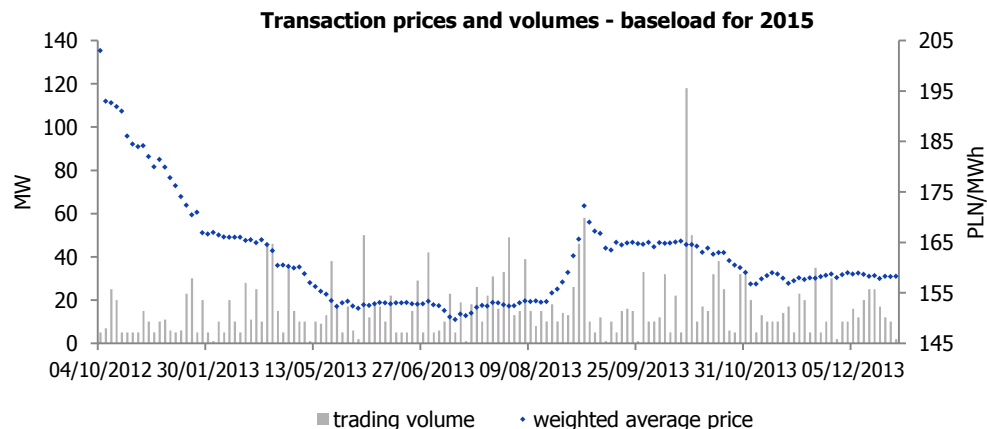


Source: Own development based on data from PPE and TFS.

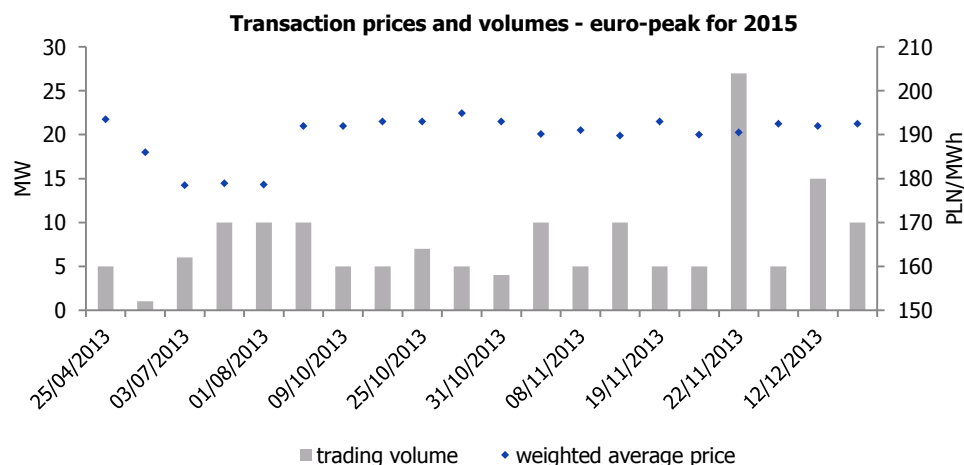
BASE Y-15 was similar to BASE Y-14 contract. After a downturn trend in H1 2013 in H2 the contract price was in the sideways trend. At the end of the analysed year BASE Y-15 as on the level of 158.30 PLN/MWh. The spread between BASE Y-15 and BASE Y-14 products amounted to 7.30 PLN/MWh (calculated to closing prices).

In 2013 transactions were also concluded for PEAK-15 product, however because of a remote delivery horizon the trade volume was relatively low.

Despite decreases in energy prices on the wholesale market the first signs may be noticed of a possible turning back of the trend on the energy market. It is indicated by better macroeconomic ratios and relatively good prognosis of the situation for subsequent years which may result in a greater demand for electricity in Poland. Additionally, a regularly increasing demand for electricity, with the generating capacity getting older and older and lack of new capacities in the system, may result in a situation that the price pressure will be greater an greater.



Source: Own development based on data from PPE and TFS.



Source: Own development based on data from PPE and TFS.

Obligations with respect to obtaining energy certificates of origin

In accordance with the regulations being in force energy companies selling electricity to end users in 2013 were obliged to obtain and redeem the following types of certificates of origin:

- "green" certificates - obligation on the level of 12.0% of sales to end users,
- "violet" certificates - obligation on the level of 0.9% of sales to end users,
- energy efficiency certificates, the so-called "white" certificates.

In 2013, despite prior announcements, no legal regulations were adopted which would prolong the system of support for cogeneration certificates, so called "yellow" and "red" certificates. Below the structure of contract award procedure was presented for particular proprietary interests in 2013 (PPE listed "yellow" and "red" products despite no such obligation).

Table 3. Prices on the market of certificates of origin

	Average price in 2013		Change towards 2012		Maximum price PLN/MWh	Minimum price PLN/MWh
	PLN/MWh	%	PLN/MWh	%		
OZEX ("green" proprietary interests)	151.05	↓16.8	↓30.4		170.00	85.00
OZEX_A ("green" proprietary interests)	171.18	↓33.1	↓84.6		211.58	100.48
KGMX ("yellow" proprietary interests)	118.27	↓4.8	↓5.97		125.85	43.73
KECX ("red" proprietary interests)	2.70	↓65.8	↓5.16		5.32	0.20
KMETX ("violet" proprietary interests)	58.24	↑1.0	↑0.58		59.40	56.32
EFX ("white" proprietary interests)	no transactions	-	-		-	-

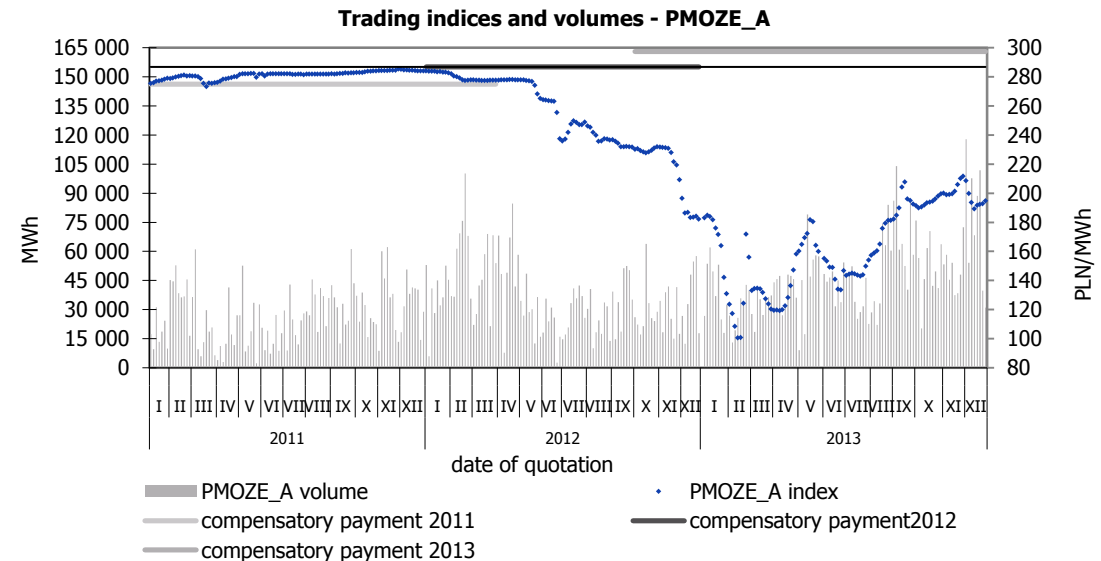
Source: Own paper based on data from PPE

The key event on the market of certificates of origin in the previous year was a collapse of prices of "green" certificates. Prices of certificates had been decreasing since Q2 2012, yet only a year after they reached historically lowest levels. The cause for this collapse was information on a huge oversupply of green certificates. A factor affecting a growth in "green" certificate prices is suspension of issuing certificates by the President of ERO, which results in an artificial undersupply.

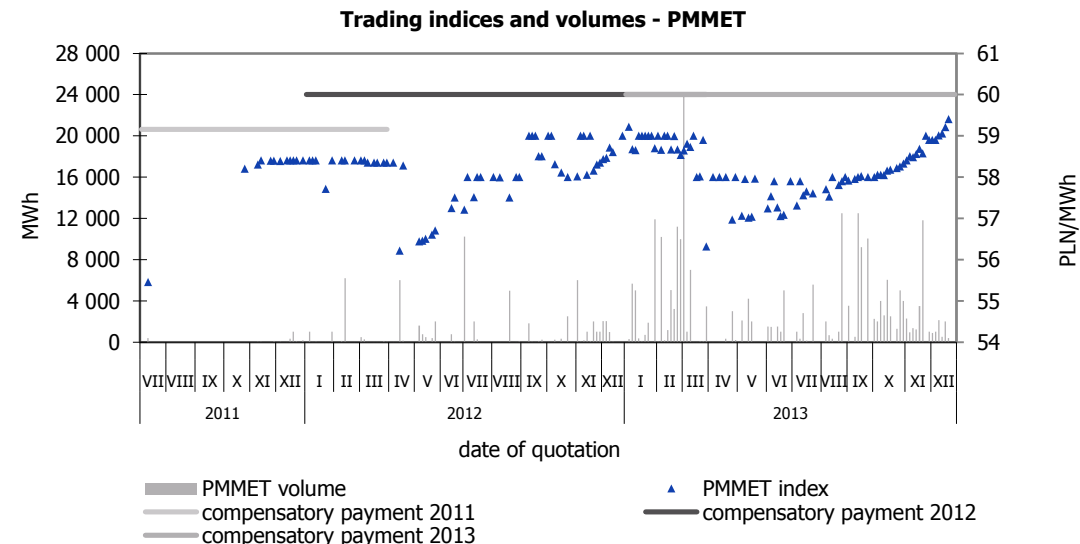
The RES market awaits new regulations. Legislative changes adopted within the act called a small "tri pack" introduced e.g. new categories of market participants: prosumers and industrial recipients.

The situation on the market within "violet" certificates may be deemed stable. Demand for the certificates exceeds the supply, therefore the price was not subject to abrupt price fluctuations and is on a level slightly lower than the alternate price.

For the first time in 2013 new instruments appeared which aim at the support of energy efficiency, the so called "white" certificates. Proprietary interests resulting from "white" certificates were traded on the Polish Power Exchange on 4 November 2013, however the first transaction on this instrument was concluded in the beginning of January 2014.



Source: own development based on the data from PPE, the levels of unit compensatory payment acc. to the information from the President of ERO.



Source: own development based on the data from PPE, the levels of unit compensatory payment acc. to the information from the President of ERO.

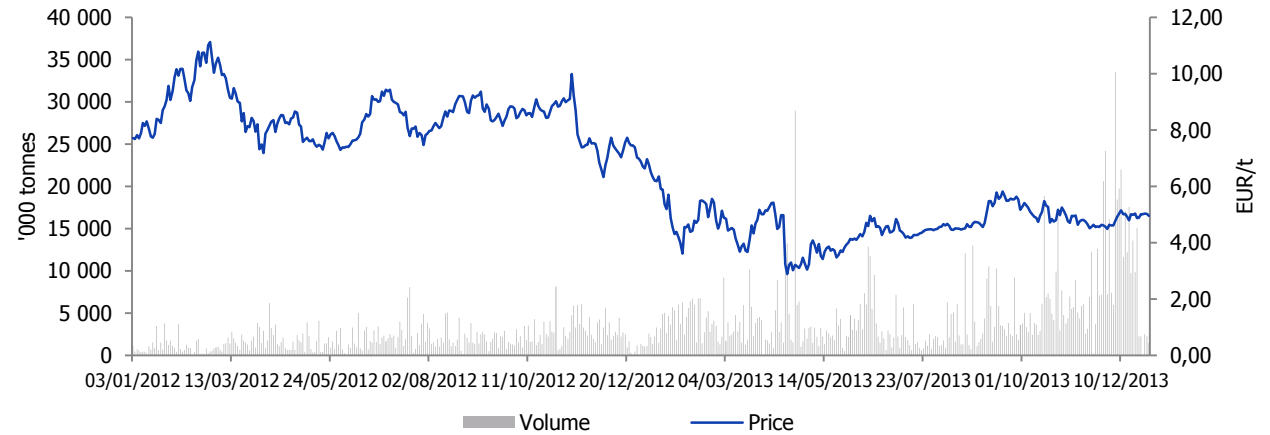
Limits of CO₂ emission allowances and their market prices

The market of allowances for emissions of CO₂ during the whole 2013 was strongly dependant on political decision made in the European Union.

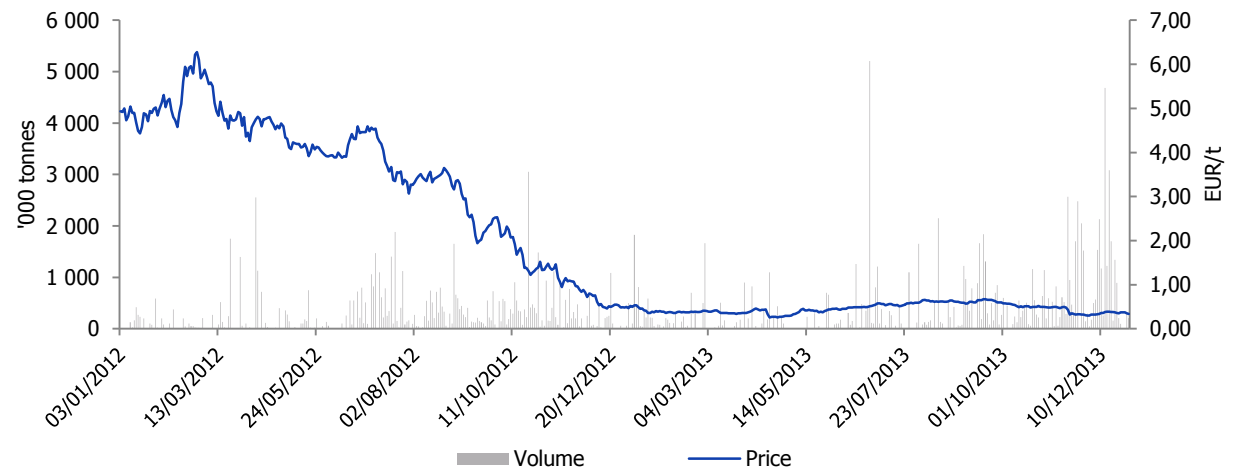
- A dominant cost factor of the previous year was market uncertainty closely related to the so called backloading. Backloading is a temporary withdrawal of some part of allowances from auctions during the first years of the 3rd settlement period for the last years of this period. The key problem of the European Commission was solving the problem of oversupply of allowances for emissions of CO₂ on the market.
- In December 2013 the European Parliament decided to shift 900 mln allowances for emissions of CO₂ from 2013-2015 to a later period of the 3rd settlement period (2013-2020) of the EU ETS European Emissions Trading System. Another step towards implementing the document adopted by the European Parliament was a December vote of the Council of the European Union where the proposal of backloading gained approval of the member states' ministers. As a result of delays in the implementation of backloading the preliminary proposal assuming postponing the first tranche of allowances already in 2013 became obsolete. Present projects assume postponing of allowances during 2014-2015 or 2014-2016 and their return to the market during 2019-2020.
- Works were also in progress over the determination of long-term objectives in the policy relating to the environment protection. Increasing the objective or works over increasing the objective of CO₂ emission reduction may contribute to a higher uncertainty on the market and growth in the price of allowances for emissions of CO₂.

During the previous year a great drop in the value of allowances was noticed.

- The price of EUA allowances on the closing of the last day of 2013 (based on Dec-14 contract on ICE exchange) amounted to 4.95 EUR/t. At the beginning of the year the units of the same contract amounted to 6.87 EUR/t, which constitutes as much as a 28% drop in the value over a year.
- The value of CER units in Dec-14 futures contracts during the last year amounted to 0.34 EUR/t, which in relation to the price from the beginning of 2013 0.48 EUR/t corresponds to a 29% loss.



Source: Own development based on data from BlueNext and ICE.



Source: Own development based on data from BlueNext and ICE.

Table 4. EUA and CER price change

Product	Price [EUR/t]		Change %
	Beginning of January 2013	End of Dec 2013	
EUA Spot	6.37	4.84	↓ 24.0
CER SPOT	0.19	0.32	↑ 68.4
EUA Dec-14	6.87	4.95	↓ 27.9
CER Dec-14	0.48	0.34	↓ 29.2

Source: Source: own development based on data from ICE.

Because of planned changes in the EU ETS system the drafted changes in the climate and energy package of the European Union, the market of allowances for emissions of CO₂ will remain the factor significantly affecting prices of electricity.

Apart from quotations of EUA on the spot and futures market a significant role was played by the primary auction market:

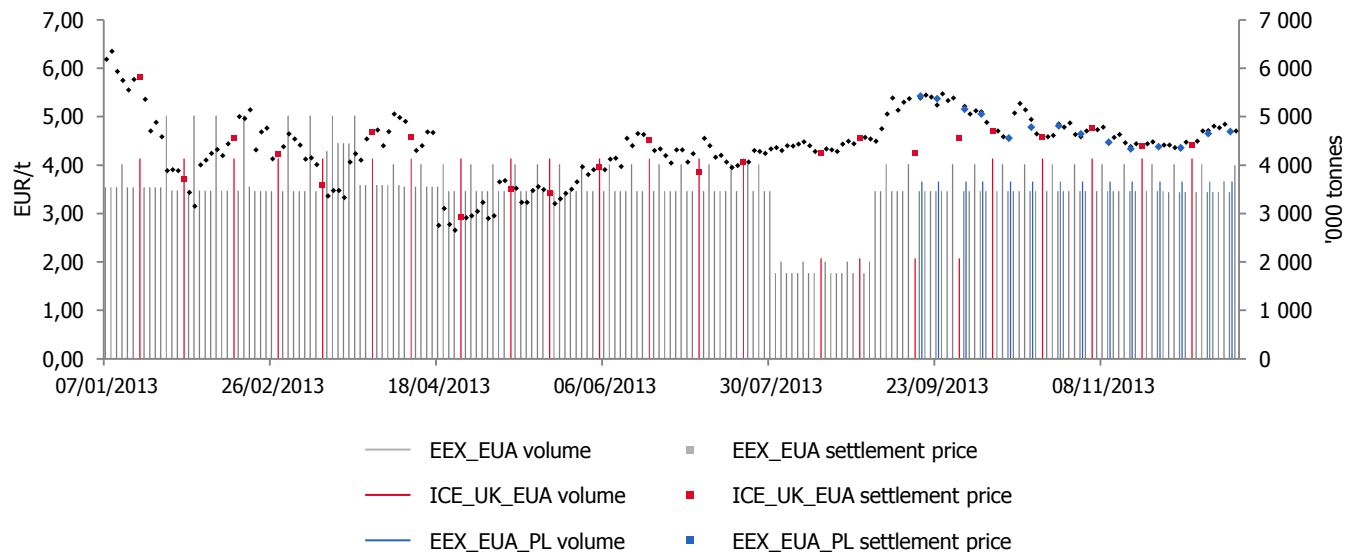
- Totally, auctions on EEX and ICE provided the market with allowances to over 779 mln units of CO₂ emissions.
- the average price on EEX auctions amounted at that time to 4.40 EUR/t (fluctuating between the minimum of 2.65 EUR/t and the maximum of 6.35 EUR/t).

EUA and CER quotations
- closing prices on SPOT market



Source: Own development based on data from BlueNext and ICE.

Auctions for the 3rd settlement period - settlement prices and volumes



Source: Own development based on data from EEX and ICE.

Development strategy of the Capital Group

Mission Enhancing the Group's value through building Customer confidence

Vision Fully integrated energy group building its competitive advantage through flexible responding to market needs and efficient resources management

Strategic goals

Pursuant to the approved Corporate Strategy of ENEA Capital Group for 2014-2020 the key goals of operations during the subsequent years will be:

- higher value for shareholders,
- building long-lasting relations with customers,
- growth in profitable areas,
- better efficiency,
- optimal use of the organisation's potential.



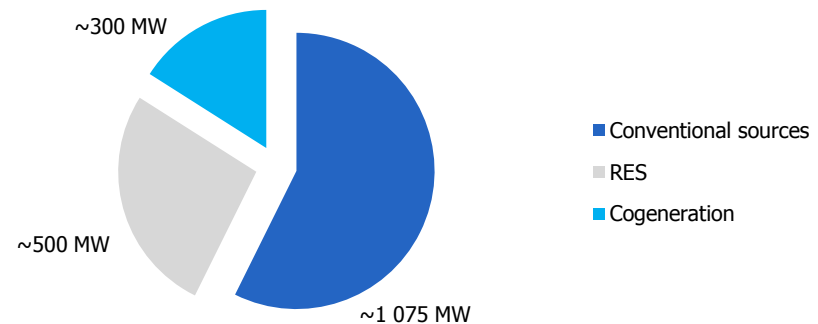
Within the superlative goal, i.e. higher value for shareholders, the Group will pursue to improve the core financial ratios. We anticipate that in the perspective of the Strategy ROE and ROA will reach 10% and 5%, respectively.

The growth path in profitable areas will be realised through building a complete generating portfolio. The Group will pursue to develop generating capacities to the level of additional 1,075 MWe in the segment of system power plants in 2017. In 2020 we plan to additionally achieve ca. 500 MWe power from RES and ca. 300 MWe and 1,500 MWt in cogeneration sources and heating networks.

The map of strategic goals of ENEA CG was built based on the Balanced Scorecard (BSC) concept.



Additional generating capacities in ENEA CG till 2020



A growth in profitable areas will also take place through allocation of funds to distribution. The objective will be an optimum use of the resources through:

- implementation of a programme enhancing reliability and reducing network failure rate,
- implementation of a programme on the development of intelligent network network, reduction in the volume of electricity needed to cover losses.

The last element of the development in profitable areas is realisation of the goal within a growth of the margin on product sales. The goal will be realised by initiatives undertaken both by the sales area and wholesale area.

Enhanced efficiency of the Group will be realised through concentration on the core operations. We will pursue facilitation of the process of internal and external customer customer service. As a consequence it will lead to an annual reduction in the costs of customer service. Additionally, the Group will try to optimise fixed costs.

The realisation of the indicated paths will not be possible without an optimum use of the organisation's potential. improvement of the management model will take place through a further integration of the Group, e.g. by:

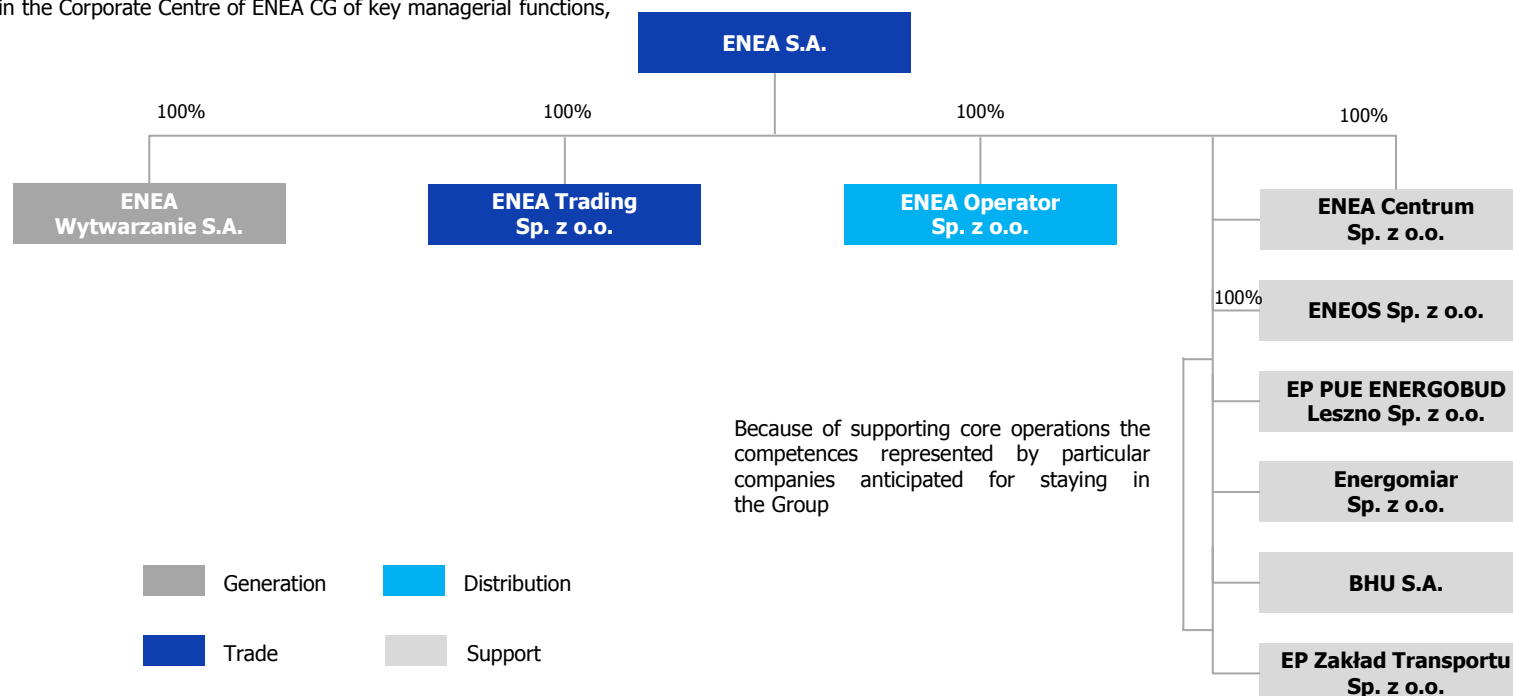
- implementation of the business model covering the integration of business areas,
- centralisation within the Corporate Centre of ENEA CG of key managerial functions,

- reorganisation of the areas of support, including through the implementation of the Shared Service Centre (SSC) for selected support and service functions, i.e.:
 - customer service,
 - IT,
 - finance and accounting,
 - human resources,
 - logistics (including purchases).

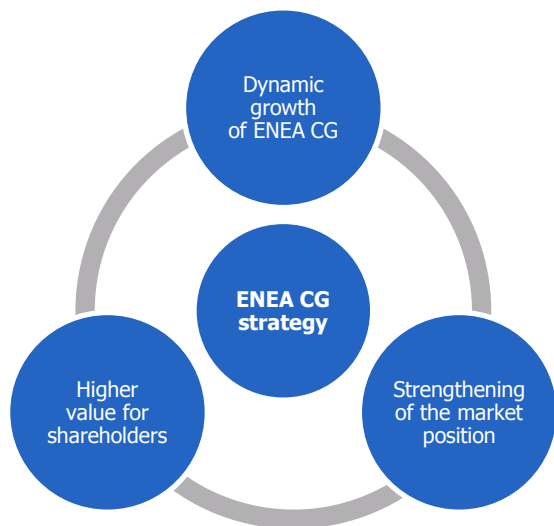
Additionally, the Group will build the organisational culture focused on the needs of internal and external customers.

Target organisation of ENEA Capital Group

The target capital structure of ENEA CG reflects the adopted direction of concentration on the core operations. The Group will perform restructuring activities within functioning of entities whose scope of operations is not connected with the operations of a power engineering company. The objective is keeping in the structure only those companies from the basic value chain and companies supporting them. In the target structure particular business areas within the core operations are represented by single companies.



Generation	Wholesale trading
<ul style="list-style-type: none"> • Holding generating capacity at least on the current level. • Development (including acquisitions) of RES, cogeneration generation sources and heating networks. • Decision on subsequent investments in system sources. 	<ul style="list-style-type: none"> • Development of wholesale. • Raising efficiency. • New directions of operations (prop-trading).
Sales	Distribution
<ul style="list-style-type: none"> • Gaining new customers in the whole country. • Growth in margin through: <ul style="list-style-type: none"> • Widening of the product and service offer matched to customers, • Optimisation of customer service costs, • Building an optimum sales network. 	<ul style="list-style-type: none"> • Investments and actions directed at improving quality ratios of network operation - SAIDI and SAIFI. • Smart grid development.

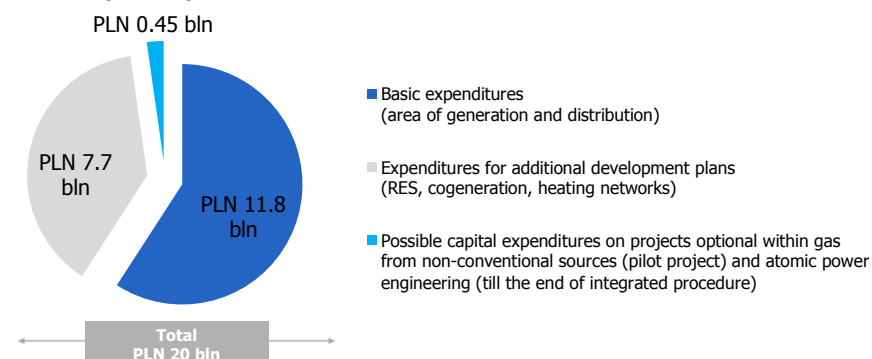


Capital expenditures

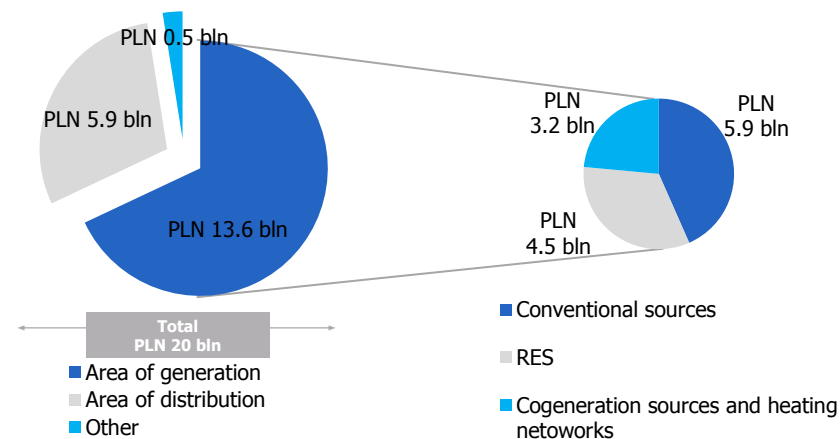
Realisation of the investments planned by ENEA Capital Group during 2014-2020 requires incurring total capital expenditures in the amount of PLN 20 bln. Within the analysed volume of capital expenditures (prices of 2013, with no costs of financing) two key positions may be separated:

- amount for the development of the area of generation and distribution in the so called base quantity, i.e. PLN 11.8 bln,
- additional expenditures covering the development of RES, cogeneration and heating networks, i.e. PLN 7.7 bln.

Capital expenditures of ENEA CG for 2014-2020



Within the areas of our operations we assume that expenditures in the segment of generation will be dominating.



Planned capital expenditures will be covered from own sources and obtained debt financing.

Activities and investments implemented in ENEA

Trade

In 2013 in the Area of Sales the works within the adopted in 2012 "Sales Strategy of ENEA S.A. within retail trade for 2013-2016" were continued. The Strategy anticipates reversing the downward trend observed during 2009 and 2010.

The pillars of the strategy are:

- expansion of retail sales,
- customer service efficiency,
- wholesale efficiency.

Within the first strategy pillar the following initiatives were implemented:

- reorganisation of the Department of Sales was performed in order to increase operating efficiency,
- a project of development of the Indirect Sales Channel aiming at the launching of active sales to customers,
- two sales points of ENEA S.A. beyond the area of operations of ENEA Operator were opened,
- new products were implemented in order to expand to "external" markets to build relations with G tariff group customers and customers in business segments,
- A project of ENEA S.A.'s organisation preparation to trade in natural gas was launched - with the goal of building customer attachment through the offer of combined sales of gas and electricity and achieving a growth in the competitiveness of the sales offer,
- the incentive scheme for the area of sales, was developed and implemented.

Within the second strategy pillar the following initiatives were implemented:

- widening of the Call Center,
- optimisation of the debt collection process,
- performance of the process of takeover of back-office servicing for Poznań by ENEA Centrum from ENEA Operator,
- transfer of the after-sale service of TPA (Third-party access) customers to ENEA Centrum from After-Sale Customer Service Point in ENEA,
- transfer of TPA agreements for the inclusion in the enPort information system and also extension of the registration of agreements in enPort with direct sales.



Area of Customer Service

In 2013 the following strategic activities were undertaken relating to the customer service area:

- the process of developing was commenced, based on the existing subsidiary ENEA Centrum, of the Shared Service Centre in ENEA CG,
- the implementation agreement for the new billing system and CRM concluded with Infovide – Matrix S.A. was withdrawn from.

The goal of establishment of SSC in the area of customer service is a growth in the professionalising and gradual standardisation of processes of common customers of trade and distribution. SSC will be the key organisational tool. The objective is to raise the professionalising and unification of selected process areas and implementation of a new model of organisation of the customer service area.

The key business goals of the Customer Orientation Programme cover:

- designing and implementation of the customer service function common for the areas of trade and distribution,
- growth in the level of customer satisfaction measured with the annual growth of CSI ratio,
- implementation of IT solutions supporting the customer service,
- standardisation, raising the quality and efficiency of customer service process realisation,
- lowering of unit costs of mass customer service.

The effects of implementation of the above Programme from the customer perspective will be as follows:

- creation of one contact centre, in which a customer may handle all the matters connected with the service rendered by ENEA CG,
- launching remote channels of contact of customer with ENEA CG,
- improving and raising the service quality.

In 2013 works were realised connected with:

- defining detailed business strategies,
- defining the scope of particular programmes,
- creation of designing structures,
- nomination of managers of particular programmes and projects,
- preparation of work schedules.

Additionally, within the creation of SSC the following was concluded:

- Memorandum of Understanding relating to a common realisation of the process of creation of the Shared Service Centre in ENEA CG regulating the principles of co-funding by ENEA CG Companies of SSC construction,
- The Frame Agreement for rendering services by the Shared Service Centre of ENEA CG regulating the general principles of rendering services for the account of ENEA CG by ENEA Centrum in the areas covered with the process of SSC establishment,
- The accounting and financial services card concluded between ENEA Centrum and ENEA regulating detailed principles of rendering by ENEA Centrum accounting and financial services on order of ENEA,
- Customer Service Card - describing the way and principles of rendering by ENEA Centrum of servicing of ENEA's customers.

The above documents constitute basis on which the process of SSC development will be continued.



Area of Wholesale Trade

Works realised in 2013:

- Strategy of functioning of the area of wholesale trade of ENEA CG for the subsequent three years was updated. The document, cyclically prepared in ENEA Trading, covers the mode of wholesale of electricity, proprietary interests and allowances for emissions of CO₂ for the needs of particular companies of ENEA CG,
- The process of preparations to new cooperation principles within the Group, extending the scope of ENEA Trading's competencies with direct access to the market of allowances to emissions of CO₂ both on the SPOT and futures market,
- The process of takeover of competencies connected with the trade in production fuels for the generating sources of the Group was completed. Centralisation in one entity, i.e. ENEA Trading, of the management of the first contribution margin in generation and managing commercial risk on the level of the wholesale market, enables optimisation of activities and business processes in the Group,
- Support of ENEA Operator by ENEA Trading in the process of acquisition by ENEA Operator of electricity for covering own needs and the book-tax difference, in particular within preparation of market analyses constituting the support of decision making processes and within relations with contractors,
- Development was commenced of an advanced IT tool aiding the fundamental model based on scenario based market price forecasting,
- Works were realised connected with the preparation to trading in natural gas on the wholesale market. In February 2013 the company signed an agreement with Dom Maklerski TRIGON on its representation on the Polish Power Exchange.
- The first transaction was concluded on the gas market organised by the Polish Power Exchange, compliant with the requirements of the licence for Trading in Natural Gas (OPG),
- The process was commenced of searching for possibilities of purchasing gaseous fuel in Poland or on the Polish-German border from a reliable contractor from a gas industry possessing own extraction in the Western Europe. Presently, possibilities are analysed of purchasing natural gas on the Polish Power Exchange where sales will be shortly commended by PGNiG S.A. within the realisation of the exchange obligation. Additionally, business negotiations are in progress within possibilities of cooperation with other state owned enterprises within wholesale of natural gas,
- Works are being terminated aiming at obtaining a full access to the wholesale market of natural gas. In November 2013 ENEA Trading, as the second company in Poland was admitted to the Commodity Derivatives Market by PPE as a direct participant.
- The first frame agreement was concluded regulating wholesale trading in natural gas with a foreign entity, thanks to which ENEA Trading gained an indirect access to the possibilities of importing gaseous fuel abroad. Additionally, negotiations are in progress relating to the conclusion of frame agreements for trade in natural gas with the largest Polish and foreign concerns from "Oil&Gas" sector. Agreements are to diversify the risk and optimisation of costs of purchasing gaseous fuel.

Financing sources of the investment programme

The Programme Agreement on the bond issue programme up to the amount of PLN 4,000,000,000

Within the realised project "Obtaining financing for the implementation of investment projects in ENEA CG", ENEA S.A. holds a concluded programme agreement relating to the bond issue programme up to the amount of PLN 4,000,000 thou. with five banks being issue Guarantors, i.e.: PKO BP S.A., Bank PEKAO S.A., BZ WBK S.A., Bank Handlowy w Warszawie S.A. and Nordea Bank Polska S A. The funding is unsecured and free from limitations for shareholders within the so called ownership clause and dividends.

The funds gained from commercial banks are designated for the realisation of investment projects in ENEA CG, including e.g. for the construction of the 1,075 MWe gross supercritical bituminous coal fired power unit, which is constructed within the operations of ENEA Wytwarzanie.

In accordance with the Programme Agreement the Company is obliged to maintain a level of the financial indicator specified in the agreement: net debt/EBITDA relating to the amounts resulting from the consolidated financial statement. As at the date of preparation of this financial statement the above condition is fulfilled.

As at 31 December 2013 ENEA S.A. did not issue bonds within the above Programme, ENEA S.A. plans the issue of bonds within the said Programme Agreement in Q1 2014.

Investment loan from the European Investment Bank

On 18 October 2012 ENEA S.A. concluded a Financial Agreement with the European Investment Bank providing for granting to ENEA S.A. of a loan in the amount of PLN 950,000 thou. or its equivalent in EUR. On 18 June 2013 another agreement was concluded with the European Investment Bank for loan "B" tranche for the amount of PLN 475,000 thou. The funds in the total amount of PLN 1,425,000 thou. gained from the loan are designated for the funding of a multiannual investment plan regarding the modernisation and extension of the power grids of ENEA Operator Sp. z o.o. The loan repayment period is up to 15 years from the planned disbursement of the facility.

Within "A" tranche ENEA S.A. drew the funds from the loan in the amount of PLN 780,000 thou. The currency of the released loan is Polish zloty, floating rate, based on WIBOR rate for 6-month deposits increased with the Bank margin.

Additionally, ENEA S.A. continues parallel talks with the European Bank for Reconstruction and Development ("EBRD") concerning the possibility to obtain an unsecured long-term financing for the implementation of the investment programme with regard to the area of electricity distribution. The funds for which ENEA S.A. applies in EBRD would be, beside the funds gained from EIB, one of the basic sources of financing of the investment programme in the area of electricity distribution during 2012-2017.

Events occurring after the balance sheet date:

On 21 January 2014 ENEA S.A. released the second tranche of the loan from the European Investment Bank, in the amount of PLN 170,000 thou. The currency of the released loan is Polish zloty, floating rate, based on WIBOR rate for 6-month deposits increased with the Bank margin. On 22 January 2014 the said amount was fully distributed through the acquisition of four intergroup bonds of EPO_E2 series issued by ENEA Operator Sp. z o.o.

A strong position of the Group on the Polish power market and a reasonable financial policy confirmed with the rating have a significant meaning for obtaining



ENEA S.A. notices the advantages of market bond issue programmes as a complementary source of capital. Therefore it plans to undertake actions aiming at conclusion in the future of relevant agreements which would enable bond issue for institutional investors. Because of the investment plan realised within the Strategy of ENEA CG, during the coming years ENEA S.A. plans to take an active part on the market of debt securities.

Additionally, on 17 January 2014 an annex No. 1 was signed to the Bond Issue Programme Agreement for the amount of PLN 746,000 thou. concluded between ENEA S.A. and ENEA Wytwarzanie S.A. (Issuer) and mBank S.A. (formerly: BRE S.A.) as the Organiser, Issue Agent, Payment Agent and Depositary. The above annex to the agreement increased the amount of the Bond Issue Programme to the amount of PLN 936,000 thou., i.e. by PLN 190,000 thou. ENEA S.A. on 22 January 2014 took up 5th series of bonds in the total amount of PLN 190,000 thou. issued within the said programme.

On 28 January 2014 the Companies of the Tax Capital Group of ENEA concluded with PEKAO S.A. and Bank PKO BP S.A. agreements for a comprehensive bank service within which ENEA S.A. and Bank PEKAO S.A. concluded an agreement for a loan in the current account for the amount of PLN 300,000 thou. and with Bank PKO S.A. it concluded an agreement for a loan in the current account also for the amount of PLN 300,000 thou. At the same time, with Bank PEKAO S.A. within the service an Agreement was concluded for the guarantee facility for the amount of PLN 100,000 thou. Agreements mentioned above were concluded for the period of 3 years of their execution. Disbursing of the loan and guarantee facility will occur after the conditions specified in the agreements fulfil.

Assessment of the Feasibility of Implementing Investment Plans

The financial situation of the Company provides a solid foundation for carrying out its investment plans, which can be implemented through organic development and acquiring other entities. Our balance sheet, equity and balance of pecuniary funds provide a solid financial base for investment outlays, both from our own resources and external sources. In order to use its resources efficiently, in their further investment activities (particularly in the area of acquisitions) the Company intends to make use of debt financing so as to attain leverage.

Rating

Maintaining for ENEA S.A. in April 2013 by Fitch Ratings agency of a long-term rating of an entity in domestic and foreign currency at the level of "BBB" and a long-term domestic rating at the level of "A(pol)" is of a key importance as to the investment intentions of the Group. The outlook of the ratings is stable.

The rating is an independent and reliable estimate of the creditworthiness of a company. It illustrates the strong position of ENEA on the domestic energy market and simultaneously confirms its very good economic standing, locating the Group among the entities of key importance for the sector in Central and Eastern Europe.

The rating awarded to ENEA takes into account its vertically integrated position on the Polish power market, including the leading position on the domestic electricity distribution and sales market as well as its strong position in the segment of electricity generation.



Risks and key factors of the operations

Factors connected with pursuing business activity in Poland

The results of ENEA S.A.'s activity, like our financial situation and development prospects, depend on many factors, which are influenced both by the condition of the Polish economy, regional economic situation and also atmospheric conditions.

The above factors include, e.g.: changes in the gross national product, industrial production, inflation, unemployment, average remuneration, demographic volume and characteristics of the population, development of the sector of services and industry and they also condition wholesale prices of electricity. All and any future unfavourable changes in one or several of the above factors, and in particular worsening in the condition of the Polish economy, may have a negative effect on the results and the financial situation of ENEA CG.

Additionally, the operations of ENEA CG, in the power sector, which is considered a strategic sector, may be affected by political decisions. This relates principally to the definition of the country's power policy and to structural and ownership decisions relating to power enterprises controlled by the State Treasury. These factors may have a significant and negative effect on revenues from the sale of electricity and the provision of distribution services, particularly in relation to individual consumers.

The overall condition of the economy

The growth rate of the basic macroeconomic ratios relative to the previous year is as follows:

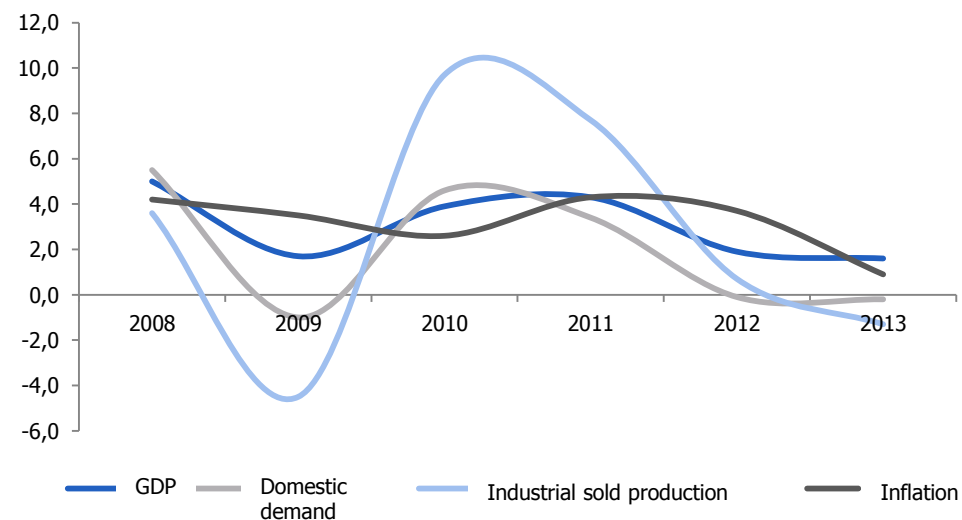
Item	unit	2012	2013*
GDP	growth in %	1.9	1.6
Value added in industry	growth in %	1.8	2.9
Domestic demand	growth in %	-0.1	-0.2
Gross outlays on fixed assets	growth in %	-1.7	-0.4
Industrial production sold	growth in %	0.7	-1.3
Average monthly gross nominal remuneration in the enterprise sector	growth in %	3.4	2.9
Unemployment rate	%	13.4	13.4
Inflation	%	3.7	0.9
Export [EUR]	growth in %	5.6**	5.8**
Import [EUR]	growth in %	1.2**	0.3**

* some figures are only estimates published by the Central Statistical Office

** data relates to the period of January-November

Factors related to economic activity

The change of selected macroeconomic indicators during the previous years was as follows:



Legal and regulatory environment

ENEA CG is exposed to a risk of changes in the legal and regulatory environment, and in particular of the law relating to the power sector, which is subject to changes. As a consequence, legal regulations are not interpreted in a uniform manner by courts or institutions of public administration. Additionally, there is no uniform law interpretation within functioning of the energy sector. There is, therefore, a considerable uncertainty as to how issues relating to the Group's operations will be resolved if they become the subject of court proceedings. Therefore, there is a risk of unexpected and unfavourable decisions that could have a negative effect on the Group's activity, financial results, financial situation or development prospects.

The Group's operations are also strongly affected by changes in taxation law. The taxation system in Poland is subject to dynamic changes that result from the need to reconcile these regulations to the requirements arising from European Union legal regulations. The nature and extent of such changes, together with difficulties of interpretation related to the application of tax law, hamper both day-to-day activity and proper tax planning. The practice of tax authorities, and court jurisdiction in this area, are not uniform, which in the consequence may have a negative impact on our operations, financial situation, financial results or growth perspectives.

Decisions of the President of the Energy Regulatory Office and tariffs

The results generated by us from operations depend on numerous legal regulations and decisions of regulatory authorities. It in particular relates to shaping of energy prices for recipients from households.

Our situation is affected mainly by the provisions of the Energy Law and regulations of the European Union (particularly from within the environment protection). Legal regulations are subject to frequent changes which we are not able to predict. A result may be no coherence of provisions based on which we are performing our operations.

The authority responsible for regulating the energy sector in Poland is the President of the Energy Regulatory Office.

The key competences of the President of ERO include approval of tariffs and controlling their application. Other authorities can also exercise substantial influence over our operations by exercising their inspection and regulatory powers. They in particular include the President of the Office for Competition and Consumer Protection and the European Commission. The inspection and regulatory powers enable to significantly influence our operations, particularly the amount of revenues that we generate. The scope of these competences may change in the future.

Tariffs for household recipients connected to ENEA Operator's grid are approved by the President of ERO. They are calculated based on elements whose height characterises with a large level of discretionary nature on the side of the President of ERO. Some elements of tariff calculation are determined based on the economic models adopted by the President of ERO and based on other assumptions. They may not include actual costs of operations and as a result may negatively affect the level of margin we obtain.

On entry into force of the Tariff for households for 2014, recipients covered with the tariff approved by the President of ERO gained rights to choose the market offer of ENEA.

New legal regulations within RES

Co-firing of biomass with coal is presently a leading technology of generation of electricity from RES in Poland (around 45%). A dynamic development is mainly a result of the support of the state in the form of certificates of origin ("green certificates") with relatively low investment costs. A further development of co-firing of biomass with coal will depend on the level of profitability of electricity production from these sources. This in turn depends on the correlation between the price of electricity, level of support, thus the market price and the method of calculation of certificates of origin, and costs of production, i.e. mainly the price of biomass used for co-firing.

If the new Law on RES introduces correction coefficients or specifies time limits for rights to certificates a real reduction in the support will occur. The level of support limitation will directly translate into the lowering of the number of operated installations, lowering of levels of electricity production in the technology and a decline in the supply of generated certificates. The objective of investors will be other, more economically attractive sources of RES.

Long-term contracts

Detailed description of Long-term Agreements is to be found in note No. 45 of the Consolidated financial statement.

The regulatory value of assets.

RAB (regulatory asset base) is the value of assets engaged in the distribution activity. It is used to calculate the distribution tariffs. The initial RAB providing the basis for further calculations will be estimated on the basis of the lost revenue method, i.e. on the basis of a determination of the value of the loss that the Distribution System Operator would incur if it were deprived of its network assets. The initial value of RAB was specified as at 31 December 2008. The method of its calculation is determined in the study

of the President of ERO of 19 November 2008 titled "Method of determining the regulatory asset base and return on the engaged capital".

Market liberalisation

In connection with electricity market liberalisation and increasing competition in this area, ENEA S.A. is exposed to the risk of losing customers within sales of electricity. As of 1 July 2007, all electricity customers are entitled to choose an electricity seller. The risk therefore exists that other energy companies will offer our customers more favourable terms. The effect may be takeover of our customers, which could lead to a decline in our revenues. If our present customers choose another electricity seller, the Group will continue to obtain revenues from energy distribution to recipients connected to our distribution network.

2013 demonstrated on the energy market that the awareness of a possibility of changing the seller is growing dynamically. It relates to both business customers and households. The activities of the President of ERO aiming at activation of energy recipients bring more and more effects. For full market liberalisation what is lacking is only deregulation of prices of electricity for households.

Type of customers	Number of customers	Change yoy
Commercial	91 585	140%
Households	127 523	167%
TOTAL	218 994	154%

Source: ERO, state as at 11 November 2013.

ENEA S.A. is an active participant on the competitive market and engages in activities aimed at selling energy to customers connected to the grids of operators other than ENEA Operator. In 2013, we sold about 2.3 TWh of electricity to such customers.

Licences

Company	Licence for:
ENEA S.A.	<ul style="list-style-type: none"> trade in electricity valid till the end of 2025, trade in gaseous fuels valid till the end of 2030.
ENEA Trading Sp. z o.o.	<ul style="list-style-type: none"> trade in electricity valid till the end of 2030, trade in gaseous fuels valid till the end of 2030. trade in natural gas with abroad valid till the end of 2030.

Court and administrative proceedings

As at the date of publication of this report, no proceedings are underway regarding liabilities or claims, the party to which would be ENEA S.A. or its subsidiary, whose single or total value would amount to 10% or more of ENEA S.A.'s equity.

The detailed description of the proceedings is to be found in note No. 50 of the Consolidated financial statement.

Risks connected with the possibility of strategy realisation

The implementation of our strategy is affected by a number of factors, the majority of which is beyond our control, in particular:

- decisions of our majority Shareholder, i.e. the State Treasury,
- activities undertaken by our competitors,
- changes in the law being in force, in particular within Energy Law and environment protection,
- regulations of the European Union,
- legal provisions imposing an obligation on us to obtain and present certificates of origin to the President of ERO for redemption, confirming: (i) that electricity is being generated in renewable sources; and (ii) that electrical energy is being generated in combination with heat generation (cogeneration) or, if certificates of origin are not obtained or presented for redemption in the required quantity, the payment of compensatory charges.

- level of allocated allowances for emissions of CO₂ and other gases and substances for the specified settlement period,
- dependence of modernisation of the generating capacity and making new investments in generating assets on weather conditions, the course of construction, repair and modernisation works, increases in the planned costs of investments, market conditions and the need to obtain necessary permits,
- necessity of ensuring relevant financing under terms favourable for us, which are affected by numerous factors, in particular: general market conditions and situation on capital markets, availability of bank loans, investor confidence, financial position of the Company and tax regulations,
- the condition of the Polish economy and the regional economic situation, and in particular: growth or decline in the gross national product and industrial production, inflation, unemployment and in average wages and salaries, the size and demographic structure of the population, and also the development of the services sector and industry.

As a result, we could be forced to postpone the achievement of certain strategic goals, as well as to reduce or forgo planned investment outlays. This may have a material effect on our operations, financial standing, financial results or development prospects.

Collective disputes and agreements

ENEA S.A.

Approximately 45% of ENEA's employees belong to trade unions. ENEA S.A. reported occurrence of a collective dispute as of 7 September 2009 concerning the planned privatisation of the Company in the National Labour Inspectorate in Poznań. Taking into account that within the initiated procedure the State Treasury did not dispose of the held shares in the share capital of the Company and because of the termination of the aforementioned process in 2009, the dispute became unsubstantiated. Thus, the removal of the said dispute was requested at the National Labour Inspectorate in Poznań.

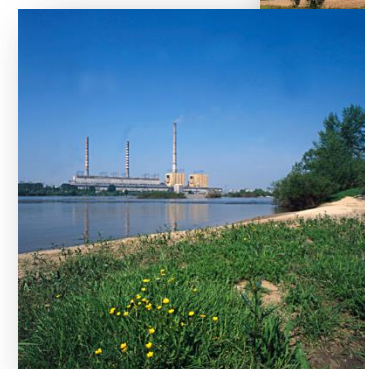
Environmental protection

Existing and changing conditions within the environment protection may force us to incur additional capital expenditures. It may result in bearing liability by us, imposing penalties on us or withholding operation of some installations.

Our activities have a significant effect on the natural environment and require possession of a series of permits to make use of the environment. ENEA Wytwarzanie holds an integrated permit obtained with the decision of the Voivoid of the Mazowieckie Province of 20 December 2005, along with further amended decisions and amending provisions. The permit is in force till 20 December 2015.

Failure to comply with the provisions of permits, or rescission of those permits, can lead to our incurring liabilities, to penalties being imposed on us, or to suspension of the operation of certain facilities.

Also, activities of ENEA Operator require regular measurements of electromagnetic field emissions when commissioning investments as well as certain permits to generate waste.



Presentation of the financial position of ENEA S.A.

Financial results of ENEA S.A. in 2013 and Q4 2013

Profit and Loss Statement

[PLN '000]	2012	2013	Change	Change %	Q4 2012	Q4 2013	Change	Change %
Sales of electricity to end users	4 114 916	3 540 437	-574 478	-14.0%	1 026 298	890 883	-135 415	-13.2%
Sales of distribution services to users holding comprehensive agreements	1 588 583	1 514 422	-74 161	-4.7%	392 801	371 107	-21 695	-5.5%
Sales of electricity to other entities	168 540	37 328	-131 212	-77.9%	52 651	14 561	-38 089	-72.3%
Sales of services	65 214	66 265	1 051	1.6%	18 229	18 119	-111	-0.6%
Other revenue	16 084	-2 461	-18 545	-115.3%	9 902	10 738	835	8.4%
Excise tax	193 998	204 217	10 219	5.3%	38 874	53 620	14 746	37.9%
Net sales revenues	5 759 339	4 951 774	-807 565	-14.0%	1 461 008	1 251 788	-209 220	-14.3%
Amortisation/depreciation	16 878	17 873	995	5.9%	4 304	4 405	101	2.3%
Employee benefit costs	64 324	52 215	-12 109	-18.8%	19 389	23 926	4 537	23.4%
Consumption of materials and energy and value of sold materials	4 199	3 702	-497	-11.8%	1 113	776	-337	-30.3%
Costs of purchases for resale	3 727 174	2 995 827	-731 347	-19.6%	948 675	836 382	-112 293	-11.8%
Cost of providing distribution services for the performance of comprehensive agreements for the provision of electricity and distribution services	1 595 649	1 518 682	-76 967	-4.8%	396 023	377 332	-18 691	-4.7%
Other outsourced services	197 601	175 312	-22 289	-11.3%	38 287	48 521	10 234	26.7%
Taxes and charges	8 486	9 333	847	10.0%	1 939	1 837	-102	-5.3%
Cost of sales	5 614 311	4 772 944	-841 367	-15.0%	1 409 730	1 293 179	-116 551	-8.3%
Other operating revenue	11 344	59 331	47 987	423.0%	3 974	23 188	19 214	483.5%
Other operating expenses	42 838	15 947	-26 891	-62.8%	7 862	-20 075	-27 937	-355.3%
Profit / loss on sales of fixed assets	1 786	-495	-2 281	-127.7%	-400	-459	-59	-14.8%
Tangible and intangible impairment write-off	0	-11 363	-11 363	-100.0%	0	-11 363	-11 363	-100.0%
Operating profit	115 320	210 356	95 036	82.4%	46 990	-9 950	-56 940	-121.2%
Financial revenue	99 583	92 720	-6 863	-6.9%	15 405	34 719	19 314	125.4%
Dividend revenue	362 091	605 676	243 585	67.3%	0	0	-	-
Financial expenses	37 719	21 293	-16 426	-43.5%	4 615	16 781	12 166	263.6%
Gross profit	539 275	887 459	348 184	64.6%	57 780	7 988	-49 792	-86.2%
Income tax	34 138	53 994	19 856	58.2%	9 650	-2 171	-11 821	-122.5%
Net profit	505 137	833 465	328 328	65.0%	48 130	10 159	-37 971	-78.9%
EBITDA	132 198	228 229	96 031	72.6%	51 294	-5 545	-56 839	-110.8%

Comment:

2013:

Change factors of EBITDA in ENEA S.A. (increase by PLN 96 mln):

- (+) lower costs of purchases of electricity by PLN 731 mln as a result of:
 - (+) lower purchase price by 6.2%
 - (-) lower costs of redeemed proprietary interests in 2012 by PLN 18.4 mln as a result of changes in the methods of valuation of provisions for proprietary interests
 - (-) settlement of variations between the purchase and sales of electricity relating to previous years (by PLN 25.4 mln)
- (+) lower costs of outsourced services connected with marketing and representation by PLN 18 mln
- (+) lower costs of consulting and legal services by PLN 7 mln
- (+) release of dedicated reserves for the equivalent relating to employee shares in the amount of PLN 14.8 mln
- (+) higher result on other operating activity as a result of:
 - (+) settlement connected with the contribution in kind of the street lighting management to ENEOS subsidiary (one-off recognition of revenues by title of nil-paid fixed assets transferred to ENEOS in the amount of PLN 30 mln and making a tangible assets impairment write-down in the amount of PLN - 9.7 mln)
 - (+) lower provisions for potential claims by title of land easements by PLN 20 mln
- (-) lower revenues from sales of energy to end users by PLN 574 mln as a result of lower volumes by 1.730 GWh and lower price by 2.7%
- (-) lower revenues from sales of energy on the wholesale market by PLN 131 mln as a result of lower volumes by 700 GWh and lower price by 32%

Q4 2013

Change factors of EBITDA of ENEA S.A. (drop by PLN 57 mln):

- (-) lower revenues from sales of energy to end users by PLN 135 mln as a result of lower volumes by 277 GWh and lower price by 6.2%
- (-) lower revenues from sales of energy on the wholesale market by PLN 38 mln as a result of lower volumes by 200 GWh and lower price by 31.1%
- (-) higher costs of outsourced services by PLN 10 mln as a result of:
 - (-) changes in the principles of remunerating of ENEA Trading within cooperation on wholesale trade (the costs were settled in Q4 2012), which results in a change by PLN 21 mln
 - (+) lower costs of outsourced services connected with marketing and representation by PLN 7 mln
 - (+) lower costs of consulting and legal services by PLN 2 mln
- (-) establishment of provisions for Programme of Voluntary Redundancy in the amount of PLN 4.3 mln
- (+) lower costs of purchases of electricity by PLN 112 mln as a result of:
 - (+) lower purchase price by 3.4%
 - (-) settlement of variations between the purchase and sales of energy relating to previous years (by PLN 25.4 mln)
- (+) higher result on other operating activity as a result of:
 - (+) settlement connected with the contribution in kind to a subsidiary of the street lighting management (one-off recognition of revenues by title of nil-paid fixed assets transferred to ENEOS in the amount of PLN 30 mln and making a tangible assets impairment write-down in the amount of PLN - 9.7 mln)
 - (+) lower provisions for potential claims by title of land easements by PLN 5 mln

Assets - structure of assets and liabilities in the balance sheet

Assets [PLN'000]	As at:		Change	Change %
	31 December 2012	31 December 2013		
Fixed assets	9 671 026	10 730 304	1 059 278	11.0%
Tangible fixed assets	182 708	36 533	-146 175	-80.0%
Perpetual usufruct right	1 437	1 562	125	8.7%
Intangible assets	3 572	2 459	-1 113	-31.2%
Investment properties	17 455	16 910	-545	-3.1%
Investments in associated entities, accounted for using the equity method	8 820 100	8 951 213	131 113	1.5%
Deferred income tax assets	47 795	45 544	-2 251	-4.7%
Financial assets held for sale	5	0	-5	-100.0%
Financial assets held-to-maturity investments	596 450	1 674 223	1 077 773	180.7%
Financial assets valued at fair value by the profit and loss account	1 504	1 860	356	23.7%
Current assets	1 952 433	2 251 679	299 246	15.3%
Inventories	120 160	117 449	-2 711	-2.3%
Trade and other receivables	951 598	978 529	26 931	2.8%
Current income tax assets	4 750	1 341	-3 409	-71.8%
Financial assets held-to-maturity investments	79 475	38 109	-41 366	-52.0%
Financial assets valued at fair value by the profit and loss account	422 173	296 339	-125 834	-29.8%
Cash and cash equivalents	361 401	807 036	445 635	123.3%
Fixed assets for sale	12 876	12 876	-	-
Total asstes	11 623 459	12 981 983	1 358 524	11.7%

Change factors of fixed assets (growth by PLN 1,059 mln):

- purchase of bonds from subsidiaries within the Bond Issue Programme in the amount of PLN 1,712.7 mln
- contribution in kind of the street lighting management to the subsidiary in the amount of PLN 143.7 mln

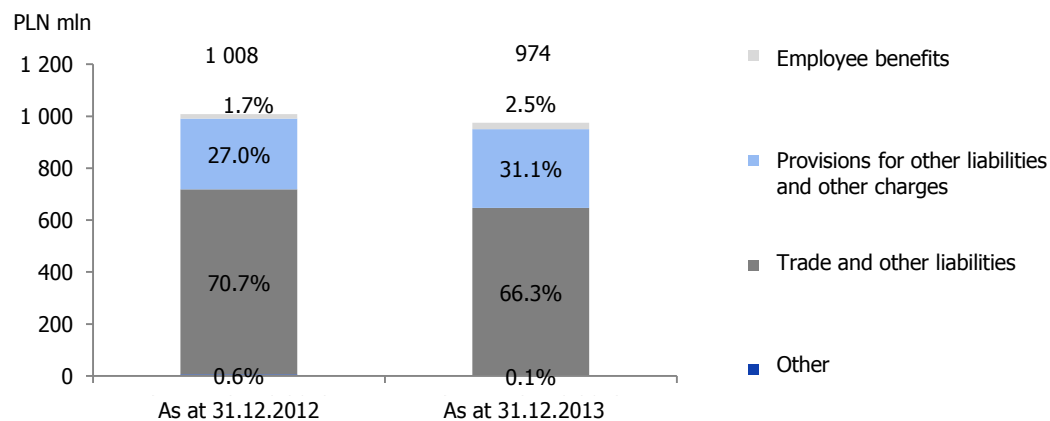
Change factors of current assets (growth by PLN 299 mln):

- drawing of a special-purpose credit from EIB in the amount of PLN 780 mln for distribution activity financing
- lower financial assets by PLN 126 mln for financing of the investment - construction of the power unit No. 11

Assets - structure of assets and liabilities of ENEA S.A.

Liabilities [PLN'000]	As at:		Change	Change %
	31 December 2012	31 December 2013		
Total equity	10 473 651	11 155 418	681 767	6.5%
Share capital	588 018	588 018	-	-
Share premium	4 627 673	4 627 673	-	-
Capital connected with payments as shares	1 144 336	1 144 336	-	-
Reserve capital	1 205 625	1 569 385	363 760	30.2%
Retained earnings	2 907 999	3 226 006	318 007	10.9%
Total liabilities	1 149 808	1 826 565	676 757	58.9%
Non-current liabilities	142 092	852 248	710 156	499.8%
<i>including:</i>				
<i>Credits, loans and debt securities</i>	0	777 130	777 130	100.0%
Current liabilities	1 007 716	974 317	-33 399	-3.3%
Total equity and liabilities	11 623 459	12 981 983	1 358 524	11.7%

Structure of current liabilities



Change factors of non-current liabilities (growth by PLN 710 mln)

- drawing of a special-purpose credit from EIB relating to the modernisation and extension of the distribution assets in the amount of PLN 780 mln

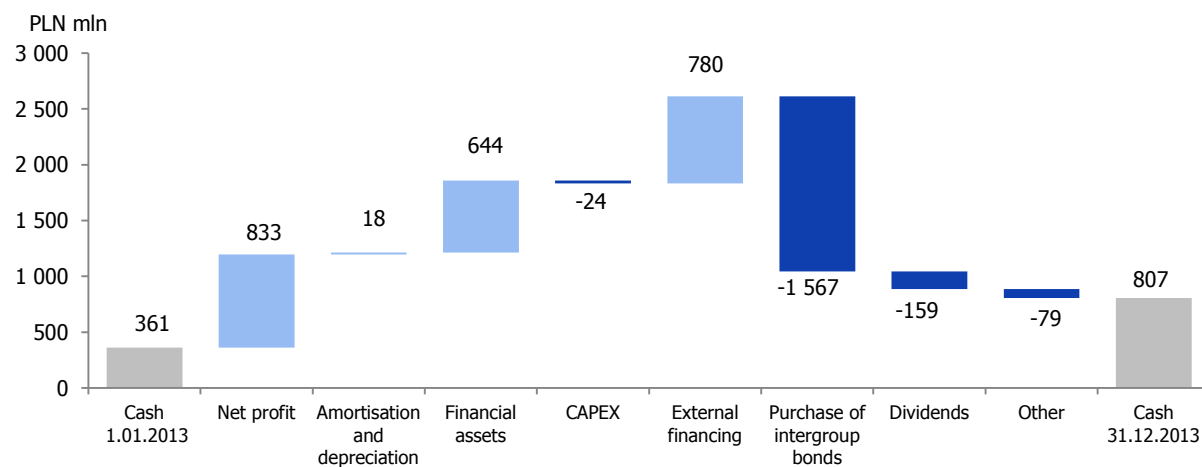
Change factors of current liabilities (drop by PLN 33 mln)

- lower level of liabilities by title of a purchase of electricity by PLN 66 mln
- higher provisions for energy certificates of origin by PLN 37 mln
- establishment of provisions for Programme of Voluntary Redundancy in the amount of PLN 4 mln

Cash position of ENEA S.A.

Cash flow statement [PLN '000]	2012	2013	Change	Change %
Net cash flows from operating activities	41 340	168 390	127 050	307.3%
Net cash flows from investing activities	-172 277	-340 216	-167 939	-97.5%
Net cash flows from financing activities	-215 272	617 461	832 733	386.8%
Net increase / (decrease) in cash and cash equivalents	-346 209	445 635	791 844	228.7%
Cash and cash equivalents at the beginning of the reporting period	707 610	361 401	-346 209	-48.9%
Cash and cash equivalents at the end of the reporting period	361 401	807 036	445 635	123.3%

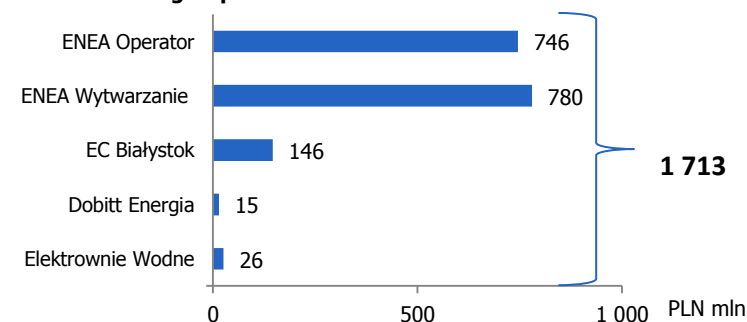
Cash flows for 2013



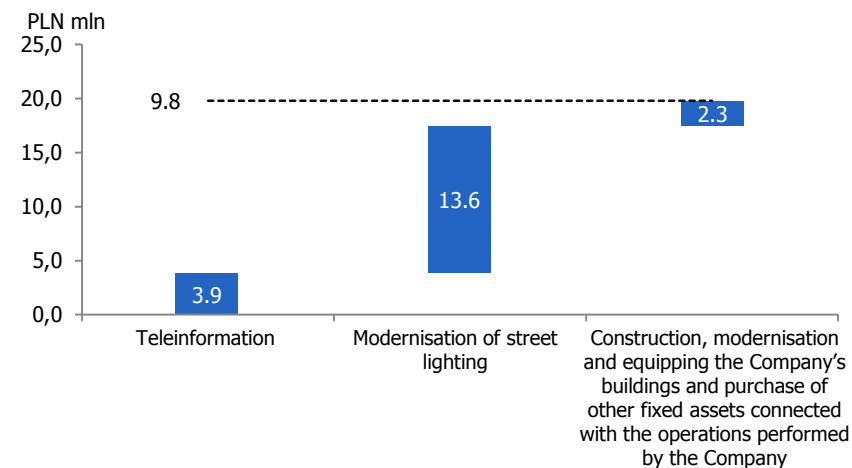
2013:

Own funds and the loan obtained within the agreement with EIB for financing the investment process in the area of distribution.

Structure of intragroup bonds held as at 31 December 2013



Capital expenditures of ENEA S.A. in 2013



Ratio analysis*

	2012	2013	Q4 2012	Q4 2013
Profitability ratios				
ROE - return on equity	4.8%	7.5%	1.8%	0.4%
ROA - return on assets	4.3%	6.4%	1.7%	0.3%
Net profitability	8.8%	16.8%	3.3%	0.8%
Operating profitability	2.0%	4.2%	3.2%	-0.8%
EBITDA profitability	2.3%	4.6%	3.5%	-0.4%
Liquidity and financial structure ratios				
Current liquidity ratio	1.9	2.3	1.9	2.3
Equity-to-fixed assets ratio	108.3%	104.0%	108.3%	104.0%
Total debt ratio	9.9%	14.1%	9.9%	14.1%
Net debt / EBITDA	-6.4	-1.6	-6.4	-1.6
Economic activity ratios				
Current receivables turnover in days	55	70	57	72
Turnover of trade and other payables in days	42	50	39	41
Inventory turnover in days	6	9	8	5

* Ratio definitions on page 52

Future financial position and more important events which considerably affect or which may considerably affect the operations and financial results

Financial results forecasts

The Management Board of ENEA S.A did not publish any financial results forecasts for 2013.

Anticipated financial position

Stable operating results and good financial results of ENEA S.A. and ENEA Group in 2013, in connection with maintaining a leading position on the national distribution and electricity sale market, and also a significant position in the segment of generation allow for a positive estimate of financial results of ENEA CG. Financial position of ENEA CG is still stable - is supported with a considerable amount of cash in the amount of PLN 1.6 bln at the end of 2013 and relatively low level of financial debt (PLN 0.8 bln).

It is expected that the ratio defined as net debt/EBITDA will grow to the level of ca. 2.5 in 2016 from the starting position -0.6 in 2013. It is the result of an extensive CAPEX programme (capital expenditures) designated mainly for the segment of generation. CAPEX programme of ENEA CG for 2014-2020 relates mainly to the construction of the new coal-fired 1 GW unit in the power plant in Kozenice. Own cash of ENEA CG, available credit facilities, guaranteed bond issue programme and new external financing under arrangements will allow to finance the CAPEX programme till 2020.

Positive estimates of the future position of ENEA CG result from a high share in EBITDA of predictable, regulated profits from the distribution of electricity (53% of the consolidated EBITDA in 2013). The estimate of the financial position of the Group is however still limited with a small diversification of production fuels of the Group and a high asset concentration. ENEA CG is also strongly exposed to the costs of CO₂ emissions, which may have a negative impact on the results of the segment of conventional generation during 2014-2020.

Key events that may considerably affect future results

Building generating portfolio

Within the realisation of the superlative goal of ENEA CG, i.e. higher value for shareholders, the Group will pursue to improve the core financial ratios. Building a competitive generating portfolio is one of the basic elements of realisation of the above strategic goal. The Group will pursue to develop generating capacities to the level of additional 1,075 MWe in the segment of system power plants in 2017. In 2020 it is planned to additionally achieve ca. 500 MWe power from RES and ca. 300 MWe and 1,500 MWt in cogeneration sources and heating networks.

Limits of allowances for emissions of CO₂

A material element within costs, determining the generation of electricity is the allocation of allowances for emissions of CO₂ and other gases and substances in a given settlement period. A potential further CO₂ emissions reduction may contribute to a higher uncertainty on the market and growth in the prices of allowances for emissions of CO₂. Within this aspect, during 2014-2020, it is anticipated that the allowances for emissions of CO₂ will shift (within the so called backloading), which may considerably affect costs of generation of electricity, and as a consequence may negatively influence the financial position of the Group.

Continuation of the construction of the power unit

In 2012 ENEA Wytwarzanie S.A. and Hitachi Power Europe GmbH and Polimex-Mostostal S.A. consortium signed an agreement on the construction of 1,075 MWe gross supercritical bituminous coal fired power unit of the efficiency of 45.6% net. The investment in the construction of the power unit is one of the key undertakings taken up in order to enhance the generating capacities of ENEA Group and constitutes an element of the long-term strategic directions of the Group, which is acquiring of an access to own sources of energy generation with a potential enabling at least a satisfaction of the demand for electricity of all the customers of ENEA Group. The new power unit in Kozenice will be the most modern unit fired with coal in Poland and Europe. A successful completion of the investment will allow for increasing generating capacities of the power plant in Kozenice by ca. 30%.

Continuation of the cooperation on the construction of the first atomic power plant in Poland

On 5 September 2013 a Letter of Intent was signed concerning the elaboration of the terms of cooperation on the construction of the first in Poland atomic power plant. Based on it the Issuer, together with the other parties, conducts actions aiming at the development of a draft agreement for the purchase of shares in the special purpose vehicle PGE EJ1, which is responsible for the direct preparation of the investment process of the construction and operation of the first Polish atomic power plant.

Development of the energy engineering besides numerous aspects has a considerable impact on the limitation of emissions of CO₂ to the atmosphere and atomic power in the structure of electricity generation in the future may constitute an important position in the national energy system. In relation to the above the steps undertaken by the Issuer within this field may in the future have a considerable effect on the financial situation and facilitate the adaptation of the Capital Group to new conditions within energy gaining.



Financial resources and instruments

Financial resources management

During the turnover year ENEA S.A. had financial resources at its disposal that guarantee that all current and planned expenses associated with the Company's operations will be serviced. The balance of available cash makes it possible to flexibly settle its ongoing liabilities. The Company's liquidity management is concentrated on a detailed analysis of the flow of receivables, ongoing monitoring of bank accounts and the ongoing concentration of cash resources in consolidated accounts. The remaining financial surplus the Company locates in current assets as fixed-term deposits.

In order to ensure settlement of liabilities in a timely fashion ENEA S.A. holds implemented liquidity procedures and policies. At the same time, in order to limit the risk resulting from lack of funds for the payment of liabilities it has access to working capital facility limits in commercial banks.

Additionally, in order to ensure better management of financial funds in the current year ENEA S.A. commenced the process of selecting a contractor for the cash management services in the Capital Group.

Description of the use of issue proceeds by the Issuer

ENEA S.A. during 2013 did not issue any securities. Proceeds of ENEA S.A. from public offering conducted in 2008 are invested in instruments exhibiting minimum risk, i.e. issued debt instruments, secured by suretyship or guaranteed by the State Treasury or bank deposits. Revenues from the aforementioned investments in 2013 amounted to PLN 15,073.7 thou.

Additionally, proceeds from the issue ENEA S.A. designates for financing investments in ENEA CG Companies in accordance with the schedule described in the issue prospectus prepared relating to the issue of these shares.

Used financial instruments

During the reporting period ENEA Wytwarzanie S.A. concluded transactions hedging the currency risk (forward transactions of EUR purchase) in order to hedge forward transactions for the purchase of allowances for emissions of CO₂ concluded in 2013 (DEC 13, DEC 14, DEC 15, DEC 16). In December 2013 the forward contracts hedging currency risk were accounted for relating to futures contracts for CO₂ with delivery for December 2013.

The valuation of active forward contracts for purchases of EUR as at 31 December 2013 amounted to PLN -363.9 thou.

Financial risk management

In ENEA S.A. the following risks may be identified within finances:

Credit risk - is the risk of financial loss by the Company resulting from the customer's or the counterparty's failure to perform their contractual obligations, and is connected mainly with debt recoverability.

Liquidity risk - is the risk of loss of ability to settle due liabilities. The Company manages the liquidity risk adapting the profile of availability of the liquidity reserve, i.e. the volume and terms of available cash, e.g. through the analysis of the inflow of receivables and ongoing monitoring of bank accounts and concentration of cash and cash equivalents in consolidated accounts. The financial surplus the Company locates in fixed-term deposits.

Currency risk is connected with a possible occurring of changes generated by ENEA S.A. in cash flows as a result of changes in the foreign exchange rates. ENEA S.A. in 2013 concluded forward transactions whose goal was to secure the currency risk (EUR/PLN) these were not material items and were accounted for in the reporting period.

Interest rate risk - is connected with the concluded loan and credit agreements, with financial assets in the form of a portfolio of debentures and bank deposits. The Company tries to operate based on a floating rate, calculated in correlation with the market rates (inter-banking). Securing activities are realised analogically - including specific differences - to those performed within currency risk.

Commodity risk - is connected with a possible occurring of changes in the revenues/cash flows generated by ENEA S.A., mainly as a result of changes in commodity prices, and fluctuations within the demand for the products/services offered by the Company. The objective of managing commodity risk is maintaining exposure to that risk within the acceptable frames with a simultaneous optimisation of return on risk.

Principles of preparation of an annual consolidated financial statement

This Report of the Management Board on the operations of ENEA S.A. for the financial year of 2013 was prepared in accordance with § 91 item 1(4) and § 91 item 5-6 of the regulation of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and conditions of recognising as equivalent information required by legal regulations of a state not being a member state (Journal of Laws No. 33, item 259 as amended).

Consolidated financial statement included in the non-consolidated report of ENEA S.A. for the financial year of 2013 was prepared in accordance with International Accounting Standards and International Financial Reporting Standards (IASs/IFRS) approved by the European Union.

Financial data presented in the statements, if not stated otherwise, were presented in thousands of PLN.



Information on shares and shareholding

Share capital structure

As at the date of preparation of this report the amount of the Issuer's share capital is PLN 441,442,578.

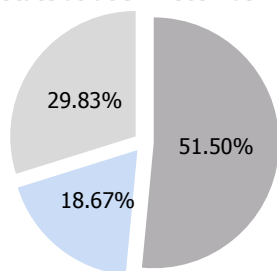
A general number of votes resulting from all the issued shares of the Issuer corresponds to the number of shares and amounts to 441,442,578 votes.

As at the date of publication of this Management Board's Report the structure of the share capital consists of 441,442,578 ordinary bearer shares. Pursuant to § 6 item 3 of the Statute of ENEA S.A. registered shares of B series belonging to the State Treasury are designated for the purposes specified in the act on commercialisation and privatisation and act on the principles of purchasing from the State Treasury of shares in the process of consolidation of energy sector companies, became bearer shares with the moment of expiry of the prohibition to sell or expiry of the right to acquire them free of charge.

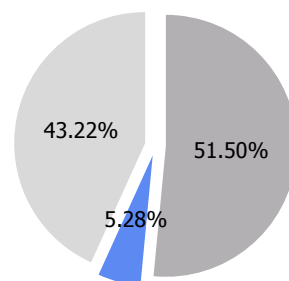
Shareholding structure

The diagrams and table below present the shareholder structure holding over 5% of the total number of votes at a general meeting of ENEA S.A. as at 31 December 2013 and as at the date of approval of this report, i.e. 10 March 2014.

State as at 31 December 2013



State as at 10 March 2014



■ State Treasury ■ Vattenfall AB ■ Others ■ State Treasury ■ ING OFE ■ Others

Shareholder	Number of shares/number of votes during GM	Share in the share capital/ share in the total number of votes	Number of shares/number of votes during GM	Share in the share capital/ share in the total number of votes
State Treasury	227 364 428	51.50%	227 364 428	51.50%
Vattenfall AB	82 395 573	18.67%	0	0%
ING OFE	-	-	23 296 751	5.28%
Others	131 682 577	29.83%	190 781 399	43.22%
Total	441 442 578	100.00%	441 442 578	100.00%

Changes in the shareholding structure in 2013

As a result of performing on 15 January 2014 by Vattenfall AB of block transactions concluded based on the book-building in an accelerated mode relating to the held 82,395,573 shares of ENEA S.A. the shareholding of Vattenfall AB decreased from 82,395,573 shares of ENEA S.A. to 0 shares. As a result of the above transactions the share of Vattenfall AB in the share capital of the Company and in the total number of votes decreased from 18.67% to 0%.

On 20 January as a result of transactions concluded on the Stock Exchange the share of ING Otwarty Fundusz Emerytalny grew above the threshold of 5% of the total number of votes in the Company. Before the purchase of shares the Fund held 11,296,751 shares of the Company, which constituted 2.56% of the share capital of the Company and was entitled to 11,296,751 votes at a general meeting of the Company. On 23 January 2014 in the share account of the Fund there were 23,296,751 shares of the Company which constituted 5.28% of the Company's share capital. The shares entitle to 23,296,751 votes at a general meeting of the Company which constitutes 5.28% of the total number of shares.

Potential changes in the shareholder structure

The Company does not know of any agreements or events that could result in future changes in the proportions of shares held by the existing Shareholders.

Employee share control system

In 2013 ENEA S.A. did not launch any standard control systems for employee share programmes, however there was a formal process in progress of the nil-paid acquisition by authorised people from the State Treasury of shares of ENEA S.A. (based on the privatisation and commercialisation act).

The right to take up shares was established based on the privatisation and commercialisation act on 16 May 2010 in relation to the sales three months ago of shares of ENEA S.A. by the State Treasury. 8,818 people were authorised to the nil-paid acquisition from the State Treasury of ENEA S.A.'s shares for whom 33,239,235 shares were designated. Heirs of authorised people were also entitled to acquire the shares.

The right to the nil-paid acquisition from the State Treasury of ENEA's shares by authorised people expired on 16 May 2012. After that date agreements may be concluded only by heirs of authorised people in specific cases provided for in the commercialisation and privatisation act. Although the act indicates no specific date for the termination of the agreement conclusion term for heirs of authorised people, it must be estimated that it will constitute rare cases (maximum of several cases).

Treasury shares

ENEA S.A. or ENEA Capital Group Companies did not purchase the Company's own shares in 2013.

Listing of ENEA S.A.'s shares on the Warsaw Stock Exchange

Shares of ENEA S.A. have been listed on the Warsaw Stock Exchange (WSE) since 17 November 2008.

As at 31 December 2013 the Company belonged to the following exchange indices:

- WIG - covers all the companies listed on the Main Market of WSE which fulfil base criteria for the participation in indices,
- WIG30 - covers 30 largest enterprises listed on the Main Market of WSE,
- mWIG40 - covers 40 medium enterprises listed on the Main Market of WSE,
- WIG Energia – covers companies participating in the WIG index and simultaneously classified to the sector of "energy engineering",
- WIG-Poland - the index includes exclusively shares of domestic companies listed on the Main Market of WSE which fulfil base criteria for the participation in indices,
- WIGdiv - its portfolio covers up to 30 companies which participate in WIG20, mWIG40 and sWIG80, which characterise with the highest rate of dividends at the end of September each year and regularly distributed the dividend during previous years,
- MSCI Poland Standard Index – selection criteria of companies to the portfolio of this index are compliant with the criteria concerning a company size, its liquidity and free float.



Key data concerning shares:	2012	2013
Maximum price [PLN]	18.99	16.30
Minimum price [PLN]	14.11	12.00
Last price [PLN]	15.73	13.60
Capitalisation at the end of period [PLN mln]	6 944	6 004
Capitalisation of ENEA S.A. on the background of domestic companies listed on WSE at the end of period [%]	1.33	1.01
Book value [PLN mln]	10 918.63	11 427.71
C/Z [exchange capitalisation/net profit]	9.70	8.10
C/WK [exchange capitalisation/book value]	0.64	0.53
Return rate at end of period	-10.05	-11.36
Dividend rate [%]	3.1	2.6
Value of turnover [PLN mln]	561.42	573.50
Share in turnover [%]	0.30	0.26
Turnover indicator [%]	7.90	9.10
Average volume per session	137 298	160 256
Average number of transactions per session	202	287
Average spread [pb]	36	31
Volume [pcs]	34 187 283	39 583 206

Source: WSE statistical bulletin

Index	WIG30	mWIG40	WIG Energia	WIG – Poland	WIGdiv	MSCI Poland
Percentage of shares of ENEA S.A. in the index as at 30 December 2013 [%]*	0.94	3.01	7.15	0.68	2.57	0.92

* 30 December 2013 was the last quotation day on WSE in 2013.

The Corporate Bodies of ENEA S.A.

Members, appointment and description of powers delegated to authorities of ENEA S.A.

The description of personal composition, rules of nomination and scope of rights of the authorities of the parent company may be found in the attachment No. 1 to this Board's Report - "Declaration of the application of corporate governance rules".

Principles of remuneration

The principles of remunerating present Members of the Board of ENEA S.A. were introduced based on resolutions of the Supervisory Board of ENEA S.A. of 15 April 2013. All the Members of the Board of the Company concluded service agreements with the Company - manager contracts (further on: Service agreements), which are specified in Art. 3 item 2 of the Act of 3 March 2000 on remunerating persons managing some legal entities (Journal of Laws No. 26, item 306, as amended). Service agreements concluded by the Company and non-competition agreements enclosed to them provide as follows:

- a) During the term of the Service agreement Members of the Board are authorised to receive a fixed monthly remuneration and a performance-related annual bonus in the amount of 40% of the total annual remuneration, calculated based on the principles specified in detail in the Service agreement.
- b) in return for complying by Members of the Board with the obligations resulting from the non-competition clause during its validity, Members of the Board may receive a compensation in the total amount equal to the product of: 1/12 of the total remuneration and number of months of validity of non-competition clause.
- c) if the Service agreement expires as a result of the expiry of the Member of the Board's term, the Company reserves the right to, for a period of one month of the agreement expiry, demand that Members of the Board render services relating to the transfer of issues connected with the business operations to a person indicated by the Chairman of the Supervisory Board. By this title Members of the Board are authorised to receive remuneration in the amount equal to the fixed remuneration.
- d) Members of the Board are entitled to receive a severance payment in the amount equal to the triple 1/12s of the total remunerations except for the following situations:
 - termination of the Service agreement by the Company or its expiry as a result of recalling from the position of a Member of the Board for a culpable material breach of the provisions of the Statute or the above mentioned Agreement to a detriment to the Company,
 - termination of the Service agreement by the Company or its expiry as a result of loss of the right to be a Member of the Board in the case specified in Article 18 of the Commercial Companies Code,
 - termination of the Service agreement by the Member of the Board or its expiry as a result of resignation from that position, if the termination of the said Agreement or resignation was not a result of reasons attributable to the Company.

The severance payment mentioned above is subject to an increase - if the Service agreement expires as a result of the Member of the Board's term expiry and is not prolonged as a result of a renomination of the same person to be a Member of the Board - by the value of the triple 1/12s of the total remunerations as no notice equivalent.

In the event of default by Members of the Board of the prohibition to conduct competitive operations Members of the Board will lose their right to receive further instalments of the damages and shall pay a contractual penalty for the account of the Company. The Company has the right to terminate the no-competition agreement if the non-competition clause grounds cease to be valid.

Members of the Board at own expense insured against third party liability that may occur as a result of a failure to perform or improper performance of the management agreement.

The remuneration of Members of the Supervisory Board is set on the basis of the Minister of Treasury's declaration of 20 June 2000 on establishing the remuneration of members of Supervisory Boards in companies wholly owned by the State Treasury and is set at the level of the average monthly remuneration in the enterprise sector net of payments of bonuses from profits in Q4 of the previous year as published by the President of the Central Statistical Office. In 2013 the remuneration of Members of the Supervisory Board did not change.



Level of remuneration

The remuneration of persons composing the Management Board of ENEA S.A. collected in the period from 1 January 2013 to 31 December 2013 with whom the Company concluded an agreement on provision of services within management is presented in the table below:

Name	Position	Net remuneration (excluding VAT)*	Additional consideration**
Zamasz Krzysztof	President of the Management Board	1 140 000.00	10 500.00
Gepfert Dalida	Member of the Board	661 333.33	0.00
Kinelski Grzegorz	Member of the Board	772 332.00	0.00
Orlof Paweł	Member of the Board	772 332.00	0.00
Owczarek Maciej	President of the Management Board	800 000.00	0.00
Rozpędek Hubert	Member of the Board	900 000.00	10 200.00
Zborowski Krzysztof	Member of the Board	763 423.30	1 603.50
Bil Janusz	Member of the Board	900 000.00	10 504.00
TOTAL	-	6 709 420.63	32 807.50

* The remuneration includes any titles resulting from concluded contracts and is included in the Company's costs, including also remuneration for non-competition clause.

** Additional consideration – understood as reimbursement of partial costs of the use of the available residential apartment and for a language course.

Remuneration for a member of the Management Board of ENEA S.A. in 2013 for holding an office in ENEA subsidiary is presented in the table below:

Name	Position	Remuneration for holding a position in ENEA subsidiaries
Zborowski Krzysztof	President of the Management Board	22 800.23

Remuneration for members of the Supervisory Board of ENEA. in the financial year 2013 is presented in the following table:

No.	Name	2013
1	Chmielewski Wojciech	41 454.96
2	Mordasewicz Jeremi	41 454.96
3	Kowalewski Michał	41 454.96
4	Aniołek Małgorzata ¹	13 127.34

5	Brzeziński Sławomir	41 454.96
6	Jarczyński Michał ²	20 036.50
7	Łyczyński Przemysław	41 454.96
8	Malinowska Sandra	41 454.96
9	Mikłosz Tadeusz	41 454.96
10	Niezgoda Małgorzata ³	28 442.69
11	Wahlborg Torbjörn ⁴	28 442.69
12	Wood Graham ⁵	13 127.34

1. Mrs. Aniołek Małgorzata was a Member of the Supervisory Board of ENEA S.A. till 24 April 2013

2. Mr. Jarczyński Michał was a Member of the Supervisory Board of ENEA S.A. till 24 June 2013

3. Mrs. Niezgoda Małgorzata was a Member of the Supervisory Board of ENEA S.A. from 24 April 2013

4. Mr. Wahlborg Torbjörn was a Member of the Supervisory Board of ENEA S.A. from 24 April 2013

5. Mr. Wood Graham was a Member of the Supervisory Board of ENEA S.A. till 24 April 2013

Members of the Supervisory Board of ENEA S.A during the financial year of 2013 collected remuneration for holding offices in the Supervisory Board in the amount compliant with the legal regulations being in force.

List of shares in entities that are Members of ENEA Capital Group that are held by the Members of the Management and Supervisory Boards

Name	Position	Number of shares of ENEA S.A. held as at 13 November 2013	Number of shares of ENEA S.A. held as at 31 December 2013
Tadeusz Mikłosz	Member of the Supervisory Board	4 140	4 140

As at the day of publication of this periodic report the other persons from the Management and Supervisory Board do not hold ENEA S.A.'s shares.

As at the day of publication of this periodic report, persons managing or supervising do not hold shares or stock in subsidiaries of ENEA S.A.

During the period from the publication of the interim report for Q3 2013 there were no changes in the shareholding of managing and supervising people.

Declaration of the application of Corporate Governance Rules

The set of principles applied

The Management Board of ENEA S.A. declares that in 2013 the Company applied the rules of corporate governance constituting an Addendum to the Resolution of the WSE Supervisory Board No. 19/1307/2012 of 21 November 2012, titled "Best Practices of WSE Listed Companies" (BPLC, Corporate Governance Rules), published on the Warsaw Stock Exchange website under <http://corp-gov.gpw.pl>. That set of Corporate Governance Rules contains a section entitled "Recommendations Regarding Best Practices of WSE Listed Companies" describing the best practice rules that the Issuer can decide to apply at its own discretion.

Principles which have not been applied by ENEA S.A.

The Management Board of ENEA S.A. makes every effort to implement all the rules of corporate governance that do not present excessive strain for the Company, unless it is balanced by advantages arising from market needs. In 2013 ENEA S.A. applied the majority of rules set forth in Best Practices of WSE Listed Companies, in particular those specified in parts II-IV of BPLC. At the same time, the Company indicates the recommendations and corporate governance rules the application of which it waived in 2013:

Conducting an interactive general e-meeting of the Company's shareholders

Part IV. Best Practices of Shareholders - item 10

"A company should enable its shareholders to participate in a General Meeting using electronic communication means through real-life broadcast of General Meetings, real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting."

read together with: Part I. Recommendations for Best Practice for Listed Companies – item 1

"A company should pursue a transparent and effective information policy using both traditional methods and modern technologies and latest communication tools ensuring fast, secure and effective access to information.

Using such methods to the broadest extent possible, a company should in particular: (...) ensure adequate communication with investors and analysts, and use to this purpose also modern methods of Internet communication.

Comment:

In relation to the above provisions of BPLC, the Company informs that in 2013 it did not transmit the proceedings of general meetings via the internet, nor did it record the proceedings of general meetings, and moreover did not provide its shareholders with the possibility of taking part in general meetings with the use of electronic communication

means. Failure to comply by the Issuer with the aforementioned part of the recommendations and the rule arose from the fact that in the Statute of the Company there is no provision for participation in General Meetings with the use of electronic communication means according to the provisions of the Commercial Companies Code. Amendments to the Company's Statute within the aforementioned scope, including the adoption by the general meeting of the Company of a relevant resolution regarding changes to the Statute, will enable the application of the above mentioned principle.

At the same time the Issuer does not exclude the possibility that in the future it will fully comply with the aforementioned principle and recommendation.

Questions asked by shareholders in connection to general meetings

Part II. Best Practice for Management Boards of Listed Companies - item 1(7)

"A company should operate a corporate website and publish on it, in addition to information required by legal regulations: (...) shareholders' questions on issues on the agenda submitted before and during a General Meeting together with answers to those questions."

Comment:

The principle was not and will not be applied by the Company in the foreseeable future. To some extent the source of information concerning proceedings of General Meetings are notarised minutes of GM, but they do not include all pronouncements, questions or answers occurring during the proceedings of General Meetings. With regard to answering Shareholders' questions outside of general meetings the Company abides by, above all, the mode of publication of this type of information specified in § 38 item 1 (12) of the regulation of the Minister of Finance of 19 February 2009 on current and periodic information (...)

Publishing a record of the General Meeting in audio or video format

Part II. Best Practice for Management Boards of Listed Companies - item 1(9a)

"A company should operate a corporate website and publish on it, in addition to information required by legal regulations, a record of the General Meeting in audio or video format."

Comment:

This principle was applied to in part in 2013. The Issuer informs that in its assessment, as a rule, performing the obligation to inform in accordance with applicable law, in particular through publication of appropriate current reports and publication of relevant information on its website, provides the shareholders with access to all significant information relating to general meetings. However, taking care to keep the highest standards of corporate governance in 2013 ENEA S.A. commenced publication of video recordings from the proceedings of meetings on its corporate website.

In 2013 two general meetings of ENEA S.A. took place, respectively on 24 April and 19 December. The Issuer published a video recording from the general meeting of 19 December 2013 on its website.

Parity of women and men in governing bodies

Part I. Recommendations for Best Practice for Listed Companies – item 9

"WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' economic business."

Comment:

The Company explains that at this moment the share of women and men in holding positions in the management and supervisory authorities of ENEA S.A. is not equal, but it must be stressed that both men and women are members of the Management Board and Supervisory Board of the Company. Candidates are selected for respective offices after a thorough analysis of the experience, competences, skills and professional background of each of them. In the Company's opinion, the criteria of evaluation of candidates for offices in management and supervisory authorities permit the selection of candidates who guarantee creativity and innovativeness, as well as the expansion of operations of ENEA S.A.

Description of the key features of the issuer's internal control and risk management in relation to the process of preparing financial statements

The Management Board of ENEA S.A. is responsible for the internal control system in ENEA Capital Group and its effectiveness in the process of drawing up financial statements and periodic reports. The task of an effective internal control system in financial reporting is to ensure that the financial information set out in financial statements and periodic reports is complete and correct.

The financial data being the basis for financial statements and periodic reports and the monthly management and operational reporting carried out by ENEA S.A. is taken from the Company's financial and accounting system. After all the predetermined processes of closing the books of account at the end of each month have been carried out, detailed management reports on financial and operational matters are drawn up. Those reports are drawn up by the Control Department, with the participation of middle and senior managers from individual organisational units. In relation to the completed reporting periods, not only financial results of the Company are subject to a detailed analysis, but also particular business areas.

ENEA S.A. also carries out annual reviews of business and financial strategies and plans. Middle and senior management personnel are engaged in the process of detailed planning and budgeting, which covers all the areas of the Company's operations. The material and financial plan prepared by the Controlling Department is adopted by the Company's Management Board and approved in accordance with the Statute of ENEA S.A. by the Supervisory Board. During the year, the Management Board of ENEA S.A. monitors the realisation of the goals specified in the adopted material and financial plan. The management cockpit developed by the Controlling Department constitutes a valuable source of information for the Supervisory Board on the current financial situation, environment and the level of realisation of goals in the critical areas.

The Company regularly assesses the quality of its internal control and risk management systems with regard to the process of drawing up financial statements. On the basis of an assessment, the Management Board of ENEA S.A. confirms that as at 31 December 2013 there were no irregularities that could significantly affect the effectiveness of internal control as it relates to financial reporting.

An important element of the internal control system is that of internal audits. Among the basic tasks of an internal audit are a review and evaluation of processes and the control mechanisms they contain, and monitoring of and recommendations for improvements in the risk management system and corporate governance. The internal audit in ENEA Capital Group is independent, and accountable to the Audit Committee acting as part of the Supervisory Board.

In 2013 ENEA S.A., aware of the risks connected with the conducted operations, developed a formal, integrated management system within risks: operating risk, credit risk, liquidity risk and currency and interest rate risks. As a consequence of adopting in the previous year of the Policies regulating the principles and models of the risks management, in 2013 procedures were developed which supplement the content of these Policies within procedural scope. Additionally, the process of risk mapping in core Group's Companies was conducted. Presently, works are being finalised within the development and implementation of the integrated management system for commodity risk.

The risk management model is designed as a continuous process - it is based on a comprehensive approach towards the subject of risk management specifying detailed principles of risk identification and assessment, monitoring the exposure to risks and preparation and monitoring of plans of procedure with significant risks.

One of the material elements of external control in the process of drawing up financial statements of ENEA S.A. is also the verification of the financial statements by an independent auditor. The tasks of the auditor include in particular: a review of the mid-year financial statements and an audit of the non-consolidated and consolidated annual financial statements. The independent auditor is selected by the Supervisory Board. Once the auditor has completed auditing the financial statements, they are sent to the members of the Company's Supervisory Board, which assesses their compliance with the books of account, documents and the factual status. Under the provisions of the Accountancy Act, the members of the Management Board and the Supervisory Board are obliged to ensure that the financial statements and the report on operations fulfil the requirements set out in that act.

Information on shares and shareholding

The detailed description within the structure of the share capital, shareholding structure, changes in its structure in 2013 and potential changes within its structure is to be found on page 38 in the section of the Statement relating to shares and shareholding.

Securities with special control authorisation

Till the publication date of this report ENEA S.A. has not issued any securities that could give special inspection rights with respect to the Issuer.

Restrictions on exercising voting rights

As at 31 December 2013 there are no restrictions on exercising voting rights in the Company, other than those provided for in generally applicable provisions of law.

Restrictions on transferability of securities

As at the date of preparation of this report the Company has no limitations concerning transfer of the title to securities of the Issuer.

At the same time the Company reminds that in accordance with Article 38 item 3 of the Act of 30 August 1996 on commercialisation and privatisation (Official Journal of 1996 No. 118 item 561, as amended) shares acquired free of charge by employees/heirs of ENEA S.A. could not be traded before 16 February 2012, i.e. before the lapse of two years from the date when the State Treasury transfers the first shares on general terms, and shares acquired by employees performing the function of members of the Management Board of ENEA could not dispose of their shares until three years have elapsed from the date when the State Treasury transferred the first shares on general terms, i.e. before 16 February 2013. Limitation in selling employee shares does not apply to the shares of ENEA S.A. acquired by authorised employees of the Kozienice Power Plant.

The procedure and basic powers of the General Meeting of Shareholders and a description of shareholders' rights and the procedure for exercising them

Pursuant to § 29 item 1 of the Statute of ENEA S.A. the Company's Management Board convenes a General Meeting in instances set out in the provisions of law and the provisions of the Statute, as well as upon the written request of the key shareholder, i.e. State Treasury.

In accordance with § 31 item 1 and 2 of the Statute, read together with Art. 354 § 1 of the Commercial Companies Code, the State Treasury, as long as it is the Company's shareholder and irrespective of its share in the Company's share capital, may, pursuant to Article § 400 item 1 of the Commercial Companies Code, request that an Extraordinary General Meeting of Shareholders be convened or that certain matters be included in the agenda of the next General Meeting. The State Treasury is obliged to submit such a request in writing no later than a month before the proposed date of such General Meeting. If the request is submitted after a General Meeting is convened, it will be deemed a request for convening a subsequent Extraordinary General Meeting of Shareholders.

If the General Meeting is not convened within two weeks of the request, the State Treasury shareholder is entitled to convene the General Meeting pursuant to Article 354 item 1 of the Commercial Companies Code (§ 29 item 3 of the Company's Statute).

Pursuant to § 33 of the Statute of ENEA S.A., besides the matters specified in mandatory provisions of law and other provisions of the Statute, the powers of the General Meeting of Shareholders include:

- a) appointing and recalling members of the Supervisory Board, subject to the provisions of the Company's Statute authorising the shareholder being the State Treasury to appoint and recall one member of the Supervisory Board (under Article 354 item 1 of the Commercial Companies Code) in a situation when the State Treasury ceases to be the only shareholder of the Company,
- b) adopting the Regulations of the General Meeting laying down the detailed principles for conducting meetings and adopting resolutions,
- c) issuing convertible or exchangeable bonds and other instruments enabling the purchase or subscription of the Company's shares.

Acquiring and disposing of real property, rights or perpetual usufruct or a share in a real property, i.e. the acts specified in Article 393 item 4 of the Commercial Companies Code (§ 35 of the Company's Statute), do not require the consent of the General Meeting of Shareholders.

Pursuant to § 36 of the Statute of ENEA S.A., as long as the State Treasury holds over a half of the total number of shares of the Company, a consent of the General Meeting is required for these actions which are mentioned in Art. 18 item 2 of the Act of 30 August 1996 on commercialisation and privatisation (incorporation of another company, acquisition or takeover of another company, sale of purchased or held shares of another company), excluding:

1. Acts for which the Statute requires the consent of the Supervisory Board, provided that the Supervisory Board has granted such consent,
2. Other acts than those specified in Item 1 above, if those acts involve:
 - a) establishing or joining another company in the Republic of Poland if the purchase price for the share(s) or the advance on the contribution in a civil partnership does not exceed EUR 5,000,000,
 - b) subscribing to or purchasing shares whose nominal value does not exceed EUR 5,000,000,
 - c) selling or encumbering the shares purchased or held in another company if their nominal value does not exceed EUR 5,000,000,
 - d) purchasing shares for the Company's receivables in settlement, corporate recovery or bankruptcy proceedings.

Besides those specified above, the Company's Statute does not contain any provisions on the procedure of the General Meeting of Shareholders and its powers that are not directly provided for in provisions of law.

The Company has Regulations of the General Meeting of Shareholders, available at www.enea.pl

Rules on amendments to the Company's Statute

An amendment to the Company's Statute, in accordance with the provisions of the Commercial Companies Code requires a resolution passed with the majority of votes, mentioned in Art. 415 § 1 of the Commercial Companies Code during a General Meeting of the Company and entry into the register (Art. 430 § 1 of the Commercial Companies Code). Other than those specified above, the Company's Statute contains no provisions that differ from the provisions of the Commercial Companies Code regulating the Statute amendment.

On 19 December 2013 the Extraordinary General Meeting of Shareholders of ENEA S.A. took place at which a resolution was adopted regarding amending § 5, § 11 item 5(1), § 20 item 2(2), § 20 item 2(8), § 20 item 5, § 26 item 2, § 27 item 4(1), § 40 item 4, § 40 item 7 of the Statute of ENEA S.A. The content of the resolution on the adoption of the above amendments to the Statute was published in the current report No. 37/2013 of 19 December 2013. At the same time, as at the date of publication of this report the Issuer is pending registration of the above mentioned amendments.



The Management Board of ENEA S.A.

Composition of the Company's Management Board

As at the date of this report, i.e. 10 March 2014, the Company's Management Board operates in the following composition:

Name and title	Scope of competences*
President of the Management Board Krzysztof Zamasz	coordinates tasks in connection with the overall operations of the Company and ENEA Capital Group.
Member of the Management Board for Commercial Affairs Grzegorz Kinelski	Supervises and coordinates the overall tasks in connection with the trade of electricity and customers service.
Member of the Management Board for Financial Affairs Dalida Gepfert	Controls and coordinates economic, financial and accounting affairs connected with risk management in the Company and ENEA Capital Group, teledistribution and controlling.
Member of the Management Board for Corporate Affairs Paweł Orłof	Controls and coordinates the issues connected with the ownership supervision in ENEA Capital Group and affairs connected with service and purchases.

* Pursuant to § 4 item 3 of the Rules of the Management Board being in force, normal business of the Company not reserved for a resolution of the Management Board is conducted by the President of the Management Board acting alone and by particular Members of the Board according to the division of competencies presented in the table. It does not however change a rule concerning making declarations of will on behalf of the Company mentioned in § 10 item 2 of the Company's Statute.

Changes in the composition:

On 11 January 2013 the Member of the Management Board for Energy Generation - Mr. Krzysztof Zborowski, resigned from the above function. The resignation was valid as of its submission.

On 11 March 2013 the Supervisory Board recalled the hitherto Members of the Board and nominated as of 11 March 2013 Mr. Krzysztof Zamasz to the position of the President of the Management Board of ENEA S.A., Mr. Grzegorz Kinelski to the position of the Member of the Management Board of ENEA S.A. for Commercial Affairs and Mr. Paweł Orłof to the position of the Member of the Management Board of ENEA S.A. for Corporate Affairs.

On 9 April 2013 the Supervisory Board of ENEA S.A. nominated Mrs. Dalida Gepfert to the position of the Member of the Management Board for Financial Affairs who commenced work on 23 April 2013.

Authorisation of the Management Board of the Company

The Board of Management of ENEA S.A. transacts business of the Company and represents it. Pursuant to § 11 item 2 of the Statute resolutions of the Management Board are required on all the matters exceeding the scope of ordinary activities of the Company, and particularly:

- a) adopting the Company's organisational regulations, subject to approval by the Supervisory Board,
- b) creating and liquidating branches,
- c) appointing an authorised signatory or an authorised representative, except for an attorney ad litem; appointing an authorised signatory requires the consent of all the members of the Management Board,
- d) taking out loans or credit facilities,
- e) adopting annual material and financial plans, including investment plans, and long-term strategic plans, subject to approval by the Supervisory Board,
- f) contracting contingent obligations, including the Company granting guarantees and sureties and issuing promissory notes,
- g) Acquiring, disposing of or encumbering real property, rights of perpetual usufruct or shares in real property, on the basis of one or more legal acts in a period of 12 consecutive months, with a value greater than or equal to the equivalent of EUR 50,000,
- h) giving over the Company's real property under a leasing, tenancy, lease, lending or usufruct agreement or for any other use,
- i) assuming the leasing, lease, rent, usufruct or other use of real property on the basis of one or more legal acts during twelve consecutive months, with the value of rent for twelve consecutive months at least equivalent to EUR 50,000,
- j) acquiring, disposing of or encumbering a fixed asset, except for real property, rights of perpetual usufruct or shares in real property, on the basis of one or more legal acts in a period of 12 consecutive months, with a value greater than or equal to the equivalent of EUR 50,000,
- k) any instance of offering fixed assets, except for real property, for leasing, lease, rent, borrowing, usufruct or any other use,
- l) any instance of assuming the leasing, lease, rent, usufruct or any other use of fixed assets, except for real property, on the basis of one or more legal acts, during twelve consecutive months, with the value of rent for twelve consecutive months at least equivalent to EUR 50,000,
- m) matters that the Management Board requests that the Supervisory Board or General Meeting of Shareholders consider,

n) determining the manner in which the Company exercises its voting rights at the General Meeting of Shareholders or at shareholders meetings of Significant Subsidiaries, subject to Clause 20 par. 6 point

Other than the provisions specified above, the Company's Statute contains no provisions that grant additional powers to the management board members, including powers to make decisions on the issuance or redemption of shares.

Principles relating to appointing and recalling management personnel

The Management Board members or the entire Management Board are appointed and recalled by the Supervisory Board, subject to the a person elected by employees in accordance with (§ 14 item 1 of the Company's Statute). In appointing management and supervisory board members application is made of the principles contained in the regulation of the Council of Ministers of 18 March 2003 concerning qualification proceedings for management board members of certain commercial companies (Journal of Laws No. 55, item 476 as amended).

Pursuant to the Act of 30 August 1996 on commercialisation and privatisation, if the annual average employee count in the Company exceeds 500 employees, the Supervisory Board will appoint one person elected by the employees to the Management Board for the term of the Management Board. The Management Board member elected by the employees is the person who receives the absolute majority of votes in the election. The results of the vote will be binding upon the body authorised to appoint Management Board members provided that at least 50 per cent of all employees participate in the election.

A motion on recalling the Management Board Member elected by the employees should be submitted to the Management Board, which will then deliver it immediately to the Supervisory Board (§ 16 of the Statute of ENEA S.A.).

Management Board's principles of operation

The Board of Management transacts business of the Company and represents it. Two Management Board Members acting jointly or one Management Board Member and an authorised signatory acting jointly are authorised to make declarations of will on behalf of the Company.

The Management Board adopts the Rules of the Management Board specifying the mode of operation of the Management Board and principles of transacting business by the Management Board.

The Supervisory Board of ENEA S.A.

the Company and adopting resolutions by the Board. The Rules of the Management Board are adopted with a resolution of the Management Board and approved by the Supervisory Board. Presently, the Rules of the Management Board of ENEA S.A. in force in the Company were adopted with the resolution of the Board of 22 June 2010, as amended.

Pursuant to the Rules of the Management Board, meetings of the Management Board take place at the registered office of the Company on Tuesdays, unless the President of the Board or a Member of the Board assigned by him decides otherwise. Meetings of the Management Board of the Company are convened by the President of the Board or a Member of the Board designated by him, at the President's own initiative or upon a motion by two Members of the Board. A Member of the Board is required to justify their absence from a Meeting in writing. Absence during the Board meeting is substantiated by the meeting Chairman. For valid reasons, a meeting can be convened immediately and without materials being provided. For a meeting to be held, all the members of the Management Board must be effectively notified of the meeting.

Employees of the Company, experts and external advisers may be invited to attend Management Board meetings. The agenda and the necessary documents for a Management Board meeting are provided by the Company's Governing Bodies Office at least one business day before the meeting.

Decisions of the Management Board associated with conducting the Company's affairs, as referred to in § 11 item 2 of the Statute, require a resolution of Management Board. The Management Board can adopt resolutions if at least half of its members are present at the meeting and all of the members have been correctly notified of the meeting. In the event of an equal number of votes in adopting a Management Board resolution, the casting vote is held by the President of the Management Board.

The Management Board can adopt resolutions in writing or remotely using a means of direct communication. Adopting resolutions in this manner requires a justification and that the draft resolution be presented in advance to all the members of the Management Board. Resolutions adopted in writing or remotely using a means of direct communication are presented at the next meeting of the Management Board with the outcome of the vote.

Detailed powers, organisation and operating principles of the Management Board are set out in the Statute, the Rules of the Management Board, and the Commercial Companies Code.

Full text of the Statute and the Rules of the Management Board of ENEA S.A. with the description of the operations of the Management Board is published on www.enea.pl under "Investor Relations" -> "Corporate governance".

Composition of the Supervisory Board

As at the date of preparation of this report, i.e. 10 March 2014, the Supervisory Board of the Company of the 8th term is composed of eight members and operates in the following composition:

Name and title	Scope of competences*
Wojciech Chmielewski	Chairman of the Supervisory Board
Jeremi Mordasewicz*	Deputy Chairman of the Supervisory Board
Michał Kowalewski	Secretary of the Supervisory Board
Ms. Małgorzata Niezgoda	Member of the Supervisory Board
Sandra Malinowska	Member of the Supervisory Board
Sławomir Brzeziński	Member of the Supervisory Board
Przemysław Łyczwiński	Member of the Supervisory Board
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.

On 27 March 2013 Mr. Graham Wood submitted a resignation from the position of a Member of the Supervisory Board as of April 2013. On 24 April 2013 the resignation from the held position as of the same day was submitted by Mrs. Małgorzata Aniołek.

The Ordinary General Meeting of Shareholders of ENEA S.A. on 24 April 2013 nominated to composition of the Supervisory Board of ENEA S.A. Mrs. Małgorzata Niezgoda and Mr. Torbjörn Wahlborg.

As of 24 June 2013 Mr. Michał Jarczyński filed a resignation from the position of a Member of the Supervisory Board of ENEA S.A.

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.

Operations

The Supervisory Board supervises all areas of the activities of the Company on an ongoing basis. The Supervisory Board is composed of 6 to 15 members appointed by: (i) General Meeting, (ii) Company's employees and (iii) State Treasury. The Supervisory Board should be as a minimum composed of one person nominated by the General Meeting from among the persons satisfying the independence criterion specified in the corporate governance rules adopted by the Supervisory Board of WSE.

The special duties of the Supervisory Board include assessing the Management Board report on the Company's operations and the financial statements for the previous financial year, to ensure their compliance with the books of account and documents and the factual status, and motions of the Management Board on the distribution of profits or covering of losses, as well as submitting an annual written report on the results of that assessment to the General Meeting of Shareholders.

In accordance with the Rules of the Supervisory Board adopted with the resolution of the Supervisory Board of 15 December 2009, *as amended*, the Supervisory Board convenes at least once every two months. Meetings of the supervisory Board are convened by the Chairman or Deputy Chairman of the Board, who will also present a detailed agenda. A Supervisory Board meeting should be convened at the request of any Supervisory Board member or at the request of the Management Board.

A meeting of the Board will be convened within two weeks from the date when a request is received. For a meeting of the Supervisory Board to be convened, all the members of the Board must be invited in writing at least seven days before the meeting. For valid reasons, the Chairman of the Supervisory Board can reduce that period to two days, specifying the manner of delivering the invitations. In an invitation to a meeting of the Supervisory Board, the Chairman will specify the time and venue of the meeting and include a detailed draft agenda. He/she will also enclose materials with the invitation relating to the matters included on the agenda. In cases indicated in the Rules of the Supervisory Board meetings of the Supervisory Board may also be held with no formal convening.

Supervisory Board meetings are chaired by its Chairman, or, in his/her absence, by the Deputy Chairman or other Supervisory Board member appointed at the meeting. The Chairman of the Supervisory Board, and in his/her absence, a Vice-Chairman or another Supervisory Board member chairing the meeting, ensures an efficient and proper course of the Supervisory Board's meetings, in accordance with the adopted agenda, legal regulations, the Statute and the Rules of the Supervisory Board of ENEA S.A., and in particular he/she has an exclusive right to:

- open, proceed and close meetings of the Supervisory Board,
- give and take back the floor to members of the Supervisory Board,
- issue standing orders,
- order a voting, supervise its proper progress and announce results,
- settle order issues,
- order breaks in meetings of the Supervisory Board,
- issue instructions to a keeper of the minutes of the meeting of the Supervisory Board,
- distribute written resolutions of the Supervisory Board,
- undertake other actions necessary for an efficient operation of the Supervisory Board.

The proposed agenda can be changed if all the members of the Supervisory Board are present at the meeting and no one objects to the agenda. Any matters that are not included on the agenda will be included on the agenda of the next meeting. Participation in Supervisory Board's meetings is obligatory for Supervisory Board members. Supervisory Board members are required to justify their absence from a Meeting in writing. The Supervisory Board Member absence reconciliation requires a resolution of the Supervisory Board.

On recognition of each submitted matter members of the Supervisory Board are entitled to assess draft resolutions in a discussion and submit amendments to them, however the discussion should proceed in accordance with the principles provided for in the Rules of the Supervisory Board.

The Management Board can adopt resolutions if at least half of its members are present at the meeting and all of the members have been correctly notified of the meeting. The Supervisory Board shall adopt resolutions by an absolute majority of votes cast. In the event of an equal number of votes in adopting a Supervisory Board resolution, the casting vote is held by the chairman of the Supervisory Board.

Subject to the cases described in the Commercial Companies Code the Supervisory Board can also adopt resolutions in writing, by signing the same copy (or copies) or the draft resolution or separate documents with the same content, or by telephone or by other means of remote communication, in a manner that allows all the Members participating in the meeting to directly communicate with each other. Adopting a resolution by this procedure requires that a justification for the resolution be drawn up in advance and that a draft resolution be presented to all the members of the Supervisory Board together with the justification.

Resolutions adopted in writing or remotely using means of direct communication are presented at the next meeting of the Supervisory Board with the outcome of the voting. Supervisory Board members may participate in adopting resolutions by casting votes in writing through another Supervisory Board Member (subject to Article 388 § 2 and 4 of the Commercial Companies Code).

The powers, organisation and operating principles of the Supervisory Board are set out in the Statute, the Rules of the Supervisory Board of ENEA S.A. and the Commercial Companies Code.

Full text of the Statute and Rules of the Supervisory Board of ENEA S.A. covering the detailed description of the operations of the Supervisory Board is published on www.enea.pl under "Investor Relations" -> "Corporate governance".

Supervisory Board's Committees

The Rules of the Supervisory Board of ENEA S.A. anticipates nomination of two Committees of the Supervisory Board:

- **The Audit Committee** (pursuant to the Act of 7 May 2009 on certified auditors and their self-governing body, entities authorised to audit financial statements and on the public supervision),
- **The Nominations and Remuneration Committee** (§ 7 of the Rules of the Supervisory Board).

Composition of the Supervisory Board's Committees

As at the date of this report, i.e. 10 March 2014, the composition of the Audit Committee of the Supervisory Board of the Company is as follows:

Name	Position
Ms. Małgorzata Niezgoda	Chairman
Sławomir Brzeziński	Member
Wojciech Chmielewski	Member
Przemysław Łyczyński	Member
Jeremi Mordasewicz*	Member

As at the date of this report, i.e. 10 March 2014, the composition of the Audit Nominations and Remuneration Committee of the Supervisory Board of the Company is as follows:

Name	Position
Michał Kowalewski	Chairman
Sandra Malinowska	Member
Tadeusz Mikłosz	Member
Jeremi Mordasewicz*	Member

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

Audit Committee - operations

The committee consists of at least three members appointed by the Supervisory Board from among its members for a period corresponding to the length of the Board's term.

The detailed description of the Audit Committee's competences is contained in the Act of 7 May 2009 on certified auditors and their self-governing body, entities authorised to audit financial statements and on the public supervision, and the Rules of the Supervisory Board of ENEA S.A.

Particular aspects of operations of the Audit Committee:

- The chairman of the committee directs and supervises the committee's work, particularly the organisation and procedure of committee meetings. Committee resolutions are adopted at meetings or remotely using a means of direct communication.
- The chairman of the committee submits resolutions, motions and reports on matters on the Board's agenda to the Board, as well as other motions, including motions regarding the need to draw up an expert opinion or an opinion concerning the scope of the committee's tasks for the needs of the committee or employ an adviser.
- Advising by the Audit Committee the Board regarding the internal policy and budget procedures adopted by the Company and inspect them and advise on the Company's contacts with the certified auditor.

Nominations and Remuneration Committee - operations

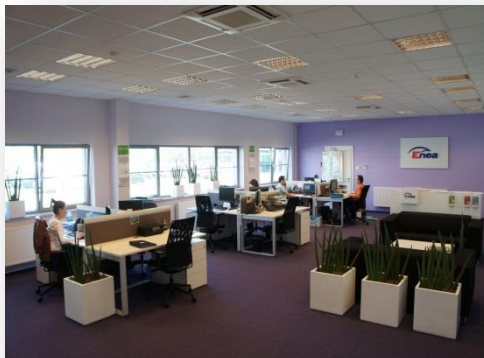
The Nominations and Remuneration Committee should be composed of at least one independent member in the meaning of the European Commission's recommendation, but in the case of nomination to the Board of more than one person fulfilling the above independence criteria, the committee should be composed of possibly the largest number of independent members.

The task of the Nominations and Remuneration Committee is to promote the achievement of the Company's strategic objectives by presenting opinions and motions to the Board regarding the structure of employment and the remuneration paid to the Company's personnel, particularly management personnel.

The description of the Nominations and Remuneration Committee's tasks was specified in the Rules of the Supervisory Board of ENEA S.A.

Particular aspects of operations of the Nominations and Remuneration Committee include:

- analysing Management Board's policy concerning the nomination, election and appointment of senior managerial personnel,
- presenting proposals to the Board relating to the remuneration and forms of employment of members of the Management Board, taking into account their previous achievements,
- presenting opinions to the Supervisory Board on the justification for awarding performance-based remuneration and on incentives based on realisation of tasks and goals of the Company and proposals in that respect.

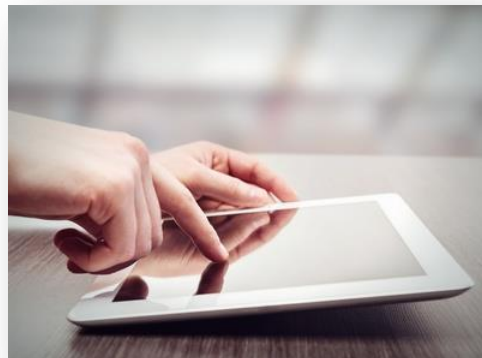


Operations of committees in 2013

The Audit Committee

The Audit Committee held 6 meetings and adopted 13 Resolutions regarding:

- issuing a positive opinion on the documents - Annual audit plan for 2013 for ENEA CG and Budget proposal of the Audit and Control Office for 2013,
- positive assessment of methods for auditing financial statements of the Company for the financial year 2012,
- approval of information on outstanding verification audits for 2010-2012 not included in the Audit Plans for ENEA CG in 2011-2013 and issuing an opinion on the amended Audit Plan for 2013,
- issuing a positive opinion on 2014 Annual Audit Plan for ENEA CG (in the part relating to ENEA S.A.) and Budget Proposal of the Control and Audit Office for 2014,
- audited the Condensed semi-annual non-consolidated financial statement for the period from 1 January to 31 March 2013 and Condensed semi-annual consolidated financial statement for the period from 1 January to 31 March 2013,
- audited the Non-consolidated financial statement for H1 2013 and Consolidated financial statement for H1 2013.



Nominations and Remuneration Committee

The Nominations and Remuneration Committee held 5 meetings and adopted 19 Resolutions. The subject matter of the meetings of the Committee was e.g. development of a recommendation for the Supervisory Board regarding:

- exempting the Vice-President of the Management Board for Economic Affairs from a prohibition to pursue economic activity, business or other remunerated activity within services connected with the held Security Worker licence/second grade,
- granting consent to Members of the Management Board to hold a position of a member of a Supervisory Board of a company comprising ENEA Capital Group,
- conclusion with Members of the Board of service agreements - managerial contract and Non-competition agreements and determining the principles of remunerating Members of the Board.



Additional information

The entity authorised to audit financial statements

KPMG Audyt Sp. z o.o. was selected to perform the financial audit mentioned in the table below. The contract with the above mentioned entity was concluded on 27 March 2012. The information on the net remuneration due to KPMG Audyt Sp. z o.o. for rendering services for ENEA S.A. for 2012 - 2013 is presented in the table below (in PLN '000)

01.01.2013 - 31.12.2013	
KPMG Audyt Sp. z o.o.'s remuneration for auditing and reviewing the non-consolidated and consolidated financial statements of ENEA S.A.	174
KPMG Audyt Sp. z o.o. 's remuneration for other services	96
TOTAL	270

01.01.2012 - 31.12.2012	
KPMG Audyt Sp. z o.o.'s remuneration for auditing and reviewing the non-consolidated and consolidated financial statements of ENEA S.A.	136
KPMG Audyt Sp. z o.o. 's remuneration for other services	178
TOTAL	314

Detailed information on the selection of the above mentioned entity and description of rendered services was published in the current report No. 36/2011 of 22 December 2011.

Information on employment

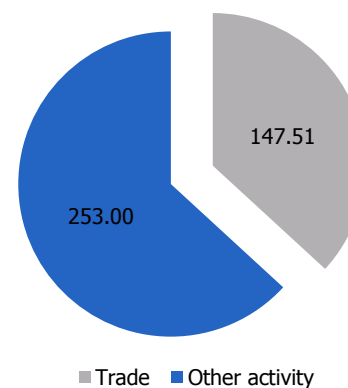
The table below demonstrates ENEA S.A.'s employment level as at 31 December 2013 and the annual average employment in the Company in 2013, divided into trade and other activities.

	State as at the end of 2013 (FTEs)	Annual average employment in 2013 (FTEs)
Trade	153.00	147.51
Other activity	256.50	253.00
TOTAL	409.50	400.51

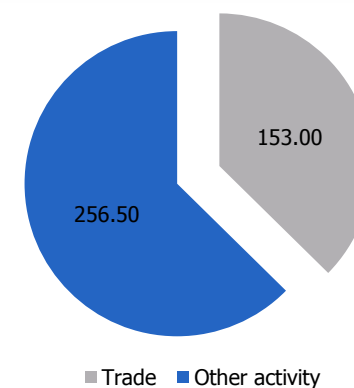
Employment as at 31 December 2013 was on the level of 409.5 full time equivalents, i.e. 411 people.



Average employment in 2013



Employment as at 31 December 2013



Corporate social responsibility

In 2013 CSR operations in ENEA S.A. focused mainly on the realisation of the below actions:



1. Selection of corporate values of ENEA Capital Group

- a) in August 2013 corporate values of ENEA Capital Group were selected in ENEA CG, i.e.:
 - set of beliefs according to which the Company operates in relation to customers, stakeholders and employees,
 - values which the Company indicates as key in its operations
 - that are to motivate in the Company's operations,
 - values, in accordance with which the Group should develop,
 - that are to build the corporate organisational culture, i.e. a set of specific values, which when adopted by ENEA CG and its employees as their own help understand what it advocates, how it works and what it deems important.
 - values which help build an image coherent with the company's character in its environment and promote specific attitudes among employees,
- b) representatives of all the Group companies dedicated to the project took part in the process of developing corporate values in ENEA CG,
- c) in the process of a dialogue with employees the superlative value was determined, which constitutes the basis for functioning of ENEA Capital Group and its Employees - honesty, and this foundation bears the other values: competence, responsibility and safety,
- d) these values became the basis of "ENEA Capital Group's Code of Conduct".

2. Development of "ENEA Capital Group's Code of Conduct"

- a) in October 2013 the Board of ENEA S.A. approved the final shape of "ENEA Capital Group's Code of Conduct" which was positively opinioned by all the Group companies,

- b) all the Group companies were invited to take an active part in the process so that the developed shape of the document be adapted to the situation and needs in each of them,
- c) the content of the Code was made coherent with the only so far approved document in the Group within this field - with Enea Operator Sp. z o.o.'s Code of good practices,
- d) approval of the document commenced a multi-stage process of implementation so that as a result of which each Employee of the Group could identify with the key corporate values,
- e) the goal of the process of building the code was a common elaboration of important, from the company's perspective, principles of functioning in the work place, conducts which the Group deems proper and which improper,
- f) Building the "ENEA CG Code of Ethics" aimed at:
 - reminding employees of the adopted values,
 - being a set of rules and standards of conduct in the work place in the areas important to the company,
 - contributing to enhance the competitiveness through increasing profits and limitation of costs of activity, through:
 - reducing the number and scale of events of corruption, embezzlement and other bad practices,
 - reducing number of situations in which a conflict of interest appears,
 - strengthening the confidence of contractors, partners and customers,
 - increasing employee reliability,
 - enhancing loyalty, sense of responsibility and attachment of employees to the company, which positively affects their reputation.



3. Participation of ENEA S.A. in the project - "ESG analysis of companies in Poland" within publication by listed companies of non-financial data (ESG)

- a) In April 2013 the European Commission presented a proposal of changes to the accounting directive expanding the reporting obligation with non-financial data for all (not only listed) large European enterprises - the issue has not however been settled yet,
- b) "ESG analysis of companies in Poland" project organised by the Stock Exchange Issuers Association, GES and Crido Business Consulting allows Polish issuers to check the assessment of the Company by analysts in the context of disclosing non-financial data (ESG), i.e. on environment protection, social responsibility and corporate governance and compare its position in the light of the whole sector,
- c) ENEA S.A. in September 2013 took part in "ESG analysis of companies in Poland" project for a second time within disclosing non-financial data,
- d) In October 2013 ENEA S.A. was for the second time distinguished in the ranking for the high level of communicating non-financial data and was among 3 best companies from its sector (beside CEZ and PGE S.A.), in the category of a company from the public utility sector and among 30 listed companies with the highest level of transparency and clearness of communicating non-financial data within ESG reporting,
- e) a high assessment is connected with the realisation of "ENEA Capital Group's strategy of corporate social responsibility",
- f) ENEA Group perceives the social responsibility of the business as a method of management which considers expectations of the surrounding environment and makes it possible to rationally manage resources and permanently increase the value of the company through sustainable development measures. Reporting the Strategy of ENEA CG includes e.g. reports on the ratios connected with the corporate impact on the natural environment, with practices in the working place and from within the area of customers relations or a policy of social engagement.
- g) "ESG analysis of companies in Poland" research covered companies listed on the Warsaw Stock Exchange (including NewConnect market), a total of 865 listed companies.

4. On-line publication of another "2012 ENEA Capital Group Corporate Social Responsibility Report" according to the latest reporting guidelines - GRI - G4.

- a) In mid November 2013 ENEA Capital Group published its second comprehensive sustainable development report (CSR report) covering the period of 1 January 2012 to 31 December 2012 in which 18 Group companies reported;
- b) the CSR report for 2012 was prepared based on the latest GRI G4 guidelines of reporting - the fourth generation guidelines announced in May 2013 in Amsterdam,
- c) CSR coordinators in the Group companies and numerous employees responsible for crucial areas took part in works over the development of data for the CSR report,
- d) since the new G4 standard requires concentration on core aspects of the Group's operations, a survey was conducted last year among the stakeholders, business partners and persons engaged in the process,
- e) the CSR report was published as an interactive website <http://raportcsr.enea.pl/pl> (in Polish) and on <http://raportcsr.enea.pl/en> (in English) - this is the only and very ecological form of the CSR report for 2012 which was consciously selected by ENEA Group,
- f) the goal of reporting corporate social responsibility is increasing the transparency of communicating non-financial data (ESG) and their economic, social and environmental results,
- g) our customers, business partners, social environment, employees and media more and more often expect that. Global Compact international organisation, whose member is ENEA S.A., requires it as well.

The screenshot displays the ENEA Capital Group CSR Report 2012 website. The main navigation includes sections for Clients, Employees, Environment, and Community. A 'Stakeholders' Map' section shows ENEA at the center, connected to Clients and Employees. The 'Interactive KPI' section features a bar chart titled 'Carbon dioxide emissions by company' for the years 2011 and 2012, showing emissions in Mg. The chart shows a slight decrease from 2011 to 2012.

Year	Carbon dioxide emissions (Mg)
2011	~100,000
2012	~90,000

Glossary of terms

Financial ratios

Below please find a glossary of terms and a list of acronyms used in this Report of the Management Board on the Operations of ENEA S.A.

Ratio	Item
EBITDA	= Operating profit (loss) + amortisation and depreciation
Return on equity (ROE)	= $\frac{\text{Net profit (loss) for the reporting period}}{\text{Equity}}$
Return on assets (ROA)	= $\frac{\text{Net profit (loss) for the reporting period}}{\text{Total assets}}$
Net profitability	= $\frac{\text{Net profit (loss) for the reporting period}}{\text{Net sales revenues}}$
Operating profitability	= $\frac{\text{Operating profit (loss)}}{\text{Net sales revenues}}$
EBITDA profitability	= $\frac{\text{EBITDA}}{\text{Net sales revenues}}$
Current liquidity ratio	= $\frac{\text{Current assets}}{\text{Current liabilities}}$
Equity-to-fixed assets ratio	= $\frac{\text{Equity}}{\text{Fixed assets}}$
Total debt ratio	= $\frac{\text{Total liabilities}}{\text{Total assets}}$
Net debt / EBITDA	= $\frac{\text{interest-bearing liabilities - cash and cash equivalents}}{\text{EBITDA}}$
Current receivables turnover in days	= $\frac{\text{Average trade and other receivables} \times \text{number of days}}{\text{Net sales revenues}}$
Turnover of trade and other payables in days	= $\frac{\text{Average trade and other liabilities} \times \text{number of days}}{\text{Cost of products, goods and materials sold}}$
Inventory turnover in days	= $\frac{\text{Average inventory} \times \text{number of days}}{\text{Cost of products, goods and materials sold}}$
Cost of products, goods and materials sold	= Use of materials and value of goods sold; Purchases of energy for resale; Transmission services; other outsourced services; taxes and charges; excise tax

Sectoral terms/abbreviations

Abbreviation/term	Full name/explanation
BueNext	Trading platform enabling trade in allowances for emissions of CO ₂ (EUA) and units of certified reduction of emissions (CER) on spot and futures market
CAPEX	Capital expenditures
CO₂	Carbon dioxide
Price of baseload (BASE)	Price of contract with delivery of the same volume of energy on each day hour
Price of euro-peak (PEAK)	Price of contract with delivery of the same volume of energy in euro-peak (i.e. from 7:00 to 22:00 on business days)
CER	Certified Emission Reduction
EUA	EU Emission Allowance - allowances for emissions within the European Emissions Trading System
European Emissions Trading System EU ETS	European system supporting reduction of greenhouse gases emissions
ICE	Trading platform enabling trade in allowances for emissions of CO ₂ (EUA) and units of certified reduction of emissions (CER) on futures market
Cogeneration	A technological process of a combined generation of electricity and usable heat energy in combined heat and power plants
KPRU III/3rd settlement period	National Allocation Plan of CO ₂ emission allowances for 2013-2020
MWe	Megawatt of electrical power
MWh	Megawatthour (1 GWh = 1,000 MWh)
MWt	Megawatt of heating power
NOx	Nitric oxides
OH	Commercial Coordinator
Compensatory payment	Payment which is an alternative of the obligation fulfilment to redemption of the proprietary interest
RES	Energy renewable sources
PMOZE	Proprietary interests from certificates of origin for energy from renewable sources of energy
"Green" proprietary interests	Same as PMOZE
OZEX	Index for session transactions the subject of which are contracts for proprietary interests resulting from certificates of origin for energy generated in energy renewable sources whose production period (indicated in the certificate of origin) was till 28 February 2009 inclusive
OZEX_A	Index for session transactions the subject of which are contracts for proprietary interests resulting from certificates of origin for energy generated in energy renewable sources whose production period (indicated in the certificate of origin) commenced on 1 March 2009 inclusive.
"Yellow" proprietary interests	Proprietary Interests in certificates of origin being the confirmation of electricity generation in a gas cogeneration unit or in a unit of the total installed capacity of up to 1 MW
KGMX	Index for session transactions the subject of which are contracts for proprietary interests resulting from certificates of origin for electricity generated in a gas cogeneration unit or in a unit of the total installed capacity of up to 1 MW

Abbreviation/term	Full name/explanation
"Red" proprietary interests	Proprietary Interests in certificates of origin being the confirmation of electricity generation in other cogeneration sources
KECX	Index for session transactions the subject of which are contracts for proprietary interests resulting from certificates of origin for electricity generated in other cogeneration sources
"Violet" proprietary interests	Proprietary Interests in certificates of origin being the confirmation of electricity generation in a cogeneration unit fired with methane released and abstracted on pit mining works or with gas obtained from biomass processing in the meaning of Article 2 item 1(2) of the Act on biocomponents and liquid biofuels
KMTX	Index for session transactions the subject of which are contracts for proprietary interests resulting from certificates of origin for electricity generated in a cogeneration unit fired with methane released and abstracted on pit mining works or with gas obtained from biomass processing in the meaning of Article 2 item 1(2) of the Act on biocomponents and liquid biofuels
"White" proprietary interests	Proprietary interests in certificates of origin resulting from energy efficiency certificates, the so called "white" certificates
EFX	Index for session transactions the subject of which are contracts for proprietary interests resulting from energy efficiency certificates, the so called "white" certificates
PMMET	Proprietary Interests in certificates of origin being the confirmation of electricity generation in a cogeneration unit fired with methane released and abstracted on pit mining works or with gas obtained from biomass processing in the meaning of Article 2 item 1(2) of the Act on biocomponents and liquid biofuels
Wholesale market	Electricity market on which forward products are listed
SPOT market	Cash market (spot)
Balancing market	Technical market by an Operator of the transmission system Its objective is balancing, in real time, the demand for electricity with its production in the public power system (PPS, Polish "KSE")
TFS	Tradition Financial Services, electricity trading platform designated for concluding various types of transactions, purchase and sale of conventional energy, proprietary interests, renewable energy and allowances for emissions of CO ₂
TGE (PPE)	Towarowa Gielda Energii (Polish Power Exchange)
TPA	Third-party access - a rule stating that an owner or operator makes the grid infrastructure available to third parties in order to deliver the goods/services to third party's customers (it may relate to the transmission or sale of electricity, telecom services, or railway services)
Bilateral transactions	Purchase/sale agreements for energy concluded directly between producers and other entities acting on the market
Energy Law	The Act of 10 April 1997 - Energy Law (Journal of Laws 1997 No. 54 item 348, as amended)
WIBOR	Warsaw Interbank Offered Rate - interest rate for loans on the Polish interbank market
Tariff group set A	Energy sold and delivered to customers connected to a high-voltage grid
Tariff group set B	Energy sold and delivered to customers connected to a medium-voltage grid
Tariff group set C	Energy sold and delivered to customers connected to a low-voltage grid, with the exception of end users using electricity for household purposes
Tariff group set G	Energy sold and delivered to end users using electricity for household purposes, regardless of voltage of the grid to which they are connected

Issue index

Operating summary

Letter of the President of the Management Board

Selected financial data of ENEA S.A.

Key events in 2013

ENEA S.A. organisational and capital ties

ENEA S.A. as the dominant entity in ENEA Capital Group

Description of ENEA Capital Group

Policy on directions of development of ENEA S.A.

Key capital investment structure

Asset restructuring

Changes to the organisation and management rules of ENEA S.A.

The operations of ENEA S.A.

Information on products and services

Sales by value and type

Purchase and sale of energy by ENEA S.A. on the wholesale market

Information on concluded agreements

Agreements of significance to ENEA S.A.

Information on transactions with affiliated entities

Agreements between shareholders of the parent company

Dependence on suppliers or recipients

Credit and loan agreements concluded and terminated

Loans granted

Granted and received sureties and guarantees

Bond issue programme by subsidiaries

Development perspectives

Situation on the electricity market

Wholesale electricity prices

Obligations with respect to obtaining energy certificates of origin

Limits of CO₂ emission allowances and their market prices

Development strategy of the Capital Group

Activities and investments implemented in ENEA S.A.

Financing sources of the investment programme

Planned capital expenditures

Assessment of the Feasibility of Implementing Investment Plans

Rating

Risks and key factors of the operations

Presentation of the financial position of ENEA S.A.

Financial results of ENEA S.A. in 2013 and Q4 2013

Future financial position and more important events which considerably affect or which may considerably affect the operations and financial results

Financial results forecasts

Anticipated financial position

Key events that may considerably affect future results

Financial resources and instruments

Financial resources management

Financial risk management

Principles of preparation of an annual non-consolidated financial statement

Information on shares and shareholding

Share capital structure

Shareholding structure

Changes in the shareholding structure in 2013

Potential changes in the shareholder structure

Employee share control system

Treasury shares

Listing of ENEA S.A.'s shares on the Warsaw Stock Exchange

The Corporate Bodies of ENEA S.A.

Members, appointment and description of powers delegated to authorities of the parent company

Principles of remuneration

Level of remuneration

List of shares in entities that are Members of ENEA Capital Group that are held by the Members of the Management and Supervisory Boards

Declaration of the application of Corporate Governance Rules

Additional information

The entity authorised to audit financial statements

Information on employment

Corporate social responsibility

Glossary of terms

Signatures of the Management Board

The Report of the Management Board prepared on: 10 March 2014

The Report of the Management Board published on: 21 March 2014

Signatures:

President of the Management Board Krzysztof Zamasz

Member of the Management Board for Financial Affairs Dalida Gepfert

Member of the Management Board for Commercial Affairs Grzegorz Kinelski

Member of the Management Board for Corporate Affairs Paweł Orlof

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