

2012

Report of the Management Board

on the operations of ENEA S.A. in 2012

Poznań, 11 March 2013



Table of Contents

1. Introduction.....	4
1.1. Letter of the President of the Board to Shareholders.....	4
1.2. Selected financial data	6
2. ENEA S.A. organisational and capital ties	7
2.1. ENEA S.A. as the dominant entity in the ENEA Capital Group	7
2.2. Policy on directions of development of ENEA S.A.....	12
2.2.1. Description of key capital investments.....	13
2.2.2. Other equity investments and disinvestments as a part of assets restructuring processes	15
2.2.3. Changes to the organisation and management rules of ENEA S.A.	16
2.3. Information on branches.....	17
3. The operations of ENEA S.A.	18
3.1. More important events in 2012	18
3.2. Information on products and services.....	20
3.3. Sales and supply markets	20
3.3.1. Sales to end users	20
3.3.2. Other sales	20
3.3.4. Purchase and sale of energy by ENEA S.A. on the wholesale market.....	23
3.4. Information on concluded agreements.....	23
3.4.1. Agreements of significance to ENEA S.A.....	23
3.4.2. Information on transactions with affiliated entities	26
3.4.3. Credit and loan agreements concluded and terminated	29
3.4.4. Loans granted	30
3.4.5. Granted and received sureties and guarantees.....	30
3.4.6. Agreements between shareholders of the parent company.....	32
3.4.7. Insurance agreements	32
3.4.8. Collaboration or cooperation agreements	32
3.4.9. Purchase of bonds issued by subsidiaries.....	33
3.5. Development prospects of ENEA S.A.	35
3.5.1. Wholesale electricity prices	37
3.5.2. Limits of CO ₂ emission allowances and their market prices	39
3.5.3. Obligations with respect to obtaining energy certificates of origin	41
3.5.4. Development Strategy of ENEA S.A.	44
3.5.5. Financing sources of the investment programme	49
3.5.6. Assessment of the Feasibility of Implementing Investment Plans	50
3.5.7. Business risks	50
4. Presentation of the financial position of ENEA S.A.	63
4.1. Discussion of key economic and financial figures disclosed in the annual financial statement.....	64
4.1.1. Financial results	64
4.1.2. Asset situation	67
4.1.3. Cash.....	69
4.1.4. Ratio analysis	69
4.1.5. Description of key off-balance sheet items	70
4.1.6. Financial results forecasts.....	71
4.1.7. Presentation of financial results of the ENEA S.A. for Q4 2012 in comparison with Q4 2011.....	71
4.1.7.1. Financial results	71
4.1.7.2. Ratio analysis	74
4.2. Major events that have, or could have in the future, a material effect on the Company's operations and financial results	75
4.3. Financial resources and instruments.....	75

4.3.1. Financial resources management	75
4.3.2. Description of the use of issue proceeds	75
4.3.3. Used financial instruments	75
4.3.4. Financial risk management	76
4.4. Principles of preparation of an annual financial statement	77
5. Information on shares and shareholding.....	78
5.1. Share capital structure	78
5.2. Shareholding structure	78
5.3. Changes in the shareholder structure	79
5.4. Treasury shares.....	79
5.5. Information on the system of inspecting employee share programmes.....	79
5.6. Listing of ENEA S.A.'s shares on the Warsaw Stock Exchange	80
6. The Corporate Bodies of ENEA S.A.	81
6.1. Members, appointment and description of powers delegated to authorities of ENE A S.A.	81
6.2. Principles of Remuneration	81
6.3. Level of Remuneration	82
6.4. List of Shares in Entities that are Members of the ENEA Capital Group that are held by the Members of the Management and Supervisory Boards.....	82
7. Declaration of the application of Corporate Governance Rules.....	83
8. Additional Information	84
8.1. The entity authorised to audit financial statements.....	84
8.2. Environmental issues.....	84
8.3. Information on employment	86
8.4. Awards, distinctions and achievements	86
8.5. Glossary of industry terms	88
Attachments:.....	89
Declaration of the application of Corporate Governance Principles.....	89
Report on operations of ENEA S.A. within Corporate Social Responsibility.....	110

1. Introduction

1.1. Letter of the President of the Board to Shareholders



I am delighted to submit the Annual Report constituting the summary of the year of 2012 within operations of ENEA S.A. and the companies of the ENEA Capital Group. It was a very important year of work directed at the realisation of strategic goals of ENEA S.A. and the Group, activities towards gaining financing for an ambitious investment plan, changes within the generation and energy trading. The year of 2012 will also go down in history as the one in which the most important investment for the Group commenced - a construction of a modern power unit No. 11 in Koźienice, the start-up of which will not only increase our generating capacities but will also constitute a considerable stabiliser of the national energetic system.

In 2012 we managed to gain the financing enabling the realisation of the investment plan assuming a growth in generating capacities from traditional and renewable sources. To this end ENEA S.A. concluded a Programme Agreement which specifies the terms for the Bond Issue Programme of the value of up to PLN 4 bln.

The parties to the agreement were banks - issue guarantors, i.e.: PKO Bank Polski, Pekao, Bank Zachodni WBK, Bank Handlowy and Nordea Bank Polska. The Company also concluded a 15-year Loan Agreement valued PLN 950 mln with the European Investment Bank. The completion of projects of obtaining funds from external institutions was preceded with the maintenance of a long-term rating (awarded to the Company in April 2011 by Fitch Ratings) on the previous level of BBB (on the international scale) and A (on the domestic scale).

The Bond Issue Programme, supplemented with the funding from multilateral banks, shall cover all the investment needs of the ENEA Capital Group within the areas of generation, distribution and renewable sources of energy till 2020. The general contractor of the construction of a new coal unit - Polimex-Mostostal and Hitachi Power Europe consortium - has been performing its works on the construction site since October 2012. This is the largest investment of the Polish power sector, as a result of which the biggest in Europe unit fired with bituminous coal will be developed (capacity of 1,075 MW gross). The termination of the construction is planned for Q2 2017.

The transaction of the purchase of a 50 MW wind farm in Bardy (the Zachodniopomorskie Province) was completed successfully. ENEA Operator continued investing within the development of the distribution network in order to satisfy the demand of recipients for power and electricity and create conditions enabling connecting new subjects to the network. It also conducted numerous investments which energetically secured the key sports event of the previous year - EURO 2012.

In 2012 the ENEA Capital Group reported a growth in net sales revenues and revenues from sales of electricity (electricity sales volumes grew by 188 GWh). The Group generated a positive financial result and achieved positive profitability ratios. The EBITDA profitability amounted to 15.8% and was similar to the performance level of 2011 (15.7%). The net profit generated by ENEA S.A. in 2012 amounted to PLN 522,680 thou. and was higher than the profit attained in 2011 by PLN 169,846 thou., i.e. by 48.1%.

ENEA S.A. joined two strategic projects, the realisation of which will completely change the national power system and will enhance the energy security of Poland. Together with PGNiG, KGHM, PGE and Tauron it became a part of the alliance for the cooperation on the extraction of shale gas. The enterprises will jointly finance the exploration of shale gas and construction of mines, in consideration for the participation in profits

from a further extraction. In September ENEA S.A. and KGHM, PGE and Tauron signed a letter of intent concerning undertaking of activities aiming at the determination of rules of cooperation and participation of ENEA S.A. in the construction of the first atomic power plant in Poland.

Apart from projects commenced together with external partners considerable changes occurred inside of the ENEA Capital Group. Elektrownia "Kozienice" S.A. changed its name to ENEA Wytwarzanie S.A., becoming a central entity in the Group responsible for the area of energy and heat generation. At the end of the year, as a result of the concluded agreement a holding structure was established for this area in the ENEA Group. ENEA Wytwarzanie S.A. took over six companies from ENEA S.A. which operate within the generation of electricity and heat. It is the first stage of the process of the integration of the generation area. Important actions were undertaken in the area of sales and customer service. The Board of ENEA S.A. adopted a "Strategy of sales of ENEA S.A. in the area of retail sales for 2012-2016", assuming the reconstruction of our share in the market and its effective growth. ENEA S.A. became the owner of 100% shares of ELKO Trading Sp. z o.o., a wholesale company (presently ENEA Trading Sp. z o.o.). The implementation was commenced of the "Information Customer Service System" (ICSS), which will ensure a comprehensive support within sales and customer service. Competences were also developed within the Programme of "Change of the Customer Service Model".

The ENEA Group published the first in its history comprehensive report of the corporate social responsibility (CSR), prepared in accordance with international reporting standards. The approach of ENEA S.A. towards the implementation of set strategic goals connected with the corporate social responsibility was for the first time presented in such a comprehensive way.

Achievements of the previous year are grounds for satisfaction. I am convinced that we will skilfully use our experience in order to face new challenges which may bring other chances for ensuring a further growth in the value and development of resources of ENEA S.A. and the whole ENEA Group.

Sincerely,

Krzysztof Zamasz

President of the Management Board of ENEA S.A.

1.2. Selected financial data

Selected financial data of ENEA S.A.

Data in PLN '000	2011	2012	Change	Difference
Net sales revenues	5 577 633	5 759 339	103.3%	181 706
Profit / (loss) from operations	36 191	136 978	378.5%	100 787
Profit / (loss) before tax	388 204	560 933	144.5%	172 729
Net profit / (loss) for the reporting period	352 834	522 680	148.1%	169 846
EBITDA	52 836	153 856	291.2%	101 020
Net cash flows from operating activities	-47 445	41 340	x	88 785
Net cash flows from investing activities	587 012	-172 277	x	-759 289
Net cash flows from financing activities	-198 076	-215 272	108.7%	-17 196
Total net cash flows	341 491	-346 209	x	-687 700
Weighted average number of shares [pcs.]	441 442 578	441 442 578	100.0%	0
Net profit per share [PLN]	0.80	1.18	148.4%	0.38
Diluted profit per share [PLN]	0.80	1.18	148.4%	0.38

Data in PLN '000	Q4 2011	Q4 2012	Change	Difference
Net sales revenues	1 391 314	1 461 008	105.0%	69 694
Profit / (loss) from operations	-16 947	72 893	x	89 840
Profit / (loss) before tax	4 934	83 683	1 696.0%	78 749
Net profit / (loss) for the reporting period	1 331	69 111	5 192.4%	67 780
EBITDA	-13 087	77 197	x	90 284
Weighted average number of shares [pcs.]	441 442 578	441 442 578	100.0%	0
Net profit per share [PLN]	0.003	0.157	5 192.4%	0.154
Diluted profit per share [PLN]	0.003	0.157	5 192.4%	0.154

Data in PLN '000	As at:		Change	Difference
	31 December 2011	31 December 2012		
Total assets	11 257 287	11 647 700	103.5%	390 413
Total liabilities	1 051 431	1 149 808	109.4%	98 377
Non-current liabilities	128 595	142 092	110.5%	13 497
Current liabilities	922 836	1 007 716	109.2%	84.880
Equity	10 205 856	10 497 892	102.9%	292 036
Share capital	588 018	588 018	100.0%	0
Book value per share	23.12	23.78	102.9%	0.66
Diluted book value per share [PLN]	23.12	23.78	102.9%	0.66

2. ENEA S.A. organisational and capital ties

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

As at 31 December 2012 the Capital Group consisted of the parent company ENEA S.A. ("Company", "Parent Company") 15 direct subsidiaries, 7 indirect subsidiaries and 1 affiliate. Within the ENEA Capital Group ("Group"), there are three 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 of electricity) and ENEA Trading Sp. z o.o. (wholesale of electricity). The other entities render supplementary services towards the aforementioned companies.

General information regarding ENEA S.A.:

General information regarding ENEA S.A.	
Name (business name):	ENEA Spółka Akcyjna
Legal form:	Spółka Akcyjna (Joint-stock company)
Country of registration:	Republic of Poland
Registered office:	Poznań
Address:	ul. Górecka 1, 60-201 Poznań
National Court Register - Regional Court in Poznań - Nowe Miasto and Wilda in Poznań	KRS 0000012483
Telephone number:	(+48 61) 884 53 00
Fax:	(+48 61) 884 59 55
E-mail:	enea@enea.pl
Website:	www.enea.pl
Statistical classification number (REGON):	630139960
Tax identification number (NIP):	777-00-20-640

As at 31 December 2012 the companies of the ENEA Capital Group operated within the area indicated below:

Company	Scope of operations
1. ENEA S.A. with its registered office in Poznań	Trade in electricity
2. ENEA Operator Sp. z o.o. with its registered office in Poznań	Distribution of electricity conducted from 1 July 2007 based on a licence issued by the President of the Energy Regulatory Office on 28 June 2007 for the period from 1 July 2007 to 1 July 2017. Simultaneously, on 30 June 2007 the President of ERO designated ENEA Operator Sp. z o.o. as the operator of a power distribution system for the life of the licence.
3. ENEA Wytwarzanie S.A. with its registered office in Świerże Górne	Generation of electricity and heat co-generated with electricity.
4. Energomiar Sp. z o.o. with its registered office in Poznań	Production of astronomical clocks, conservation, assembly, legalisation and calibration of electricity meters, readings of electricity consumption and services of radio management of power.
5. BHU S.A. with its registered office in Poznań	Trade in power equipment, accessories and materials.

6. Hotel EDISON Sp. z o.o. with its registered office in Baranów	Hotel, gastronomic, training, holiday, recreation and sport activity.
7. Energetyka Poznańska Zakład Transportu Sp. z o.o. with its registered office in Poznań	Motor transport and workshop activity.
8. Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych ENERGOBUD Leszno Sp. z o.o. with its registered office in Gronówko	Designing, construction, modernisation and operation of power networks and related equipment.
9. Energo-Tour Sp. z o.o. with its registered office in Poznań	Hotel and gastronomic activities, organisation of holidays, camps, summer camps, tourism services and activity connected with health care.
10. Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrowiskowe ENERGETYK Sp. z o.o. with its registered office in Inowrocław	Spa activity within health care and rehabilitation.
11. Eneos Sp. z o.o. with its registered office in Poznań	Operation and maintenance of street lighting.
12. ENTUR Sp. z o.o.* with its registered office in Szczecin	Holiday, tourism, recreation, training, gastronomic activity and providing health care services.
13. ITSERWIS Sp. z o.o. with its registered office in Zielona Góra	Operations in landline and wireless telecommunications and IT and computer services, as well as wholesale and retail sales of electronic and telecommunication equipment, computers and software.
14. ENEA Centrum S.A. with its registered office in Poznań	Customer service on behalf of ENEA S.A.
15. Annacond Enterprises Sp. z o.o. with its registered office in Warsaw	The company is presently preparing to commence the operating activity within electricity distribution.
16. ENEA Trading Sp. z o.o. with its registered office in Świerże Górne	Management of the portfolio and trading in electricity for the Area of Generation and Area of Sales.
17. Elektrociepłownia Białystok S.A. with its registered office in Białystok	An indirect subsidiary through the shares in ENEA Wytwarzanie S.A. Production of heat energy and electricity.
18. Elektrownie Wodne Sp. z o.o. with its registered office in Samociążek	An indirect subsidiary through the shares in ENEA Wytwarzanie S.A. The Company is engaged in the production of electrical energy and services with respect to the operation of hydroelectric plants as well as the development of operations involving power generation from renewable energy sources by implementing wind farm and biogas power plant projects.
19. Miejska Energetyka Ciepła Piła Sp. z o.o. with its registered office in Piła	An indirect subsidiary through the shares in ENEA Wytwarzanie S.A. Generation, transmission and distribution of heat energy and generation of electricity and heat energy in cogeneration using heat and power units.
20. Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. with its registered office in Oborniki	An indirect subsidiary through the shares in ENEA Wytwarzanie S.A. Generation, transmission and distribution of heat energy.

21. Windfarm Polska Sp. z o.o. with its registered office in Koszalin	An indirect subsidiary through the shares in ENEA Wytwarzanie S.A.
22. Dobitt Energia Sp. z o.o. with its registered office in Gorzesław	An indirect subsidiary through the shares in ENEA Wytwarzanie S.A. The owner of the construction design of a biogas power plant (agricultural) with the capacity of 1.6 MW.
23. Ecebe Sp. z o.o. with its registered office in Augustów	An indirect subsidiary through the shares in Elektrociepłownia Białystok S.A.
24. Energo-Invest-Broker S.A. with its registered office in Toruń	An affiliate of ENEA Wytwarzanie S.A.

* Entity under liquidation - a detailed description is to be found in item 2.2.3 "Changes in the organisation and management rules of the Capital Group".

Subsidiaries

The ENEA Capital Group as at 31 December 2012 comprised 15 direct subsidiaries in which ENEA S.A. held shares of the total nominal value of PLN 5,378,066.3 thou., which as at 31 December 2012 constituted 99.85% of the total nominal value of share capitals of these companies, amounting to PLN 5,386,101.8 thou.

Holdings of ENEA S.A. in the share capital of subsidiaries.

No.	Company name and address	Share capital - nominal value [PLN '000]	Shareholding of ENEA S.A. [PLN '000]	Percentage share of ENEA S.A. in the capital and voting rights
1	BHU S.A. ul. Strzeszyńska 58, 60-479 Poznań	16 540.70	15 320.70	92.62
2	Hotel EDISON Sp. z o.o. Baranowo near Poznań, 62-081 Przeźmierowo	21 271.50	21 271.50	100.00
3	Energetyka Poznańska Zakład Transportu Sp. z o.o. ul. Strzeszyńska 58, 60-479 Poznań	4 975.50	4 975.50	100.00
4	Energomiar Sp. z o.o. ul. Strzeszyńska 58, 60-479 Poznań	2 749.00	2 749.00	100.00
5	Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych ENERGOBUD Leszno Sp. z o.o. Gronówko 30, 64-111 Lipno near Leszno	11 050.00	11 050.00	100.00
6	Energo-Tour Sp. z o.o. ul. Marcinkowskiego 27, 61-745 Poznań	9 543.00	9 535.00	99.92
7	ENEA Operator Sp. z o.o. ul. Strzeszyńska 58, 60-479 Poznań	4 678 050.00 *	4 678 050.00	100.00
8	ENEA Wytwarzanie S.A. Świerże Górne, gmina Kozienice, 26-900 Kozienice 1	462 482.44**	462 482.44	100.00
9	ITSERWIS Sp. z o.o. ul. Zacisze 28, 65-775 Zielona Góra	6 364.00	6 364.00	100.00
10	Eneos Sp. z o.o. ul. Strzeszyńska 58, 60-479 Poznań	32 089.50	32 089.50	100.00

11	ENTUR Sp. z o.o.*** ul. Malczewskiego 5/7, 71-616 Szczecin	4 134.50	4 134.50	100.00
12	Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrawiskowe ENERGETYK Sp. z o.o. ul. Wilkońskiego 2, 88-100 Inowrocław	17 448.00	17 438.00	99.94
13	ENEA Centrum S.A. ul. Górecka 1, 60-201 Poznań	1 973.70	1 973.70	100.00
14	Annacond Enterprises Sp. z o.o. 02-957 Warszawa, ul. Jana III Sobieskiego 1 / 4	17 430.00	10 632.50	61.00
15	ENEA Trading Sp. z o.o. Świerże Górne, municipality of Kozienice, 26-900 Kozienice 1	100 000.00	100 000.00	100.00
	TOTAL	5 386 101.84	5 378 066.34	99.85

* Share capital in accordance with the Statute and the National Court Register. In the financial statements drawn up in accordance with the EU IFRSs, the share capital is stated after adjustments for in-kind contributions.

** Share capital in accordance with the Statute and the National Court Register as at 31 December 2012. In the financial statement prepared in accordance with EU IFRSs the share capital is presented after adjustments by title of hyperinflation. On 22 January 2013 the raised share capital of ENEA Wytwarzanie S.A. was registered in the National Court Register and presently amounts to PLN 2,046,049,500.

*** Entity under liquidation - a detailed description is to be found in item 2.2.3 "Changes in the organisation and management rules of the Capital Group".

Indirect subsidiaries and affiliates

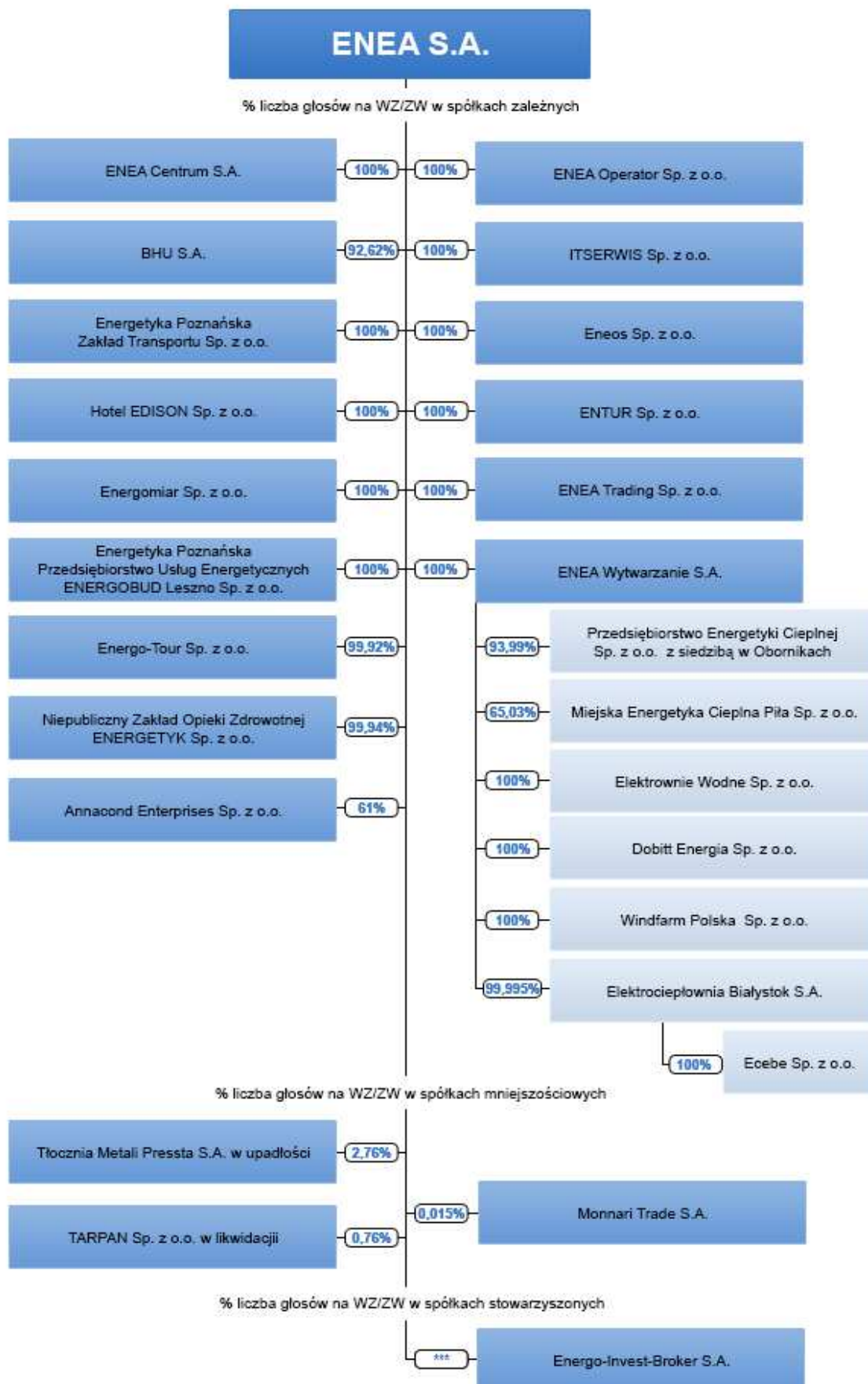
No.	Company name and address	Percentage share of ENEA S.A. in the capital and voting rights
1	Elektrociepłownia Białystok S.A. ul. Gen. Andersa 3, 15-124 Białystok	99.996*
2	Elektrownie Wodne Sp. z o.o. Samociążek 92, 86-010 Koronowo	100.00*
3	Miejska Energetyka Ciepłna Piła Sp. z o.o. ul. Kaczorska 20, 64-920 Piła	65.03*
4	Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. ul. Wybudowanie 56, 64-600 Oborniki	93.99*
5	Windfarm Polska Sp. z o.o. ul. Wojska Polskiego 24-26, 75-712 Koszalin	100.00*
6	Dobitt Energia Sp. z o.o. Gorzestaw 8, 56-420 Bierutów	100.00*
7	Ecebe Sp. z o.o. Ul. Wojciecha 8, Augustów	99.99 **
8	Energo-Invest-Broker S.A. Ul. Jęczmienna 21, Toruń	***

* An indirect subsidiary through the shares in ENEA Wytwarzanie S.A.

** An indirect subsidiary through the shares in Elektrociepłownia Białystok S.A.

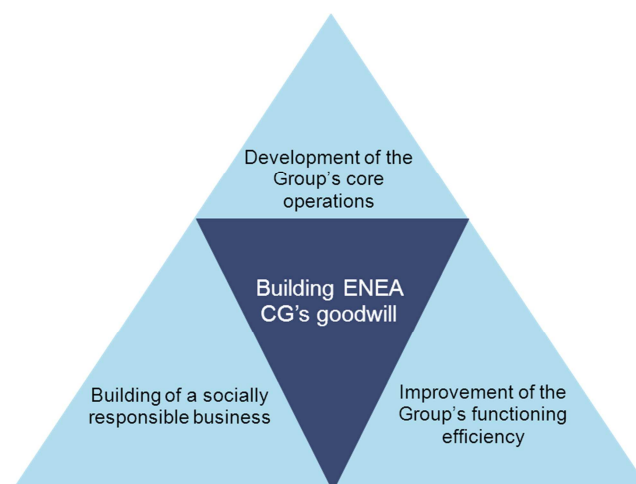
*** An affiliate of ENEA Wytwarzanie S.A.

The organisational diagram showing the structure of the ENEA Capital Group as at 31 December 2012



2.2. Policy on directions of development of ENEA S.A.

One of key factors that will affect the growth and perspectives of ENEA S.A. is the implementation of the Company strategy which is reflected in the activities realised in the whole ENEA Capital Group in three basic strategic areas:



Developing the core operations of the Group

As part of the Group's strategic area that involves core business development, one of the long-term strategic courses of action to be taken by the Group is gaining access to own sources of energy generation of the potential enabling at least satisfaction of the demand for electricity of all the customers of the Group.

The first step toward the realisation of the strategy was inclusion of Elektrownia "Kozienice" S.A. in October 2007 into the ENEA Capital Group (On 25 May 2012 Elektrownia "Kozienice" S.A. changed its name into ENEA Wytwarzanie S.A.), a bituminous coal fired power plant with largest generating capacity in Poland.

Irrespective of what opportunities there may be to acquire additional generation capacity by acquiring existing entities, we are planning to increase our own generation capacity, including on the area of ENEA Wytwarzanie S.A. where we are planning the construction and start-up of a new power unit with a gross electrical capacity of 1,075 MWe.

In relation to the anticipated growth of the share of electrical energy volumes generated from the renewable sources of energy and in cogeneration, we undertake activities aiming at the increase of control of costs related to the realisation of the obligations resulting from the law regulations within this field. To this end, we plan to continue concluding long-term agreements for the purchase of certificates confirming the generation of energy in renewable sources and cogeneration from external entities, and to carry out direct investments in such sources. Our intention is to invest in wind farm and biogas plants projects which are already commenced and at various stages of development, by acquiring existing entities or investing in new projects in co-operation with external entities.

Heretofore acquired thermal plants will be modernised and transformed into heat and power plants, also into ones fired with biomass which will generate electricity and heat in cogeneration, enabling us to obtain additional certificates of origin for the energy.

Improving the effectiveness of how the Group functions

As part of improving the effectiveness of how the Group functions, strategic goals will be realised in order to increase revenues, reduce costs and integrate operations to increase the margin on the Group's core operations. Optimisation activities will concern all the business areas of the Group and will be realised among others through the transfer of basic functions connected with the growth of the company to the level of a corporate centre of the Group, and also realisation of synergies resulting from the activity of particular business areas within the whole Capital Group.

Building a socially responsible business

We are undertaking actions with an objective to build a socially responsible business. Within these activities objectives will be realised which in the long run will increase the value of the business by incorporating responsible business principles into the operations of the Group. A more detailed description of the area was presented in the "Report on operations of ENEA S.A. within corporate social responsibility" constituting an attachment to this document.

A new business model of the Group

A successful realisation of the policy of the Company's development, including the whole Group, depends on the implementation of the Group's new business model. A fundamental task of this new model is to guarantee that the ENEA Capital Group will be able to function flexibly over the long term, thereby taking a full advantage of the opportunities and meeting the challenges of the Polish power industry.

2.2.1. Description of key capital investments

Implementing the strategy as regards the development and restructuring of the ENEA Capital Group, ENEA S.A. made the following capital investments in 2012:

- ***Raising of the share capital of Elektrownie Wodne Sp. z o.o. in consideration for a contribution in kind in the form of a real property***

On 13 March 2012 the Extraordinary General Meeting of Shareholders of Elektrownie Wodne Sp. z o.o. adopted a Resolution on raising of the share capital of the Company by PLN 49,000, from PLN 239,849,500 to PLN 239,898,500, through the creation of 98 new shares that were offered to ENEA S.A. which took up all the newly created shares and paid for them with a contribution in kind being the right of perpetual usufruct of the properties comprising plots of land located in Ptusza, of the total area of 1.2798 ha, and in Dobrzyca, of the total area of 0.4924 ha, of the total value of PLN 49,000. The transfer of the aforementioned property to the company aimed at, among others, the organisation of the economic position of ENEA Capital Group.

- ***Consolidation of a block of shares of Elektrociepłownia Białystok S.A.***

Within the process being in progress of purchasing shares of Elektrociepłownia Białystok S.A., on 8, 9 and 15 March 2012 and 10 August 2012 agreements were concluded based on which ENEA S.A. purchased a total of 985 shares of Elektrociepłownia Białystok S.A. with its registered office in Białystok. In relation to the above, the shareholding structure was as follows: ENEA S.A. held 1,844,199 shares, and the other shareholders held 76 shares. Based on the Share Subscription Agreement for the shares of ENEA Wytwarzanie S.A. concluded on 28 December 2012, ENEA S.A. made a contribution in kind to ENEA Wytwarzanie S.A. being the shares of Elektrociepłownia Białystok S.A.

- ***Investments in renewable energy sources - purchase of Windfarm Polska Sp. z o.o. (in Bardy in the Zachodniopomorskie Province)***

On 16 April 2012 ENEA S.A. purchased from Equiventus Capital S.a.r.l (Luxembourg) all the 50 shares in Windfarm Polska Sp. z o.o. with the nominal value of PLN 1,000.00 each. Windfarm Polska Sp. z o.o. with its registered office in Koszalin operates within generation of electricity. The farm located in Bardy (municipality of

Dygowo, Kołobrzeg District, the Zachodniopomorskie Province) has a capacity of 50 MW. It consists of 25 Vestas turbines of the capacity of 2 MW each. The farm will generate ca. 150 thou. MWh of green energy annually. The Bardy wind farm may be extended to the total capacity of 60 MW. Based on the Share Subscription Agreement for the shares of ENEA Wytwarzanie S.A. concluded on 28 December 2012, ENEA S.A. made a contribution in kind to ENEA Wytwarzanie S.A. being the shares of Windfarm Polska Sp. z o.o.

- ***Consolidation of a block of shares of Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. in Oborniki***

On 6 June 2012 ENEA S.A. purchased 308 shares constituting a second tranche (out of four) of the buy-out of employee shares. The above constitutes the realisation of the provisions of § 5 "Package of rights and social guarantees for employees of Przedsiębiorstwo Energetyki Ciepłej Spółka z ograniczoną odpowiedzialnością in Oborniki" of 11 December 2008 in which ENEA S.A. undertook to buy back the employee shares. As a result of the above, the shareholding structure was as follows: ENEA S.A. ENEA S.A. - 9,742 shares – 93.99%, Gmina Oborniki - 11 shares - 0.11% and Company Employees - 612 shares – 5.90%. Based on the Share Subscription Agreement for the shares of ENEA Wytwarzanie S.A. concluded on 28 December 2012, ENEA S.A. made a contribution in kind to ENEA Wytwarzanie S.A. being the shares of Przedsiębiorstwo Energetyki Ciepłej Spółka z ograniczoną odpowiedzialnością in Oborniki.

- ***Intergroup restructuring of the ownership structure of Elektrownie Wodne Sp. z o.o.***

Based on the purchase and sale agreement of 3 July 2012 Elektrownie Wodne Sp. z o.o. purchased from ENEA Centrum S.A. 17 treasury shares for redemption. On 22 August 2012 the Extraordinary General Meeting of Shareholders of Elektrownie Wodne Sp. z o.o. with its registered office in Samociążek adopted a resolution concerning the redemption from net profit of 17 shares of the Company purchased for redemption from ENEA Centrum S.A. based on the sale and purchase agreement of 3 July 2012. As a result the share capital of Elektrownie Wodne Sp. z o.o. amounted to PLN 239,898,500.00 and was divided into 479,780 shares of PLN 500.00 each, wholly owned by ENEA S.A. Based on the Share Subscription Agreement for the shares of ENEA Wytwarzanie S.A. concluded on 28 December 2012, ENEA S.A. made a contribution in kind to ENEA Wytwarzanie S.A. being the shares of Elektrownie Wodne Sp. z o.o.

- ***Raising of the share capital of Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych ENERGOBUD Leszno Sp. z o.o. in consideration for a contribution in kind in the form of a real property***

On 21 August 2012 an Extraordinary General Meeting of Shareholders of Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych ENERGOBUD Leszno Spółka z ograniczoną odpowiedzialnością seated in Gronówko was held, during which a resolution was adopted regarding raising of the share capital from the amount of PLN 8,785,000, by PLN 2,265,000, to PLN 11,050,000 in consideration for a contribution in kind in the form of rights of perpetual usufruct of the property located in Gorzów Wielkopolski, by ul. Energetyków and of ownership rights to the buildings and constructions located on the plots of land and constituting a separate than the land object of ownerships comprising the property. The amendment was registered in the National Court Register on 20 September 2012.

- ***Purchase by ENEA S.A. of shares of ELKO Trading Sp. z o.o.***

On 17 September 2012 ENEA S.A. purchased 100% of shares of ELKO Trading Sp. z o.o. which trades in electricity, proprietary interests connected with electricity and emission allowances for the account of the ENEA Capital Group. At the same time, the Company performs analytical functions and manages the portfolio of contracts on the wholesale market of electricity. In accordance with the Strategy of the ENEA Capital Group ELKO Trading Sp. z o.o. acts a Centre of responsibility for wholesale within the ENEA Capital Group and is the only entity contacting the market and making decisions as to the volume, price and moment of purchases of particular products for other areas of the ENEA Capital Group. On 27 September 2012 an Extraordinary General Meeting of Shareholders of ELKO Trading Sp. z o.o. was held in Poznań which e.g. adopted a resolution regarding the amendment of the Company's Articles of Association including the change of the Company's

name from the present to the new name, i.e.: ENEA Trading Sp. z o.o. The change of the Company's name is in line with the adopted brand management strategy for "ENEA". On 18 October 2012 the change of the company name from ELKO Trading Sp. z o.o. to ENEA Trading Sp. z o.o. was registered in the National Court Register.

- **Generation Area Integration**

On 28 December 2012 ENEA and ENEA Wytwarzanie S.A., within the realisation of the process of the Integration of the Generation Area in the ENEA Capital Group, concluded the agreement on the subscription for shares of ENEA Wytwarzanie S.A. Compliant with its provisions ENEA S.A. subscribed for all, i.e. 158,356,706 ordinary registered shares of C series, of the nominal value of PLN 10 each, i.e. of the total nominal value of PLN 1,583,567,060, in the raised share capital of ENEA Wytwarzanie S.A. The Shares subscribed for correspond to 77.4% share in the raised share capital of ENEA Wytwarzanie S.A. In consideration for the taken up Shares ENEA S.A. made a contribution in kind of the total value of PLN 1,583,567,060, in the form of:

- 1,844,199 shares of **Elektrociepłownia Białystok S.A. in Białystok** of the nominal value of PLN 10 each, of the total value of PLN 538,506,100.
- 479,780 shares in **Elektrownie Wodne Sp. z o.o. in Samociążek** of the nominal value of PLN 500 each, of the total value of PLN 513,062,330.
- 9,742 shares in **Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. in Oborniki** of the nominal value of PLN 500 each, of the total value of PLN 11,171,340.
- 18,657 shares in **Miejska Energetyka Ciepła Piła Sp. z o.o. in Piła** of the nominal value of PLN 1,000 each, of the total fair value of PLN 41,743,350.
- 18,350 shares in **DOBITT ENERGIA Sp. z o.o. in Gorzelsław** of the nominal value of PLN 500 each, of the total fair value of PLN 14,999,100.
- 50 shares in **"Windfarm Polska" Sp. z o.o. in Koszalin** of the nominal value of PLN 1,000 each, of the total fair value of PLN 102,398,080.
- a claim towards **"Windfarm Polska" Sp. z o.o. in Koszalin** by title of the loan agreement in the amount of EUR 8,877,094.31 of the fair value of PLN 37,827,960.
- a claim towards **"Windfarm Polska" Sp. z o.o. in Koszalin** by title of the supply and construction in the total amount of EUR 76,000,000 of the value of PLN 323,858,800.

The share of ENEA S.A. in the share capital of ENEA Wytwarzanie S.A. remains unchanged and amounts to 100%.

On 22 January 2013 the raised share capital of ENEA Wytwarzanie S.A. was registered in the National Court Register and presently amounts to PLN 2,046,049,500. ENEA S.A. presently holds 204,604,950 votes at a General Meeting of ENEA Wytwarzanie S.A. which constitutes 100% of the total number of votes in ENEA Wytwarzanie S.A.

2.2.2. Other equity investments and disinvestments as a part of assets restructuring processes

- **Sale of a block of shares of Towarowa Giełda Energii S.A.**

On 23 December 2011 ENEA S.A. concluded an agreement for the sale of 14,750 shares of Polish Power Exchange (PPE) with the Warsaw Stock Exchange (WSE) constituting 1.0172% of the share capital of PPE. On 29 February 2012 the transaction was closed and the aforementioned shares were transferred to WSE. In relation to the transaction closing on 29 February 2012 ENEA S.A. ceased to be the shareholder of PPE.

- **Sale of a block of shares of Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A.**

On 16 February 2012 ENEA S.A. concluded an agreement for sale of 269,000 shares of Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A. (WIRBET) with THC Fund Management Ltd. with

its registered office in Nicosia, Cyprus, constituting 49% of the share capital of WIRBET. At the same time, ENEA S.A., based on the authorisation granted to it on behalf of the other shareholders of WIRBET, i.e. Tauron Dystrybucja S.A., ENERGA S.A., PGE Obrót S.A., sold within the aforementioned agreement also their shareholdings totalling to 280,000 shares. The payment was made on 15 March 2012, the share certificates were issued on 22 March 2012.

- ***Sale of a block of shares of EXATEL S.A.***

On 14 December 2012 ENEA S.A. concluded a Sale Agreement for 184,939 shares of EXATEL S.A. with its registered office in Warsaw with PGE Polska Grupa Energetyczna S.A., constituting 2.12% of the Company's share capital. On the same day the closing was made and thus ENEA S.A. ceased to be a shareholder of EXATEL S.A.

- ***A merger of Elektrownie Wodne Sp. z o.o. with Elektrownie Wiatrowe - ENEA Centrum Spółka Akcyjna Spółka Komandytowa***

On 17 November 2011 an Extraordinary General Meeting of Shareholders of Elektrownie Wodne Sp. z o.o. with its registered office in Samociążek was held during which a decision was made to merge Elektrownie Wodne Sp. z o.o. with Elektrownie Wiatrowe - ENEA Centrum Spółka Akcyjna Spółka Komandytowa with its registered office in Samociążek. The merger took place by the incorporation of Elektrownie Wiatrowe - ENEA Centrum Spółka Akcyjna Spółka Komandytowa into Elektrownie Wodne Sp. z o.o. in the mode described in Article 492 § 1 item 1 of the Commercial Companies Code, i.e. through the transfer of the whole assets of Elektrownie Wiatrowe - ENEA Centrum Spółka Akcyjna Spółka Komandytowa to Elektrownie Wodne Sp. z o.o. - a Limited Partner in the Merged company, in consideration for shares which Elektrownie Wodne Sp. z o.o. issued to the General Partner of Elektrownie Wiatrowe - ENEA Centrum Spółka Akcyjna Spółka Komandytowa, i.e. to ENEA Centrum S.A. The limited partner of the merged company, i.e. Elektrownie Wodne Sp. z o.o. as a Merging company, did not receive its shares. On 2 January 2012 with the decision of the District Court in Bydgoszcz, 13th Commercial Division of the National Court Register, the both Companies were merged. As a result of the merger the share capital of Elektrownie Wodne Sp. z o.o. was increased from the amount of PLN 239,841,000 by PLN 8,500, i.e. to the amount of PLN 239,849,500 through the creation of 17 new shares of a nominal value of PLN 500 each. Based on the Share Subscription Agreement for the shares of ENEA Wytwarzanie S.A. concluded on 28 December 2012, ENEA S.A. made a contribution in kind to ENEA Wytwarzanie S.A. being the shares of Elektrownie Wodne Sp. z o.o.

- ***Sale of shares of Auto-Styl Sp. z o.o.***

On 4 December 2012 ENEA S.A. concluded a sale agreement for 4,400 shares of Auto-Styl Sp. z o.o. with its registered office in Zielona Góra with Mr. Lech Dziubiński - constituting 100% of the Company's share capital. Thus, ENEA S.A. ceased to be the owner of Auto-Styl Sp. z o.o. with its registered office in Zielona Góra.

The decision to sell the aforementioned shares was made because of the fact that the scope of operations of the Companies:

WIRBET, PPE, EXATEL S.A. and Auto-Styl Sp. z o.o. varies from the core operations of ENEA S.A. The sale of the above shares will contribute to the organisation of the structure of the capital group.

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

In 2012 the implementation of the ENEA Capital Group (CG) was continued within the improvement of the efficiency of strategic and operating management in the Company.

The realisation was continued of projects which affected the organisational changes in selected areas of operations of the Company and the whole ENEA Capital Group. Organisational changes in 2012 in ENEA S.A. related mainly to trade and corporate communication areas.

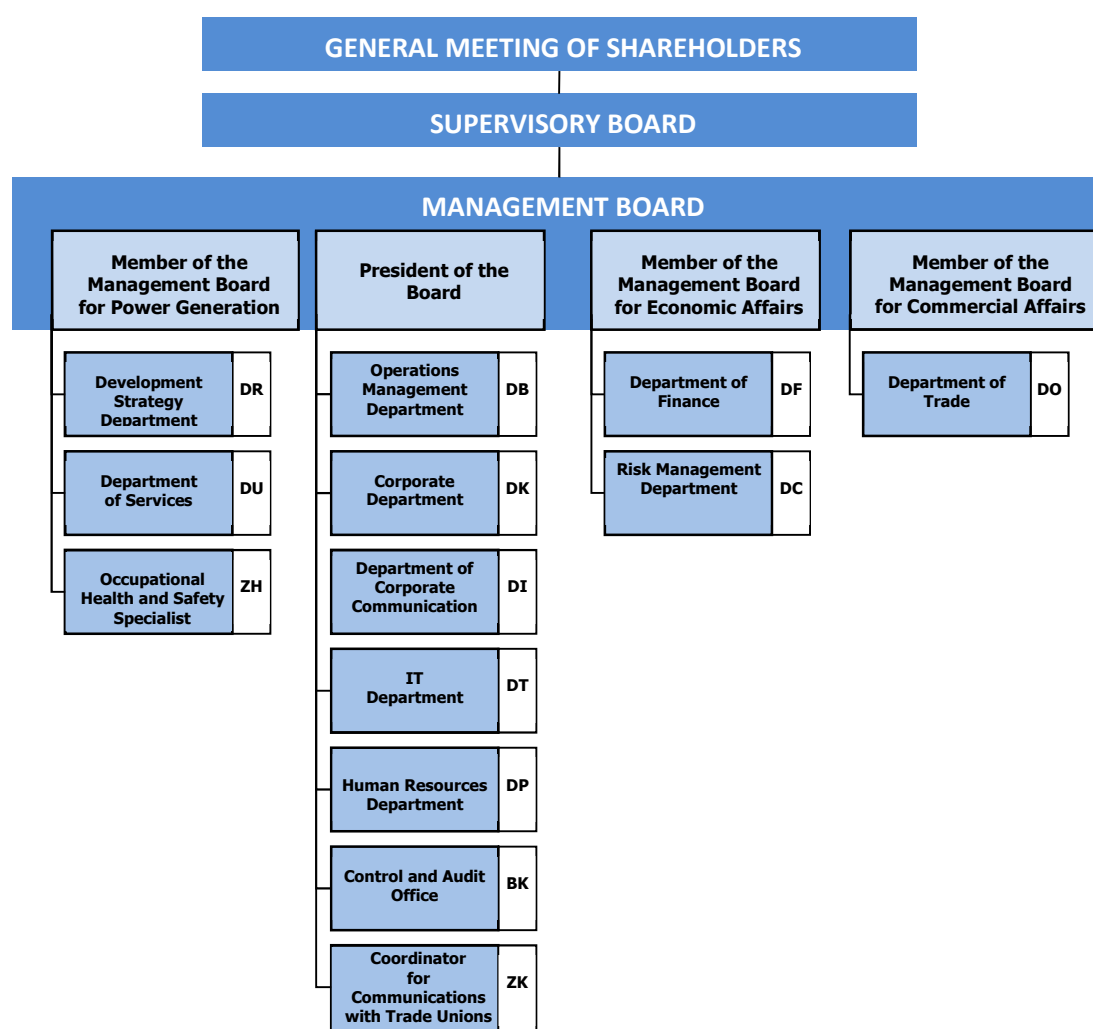
A permanent opinion-forming and advisory body supporting the Board of ENEA S.A. within coordination of activities connected with the current and long-term management and development of the ENEA Capital Group is the Supervisory Board of ENEA Capital Group nominated by the Management Board of ENEA S.A. in 2011.

The core operations of the Company are realised in the Trade Department within which the following presently function: Portfolio Management Division, Development and Analyses Division and Sales Division with Sales offices located in Bydgoszcz, Gorzów Wielkopolski, Poznań, Szczecin and Zielona Góra.

Company management and operating support activities are carried out in the Strategy Development Department, Services Department, Operating Management Department, Corporate Department, Corporate Communication Department, Telecommunication and IT Department, Human Resources Management Department, Finance Department, Risk Management Department and the Control and Audit Office.

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.



2.3. Information on branches

ENE A S.A. has no field divisions. Outside of the Poznań field units operate (within the structure of the Department of Trade) – Sales Offices operate in Bydgoszcz, Gorzów Wielkopolski, Zielona Góra and Szczecin.

3. The operations of ENEA S.A.

3.1. More important events in 2012

In the financial year of 2012 numerous considerable events occurred which were important both from the point of view of ENEA S.A. and the ENEA Capital Group. It is enough to remind that that year we selected the contractor for our representative investment in Kozenice and along with it we broke the ground under a new power unit. At the same time, ENEA S.A. launched a strategic investment financing programme, and within its scope it concluded a programme agreement with a consortium of banks determining the terms of the Bond Issue Programme of the value of up to PLN 4 bln. Additionally, we ensured a financial support of the European Investment Bank in the form of a 15-year loan agreement totalling to PLN 950 mln.

A detailed summary of chronological events which are key for us is presented in the table below. For the convenience of this Board's Statement the events relating to the Capital Group were presented in bold, and the events relating to directly to ENEA S.A. in *italics*.

Month	Events
January	<ul style="list-style-type: none"> • Conclusion by ENEA Wytwarzanie S.A. and LW Bogdanka S.A. of a multiannual agreement for the supply of the fuel coal for the needs of a newly built unit No. 11 in Kozenice. The agreement was concluded till the end of 2036. Annex No. 1 was also concluded to the present agreement which is still bidding for the parties till 31 December 2025. The total value of the aforementioned multiannual agreements during 2011-2036 at current prices amounts to around PLN 22.7 bln
February	<ul style="list-style-type: none"> • <i>Acceptance to the National Depository for Securities and admitting of 30,981,380 B series "employee shares" of ENEA S.A. for exchange trading</i> • <i>Listing on the stock exchange and determination of the first quotation date of the above mentioned B series shares</i> • <i>Nomination of Mr. Janusz Bil to the position of the Member of the Board for Commercial Issues of ENEA S.A.</i> • <i>Winning the tender for the purchase of electricity by Bełchatów city</i>
March	<ul style="list-style-type: none"> • <i>Holding of the Extraordinary General Meeting of Shareholders of the Company</i> • <i>Nomination by the Extraordinary General Meeting of Shareholders of Mr. Sławomir Brzeziński into the composition of the Supervisory Board of ENEA S.A. for the 7th term</i> • <i>Listing of employee shares on the Warsaw Stock Exchange</i>
April	<ul style="list-style-type: none"> • <i>Maintenance of a long-term rating awarded to the Company in April 2011 by Fitch Ratings Agency on the previous level of BBB (on the international scale) and A (on the domestic scale)</i> • <i>Recommendation of the Board regarding dividend distribution in 2011</i> • Opening of offers submitted in the procedure for awarding a sectoral contract in the mode of negotiations with the announcement for the construction of a power unit No. 11 in ENEA Wytwarzanie S.A. • <i>Conclusion of a final agreement for the purchase of the Bardy wind farm</i>
May	<ul style="list-style-type: none"> • Selection of a winner in the tender for the construction of the power unit No. 11 in the power plant in Kozenice - the winner was Polimex-Mostostal and Hitachi Power Europe consortium • Change of name of the subsidiary from Elektrownia "Kozenice" S.A. to ENEA Wytwarzanie S.A. - competence centre in the ENEA Capital Group within generation of energy and heat

June	<ul style="list-style-type: none"> • Conclusion by ENEA S.A. and PKO Bank Polski S.A., PEKAO S.A., Bank Zachodni WBK S.A., Bank Handlowy w Warszawie S.A. and Nordea Bank Polska S.A. of a Programme Agreement specifying the terms of the Bond Issue Programme totalling to up to PLN 4 bln • Holding of the Ordinary General Meeting of Shareholders of the Company • Changes in the composition of the Company's Supervisory Board - nomination of Members of the Supervisory Board of the 7th term • Determination of the high of the dividend in the amount of PLN 0.48 per share
July	<ul style="list-style-type: none"> • Conclusion by ENEA S.A. and PGNiG S.A., KGHM Polska Miedź S.A., PGE S.A. and Tauron Polska Energia S.A. of an agreement regarding a joint exploration and extraction of shale carbohydrates
August	<ul style="list-style-type: none"> • Acceptance to the National Depository for Securities and admitting of 556,603 B series shares • Listing of 556,603 employee series shares of ENEA S.A.
September	<ul style="list-style-type: none"> • Execution of a letter of intent to undertake actions aiming at the determination of the rules of cooperation and participation of ENEA S.A. in the construction of an atomic power station • Conclusion of a programme agreement and an agreement on guaranteeing the subscription for the bonds issued by ENEA Wytwarzanie S.A. • Conclusion by ENEA Wytwarzanie S.A. and Hitachi Power Europe GmbH and Polimex – Mostostal S.A. consortium of an agreement for the construction of a power unit in Koźienice • Conclusion of a contract for the supply and implementation of a new billing system • Conclusion by ENEA S.A. and ENEA Wytwarzanie S.A. of an agreement based on which the Company became the holder of 100% of shares of ELKO Trading Sp. z o.o. (presently ENEA Trading Sp. z o.o.)
October	<ul style="list-style-type: none"> • Recalling by the Supervisory Board of Mr. Maciej Owczarek from the function of the President of the Board of ENEA S.A. and appointing Mr. Janusz Bil - Member of the Board for Commercial Issues to that position • Conclusion of a 15-year Loan Agreement valued PLN 950 mln with the European Investment Bank • Nomination of Mr. Michał Piotr Jarczyński into the composition of the Company's Supervisory Board for the 7th term • Holding of the Extraordinary General Meeting of Shareholders of the Company • Change of name of ELKO Trading Sp. z o.o. to ENEA Trading Sp. z o.o. • Handing over of the site for the construction of a new unit to the general contractor
November	<ul style="list-style-type: none"> • Signing of an annex to the frame agreement on the joint exploration and extraction of carbohydrates from shale in the subject of extending the term of the agreement • Nomination of the President of the Board of ENEA S.A. - Mr. Krzysztof Zamasz
December	<ul style="list-style-type: none"> • Approval by the President of ERO of the tariff for electricity distribution services for ENEA Operator Sp. z o.o. for 2013 • Holding of the Extraordinary General Meeting of Shareholders of the Company • Prolongation by the President of ERO of the tariff validity for electricity of ENEA S.A. for recipients in the G set of tariff groups • Conclusion by ENEA S.A. and ENEA Wytwarzanie S.A. of the subscription agreement for shares of ENEA Wytwarzanie S.A. in consideration for a contribution in kind within the realisation of the process of the Integration of the Generation Area in the ENEA Capital Group

3.2. Information on products and services

ENEA S.A. sells electrical energy to recipients and offers comprehensive services (energy sales and distribution services) within the following tariff group sets:

Set of tariff groups	Description
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

This offer is directed to customers on the domestic market.

Tariff group sets A and B are used mainly by large companies operating e.g. in such sectors as chemicals, cement, steel, automotive, paper, wood and metals processing, communal services and port services. In tariff group set C, settlements are made with facilities connected to a low-voltage grid which are not households, such as shops, service outlets, hotels, cities and municipalities – for street lighting, whereas in tariff group set G, settlements are made with end users using electricity to power households and related utility rooms.

Typically, ENEA S.A. concludes comprehensive agreements for an indefinite term, but agreements for the sale of energy (without energy distribution services), including agreements with customers connected to networks of distribution system operators other than ENEA Operator, are most often concluded for a fixed term usually amounting to 12 months.

Notice periods are most frequently set for 1 month (around 2.3 mln agreements), less frequently for two, three or six months (around 0.1 mln agreements).

3.3. Sales and supply markets

The portfolio of recipients to whom ENEA S.A. sells electricity is highly diversified. Presently we sell electricity to 2.4 mln recipients, including 2.1 of individual recipients and 0.3 mln business entities.

In 2012 the proceeds from supplying electricity to our largest customer accounted for 4.4% of the overall value of electricity and distribution sales, and the share of 10 largest customers amounted to around 15.0%.

3.3.1. Sales to end users

In 2012 the total sales within trading in energy to retail end users amounted to 14.9 TWh (excluding non-invoiced statistic sales - date of meter reading is after the date ending the given turnover year), however sales to recipients connected to the grid of distribution system operators other than ENEA Operator amounted to 3.1 TWh. The number of end users as at 31 December 2012 amounted to 2.4 mln.

3.3.2. Other sales

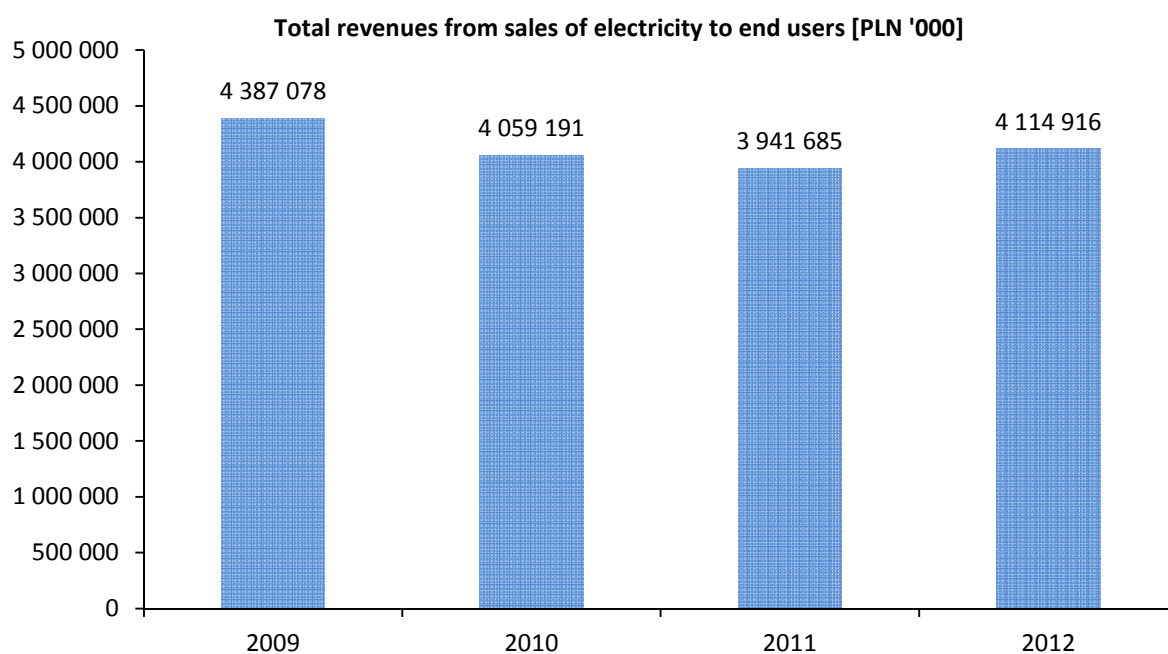
In 2012 other sales did not occur.

3.3.3. Sales by value and type

Revenues on sales of electricity in particular sets of tariff groups by value (not including non-invoiced statistical sales) were as follows:

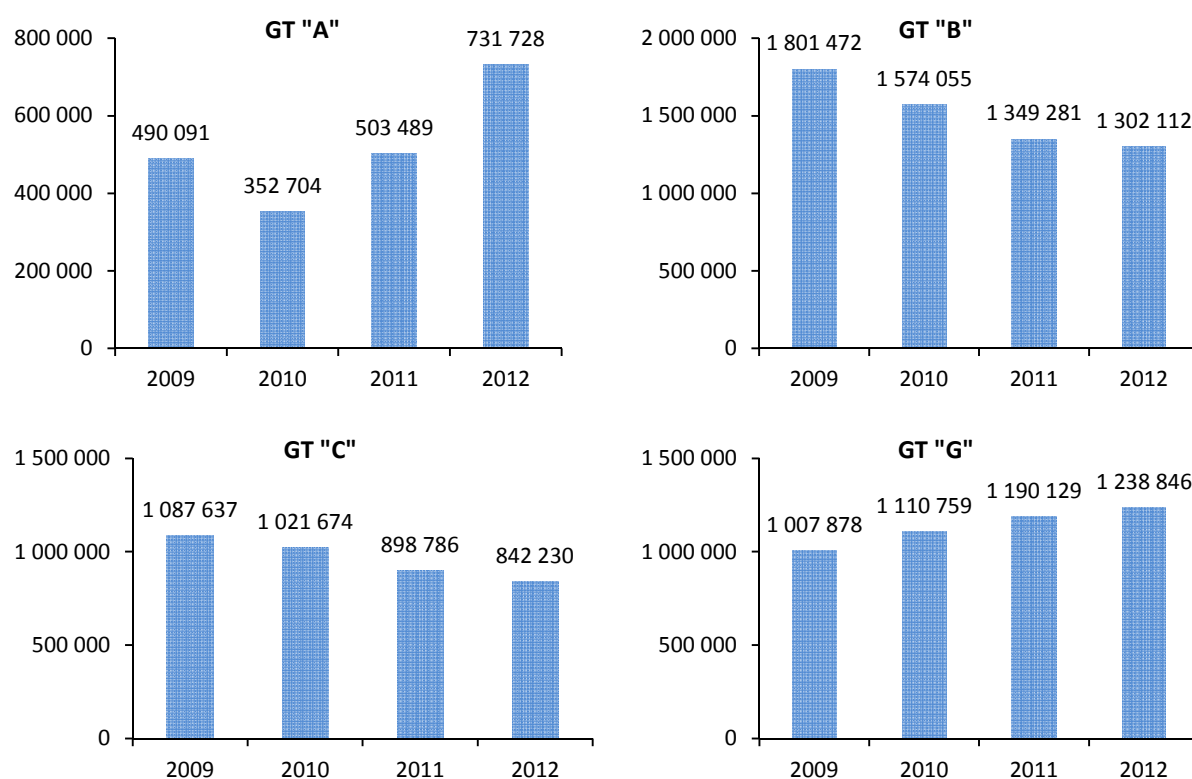
Item	Revenues on sales of electricity to end users [PLN '000]		
	2011	2012	Change
Tariff group set A	503 489.1	731 728.4	145.3
Tariff group set B	1 349 281.0	1 302 112.0	96.5
Tariff group set C	898 785.8	842 229.7	93.7
Tariff group set G	1 190 128.6	1 238 845.6	104.1
TOTAL	3 941 684.5	4 114 915.7	104.4

The diagrams below demonstrate the revenues from sales of electricity in total and in particular tariff group sets by value for particular tariff group sets over the last 4 years.



As a result of active sales actions in 2012 over a 4.0% growth was achieved in sales revenues. In accordance with the adopted "Strategy of sales of ENEA S.A. in the area of retail sales for 2012 - 2016" the Company will aim at a further increase of the share in the market and achieving good financial results.

Revenues from sales of energy to end users in particular tariff group sets [PLN '000]



A substantial increase in the revenues in A tariff group set resulted mainly from gaining new customers in 2012, and the growth in the revenues generated in G group set was a reflection of the change of price of energy offered to households.

The drop in the sales revenues noted in B and C group sets resulted from a dynamic growth in the competition in these segments of energy market and a concurrent drop in the margin obtained in these groups.

In 2012 in relation to 2011 the greatest increase in revenues on sales was noticed in the A tariff group set and amounted to 45.3%. However, the greatest drop in revenues on sales of energy was noted in the C tariff group set. The drop amounted to 6.3%. In 2012 revenues on sale of energy were higher by PLN 173,231.2 thou., i.e. 4.4% in relation to 2011.

Electricity sales in particular tariff group sets on a quantitative basis (excluding non-invoiced statistical sales) were as follows:

Item	Sales of electricity [MWh]		
	2011	2012	Change
Tariff group set A	2 171 771	3 083 155	142.0
Tariff group set B	5 103 742	4 835 208	94.7
Tariff group set C	3 010 626	2 602 643	86.4
Tariff group set G	4 460 507	4 413 834	99.0
TOTAL	14 746 646	14 934 840	101.3

In 2012 in relation to 2011 the greatest increase in the volume of sales, by 42%, was noted in the A tariff group set. The greatest drop in sales of energy was reflected in the C tariff group set. In 2012 total sales of energy were higher by 188,194 MWh, i.e. by 1.3% in relation to 2011.

3.3.4. 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 trade in energy on 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. constituted energy purchased within bilateral transactions, including mainly those with ENEA Trading Sp. z o.o. (almost 52%). The remaining purchase contracts were entered into through PPE (17.0%) 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).

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. based on the concluded contract on provision of electricity distribution services.

3.4. Information on concluded agreements.

3.4.1. Agreements of significance to ENEA S.A.

In carrying out its electricity trading activities, the following agreements are significant to ENEA S.A. being agreements classified by type as below:

- agreements on the provision of electricity distribution services (including framework distribution agreements and agreements making trade balancing possible) concluded with distribution system operators (including ENEA Operator Sp. z o.o.) and with power companies not holding Distribution System Operator status,
- agreements concerning the purchase and sale of electricity,
- agreements for the sale and purchase of proprietary interests stemming from energy certificates of origin,
- an agreement for the provision of electricity transmission services with the transmission system operator.

Below there is a description of agreements significant for the ENEA Capital Group, which were concluded during previous years and were realised in 2012 and agreements newly concluded in 2012 by the Company's subsidiaries.

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 S.A. 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 investment in the construction of the power unit is one of the key undertakings taken up in order to enhance the generating capacities of the 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 the 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%.

The technical solutions applied will enable equipping the unit with the installation for capture and condensation of carbon dioxide, which may have a substantial importance in the future in relation to the policy of the European Union within reduction of CO₂ emissions.

Agreement on transfer of ownership to shares of generating companies within the Integration of the Generation Area

On 28 December 2012 the Issuer and ENEA Wytwarzanie S.A., within the realisation of the process of the Integration of the Generation Area in the ENEA Capital Group, concluded the agreement on the subscription for shares of ENEA Wytwarzanie S.A. (Agreement). Compliant with the Agreement the Issuer subscribed for all, i.e. 158,356,706 ordinary registered shares of C series, with the nominal value of PLN 10 each, i.e. of the total nominal value of PLN 1,583,567,060, in the raised share capital of ENEA Wytwarzanie S.A. (Shares). The subscribed Shares correspond to 77.4% share in the raised share capital of ENEA Wytwarzanie S.A. The C series shares were subscribed for by the Issuer complaint with Article 431 § 2 item 1 of the Commercial Companies Code through a private subscription at the issue price equal to the nominal value of shares. The new shares entitle to the dividend starting from the registration date of the raising. The Shares purchased this way constitute a long-term capital deposit of the Issuer and will be recognised in the Issuer's books of account in the book value of PLN 1,583,567,060, corresponding to the nominal value of the Shares. In consideration for the taken up Shares the Issuer made a contribution in kind of the total fair value of PLN 1,583,567,060, in the form of:

- 1,844,199 shares of Elektrociepłownia Białystok S.A. in Białystok of the nominal value of PLN 10 each, of the total fair value of PLN 538,506,100. The amount of the contribution was determined by a certified auditor using the income method - discounted cash flows.
- 479,780 shares in Elektrownie Wodne Sp. z o.o. in Samociążek of the nominal value of PLN 500 each, of the total fair value of PLN 513,062,330. The amount of the contribution was determined by a certified auditor using the income method - discounted cash flows and multiplies method - comparative method.
- 9,742 shares in Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. in Oborniki of the nominal value of PLN 500 each, of the total fair value of PLN 11,171,340. The amount of the contribution was determined by a certified auditor using the income method - discounted cash flows and comparative method - market multiplies.
- 18,657 shares in Miejska Energetyka Ciepła Piła Sp. z o.o. in Piła of the nominal value of PLN 1,000 each, of the total fair value of PLN 41,743,350. The amount of the contribution was determined by a certified auditor using the income method - discounted cash flows and comparative method - market multiplies.
- 18,350 shares in Dobitt Energia Sp. z o.o. in Gorzesław of the nominal value of PLN 500 each, of the total fair value of PLN 14,999,100. The amount of the contribution was determined by a certified auditor using the income method - discounted cash flows and assets based method - adjusted net asset method.
- 50 shares in Windfarm Polska Sp. z o.o. in Koszalin of the nominal value of PLN 1,000 each, of the total fair value of PLN 102,398,080. The amount of the contribution was determined by certified auditors using the discounted cash flow method.
- A claim towards Windfarm Polska Sp. z o.o. in Koszalin by title of the loan agreement in the amount of EUR 8,877,094.31 of the fair value of PLN 37,827,960. The value of the contribution was determined by certified auditors as the nominal value of the principal of the loan denominated in EUR with interests calculated till 30 December 2012, recalculated into PLN using the average exchange rate published by NBP (National Bank of Poland) as at the valuation date, i.e. PLN/EUR 4.2613.

- A claim towards Windfarm Polska Sp. z o.o. in Koszalin by title of the supply and construction in the total amount of EUR 76,000,000 of the fair value of PLN 323,858,800. The value of the contribution in kind was determined by certified auditors as the nominal value of the claim denominated in EUR recalculated into PLN using the average exchange rate published by NBP (National Bank of Poland) as at the valuation date, i.e. PLN/EUR 4.2613.

In relation to the subscription for shares, the share of the Issuer in the share capital of ENEA Wytwarzanie S.A. remains unchanged and amounts to 100%. As a result of the concluded Agreement the Issuer presently holds 204,604,950 votes at a General Meeting of ENEA Wytwarzanie S.A. which constitute 100.0% of the total number of votes in ENEA Wytwarzanie S.A.

The conclusion of the Agreement is closely related to the process of the Integration of the Generation Area in the ENEA Capital Group aiming at the implementation of a new model of the ENEA Group's operations, ensuring e.g. an efficient decision making process within the cohesive generation strategy, an optimal allocation of resources, competences and means, and an improvement in the efficiency through the integration of the generation area of electricity. An entity integrating the area of generation of electricity and heat in the ENEA Capital Group will be ENEA Wytwarzanie S.A. which will also become a unit focusing the management and operating competences within this scope in the ENEA CG. The implementation of the new model of operations of the ENEA Capital Group is connected with the necessity to make changes within its organisational structure. Presently, seven subsidiaries are dealing with the generation of electricity and heat in the ENEA Group: ENEA Wytwarzanie S.A. and six companies listed above which, based on the Agreement, were taken over by ENEA Wytwarzanie S.A.

As a result of the conclusion of the Agreement on 28 December 2012 in the ENEA Capital Group a holding structure was developed which is managed by ENEA Wytwarzanie S.A. in Świerże Górne. ENEA Wytwarzanie S.A. took over six companies from the Issuer operating within the generation of electricity and heat in the ENEA Capital Group. This is the first stage of the process of the Integration of the Generation Area.

Another stage is the integration of companies generating electricity and heat. ENEA Wytwarzanie S.A. will merge with Elektrociepłownia Białystok S.A., Elektrownie Wodne Sp. z o. o. and Dobitt Energia Sp. z o.o. The companies will be included in the capital structure of ENEA Wytwarzanie S.A. as its branches. In turn, Miejska Energetyka Ciepła Piła Sp. z o.o., Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o., and Windfarm Polska Sp. z o.o. will remain in a complete operating subjectivity as subsidiaries of ENEA Wytwarzanie S.A.

Programme Agreements relating to bond issue

- **The Programme Agreement dated 8 September 2012 between ENEA Wytwarzanie S.A., as the Issuer, ENEA S.A., as Guarantor, and BRE Bank S.A., as the Issue Agent, Payment Agent, Depository, relating to the bond issue programme up to the amount of PLN 4,000,000,000.**

On 8 September 2012 the Company, ENEA Wytwarzanie S.A. (Subsidiary) and BRE Bank S.A. (Bank) the Programme Agreement was concluded relating to the Bond Issue Programme up to the amount of PLN 4,000,000,000 (Programme Agreement). The Bond Issue Programme up to the amount of PLN 4,000,000,000 (Programme) established by ENEA Wytwarzanie S.A. based on the Programme Agreement anticipates the bond issue as a proposal of their purchase to ENEA S.A..

The Programme was established for the period from the conclusion of the Programme Agreement to 15 June 2022, and the Programme availability period within which bond issues will be performed expires on 31 December 2017 (Programme Availability Period). The bonds issued within the Programme will be straight. The funds gained from the issue will be designated for the financing of the construction of the gross 1,075 MWe bituminous coal fired supercritical power unit in the Koźienice Power Plant and other investment needs of the Subsidiary approved by ENEA S.A.

The Programme Agreement anticipates a possibility of issuing bonds of the total value not exceeding the Programme value in no more than 40 series, however the nominal value of each series will not be lower than PLN 100,000 thou., a nominal value of one bond will amount to PLN 1,000. The bonds will be dematerialised registered bonds. The interest rate of the bonds is floating and determined annually based on WIBOR 6M rate plus a fixed margin. The bonds will bear interest from the issue date (inclusive) till the redemption date (exclusive).

The bonds will be issued in accordance with the Act of 29 June 1995 on bonds, the offering will be performed in the mode of Article 9 item 3 of the Act. The bonds will not be issued in a public offer in the meaning of the Act of 29 July 2005 on Public Offerings. The Programme Agreement was concluded for the term of the Programme or till the redemption day of the last bond if on the last day of the Programme not all the bonds are redeemed.

As at 31 December 2012 ENEA Wytwarzanie S.A. did not issue bonds within the aforementioned Programme.

- **Agreement on Guaranteeing Bond Subscription of 8 September 2012 between ENEA Wytwarzanie S.A., as Issuer, and ENEA S.A., as Guarantor, relating to the Bond Issue Programme up to the amount of PLN 4,000,000,000.**

Together with the Programme Agreement on 8 September 2012 between ENEA S.A. and ENEA Wytwarzanie S.A. an Agreement was concluded for guaranteeing the bond subscription relating to the Bond Issue Programme up to the amount of PLN 4,000,000,000 (Guarantee Agreement).

Compliant with the Guarantee Agreement ENEA S.A. is obliged towards ENEA Wytwarzanie S.A. to purchase the bonds on the primary market subject to the terms mentioned in the Guarantee Agreement and conditions contained in the Programme Agreement. ENEA S.A.'s obligation to subscribe for bonds within the guarantee of issue subscription is valid within the Programme Availability Period.

The Guarantee Agreement was concluded for the term of the Programme, i.e. from the date of conclusion of the Programme Agreement to 15 June 2022 or till the redemption day of the last bond if on the last day of the Programme not all the bonds are redeemed.

3.4.2. Information on transactions with affiliated entities

Both ENEA S.A. and the ENEA Capital Group Companies conclude transactions with the following affiliates:

Companies comprising the Capital Group among themselves - transactions are eliminated on the stage of consolidation.

Transactions concluded between the Group and Members of Group Authorities which need to be divided into three categories:

- resulting from the concluded contracts of employment with Members of the Board of the Parent Company and relating to the nomination to Members of Supervisory Boards,
- relating to the loans granted from the Company Social Benefits Fund for Members of the Board of the Parent Company and Members of the Supervisory Board, being employees of ENEA S.A.,
- resulting from other civil law agreements.
- transactions with subsidiaries of the State Treasury of the Republic of Poland.

The rules and amount of remuneration for members of bodies of ENEA S.A. are in detail described in item 6.2 and 6.3.

Collective data within this subject are presented below:

Title	The Company's Management Board	The Company's Supervisory Board
	01.01.2012 - 31.12.2012	01.01.2012 - 31.12.2012
Remunerations by title of contracts of employment	-	-
Remunerations by title of managerial contracts and consulting agreements	3 151	-
Remunerations by title of nominations to the supervising bodies	514	378
Remuneration for sitting on the supervisory board of subsidiaries	-	-
Remunerations by title of other employee benefits (in particular discounted rates for electricity)	108	-
TOTAL	3 773	378

Transactions relating to the loans from the Company Social Benefits Fund are presented in the table below:

Company's Corporate Body	State as at	Granted from	Repayment till	State as at
	01.01.2012	01.01.2012	31.12.2012	31.12.2012
Management Board	-	-	-	-
Supervisory Board	21	24	(24)	21
TOTAL	21	24	(24)	21

Company's Corporate Body	State as at	Granted from	Repayment till	State as at
	01.01.2011	01.01.2011	31.12.2011	31.12.2011
Management Board	-	-	-	-
Supervisory Board	29	5	(13)	21
TOTAL	29	5	(13)	21

Other transactions resulting from civil law contracts concluded between the Parent Company and Members of the Authorities of the Parent Company relate exclusively to the use by Members of the Board of ENEA S.A. company cars for personal purposes.

The Group concludes also commercial transactions with units of the public administration and self-governments and subsidiaries of the State Treasury of the Republic of Poland. The subject of such transactions are mainly:

- purchases of coal, electricity, proprietary interests resulting from certificates of origin for energy within the renewable energy and energy from cogeneration with heat, transmission and distribution services, which the Company realises from subsidiaries of the State Treasury,
- sales of electricity, service of distribution, connection to the grid and other related fees, which the Group realises both for the bodies of the public administration, self-governments (sales to end users) and subsidiaries of the State Treasury (wholesale and retail sales - to end users),

The transactions are performed on market conditions and the terms do not diverge from relevant transactions with other entities. The Group does not keep any registry enabling aggregating of values of all the transactions realised with all the state institutions and subsidiaries of the State Treasury. Among the entities being subsidiaries of the State Treasury the major contractor - recipient of the ENEA Group is Polskie Sieci Energetyczne Operator S.A. The purchase cost of transmission services from PSE S.A. in 2012 amounted to PLN 645,723.400 thou., excluding a transitory charge of PLN 435,655.200 thou.

Additional information relating to transactions with related entities may be found in note No. 35 of ENEA S.A.'s financial statement for 2012.

3.4.3. 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 on working capital facilities as at 31 December 2012 was PLN 150,000 thou., and as at 31 December 2012 the Company had no debts pertaining to them.

Additionally, during the financial year ENEA S.A. concluded the loan agreements with the European Investment Bank for the amount of PLN 950,000 thou. - a detailed description within this issue is to be found in item 3.5.5 of the Statement regarding the sources of financing of the investment programme.

The status of the loans as at 31 December 2012 is shown in the table below:

Creditor	Credit facility granted [PLN '000]	Interest rate	Costs of credit [PLN '000]	Debt on credit facilities as at 31.12.2012 [PLN '000]	Date of commencement	Date of completion	Repayment period
PKO BP S.A.	50 000.00	WIBOR 1M + margin	0.00	0.00	25.04.2006	x	5 years of the first use of the loan
Bank Pekao S.A.	10 000.00	WIBOR 1M + margin	0.00	0.00	17.11.2011	17.11.2014	17.11.2014
Bank Zachodni WBK S.A.	90 000.00	WIBOR 1M + margin	35.4	0.00	17.11.2011	17.11.2014	17.11.2014
EIB	950 000.00	floating or fixed	2 395.8*	0.00	18.10.2012	17.10.2029	15 years of the last use of the loan
TOTAL			2 431.2	0.00			

* Costs of the loan are included in the Profit and Loss Statement

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 authorization to use current accounts with the banks where ENEA S.A. holds current accounts as well as declarations on voluntary submission to enforcement. In 2012 ENEA S.A. did not draw any loans.

3.4.4. Loans granted

In the reporting period ENEA S.A. did not draw any loans.

3.4.5. Granted and received sureties and guarantees

During the financial year ENEA S.A. concluded an annex to the suretyship agreement for the liabilities drawn by ENEA Trading Sp. z o.o. in relation to Warsaw Commodity Clearing House up to the amount of PLN 50,000 thou., extending thus the validity of the surety till 31 July 2013.

The status of granted guarantees and suretyships as at 31 December 2012 is shown in the table below:

No.	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 financial liability as at 31.12.2012
1	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 200.3 thou.	for the purpose of meeting the statutory conditions for obtaining a licence to carry on for-profit transport operations	0.00
						EUR 49 thou.		
2	12.07.2012	31.07.2013	ENEA Trading Sp. z o.o.	Izba Rozliczeniowa Giełd Towarowych S.A. (Warsaw Commodity Clearing House)	ZAM/DF/40/107 2/2011	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 50 200.3 thou.		0.00

The average EUR exchange rate as at 31 December 2012 was 4.0882 - NBP table No. 252/A/NBP/2012 from 31 December 2012

The total off-balance sheet value of sureties and guarantees granted as at 31 December 2012 was PLN 50,200.3 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 9 November 2012 ENEA S.A. and PKO BP S.A. signed a frame contract for 12 months for granting of bank guarantees up to the amount of PLN 250,000 thou. The guarantees issued within the guaranty facility are to constitute the securing of making deposits for IRGiT S.A. and KDPW S.A. by ENEA S.A. and ENEA Trading Sp. z o.o. and other obligations (max. PLN 3,000 thou.). Obligations towards the aforementioned entities to make deposits result among others from the concluded futures contracts for the 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 2012 is shown in the table below:

No.	Date security was granted	Date of security validity	Entity for which security was granted	Purpose of the agreement	Form of security	Granted security amount
1	12.11.2012	18.11.2013	Izba Rozliczeniowa Gield 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 250 000 thou.	PLN 30 000 thou.
				guarantee granted by the bank for the obligations of ENEA Trading*		PLN 150 000 thou.

* On 30 November 2012 ENEA S.A. and ENEA Trading Sp. z o.o. concluded an annex to the agreement for a guaranty facility up to the amount of PLN 200,000 thou. (say: two hundred million zlotys), within which, on request of ENEA Trading, ENEA S.A. will apply to the Bank for the issue of a guarantee for liabilities of ENEA Trading toward exchange clearing houses.

3.4.6. Agreements between shareholders of the parent company

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

3.4.7. Insurance agreements

ENEA S.A. transfers the risk of losses as a result of damages occurring in a consequence of concluding insurance agreements with largest insurance agencies. The insurance coverage does not diverge from the standards applied in the electrical power industry and is adapted to the specifics of operations of the Company. In order to accurately secure the insurable risks the Board adapted a Corporate Insurance Policy in the ENEA Group, the aim of which is strengthening of the ENEA Group's position in relation of participants of the insurance market, unification of insurance standards and standardisation of rules, forms and procedures of taking out insurances in particular ENEA Group Companies.

In 2012 ENEA S.A. continued a three-year TPL insurance agreement by title of business operations and use of property which was concluded in 2011 with a consortium of insurers PZU S.A. and TUiR Allianz Polska S.A., as well as a three-year insurance agreement for the property and cars concluded respectively in 2011 with TUiR AXA S.A. and in 2012 with Ergo HESTIA S.A.

Additionally, in 2012 ENEA S.A. entered into TPL insurance agreements for members of its companies' governing bodies with the following insurers: TUiR Allianz Polska S.A., ACE European Group Ltd, Lloyd's, Arch Insurance Company Ltd., AXA Corporate Solutions S.A.

The insurances taken out for the Company, despite their coverage, may not fully cover potential losses incurred in relation to its business operations.

3.4.8. Collaboration or cooperation agreements

Agreement on the exploration and extraction of carbohydrates from shale

On 4 July 2012 ENEA S.A. concluded a frame agreement on the exploration and extraction of carbohydrates from shale. The parties to the agreement are ENEA S.A., Polskie Górnictwo Naftowe i Gazownictwo S.A. (PGNiG), KGHM Polska Miedź S.A., PGE Polska Grupa Energetyczna S.A. and TAURON Polska Energia S.A.

The subject of the cooperation of the parties based on the agreement shall be exploration, recognition and extraction of carbohydrates in geological deposits covered with the licence for exploration and recognition of deposits of crude oil and natural gas relating to the areas of Wejherowo, held by PGNiG (Wejherowo Licence). Within the Wejherowo Licence the close cooperation will relate to the area of around 160 km² (Cooperation Area). The Agreement additionally anticipates preferences for the parties within a possibility of cooperation on the remaining area of the Wejherowo Licence (apart from situations where PGNiG performs individual exploration, recognition or extraction of carbohydrates and except the area on which PGNiG has been already performing exploration works near Opalino and Lubocino). In accordance with the agreement each of the parties shall participate in the project realisation supervision particularly through the share in the operating committee established for the purpose. Estimated outlays for exploration, recognition and extraction in the three first locations (Kochanowo, Czestkowo and Tępcz pads) within the Cooperation Area are planned for the amount of PLN 1.72 bln. At present the parties are conducting works in order to determine detailed conditions of the cooperation, including: detailed budget and project schedule, participation of the parties in the funding of expenses resulting from the agreed budget, participation in profits from the project and rules of liability, including contractual penalties for non-performance of some obligations resulting from the agreement.

On 21 February 2013 the parties of the agreement signed the Annex No. 2 to the frame agreement, in which they decided upon the prolongation of the term for the determination of detailed terms of cooperation till 4 May 2013, of which the Company informed in the current report CR No. 5/2013 on 21 February 2013.

A letter of intent 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. and PGE Polska Grupa Energetyczna S.A., KGHM Polska Miedź S.A. and TAURON Polska Energia S.A. signed a letter of intent, based on which, together with the aforementioned partners, it conducts activities aiming at the elaboration of a draft agreement for the purchase of shares in the special purpose vehicle PGE EJ 1 Sp. z o.o. (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 (Atomic Project). Based on the letter of intent the parties agreed that the draft agreement for the purchase of shares in the special purpose vehicle PGE EJ1 will include the rights and obligations of each party by the realisation of the Atomic Project, assuming that PGE will, directly or through a subsidiary, act as a leader in the process of the project realisation. The conditions of shares purchase in PGE EJ1 will include the financial outlays which have been so far incurred by PGE and its subsidiaries relating to the present realisation of the Atomic Project. Based on the letter of intent the parties assumed exclusivity for further conduction of talks between the parties in connection with the construction of an atomic power plant in Poland. The letter of intent gives the basis for the commencement of detailed negotiations within the development of the draft agreement for the purchase of shares in PGE EJ1, however at this stage of talks it constitutes no liability of the parties to conclude the share sale agreement and participation in the Atomic Project.

On 28 December 2012 the parties to the above letter of intent concluded an annex based on which they prolonged the validity of the letter of intent till 31 March 2013.

3.4.9. Purchase of bonds issued by subsidiaries

1. On 23 July 2012 ENEA S.A. (Guarantor) concluded with Elektrociepłownia Białystok S.A. (Issuer) and Financial Institution (Organiser, Issue Agent, Payment Agent and Depositary) an Agreement for Bond Issue Programme for the amount of PLN 98,500 thou. (say: ninety eight million five hundred thousand zlotys). On the same day ENEA S.A. (Guarantor) concluded with Elektrociepłownia Białystok S.A. (Issuer) the Guarantee Agreement for the Bond Issue Programme. The aforementioned agreements were concluded for the term of 7 years. Additionally, on 14 December 2012 an annex was signed to the aforementioned agreements increasing the amount of the Bond Issue Programme to the amount of PLN 128,500 thou., i.e. by PLN 30,000 thou.

The Bond Issue Programme established based on the aforementioned Agreement of the Bond Issue Programme provides for multiple issues of Bonds performed by the Issuer in the mode of offering the purchase of the bonds to the Guarantor. The Issuer will be entitled to issue Bonds within one year of date of execution of the agreement.

The subject of the Guarantee Agreement is the Guarantor's obligation to purchase Bonds issued by the Issuer within the Bond Issue Programme.

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).

Bonds issued within the Bond Issue Programme have a floating rate of interest.

As at 31 December 2012 ENEA S.A. purchased bonds of the four series of the total value of PLN 128,500 thou.

2. Additionally, during the financial year ENEA S.A. purchased bonds issued by a subsidiary, ENEA Operator Sp. z o.o. (Bond Issuer) of the total value of PLN 400,000 thou. within the Bond Issue Programme Agreement concluded up to the amount of PLN 500,000 thou. The funds received by ENEA Operator from the issue of Bonds within the Bond Issue Programme are dedicated to financing of the capital expenditures connected with the extension and modernisation of the energetic infrastructure.

3. On 8 September 2012 the Company, ENEA Wytwarzanie S.A. (Subsidiary) and BRE Bank S.A. (Bank) the Programme Agreement was concluded relating to the Bond Issue Programme up to the amount of PLN 4,000,000,000 (Programme Agreement).

The Bond Issue Programme up to the amount of PLN 4,000,000,000 (Programme) established by ENEA Wytwarzanie S.A. based on the Programme Agreement anticipates the bond issue as a proposal of their purchase to ENEA S.A.

The Programme was established for the period from the conclusion of the Programme Agreement to 15 June 2022, and the Programme availability period within which bond issues will be performed expires on 31 December 2017 (Programme Availability Period). The bonds issued within the Programme will be straight.

The funds gained from the issue will be designated for the financing of the construction of the gross 1,075 MWe bituminous coal fired supercritical power unit in ENEA Wytwarzanie and other investment needs of the Subsidiary approved by ENEA S.A.

The Programme Agreement anticipates a possibility of issuing bonds of the total value not exceeding the Programme value in no more than 40 series, however the nominal value of each series will not be lower than PLN 100,000 thou., a nominal value of one bond will amount to PLN 1,000. The bonds will be dematerialised registered bonds. The interest rate of the bonds is floating and determined annually based on WIBOR 6M rate plus a fixed margin. The bonds will bear interest from the issue date (inclusive) till the redemption date (exclusive).

The bonds will be issued in accordance with the Act of 29 June 1995 on bonds, the offering will be performed in the mode of Article 9 item 3 of the Act. The bonds will not be issued in a public offer in the meaning of the Act of 29 July 2005 on Public Offerings.

The Programme Agreement was concluded for the term of the Programme or till the redemption day of the last bond if on the last day of the Programme not all the bonds are redeemed.

Together with the Programme Agreement on 8 September 2012 between ENEA S.A. and ENEA Wytwarzanie S.A. an Agreement was concluded for guaranteeing the bond subscription relating to the Bond Issue Programme up to the amount of PLN 4,000,000,000 (Guarantee Agreement).

Compliant with the Guarantee Agreement ENEA S.A. is obliged towards ENEA Wytwarzanie S.A. to purchase the bonds on the primary market subject to the terms mentioned in the Guarantee Agreement and conditions contained in the Programme Agreement. ENEA S.A.'s obligation to subscribe for bonds within the guarantee of issue subscription is valid within the Programme Availability Period.

The Guarantee Agreement was concluded for the term of the Programme, i.e. from the date of conclusion of the Programme Agreement to 15 June 2022 or till the redemption day of the last bond if on the last day of the Programme not all the bonds are redeemed.

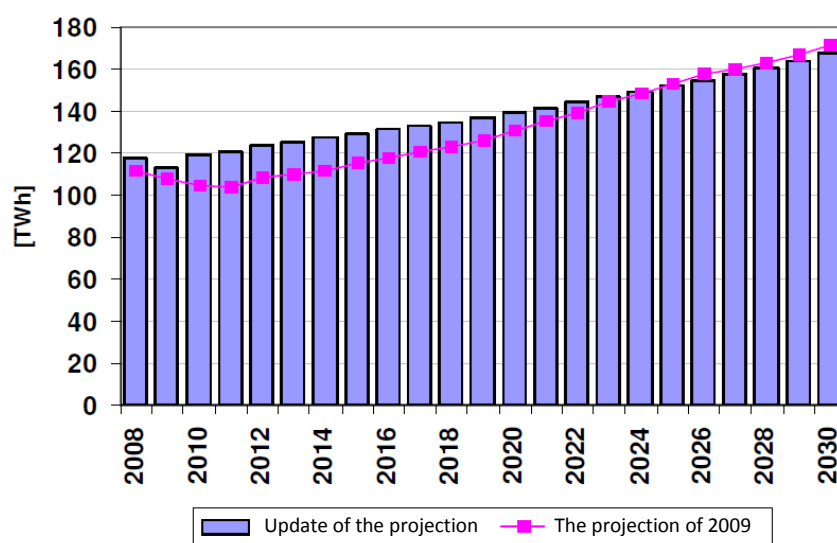
As at 31 December 2012 ENEA Wytwarzanie S.A. did not issue bonds within the aforementioned Programme.

3.5. Development prospects of ENEA S.A.

On the order of the Ministry of Economy in 2011 Agencja Rynku i Energii S.A. (The Energy Market Agency) conducted "Update of the projection of demand for fuels and energy until 2030" (further on: "Report"). Selected issues described in the Report are presented below (full content is available at: http://www.mg.gov.pl/files/upload/11099/ARE%20MG_2011_Raport_koncowy_01_09_2011.pdf).

In accordance with its results the net production of electricity will grow till 2030 to 193.3 TWh in relation to 141.9 TWh in 2010, which means a growth by 36.3% (it means the annual average growth by 1.6%). At the same time, the demand for electricity will grow from 119.4 TWh to 167.6 TWh.

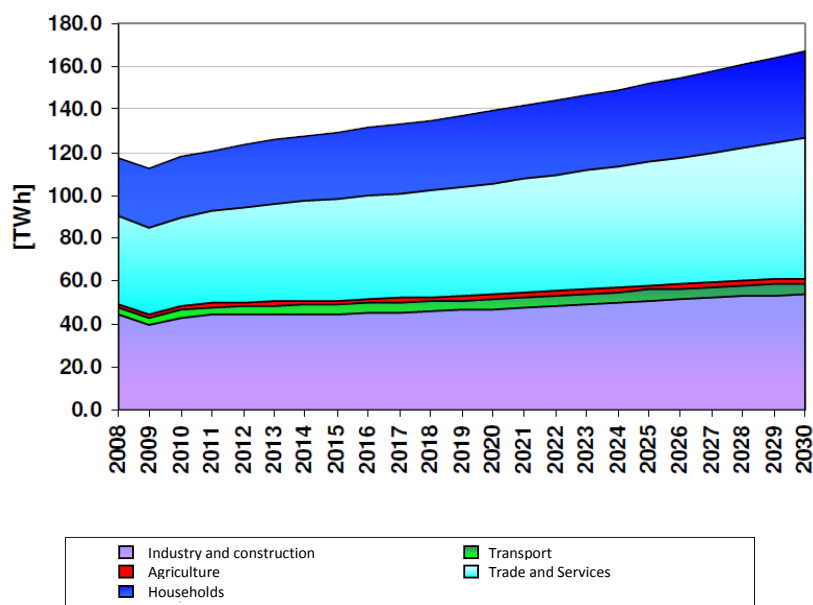
Projection of demand for final electricity



Source: Update of the projection of demand for fuels and energy until 2030.
ARE SA on the order of the Ministry of Economy, Warsaw, September 2011.

From the Report it results that the demand will grow in all the sectors of the economy. The highest, percentage growth of the demand for electricity is projected in the services sector (by 60%), and in households (by 50.0%), which is connected with the improvement of the economic situation in Poland. A substantial increase in the demand in services is most of all an implication of a dynamic growth of this sector anticipated in the macroeconomic prognosis. In households, the main reason for growths in the multiannual perspective is an improvement of standards of life and the related greater number of electrical devices in the residential apartments and changes in the intensity of the use of these devices. Energy consumption indicator per person in Poland is still one of the lowest in the European Union, therefore growths within this sector must be anticipated. According to the authors of the report, the demand for final electricity in the industry will grow by ca. 22% in 2030, in comparison with with the base year, i.e. 2008. The authors emphasised that it was a slight increase resulting from a moderate prognosis of the value added in this sector and a lowering importance of the energy consuming industry in the generation of GDP. Despite that, the industry as one of the largest recipients of the electricity in 2008, will still remain a significant consumer. The demand for electricity in the agriculture, which is mainly connected with the coverage of needs of the agricultural production, grows insignificantly - as reported.

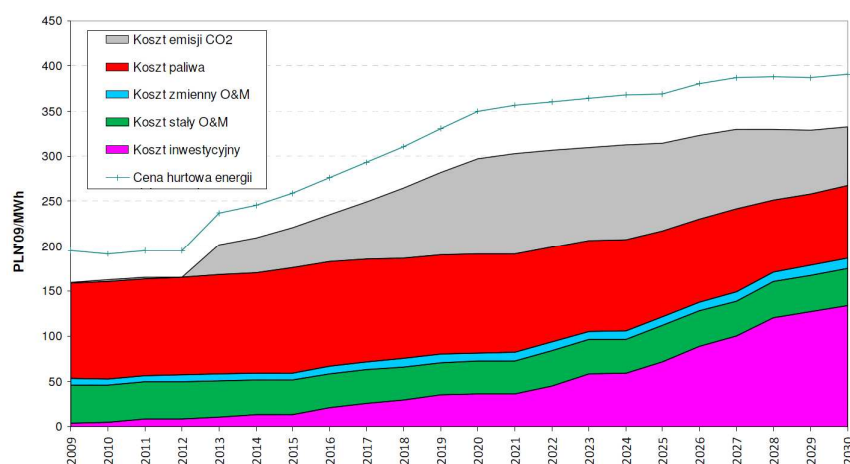
Projection of the demand for final electricity in division into sectors of economy [TWh]



Source: Update of the projection of demand for fuels and energy until 2030.
ARE SA on the order of the Ministry of Economy, Warsaw, September 2011.

According to the Report from 2013 the electricity price will be more and more affected by the annually growing cost of allowances for CO₂ emissions. In accordance with the projection it will grow by from ca. PLN 2/MWh to over PLN 100/MWh in 2020, after which it is to lower gradually (mainly because of the development of the atomic power engineering and CCS technology). An equally important impact on the future prices of energy will have the necessity of reinstatement of the generating assets, their modernisation and upgrading.

Cost of electricity generation in heat power plants and wholesale prices of electricity



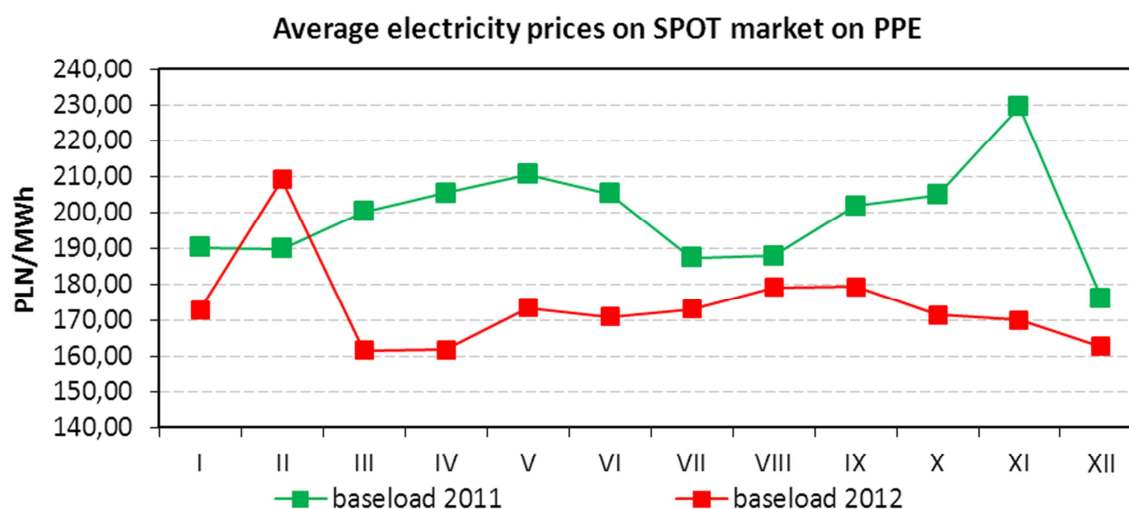
Source: Update of the projection of demand for fuels and energy until 2030.
ARE SA on the order of the Ministry of Economy, Warsaw, September 2011.

In the projection horizon the share of the hard coal in the production of electricity drops from 55.0% in the base year to 21.0% at the end of the projection period. Production of electricity based on brown coal, together with closing of existing power plants, will not diminish since (...) the withdrawn units will be successively replaced with new ones and after 2025 the production from IGCC units will appear which are equipped with CCS installations - as reported.

The volume of electricity generated from natural gas grows in the whole projection period, mainly in combined heat and power plants, which obtain additional revenues from sales of certificates of origin from gas cogeneration. Therefore, the share of this fuel in the balance of electricity production grows from 3.0% to 10%. The obtained results indicate thus an important role that this fuel may play during the upcoming decades in the Polish power system. The role is however strongly conditioned by future prices of gas and on an equally important level with the price of emission allowances for CO₂.

3.5.1. Wholesale electricity prices

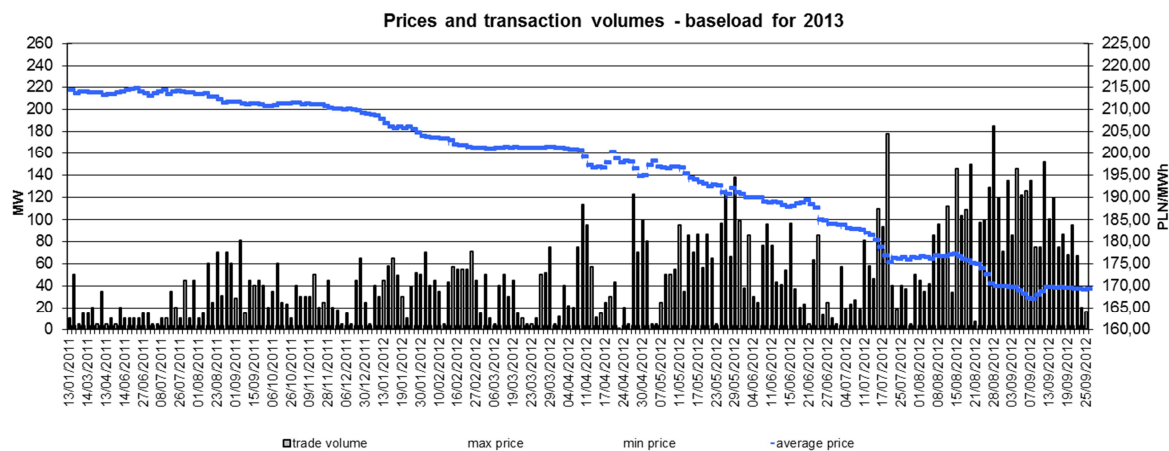
In 2012 prices of electricity on the spot market were much lower than in the previous year. The average price of energy in the baseload amounted to PLN 173.58/MWh and was by PLN 25.41/MWh (12.8%) lower than in 2011. The highest prices were noted in February that concurrently was the coldest month in the year (the air temperature reached -22°C) and the month of the highest demand for power in the National Power System. The lowest prices were noted on the turn of March and April 2012 which usually are the cheapest months in a year. Information on the average level of prices in the baseload and euro-peak in subsequent months of the year were presented in the diagram below:



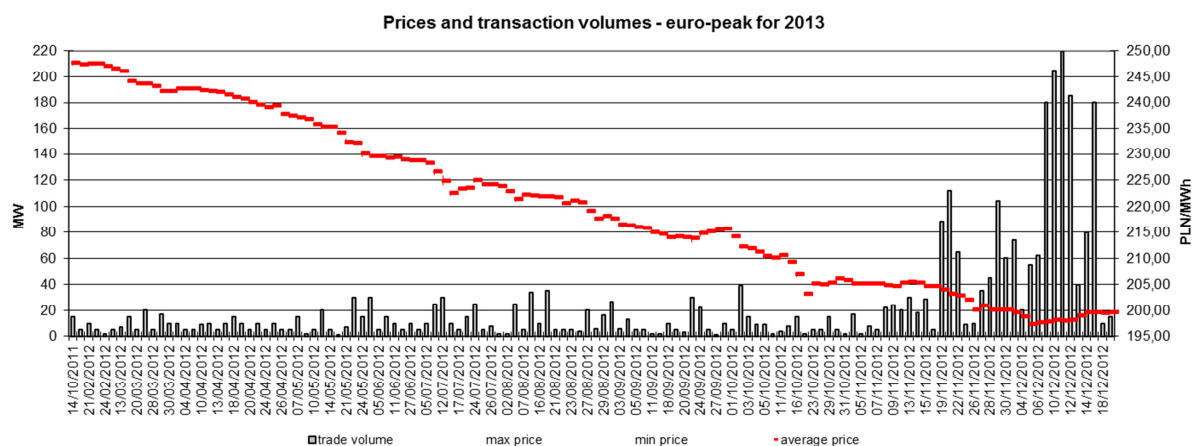
Source: Own paper based on data from PPE.

The forward market for the whole 2012 was dominated by a downward trend. The price of the most liquid product, baseload with delivery in 2013 (BASE Y-13), noted a drop from PLN 214.80/MWh at the beginning of the year to almost PLN 170.00/MWh at the end of December (the minimum transaction price, reported on 7 December 2012 amounted to PLN 166.90/MWh). The average volume weighted price of this product determined over the quotation period, from January to the end of December 2012 amounted to PLN 189.54/MWh, which means it was by PLN 13.29/MWh (6.6%) lower than the analogical average price of the baseload product with delivery in 2012 (i.e. BASE Y-12). Euro-peak with delivery in 2013 product (PEAK Y-13) turned out to be cheaper than the respective product with delivery in 2012. Its average price which was shaped in 2012 amounted to PLN 208.52/MWh and was by PLN 19.98/MWh (8.7%) lower than the analogical price for PEAK Y-12.

The volume of the market turnover in the analysed products (i.e. BASE Y-13 and PEAK Y-13) grew with time and the highest values were reached during the last months of the year when the prices were lower. Detailed information is presented on the diagrams below.



Source: own development based on data from PPE, WSE, POEE, TFS.



Source: own development based on data from PPE, WSE, POEE, TFS.

In 2012 one of the factors causing a large uncertainty on the energy market was awaiting the decision concerning the functioning of the European CO₂ emissions trading system (EU ETS), in particular in the context of the derogation and change in the pooling of allowances for the subsequent years. Such considerable drops of prices on the market resulted on one side from the information flowing in regularly concerning the decreasing rate of growth of the Polish economy (Polish GDP dropped during the year from 103.6 in Q1 to 101.1 in Q4 2012), weaker and weaker forecasts for the subsequent two years and a decrease in the domestic consumption of electricity, and on the other side low levels of prices of allowances for emissions of CO₂ EUA, which you noted a drop by ca. EUR 6.00/t, described in more detail in item 3.5.2.

During the previous year, the domestic consumption of electricity decreased. According to the data of PSE in 2012 the consumption amounted to 157.0 TWh, which means a drop in relation to the previous year by 0.6%. Although the yoy change was not large, in subsequent quarters of the year the drop increased.

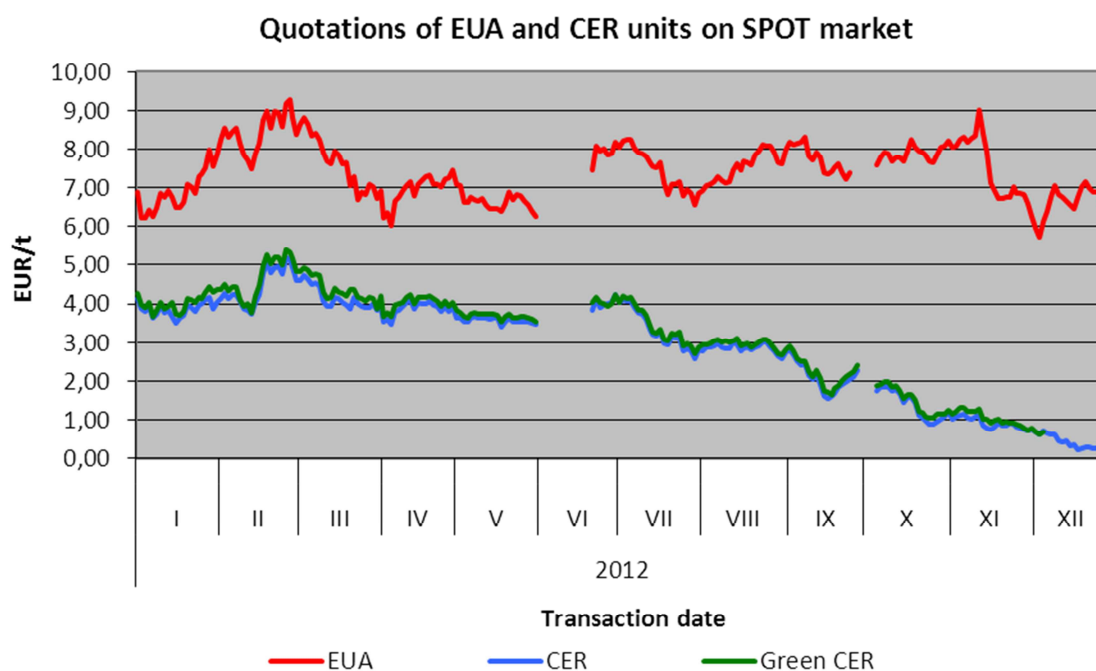
It is worth noting that in 2012 on the forward market annual products were quoted with deliveries not only for 2013 but also for the two subsequent years (i.e. BASE Y-14 i BASE Y-15), which speaks of the wholesale market growth and allowed for the limitation of the price risk in contracts concluded on the retail market, and also in the case of reaching a satisfactory level of margins, for hedging the commercial position of generation.

Reported low prices of energy may be a trigger to keep the competitiveness of Polish entrepreneurs, however it must be born in mind that the level of prices must ensure retaining of a proper level of investment outlays in the sector of generation, for the purpose of ensuring energy security and competitiveness of the Polish economy in the long run.

3.5.2. Limits of CO₂ emission allowances and their market prices

Along with the end of 2012 the 2nd settlement period expired within the European Emissions Trading System (EU ETS). Mainly as a result of a worsening macroeconomic situation in Europe and information on actual levels of CO₂ emissions lower than those expected, the prices of allowances for CO₂ emissions did not reach high price levels. According to the information from February 2013 the surplus in the system is estimated for even 1.5-2.0 bln units*.

The average price of the EUA unit on the spot market in 2012 amounted to EUR 7.40/t and was by EUR 5.62/t (43.1%) lower than the average price from 2011. For CER units the average prices amounted to EUR 2.87/t for "grey" CER (a drop by EUR 5.91/t, i.e. 67.3%) and EUR 3.19/t for "green" CER** (a drop by EUR 6.75/t, i.e. 67.9%). Detailed information on daily quotations are included in the diagram below.

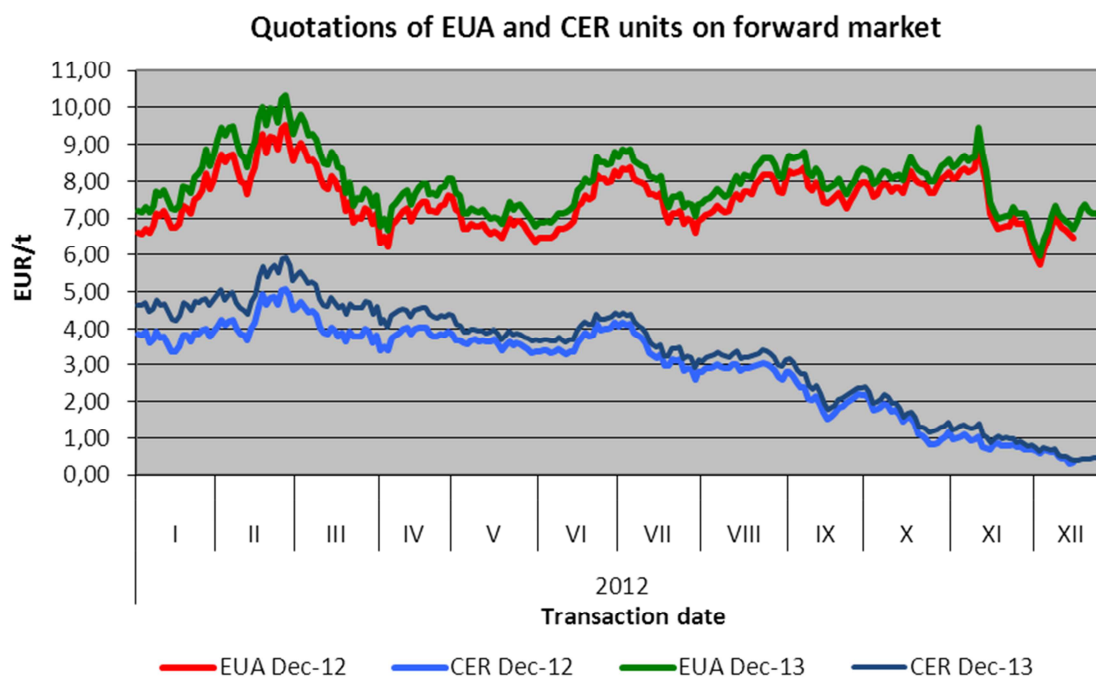


Source: own development based on data from BlueNext and ICE.

* Estimate of Consus Brokerage House, <http://www.nettg.pl/news/108288/eu-ets-spolki-weglowe-negatywnie-oceniaja-ten-system>

** "Green" CER – cover the units from projects other than projects within the reduction of HFC-23 and N₂O industrial gases from the production of adipic acid, i.e. they cover the projects within the wind, solar energy, utilisation of landfill gas, except large hydroenergetic projects. There are no limitations as to the possibility of their use for settlements of emissions within EU ETS. "Grey" CER - cover only the units from projects within the reduction of HFC-23 and N₂O industrial gases from the production of adipic acid. The possibility of their use for the settlements of emission within EU ETS was limited till the end of 2012.

On the forward market average prices of EUA and CER were also much lower than in 2011. For EUA with delivery in December 2012 the average price yoy dropped by EUR 6.32/t (45.7%) from EUR 13.82/t in 2011 to EUR 7.50/t in 2012. For CER with delivery in December 2012 the average price dropped in comparative periods by EUR 7.42/t (69.3%) from EUR 10.69/t in 2011 to EUR 7.42/t in 2012. Generally, the more distant the delivery term for EUA or CER units, the higher were drops of prices by value. Detailed information on daily quotations on the forward market is included in the diagram below.



Source: own development based on data from ICE.

Both on the spot market and the forward market the daily fluctuations of prices of particular units were similar. EUA prices reacted mainly to the information appearing on the market on the surplus of allowances and planned dates of votes in the European Union institutions, or actions of the European Commission that could affect the EU ETS system. The price fluctuations were also affected by information on changes in the auction calendar for allowances for the third settlement period of EU ETS, or on the plans to merge EU ETS with the Australian system of CO₂ emissions allowances trading. At the end of October 2012 it was informed that at the beginning of December 2012 BlueNext exchange will cease to operate which conducted the most liquid spot market. The reason for that was the loss of the exchange in the hitherto tenders for the organisation of auction platforms in the third settlement period. The organisation of the platform was granted to two exchanges, EEX and the London ICE. As a result of the decision on the turn of October and November the turnover on the market greatly increased and then also the EUA price, seasonally.

Otherwise than EUA prices, especially in the second half of the year, CER unit prices were shaped. At the end of the year they were quoted on the level much below EUR 1.00/t. The situation resulted from, on one hand, a relatively high supply of these units, on the other hand from limited possibilities of their use by installations within the settlements of CO₂ emissions in EU ETS.

In 2012 two breaks in quotations of allowances for emissions of CO₂ occurred on the spot market. The first one, during 1 to 20 June, resulted from the consolidation of national registers of European Union member states and launching of a new EUTL system, and the other one, on the turn of September and October,

was connected with a temporary closing of the Union Registers because of the planned implementation of a new version of the software. During these periods it was however possible to trade on the forward market.

Generation assets	CO ₂ emission in 2012	Annual average allocation according to KRPU (National Allocation Plan) from 2012
ENEA Wytwarzanie	9 925 556 Mg (excluding biomass)	9 636 619 Mg
Białystok Heat and Power Plant	331 614 Mg (excluding biomass)	695 753 Mg
MEC Piła	82 149	75 301 Allocated 2008-2012 [Mg CO ₂]
PEC Oborniki	14 859.9 Mg	none

3.5.3. Obligations with respect to obtaining energy certificates of origin

In accordance with the regulations being in force energy companies selling electricity to end users were obliged for 2012 to obtain and redeem the following types of certificates of origin:

- for energy generated in renewable sources, the so called "green" certificates - the obligation on the level of 10.4% sales to end users,
- for energy generated in cogeneration, for the cogeneration unit fired with gas fuels, or with the total installed electrical power of the source below 1 MW, mentioned in Art. 9l item 1(1) of the Act of 10 April 1997 - Energy Law, the so called "yellow" certificates - the obligation on the level of 3.5% sales to end users,
- for energy generated in cogeneration fired with methane released and captured by underground mining works in operating, liquidated or closed mines of hard coal or with gas obtained from biomass processing, mentioned in Art. 9l item 1(1) of the Act of 10 April 1997 - Energy Law, the so called "purple" certificates - the obligation on the level of 0.6% sales to end users,
- for energy generated in cogeneration in sources other than the ones mentioned in item 2 and 3, the so called "red" certificates - the obligation on the level of 23.2% sales to end users, or the obligation to make a compensatory payment.

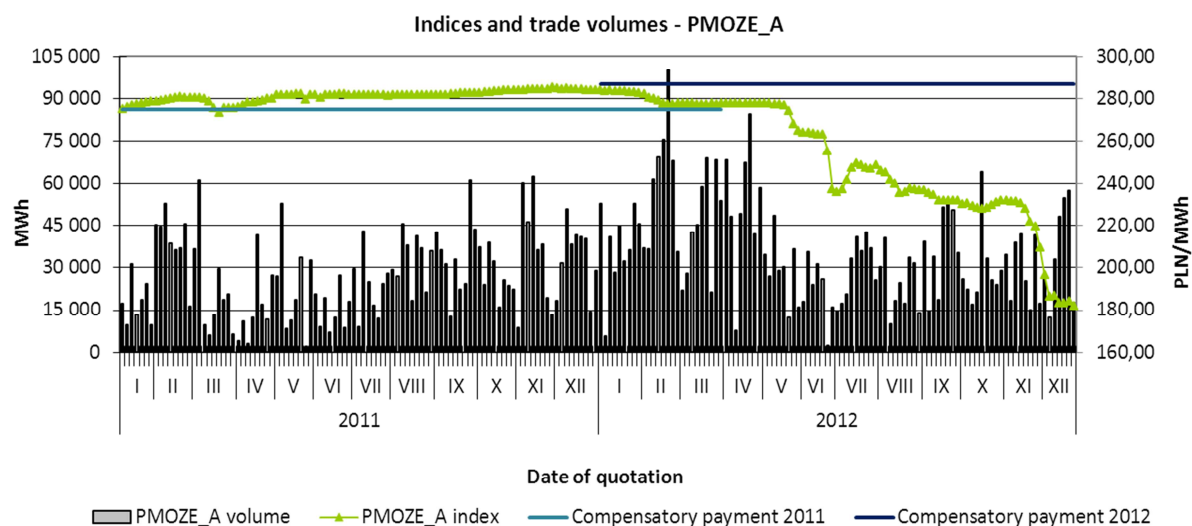
During the previous years the prices of certificates of origin listed on PPE, because of the surplus of the demand over the supply, were such as to include the discount connected with the value of money in time and pursued the level of a unit compensatory payment. For "green" certificates the benefit from the reduction of the excise tax base (in the amount of PLN 20.00/MWh) was additionally taken into account.

In 2012, and for "red" certificates also in 2011, the pricing trend of these products was different. Detailed information on the level of pricing indices for particular types of certificates of origin with the trading volume was presented on the diagrams below.

For "green" certificates from the beginning of 2012 drops in prices were visible. From the mid February till the mid May the indices stabilised on the level slightly lower than PLN 280.00/MWh, then subsequent much higher drops in prices occurred. During the year, with a unit compensatory payment on the level of PLN 286.74/MWh, the exchange index (PMOZE_A) decreased by over PLN 100.00/MWh from PLN 284.00/MWh at the beginning of January to PLN 182.21/MWh during the last session in the year. Substantially, such a pricing trend was affected by two factors: an oversupply of these types of rights on the market and regulatory uncertainty connected with the drafted amendments of legal acts shaping the new support system for the renewable energy engineering, and also postponing the adoption of final solutions. At the end of 2012, according to the data of PPE, the number of recorded and not redeemed certificates in the register amounted to 8.0 TWh. With the same percentage level of the obligations and a slight change yoy in the domestic consumption of electricity, it may be assumed that the required redemption of certificates for 2012 will be

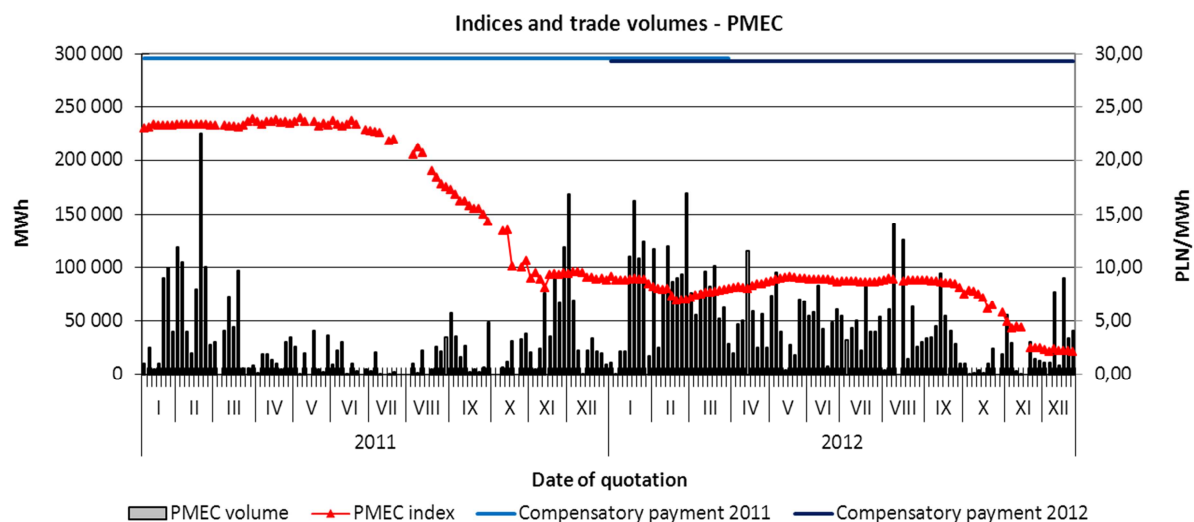
similar to the level of 2011. It would mean that the actual surplus of these certificates on the market would amount to several TWh for the realisation of the obligation for 2012.

Reported low prices of certificates of origin for energy generated in renewable sources may be reflected in a lower cost burden for energy end users, yet it must be born in mind that the level of certificate prices should ensure the maintenance of a due level of return from investment outlays in the RES sector, in order to ensure the realisation of the required level of the energy share from RES in energy "mix" in the long run.



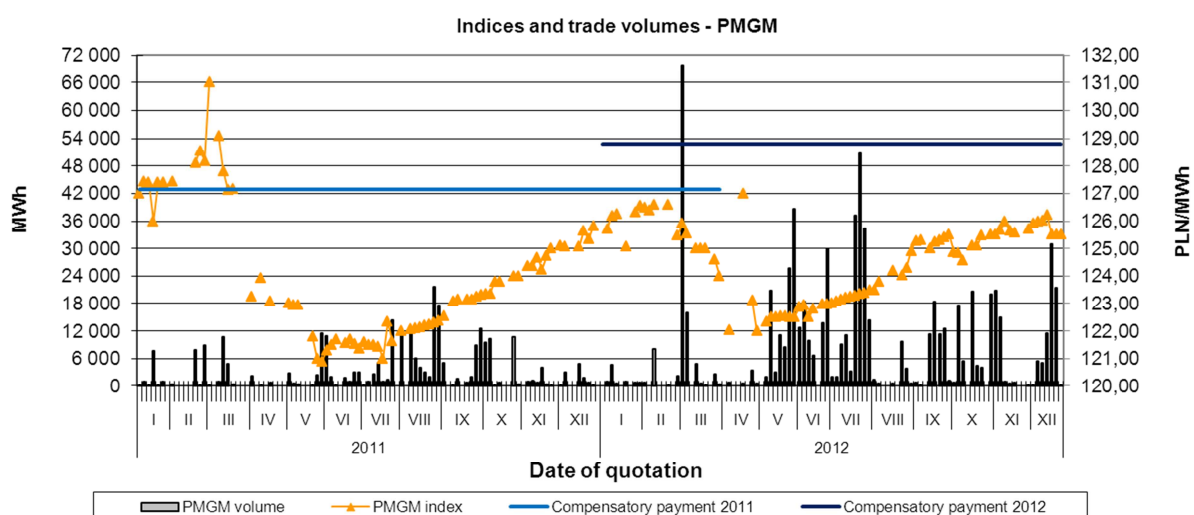
Source: own development based on the data from PPE, levels of unit compensatory payments acc. to the information of the President of ERO.

Significant decreases in prices occurred also on the market of "red" certificates. The rebates commenced in 2011 were continued in 2012. Similarly, as in the case of "green" certificates, such a pricing trend was affected by two factors: oversupply of these types of rights on the market and the fact that in accordance with the regulations being in force the year of 2012 would be the last year of the realisation of the obligation to redeem these certificates. Drops occurred despite the forecasts of the plans and publications of draft legal acts prolonging the period of the obligation realisation. As in the case of "green" certificates, the surplus of "red" certificates may be estimated at several TWh, but till the end of December 2012 no legal act was finally adopted which would prolong the obligation realisation period. The exchange index (PMEC) decreased during the year by PLN 7.00/MWh from the level of PLN 9.15/MWh at the beginning of January to PLN 2.15/MWh at the end of December 2012. The unit compensatory payment amounted at that time to PLN 29.30/MWh.



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

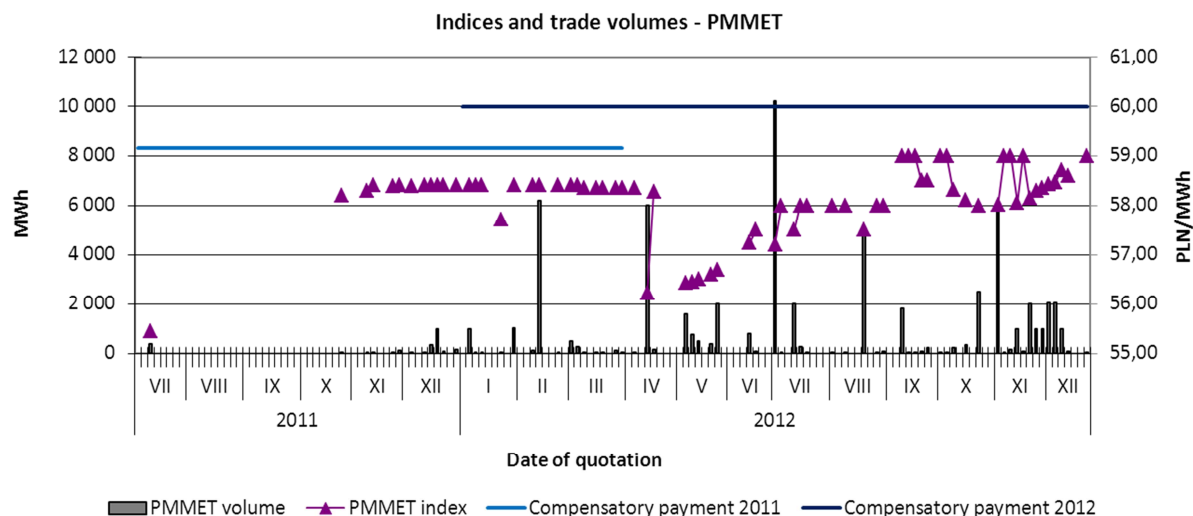
Otherwise than for "green" and "red" certificates the price index proved to be for "yellow" certificates (PMGM). In this case the trend substantially reflected the discount connected with the value of money in time and the price of the unit compensatory payment. Decreases of the index in March resulted from the legally regulated date of realisation of the obligation, i.e. 31 March of the subsequent calendar year. As a result, March is a "transitory" month, i.e. at the beginning of the month rights may still be bought in order to realise the obligation for the previous year (2011 in this case), in the second half only in order to realise the obligation for the current year (i.e. 2012). What is worth noting here is the decreases in the index in the second half of December 2012. They could follow from the expiry of the period of the obligation realisation (similarly to "red" certificates the year of 2012 is the last year for the realisation of the obligation) and lack of final decisions, whether it would be continued in the future. The exchange index (PMGM) at the end of December 2012 amounted to PLN 125.50/MWh and was by PLN 3.30/MWh lower than the unit compensatory payment which for 2012 amounted to PLN 128.80/MWh.



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

The lowest value changeability in prices was characteristic for "purple" certificates, for which the difference between the minimum and maximum index amounted to almost PLN 2.80/MWh, and the volume of the trade on the session market of PPE was, in comparison with the other types of certificates, substantially marginal.

The value of the index (PMGM) at the end of December 2012 was PLN 59.00/MWh and was by PLN 1.00/MWh lower than the unit compensatory payment for 2012. It is also worth mentioning that contrary to "red" and "yellow" certificates the obligation to redeem "purple" certificates is continued in the subsequent year.



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

3.5.4. Development Strategy of ENEA S.A.

One of key factors that will affect the growth of ENEA S.A. is the implementation of the Company's strategy which is reflected in the activities realised in the whole ENEA Capital Group.

Our strategy is based on the mission of the Group, that is, to provide high-quality services to customers, to ensure a safe environment for our employees, and to build shareholder value while caring for the natural environment.

We plan to realise our strategy through the realisation of the below defined goals:



An integral part of this strategy is the implementation of a new business model for the Group, which provides for the functioning of the following business areas:

- Corporate Centre,
- Generation based on fossil fuels and renewable sources,
- Wholesale trading,
- Sales,
- Distribution,
- Shared Services Centre.

Creating, in addition to the core business areas, a corporate centre and a shared service centre divisions, should increase the efficiency of managing the Group and enable cost synergies to be obtained from the centralised management of Group operations and a shared customer service system.

We assume, that implementing our strategy during 2010-2020, we will designate in the base variant a total of about PLN 18.7 bln for investments in conventional generation, distribution and renewable energy sources and cogeneration.

Taking into account the planned investments, from the point of view of ENEA S.A., the long-term development of the equity portfolio is essential to carry the burden of future investments. The funds from the profit could complement the sources of financing of investment expenses, particularly within investments connected with the growth of the Group, mainly investments in new generating capacity.

Area of Generation

Our main goal for conventional generation is to construct a new 1,075 MWe gross electrical capacity bituminous coal-fired supercritical power unit in Świerże Górne. We are planning to commission it in 2017. As a result of the conducted proceedings for the selection of the construction contractor of the new power unit with the capacity of 1,075 MWe gross executed in accordance with the provisions of the Act from 29 January 2004 on Public Offerings, from the two filed offers the offer of Hitachi Power Europe GmbH and Polimex – Mostostal S.A. consortium was selected as the most advantageous (the other offer was submitted by the consortium of China National Electric Engineering Co. Ltd. and China Overseas Engineering Group Co. Ltd.). Within the prescribed time, i.e. till 8 June 2012 the appeals made by each of the above entities were filed in the National Chamber of Appeal in Warsaw. On 27 July 2012 the National Chamber of Appeal in Warsaw announced the judgement in which it overruled the appeals filed by the both offerers. Therefore, it became possible to conclude on 21 September 2012 an agreement with the contractor whose offer was selected, on the construction of a supercritical power unit fired with bituminous coal with the gross electrical capacity of 1,075 MWe, efficiency of 45.6% net and the availability during the first year of over 90.0%, and in subsequent years over 92.0%. Pursuant to the concluded agreement the realisation of the investment will last for 58 months from the date of execution of the agreement. The outlays anticipated for the investment realisation are around PLN 5.1 bln net (excluding financial costs). In September 2012 the Board of ENEA Wytwarzanie concluded a programme agreement with BRE Bank and ENEA S.A. concerning the Bond Issue Programme up to the amount of PLN 4 bln. The funds from the issue will be designated for e.g. financing of the construction of the power unit in ENEA Wytwarzanie. Together with the programme agreement relating to the Bond Issue Programme up to the amount of PLN 4 bln between ENEA S.A. and ENEA Wytwarzanie S.A. an agreement on guaranteeing the subscription for the bonds was concluded.

At the beginning of October 2012 in ENEA Wytwarzanie an official hand-over took place of the construction site for a new power unit with the capacity of 1,075 MW gross to the general contractor.

At the same time, we are continuing modernisation of the remaining 200 MW and 500 MWe units in ENEA Wytwarzanie. We are also analysing the capacities of construction of another power unit with the power of up to 1,000 MWe.

In the area of renewable energy sources we expect to further develop our generation capacities. By 2020 we are planning to achieve 250-350 MW of power installed in wind. Concurrently, we are conducting activities aiming at the realisation of the investment in biogas capacities. In 2012 the investment expenditures within RES exceeded PLN 355 mln, which means their maintenance on a similar level in relation to 2011.

On 15 January 2010 ENEA S.A. completed the purchase of the first biogas power plant in Liszkowo (the Kujawsko-Pomorskie Province) with the capacity of 2.12 MWe. In Q2 2011 ENEA S.A. purchased 100.0% shares in the special purpose vehicle Dobitt Energia established for the needs of the construction of an agricultural biopower plant with the capacity of 1.6 MW - the construction was completed in December 2012. Having been connected to the network and after a technological start-up the biopower plant will commence the production of electricity in Q2 2013. The total capacity of biogas power plants in the ENEA Capital Group will reach 3.72 MWe at that time.

In March 2011 a subsidiary of ENEA S.A., i.e. Elektrownie Wodne, dedicated to, among other things, the extension of production capacities of the Group from Renewable Energy Sources purchased a wind farm located in Darżyno in Pomorze with the installed capacity of 6 MW. The wind farm in Darżyno was constructed in 2008. It located on a very windy area. In 2012 the farm generated 16,410.3 MWh of electricity.

On 1 June 2011 ENEA S.A. purchased from the French company Société Nationale d'Électricité et de Thermique (SNET) 69.58% of Elektrociepłownia Białystok S.A.'s shares. Thanks to the transaction the Group holds almost 100% shares of the company from Białystok. Elektrociepłownia Białystok S.A. is one of the biggest enterprises in the region. The attainable heat capacity of Elektrociepłownia Białystok S.A. (before the conversion of the second boiler to biomass) amounted to 459.2 MW. Apart from the heat production Elektrociepłownia Białystok S.A. produces also electricity and process steam. The equipment of the combined heat and power plant may generate 400 GWh of electricity which is then sold on the wholesale market. The basic fuels used in the combined heat and power plant are biomass and coal. In 2008, in unit No. I, a boiler fired exclusively with biomass was started. The new installation helped to limit the emission of gases and dusts harmful to the environment and decreased the volume of waste from coal combustion. Commissioning of the biomass-fired installation enabled to decrease coal consumption by 120 thou. tonnes per year and replace it with 270 thou. tonnes of biomass. The capacity of this installation is 75.2 MW. In 2012 Elektrociepłownia Białystok S.A. completed the investment of the conversion of another coal boiler to the BFB fluidised bed type boiler - powered with biomass. Presently, the generating capacities of Elektrociepłownia Białystok S.A. amount to respectively:

- the heat generating capacity 446.5 MWt, of which the heat generating capacity in RES - 98.4 MWt,
- the electrical generating capacity 156.6 MWe, of which the electrical generating capacity in RES - 56.6 MWe.

In June 2011 a hydroelectric plant was commissioned on the Wełna River in Oborniki. The building, which belongs to Elektrownie Wodne with the seat in Samociążek has the capacity of 330 kW. In 2012 the power plant generated 1,150.8 MWh of electricity. The water power plant in Oborniki is the 21st installation of that kind belonging to the ENEA Capital Group.

On 16 April 2012 ENEA S.A. purchased 100% shares of the special purpose vehicle, Windfarm Polska Sp. z o.o. The Company owns the newly built 50 MW wind farm in Bardy consisting of 25 Vestas turbines with the capacity of 2 MW each and the own switching station. The wind farm is located on a very windy area in the northwestern Poland, which translates into the forecast of an annual average production of electricity on the level of 150,000 MWh. In the period from the start-up (March 2012) till the end of 2012 the farm produced

121,914.3 MWh electricity. Windfarm Polska Sp. z o.o. intends to extend the generating capacities of the farm with another 9-10 MW.

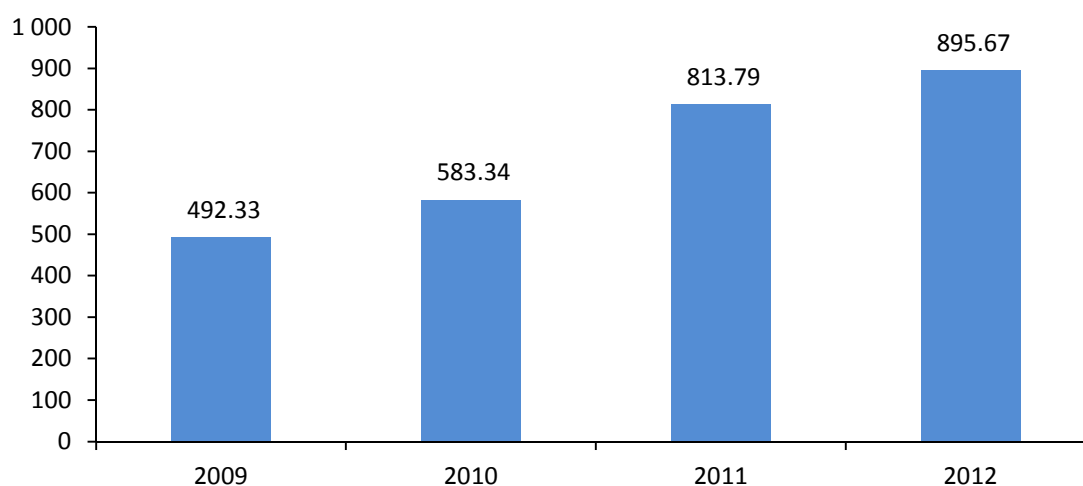
On 25 May 2012, within the "Integration of the Generation Area" Elektrownia "Kozienice" S.A. changed its name to ENEA Wytwarzanie S.A. and will manage the production of electricity and heat in the whole ENEA Capital Group. The Integration of the Generation Area covers seven subsidiaries of the ENEA CG: ENEA Wytwarzanie S.A., Elektrociepłownia Białystok S.A., Elektrownie Wodne Sp. z o.o., Dobitt Energia Sp. z o.o., Windfarm Polska Sp. z o.o., MEC Piła Sp. z o.o. and PEC Oborniki Sp. z o.o. The integration of electricity and heat generating companies aims at the implementation of a new model of the Group's operations ensuring an efficient decision-making process within the coherent generation strategy, optimum allocation of resources and improvement in the generation area efficiency. On 28 December 2012 ENEA Wytwarzanie took over from ENEA S.A. the shares of six companies operating within the generation of electrical and heat energy in the ENEA CG. In return ENEA S.A. took up all the shares in the raised share capital of ENEA Wytwarzanie. As a result of these actions a holding structure of the generation area was established which is managed by ENEA Wytwarzanie. Another stage of the integration of the generation area realised in 2013 will be the inclusion of the three of the above mentioned companies into the capital structure of ENEA Wytwarzanie, the remaining three companies will remain in the full operating subjectivity as subsidiaries of ENEA Wytwarzanie.

In 2011 ENEA S.A. also started cooperation with Polskie Górnictwo Naftowe i Gazownictwo S.A. (PGNiG) analysing the ability to construct together an electric power generating source fuelled by gas. Within this cooperation we are planning to perform works aimed at the selection of an optimum location for the gas-powered unit. Presently, together with PGNiG we are conducting detailed location and economic analyses for the selected locations based on which relevant corporate decisions will be made.

Distribution Area

In the area of distribution, during the period covered with the strategy we are planning investment works and modernisation of the grid infrastructure, and essential refurbishment in connection with an increasing demand for electricity and the need to connect renewable sources of energy. Such investment and modernisation activities should result in increasing the functionality of our grid and reducing grid losses. They will also involve replacing those sections of power distribution lines that have been the longest in service. These activities should substantially impact the increase in reliability of deliveries of electricity to customers. Below we present the amounts of investment outlays made by ENEA Operator since 2009.

Value of investment outlays in ENEA Operator Sp. z o.o. [PLN '000]



Our investment expenditures within distribution are continually increasing. In 2012 ENEA Operator's investment expenditures were by 82% higher than in 2009.

The Company designated the outlays to:

- connecting new users and new sources and related construction of new networks,
- modernisation and reinstatement of the existing assets connected with improving the quality of services and/or power demand increase,
- other investment outlays (in particular: connectivity, measurements, IT, buildings, constructions, means of transport).

In the perspective of 2009-2012 an explicit trend was noticed consisting in the decreasing of the share of outlays for connecting new recipients and new sources and related construction of new networks in the total amount of outlays. In 2009 such outlays constituted 66% of the value of the investment plan, and in 2012 – 38.0%.

At the same time, a trend is visible of increasing the share of outlays for the modernisation and reinstatement of the existing assets. In 2009 such outlays constituted 26% of the value of the investment plan, and in 2012 - already 50%.

Area of Sales

On 25 September 2012 the Board of ENEA S.A. adopted the "Strategy of sales of ENEA S.A. in the area of retail sales for 2012 - 2016". The strategy based on the expansion beyond the historical market, improvement in the efficiency of customer service and purchases on the wholesale market of energy, assumes the reversion of the downward trend in sales.

The pillars of the sales strategy are:

- expansion of retail sales (gaining new clients beyond the historical area, keeping and recovery of clients from the historical area, and the development of the gas trade competences),
- efficiency of customer service (development of new channels of customer gaining and service, improvement in the efficiency and quality of customer service and optimisation of costs),
- efficiency in the wholesale trading (efficiency of purchases on the wholesale market, better projections, risk and portfolio management).

Area of Customer Service

In 2012 a programme of customer service model change was launched which covered the most important issues from the area of customer service.

The programme groups initiatives and projects which lead to the gaining of the following goals:

- increase in the efficiency of gaining and retaining customers,
- increase in the level of customer service quality,
- reduction of unit costs of customer service.

A growth in the efficiency of gaining and retaining customers and a higher level of the quality of customer service will be reached through the implementation of a new operating model of sales and customer service areas and the implementation of an IT system of customer service (Billing, CRM, Contact Centre).

As a result of the implementation of the new operating model it is planned to lower the unit costs of customer service, increase the volumes of sales and share in the energy market, and also enhance customer satisfaction.

A key and largest project realised within the Programme is the implementation of the operating model together with an IT customer service system.

Area of Wholesale Trade

In 2012 the model of settlements was changed between ENEA S.A. and ENEA Trading within the cooperation on wholesale trade in electricity and proprietary interests.

The cooperation between the parties aims at reaching optimum business effects for the ENEA Capital Group within sales of electricity to end users and within products and services connected with the supply for the area of electricity sales, including also the rules of calculation of the remuneration of ENEA Trading by title of the services rendered for ENEA S.A.

The new model is based on the method of a net transaction margin and introduces an incentive mechanism for ENEA Trading to effectively realise its function for the account of ENEA S.A., both on the side of the efficiency of the trading function towards the market and the cost discipline.

The new settlement model entered into force starting from 1 January 2012, however the efficiency criteria application on which the amount of ENEA Trading's remuneration will depend relates to settlements starting from 1 January 2013.

3.5.5. Financing sources of the investment programme

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

ENEA S.A. adopted and is under the realisation of the project titled "Gaining funding for the realisation of investment projects in the ENEA CG", within which on 21 June 2012 between the Issuer and five banks acting as Issue Guarantors, i.e. Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, Bank Polska Kasa Opieki Spółka Akcyjna, Bank Zachodni WBK Spółka Akcyjna, Bank Handlowy w Warszawie Spółka Akcyjna and Nordea Bank Polska Spółka Akcyjna, a programme agreement was concluded relating to the bond issue programme up to the amount of PLN 4,000,000,000, in which the terms and conditions of the bond issue programme were determined between the Issuer and Bank Guarantors. This is a 10-year programme of issue of national bonds, unique in its construction and adjusted to the investment programme realised by the ENEA Capital Group. 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 the ENEA CG, including e.g. for the construction of the 1,075 MWe gross supercritical bituminous coal fired power unit, which is to be 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 2012 ENEA S.A. did not issue bonds within the aforementioned Programme.

Investment loan from the European Investment Bank

Additionally, on 18 October 2012 ENEA S.A. concluded a Financial Agreement with the European Investment Bank providing for the granting to ENEA S.A. of a loan in the amount of PLN 950 mln (say: nine hundred and fifty million zlotys) or its equivalent in EUR. The funds gained from the loan will be 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.

At the same time, on 18 October 2012 in relation to the conclusion of the aforementioned loan agreement an additional agreement was concluded for the realisation of the programme between ENEA S.A., European Investment Bank and ENEA Operator Sp. z o.o., which regulates the issues connected with the rules of realisation of the Programme in the part based on the funds made available by the Bank.

Presently, the agreement with EIB is finalised for another "B" tranche of the loan which will increase the EIB's involvement in the financing of the distribution area.

As at 31 December 2012 ENEA S.A. did not use any loans within the aforementioned Agreement.

Additionally, ENEA S.A. continues parallel talks with the European Bank for Reconstruction and Development ("EBRD") concerning the possibility to obtain a maximum of PLN 800 mln of a long-term unsecured loan for implementation of the investment programme of the Capital Group with regard to the area of electricity distribution. It is planned that the funds from EBRD will be obtained in H2 2013 and will be used gradually during the availability period established with the Banks. 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 2012-2015 with the estimate value of PLN 3.2 bln.

An important meaning for acquiring funding from the investment programme is the strong position of the Group on the Polish power market and a reasonable policy within financing confirmed on 14 April 2011 by the Fitch Ratings agency which issued high long-term ratings for ENEA S.A. of the entity in domestic and foreign currency at the level of "BBB" and a long-term domestic rating at the level of "A" with stable perspective (maintained in April 2012).

3.5.6. 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 financial leverage.

3.5.7. Business risks

As part of regular operations ENEA S.A. is endangered to various financial risks, market and operating risks. Risks may have a considerable disadvantageous impact on the Company's operations, its financial position or operating results.

ENEA S.A., aware of the risks connected with its operations, and acting in accordance with the Corporate Strategy of the ENEA Capital Group, finalises activities aiming at the implementation of a formalised, integrated risk management system. The scope of works covers the development of formal policies, procedures and methods regulating the management process of risks occurring in key areas of operations. In the progress of works in 2012 the Board adopted Policies regulating the rules of managing corporate risk, liquidity risk, foreign exchange risk, interest rate risk and credit risk. The designed management model assumes a comprehensive coverage of the issue of risk management, specifying detailed rules of identification and assessment of risks, monitoring exposures to risks and preparation and monitoring of plans of procedure with risks significant for the Company. Adopted rules are set based on the highest managerial standards and are compliant with best market practices being in force within this area.

The group of key risks to which ENEA S.A. is exposed include:

Commodity risk is connected 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 (in particular electricity, allowances for emissions of CO₂ and electricity certificates of origin) and fluctuations within the demand for the products offered by the Company.

Credit risk - a risk of financial losses by the Company resulting from the client's or the counterparty's to a financial instrument failure to to perform their contractual obligations.

Liquidity risk – a risk of losing or limitation in the ability to regulate current liabilities on time as part of normal operations of the Company.

Detailed information about methods of managing financial risks is to be found in item 4.3.4 hereinbelow.

Macroeconomic risk – connected with an impact of macroeconomic factors of the Polish economy on the Company's operations, in particular the height of interest rates, inflation, Gross National Product, rate of unemployment and state monetary and fiscal policies.

Risk of loss of customers and decrease in margin realised on sales as a result of growing competition - a risk connected with the right to freely choose an electricity supplier and increased activity of competitive energy sellers.

Regulatory risk - a risk of unstable legal system and Community regulations connected with the functioning of the energy sector - the risk relates to variations of law, Polish and Community regulations and legislative environment insecurity.

Risk connected with strategic investment process - connected with investment realisation, failure to achieve anticipated results or exceeding the budget.

Risk of deterioration of financing terms - a risk of growing costs of financing connected with failure to keep the covenant or breach of agreements relating to financing of operating or investment activities.

Operating risk - a risk of interruptions in the continuity of operation of critical operating processes, in particular as a consequence of failures of IT systems supporting key business areas of the Company's operations.

Real estate - as at 31 December 2012, ENEA S.A. was a party to 129 court proceedings relating to non-contractual use of properties, with the total value at stake being approximately PLN 26.1 mln, and was a party to a number of disputes that are yet to get to court.

Executive personnel - highly qualified management personnel holding a widely understood experience in corporate management has an important impact on future successes of the Company.

Staffing policy assumptions of the Company serve the realisation of plans of a dynamic growth and strengthening of the market competitive position.

Company's working towards maintaining the position of a leader on the power services market and active gaining of new clients, both individual and business, and also higher and higher dynamics and comprehensiveness of changes that occur in the power business are connected with serious challenges for the management personnel. Knowledge, skills and experience of people holding managerial positions in the Company constitute key factors regarding strategic interests within commercial operations.

Willing to face an efficient managing of the enterprise the Company, through various trainings, regularly develops and improves the competences of the managerial personnel, which in turn is a great motivation for the employees causing that they are more committed to the duties they perform.

For example, in 2012, a range of trainings devoted to the development of held skills were organised for senior managers. Programmes of particular workshop sessions were elaborated based on the survey of training needs. In relation to the fact that the whole training programme was highly assessed by participants, in 2013 it is planned to conduct similar workshops for other groups of managers.

Collective disputes and agreements - collective disputes with employees may cause disruptions in our business operations.

ENEA S.A.

Approximately 43% of our employees belong to trade unions. The position of trades unions in the power sector is particularly strong because of the volume of employment in the sector and its strategic influence on the functioning of the economy. Furthermore, the expectations of trade unions are based on conditions won by the employees of other power companies or power generators in agreements concluded in relation to the earlier privatisation of these companies. Although we are endeavouring to maintain good relations with our employees and to resolve all problems that arise on an ongoing basis, we cannot exclude the possibility of collective disputes taking place in the future. Collective disputes with employees may lead to disruption of our ongoing activities, and in particular to stoppages, and may also cause an increase in labour costs, which may have a negative effect on our business, financial situation, financial results or development prospects.

ENEA S.A. is a party to a collective dispute which was initiated on 7 September 2009, and concerned the planned privatisation of the Company and the effects of a potential change to the shareholding structure on the Company's employees.

Our ability to improve productivity and reduce costs by restructuring employment is limited by collective agreements.

If we consider that improvement of our profitability and ability to compete effectively thanks to more efficient operation depends on reducing employment, our efforts to do so will be subject to limitations that arise from collective agreements concluded with trades unions operating in the Group. In particular, in accordance with the agreement concluded with trade unions on 18 December 2002, our employees are covered with specific guarantees that conditions of work and payment will be maintained, and also by a guarantee of long-term employment. On the basis of this agreement, we undertook to pay an employee, in the event of termination of his or her contract of employment, severance pay amounting to the product of the individual's monthly remuneration and the period remaining to the end of the period guaranteed by the agreement – 80.0% of this amount is payable if payment is made in a lump sum and 100% if payment is made monthly.

General condition of economy - the position of the Company in 2012 was to a certain extent shaped by the general trends in the national economy. 2012 was the year of economic growth for the Polish economy. According to figures from the Central Statistical Office, the Gross Domestic Product (GDP) in fixed prices of the previous year grew by 2.0% in 2012 yoy compared to 4.3% a year before. According to the Central Statistical Office, the growth of GDP was affected by a positive impact of net exports and, to a small extent, of the national consumer demand, with almost neutral impact of the investment demand.

Gross added value in the national economy in 2012 rose by 1.9% yoy (as compared to +4.3% yoy a year before). Gross added value in the industry rose by 1.2% (as compared to +10.0% yoy a year before), in the construction sector it dropped by 0.5% (as compared to +8.2% yoy a year before) and in the sector of trade and motor car repairs it grew by 1.5% (as compared to a drop of 1.8% yoy a year before).

Domestic demand increased by 0.1% yoy (against +3.4% yoy a year before), total consumption rose by 0.4% (against +1.5% yoy a year before) and individual consumption grew by 0.5% (against +2.5% yoy a year before).

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

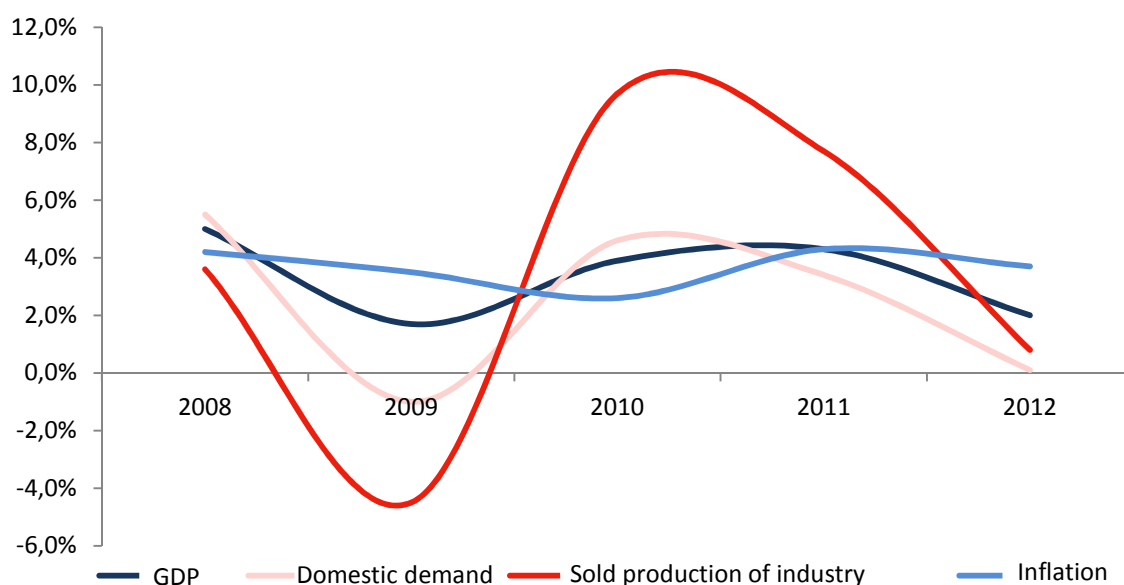
Item	unit	2011	2012*
GDP	growth in %	4.3	2.0
Value added in industry	growth in %	10.0	1.2
Domestic demand	growth in %	3.4	0.1
Gross outlays on fixed assets	growth in %	9.0	0.6
Industrial production sold	growth in %	7.7	0.8
Average monthly gross nominal remuneration in the enterprise sector	growth in %	5.0	3.4
Unemployment rate	%	12.5	13.4
Inflation	%	4.3	3.7
Export [EUR]	growth in %	12.8	3.8
Import [EUR]	growth in %	12.1	-0.6

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

Gross outlays on fixed assets in 2012 grew by 0.6% yoy as compared to a 9.0% growth a year before. The rate of investments in the economy (i.e. gross outlays on fixed assets to GDP in current prices) amounted to 19.7% as compared to 20.3% a year before.

Data on the retail sales proved to be quite weak and additionally, according to analysts, one reason may not be indicated, sales dropped in all the categories. The economy is strong enough, the situation on the market is difficult, which leads to a drop in the consumption, since consumers are running out of savings, and banks grant consumer loans more reluctantly.

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



Risks connected with a business activity in Poland - the results of our activity, like our financial situation and development prospects, depend on many factors, which are affected both by the condition of the Polish economy and by the regional economic situation. The above factors include growth or decline in gross national product, in industrial production, in inflation, in unemployment and in average wages and salaries, the size and demographic nature of the population and also the development of the service sector and industry. 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 the Company.

Furthermore, decisions of a political nature may have an effect on our activity since we operate in the power sector, which is considered to be of strategic importance. This relates principally to 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.

ENEA S.A. and the Capital Group are endangered to the risk of changes in the legal and regulatory environment. In Poland, the legal and regulatory environment, and especially the law as it concerns the power sector, 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. As a result, there is no developed, unified interpretation of the law in this area. There is, therefore, considerable uncertainty as to how issues relating to our activities 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 our activity, financial results, financial situation or development prospects.

Our 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 adapt its regulations to meet 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. Tax authorities' practice and court decisions in this area are not uniform. The adoption by the tax authorities of interpretations of tax regulations that differ from our own may have a negative effect on our activity, financial results, financial situation or development prospects.

Strategy realisation risks - we will make efforts to implement our policy with respect to development directions but we might not be able to implement our development strategy and planned investment outlays because of factors which remain beyond our control.

Our development strategy foresees the implementation of specific targets, and covers in particular the development of the Group's core operations, improving the Group's effectiveness, and building a socially responsible business.

The implementation of our strategy is affected by several factors, most of which are independent of us, particularly decisions of our majority Shareholder, i.e. the State Treasury, measures taken by our competitors, and changes in the applicable law. A key aspect of the implementation of our strategy is the need to ensure appropriate financing on terms that are favourable for us.

On 21 June 2012 between ENEA S.A. and five banks acting as Guarantors for the issue, i.e.: Powszechna Kasa Oszczędności Bank Polski S.A., Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A., Bank Handlowy w Warszawie S.A. and Nordea Bank Polska S.A. an agreement was concluded concerning the bond issue programme up to the amount of PLN 4 bln. The programme will fund the current operations and selected investment needs of the Group, including in particular the construction of a new power unit with the capacity of 1,075 MWe gross in Świerże Górne (ENEA Wytwarzanie). The Bond Issue Programme was established for the period of 10 years and terminates on 15 June 2022, however the bonds may be issued till 31 December 2017. The agreement anticipates the possibility of performing the bond issue in numerous series and issue dates will be dependant on the Group's investment needs.

Despite the concluded agreement relating to the Bond Issue Programme mentioned above, we are not certain if the funding within the other investment needs is available to us. 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, which could have a material effect on our operations, financial standing, financial results or development prospects.

Our ability to obtain financing and the cost of capital depend on many factors, and in particular on: (i) general market conditions and the situation on capital markets; (ii) the availability of bank loans; (iii) investors' confidence; (iv) the Company's financial situation; and (v) tax regulations.

We conduct our activities in an environment which is subject to a special legal framework. The situation of ENEA S.A. is particularly affected by the Energy Law and EU regulations, particularly those concerning environmental protection. These legal regulations are subject to frequent changes (which we are not in a position to forecast) but there is a tendency to gradually increase the requirements relating to use of the environment, in particular in relation to entities in the power sector. These growing requirements may in the future create a need for the Company to incur additional investment outlays. Also, the legal provisions impose an obligation on us to obtain and present certificates of origin to the President of ERO for cancellation, 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. Actions undertaken by the Company in its development strategy are also dependent on the level of permits for emissions of carbon dioxide and other gases and substances received for each specific settlement period.

Operations planned by us in regard to acquisitions and capital investments may not achieve the expected effect because of factors beyond our control such as competition from other power companies and market conditions. Furthermore, the results obtained by the companies in which we invest may turn out to be worse than our initial estimates, which may cause a reduction in the rate of return on these transactions compared with initial expectations. As a result of acquisitions or investments made, we will also have to take steps to reorganise the structure of the entities concerned, to integrate particular business areas, to centralise the management of assets and liabilities and to integrate information technology systems. These processes may turn out to be time-consuming and costly and it is uncertain whether they will be performed in accordance with the desired schedule or in the planned manner. They may also lead to lasting differences in the procedures employed in the Group. The above actions are dependent also on the behaviour of the trade unions involved in the acquisitions or capital investments made.

Our activity within modernising generating capacity and making new investments in generating assets is dependent 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.

Achieving strategic objectives in the field of development is also affected by the condition of the Polish economy and by the regional economic situation, and in particular by: 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.

Effect of synergy - the planned acquisitions and capital investments may not produce the expected results. The valuation of our future acquisitions and investments will depend on market conditions, as well as on other factors that are beyond our control, and it might turn out that we are unable to correctly assess the value of the acquisitions and investments that we have carried out. Furthermore, the results achieved by companies in which we invest might turn out to be worse than our initial estimates, which could result in the rate of return from those transactions being lower than initially anticipated. Moreover, the restructuring of these entities may prove to be a time-consuming and costly process.

Modernisation and development - the Company's and concurrently the Group's development will be conducted in three basic strategic areas: i) development of the Group's core operations; ii) improvement of the Group's functioning efficiency; iii) building of a socially responsible business, which is describe in more detail in item 2.2 above, titled "Policy on directions of development of ENEA S.A.".

We expect that our investment outlays during the coming years will be financed primarily from funds generated from operating activity and from debt.

On 21 June 2012 between ENEA and five banks acting as Guarantors for the issue, i.e.: Powszechna Kasa Oszczędności Bank Polski S.A., Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A., Bank Handlowy w Warszawie S.A. and Nordea Bank Polska S.A. an agreement was concluded concerning the bond issue programme up to the amount of PLN 4 bln. The programme will fund the current operations and selected investment needs of the Group, including in particular the construction of a new power unit with the capacity of 1,075 MWe in Świerże Górne (ENEA Wytwarzanie). The Bond Issue Programme was established for the period of 10 years and terminates on 15 June 2022, however the bonds may be issued till 31 December 2017. The agreement anticipates the possibility of performing the bond issue in numerous series and issue dates will be dependant on the ENEA Capital Group's investment needs.

Despite the agreement concluded on the bond issue programme mentioned above our ability to obtain funding and capital costs within the other investment needs depend on many factors of which many lay beyond our control, and in particular: (i) general market conditions and the situation on capital markets; (ii) the availability of bank loans; (iii) investors' confidence; (iv) our financial situation, results and development prospects; and (v) tax regulations and regulations on trading in securities.

The above sources of financing may be wholly unavailable for us or may not be available in the required amount, making it impossible to undertake all the investment expenditures planned by us. As a result, we cannot provide assurance that we will be able to generate sufficient cash flows or have access to sufficient alternative sources of finance to maintain or develop our present activity. The effect is that we may be obliged to delay or to give up planned investments, which may have a significant effect on our business, financial situation, financial results or development prospects.

In the future we may incur new significant debts, which may considerably and negatively affect our financial situation, our ability to secure additional financing and our ability to react to changes in our business.

In implementing our development strategy we may seek to obtain additional loans and credits or other debt instruments. As a consequence, we may need to devote a significant part of our monetary receipts from operating activity to servicing interest costs and repaying the capital of loans received by us, which in the absence of alternative sources of financing will reduce our ability to finance working capital, capital spending and other general corporate purposes. If we are unable to fulfil obligations towards our creditors, a whole or part of our debts may become immediately repayable and if we are unable to refinance such debts, this may have a negative effect on our business, financial situation, operating results or development prospects.

Our indebtedness may also increase our susceptibility to unfavourable macroeconomic or economic trends and may also affect negatively our competitiveness relative to other companies. This may also limit our operational flexibility and in particular our ability to secure additional financing, which may be required for our development or to let us react to changes in our business or in the sector.

Regulations and tariffs - operating results generated by ENEA S.A. depend on a number of regulations and decisions of regulatory authorities, in particular those aimed at shaping electricity prices for customers from tariff G group sets who use energy for household purposes.

ENEA S.A. conducts the activities in an environment which is subject to a special legal framework.

ENEA S.A.'s situation is particularly affected by the provisions of the Energy Law and European Union regulations, especially those relating to environmental protection.

The authority responsible for regulating the energy sector in Poland is the President of the Energy Regulatory Office ("ERO"). Key powers of the President of ERO include approving tariffs and inspecting their application and granting and withdrawing exemptions from the obligation to submit tariffs for approval, granting and withdrawing licences, appointing entities to be system operators, agreeing development plans, imposing fines, and inspecting energy companies' performance of the obligations set out in the Energy Law. Besides the President of ERO, other authorities can also exercise substantial influence over our operations by

exercising their inspection and regulatory powers. These include the President of the OCCP and the European Commission, which have key powers in the process of liberalising the energy sector and related to the supervision of its implementation. The inspection and regulatory powers of the President of ERO and other authorities enable them to significantly influence our operations, particularly the amount of revenues that we generate. The scope of those powers might change in the future, as a result of which those authorities could obtain additional powers relating to the activities conducted by ENEA S.A. Decisions made by those authorities could have a material effect on the amount of revenues we generate.

ENEA S.A. is obliged to submit tariffs for electricity sales to households connected to the ENEA Operator's grid to the President of ERO for approval. The method of tariffs' calculation, in accordance with legal regulations, is to ensure a power company: sufficient funds to cover the costs planned for the tariff period in question, provided that the President of ERO deems them to be justified and generating of a particular margin while ensuring that customers are protected from unreasonably high prices and rates of charges.

ENEA S.A. is exempt from the obligation to submit electricity tariffs to the President of ERO for approval, except for the tariff for customers from the G tariff group sets (households) connected to the grid of ENEA Operator to whom ENEA sales energy based on comprehensive agreements.

Within sales to recipients from G tariff group set for 2012, on 19 October 2011 the President of ERO called ENEA S.A. to submit a tariff request for approval. In reply to the call ENEA S.A. on 26 October 2011 applied to the President of ERO for approval of the "Electricity Tariff" for G tariff group sets for 2012. The administrative procedure regarding the approval of the "Electricity Tariff" for G tariff groups sets for 2012 ended with the issue of the decision No. DTA-4211-53(15)/2011/2688/V/BH of 16 December 2011 by which the President of ERO approved the Tariff for G tariff group sets for the period till 31 December 2012. The Tariff, in accordance with the Resolution of the Board of ENEA S.A. No. 761/2011 of 20 December 2011 entered into force on 1 January 2012. On 20 December 2012 with the decision No. DTA-4211-99(2)/2012/2688/V/BH the President of ERO prolonged till 30 June 2013 the validity period of the "Electricity Tariff" approved by the Decision No. DTA-4211-53(15)/2011/2688/V/BH of 16 December 2011.

With regard to sales of electricity to customers other than households (tariff group sets A, B and C), as of 1 August 2011 to 29 February 2012, an "Electricity Tariff" was in effect for tariff groups sets A, B and C, implemented by ENEA S.A. Management Board's Resolution No. 383/2011 of 14 June 2011. From 1 March 2012 the "Electricity Tariff" is in effect for tariff groups sets A, B and C, implemented by ENEA S.A. Management Board's Resolution No. 44/2012 of 24 January 2012.

Market liberalisation - as of 1 July 2007, all electricity customers are entitled to choose an electricity seller. In connection with electricity market liberalisation and increasing competition in the power sector, ENEA S.A. is exposed to the risk of losing customers.

Thus, there is a risk that other energy companies will offer our customers more advantageous terms and as a result will take over our customers, which may lead to a drop in the revenues of ENEA S.A.

The year of 2012 on the energy market demonstrated that the conscience of a possibility to change the sellers is getting higher not only among business clients but also 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. According to the data of ERO in 2012 141,797 recipients changed the electricity supplier (growth change on the level of 293% yoy), including 65,327 commercial customers (200.0% growth yoy) and 76,470 households (433.0% growth yoy).

ENEA S.A. is an active participant on the competitive market, engaging in activities aimed at selling energy to customers connected to the grids of operators other than ENEA Operator. In 2012 we sold 3.1 TWh to such customers (growth change on the level of 48.0% yoy).

Licences – ENEA S.A. holds a licence for performing business operations consisting in trading in electricity, granted by the President of the Energy Regulatory Office with the decision No. OEE/53/2688/U/2/98/EB of

26 November 1998 compliant with which "The subject of activity covered with this licence is a business activity consisting in trading in electricity for the needs of customers located in the Republic of Poland". The license was granted for a period until 31 December 2025.

Dominant position on the local market – with the present stage of development of the competitiveness on the electricity market, it may not ruled out to admit that ENEA S.A. has a dominant position on the market of comprehensive services or reserve sales of electricity, made for the needs of customers whose objects are connected directly or indirectly (through a distribution network of another entity) to the grid of ENEA Operator Sp. z o.o. It causes that activities undertaken by ENEA S.A. within these fields may be subject to assessment of the President of Office of Competition and Consumer Protection (OCCP). In case of deeming the operations of ENEA S.A. practices limiting competition, in particular overusing its dominant position, the President of OCCP has the right to impose a cash penalty in the amount not higher than 10.0% of the revenues generated in the financial year preceding the year of imposing the penalty.

Court proceedings - we are now and may be in the future a party to court and administrative proceedings. In the event of administrative proceedings being taken against us by the President of ERO or the President of OCCP, if our actions are judged to be in conflict with the law, a penalty may be imposed on us amounting to up to 15% of revenue from activity conducted under a licence and in the event of our activities being judged to breach the conditions of the licence there is a risk that the licence may be withdrawn. A similar risk applies to those of our subsidiaries that hold licences.

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

ENEA S.A.

- In proceedings concerning ENEA S.A.'s charging energy customers a double subscription fee for the month of January 2008, in a decision issued on 12 September 2008, the President of the Office of Competition and Consumer Protection ruled that charging energy customers a double subscription fee for the month of January 2008 constituted an anticompetitive practice and ordered the practice to be stopped. He also imposed a fine on ENEA S.A. in the amount of PLN 160,000, constituting approximately 0.03% of the maximum fine (the amount of the fine results from the fact that the President of the Office of Competition and Consumer Protection recognised that there was no need for repressive measures against ENEA S.A., and that the fine was a disciplinary measure). On 30 September 2008, ENEA S.A. lodged an appeal against the above decision with the Regional Court in Warsaw, the Court of Competition and Consumer Protection. On 31 August 2009, the Competition and Consumer Protection Court changed the decision of the President of the Office of Competition and Consumer Protection, as a result of the appeal filed by ENEA S.A., reducing the fine to PLN 10,000. On 25 September 2009, ENEA filed an appeal against the decision of the Competition and Consumer Protection Court with the Court of Appeal in Warsaw, moving that the decision be revoked in its entirety. On 27 April 2010 the Court of Appeal overturned the verdict by the Court of Competition and Consumer Protection and returned the case for reconsideration. In its judgement of 27 January 2011 the Court of Competition and Consumer Protection upheld the cash fine imposed on the Company in the amount of PLN 10,000. On 27 April 2010 the Court of Appeal ruled favourably in the appeal of ENEA S.A. against the verdict of the Court of Competition and Consumer Protection and overruled the verdict and returned the case for reconsideration. With the decision of 27 January 2011 the Court of Competition and Consumer Protection upheld the penalty imposed on the Company in the amount of PLN 10,000. Having received the decision justification the attorney of ENEA S.A. filed an appeal on 20 April 2011 with the Court of Appeal in Warsaw, VI Civil Department. The Court of Appeal during the hearing on 8 February 2012 overruled the appeal of ENEA S.A. The judgement is final.

- On 27 November 2008, the President of ERO ruled in the matter of ENEA S.A.'s failure to meet its obligation of purchasing electricity generated in cogeneration in 2006, and imposed a fine on the Company, in the amount of PLN 7,594,613.28. On 17 December 2008, ENEA S.A. appealed against that decision to the Regional Court in Warsaw, the Court of Competition and Consumer Protection. On 15 December 2009, the Court of Competition and Consumer Protection ruled in favour of ENEA S.A., changing the decision of the President of ERO of 27 November 2008 and dismissing the administrative proceedings. The President of ERO filed an appeal to the Court of Appeal in Warsaw against this ruling. In its judgement of 24 November 2010 (VI ACa 327/10) the Court of Appeal revoked the judgement of the Regional Court in Warsaw - the Competition and Consumer Protection Court of 15 December 2009 and returned the case to the Competition and Consumer Protection Court for reconsideration and for awarding costs of appeal proceedings. On 27 September 2011 the Regional Court in Warsaw, the Court of Competition and Consumer Protection overruled the appeal of ENEA S.A. against the decision of the President of ERO on imposing of a penalty to ENEA S.A. On 18 November 2011 an appeal was filed against the verdict of 27 September 2011. On 30 May 2012 the Court of Appeal in Warsaw recognised the appeal of ENEA S.A., overturning the challenged judgement and directing the case for reconsideration, leaving the Court of first instance the decision within the costs of the appeal proceedings.

On 10 December 2012 the Regional Court in Warsaw - the Court for Competition and Consumer Protection issued a verdict based on which it overruled the appeal against the decision of the President of the Energy Regulatory Office of 27 November 2008 and ordered the payment from ENEA S.A. for the account of the President of the Energy Regulatory Office the amount of PLN 630.00 as the reimbursement of the costs of legal representation in the proceedings being in progress before two instances.

On 4 January 2013 ENEA S.A. filed an appeal against the verdict of 10 December 2012. The Court of Appeal in Warsaw till now has not recognised the appeal.

- On 28 December 2009, the President of ERO ruled in the matter of ENEA S.A.'s failure to meet its obligation of purchasing electricity generated in cogeneration in H1 2007, and imposed a fine on the Company, in the amount of PLN 2,150,000.00. On 19 January 2010, ENEA S.A. lodged an appeal against the above decision of the President of ERO with the Court of Competition and Consumer Protection. With a judgement of 6 March 2012 the the Regional Court in Warsaw, the Court of Competition and Consumer Protection revoked the decision of the President of ERO of 28 December 2009 imposing on ENEA S.A. a financial penalty for infringing upon the obligation to purchase energy from cogeneration in H1 2007. On 16 April 2012 the President of the Energy regulatory Office filed an appeal against the above verdict. The Court of Appeal in Warsaw has not finished the proceedings till the present day.

Administrative proceedings - ENEA S.A.

ENEA S.A. was a party to the administrative proceedings run by the President of the Office of Consumer and Customer Protection concerning the suspicion of using by ENEA S.A. of practices infringing the collective interests of consumers. The proceedings was a result of the inspection performed in 2011 by the Office of Consumer and Customer Protection of contractual patterns used by power companies in trading with recipients in households. The proceedings were terminated based on the decision of the Office of Consumer and Customer Protection of 5 December 2011.

The description of the proceedings being in progress to which a party is one of the subsidiaries of ENEA S.A. is presented below.

Elektrownie Wodne and Liszkowo Biogas Plant

Court proceedings conducted against Agrogaz Sp. z. o.o. in cases for the transfer of proprietary interests, proceedings for payment, proceedings for order of release of documents.

The proceedings before the Supreme Administrative Court resulting from the filing of a cessation appeal by Elektrownie Wodne regarding the decision issued by the President of the Agency for Restructuring and Modernisation of Agriculture of 27 April 2012 regarding the prohibition to perform economic activity within the generation of agricultural biogas and generation of energy from agricultural biogas by Elektrownie Wodne, caused by the omissions of the entity responsible for the operation of the biogas plant during the period to which the inspection of the ARMA related - Agrogaz Sp. z o.o. In order to secure the continuity of the electricity production in the Biogas plant located in Liszkowo the aforementioned biogas installation was leased to Dobitt Energia seated in Gorzesław.

Białystok Heat and Power Plant

In 2012 the Heat and power plant was a party to court proceedings, enforcement proceedings and administrative proceedings. The key court cases are: 1) lodging of a claim in the bankruptcy proceedings (arrangement bankruptcy) to the District Court in Białystok conducted on the petition of PMB S.A. in Białystok. The amount of the claim is PLN 4,130,795.27; 2) a complaint to the Provincial Administrative Court in Białystok against the decision of the Head of the Customs Chamber in Białystok upholding the decision of the Head of the Customs Office, by which the Białystok Heat and Power Plant was refused the recognition and return of overpayment in the excise duty from electricity for the period from 1 January 2006 to 31 December 2006, in the amount of PLN 9,124,655.00; 3) a complaint to the Provincial Administrative Court in Białystok against the decision of the Head of the Customs Chamber in Białystok upholding the decision of the Head of the Customs Office, discontinuing the proceedings regarding the determination of the amount of the obligation in the excise duty from electricity for the period of 1 January 2006 to 31 December 2006. In 2012 enforcement proceedings were conducted for the total amount of ca. PLN 458,189.00. In 2012 administrative proceeding took place regarding the determination of tax obligation in the excise duty from electricity and for the recognition and return of overpayment in the excise duty from electricity for the period of 1 January 2007 to 28 February 2009, in the amount of PLN 17,259,538.00. The proceedings are in progress before the Head of the Customs Office in Białystok. The case of the determination of the amount of the obligation in the excise tax from electricity and the recognition and return of the overpayment for the period of 1 January 2006 to 31 December 2006 was terminated with final decisions of the Head of the Customs Office in Białystok. The Head of the Customs Office in Białystok set the deadline for dealing with the matter till 31 January 2013.

ENEA Wytwarzanie

Administrative proceedings on the overpayment in the excise tax

On 11 February 2009, ENEA Wytwarzanie submitted a motion to the Customs Office in Radom for the recognition and return of excise duty overpayments in the excise duty from electricity for the months from January 2006 to December 2008, in the amount of PLN 694.6 mln, together with corrections of the tax returns.

Moreover, on 24 November 2009, the Company submitted a motion with the Customs Office in Radom requesting the confirmation and return of excise duty overpayments on electricity for subsequent months, i.e. January 2009 and February 2009, in the amount of PLN 34.6 million, of which PLN 247 thou. was from excise duty on electricity from renewable resources.

Adjustments in excise duty, excluding excise on energy generated from renewable sources result from the incompatibility of Polish regulations from 1 January 2006 to 28 February 2009 concerning electric energy taxation with European Union regulations.

Proceedings regarding the overpayment for 2006 – the Company submitted appeals to the Provincial Administrative Court in Warsaw against decisions by the Head of the Customs Chamber upholding

the decisions of the Head of the Customs Office in Radom declining to refund overpayments of excise duty for individual months in 2006 and setting the tax liability for the period in question in the amounts resulting from preliminary declarations of the Company.

Proceedings regarding the overpayment for 2007 – the Company submitted appeals to the Provincial Administrative Court in Warsaw against decisions by the Head of the Customs Chamber upholding the decisions of the Head of the Customs Office in Radom declining to refund overpayments of excise duty for individual months in 2007 and setting the tax liability for the period in question in the amounts resulting from preliminary declarations of the Company.

Proceedings concerning overpayment for 2008 - the Head of the Customs Office in Radom issued decisions specifying the overpayment of excise tax from electricity but only that generated from renewable sources for particular months of 2008 in the total amount of PLN 2.6 mln. However within the scope resulting from the inconsistency of the Polish tax regulations with the Community regulations he issued the decisions denying to return the overpayment redetermining the tax obligation in the values diminished by an excise tax from energy from renewable sources for the indicated period. The Company lodged appeals against the aforementioned decisions to the Head of the Customs Chamber in Warsaw who issued decisions upholding the decisions of the Head of the Customs Office in Radom declining the return of overpayment in the excise duty for the months of 2008 and defining tax liability for the aforementioned months in the amounts resulting from preliminary declarations of the Company, diminished by the excise tax from green energy.

The Company lodged appeals to the Provincial Administrative Court in Warsaw against the decisions of the Head of the Customs Chamber in Warsaw upholding the decisions of the Head of the Customs Office in Radom declining the return of overpayment in the excise duty for the months of 2008 and defining tax liability for the aforementioned period.

Proceedings concerning overpayment for January and February 2009 - the Head of the Customs Office in Radom issued decisions specifying the overpayment of excise tax from electricity but only that generated from renewable sources for particular January 2009 and February 2009 in the total amount of PLN 247 thou. However within the scope resulting from the inconsistency of the Polish tax regulations with the Community regulations he issued the decisions denying to return the overpayment redetermining the tax obligation in the values diminished by an excise tax from energy from renewable sources for the indicated period. The Company lodged appeals against the aforementioned decisions to the Head of the Customs Chamber in Warsaw who issued decisions upholding the decisions of the Head of the Customs Office in Radom declining the return of overpayment in the excise duty for particular months of 2009 and defining tax liability for the aforementioned months in the amounts resulting from preliminary declarations of the Company diminished by an excise tax from energy from renewable sources for the indicated period.

The Company lodged appeals to the Provincial Administrative Court in Warsaw against the decisions of the Head of the Customs Chamber in Warsaw upholding the decisions of the Head of the Customs Office in Radom declining the return of overpayment in the excise duty for January and February 2009 and defining tax liability for the aforementioned period.

The Administrative Court in Warsaw, VIII Division in Radom passed sentences in which he took into account the appeals of ENEA Wytwarzanie and revoked decisions of the Head of the Customs Chamber in Warsaw and preceding decisions of the Head of the Customs Office in Radom concerning defining tax liabilities in excise duty for the period of: January 2006 - February 2009. Against these sentences the Head of the Customs Chamber in Warsaw filed cessation appeals.

The Administrative Court in Warsaw, Division VIII Circuit in Radom, pronounced judgements in which the appeals of ENEA Wytwarzanie were overruled to the decisions of the Head of the Customs Chamber in Warsaw and its preceding decisions of the Head of the Customs Office in Radom in the cases concerning denial to return of the overpayment of excise tax for the following months: January 2006 - February 2009. Cessation appeals were filed against these judgements.

On 11 July 2012 the Supreme Administrative Court issued judgements overruling cessation appeals lodged by the Head of the Customs Chamber in Warsaw concerning the determination of tax obligations of the excise duty for the months: August 2006, April 2007, May 2007, June 2007, October 2007, June 2008, August 2008, October 2008.

On 12 July and 19 September 2012 the Supreme Administrative Court, as a result of withdrawal of cessation appeals by the Head of the Customs Chamber in Warsaw, issued the decisions to discontinue the proceedings in cases concerning the determination of tax obligations of the excise duty for the months: March 2008, May 2008, July 2008, September 2008, November 2008, December 2008, January 2009, February 2009.

The Supreme Administrative Court in Warsaw set: 22, 23, 24 and 29 January and 12 February 2013 for the hearings regarding the determination of tax obligations in the excise duty (19 cases) and regarding the refusal to return the overpayment of tax.

On 22 January 2013 the Supreme Administrative Court overruled 6 cessation appeals of ENEA Wytwarzanie S.A. against the decisions of the Provincial Administration Court in Warsaw regarding the refusal to recognise and return the overpayment of the excise duty for particular settlement months: July 2006, August 2006, March 2006, May 2006, September 2006, June 2006, on sales of electricity.

The judgements of the Supreme Administrative Court terminate the court and administrative proceedings in these cases.

On 23 January 2013 the Supreme Administrative Court overruled 6 cessation appeals of ENEA Wytwarzanie S.A. against the decision of the Provincial Administration Court in Warsaw regarding the refusal to recognise and return the overpayment of the excise duty for particular settlement months: January 2006, February 2006, April 2006, October 2006, October 2008, February 2009, on sales of electricity.

The judgements of the Supreme Administrative Court terminate the court and administrative proceedings in these cases.

On 24 January 2013 the Supreme Administrative Court overruled 6 cessation appeals of ENEA Wytwarzanie against the decision of the Provincial Administration Court in Warsaw regarding the refusal to recognise and return the overpayment of the excise duty for particular settlement months: November 2006, July 2007, August 2007, February 2008, March 2008, May 2008, on sales of electricity.

The judgements of the Supreme Administrative Court terminate the court and administrative proceedings in these cases.

On 29 January 2013 the Supreme Administrative Court overruled 10 cessation appeals of ENEA Wytwarzanie S.A. against the decision of the Provincial Administration Court in Warsaw regarding the refusal to recognise and return the overpayment of the excise duty for particular settlement months: December 2006, January 2007, February 2007, April 2007, January 2008, April 2008, August 2008, September 2008, November 2008, January 2009, on sales of electricity.

The judgements of the Supreme Administrative Court terminate the court and administrative proceedings in these cases.

On 12 February 2013 the Supreme Administrative Court overruled 10 cessation appeals of ENEA Wytwarzanie S.A. against the decision of the Provincial Administration Court in Warsaw regarding the refusal to recognise and return the overpayment of the excise duty for particular settlement months: March 2007, May 2007, June 2007, September 2007, October 2007, November 2007, December 2007, June 2008, July 2008, December 2008, on sales of electricity.

The judgements of the Supreme Administrative Court terminate the court and administrative proceedings in these cases.

Administrative proceedings regarding fees for the use of the natural environment

ENEA Wytwarzanie received the decision from the Marshall of the Mazowieckie Province regarding the use of the environment by title of introduction of gases or dust into the air for H1 and H2 2008. In the decision

No. 132 the fee was imposed in the amount of PLN 2,888,542.00, in the decision No. 133 the fee was imposed in the amount of PLN 2,177,780.00.

ENEA Wytwarzanie appealed against the above decisions with the Self-government Appeal Court in Warsaw. The Self-government Appeal Court ordered the upholding of the challenged decisions of the Marshall of the Mazowieckie Province.

Against both decisions of the Self-government Appeal Court the attorney of ENEA Wytwarzanie lodged complaints with the Provincial Administrative Court in Warsaw. On 1 April 2011 the hearings in the both cases took place before the Provincial Administrative Court in Warsaw. The Court issued judgements in which it overturned the complaints of ENEA Wytwarzanie. On 16 June 2011 an attorney of ENEA Wytwarzanie lodged cessation appeals with the Supreme Administrative Court in which the both judgements were challenged. The Supreme Administrative Court has not set the dates of cessation hearings yet.

Other court cases:

As at 31 December 2012, 25 actions were conducted before common courts concerning payments brought by ENEA Wytwarzanie for the total amount of around PLN 14,133 thou., and against ENEA Wytwarzanie 3 actions were brought for payment for the total amount of around PLN 10,385 thou.

4. Presentation of the financial position of ENEA S.A.

4.1. Discussion of key economic and financial figures disclosed in the annual financial statement

4.1.1. Financial results

In order to standardise the presentation of IAS 19 solutions, employee benefit costs were adjusted for reference only, in the part relating to actuarial profit/loss, in 2011 by PLN 2,883 thou., and in 2012 by PLN 8,349 thou., which was applied to retained earnings.

Profit and loss statement in PLN '000	2011	2012	Change	Difference
Sales revenues	5 805 632	5 953 337	102.5%	147 705
Excise tax	227 999	193 998	85.1%	-34 001
Net sales revenues	5 577 633	5 759 339	103.3%	181 706
Cost of sales	5 516 031	5 592 653	101.4%	76 622
Other operating revenue	25 945	11 344	43.7%	-14 601
Profit/(Loss) on sales and liquidation of tangible fixed assets	-2 408	1 786	x	4 194
Tangible and intangible impairment write-off	5 634	0	x	-5 634
Other operating expenses	43 314	42 838	98.9%	-476
Operating profit/(loss)	36 191	136 978	378.5%	100 787
Financial expenses	6 436	37 719	586.1%	31 283
Financial revenue	122 110	99 583	81.6%	-22 527
Dividend revenue	236 339	362 091	153.2%	125 752
Profit (loss) before tax	388 204	560 933	144.5%	172 729
Income tax	35 370	38 253	108.2%	2 883
Net profit (loss) for the reporting period	352 834	522 680	148.1%	169 846
EBITDA	52 836	153 856	291.2%	101 020

Individual events

- disclosure in 2011 of residential apartments and business premises (won court proceedings with Biuro Serwis) and achievement in 2011 of revenues by title of settlement of inventory variances within the lighting assets of Poznań conterminous municipalities for the total amount of PLN 9,124 thou.,
- in 2012 the profit on sales of fixed assets was achieved in the amount of PLN 1,786 thou., which results from sales of the ownership title to buildings and lands in Gorzów Wielkopolski,
- in 2011 a loss was sustained from the sale of fixed assets amounting to PLN -2,408 thou., mainly in connection with the settlement of agreements relating to street lightings with municipalities with which agreements expired,
- In 2011 the tangible assets impairment write-off was made in the amount of PLN 5,634 thou. resulting from diminishing of the value of assets of street lightings transferred to Eneos.

Revenues

The gross revenues from sales of ENEA S.A. in the reporting period amounted to PLN 5,953,337 thou., which in relation to 2011 constitutes a growth by PLN 147,705 thou., i.e. by 2.5%.

The table below shows the value of sales revenues generated in 2012 by category.

Item	2011		2012		Change	Difference
	[PLN '000]	%	[PLN '000]	%		
Sales of electricity to end users	3 941 684	67.9	4 114 916	69.1	104.4%	173 232
Sales of distribution services to users holding comprehensive agreements	1 672 889	28.8	1 588 583	26.7	95.0%	-84 306
Sales of electricity to other entities	143 548	2.5	168 540	2.8	117.4%	24 993
Sales of services	61 849	1.1	65 214	1.1	105.4%	3 365
Other revenue	-14 338	-0.3	16 084	0.3	x	30 422
Sales revenues	5 805 632	100.0	5 953 337	100.0	102.5%	147 705

The increase in ENEA S.A.'s sales revenues was caused mainly by:

- Revenues from sales of electricity to end users, which constitute 69.1% of all sales revenues. In 2012 these revenues amounted to PLN 4,114,916 thou., an increase of PLN 173,232 thou. or 4.4% in relation to the preceding year, which stemmed from sold electricity volumes increasing by 188 GWh and a 3.1% increase in the average sale price. The increase in sold electricity volumes (by 643 GWh) was noted for customers in tariff group sets A and B. In tariff group C the decrease in the volume was noted by 408 GWh, and in tariff group G the volume of sales slightly declined (by 47 GWh).
- Revenues from sales of distribution services to users holding comprehensive agreements, which constitute 26.7% of all sales revenues. These revenues in 2012 amounted to PLN 1,588,583 thou. and were lower than in the preceding year by PLN 84,306 thou. or 5.0%. The level of the decrease was influenced mainly by the separation of comprehensive agreements into the agreements of sale of energy and distribution services. The process stems from the increasing competition on the market which increases the commercial significance of customer service that in the case of comprehensive services is often second in place in connection with much greater problems resulting from rendering distribution services (exceeding of capacities, quality standards, etc.). In addition, the decrease of revenues from sales results from the fact that part of users connected to the grid of ENEA Operator Sp. z o.o. changed the seller, and on the other hand ENEA S.A. acquired customers from the areas of other Distribution System Operators. The decrease in the volume of distribution services within a comprehensive service is a natural process and will deepen in the future.
- Revenues from electricity sales to other entities amounted to PLN 168,540 thou., an increase of PLN 24,993 thou. or 17.4% in comparison with 2011, which stems from a growth in the volume of electricity sold by 284 GWh with a simultaneous decline of the average price by 14.5%.
- The other revenues are mainly no-invoiced sales relating to electricity and distribution services which in 2012 amounted to PLN 16,476 thou. and were higher than in 2011 by PLN 30,631 thou. (sales of electricity by PLN 16,539 thou. and sales of distribution services - comprehensive agreements by PLN 14,092 thou.).

Costs

In 2012 total costs of sales of ENEA S.A. amounted to PLN 5,592,653 thou. and increased by PLN 76,622 thou., i.e. by 1.4%, in relation to the previous year.

The breakdown below shows the value of costs on sales achieved in 2012.

Item	2011		2012		Change	Difference
	[PLN '000]	%	[PLN '000]	%		
Costs of electricity for resale	3 575 667	64.8	3 705 516	66.3	103.6%	129 849
Transmission services <i>Cost of providing distribution services for the performance of comprehensive agreements for the provision of electricity and distribution services)</i>	1 665 980	30.2	1 595 649	28.5	95.8%	-70 331
Amortisation/depreciation	16 645	0.3	16 878	0.3	101.4%	233
Consumption of materials and energy and value of sold materials	5 493	0.1	4 199	0.1	76.4%	-1 294
Other external services	179 530	3.3	197 601	3.5	110.1%	18 071
Employee benefit costs	63 266	1.1	64 324	1.1	101.7%	1 058
Taxes and charges	9 450	0.2	8 486	0.2	89.8%	-964
Cost of sales	5 516 031	100.0	5 592 653	100.0	101.4%	76 622

Differences in the costs of sales incurred by ENEA S.A. are mainly a result of:

- Costs of purchases of electricity for sales which amounted to PLN 3,705,516 thou. and increased in relation to 2011 by PLN 129,849 thou. or 3.6% as a result of a higher volume of purchased energy by 538 GWh and the average purchase price on a similar level as in the previous year. At the same time, in 2012 the costs of purchase of energy include the estimated costs of unbalancing of electricity which diminished the purchase costs by PLN 50,197 thou. while in 2011 they increased them by PLN 37,439 thou. Unbalancing of purchases with sales adjusts purchase costs +/- in relation to the fact that the volume of energy invoiced as purchases and sales is not equal and in relation to adjustments made on the Balancing Market within 15-month settlement period.
- The costs of providing distribution services for the performance of comprehensive services, which amounted to PLN 1,595,649 thou. and were lower by PLN 70,331 thou. or 4.2% than in 2011, which stemmed from the lower performance of sales of distribution services to users with comprehensive agreements.
- The costs of other external services amounted to PLN 197,601 thou., an increase of PLN 18,071 thou. or 10.1% in comparison with the preceding year, which was mainly caused by higher costs for the account of ENEA Centrum (by PLN 19,088 thou.). Additionally, higher costs of rents and other fees were incurred in relation to the rental of the property by PLN 3,386 thou. and higher costs of other services (by PLN 4,981 thou.), mainly street lighting stocktaking. At the same time, there was a decrease in costs of external services connected with advertising by PLN 9,857 thou.

Data in PLN '000	2011	2012	Change	Difference
Other operating revenue	25 945	11 344	43.7%	-14 601
Other operating expenses	43 314	42 838	98.9%	-476
Profit/(Loss) on sales and liquidation of tangible fixed assets	-2 408	1 786	x	4 194
Tangible and intangible impairment write-off	5 634	0	x	-5 634

In 2012 lower other operating revenues were generated, mainly as a result of the disclosure in 2011 of residential apartments and business premises (won court proceedings with Biuro Serwis) and achievement in 2011 of revenues by title of settlement of inventory variances within the lighting assets of Poznań conterminous municipalities for the total amount of PLN 9,124 thou.

In 2012 a higher profit was generated from sales of fixed assets, which stems from the sale of the title to the buildings and lands in Gorzów Wielkopolski, and in 2011 a loss was sustained on sales of fixed assets, in relation to the settlement of agreements relating to street lightings with municipalities with which agreements expired.

In 2011 the tangible assets impairment write-off was made in the amount of PLN 5,634 thou. resulting from diminishing of the value of assets of street lightings transferred to Eneos.

Data in PLN '000	2011	2012	Change	Difference
Financial revenue	122 110	99 583	81.6%	-22 527
Financial expenses	6 436	37 719	586.1%	31 283
Dividend revenue	236 339	362 091	153.2%	125 752

In 2012 the result on the financial activity amounted to PLN 61,864 thou. and decreased in relation to the previous year by PLN 53,810 thou., which is mainly connected with the settlement of the acquisition of Windfarm Polska (exchange rate differences) and lower revenues gained from funds invested in financial assets (bonds, treasury bills, fixed term deposits).

The dividend revenues generated in 2012 amounted to PLN 362,091 thou. and are higher by PLN 125,752 thou. in comparison with 2011, which results mainly from the collection of a higher dividend from ENEA Wytwarzanie S.A. (by PLN 89,654 thou.), from ENEA Operator Sp. z o.o. (by 32,419 thou.) and from Elektrociepłowni Białystok S.A. (by 3,401 thou.).

4.1.2. Asset situation

Total assets in PLN '000	As at:		Change	Difference
	31 December 2011	31 December 2012		
Fixed assets	8 943 528	9 665 340	108.1%	721 812
Tangible fixed assets	178 785	182 708	102.2%	3 923
Perpetual usufruct right	1 471	1 437	97.7%	-34
Intangible assets	3 114	3 572	114.7%	458
Investment properties	17 512	17 455	99.7%	-57
Investments in associated entities, accounted for using the equity method	8 522 698	8 820 100	103.5%	297 402
Deferred income tax assets	56 833	42 109	74.1%	-14 724

Financial assets held for sale	19 365	5	0.0%	-19 360
Financial assets held-to-maturity investments	142 193	596 450	419.5%	454 257
Financial assets valued at fair value by the profit and loss account	1 557	1 504	96.6%	-53
Current assets	2 313 759	1 982 360	85.7%	-331 399
Inventories	56 764	120 160	211.7%	63 396
Trade and other receivables	804 832	981 525	122.0%	176 693
Current income tax assets	14 065	4 750	33.8%	-9 315
Financial assets held-to-maturity investments	0	79 475	x	79 475
Financial assets valued at fair value by the profit and loss account	712 670	422 173	59.2%	-290 497
Cash and cash equivalents	707 610	361 401	51.1%	-346 209
Fixed assets for sale	17 818	12 876	72.3%	-4 942
Total assets	11 257 287	11 647 700	103.5%	390 413

Total liabilities in PLN '000	As at:		Change	Difference
	31 December 2011	31 December 2012		
Total equity	10 205 856	10 497 892	102.9%	292 036
Share capital	588 018	588 018	100.0%	0
Share premium	4 627 673	4 627 673	100.0%	0
Share based payments reserve	1 144 336	1 144 336	100.0%	0
Financial instruments revaluation reserve	11 989	0	x	-11 989
Reserve capital	1 062 349	1 205 625	113.5%	143 276
Retained earnings	2 771 491	2 932 240	105.8%	160 749
Total liabilities	1 051 431	1 149 808	109.4%	98 377
Non-current liabilities	128 595	142 092	110.5%	13 497
Current liabilities	922 836	1 007 716	109.2%	84 880
Total equity and liabilities	11 257 287	11 647 700	103.5%	390 413

As at 31 December 2012, the balance-sheet total of the ENEA S.A. was PLN 11,647,700 thou. and increased by PLN 390,413 thou., that is by 3.5% in relation to the situation as at 31 December 2011.

Fixed assets as at the end 2012 amounted to PLN 9,665,340 thou. and increased in relation to the previous year by PLN 721,812 thou. (by 8.1%) in comparison with the previous year. The increase in fixed assets stems mainly from investments in affiliated entities in relation to acquiring of the shares of Windfarm Polska and ENEA Trading. Moreover, the financial assets rose which are kept till maturity in relation to the purchase of corporate bonds from companies: ENEA Operator, Elektrociepłownia Białystok, Elektrownie Wodne and Dobitt Energia.

In 2012 the current assets amounted to PLN 1,982,360 thou. and decreased in relation to 2011 by PLN 331,399 thou. (by 14.3%). The drop in current assets stems mainly from the decrease in the total of cash and financial assets in which funds from sales of shares on the Warsaw Stock Exchange are located. At the same time, the trade receivables and stock relating to proprietary interests increased.

A dominant source of financing of the assets of the Company is Company's equity. The equity at the end of 2012 amounted to PLN 10,497,892 thou. and was higher than as at the end of 2011 (PLN 10,205,856 thou.) by PLN 292,036 thou., or by 2.9%. The increase in the equity stems mainly from the increase in the reserve capital in relation to designation of part of the profit of 2011 for the investment financing and from a higher net financial result generated in 2012.

As at 31 December 2012, the value of non-current liabilities was PLN 142,092 thou. and increased by PLN 13,497 thou. that is by 10.5% in relation to the state as at the end of 2011 in connection with the actuarial valuation of employee benefits and higher reserves for other liabilities.

Current liabilities were at the level of PLN 1,007,716 thou. and increased by PLN 84,880 thou. (by 9.2%) in relation to the previous year, which was mainly a result of higher trade liabilities. At the same time the reserves decreased for other liabilities.

4.1.3. Cash

Cash and cash equivalents at the end of the reporting period	2011	2012	Change	Difference
Net cash flows from operating activities	-47 445	41 340	x	88 785
Net cash flows from investing activities	587 012	-172 277	x	-759 289
Net cash flows from financing activities	-198 076	-215 272	108.7%	-17 196
Net cash flows	341 491	-346 209	x	-687 700
Cash and cash equivalents at the end of the reporting period	707 610	361 401	51.1%	-346 209

As at 31 December 2012 the balance of cash and cash equivalents amounted to PLN 361,401 thou. and was lower by PLN 346,209 thou. than the level achieved at the end of December 2011 (PLN 707,610 thou.).

Operating cash flows amounted to PLN 41,340 thou. in 2012, an increase of PLN 88,785 thou. relative to 2011 (PLN -47,445 thou.). The growth was mainly caused by higher net financial results with lower changes in the working capital at the same time.

Cash flows from investment activities amounted to PLN -172,277 thou. in 2012 and in 2011 they amounted to PLN 587,012 thou. A change in the amount of PLN -759,289 thou. stems mainly from achievement of lower incomes from selling financial assets with higher value of purchase of financial assets and from the purchase of subsidiaries with lower value.

Cash flows from financing activities amounted to PLN -215,272 thou. in 2012 and in 2011 they amounted to PLN -198,076 thou. A change in the amount of PLN -17,196 thou. results mainly from the distribution of a higher dividend.

4.1.4. Ratio analysis

Indicator	Item	2011	2012
PROFITABILITY RATIOS			
ROE - return on equity	gross profit (loss) / equity	3.8%	5.3%
ROA - return on assets	operating profit (loss) / total assets	0.3%	1.2%
Net profitability	net profit (loss) / net sales revenues	6.3%	9.1%
Operating profitability	net operating profit (loss) / net sales revenues	0.6%	2.4%

EBITDA profitability	net operating profit (loss) + amortisation and depreciation / net sales revenues	0.9%	2.7%
LIQUIDITY AND FINANCIAL STRUCTURE RATIOS			
Current liquidity ratio	current assets / current liabilities	2.5	2.0
Equity-to-fixed assets ratio	equity / non-current assets	114.1%	108.6%
Total debt ratio	total liabilities / total assets	9.3%	9.9%
Net debt / EBITDA	(bearing-interest obligations - cash) / operating profit (loss) + amortisation and depreciation	-26.9	-5.6
ECONOMIC ACTIVITY RATIOS			
Current receivables turnover in days	avg. net trade and other receivables x number of days / net sales revenues	51	56
Turnover of trade and other payables in days	average trade and other liabilities x number of days / cost of products, materials sold	42	42
Inventory turnover in days	inventories x number of days / cost of products, materials sold	4	8

In 2012 the ENEA S.A. achieved a positive financial result and positive profitability ratios. EBITDA amounted to 2.7%, an increase relative to the actual figure for 2011 (0.9%), which is a result of a higher operating profit being generated.

Net profitability achieved by ENEA S.A. in 2012 amounted to 9.1% and increased by 2.8 percentage points (6.3%) from the level achieved in 2011, which is a consequence of achievement of higher financial revenues from dividends from subsidiaries.

The efficiency of the Group's operations increased as measured by the ROE and ROA business activity ratios. In 2012 ROE was 5.3% and increased in relation to 2011 (3.8%), as a result of a higher pretax profit in 2012 than in the previous year. ROA increased from 0.3% in 2011 to 1.2% in 2012 as a result of a higher operating profit.

ENEA S.A. is able to settle its current liabilities on time, which is confirmed by the level of the current liquidity ratio, which was 2.0 as at the end of 2012.

The total debt ratio at the end of December 2012 was 9.9% and was higher than as at 31 December 2011 (9.3%). Equity to fixed assets ratio as at 31 December 2012 amounted to 108.6% (as at 31 December 2011 it was 114.1%).

Net debt/EBITDA ratio in 2012 amounted to -5.6 (in 2011 -26.9). A negative level of the ratio during 2011-2012 results from a lack of loans drawn by the Company, and the change of the ratio in 2012 in comparison with 2011 is caused by a lower level of cash and cash equivalents.

Receivables turnover ratio in 2012 was higher than in the previous year and amounted to 56 days. Meanwhile, the liabilities turnover indicator in 2012 was 42 days, and was thus the same as in the previous year. In relation to a change in the method of presentation of proprietary interests, for the first time as at the end of 2011 and 2012, the balance sheet of ENEA S.A. demonstrated the item of inventories. Inventory turnover indicator was determined based on the state as at the end of the year and reached the level of 8 days in 2012, and in 2011 amounted to 4 days.

4.1.5. Description of key off-balance sheet items

The description of off-balance sheet items identified within ENEA S.A. is presented in item 3.4.5.

4.1.6. Financial results forecasts

The Management Board of ENEA S.A did not publish any financial results forecasts for 2012.

4.1.7. Presentation of financial results of the ENEA S.A. for Q4 2012 in comparison with Q4 2011

Financial results on quarterly basis were presented in a simplified way. Data for 2011 and 2012 include the change resulting from the application of IAS 19, and the results for 9 months of 2011 and 9 months of 2012 were not updated within this field. In relation to the above, the annual adjustment is applied to the results of Q4 2011 and 2012.

4.1.7.1. Financial results

Profit and loss statement in PLN '000	Q4 2011	Q4 2012	Change	Difference
Sales revenues	1 450 170	1 499 882	103.4%	49 712
Excise tax	58 856	38 874	66.0%	-19 982
Net sales revenues	1 391 314	1 461 008	105.0%	69 694
Cost of sales	1 399 526	1 383 827	98.9%	-15 699
Other operating revenue	13 418	3 974	29.6%	-9 444
Profit/(Loss) on sales and liquidation of tangible fixed assets	-2 531	-400	15.8%	2 131
Tangible and intangible impairment write-off	0	0	x	0
Other operating expenses	19 622	7 862	40.1%	-11 760
Operating profit/(loss)	-16 947	72 893	x	89 840
Financial expenses	1 569	4 615	294.1%	3 046
Financial revenue	23 450	15 405	65.7%	-8 045
Dividend revenue	0	0	x	0
Profit (loss) before tax	4 934	83 683	1 696.0%	78 749
Income tax	3 603	14 572	404.4%	10 969
Net profit (loss) for the reporting period	1 331	69 111	5 192.4%	67 780
EBITDA	-13 087	77 197	x	90 284

Individual events

- disclosure in Q4 2011 of residential apartments and business premises (won court proceedings with Biuro Serwis) and achievement in 2011 of revenues by title of settlement of inventory variances within the lighting assets of Poznań conterminous municipalities for the total amount of PLN 9,124 thou.,
- establishment in Q4 2011 of provisions for anticipated losses (costs of liabilities by title of the use of the State Treasury's lands) in the amount of PLN 9,178 thou.,
- in Q4 2011 a loss was sustained from the sale of fixed assets (PLN -2.531 thou.), mainly in connection with the settlement of agreements relating to street lightings with municipalities with which agreements expired.

Revenues

The gross revenues from sales of ENEA S.A. in the reporting period amounted to PLN 1,499,882 thou., which in relation to Q4 2011 constitutes a growth by PLN 49,712 thou., i.e. by 3.4%.

The breakdown below shows the value of revenues on sales achieved in Q4 2012.

Item	Q4 2011		Q4 2012		Change	Difference
	[PLN '000]	%	[PLN '000]	%		
Sales of electricity to end users	1 009 878	69.6	1 026 298	68.4	101.6%	16 420
Sales of distribution services to users holding comprehensive agreements	408 739	28.2	392 801	26.2	96.1%	-15 937
Sales of electricity to other entities	23 065	1.6	52 651	3.5	228.3%	29 586
Sales of services	17 526	1.2	18 229	1.2	104.0%	703
Other revenue	-9 038	-0.6	9 902	0.7	x	18 940
Sales revenues	1 450 170	100.0	1 499 882	100.0	103.4%	49 712

The increase in ENEA S.A.'s sales revenues was caused mainly by:

- Revenues from the sale of electricity to end users, which constitute 68.4% of all sales revenues. In Q4 2012 these revenues amounted to PLN 1,026,298 thou., an increase of PLN 16,420 thou. or 1.6% on the same period of the preceding year, which stemmed from sold electricity volumes decreasing by 35 GWh and a 2.6% increase in the average sale price.
- Revenues from sales of distribution services to users holding comprehensive agreements, which constitute 26.2% of all sales revenues. These revenues in Q4 2012 amounted to PLN 392,801 thou. and were lower than in the same period of the preceding year by PLN 15,937 thou. or 3.9%.
- Revenues from electricity sales to other entities amounted to PLN 52,651 thou., an increase of PLN 29,586 thou., or 128.3%, in comparison with Q4 2011, which stemmed from a growth in the volume of electricity sold by 208 GWh with a simultaneous decline of the average sales price by 13.9%.
- The other revenues are mainly non-invoiced sales relating to electricity and distribution services which in Q4 2012 amounted to PLN 9,963 thou. and were higher than in Q4 2011 by PLN 19,193 thou. (sales of electricity higher by PLN 11,958 thou. and sales of distribution services - comprehensive agreements higher by PLN 7,235 thou.).

Costs

In Q4 2012, ENEA S.A.'s total cost of sales amounted to PLN 1,383,827 thou. and decreased by PLN 15,699 thou., or 1.1%, relative to the same period of the previous year.

The table below shows the value of the cost of sales achieved in Q4 2012.

Item	Q4 2011		Q4 2012		Change	Difference
	[PLN '000]	%	[PLN '000]	%		
Costs of electricity for resale	909 455	65.0	927 017	67.0	101.9%	17 562
Transmission services (Cost of providing distribution services for the performance of comprehensive agreements for the provision of electricity and distribution services)	404 764	28.9	396 023	28.6	97.8%	-8 741
Amortisation/depreciation	3 860	0.3	4 304	0.3	111.5%	444
Consumption of materials and energy and	1 377	0.1	1 113	0.1	80.8%	-264

value of sold materials						
Other external services	56 338	4.0	38 287	2.8	68.0%	-18 051
Employee benefit costs	21 895	1.5	15 144	1.1	69.2%	-6 751
Taxes and charges	1 837	0.1	1 939	0.1	105.6%	102
Cost of sales	1 399 526	100.0	1 383 827	100.0	98.9%	-15 699

Differences in the costs of sales incurred by ENEA S.A. are mainly a result of:

- Costs of purchases of electricity for sales which amounted to PLN 927,017 thou. and increased in relation to Q4 2011 by PLN 17,562 thou. or 1.9% as a result of a higher volume of purchased energy by 216 GWh and a lower average purchase price by 3.5%. At the same time, in Q4 2012 the costs of purchase of energy include the estimated costs of unbalancing of electricity which diminished the purchase costs by PLN 11,346 thou. while in Q4 2011 they diminished them by PLN 35,903 thou. Unbalancing of purchases with sales adjusts purchase costs +/- in relation to the fact that the volume of energy invoiced as purchases and sales is not equal and in relation to adjustments made on the Balancing Market within 15-month settlement period.
- The costs of providing distribution services for the performance of comprehensive services, which amounted to PLN 396,023 thou. and were lower by PLN 8,741 thou. or 2.2% than in Q4 2011, which stems from the lower performance of sales of distribution services to users with comprehensive agreements.
- The costs of other external services amounted to PLN 38,287 thou., a decrease of PLN 18,051 thou. or 32.0% in comparison with the same period of the preceding year, which was mainly caused by incurring lower costs for the account of ENEA Trading (by PLN 26,649 thou.) (change of intergroup settlements - the adjustment relates to whole 2012). Additionally, higher costs were incurred of external services connected with promotion by PLN 2,264 thou. and higher costs of other services, mainly street lighting stocktaking by PLN 2,250 thou.
- Costs of employee benefits in Q4 2012 amounted to PLN 15,144 thou. and decreased in relation to Q4 2011 by PLN 6,751 thou., i.e. 30.8%, mainly as a result of the application of IAS 19. In Q4 2011 the costs of employee benefits were increased with the net actuarial profit in the amount of PLN 2,883 thou. and in Q4 2012 the costs were diminished by the net actuarial loss in the amount of PLN -8,349 thou. Additionally, the change was a result of a higher change in the actuarial reserves, mainly for anniversary awards and energy equivalent.

Other operating activities [PLN '000]	Q4 2011	Q4 2012	Change	Difference
Other operating revenue	13 418	3 974	29.6%	-9 444
Other operating expenses	19 622	7 862	40.1%	-11 760
Profit/(Loss) on sales and liquidation of tangible fixed assets	-2 531	-400	15.8%	2 131

The result on the other operating activity in Q4 2012 amounted to PLN -3,888 thou. and grew in comparison with Q4 2011 by PLN 2,316 thou. which mainly stems from gaining lower costs in relation to the creation in Q4 2011 of provisions for anticipated losses (costs of liabilities by title of the use of the State Treasury's land). Moreover, lower other operating revenues were generated, in relation to the disclosure in Q4 2011 of residential apartments and business premises (won court proceedings with Biuro Serwis) and the settlement of inventory variances within the lighting assets of Poznań conterminous municipalities.

Financial revenues and expenses [PLN '000]	Q4 2011	Q4 2012	Change	Difference
Financial revenue	23 450	15 405	65.7%	-8 045
Financial expenses	1 569	4 615	294.1%	3 046

In Q4 2012 the result on the financial activity amounted to PLN 10,790 thou. and decreased in relation to Q4 2011 by PLN 11,091 thou., which is mainly connected with the settlement of the acquisition of Windfarm Polska (exchange rate differences) and lower revenues gained from funds invested in financial assets (bonds, treasury bills, fixed term deposits).

4.1.7.2. Ratio analysis

Indicator	Item	Q4 2011	Q4 2012
PROFITABILITY RATIOS			
ROE - return on equity	gross profit (loss) / equity	0.2%	3.2%
ROA - return on assets	operating profit (loss) / total assets	0.1%	2.5%
Net profitability	net profit (loss) / net sales revenues	0.3%	4.7%
Operating profitability	net operating profit (loss) / net sales revenues	-1.2%	5.0%
EBITDA profitability	net operating profit (loss) + amortisation and depreciation / net sales revenues	-0.9%	5.3%
LIQUIDITY AND FINANCIAL STRUCTURE RATIOS			
Current liquidity ratio	current assets / current liabilities	2.5	2.0
Equity-to-fixed assets ratio	equity / non-current assets	114.1%	108.6%
Total debt ratio	total liabilities / total assets	9.3%	9.9%
Net debt / EBITDA	(bearing-interest obligations - cash) / operating profit (loss) + amortisation and depreciation	108.5	-11.2
ECONOMIC ACTIVITY RATIOS			
Current receivables turnover in days	avg. net trade and other receivables x number of days / net sales revenues	50	58
Turnover of trade and other payables in days	average trade and other liabilities x number of days / cost of products, materials sold	37	39
Inventory turnover in days	inventories x number of days / cost of products, materials sold	4	8

In Q4 2012 the ENEA S.A. achieved a positive financial result and positive profitability ratios. EBITDA amounted to 5.3%, an increase relative to the actual figure for Q4 2011 (-0.9%), which is a result of a higher operating profit being generated.

Net profitability achieved by ENEA S.A. in Q4 2012 amounted to 4.7% and increased by 4.6 percentage points (0.1%) in relation to the level achieved in Q4 2011.

The efficiency of the Group's operations increased as measured by the ROE and ROA business activity ratios. In Q4 2012 ROE was 3.2% and increased in relation to Q4 2011 (0.2%), as a result of a higher pretax profit in 2012 than in the previous year. ROA increased from -0.6% in Q4 2011 to 2.5% in Q4 2012 as a result of a higher operating profit.

ENEA S.A. is able to settle its current liabilities on time, which is confirmed by the level of the current liquidity ratio, which was 2.0 as at the end of Q4 2012.

The total debt ratio at the end of December 2012 was 9.9% and was higher than as at 31 December 2011 (9.3%). Equity to fixed assets ratio as at 31 December 2012 amounted to 108.6% (as at 31 December 2011 it was 114.1%). Net debt/EBITDA ratio in Q4 2012 amounted to -11.2 (in 2011 108.5). A negative level of the ratio during 2011-2012 results from a lack of loans drawn by the Company, and the change of the ratio in 2012 in comparison with 2011 is caused by a lower level of cash and cash equivalents.

Receivables turnover ratio in Q4 2012 was higher than in the previous year and amounted to 58 days. Meanwhile the liabilities turnover indicator in Q4 2012 was 39 days, and was thus 2 days longer than in the previous year. In relation to a change in the method of presentation of proprietary interests, for the first time as at the end of 2011 and 2012, the balance sheet of ENEA S.A. demonstrated the item of inventories. Inventory turnover indicator was determined based on the state as at the end of the year and reached the level of 8 days in 2012, and in 2011 amounted to 4 days.

4.2. Major events that have, or could have in the future, a material effect on the Company's operations and financial results

Events that could in the future affect the operations and financial results include the circumstances and factors that determine the Company's development prospects as described above in the Section titled "Development prospects of ENEA S.A.".

4.3. Financial resources and instruments

4.3.1. 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 as well as the ongoing concentration of cash resources in consolidated accounts, the resulting financial surpluses are invested by the Company in current assets as fixed time deposits.

In 2012 ENEA S.A. had open working capital facilities from BZ WBK S.A., Pekao S.A. and PKO BP S.A. banks. The total limit of the working capital facilities as at 31 December 2012 was PLN 150,000 thou.

ENEA S.A. during the financial year 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.

The security for open credit lines comprises the following: powers of attorney in respect of current accounts with the banks as well as a declaration of voluntary submission to enforcement.

4.3.2. Description of the use of issue proceeds

ENEA S.A. during 2012 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 2012 amounted to PLN 44,480 thou .

The planned manner of using the proceeds from the issue of Series C shares was described in detail in the Issue Prospectus prepared in relation to the issue of those shares.

4.3.3. Used financial instruments

Within its operations in the reporting period ENEA S.A. concluded forward transactions the objective of which was securing of foreign exchange risk (EUR/PLN) connected with the realisation of the agreement concerning the purchase of assets. All the above forward transactions were settled in the reporting period.

4.3.4. Financial risk management

An efficient financial management must cover both the results generated on current operations and the financial risk inherently connected with its pursuing.

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

Credit risk - is understood as the risk of financial loss by the Company resulting from the client's or the counterparty's to a financial instrument failure to perform their contractual obligations. The credit risk is mainly connected to recoverability of receivables. The main factors affecting the occurrence of a credit risk in the case of ENEA S.A. are:

- a large number of small recipients (ca. 2.4 mln) impacting the high costs of supervising the inflow of receivables, which is made based on specialist billing systems,
- a necessity to deliver electricity to budget units being in a difficult financial situation - this requirement results from the Energy Law, which provides that the provisions relating to a suspension of supplies of energy as a result of delays in the payment of obligations do not apply to objects which serve the defence of the state (a list of such objects was provided for in separate regulations),
- legal regulations regulating the rules of suspending supplies of electricity as a result of no payment, or limiting in some cases a possibility of not concluding agreements with clients because of their condition (a role of a nominated vendor/reserve vendor).

The Policy adopted by the Board within the management of credit risk orders an ongoing monitoring of exposures to the credit risk and of risk levels, and also conduction of the creditworthiness estimate and determination of limits for risk and bonuses by title of the risk in relation to all the customers (buyers) exceeding, in commercial relations with the Company, a volume-specified Materiality Threshold.

The Company carries out an ongoing monitoring of the amount of outstanding receivables, and in justified cases raises legal claims and makes write-offs.

Liquidity risk - is understood as a risk of a limitation or a lack of the Group's ability to repay its financial obligations when they become due on the basis of a regular activity with a typical profile of cash flows (structural liquidity risk) and occurrence of unpredicted, concerning the term and volume, expenses in consequence of extraordinary of untypical events. The Company manages the liquidity risk adapting the profile of availability of the liquidity reserve, i.e. the volume and terms of available cash, to the profile of demand for cash resulting from the characteristics of the cash flows, simultaneously ensuring an access to the funds in case unexpected expenses occur.

The Policy adopted by the Board of managing the liquidity risk anticipates ensuring availability of financial means at the level allowing for settling obligations in the course of normal operations and enabling simultaneously an undisturbed continuation of activity and in situations of liquidity crises for a period necessary to launch an emergency financing plan allowing for quick increase in liquidity.

ENEA S.A.'s liquidity management is concentrated on a detailed analysis of the flow of receivables, ongoing monitoring of bank accounts as well as the ongoing concentration of cash resources in consolidated accounts. The remaining financial surplus the Company locates in current assets as fixed-term deposits. The efficiency of this investment, in accordance with the rules of liquidity management, requires an ongoing monitoring. In order to limit the liquidity risk and ensure stability of financing sources the Company diversifies the sources of external financing and directions of investing cash surpluses analysing at the same time the standing of financial institutions with which it cooperates within this scope.

The foreign exchange 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 in which the values are denominated. A requirement resulting from the adopted Policy of managing foreign exchange risk and interest rate risk is the identification of a future net exposure of the Company to the currency risk and - in the case of deeming this exposure significant - securing of the position using the derivative instruments allowed for use in ENEA S.A. by the provisions of the Policy.

Within its operations in the reporting period ENEA S.A. concluded forward transactions the objective of which was securing of foreign exchange risk (EUR/PLN) connected with the realisation of the agreement concerning the purchase of assets. All the above forward transactions were settled in the reporting period.

Interest rate risk – is connected with the concluded loan and credit agreements, and with financial assets in the form of a portfolio of debentures and bank deposits. In relation to the above the Company tries to operate based on a floating rate, calculated in correlation with the market rates (inter-bank). Within security operations actions realised in the field of the interest rate risk, within the identification of exposure or allowed instruments, are analogical - including specific differences - to those performed within the field of foreign exchange 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. The presently prepared Policy of commodity management anticipates the use in the managerial process of specific econometric models and imposing of specific limits to the price risk, calculated based on statistic measures. Limits for the volumetric risk will be expressed in quantity units and based on the concept of efficacy of forecast methods realised in the Company. Determination of current limits and estimate of the level of their utilisation will be, within the process of commodity risk management, realised on an ongoing basis.

4.4. Principles of preparation of an annual financial statement

This Report of the Management Board on the operations of ENEA S.A. for the financial year of 2012 was prepared in accordance with § 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).

The financial statement of the Company included in the report of ENEA S.A. for the financial year of 2012 was prepared in accordance with International Accounting Standards and International Financial Reporting Standards (IASs/IFRS) approved by the European Union.

The financial statement of the Company was prepared with an assumption of continuing business operations by the Company in the foreseeable future. The Company's Board states, as at the execution of the report, no facts or circumstances that could indicate any threats to the possibility of continuing the activity during the period of 12 months after the balance sheet date as a result of a wilful or mandatory negligence or substantial limitation of the so far activities.

Financial data presented in this report, if not stated otherwise, were presented in thousands of PLN.

5. Information on shares and shareholding

5.1. Share capital structure

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

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

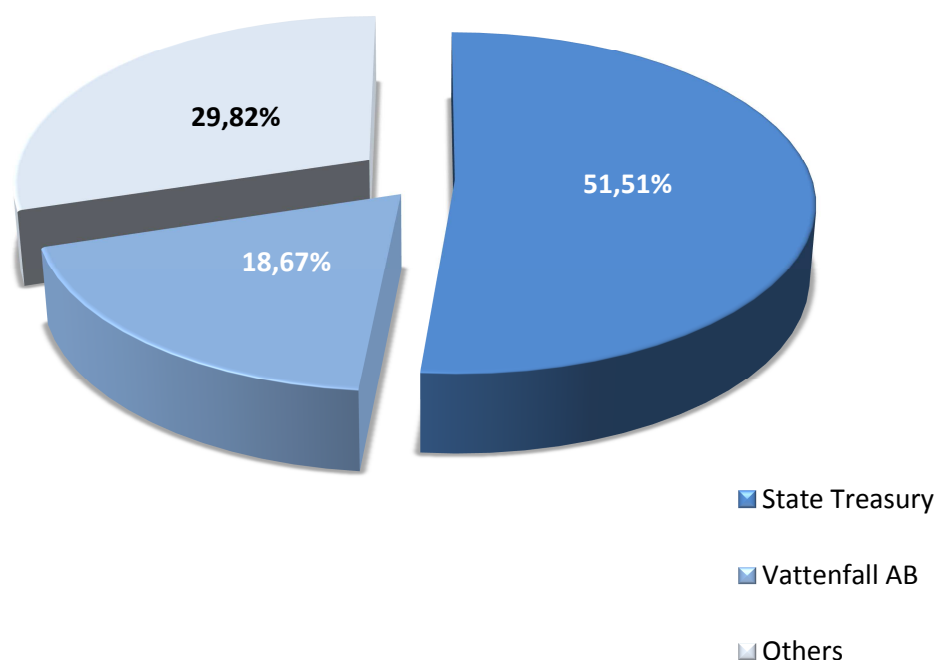
As at 31 December 2012 the structure of the share capital is as follows:

- 1,991,063 registered shares,
- 439,451,515 bearer shares.

5.2. Shareholding structure

The table and diagram below demonstrate the structure of shareholders holding more than 5.0% of the total number of votes at ENEA S.A.'s General Meeting of Shareholders as at 31 December 2012:

No.	Shareholder	State as at 31 December 2012	
		Number of shares/number of votes during GM	Share in the share capital/total number of votes
1	State Treasury	227 385 698	51.51%
2	Vattenfall AB	82 395 573	18.67%
3	Others	131 661 307	29.82%
	Total	441 442 578	100.00%



5.3. Changes in the shareholder structure

In 2012 there were no significant changes in the shareholding structure of ENEA S.A.

ENEA S.A. holds no information regarding any agreements as a result of which the shareholding structure could change in the future.

It must be however noted that during the period from 31 December 2011 and 31 December 2012 slight fluctuations in the shareholding of the key Shareholder of the Company, i.e. the State Treasury occurred - on border dates the share in the share capital and number of votes amounted to respectively, 51.68% according to the state as at 31 December 2011 and 51.51% as the end of the current reporting period. The divergence in the number of shares held by the State Treasury was connected with the specificity of the process of nil-paid rights to acquire employee shares from the State Treasury by entitled employees and their heirs.

5.4. Treasury shares

As at 31 December 2012, during the reporting period and as well as at the date of the approval of this report, the Company did not hold any treasury shares.

5.5. Information on the system of inspecting employee share programmes

In 2012 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 of shares of ENEA S.A. by authorised people from the State Treasury (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 of shares of ENEA S.A. by the State Treasury three months ago. 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.

Dom Inwestycyjny BRE Banku S.A. performed the organisation of the conclusion of agreements based on the agreement signed with ENEA S.A.

The process of concluding agreements commenced on 14 October 2010 in Bydgoszcz, Gorzów Wielkopolski, Poznań, Szczecin, Zielona Góra. The agreements were concluded in the locations of companies from the ENEA Group.

Then, from December 2010 agreements were concluded in Customer Service Points of Dom Inwestycyjny BRE Banku S.A. in Bydgoszcz, Poznań and Szczecin. People who, acquired nil-paid shares from the State Treasury could not sell them before 16 February 2012 (within the shares allotted to officers of the Company the prohibition was in force till 16 March 2013). After that date the shares were listed on WSE and people who opened investment accounts in brokerage houses could sell the held shares.

The right to the nil-paid acquisition from the State Treasury of ENEA S.A.'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.

Till the present moment authorised people and their heirs based on 9,842 agreements acquired 31,250,869 shares of ENEA S.A. 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).

5.6. 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 2012 the Company belonged to the following exchange indices:

- WIG - covers all the companies listed on the Main Market of WSE which fulfil fundamental criteria for the participation in indices,
- 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 fundamental 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.

Percentage of shares of ENEA S.A. in particular indices on 28 December 2012 [%]*					
WIG	mWIG40	WIG Energia	WIG – Poland	WIGdiv	MSCI Poland
0.84	4.89	9.14	0.90	3.22	0.94

* 28 December 2012 was the last quotation day on WSE in 2012.

Key data concerning shares:	2011	2012
Maximum price [PLN]	23.98	18.99
Minimum price [PLN]	14.21	14.11
Last price [PLN]	18.00	15.73
Capitalisation at the end of period [PLN mln]	7 946	6 944
Capitalisation of ENEA S.A. on the background of domestic companies listed on WSE at the end of period [%]	1.78	1.33
Book value [PLN mln]	10 405.26	10 918.63
C/Z	9.80	9.70
C/WK	0.76	0.64
Return rate at end of period [%]	-21.85%	-10.05
Dividend rate [%]	2.4	3.1
Value of turnover [PLN mln]	977.02	561.417
Share in turnover [%]	0.39	0.30
Turnover indicator [%]	12.70	7.90
Average volume per session	205 697	137 298
Average number of transactions per session	205	202
Average spread [pb]	32	36
Value of turnover [PLN mln]	977.02	561.417
Volume [pcs]	51 630 071	34 187 283

Source: WSE Statistical bulletin

6. The Corporate Bodies of ENEA S.A.

6.1. 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" mentioned in item 7 below.

6.2. Principles of Remuneration

In 2011 based on a resolution of the Supervisory Board of ENEA S.A. changes were introduced to the method of remunerating the Company's Members of the Board. All Members of the Board of the Company concluded management services agreements with the Company 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).

The agreements on management services concluded with the Company do not provide for any compensation in the case of a resignation of a Member of the Board or his being recalled with no material reason or when such a dismissal or recalling results from a merger of the Company through a takeover.

Agreements on management services concluded by the Company provide as follows:

- a) in each case of the expiry or termination of the agreement a Member of the Board for a month receives remuneration for the provision of services within the scope enabling full assignment of his/her obligations to another entity; the remuneration equals the amount of the hitherto fixed pay; the remuneration is not paid if the expiry or termination of the agreements resulted from specific circumstances at fault of the Member of the Board;
- b) after the expiry or termination of the agreement and after the expiry of circumstances specified under letter a) a Member of the Board is covered with an Extended period of non-competition; for the period of such a prohibition a Member of the Board is entitled to receive 100.0% of the hitherto amount of the fixed monthly remuneration;
- c) for some Members of the Board of the Company the Extended period of non-competition is in force for the period of 12 months after the expiry or termination of the agreement and after the expiry of the term specified in a) above; if the agreement is terminated or expires during the first 9 months of its validity, the Company has a right to unilaterally terminate the Extended period of non-competition; in the case of the termination or expiry of the agreement before the expiry of 12 months of its validity, the period of Extended non-competition equals the period of performing the agreement by a Member of the Board, however under no circumstances shall it be shorter than 3 months;
- d) for some Members of the Board of the Company the Extended period of non-competition is in force for the period of 12 months after the expiry or termination of the agreement and after the expiry of the term specified in a) above, with no additional reservations regarding the term of the agreement on management services.

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 the fourth quarter of the previous year as published by the President of the Central Statistical Office. In connection with Art. 14 of the Act of 26 November 2010 on amendment of some acts

connected with the realisation of the budget law the provisions of the Act of 3 March 2000 on remuneration of persons managing some legal entities were novelised, and Art. 29b was added which provides that in 2011 the average monthly remuneration in the enterprise sector net of payments of bonuses from profits is set in the amount of the average monthly remuneration in enterprise sector net of payments of bonuses from profits in the fourth quarter of 2009, i.e. PLN 3,454.58. In 2012 the remuneration of Members of the Supervisory Board did not change.

The principles of remunerating other Employees of the Company are contained in the Corporate Collective Labour Agreement for Employees of ENEA S.A. and its subsidiaries. The Corporate Collective Labour Agreement contains provisions concerning remunerating and benefits relating to employment, providing for an extensive catalogue of various benefits exceeding the level resulting from the common labour law regulations.

6.3. Level of Remuneration

The remuneration of persons composing the Management Board of ENEA S.A. collected in the period from 1 January 2012 to 31 December 2012 with whom the Company concluded the agreement on provision of services within management is presented in the table below:

Name	Position	Net remuneration (excluding VAT)*	Additional consideration**
Owczarek Maciej	President of the Board	902 618.98	36 531.00
Rozpędek Hubert	Member of the Board	847 618.98	30 910.00
Górniak Maksymilian	Member of the Board	157 342.68	0.00
Zborowski Krzysztof	Member of the Board	536 100.12	18 208.72
Bil Janusz	Member of the Board	707 500.00	22 010.00
TOTAL	-	3 151 180.76	107 659.72

* 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 Members of the Management Board of ENEA S.A. in 2012 for holding office in ENEA subsidiary is presented in the table below:

Name	Position	Remuneration for holding a position in the ENEA subsidiaries
Zborowski Krzysztof	President of the Board	397 408.22
Owczarek Maciej	Member of the Board	61 033.55
Rozpędek Hubert	Member of the Board	55 793.48

6.4. List of Shares in Entities that are Members of the 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 14 November 2012	Number of held shares of ENEA S.A. as at 31 December 2012
Tadeusz Mikłosz	Member of the Supervisory Board	4 140	4 140

As at the publication date of this interim report the other people from the Management and Supervisory Board do not hold ENEA S.A.'s shares.

As at the day of publication of this interim report, people from the Management and Supervisory Board do not hold shares in subsidiaries of ENEA S.A.

During the period from the publication of the interim report for Q3 2012 there were no changes in the shareholding of managing and supervising people.

7. Declaration of the application of Corporate Governance Rules

The Management Board of ENEA S.A. declares that in 2012 the Company applied the rules of corporate governance constituting an Addendum to the Resolution of the WSE Supervisory Board No. 20/1287/2011 of 19 October 2011 as amended, 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.

At the same time it should be noted that the WSE Supervisory Board introduced amendments to the Corporate Governance Rules with the resolution of the WSE Supervisory Board No. 19/1307/2012 of 21 November 2012 concerning adoption of amendments to "Best Practices of WSE Listed Companies", at the same time passing a consolidated text of those rules available under the internet address mentioned above.

With corporate transparency in mind contributing, among others, to creating value for shareholders, the Management Board of ENEA S.A. makes every effort to implement all the rules of corporate governance that do not present any excessive strain for the Company, unless it is balanced by advantages arising from market needs. With consideration of the above, in 2012 the Management Board of 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.

The complete information concerning application of corporate governance rules, including the information on departure from application of the Corporate Governance Rules or Recommendations specified in part I of BPLC has been included in Attachment No. 1 integral to the Report of the Management Board on the Operations of the ENEA Capital Group.

8. Additional Information

8.1. The entity authorised to audit financial statements

By a Resolution of the Supervisory Board of 20 December 2011 KPMG Audyt Sp. z o.o. was selected to perform the audit of the non-consolidated annual statements of ENEA S.A. and the consolidated statement of the ENEA Capital Group prepared as at 31 December 2012, 31 December 2013 and 31 December 2014, and to perform the reviews of the non-consolidated statement of ENEA S.A. and the consolidated statement of the ENEA Capital Group prepared as at 31 March 2012, 30 June 2012, 30 September 2012, 31 March 2013, 30 June 2013, 30 September 2013, 31 March 2014, 30 June 2014, 30 September 2014. The agreement with the aforementioned entity was concluded on 27 March 2012.

The table below presents the net fees due to KPMG Audyt Sp. z o.o. under services to ENEA S.A. concerning a given financial year (expressed in PLN '000):

	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

By a resolution of the Supervisory Board of 17 January 2011, Deloitte Audyt Sp. z o.o. was chosen to perform the audit of the non-consolidated and consolidated annual financial statements of ENEA S.A. for 2011 and to audit mid-year non-consolidated statements of ENEA S.A. and mid-year consolidated statements of ENEA Capital Group prepared as at 31 March 2011, 30 June 2011 and 30 September 2011. The financial statements audit agreement was signed on 1 March 2011.

The table below presents the net fees due to Deloitte Audyt Sp. z o.o. under services to ENEA S.A. concerning a given financial year (expressed in PLN '000):

	01.01.2011 - 31.12.2011
Deloitte Audyt Sp. z o.o.'s remuneration for auditing and reviewing the non-consolidated and consolidated financial statements of ENEA S.A.	316
Deloitte Audyt Sp. z o.o.'s remuneration for other certification services provided to ENEA S.A. – including review of the financial statements	2
TOTAL	318

8.2. Environmental issues

ENEA S.A.'s operations do not pose any risk or threats to the environment. Compliant with the Environmental Protection Law Title IV "Serious failures" and regulation of the Minister of Economy of 9 April 2002 on types and volumes of dangerous substances whose presence in a plant shall decide on its being a higher risk plant or a high risk plant regarding occurrence of a serious industrial failure (Journal of Laws of 2002 No. 58, item 535) the Company is not deemed to be "a higher risk plant".

Since it is a business entity which uses the environment, ENEA S.A. has to fulfil legal requirements provided for in the relevant provisions of law. With regard to the environmental protection, the Company is subject to the following basic legislation:

- Environmental Protection Law of 27 April 2001, as amended,
- Waste Materials Act of 27 April 2001, as amended,

- Water Law Act of 18 July 2001, as amended,
- Act on Used Electrical and Electronic Equipment of 29 July 2005,
- Act on making information on the environment available, on environmental protection, on community participation in environmental protection, and on environmental impact assessments of 3 October 2008.

ENEA S.A. owns office buildings and holiday centres. The Company uses the environment by:

- collecting water from its own intakes,
- disposing of sewage into a river,
- polluting the air by:
 - fuel combustion in engines of the Company's vehicles,
 - fuel combustion in heating devices.

The boiler houses operated in ENEA S.A.'s facilities do not require permits and do not have to be notified to the county administrator in accordance with the *Regulation of the Minister of the Environment of 22 December 2004 on types of installations whose operation requires notification (Journal of Laws No. 283, item 2839 of 2004)*.

Water for social purposes from own intakes is collected on the territory of the following facilities: Ośrodek Wypoczynkowy Energetyk-Krzczków Tyczo (holiday resort - leased) and Ośrodek Wypoczynkowy in Bledzewo. Their formal and legal status is regulated.

Municipal sewage in majority of facilities is disposed of to the public drainage system based on agreements. Only in Ośrodek Wypoczynkowy in Bledzewo (holiday resort) sewage is disposed of to the river through a water treatment plant which is permitted compliant with an aquatic legal permit. In Ośrodek Wypoczynkowy "Energetyk" Krzczków Tyczo sewage is collected in a holding tank and disposed of by an authorised company.

ENEA S.A. as an entity using the environment keeps a register containing the following information:

- volume and type of gases or dusts emitted to the air,
- volume and quality of surface and underground water it collects (from own intakes),
- volume, condition and composition of sewage introduced to water of ground,
- size, type and method of the land development from which sewage is disposed of.

The register is updated twice a year. Information on the use of the environment is sent to relevant marshal's offices and provincial inspectorates of environmental protection till the end of a month after the expiry of each six months. Compliant with *the Act of 27 April 2001 - Environmental Protection Law (as amended) Art. 289* fees for using the environment were not paid, since they did not exceed the amount of PLN 400.00.

The Act on the system for managing emissions of greenhouse gases and other substances of 17 July 2009 (Journal of Laws No. 130, item 1070, as amended), established Krajowy Ośrodek Bilansowania i Zarządzania Emisjami (the National Centre for Emissions Management) (KOBiZE) which e.g. keeps a national database on emissions of greenhouse gases and other substances. The national database constitutes an IT system, containing a secured database, which enables entering and processing of information concerning the volumes of emissions of greenhouse gases and other substances emitted to the air by economic entities. In February 2012 ENEA S.A. sent relevant information to KOBiZE.

Used electronic and electrical equipment coming from the Company's operations was transferred to an authorised company (base on the concluded agreement).

Because ENEA S.A. fulfilled its obligations under environmental protection laws, in 2012 it was not threatened with any penal sanctions for failing to fulfil such requirements and it did not receive any penalties.

8.3. Information on employment

The table below shows ENEA S.A.'s employment level as at 31 December 2012 and the annual average employment in the Company in 2012, divided into trade and other activities.

	State as at the end of 2011 (FTEs)	Annual average (FTEs)
Trade	143.00	136.91
Other activity	250.88	251.11
TOTAL	393.88	388.02

The employment status as at 31 December 2012 amounted to 393.88 full-time equivalents and as at the end of the analogical period of the previous year it amounted to 384.28 full-time equivalents. Higher employment in 2012 results from the need of realisation of ongoing operations of the Company.

8.4. Awards, distinctions and achievements

The Great Jewel of Polish Economy 2012, Polish Market (Wielka Perła Polskiej Gospodarki 2012)	The distinction of the Great Jewel of Polish Economy is given to companies that within the last three years achieved the greatest level of progress in the use of three production factors: capital, fixed assets and labour. The test includes over 2,000 companies.
The Golden Badge of a Trusted Brand, European Trusted Brands (Złote Godło Marki Godnej Zaufania)	The ENEA brand was honoured in Poland in the Energy Provider category. The distinction is given on the basis of test results of European Trusted Brands. Over 27 thou. respondents from 15 European countries participated in the tests. Besides ENEA, in Polish local categories Złote Godło (Golden Badge) was awarded to, e.g.: RMF FM, TVN, Apart, Winiary, Ludwik.
Distinction in "Idea Awards", advertising industry competition, for the TV commercial "In contact with nature" ("W kontakcie z naturą")	The TV commercial "In contact with nature" by ENEA was the winner of the 21. edition of the prestigious competition of advertising industry – Idea Awards in the Products and services – television category. Over 500 TV commercials were assessed in the competition, first by internet users and then by an international jury during the finals. Idea Awards is one of the oldest advertising competitions in Poland. Its main purpose is to raise the standards for commercials by honouring the best of them.
ENEA among 30 listed companies best reporting non-financial data	The Company was distinguished for the standards and transparency of communication concerning its non-financial data: environmental, social and corporate governance (ESG) in the project of "ESG data analysis in Poland". ENEA S.A. found itself among the best entities in its industry, in the research defined as companies from the public utility sector.
Business Innovation Award	Awarded by the Institute for Eastern Studies and the editorial team of the Polish Market monthly for giving inspiration to higher education facilities in their didactic programmes concerning innovation in the energy sector.

<p>Certificate of the Integracja Foundation "The Disabled-Friendly Website" ("Portal Przyjazny Osobom z Niepełnosprawnością")</p>	<p>In December 2012 ENEA S.A. adapted its website www.enea.pl for the disabled users becoming the first company to receive the Certificate of the Integracja Foundation "The Disabled-Friendly Website" on the grounds of the website having been tested for accessibility to several groups of users, including people having various types of disability. Modifications include introduction of the international web content accessibility guidelines – WCAG 2.0.*</p> <p><i>* WCAG 2.0 (Web Content Accessibility Guidelines 2.0) is a collection of rules developed by W3C which should be observed by website developers so that they are able to prepare maximally accessible websites. The importance of the aforementioned guidelines is confirmed with an entry in the Digital Agenda for Europe, which is a document of the European Union indicating that W3C recommendations are valid.</i></p>
<p>ENEA S.A. qualified for the "Responsible Business in Poland 2011. Good practices" Report ("Odpowiedzialny biznes w Polsce 2011. Dobre praktyki") organised by the Responsible Business Forum with two of its good practices.</p>	<p>Another year in a row the Responsible Business Forum verified positively two examples of responsible activities reported by ENEA S.A.:</p> <ul style="list-style-type: none"> a) Project for pro-environmental education "W kontakcie z naturą" ("In contact with nature"). b) Educational programme for children "Nie taki prąd straszny" ("Power-not so scary"). <p>A good volunteering practice was reported in the area: "Involvement in and development of the local community" and the "In contact with nature" website in the area: "Environment".</p> <p>The report is the most significant annual publication concerning CSR activities undertaken in Poland. The report shows good practices of companies concerning involvement in execution of the rules of responsible business and trends in companies' operations.</p>
<p>The "Friend of the Enchanted Bird" statuette of Anna Dymna Foundation and Telewizja Polska S.A. ("Przyjaciel Zaczarowanego Ptaszka")</p>	<p>On 19 November 2012 in the premises of Telewizja Polska S.A., ul. Woronicza in Warsaw a ceremony of handing out the "Friend of the Enchanted Bird" statuettes to those who contributed to the VIII edition of the Marek Grechuta Enchanted Song Festival being carried out and supported the disabled young people who are vocally talented – including ENEA S.A. as the major sponsor of the Festival.</p>

8.5. Glossary of industry terms

Terms and acronyms

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

Acronym and industry term	Full name/explanation
CHP	(Combined Heat and Power) – systems generating energy and heat in Cogeneration
CO (CH)	Central Heating
CO ₂	Carbon dioxide
CWU (UHW)	Usable hot water heater - an appliance used in households for water supply systems, as a common method of preparation of usable hot water.
GJ	Gigajoule
GPZ	Switching station
ISOK	(ICSS) Information Customer Service System
Cogeneration	A technological process of a combined generation of electricity and usable heat energy in combined heat and power plants
Bilateral contracts	Purchase/sale agreements for energy concluded directly between producers and other entities acting on the market
KPRU III	National Allocation Plan of CO ₂ emission allowances for 2013-2020
MWe	Megawatt of electrical power
MWh	Megawatt hour
MWt	Megawatt of heating power
OH	Commercial Coordinator
OHT	Scheduling Co-ordinator
OSD	Operator of Distribution Network
PMOZE	Proprietary interests from certificates of origin for energy from renewable sources of energy
TGE (PPE)	Towarowa Gielda Energii (Polish Power Exchange)
Pass-out and condensing turbine set	A type of a steam turbine equipped with heating pass-outs from which overheated steam supplies power to heat exchangers transmitting heat to the system water delivered to the municipal services installation
Energy Law	The Act of 10 April 1997 - Energy Law (Journal of Laws 1997 No. 54 item 348, as amended)
WRA (RAB)	The Regulatory Value of Assets
ZMOK	Change of Customer Service Model
ZUZP	Corporate Collective Labour Agreement

Attachments

Declaration of the application of Corporate Governance Principles

Table of contents

1. The set of principles applied	90
2. Principles which have not been applied	90
2.1. Conducting an interactive general e-meeting of the Company's shareholders.....	90
2.2. Questions asked by shareholders in connection to general meetings.....	91
2.3. Parity of women and men in governing bodies	91
2.4. New BPLC recommendations and rules	92
3. Description of the main features of the internal control and risk management systems applied in the issuer's company.....	93
4. Shareholders holding substantial blocks of shares.....	94
5. Holders of securities carrying special inspection rights	94
6. Restrictions on exercising voting rights	94
7. Restrictions on assigning the ownership title to securities.....	94
8. Principles relating to appointing and recalling management personnel	95
9. Powers of the Management Board members	96
10. Description of the principles governing the amendment of ENEA S.A.'s Statute.....	96
11. The procedure and basic powers of the General Meeting of Shareholders and a description of shareholders' rights and the procedure for exercising them.....	97
12. The composition of the management and supervisory boards of ENEA S.A., changes to it, and a description of their operations.....	99
12.1. Management Board.....	99
12.2. Competences and powers of the Management Board	100
12.3. Supervisory Board	101
12.4. Competences and powers of the Supervisory Board	103

1. The set of principles applied

The Board of ENEA S.A. represents that in 2012 the Company applied the corporate governance rules constituting an Addendum to the Resolution of the WSE Supervisory Board No. 20/1287/2011 of 19 October 2011 as amended, "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.

At the same time it should be noted that the WSE Supervisory Board introduced amendments to the Corporate Governance Rules with the resolution of the WSE Supervisory Board No. 19/1307/2012 of 21 November 2012 concerning adoption of amendments to "Best Practices of WSE Listed Companies", at the same time passing a consolidated text of those rules available under the internet address mentioned above.

2. Principles which have not been applied

With Corporate transparency in mind contributing, among others, to creating value for shareholders, 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. With consideration of the above, in 2012 the Management Board of 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 2012:

2.1. 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 recommendation specified in BPLC P. I, item 1 and the rule set forth in P. IV, item 10 above, the Company informs that in 2012 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.

However, the Issuer ensures that it exercises due diligence in designating places, dates and times of the Company's general meetings in a way the least inconvenient for Shareholders and enabling the greatest possible numbers to participate, as well as in ensuring that the information policy of ENEA S.A. concerning

holding general meetings be executed in a reliable, timely and transparent manner. In pursuing the foregoing objective, the Company applies traditional forms of communication with shareholders and analysts (current and periodic reports, as well as corporate governance reports) and for the purpose also uses its website with a dedicated Investor Relations section, including a tab relating to General Meetings.

In addition, we would like to indicate that the Issuer publishes information about all general meetings held, so that Shareholders have sufficient time to get acquainted in advance with all the issues on the agenda for the meeting in question. Referring to the course of general meetings, the Issuer wants to note that the information on resolutions adopted during the general meeting in question, on withdrawal from any of the points of the agenda, as well as on protests raised and recorded in the minutes of the general meeting in question, is published in current reports pursuant to provisions of § 38 of the Regulation on current and periodic information [...].

At the same time, the Issuer does not rule out any future possibility of full compliance with the aforementioned rule and recommendation in its revised wording, specified in item 2.4 below.

2.2. 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 (...)

2.3. 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 the members of the Supervisory Board of the Company. Until 30 June 2012, i.e. the moment the mandates of members of the Supervisory Board of the 7th term expired, the Supervisory Board had included: Ms. Małgorzata Aniołek and Ms. Agnieszka Mańkowska. The Supervisory Board of the 8th term includes: Ms. Małgorzata Aniołek and Ms. Sandra Malinowska. No women were present in the composition of the Management Board in 2012.

At the same time, the Issuer announces that the selection and appointment of members of management and supervisory authorities of the Company is conducted on the basis of applications obtained from candidates. Candidates are selected for respective offices after a thorough analysis of the experience, competences, skills

and professional background of each of them. The foregoing are some of the criteria (apart from the generally binding applicable provisions) considered during the recruitment to positions in the Management Board. 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.

2.4. New BPLC recommendations and rules

Part I. Recommendations for Best Practice for Listed Companies – item 12

"A company should enable its shareholders to exercise the voting right during a General Meeting either in person or through a plenipotentiary, outside the venue of the General Meeting, using electronic communication means."

Comment:

The above recommendation was introduced into the P. I of the set of corporate governance rules by virtue of the Resolution of the WSE Supervisory Board No. 19/1307/2012 of 21 November 2012 concerning adoption of amendments to "Best Practices of WSE Listed Companies" and came into force on 1 January 2013.

The Company informs that it will not implement the foregoing recommendation. In the opinion of the Issuer's Management Board, the rules of participation and exercising of the voting right during general meetings applicable at the Company allow for proper and effective exercise of rights arising from the Company's shares. In the assessment of the Company's Management Board introduction of the possibility to exercise the voting right by a shareholder or their proxy outside of the place of holding the general meeting with the use of electronic communication means is not yet widespread enough or tested enough and therefore poses many risks of an organisational and technical nature that can significantly affect the proceedings of general meetings. In addition, introduction of such a way of holding general meetings would involve the necessity to incur substantial costs by the Company.

As at 11 March 2013 the Issuer's Statute does not allow for the participation in General Meetings by means of electronic communication.

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:

The above recommendation was introduced into the P. I of the set of corporate governance rules by virtue of the Resolution of the WSE Supervisory Board No. 19/1307/2012 of 21 November 2012 concerning adoption of amendments to "Best Practices of WSE Listed Companies" and came into force on 1 January 2013, and therefore the Company was not obligated to comply with it in 2012. On 6 March 2013 with the EBI current report No. 1/2013 the Company informed of the waiver of the aforementioned rule.

In the assessment of the Company, 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. At the same time, the Issuer exercises utmost care in order to indicate the location, dates and hours of general meetings of the Company in a way which is the least burdensome for Shareholders and enabling participation in general meetings of the Company for the greatest number of Shareholders.

3. Description of the main features of the internal control and risk management systems applied in the issuer's company

The Management Board of ENEA S.A. is responsible for the internal control system in the Company 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 appropriate 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 Office, with the participation of middle and senior managers from individual organisational units. With regard to closed reporting periods, the Company's financial results as compared with budget assumptions are subject to a detailed analysis, and any deviations are identified and appropriately clarified.

The Company 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 financial and economic plan prepared by the Control Office for the next three years is accepted by the Company's Management Board and approved by the Supervisory Board. During the course of the year, ENEA S.A.'s Management Board analyses current financial results and compares them to the adopted financial plan, presenting the execution of the plan and any deviations to the Supervisory Board. This is constructed on the basis of the Company's adopted accounting policy (International Financial Reporting Standards) and applies the format and degree of detail of the financial data presented in the periodic financial statements of ENEA S.A. and the Group.

The Company applies consistent accounting principles and presents financial data in financial statements, periodic financial reports and other reports disclosed to the shareholders.

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 2012 there were no shortcomings 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 ENEA S.A. internal audit is independent, and accountable to the Audit Committee acting as part of the Supervisory Board.

The ENEA Capital Group, being aware of the risks connected with conducting operations, has been finalising actions aimed at creating a formalised, integrated risk management system. The scope of works includes the development of formal policies, procedures and methods regulating the management process of risks occurring in several areas of corporate operations, i.e.: business risk, operating risk, market risk (including commodity risk, foreign exchange risk, interest rate risk), credit risk, and liquidity risk. The designed management model allows for a comprehensive dealing with the risk management object, determining the rules for measuring exposures to risk, risk identification, their analysis and measurement and most of all formulating the ways and methods of risk handling.

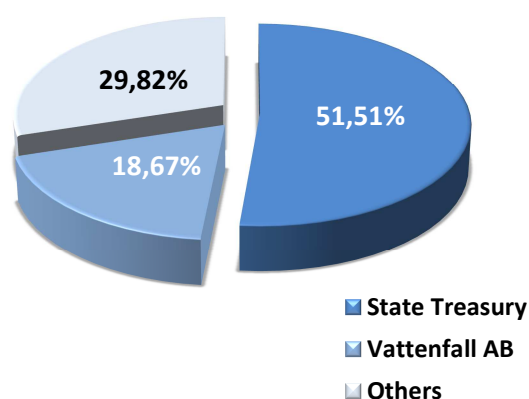
One of the material elements of control in the process of drawing up financial statements of ENEA S.A. and the Group is also the verification of the financial statements by an independent auditor. The tasks of the auditor include in particular: a review of the mid-year financial statements and an audit 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 the non-consolidated and consolidated financial statements with regard to 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.

4. Shareholders holding substantial blocks of shares

The table and diagram below demonstrate the structure of shareholders holding more than 5.0% of the total number of votes at ENEA S.A.'s General Meeting of Shareholders as at 31 December 2012:

No.	Shareholder	State as at 31 December 2012	
		Number of shares/number of votes during GM	Share in the share capital/total number of votes
1	State Treasury	227 385 698	51.51%
2	Vattenfall AB	82 395 573	18.67%
3	Others	131 661 307	29.82%
Total		441 442 578	100.00%



In 2012 there were no significant changes in the shareholding structure of ENEA S.A.

It must be however noted that during the period from 31 December 2011 and 31 December 2012 slight fluctuations in the shareholding of the key Shareholder of the Company, i.e. the State Treasury occurred - on border dates the share in the share capital and number of votes amounted to respectively, 51.68% according to the state as at 31 December 2011 and 51.51% as the end of the current reporting period. The divergence in the number of shares held by the State Treasury was connected with the specificity of the process of nil-paid rights to acquire employee shares from the State Treasury by entitled employees and their heirs.

5. Holders of securities carrying special inspection rights

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

6. Restrictions on exercising voting rights

As at 31 December 2012 there are no restrictions on exercising voting rights in the Company, other than those provided for in generally applicable provisions of law.

7. Restrictions on assigning the ownership title to 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.

Having in mind the reporting period it must be remembered that as a result of the Company's privatisation

being in progress, in accordance with the act of 30 August 1996 on commercialisation and privatisation (Journal of Laws 1996 No. 118 item 561, as amended), the authorised employees acquired nil-paid shares of ENEA S.A. There were specific time restrictions on the possibility of a further disposal of shares of ENEA S.A. acquired free of charge. Pursuant to Art. 38 item 3 of the aforementioned act, 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 cannot 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 ENEA Wytwarzanie.

8. Principles relating to appointing and recalling management personnel

Pursuant to § 12 item 1 of the ENEA S.A.'s Statute the Company's Management Board is composed of a minimum of three and a maximum of eight persons, including the President of the Board. Management Board members are appointed for a joint term of three years (§ 12 item 2 of the Statute).

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 the mode described below (§ 13 item 1 of the 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 § 16 item 1 of 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. § 14 item 7 of the Company's Statute lays down the following principles and procedure for electing the Management Board member elected by the employees.

1. Candidates may be persons nominated according to the procedure set out in items 2 and 3 below.
2. Candidates may be nominated by any trade union organisation active within the Company and by employee groupings of at least 300 persons. Each employee can only support one candidate.
3. Candidates must be nominated in writing to the Main Election Committee, not later than seven days before the scheduled date of voting.
4. If a candidate is not elected in the first round of elections (for a Management Board Member to be elected in the first round of the elections, the candidate must obtain an absolute majority of votes, with at least 50% of all the employees taking part in the elections), a second round of elections is held, in which the two candidates who obtained the greatest number of votes in the first round participate.
5. The second round of elections is carried out in accordance with the procedure established for the first round, taking into account the changes provided for in item 4.
6. After the final results of the elections have been established, the Main Election Committee (appointed by the Supervisory Board) declares that they are valid and then makes an appropriate announcement and delivers the election documentation to the Supervisory Board.
7. As soon as it receives the election documentation, the Supervisory Board appoints the Management Board Member elected by the employees.

At the written request of at least 15% of all of the Company's employees, the Supervisory Board will convene a vote on recalling an employee-elected Management Board member. The outcome of the vote will be binding for the Supervisory Board, provided that at least 50% of all the employees take part in it and the same majority required for the Management Board Member to be elected is returned. 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.).

9. Powers of the Management Board members

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) taking over real property under a leasing, tenancy, lease or usufruct agreement or for any other use, on the basis of one or more legal acts in a period of 12 consecutive months, where the value of the rent for 12 consecutive months is greater than or equal to the equivalent of 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) taking over a fixed asset, except for real property, under a leasing, tenancy, lease or utilisation agreement or for any other use, on the basis of one or more legal acts in a period of 12 months, where the value of the rent for 12 consecutive months is greater than or equal to the equivalent of 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 § 20 item 6(5) of the Statute.

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.

10. Description of the principles governing the amendment of ENEA S.A.'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).

Pursuant to § 32 item 2 of the ENEA S.A.'s Statute resolutions regarding:

- the dissolution of the Company,
- moving the Company's registered office abroad,
- changes in the subject of the Company's business activities limiting the possibility of it conducting the activities referred to in § 5 item 1-4 of the Company's Statute,
- disposing of or leasing the Company's business undertaking or an organised part thereof, whose subject are the activities referred to in § 5 item 1-4 of the Statute, or establishing a limited right in rem on the Company's business undertaking or an organised part thereof,
- merging the Company by transferring all of its assets to a different company,
- a demerger of the Company,
- establishing preferential terms for shares,
- establishing, converting into or joining a European Company,
- amendment of § 32 of the Statute specifying the mode of adoption of resolutions on the aforementioned matters.

may be adopted if at least half of the Company's share capital is represented at the General Meeting of Shareholders, and it will require a majority of four fifths of the votes when and if the State Treasury ceases to hold more than 50.0% of the share capital.

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.

11. 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 must submit such a demand in writing to the Management Board not later than one month before the proposed date of the 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).

A scheduled General Meeting on whose agenda certain matters have been included at the request of entitled entities, or which was convened at the request of entitled entities, can only be cancelled with the consent of the parties that submitted the request. In other instances, a General Meeting may be cancelled if holding it at the original date would meet extraordinary obstacles (force majeure) or would become pointless beyond reasonable doubt. Such cancellation is effected in the same way as convening a meeting, ensuring that the

adverse effects for the company and the shareholders are minimised, and in any event complaint with § 29 item 4 of the Company's Statute not later than three weeks before the originally planned date of the meeting. The scheduled time of a General Meeting is changed by the same procedure as cancelling it, even if the proposed agenda of the meeting has not changed.

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 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

12. The composition of the management and supervisory boards of ENEA S.A., changes to it, and a description of their operations

12.1. Management Board

Pursuant to Art. § 12 item 2 of the Statute, the Issuer's Management Board members are appointed for a joint term of three years.

From 1 January 2012 the Management Board operated in the following composition:

Name	Position
Maciej Owczarek	President of the Board
Hubert Rozpędek	Member of the Management Board for Economic Affairs
Krzysztof Zborowski	Member of the Management Board for Energy Generation

On 24 February 2012 the Supervisory Board of ENEA S.A. adopted a resolution on appointing, starting from 19 March 2012, Mr. Janusz Bil to the position of a Member of the Management Board for Commercial Affairs.

On 27 September 2012 Mr. Maciej Owczarek, the President of the Board of ENEA S.A., submitted a termination notice of the service agreement within the management of the undertaking effective as at the notice submission date. On 1 October 2012 the Supervisory Board of ENEA S.A. adopted a resolution regarding recalling of Mr. Maciej Owczarek from the composition of the Issuer's Management Board, at the same time, till the nomination of a new President of the Board ENEA S.A. vested this function to a Member of the Board, Mr. Janusz Bil.

On 29 November 2012 the Supervisory Board of ENEA S.A. adopted a resolution on appointing, starting from 1 January 2013, Mr. Krzysztof Zamasz to the position of the President of the Board in the Management Board of ENEA S.A. for the 7th term.

At the same time, the Supervisory Board of ENEA S.A. confirmed in the aforementioned resolution that till the newly nominated President of the Board, Mr. Krzysztof Zamasz, assumes the duties of the President of the Board, these duties will be performed by Mr. Janusz Bil.

On 11 January 2013 the Member of the Management Board for Energy Generation - Mr. Krzysztof Zborowski, resigned from the function of the Member of the Board of ENEA S.A.

As at the date of this report, i.e. 11 March 2013, the Company's Management Board operates in the following composition:

Name	Position
Krzysztof Zamasz	President of the Board
Janusz Bil	Member of the Management Board for Commercial Affairs
Hubert Rozpędek	Member of the Management Board for Economic Affairs

On 14 February 2013, based on Article 19a of the Act of 30 August 1996 on commercialisation and privatisation and the regulation of the Council of Ministers of 18 March 2003 concerning the qualification procedure to the position of a member of the board in some commercial companies, including § 13 of the Statute, the Supervisory Board initiated the qualification procedure to the positions of four Members of the Board of ENEA S.A., i.e. President of the Board, Member of the Management Board for Financial Affairs, Member of the Management Board for Commercial Affairs and Member of the Management Board for Corporate Affairs.

The announcement on the qualification procedure was published on 18 February 2013 in the Rzeczpospolita daily. The deadline for submitting applications expired on 5 March 2013.

12.2. Competences and powers of the Management Board

The Board transacts the business of the Company and represents it (§ 10 item 1 of the Statute and Art. 368 § 1 CCC). Two Members of the Board acting jointly or one Member of the Board and an authorised signatory acting jointly are authorised to make declarations of will on behalf of the Company (§ 10 item 1 of the Statute).

The 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.

Pursuant to Article 371 § 6 of the Commercial Companies Code, including § 11 of the Statute, the Company's Board adopts the Rules of the Management Board specifying the operations of the Board, rules of transacting business of the Company by the Board and adoption of resolutions by the Board. The Rules of the Management Board are drafted by the Management Board on the basis of the instructions set out by the Supervisory Board, are adopted by a Management Board's resolution, and approved by the Supervisory Board.

Presently, the Rules of the Management Board in force in the Company were adopted with the resolution of the Board of 22 June 2010, approved by the resolution of the Supervisory Board of 12 July 2010.

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 at a Board's meeting is justified by a Chairman of the meeting (§ 6 item 1-3 of the Rules of the Management Board).

Employees of the Company, experts and external advisers may be invited to attend Management Board meetings. The agenda and the necessary documents for a Board meeting are provided by the Management Board Office at least one business day before the meeting (§ 6 item 4 and 6 of the Rules of the Management Board).

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 (§ 6 item 7 of the Rules of the Management Board).

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 (§ 7 item 1 and 2 of the Rules of the Management Board). In the event of an equal number of votes in adopting a management board resolution, the casting vote is held by the Management Board President (§ 7 item 5 of the Rules 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 (§ 7 item 7 and 8 of the Rules of the Management Board).

Pursuant to § 4 item 3 of the Rules of the Management Board being in force, the normal business of the Company not reserved for a decision of the Management Board (adopted as a resolution) is conducted by

the President of the Management Board acting alone and by particular Members of the Board according to their individual internal division of competencies:

- **President of the Board** coordinates tasks in connection with the overall operations of the Company and the ENEA Capital Group.
- **Member of the Management Board for Commercial Affairs** supervises and coordinates the overall tasks in connection with the trade of electricity and customers services.
- **Member of the Management Board for Economic Affairs** supervises and coordinates the overall tasks in connection with economic, financial and accounting matters and risk-related issues in the Company and the ENEA Capital Group.
- **Member of the Management Board for Power Generation** supervises and coordinates the entirety of issues associated with the compilation of development strategies and their implementation, as well as exercises supervision over companies belonging to the ENEA Capital Group carrying out electrical and heat energy generation activities.

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.

The full text of the Rules of the Management Board of ENEA Spółka Akcyjna is available at www.enea.pl Taking into account the fact that the qualification procedure initiated on 14 February 2013 regarding the election of candidates to the positions of Members of the Board of ENEA S.A. does not cover the position of the Member of the Management Board for Energy Generation, yet it covers the position of the Member of the Management Board for Corporate affairs, after the completion of the qualification procedure and nomination of Members of the Board, the Rules of the Management Board will need to be amended.

12.3. Supervisory Board

As at 1 January 2012, the Supervisory Board of the Company was composed of nine members and operated in the following composition:

Name	Position
Wojciech Chmielewski	Chairman of the Supervisory Board
Jeremi Mordasewicz	Vice-Chairman of the Supervisory Board
Michał Kowalewski	Secretary of the Supervisory Board
Małgorzata Aniołek	Member of the Supervisory Board
Agnieszka Mańkowska	Member of the Supervisory Board
Tadeusz Dachowski	Member of the Supervisory Board
Paweł Lisiewicz	Member of the Supervisory Board
Mieczysław Pluciński	Member of the Supervisory Board
Graham Wood	Member of the Supervisory Board

On 12 March 2012 the Extraordinary General Meeting of Shareholders nominated Mr. Sławomir Brzeziński to the composition of the Supervisory Board for the 7th term.

The 7th term of the Supervisory Board of ENEA S.A. expired on 29 June 2012.

The Ordinary General Meeting of Shareholders of ENEA S.A. convened as at 29 June 2012 decided that with the end of 30 June 2012 the term of a member of the Supervisory Board would expire for:

- Małgorzata Aniołek,
- Agnieszka Mańkowska,

- Sławomir Brzeziński,
- Wojciech Chmielewski,
- Tadeusz Dachowski,
- Michał Kowalewski,
- Paweł Lisiewicz,
- Jeremi Mordasewicz,
- Mieczysław Pluciński,
- Graham Wood.

At the same time, the Ordinary General Meeting of of ENEA S.A. decided on 29 June 2012 that the Supervisory Board of ENEA S.A. of the 7th term will be composed of 9 people and nominated from 1 July 2012 the following Members of the Supervisory Board of the 7th term:

- Małgorzata Aniołek,
- Sandra Malinowska,
- Sławomir Brzeziński,
- Wojciech Chmielewski,
- Michał Kowalewski,
- Przemysław Łyczyński,
- Tadeusz Mikłosz,
- Jeremi Mordasewicz,
- Graham Wood.

The Extraordinary General Meeting of Shareholders of ENEA S.A. decided on 22 October 2012 that the Supervisory Board of ENEA S.A. for the 8th term shall consist of 10 persons. Additionally, on the same day the Extraordinary General Meeting of Shareholders of the Company nominated Mr. Michał Piotr Jarczyński to the composition of the Supervisory Board of the 8th term.

As at the date of preparation of this report, i.e. 11 March 2013, the Supervisory Board of the Company of the 8th term is composed of ten members and operates in the following composition:

Name	Position
Wojciech Chmielewski	Chairman of the Supervisory Board
Jeremi Mordasewicz*	Vice-Chairman of the Supervisory Board
Michał Kowalewski	Secretary of the Supervisory Board
Małgorzata Aniołek	Member of the Supervisory Board
Sandra Malinowska	Member of the Supervisory Board
Sławomir Brzeziński	Member of the Supervisory Board
Michał Jarczyński*	Member of the Supervisory Board
Przemysław Łyczyński	Member of the Supervisory Board
Tadeusz Mikłosz	Member of the Supervisory Board
Graham Wood*	Member of the Supervisory Board

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

12.4. Competences and powers of the Supervisory Board

The Supervisory Board supervises all areas of the activities of the Company on an ongoing basis. The special duties of the Supervisory Board include assessing the Management Board's 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 (particularly Art. 382 § 1 and 3 CCC and § 20 of the Statute). 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.

Pursuant to § 22 item 1 and 4, § 23 and § 24 of the Company's Statute the Supervisory Board is composed of six to fifteen members appointed by: (i) the General Meeting of Shareholders, (ii) the Company's employees - to the extent of their entitlement under the Act on commercialisation and privatisation (the employees can elect two, three or four members of the Supervisory Board if it is composed of up to six, from seven to ten, or more than eleven members respectively) and (iii) the State Treasury - the State Treasury has the right to appoint one member of the Supervisory Board. Additionally, pursuant to § 22 item 7 of the Company's Statute, 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 the Warsaw Stock Exchange.

On 29 June 2012 the General Meeting of Shareholders of the Company nominated two independent Members of the Supervisory Board, namely Mr. Graham Wood and Mr. Jeremi Mordasewicz, and on 22 October 2012 it nominated a third independent Member of the Supervisory Board - Mr. Michał Jarczyński.

In accordance with the Rules of the Supervisory Board, adopted with the resolution of the Supervisory Board of 15 December 2009, amended by the Resolution No. 59/VII/2012 of 29 June 2012 (in force since 30 June 2012) the Board meets at least once every two months (§ 3 item 1 of the Rules of the Supervisory Board and § 26 item 1 of the Statute). Meetings of the supervisory Board are convened by the Chairman or Vice-Chairman of the Board, who will also present a detailed agenda. A Supervisory Board's meeting should be convened at the request of any Supervisory Board member or at the request of the Management Board (§ 26 item 4 of the Statute). A request for convening a meeting should be prepared in writing and should contain a proposed agenda, justification of each item of the agenda and should be signed by the applicant. A request shall be formally verified by the Chairman of the Supervisory Board who transfers the request to the other members of the Supervisory Board if it fulfils legal requirements. A meeting of the Supervisory Board convened based on the request may be held the earliest within two weeks of the delivery of the request to the Chairman.

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 (§ 3 of the Rules of the Supervisory Board).

Supervisory Board's meetings are chaired by its Chairman, or, in his/her absence, by the Vice-Chairman or other Supervisory Board member appointed at the meeting (§ 26 item 5 of the Statute). 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:

- a) open, proceed and close meetings of the Supervisory Board,
- b) give and take back the floor to members of the Supervisory Board,
- c) issue standing orders,
- d) order a voting, supervise its proper progress and announce results,
- e) settle order issues,
- f) order breaks in meetings of the Supervisory Board,
- g) issue instructions to a keeper of the minutes of the meeting of the Supervisory Board,
- h) distribute written resolutions of the Supervisory Board,
- i) 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 matter not included in the agenda shall be included into the agenda of the subsequent meeting (§ 4 item 2 and 3 of the Rules of the Supervisory Board). 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. Supervisory Board member's absence justification requires a resolution of the Supervisory Board (§ 4 item 6 of the Rules 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 following principles (§ 4 item 7a of the Rules of the Supervisory Board):

- a) a member of the Supervisory Board may speak exclusively on matters included in the agenda within the scope of the item of the agenda under discussion,
- b) on considering each business from the agenda, depending on its nature, the Chairman may set a time limit for its discussion by each speaker,
- c) the Chairman shall have the right to instruct the speaker who diverges from the topic, exceeds permitted time limits, or makes prohibited utterances,
- d) the Chairman shall have the right to take the floor back from speakers who do not adhere to the Chairman's remarks or to the provisions of the Regulations,
- e) the Chairman shall decide on termination of the discussion.

The Supervisory Board adopts resolutions if at least half of its members are present at the meeting and all of its members have been invited (§ 27 item 2 of the Statute and § 6 item 1 of the Rules of the Supervisory Board). The Supervisory Board adopts resolutions by an absolute majority of votes, in the event of a voting tie the Chairman of the Supervisory Board will have the casting vote (§ 27 item 3 of the Statute and § 6 item 4 of the Rules of the Supervisory Board).

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 (§ 6 item 6 of the Rules of the Supervisory Board). Resolutions cannot be adopted in writing or remotely using means of direct communication for elections of the Chairman or Vice-Chairman of the Board, appointing a member of the Management Board or recalling or suspending those persons (§ 27 item 4 of the Statute read together with Art. 388 § 4 CCC). Resolutions adopted in writing or remotely using a means of direct communication are presented at the next meeting of the Supervisory Board with the outcome of the vote (§ 6 item 7-8 of the Rules of the Supervisory Board). Members of the Supervisory Board may participate in adopting resolutions of the Supervisory Board casting votes in writing through another Member of the Supervisory Board, subject to Art. 388 § 2 and 4 of the Commercial Companies

Code (§ 6 item 9 of the Rules of the Supervisory Board and § 27 item 5 of the Statute read together with Art. 388 § 4 CCC).

On 19 December 2012 the Extraordinary General Meeting of Shareholders of ENEA S.A. amended the Statute of ENEA S.A. within the functioning of the Supervisory Board of the Company, giving a new wording to § 22 and § 25.

As a result of the amendments § 22 and § 25 of the Statute receive the following wording:

§ 22:

1. *The Supervisory Board is composed of 6 to 15 members.*
2. *Supervisory Board members are appointed for a joint three-year term.*
3. *Supervisory Board members should meet the requirements prescribed by law.*
4. *Subject to § 24, the Supervisory Board members are nominated and recalled by the General Meeting.*
5. *The election of the Chairman of the Supervisory Board is made from among the persons indicated by a shareholder who, as at the date of the adoption of the resolution of the General Meeting implementing such an authorisation, represented the highest share in the share capital of the Company.*
The Chairman of the Supervisory Board may be recalled from the function exclusively by the General Meeting.
6. *A motion for the nomination of the Supervisory Board member is filed to the Management Board, however if the motion is made during a General Meeting whose object is to elect the Supervisory Board, the motion in order to be valid should be made to the Chairman of the General Meeting immediately after his/her appointment, however not later than before the commencement of the voting on the nomination of members of the Supervisory Board. Each of the motions is a subject of a separate voting.*
7. *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 the Warsaw Stock Exchange.*
8. *The Supervisory Board member mentioned in item 7 is obliged to submit a written statement to the Company regarding the satisfaction of all the independence criteria along with the obligation to immediately inform the Company of ceasing to satisfy the independence criteria.*
9. *Failure to nominate the Supervisory Board member as referred to in § 24 or failure to elect by the General Meeting of the Supervisory Board members satisfying the independence criteria mentioned in item 7, or failure to elect the Supervisory Board members mentioned in § 23, and also the expiry of the mandates of these members during the term, shall not constitute any hindrance to adopt valid resolutions by the Supervisory Board.*

§ 25:

1. *Members of the Supervisory Board during the first meeting shall elect from among the members a Vice-Chairman and Secretary of the Supervisory Board.*
2. *The Supervisory Board may dismiss the Vice-Chairman and Secretary of the Supervisory Board from their function.*
3. *Any statements addressed to the Supervisory Board between meetings will be received by the Chairman of the Board, and if this is not possible, by the Vice-Chairman or the Secretary.*

A registration by the Registry Court of changes in the Statute within the aforementioned scope was made on 25 February 2013 of which the Company informed in the current report No. 6/2013 of 26 February 2013.

Audit Committee and Nominations and Remuneration Committee

The Rules of the Supervisory Board of ENEA S.A. provides for the nomination of two Committees of the Supervisory Board, i.e. the Audit Committee (pursuant with the Act of 7 May 2009 on certified auditors and their self-government (...)) and the Nominations and Remuneration Committee (§ 7 item 1 of the Rules of the Supervisory Board).

Pursuant to the Rules of the Supervisory Board, a 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 members of the committee elect a chairman of the committee from among their number. The chairman of the committee directs and supervises the committee's work, particularly the organisation and procedure of committee meetings. Committee meetings are convened by the chairman of the committee or, if he/she is absent, by a member of the Board indicated by him/her. Notifications of committee meetings are subject to the provisions on notifications of Board meetings, as appropriate. However, committee meetings should be held once per quarter, before the Company publishes its financial statements. Only persons invited by the chairman can take part in committee meetings. Committee resolutions are adopted by an ordinary majority of votes. In the event of an equal number of votes, the chairman of the committee has the casting vote. 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 (§ 7 item 2-10 of the Rules of the Supervisory Board).

Pursuant to Art. 86 item 7 of the Act on certified auditors the competence of the audit committee include:

- 1) monitoring the process of financial reporting,
- 2) monitoring the effectiveness of internal control systems, internal audits and risk management,
- 3) monitoring of the performance of financial review activities,
- 4) monitoring the independence of the auditor and the entity authorised to audit financial statements, including in the case of the provision of services as specified in Article 48 item 2 of the Act.

Additionally, pursuant to §8 item 5 of the Rules of the Supervisory Board the task of the Audit Committee is to advise the Board regarding the internal policy and budget procedures adopted by the Company and inspect them and advise on the Company's contracts with certified auditors, in particular:

- a) monitoring the accuracy of the financial information presented by the Company, particularly by reviewing the appropriateness and consistency of the application of the accounting methods adopted by the Company and its group (including the criteria for consolidating the financial statements of the companies in the group);
- b) monitoring the process of financial reporting;
- c) monitoring the effectiveness of internal control systems, internal audits and risk management;
- d) monitoring the financial review and presenting recommendations to the Board regarding the selection, appointment, re-appointment and dismissal of an external auditor by the authorised body and regarding the terms and conditions of his engagement;
- e) monitoring the independence of a certified auditor and the entity authorised to audit financial statements, including in the case of the provision of services as specified in Article 48 item 2 of the Act on certified auditors;
- f) evaluating and submitting an annual internal audit plan to the Supervisory Board for approval;
- g) evaluating and submitting an annual internal audit unit budget to the Supervisory Board for approval;

- h) evaluating and submitting changes in the scope of activities of the internal audit unit to the Supervisory Board for approval;
- i) discussing any problems or reservations that might result from auditing financial statements;
- j) discussing the nature and scope of the audit with the Company's certified auditors before the commencement of each audit of the annual financial statements and monitoring the coordination of work between the Company's certified auditors;
- k) reviewing internal control and risk management systems at least once a year, in order to ensure that key risks (including those associated with compliance with applicable provisions of law and regulations) are correctly identified, managed and disclosed;
- l) ensuring the effectiveness of the internal audit by expressing an opinion on the election, appointment or recall of the head of the internal audit department, as well as monitoring the reaction of the Management Board of the Company to its findings and recommendations;
- m) issuing an opinion on withdrawing from the payment conditions (reducing the remuneration) of the Director of the Inspection and Audit Office;
- n) analysing reports of the Company's internal auditors and the key conclusions of other internal analysts and the Management Board's response to those conclusions, including examining the degree of independence of internal auditors;
- o) inspecting the nature and scope of non-auditing services, in particular on the basis of the external auditor disclosing the sum of all fees paid by the Company and its group to the auditing firm and its chain, in order to prevent a material conflict of interests in that context;
- p) reviewing the effectiveness of the external auditing process and monitoring the response of the Management Board to written recommendations presented to it by external auditors;
- q) examining issues being the reason for dismissing an external auditor and issuing recommendations on required action;
- r) cooperating with the Company's organisational units responsible for auditing and control and periodically assessing their work;
- s) reviewing the Company's system of management accounting.

Pursuant to § 9 item 2 of the Rules of the Supervisory Board 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 Committee's tasks include:

- a) analysing Management Board's policy concerning the nomination, election and appointment of senior managerial personnel;
- b) 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;
- c) 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;
- d) assessing the Company's human resources management system;
- e) periodical assessment of the skills, knowledge and experience of individual members of the Management Board and management personnel and presenting the results of the assessment to the Board.

As at the date of this report, i.e. 11 March 2013, the composition of the Committees of the Supervisory Board of the Company is as follows:

1. The Audit Committee:
 - Graham Wood - Chairman,
 - Małgorzata Aniołek - Member,
 - Wojciech Chmielewski - Member,
 - Przemysław Łyczyński – Member.
2. Nominations and Remuneration Committee:
 - Michał Kowalewski - Chairman,
 - Sandra Malinowska - Member,
 - Tadeusz Mikłosz – Member,
 - Jeremi Mordasewicz - Member.

In 2012 the Audit Committee held two meetings and adopted 3 resolutions. Meetings of the Committee were devoted, among other things, to:

- election of the Chairman of the Audit Committee of the Supervisory Board of the 8th term,
- assessment of methods for auditing financial statements of the Company for the financial year of 2011,
- approval of the Report on internal audit activities for 2011,
- assessment of the internal control system in ENEA S.A.

On 17 January 2013 the Audit Committee has positively approved the following documents: "2013 Annual Audit Plan for ENEA CG" in the part relating to ENEA S.A. and "Budget Proposal of the Control and Audit Office for 2013" and decided to present the said documents to the Supervisory Board for approval.

In addition, the Audit Committee:

- reviewed the Financial statements for the first half of 2012,
- reviewed completed internal audits and approved final reports on such audits,
- accepted the information on the current status of the implementation of the Project "Development and implementation of risk management system in the ENEA Capital Group",
- assessed the progress of works within reorganisation of the internal audit,
- familiarised with the report on the realisation of audit plans for 2012 and the proposal of Audit plans for 2013.

In 2012 the the Nominations and Remuneration Committee held 4 meetings and adopted 9 Resolutions. The subject matter of the meetings of the Committee was e.g. development of a recommendation for the Supervisory Board regarding:

- setting a new date for the change of the rate of fixed remuneration due to the Vice-President of the Board for Energy Generation, by title of performing the Agreement on management services,
- change of a draft Agreement on management services of 26 January 2012 which will be concluded with Members of the Board nominated as of 2012,

- conclusion with the President of the Board and Member of the Board for Commercial Issues of Agreements on management services, setting the amount of fixed remuneration due to the President of the Board and Member of the Management Board for Commercial Affairs and authorisation for the Chairman of the Supervisory Board to execute such Agreements,
- change of the rate of fixed remuneration due to the Member of the Management Board for Energy Generation, by title of performing the Agreement on management services concluded on 28 June 2011,
- granting consent to the Member of the Management Board for Commercial Affairs to hold a position of a member of a Supervisory Board of a company comprising the ENEA Capital Group.

Additionally, the Nominations and Remuneration Committee:

- elected the Chairman of the Committee,
- conducted discussions on the rules of employment and remunerating Members of the Board of ENEA S.A.

Report on operations of ENEA S.A. within Corporate Social Responsibility

Table of contents

1. Introduction	111
2. Building a socially responsible business	112
2.1. Ensuring sustainable human resource management	112
2.1.1. Launching of an Intranet platform	112
2.1.2. Customer feedback and employee expectations research for enhancing the Group's efficiency	112
2.2. Ensuring a dialogue with stakeholders, including local community, and taking their opinions into account in business operations	113
2.2.1. ENEA Group published "The report of the corporate social responsibility of the ENEA Group 2011" according to GRI	113
2.2.2. ENEA S.A. honoured in the ranking of companies reporting ESG data	114
2.2.3. Access to www.enea.pl website for disabled people	114
2.2.4. ENEA S.A.'s good practices in the report "Responsible Business in Poland 2011. Good Practices"	115
2.2.5. Participation in VI CSR Fair	115
2.2.6. "Dumni z dziedzictwa" Programme ("Proud of the legacy")	115
2.2.6.1. Artistic competition for middle schools "Proud of the legacy"	115
2.2.6.2. Illumination of the Palace on the Isle in the Royal Łazienki Museum in Warsaw	116
2.2.7. Photo competition – "The Glow of the Palace on the Isle"	116
2.2.8. Commitment of ENEA S.A. in the social campaign "Cała Polska czyta dzieciom" ("The whole Poland reads to children")	116
2.2.9. ENEA's involvement in the "Nauki Przyrodnicze na Scenie" ("Science on Stage") project	117
2.2.10. Involvement of ENEA in the VIII Charity Concert in Poznań	117
2.2.11. Participation in the contest - "Mama w pracy" ("Mom at work")	117
2.2.12. ENEA S.A. as a partner of publications on CSR in listed companies' strategies: "How to benefit from responsibility?"	118
2.2.13. Festiwal Zaczarowanej Piosenki im. Marka Grechuty (Marek Grechuta Enchanted Song Festival)	118
2.2.14. "5 zmysłów. Pauza" ("5 senses. Pause") educational and cultural project – prevention of social exclusion	118
2.2.15. Commencement of cooperation with Anna Dymna's Foundation "Mimo Wszystko" ("After All" Foundation)	119
2.2.16. Participation in the "Młodzi Odwagi!" ("Courage, young people!") and "Jak urządzić świat" ("How to organize the world") projects	119
2.2.17. Cooperation with non-government organisations on the recycling project – ENEA S.A. gives used printers to social organisations	120
2.2.18. ENEA S.A. customer satisfaction survey within the area of business and individual customers	120
2.2.19. The Corporate Volunteering Support Programme "Z porywu serca" ("Spur of heart")	120
2.2.19.1. Educational programmes: "Power-not so scary" and "In contact with nature KIDS"	122
2.2.19.2. First Aid - pre-medical rescue - social education programme	123
2.2.20. Volunteers' actions	124
2.2.21. The "Coalition of volunteering Presidents 2011" project	124
2.3. Promoting pro-environmental practices and behaviours	125
2.3.1. Polish national environmental education project Wkontakcieznatura.pl for the stakeholders of ENEA S.A.	125
2.3.2. The recycling action "Ciuch w Ruch" ("Move the dress") in ENEA S.A.	125
2.3.3. Participation in the pro-ecological action - "Godzina dla Ziemi" ("Earth Hour")	126
2.3.4. Eco-printing - saving office paper	126
2.3.5. Waste paper and batteries segregation - special cartons in printer rooms	127

1. Introduction

Irrespective of the information presented in the other parts of the interim report for 2012 in the opinion of the Board of ENEA S.A. the attention must be paid to the activities of ENEA CG within corporate social responsibility (CSR).

Information within this area are presented below also compliant with the recommendation mentioned in part I item 10 of Best Practices of WSE Listed Companies* of ENEA S.A., according to which: "If a company supports different forms or artistic and cultural expression, sport activities, educational or scientific activities, and considers its activity in this area to be a part of its business mission and development strategy, impacting the innovativeness and competitiveness of the enterprise, it is good practice to publish, in a mode adopted by the company, the rules of its activity in this area".

ENEA Group joined the companies reporting CSR since its priority is reliable informing on the activities undertaken in the context of economic, social and environmental responsibilities and on the approach to management. GRI standard indicators and the rules specifying the principles of selection and gaining reported information facilitate us in the realisation of this goal.**

In 2010 the ENEA Capital Group established a CSR Strategy integrated with the business strategy of the Group contained in the document titled "Corporate Strategy of the ENEA Capital Group for 2010-2015 looking forward to 2020". The CSR Strategy is assumed to support, develop and deepen the provisions of the business strategy and is to serve the realisation of the third from the set goals:

- Improving the effectiveness of how the Group functions,
- Development of the core business of the Group,
- Building of a socially responsible business.

Such a tight combination of provisions concerning social responsibility of the business with the Corporate Strategy underlines a high priority for the implementation of CSR practices in all companies belonging to the Group.

Within the area of: "Building of a socially responsible business" 3 goals are set:

1. Ensuring sustainable human resource management,
2. Ensuring a dialogue with all stakeholders, including local communities, and taking their opinions into account in business operations,
3. Promoting pro-environmental practices and behaviours.

Individual companies from the ENEA Group prepare their own operating plans each year detailing the scope of actions contributing to pursuing CSR Strategy objectives. Operating plans take into account the specific nature of each company commonly pursuing to perform the adopted strategic objectives of the ENEA Group. Each company reports, through appointed CSR coordinators in a given company, to ENEA S.A. a progress in the implementation of activities in line with the strategy.

In ENEA S.A. in 2012 numerous new activities were conducted realising the aforementioned goals of the CSR Strategy but at the same time being the continuation of the activities commenced in 2011 within projects contained in the Operating Plan. They are described in item 2 below.

Report on corporate social responsibility of ENEA S.A. for 2011 is available at www.enea.pl.

* Best Practices of WSE Lsted Companies constitute an Appendix to the Resolution No. 19/1307/2012 of the WSE Supervisory Board of 21 November 2012.

** GRI - Global Reporting Initiative (GRI) is an international non-profit organisation which through a global dialogue with stakeholders develops international guidelines for sustainability reporting: "Sustainability Reporting Guidelines". GRI disseminates reporting practices through a chain of partners, the so called Organizational Stakeholders (OS).

2. Building a socially responsible business

2.1. Ensuring sustainable human resource management

Within goal 1 titled: "Ensuring sustainable human capital management" the following projects were realised:

2.1.1. Launching of an Intranet platform

In H1 2012 a corporate Intranet platform was implemented - a tool which is to be finally available for all the ENEA Group companies. At the end of 2012 all the companies comprising the Group (except PEC Oborniki) were connected to the corporate Intranet. Another connection will be performed after technical problems are solved. Thanks to the Intranet the employees of the Group companies obtained a real time access to the same information. The Intranet fulfils not only an information function but also integrates employees and is co-developed by them.

The average statistics of visits per a month amounts to 30-35 thou., which is a proof of a great interest and a need of using this tool in everyday work.

Works are in progress over the improvement of the functions of the corporate Intranet and division of a special Intranet platform available only to the employees of ENEA S.A.

2.1.2. Customer feedback and employee expectations research for enhancing the Group's efficiency

In Q3 2011 the Corporate Communication Department of ENEA S.A. commenced preparations to perform a poll of opinions and expectations of employees of the ENEA Group for 2011. The research started in December 2011 and then, after a break, was continued in April 2012.

At the first stage the qualitative research was realised, i.e. group interviews with selected employees of most companies and in-depth individual interviews with managers of medium and senior level.

In the second phase a quantitative research directed at all the ENEA Group employees was conducted. Its form was a survey. It ended at the end of June 2012.

It was a great logistic challenge. Surveying took place concurrently in all the ENEA Group companies. Employees who possess individual e-mail address and access to the Internet, and they are almost 5 thou. people, received electronic surveys. The others (around 5 thou. people as well) could fill in the questionnaire in a paper form. A form with an option of printing was loaded in the Intranet of companies and sent to the research coordinators in particular locations. The efficiency of the research was around 23%.

In Q3 2012 reports were developed concerning ENEA S.A., ENEA Operator Sp. z o.o. and the whole Group. Consultations inside the Group took place.

The last stage was communicating the research results to the Group employees. In ENEA S.A. the results were submitted to the HR department.

2.2. Ensuring a dialogue with stakeholders, including local community, and taking their opinions into account in business operations

2.2.1. ENEA Group published "The report of the corporate social responsibility of the ENEA Group 2011" according to GRI

In the month of November 2012 the ENEA Group published its first comprehensive sustainability report (CSR report). The first report covers the period from 1 January 2011 to 31 December 2011. The document was issued according to the international reporting standard - Global Reporting Initiative (GRI), compliant with their latest version G3.1, C application level. On this level it is required to present a minimum of 10 indicators with a division to the following indicators: economic, social and environmental. The CSR report of the ENEA Group presents 18 such indicators.

The development of "The report of the corporate social responsibility of the ENEA Group 2011" was a natural consequence of the adoption by the Group of a document "The ENEA Capital Group's strategy of corporate social responsibility" and pursuing by particular Group companies the realisation of the set and measured CSR goals. The report for 2011 is the first CSR report of the ENEA Group.

The CSR reporting process compliant with the GRI standard is a demanding process, which however brings tangible benefits. It requires presentation of specific figures. Thanks to it it is easier to understand the goals by which the organisation is directed. In "The report of the corporate social responsibility of the ENEA Group 2011" the calculation methods were applied which are specified in the GRI guidelines. An approach was assumed in which data is presented in division into particular companies anywhere it was possible. Thanks to it the stakeholders may gain better knowledge on the strategic goals of the ENEA Group and their translation into the activities and initiatives undertaken by the Group companies. It allows for the assessment of the whole environmental and social impact of the ENEA Group and particular key companies.

On defining the content of the report the GRI rules were followed, in particular the four guidelines relating to the content: materiality, taking into account stakeholders, sustainable development context and completeness. The key issues in the reporting process were set by "The ENEA Capital Group's strategy of corporate social responsibility" approved in 2010. On a later stage, feedback was specially gained for the needs of the reporting process from external and internal stakeholders, other strategic documents, policies, issues important for the sector and more widely the economic environment. The results of this analysis in the form of a list of issues were ordered during a workshop meeting in which the Group companies representatives took part. As a result of the process of defining the report content a list of key issues was developed to which the report relates.

Representatives of particular ENEA Group companies specialising in various fields of operation took an active part in the CSR reporting process. Their support, time and commitment were substantial in the CSR reporting process. The content of "The report of the corporate social responsibility of the ENEA Group 2011" covers the operations of 18 ENEA Group companies in 2011 and reflects its attitude towards the implementation of the set strategic goals connected with the corporate social responsibility. The Company used also external assistance which facilitated the first reporting process.

The report contains the information on the ENEA Group's approach towards developing relations with its key stakeholders in the context of non-financial risks management and building of a Company's permanent goodwill. The indicators contained in the report reflect the practices of the ENEA Group within the relations with employees, the scale and character of the environmental impact of the Group's operations and the investments it plans and realises which diminish such an impact. The indicators inform also of the potential of the ENEA Group in the perspective of employer-employee relations. The section devoted to customers discusses the character of the implemented system changes which directly translate into the service quality

and the level of the ENEA Group's customer satisfaction. The very reporting process engaged not only the representatives of particular Group companies, but also its external stakeholders.

The publication of the corporate social responsibility in the ENEA Group for 2012 was planned at the end of Q2 2013.

2.2.2. ENEA S.A. honoured in the ranking of companies reporting ESG data

In November 2012 ENEA S.A. found its place among 30 listed companies distinguished for the level and transparency of communications within non-financial data: environmental, social and corporate governance (E – environmental, S - social responsibility, G- corporate governance) in the project "ESG data analysis in Poland". ENEA S.A. found itself among the best companies in its industry, defined as companies from the public utility sector in the research.

Such a high assessment is connected with the realisation of "The ENEA Capital Group's strategy of corporate social responsibility".

The document contains e.g. reports on the indicators connected with the impact of the Company on the natural environment, with practices in the working place and from within the area of customers relations or a policy of social engagement.

"ESG data analysis in Poland" was performed on a sample of 831 companies and covered the companies listed on the regulated market on the Warsaw Stock Exchange and companies from the Alternative Trading System (NewConnect market). GES Risk Rating method applied is based on the international standards concerning a sustainable development (e.g. Global Compact, OECD guidelines for multi-national corporations, conventions of the International Labour Organisation, ISO 14001, SA8000), corruption (FCPA) and occupational safety and hygiene (OHSAS 18001) in connection with the Principles for Responsible Investment.

The project was organised by the Stock Exchange Issuers Association, GES and Accreo Taxand.

More information on the methods on www.seg.org.pl/esg.

2.2.3. Access to www.enea.pl website for disabled people

In December 2012 ENEA S.A. adjusted its website www.enea.pl for people with disabilities. It is the first company to receive a Certificate of the Integracja (Integration) Foundation "Portal Przyjazny Osobom z Niepełnosprawnością" ("The Disabled-Friendly Website").



The certificate was awarded based on the examination of the portal as to the content accessibility for a ten odd groups of users, including people with various types of disabilities. During the works various technical difficulties were fought, including the so called "keyboard trap" which disables the access to the service without using a mouse and the construction of contact forms guaranteeing security of transmitted data. Modifications include introduction of the international web content accessibility guidelines – WCAG 2.0.*

Awarding of the certificate does not mean any termination of the works over the improvement of the website. ENEA S.A. is ready to perform further modifications and is open to users' proposals.

The adaptation procedure of www.enea.pl lasted several months, after which the portal reached a level of satisfactory accessibility and should not pose barriers to disabled users.

2.2.4. ENEA S.A.'s good practices in the report "Responsible Business in Poland 2011. Good Practices"

The Forum of Responsible Business for a second year in row positively verified two examples of responsible activities reported by ENEA S.A.:

1. Project of pro-ecological education "W kontakcie z naturą" ("In contact with nature").
2. Educational programme for children "Nie taki prąd straszny" ("Power-not so scary").

The both examples appeared in the Report: "Responsible Business in Poland 2011. Good Practices" which is the most important annual publication concerning CSR activities undertaken in Poland.

2.2.5. Participation in VI CSR Fair

Report "Responsible Business in Poland 2011. Good practices" was announced during the CSR fair in Warsaw which took place on 29 March 2012 during which ENEA S.A. presented the both good practices. This year CSR Fair were organised in a socially responsible way and pro-ecologically thorough the implementation of the Sustainable Meetings Standard BS 8901. This was the first fair in Poland organised compliant with the standard.

2.2.6. "Dumni z dziedzictwa" Programme ("Proud of the legacy")

In September 2011 ENEA S.A. signed an agreement on providing patronage over the Royal Baths Museum in Warsaw. The Company's goal is to restore due magnificence of the Royal Baths in Warsaw.

Within the upcoming the years, the Company is to undertake the replacement of electrical installations within the whole complex and spectacular lighting of its historic buildings. Taking the patronage was the first stage of the programme "Proud of the legacy" in which ENEA S.A. wishes to express its deep commitment to care for the Polish culture and its place in the consciousness of people around the world. Technical concepts, projects and realisations of works relating to the lighting are performed by ENEOS, belonging to the ENEA Group, which was repeatedly awarded for its professionalism. For over a year the monuments and gardens of the Royal Baths have gained new illumination. Within the works conducted from November 2011 till the end of June 2012 Staw Belwederski (The Belvedere Pond) and Myślewicki Palace and Świątynia Diany (Temple of Diana) were illuminated. The power installation was replaced in the attic of the Officer Cadets School, the lighting of the second floor was modernised in the Sculpture Gallery in Old Orangery and the power grid was developed along the Aleja Chińska (Chinese Pathway).

2.2.6.1. Artistic competition for middle schools "Proud of the legacy"

Till the end of March 2012 the competition saw 95 works, 10-person delegations from 60 places. In April 2012 the Jury selected the winners who were invited to the Final Thursday Meeting in the Royal Baths in Warsaw. The Jury was composed of: Maciej Owczarek, the then President of the Board of ENEA S.A., Tadeusz Zielniewicz, Director of the Royal Baths Museum in Warsaw, Jolanta Gumula, Deputy Director for Museum Matters and Magdalena Lewna, The Head of the Educational Centre of the Royal Baths Museum.

All the works submitted for the competition took part in the fight for The Audience Award. The photographs which were sent were published on the Facebook profile of the "Proud of the legacy" programme. Portal users could vote for selected projects by clicking "Like it" till the end of May 2012. Collectively in the competition for the Audience Award over 13,000 votes were cast.

On 14 June 2012, in the Royal Baths in Warsaw, the final of the "Polish Competition for Students of Middle Schools - Proud of the legacy" took place. For the Final Thursday Meeting representations from 5 educational centres were invited which were selected during the first stage of the competition. During the meeting the students represented artistic works "Why should we be proud of the national legacy?" and participated in the

knowledge contest on the Royal Baths. The winner in the competition was Władysław Reymont Middle School in Bądków.

2.2.6.2. Illumination of the Palace on the Isle in the Royal Łazienki Museum in Warsaw

In Q4 2012 ENEA commissioned the illumination of another building – the Palace on the Isle. The building acquired a new glow emphasizing its historical character even more. The illuminated 17th-century Palace could be admired in winter from 4 to 7 p.m. For the purpose of the Palace on the Isle illumination 28 LED light fixtures were used of combined power of 963 watts and estimated longevity near 50,000 hours. The colour temperature of 3,000 K (Kelvin degrees) was matched to the colour scheme of the facades. The power supply includes 170 m of cables laid partially underwater and partially underground in the gardens and 220 m of cables distributed on the facades and roof of the Palace.

2.2.7. Photo competition – "The Glow of the Palace on the Isle"

In Q4 2012 particular importance was placed on the promotion of the Palace on the Isle illumination. On 17 December 2012 started a four-week photographic competition named: "The Glow of the Palace on the Isle" for the most beautiful photo of the illuminated building. The final of the competition was planned for 25 January 2013. The main prize was a professional photo camera.

2.2.8. Commitment of ENEA S.A. in the social campaign "Cała Polska czyta dzieciom" ("The whole Poland reads to children")

ENEA S.A. since 2011 has been supporting the operations of the Foundation "ABCXXI - Cała Polska czyta dzieciom". The goals of the "The whole Poland reads to children" campaign is most of all propagation of the everyday reading to children as an effective method of supporting their comprehensive development, building of internal competencies of children: emotional and intellectual competencies, and limitation of a negative



impact of mass culture and mass media on children and the youth. The campaign is being presently conducted in the whole of Poland by 6,376 volunteers - Leaders and Coordinators (data from July 2011). The programmes announced by the Foundation: "Czytające Szkoły" ("Reading Schools") and "Czytające Przedszkola" ("Reading Kindergartens") were joined by over 2,350 schools and over 2,300 kindergartens (data from July 2011). Institutions which introduced every day reading aloud to children are observing an increase in comprehension of texts and instructions, improved concentration, easiness of speech and composition, better motivation to learn and willingness of cooperation, establishment of relations among students and students and reading teachers, increase in reading activities of children, and a substantial improvement of the behaviour.

Known and valued people, from the cultural, political and business world, have engaged in the Foundation's activity, and the honorary patronage over the campaign was taken by the Ministry of Culture and National Heritage.

The X Final of the campaign "The whole Poland reads to children" took place on 26 March 2012. ENEA S.A. was honoured with a statuette that was at the same time a thank you to the company for supporting the Foundation's activities.

A project of an educational movie was prepared in H1 2012 entitled "Jak kochać dziecko?" ("How to love a child?") whose distribution was planned together with a book "Pierwsza książka mojego dziecka" ("My child's first book"). On 6 February 2013 the project was inaugurated. The idea of the project is to give the multimedia packet entitled "My child's first book" free of charge to mothers who give birth to their children within the territories of four provinces – Świętokrzyskie, Podkarpackie, Podlaskie and Warmińsko-Pomorskie – from 6 February 2013 until the edition is exhausted. The packet includes the book entitled "My child's first book" that was prepared in such a way that should encourage young parents to read their children every day. It includes information concerning developmental advantage coming from reading to children from birth, examples of reading influence on health and life of actual children and poems for children – both, short ones, simple and rhythmic, easy to repeat and longer ones, written by renown authors, such as: "Lokomotywa" by Julian Tuwim, "Idzie niebo" by Ewa Szelburg-Zarembina and "W kredensowym zamku" by Joanna Papużyńska. The whole book has funny illustrations that encourage to learn, explain and describe various activities, the seasons, household items and the surrounding world. The carefully manufactured book is friendly and safe for the child.

The packet also includes a DVD with an educational movie "How to love a child?" discussing the methods of satisfying emotional needs of a child and "Kołysanki i śpiewanki dla Najmłodszych" ("Lullabies and songs for Little Ones") serving to develop a child's aptitude for music. The packet's edition is 6 thou. copies and will be distributed among the mothers during their discharge from the hospital, at the maternity units of private and public healthcare institutions. The book and DVD are intended as a kind of cultural and pedagogical start-up kit for young parents and their newborn babies, hence the plan is to distribute them in future free of charge to all mums at obstetric hospitals. The inaugurated action is a pilot project that in future is to include all of Poland. At present the packet (book and DVD) distribution will include 4 provinces, selected with regard to their lowest reading rate.

2.2.9. ENEA's involvement in the "Nauki Przyrodnicze na Scenie" ("Science on Stage") project

The Poland-wide education festival "Science on Stage" took place at the Faculty of Physics of the Adam Mickiewicz University in Poznań. Its purpose was to promote natural sciences among students and teachers. For the last weekend of September 2012 the organisers prepared for the students of upper-secondary schools the meeting with physics, astronomy, chemistry, biology, ecology and mathematics. During the meeting the youth could present their achievements in three categories: demonstration of phenomena, artistic activities showing the connection of exact sciences with the problems of contemporary societies and multimedia shows concerning the ways the newest achievements of natural science and mathematics are used in a man's life. The festival is an occasion to popularise the achievements of science, increase cooperation in education, for the scientists and young people to share experience. ENEA S.A. supported the festival for the third time.

2.2.10. Involvement of ENEA in the VIII Charity Concert in Poznań

In December 2012 ENEA S.A. supported the VIII Charity Concert organised by the Adam Mickiewicz University in Poznań. The whole proceeds from the concert was contributed to post-operative rehabilitation of a student born with infantile cerebral palsy. In addition, an auction of artistic works of the students of the University's Faculty of Pedagogy and Fine Arts in Kalisz took place during the concert.

2.2.11. Participation in the contest - "Mama w pracy" ("Mom at work")

ENEA S.A. took part in the contest "Mom at work" organised by: Fundacja Św. Mikołaja (St. Nicolaus Foundation) and the publisher of Rzeczpospolita, checked whether a given company is mom-friendly, i.e. how the employer treats pregnant women? What conditions do they ensure to them after they come back from

maternity or parental leave? Till 5 March 2012 the employees of ENEA S.A. could express their opinion within this matter in an anonymous contest questionnaire.

The objective of the action is promotion among employers of such a model of management and organisation in the company which allows for joining maternity duties with professional career.

The results were published in "Rzeczpospolita" daily. The winners received the title of "Leader in the Mom at work contest".

ENEA S.A. through its start in the "Mom at work" contest collected valuable remarks of employees concerning the return to work after a maternity and parental leave. It will help in the future implement satisfactory solutions by the employer.

2.2.12. ENEA S.A. as a partner of publications on CSR in listed companies' strategies: "How to benefit from responsibility?"

ENEA S.A. along with the Warsaw Stock Exchange provided patronage for the publication dealing with CSR as an important element in strategies of companies listed on the Warsaw trading floor.

The publication prepared by CSRinfo in cooperation with Stowarzyszenie Emitentów Giełdowych (Stock Exchange Issuers Association) constitutes a vast source of information mentioning such issues as profitability of implementation of CSR strategy or best practices in this field. The publication presents 13 case studies and 88 examples from 23 branches.

ENEA S.A. perceives the social responsibility of the business as a method of corporate 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. Therefore it has been supporting CSR promoting initiatives already for a few years.

2.2.13. Festiwal Zaczarowanej Piosenki im. Marka Grechuty (Marek Grechuta Enchanted Song Festival)

On the Cracow's Rynek Główny on 9 June 2012 the Marek Grechuta Enchanted Song Festival took place, the organiser of which each year is Anna Dymna's Foundation "Mimo Wszystko" ("After all") taking care over disabled people, including those with mental retardation. ENEA S.A. was one of the key sponsors of the event and funded two first awards in the amount of PLN 24 thou. net each for vocally talented disabled people. Awards went to: 14-year old Wiktoria Smuga and 18-year old Klaudia Borczyk. They were handed by the Ambassador the the ENEA S.A. brand - actor, Michał Żebrowski, who also took the place in the jury. The event was transmitted two weeks later by TVP2.

On 19 November 2012 in the premises of Telewizja Polska S.A., ul. Woronicza in Warsaw a ceremony of handing out the "Friend of the Enchanted Bird" statuettes to those who contributed to the VIII edition of the Marek Grechuta Enchanted Song Festival being carried out and supported the disabled young people who are vocally talented – including ENEA S.A. as the major sponsor of the Festival.

2.2.14. "5 zmysłów. Pauza" ("5 senses. Pause") educational and cultural project – prevention of social exclusion

The goal of the project, which started on 15 September and lasted until 15 November 2012, was prevention of social exclusion caused by disability, activation of the environment of the hearing-impaired and promotion of the attitude of involved participation in the cultural life. The purpose of the participation in the project was to stimulate the need to get involved with cultural life in people who constitute a marginal group of potential recipients. The goal of the "5 senses. Pause" project was to open the field before the deaf people that was

heretofore completely unavailable to them. The execution of the project was a new quality in the area of cultural education for the disabled.

The programme of "5 senses. Pause" included music workshops – theory and practice, meetings with musicians and musicologists, sign language specialists, presentations of instruments. The main feature was the music workshops conducted by the "Amadeus" Chamber Orchestra of the Polish Radio conducted by Agnieszka Duczmal, during which the deaf people had prepared a music piece that was performed on 14 November 2012 during the final concert together with the "Amadeus" Orchestra.

The organisers of the "5 senses. Pause" project were the MCA Educational Association and the More Than One Production agency.

The participation in all the events of the "5 senses. Pause" project was free of charge.

2.2.15. Commencement of cooperation with Anna Dymna's Foundation "Mimo Wszystko" ("After All" Foundation)

Within the approved by the ENEA S.A.'s Supervisory Board on 21 April 2012 "Policy of social engagement of the ENEA Capital Group" which determined the key directions of activities of social commitment of companies comprising the Group, such as the environment and community, the Supervisory Board of ENEA S.A. adopted at the end of June 2012 a resolution on commencement of the long term cooperation with the Anna Dymna's Foundation "After All" from Cracow. The amount of the grant will be designated mainly for the project of running of a Rehabilitation and Therapeutic Centre "Dolina Słońca" for mentally retarded people in Radwanowice near Cracow and for art therapy workshops of "After All". The cooperation lasted until the end of 2012.

2.2.16. Participation in the "Młodzi Odwagi!" ("Courage, young people! ") and "Jak urządzić świat" ("How to organize the world") projects

ENEA S.A. participates as a partner in the "Courage, young people!" community action. The action is a Poland-wide campaign supported by journalists, publicists and healthy lifestyle specialists. The purpose of the action is to make young people pay attention to the quality of food they choose, the way they eat it, as well as encourage them to move everyday and work out. All schools interested in participation in the movement for promotion of healthy eating habits and physical activity are free to join in. The action was launched in September 2012 and will last until July 2013.

Schools participating in the action will be organizing workshop lessons (also for parents) and other creative activities promoting healthy lifestyle. They will also take an active part in organizing the campaign and projects for "healthier" in-school shops and physical activity among young people. The schools will also have to sign the healthy lifestyle Manifesto that contains rules and guidelines that should be observed in order for the action goals to be achieved. The "Courage, young people!" action has been organised by Gazeta Wyborcza and the Centre For Citizenship Education, in collaboration with the Ministry of National Education and Ministry of Health, among others.

In September 2012 ENEA started preparations to participate in the "How to organize the world" project. The objective of the project is reinforcing the public debate about economic, social and ecologic hazards that became visible at the beginning of the 21st century. The project fits in with the modern educational model that promotes critical thinking, cooperation among students and communication – within student teams, the whole school and via the internet networks, and what is particularly important – relating the school to real-life problems, teaching to recognise and solve them. The project is Poland-wide and addressed to students, teachers and headmasters of primary, secondary and upper-secondary schools. The programme was launched

on 1 October 2012 and is addressed to students, teachers and headmasters of primary, secondary and upper-secondary schools.

2.2.17. Cooperation with non-government organisations on the recycling project – ENEA S.A. gives used printers to social organisations

ENEA S.A. promoting the fundamentals of economy and greenness and actively supporting the needings conducted and author's large recycling campaign. When multifunctional printing-copying-scanning devices appeared on the corridors of the Company co-used by employees, 67 operating printers individually used by employees in their rooms became redundant. Then within the campaign a survey was performed among the employees of the ENEA Group with a request to indicate the social organisations which may need printers. 25 proposals of such organisations and schools were sent to csr@enea.pl. The rest of printers reached social organisations selected during contests with transparent rules.

In order to coordinate the whole process ENEA S.A. undertook cooperation with three largest and most resilient non-government organisations from Wrocław, Szczecin and Poznań:

1. Fundacja Wspierania Organizacji Pozarządowych "Umbrella" (Non-government organisations supporting foundation) from Wrocław,
2. "Polites" Association from Szczecin,
3. Wielkopolska Rada Koordynacyjna Związek Organizacji Pozarządowych (The Wielkopolskie Coordination Committee Association of Non-government Organisations) from Poznań.

As umbrella organisations they possess better knowledge of the needs of the region in which they function and know which non-profit organisations associated in them need help most of all. These were the organisations to which ENEA S.A. decided to give all the 67 printers the part of which they are obligated to give to the organisations indicated by the employees of the ENEA Capital Group.

2.2.18. ENEA S.A. customer satisfaction survey within the area of business and individual customers

ENEA S.A. during H1 2012 conducted a survey among its customers aiming at assessing customer satisfaction. The survey was conducted among both the individual and business customers with division into particular customer segments: strategic, key, medium and small business. As the first stage a qualitative survey was conducted and based on it a quantitative survey was performed taking into account e.g. customer satisfaction from operation of Customer Service Points, invoicing, complaints, customer account managers, functioning of info lines or website.

2.2.19. The Corporate Volunteering Support Programme "Z porywu serca" ("Spur of heart")

The initiatives of help and of social involvement of employees have been present in the culture of the ENEA Group for a long time. The employees have an enormous potential, which ENEA, as a socially committed employer, strongly supports. In 2011, the ENEA Group started an active involvement of their employees in social activities. "Frame Principles of Supporting Corporate Volunteering" has been endorsed, regulating past activity of employees in the pro-social sphere. Today, voluntary work of employees is a substantial factor in building relationships with stakeholders of the company. Employees of the ENEA Group personally engage in giving help selflessly to those in need. Many actions are their own initiative. Without a doubt, the involvement in charitable activities stems from the awareness of the timeless value of helping, but primarily from personal satisfaction and joy brought by charity work. Visible results of the support given to others are their main motivation for further action. Their attitude is inspiring for ENEA S.A.

In H1 2012 the activities of volunteers within the ENEA Group were focused on two main educational programmes: "Nie taki prąd straszny" ("Power-not so scary") and "Pierwsza pomoc – ratownictwo przedmedyczne" ("First aid – pre-medical rescue"). In addition, preparation of the new educational programme, "W kontakcie z naturą KIDS" ("In contact with nature KIDS"), promoting pro-environmental behaviours among children was finished and actual education in schools and kindergartens was started.

Alongside the Intranet platform being launched an information website for the volunteers was created containing, among others, accounts of volunteer actions, guides and interesting facts concerning corporate volunteering in other companies.

In Q1 2012 the volunteers started the action of collecting plastic caps for two children, for whom it became possible to purchase rehabilitation equipment. The action was very popular and therefore became permanent, only beneficiaries change. At the moment, a three-year-old named Antek Szczepanek is the beneficiary.

In 2012 the volunteers in cooperation with the Deputy Governor of Wielkopolskie Province participated in a campaign for sick children hospitalised in departments of haematology and surgery of the Krysiewicz Children's Hospital in Poznań.

In March 2012 the "Pokoloruj dzieciom Świąta" ("Make Easter colourful for children") campaign took place. It consisted in collecting presents for children from the community centre run by the Sisters of Saint Ursula in Poznań. ENEA S.A., ENEA Operator Sp. z o.o. and ENEA Centrum S.A. took part in the collection.

From March till May 2012 ENEA S.A. carried out first aid training courses for all employees of the company and the employees of ENEA Centrum S.A. that were willing to participate. The training courses were carried out by qualified pre-medical rescuers and volunteers from ENEA Operator Sp. z o.o.

Actions in April were focused on the "First aid – pre-medical rescue" programme. ENEA S.A. equipped its new offices and the student Campus of the Adam Mickiewicz University in Poznań with defibrillators. The actions were accompanied by first aid shows performed by volunteers from ENEA Operator, who during Q2 also trained all those employees of ENEA S.A. and ENEA Centrum S.A. who were willing. At the end of the year a group of employees was selected willing to broaden their first aid skills and will be trained during an advanced course. The purpose of those actions is to create a group of rescuers capable of educating people – in a similar way to ENEA Operator. Advanced training courses are planned for January 2013.

In May 2012 a charity football game was played for Puchar Serc (Hearts Cup) and during the game money was collected for treatment of two children.

ENEA S.A. also organised Children's Day celebrations for the charges of a community centre. Volunteers helped during the fair for physically and intellectually disabled children, organised by the Zawsze razem (Always together) school in Poznań. The most significant event of June 2012 was "Korczak's Day in Poznań" – a function organised by the volunteers on the occasion of the Year of Janusz Korczak. 150 children (and their guardians) got acquainted with children's rights, as well as Janusz Korczak's thought and prose.

In addition, the volunteers from ENEA S.A. took part in the action of "Sewing dolls for the sick Eliza", organised by the Province Office in Poznań. The dolls were sold in internet auctions and the sales profits dedicated to treatment of a sick girl. They also visited the Children's Home in Wolsztyn that they had taken into their care in Q4 2012. They organised sweets collection for the wards of this orphanage. In December the volunteers participated in St. Nicholas' Day celebrations for the sick children at the Krysiewicz Children's Hospital in Poznań during which they made Christmas tree ornaments and sang carols together with the children.

The actions of the volunteers became recognised by public benefit organizations supporting volunteer work. In 2012 ENEA Operator Sp. z o.o. received the "Nowe trendy społecznego zaangażowania" ("New trends of social involvement") award in the Dobroczyńca Roku (Benefactor of the year) competition, category: Competence volunteering, for the "First aid – pre-medical rescue" programme. ENEA S.A. received the title of a Friend of the Competition "Benefactor of the year" and an award for the best debut in the contest "100% Volunteering".

The competition jury recognised a comprehensive approach to management of the volunteering programme within our Capital Group integrating actions undertaken in various companies of the Group.

At the end of 2012 the ENEA Group had 253 volunteers who helped and educated over 26 thou. people, devoting over 1,400 hours for the purpose. The number of beneficiaries increased by 84% in comparison to 2011. The number and activity of volunteers also increased in 2012. From the launch of the programme in May 2011 the volunteers have already acted for over 40 thou. of those in need.

Volunteering at ENEA CG in numbers:

Category	2011	2012	Change %	Total from the launch of volunteering programme
Number of active volunteers	171	253	+48%	253
Number of beneficiaries of	14 141	26 085	+84%	40 226
Number of beneficiaries of "Power-not so scary"	7 345	11 264	+53%	18 609
Number of beneficiaries of "First aid – pre-medical rescue"	5 293	10 204	+93%	15 497
Number of schools and kindergartens included in the education	127	295	+117%	422

Actions of the volunteers were recognised and distinguished during the Benefactor of the Year competition.

Volunteers take action for the local communities, as well as participate in organised volunteer programs:

2.2.19.1. Educational programmes: "Power-not so scary" and "In contact with nature KIDS"

The volunteers of the ENEA Group educate the youngest in safe power handling and ecology. They visit primary schools and kindergartens, where they organise lessons during which they show the movies specially prepared for the purpose, deliver talks and solve puzzles with children to help them remember presented knowledge.

The objectives of the education are to improve the safety of children in contact with the equipment powered by electricity, building environmental awareness, as well as energy and natural environment conservation among the youngest, instilling proper behaviour among the youngest concerning handling electricity, promoting pro-environmental behaviours, promoting safe and rational use of electricity, reducing the risk of electric shock or burns due to improper use of electrical appliances, inspiring parents and teachers to talk with children about ecology, safe handling of the devices connected to power, to explain how electricity is produced, and improving the ability to cooperate in a group.

The programmes "Power-not so scary" and "In contact with nature KIDS" are aimed at children aged 5-9 and were developed in collaboration with teachers and methodologists. The "Power-not so scary" programme obtained the following patronages: the Minister of National Education, the Wielkopolskie Educational Officer, the Deputy Governor of Wielkopolskie Province and the President of Poznań. The partner of the programme is Ashoka - Poland.

The volunteers for this project are all employees of the ENEA Group.

The purpose of the project is to broaden the knowledge and shape attitudes concerning:

- a) "Power-not so scary" – safe use and conservation of electricity, as well as increase the awareness of individual social groups in this respect.

- b) "In contact with nature KIDS" – pro-environmental education and creating habits of environmental conservation in everyday life.

The beneficiaries of the project are children aged 5-9, their parents, teachers, opinion leaders and local governments.

The project is addressed to all employees of the ENEA Group. It creates the possibility to conduct classes explaining how electricity is produced, how to conserve energy, how to handle electricity safely at school, the common room, at home and away from home, how to conserve the environment on a daily basis. Thanks to the ready-made scenarios the employees can conduct a lesson on their own, in a tandem or group, or with the help of a teacher. Employees can also include their family members or friends in the action.

Safety of operation of electrical devices and conservation of the environment are issues of extreme importance for the company, as they relate to its business and social activity. The main objective of the ENEA Group is to stress the fact that we care for safety of energy consumers, that the Group acts professionally and that our employees are professionals.

Both, the subject and group of consumers were selected in consideration of the company's and its employees' needs. The project also allows freedom in the choice of place and group for which the workshop is to be carried out (one of primary schools within the area of the ENEA Group operation). It means that a volunteer can suggest the school where they want to make the presentation.

As a support of the "In contact with nature KIDS" project a website was created under the same name. It contains information connected with ecology for both, children and adults. It is presented in an attractive and interactive way, encouraging to get acquainted with it – in the form of games, puzzles, videos or lesson scenarios.

In 2012 the most active in the project were the volunteers from ENEA Wytwarzanie S.A. who taught ecology to all the children of the Kozenice district – in total 1,370 children. Total number of beneficiaries of the ICWN KIDS project is 1,632.

2.2.19.2. First Aid - pre-medical rescue - social education programme

The program aims to provide people with knowledge of the provision of first aid and teaching its practical applications in the event they become witnesses to the accident. The educational training is conducted by volunteers of ENEA Operator Sp. z o.o. - pre-medical rescuers who underwent a range of professional training and act as pre-medical rescuers on regular basis.

Every year even 40 thou. people in Poland lose consciousness and die from sudden cardiac arrest (SCA). This tragedy can be prevented by an immediate initiation of CPR breathing. The programme in its main premise is to promote among people an impulse to render first aid and knowledge that will effectively and safely help rescue victims and fight social callousness. In 2012 a first aid training was completed by all the volunteering employees of ENEA S.A. and ENEA Centrum S.A.

Our goal is: to spread knowledge on how to help an injured person, we would like to make automatic defibrillators be available in the public places across the range of the ENEA Group's operations - defibrillators are devices that trigger an electrical impulse to the heart muscle and restore normal heart function. We want people to know the places where such devices are installed and to know how to use them. In April 2012 we equipped with AEDs and trained students and the personnel of the Campus of the Adam Mickiewicz University in Poznań.

The project is directed to specialists - employees of the Group who are pre-medical rescuers in the Group on daily basis and wish to share their knowledge and skills from within the pre-medical rescue. Because of the topic which is commonly known and the project shape which is based on pre-medical rescue shows, employees

who involve in the project do not need any additional preparation and during trainings are confident and comfortable, improving their skills.

In 2012 the project "First aid - pre-medical rescue" covered 10,204 beneficiaries with the educational activities (a growth by almost 50% in relation to 2011).

2.2.20. Volunteers' actions

The volunteers of the ENEA Group took part in numerous actions for the people in need e.g. they collect plastic taps for sick children which were enough to buy a rehabilitation equipment for two children, they played with children in hospital wards in Poznań, performed several dozens of medical rescue shows, organised a picnic for handicapped children in "Zawsze Razem" ("Always Together") school, collected gifts for children from Świątlica Śródowniskowa Sióstr Urszulanek (Ursuline Sisters' community centre), played in a match for Puchar Serc (Hearts Cup) for a handicapped sibling, or organised a Poznań Korczak Day during which they taught fit and handicapped children about rights of the child. These are just a few of the activities in H1 2012.

Additionally, volunteers performed collections of goods for the most needing ones, organised events for disadvantaged children, took part in volunteering actions organised by other institutions.

2.2.21. The "Coalition of volunteering Presidents 2011" project

The "Coalition of volunteering Presidents 2011" was initiated by Maciej Owczarek - President of ENEA S.A. factually supported by Paweł Łukasiak - President of the Association of Academy for the Development of Philanthropy in Poland. Initiators wanted to form a coalition of presidents of companies with experience in social commitment and volunteering. The coalition associates managers and employees of companies which they manage who see the necessity of popularisation of the idea of volunteering and manifesting personal social commitment within volunteering activities. The first joint action of volunteering CEOs was signing and announcement of the appeal -"Time for business, time for help" addressed to business leaders in Poland, in which they invite to join the works of the Coalition, personal commitment and to promote volunteering.

The task of the Coalition is to create a platform for cooperation and exchange of experiences on the social commitment of business and attitudes promoting volunteering in the business. The goals will be realised by: organisation of voluntary actions with the participation of CEOs and employee-volunteers; Coalition extension with new members; presentation of best practices and education within social commitment and volunteering business; exchange of knowledge, experience and skills between business leaders and leaders of social organisations; taking part in public debates of the European Year of Volunteering.

In 2012 volunteers of companies associated in the Coalition jointly organised e.g. an educational action - "Playing truant" on the first day of spring. Lessons covered educational programmes of Coalition members, e.g. "Power-not so scary". Lessons were organised also by volunteers of ENEA S.A. participating in Scientific Valentine's Day in one of primary schools.

Additionally, jointly with volunteers from companies associated in the Coalition of the Volunteering Presidents 2011, a Child's Day was organised in the Studio Theatre in Warsaw for children coming from difficult environments. In December, for a second year in row, volunteers took part in the annual Great Gale of Integration in Warsaw, where they helped its disabled guests.

Moreover, the volunteers realised numerous activities in their companies.

The Coalition of volunteering Presidents 2011 gained new members. As at the end of 2012 the Coalition comprised 28 members.

2.3. Promoting pro-environmental practices and behaviours

2.3.1. Polish national environmental education project Wkontakcieznatura.pl for the stakeholders of ENEA S.A.

At the end of December 2012 the project of environmental education "W kontakcie z naturą" ("In contact with nature") was terminated, that promoted pro-environmental attitudes in our society, executed in professional cooperation with a prestigious pro-environmental social organisation – the Environmental Partnership Foundation under the auspices of Global Compact, the international UN initiative for corporate social responsibility and sustainable development.

During the 15-month-long project there were two editions of the "In contact with nature" competition for environmental activity within the action promoted by Michał Żebrowski, the actor. In the first edition (October – December 2011) the form of the competition that proved correct allowed every participant to implement their own pro-environmental idea.

In the second, Spring edition of the competition, from 27 March 2012 to 15 May 2012, the condition for participation was simple, the same as the first edition: all you had to do was register on the www.wkontakcieznatura.pl website, establish a pro-environmental initiative and document its implementation with the aid of a blog, photos or videos. The winners were made known in the first week of June 2012. From among the 53 initiatives that had been submitted we selected four that were awarded with vouchers for PLN 10,000 to be used for pro-environmental actions. The jury chaired by Michał Żebrowski, the ENEA brand ambassador, selected three ideas implemented by schools and "Razem ku dobrej energii" ("Together towards good energy"), an initiative of four befriended families from Elbląg. The Elbląg people introduced a green code in their households according to which they changed their everyday habits starting saving water and energy, shopping wisely and spending their free time in an active way. Among the schools the awarded were: the Janusz Korczak Primary School no. 2 with integration divisions in Błonie, the environmental club at the Special Schools Complex no. 97 in Warsaw, and Adam Mickiewicz Schools Complex in Dygów.

"In contact with nature" is an action aimed at long-term effects. The website is also a knowledge database. It continually provided knowledge in the field of pro-environmental attitudes and solutions. A calculator dedicated for the purpose helped check the cost of energy used by our electric appliances and how much carbon dioxide we emit into the atmosphere. Experts advised what to do to lower our energy consumption and make our way of living in a more environment-friendly way. From the website you could also acquire knowledge, among others, of differences between energy saving classes, the properties of antimicrobial coatings in refrigerators, or the energy efficiency of various ways of airing the office.

Quizzes were also prepared where you could draw satisfaction from giving correct answers and win attractive prizes.

Since January 2013 the address www.wkontakcieznatura.pl has been directing you to the website of a subproject dedicated to shaping pro-environmental awareness in the youngest – "In contact with nature KIDS". On the website you can also get acquainted with the idea of the action carried out heretofore and review the pro-environmental initiatives established during the 15 months of the project.

2.3.2. The recycling action "Ciuch w Ruch" ("Move the dress") in ENEA S.A.

ENEA S.A. in March 2012 joined the charity and ecological action "Move the dress" financially supporting children in care of the Anna Dymna's Mimo Wszystko Foundation and promoting pro-ecological behaviours.

The action aims at gaining financial funding for children in care of the "After All" Foundation although it requires no financial outlays from participants. By bringing clothes and shoes which are no longer needed you may help others. The objective of this action is a wise use of unneeded clothes - in big corporations, firms,

public institutions or retail chains specially designed containers will be located to which one may drop waste clothes. The material of which such clothes are made will be reused and will generate profit - mainly to "After All" Foundation. 3R Recycling Solutions cooperating with the Foundation by the project will give it for the children in care of the Foundation. The containers were placed in the buildings of ENEA S.A. in Poznań by Górecka 1 i Strzeszyńska 58. The group of beneficiaries is not limited only to those children in care of Anna Dymna. Within the action of "Move the dress" many people will find job in Poland and abroad, many people will be able to buy clothes they cannot afford. Helping seen in such a way brings numerous advantages to the needing people and to the natural environment and is a classical example of promoting and idea of the social responsibility of a business. The time period of the "Move the dress" action is not limited. Anna Dymna's Foundation "After All" each day tries to support physically retarded people from the whole Poland.

2.3.3. Participation in the pro-ecological action - "Godzina dla Ziemi" ("Earth Hour")

Each year on 31 March a social and pro-ecological initiative is organised which is the largest and most known in the world - "Earth Hour" created by the ecological organisation WWF (World Wide Fund for Nature). The goal of the Earth Hour of WWF is propagating pro-ecological behaviours and encouraging people all over the world to make slight changes in their everyday life which are of a great importance for the condition of the environment of our planet. Individuals, firms, governments and organisations all over the world are invited to switch off the light at 20.30 hours for one symbolic hour to manifest their commitment in pro-Earth activities. ENEA S.A. as well took part in the action and on 31 March from 20.30 to 21.30 the logo was switched off on the top of the office building in the seat of the Company by ul. Górecka 1 in Poznań. Also the whole external illumination of the building seating the Company was turned off.

2.3.4. Eco-printing - saving office paper

ENEA S.A. tries to initiate actions aiming at minimisation of a negative impact of its office activity on the natural environment introducing pro-ecological system solutions in the functioning of its offices and therefore tries to change them into places which are maximally environmentally friendly.

Pro-ecological actions are most commonly visible in simple everyday office activities. So far the system of waste segregation has been implemented in order to wisely manage the office resources. An educational campaign was also conducted through the system of eco-stickers in order to learn together how to limit the consumption of electricity, rationally manage water, how to reduce a negative impact of transport on the ecosystem and how to use cars, also company cars, in a sustainable and environmentally friendly way.

Another step is saving office paper and education how not to print more than you actually need. Last year the local printers were replaced with multifunctional printing devices. In H1 2012 a system of default setting was implemented of all the multifunctional devices which work in the offices of ENEA S.A. to the duplex printing mode. The project becomes a part of the pro-ecological consciousness of employees of ENEA S.A., and seeing it more widely, of the society through the application of such solutions which contribute to the lessening of the impact of the office on the natural environment. Duplex printing impacts lower emissions of carbon dioxide. Changes in behaviours connected with higher ecological knowledge may be also reflected in savings made in our households.

It is enough to modify one's everyday habits and taking any action have the welfare of the natural environment in mind.

2.3.5. Waste paper and batteries segregation - special cartons in printer rooms

In most office spaces of ENEA S.A. cartons appeared for segregation of waste paper and batteries. Ecological containers are located in rooms with multifunctional devices and printers. Thanks to these containers waste materials will be reused and will not pollute the environment. This is another eco-activity initiated by ENEA S.A. to encourage employees to demonstrate a pro-ecological attitude each day, also at work.



ENEA S.A.

ul. Górecka 1

60-201 Poznań

 +48 / 61 884 53 00

 +48 / 61 884 59 55

 enea@enea.pl

2012