



**The Regulations of the Management
Board
PGE Polska Grupa Energetyczna S.A.**

adopted by the Management Board's
resolution no. 199/35/2011
of 14.06.2011 r.

approved by the Supervisory Board's
resolution no. 282/VIII/2011
of 29.06.2011 r.

Warsaw, 29 June 2011

The following terms used in these Regulations shall have the following meanings:

1. **Regulations** - these Regulations,
2. **Company, PGE** - PGE Polska Grupa Energetyczna S.A.,
3. **PGE Capital Group, PGE CG** – PGE and all companies for which PGE is a dominant company within the meaning of article 4 § 1 clause 4 of the Commercial Companies Code,
4. **Statutes** - the Statutes of PGE Polska Grupa Energetyczna S.A.,
5. **General Meeting** - the General Meeting of PGE Polska Grupa Energetyczna S.A.,
6. **Supervisory Board** - the Supervisory Board of PGE Polska Grupa Energetyczna S.A.,
7. **Management Board** - the Management Board of PGE Polska Grupa Energetyczna S.A.,
8. **Commercial Companies Code** - the Act of 15 September 2000, The Commercial Companies Code (Journal of Laws of 2000, no. 94, item 1037, as amended).

SECTION I. GENERAL PROVISIONS

§ 1.

1. These Management Board Regulations determine the organization of work and manner of the performance of the Management Board's activities ensuring the efficient and effective management of the Company's affairs.
2. The Management Board shall manage the Company's affairs transparently and effectively acting pursuant to and within the limits of the legal regulations currently in force, including the Commercial Companies Code, the provisions of the Company's Statutes, the Regulations and other internal bylaws effective in the Company.
3. All matters not reserved by the law or the provisions of the Statutes for the General Meeting or the Supervisory Board shall be the competence of the Management Board.

**SECTION II.
MANAGEMENT OF COMPANY'S AFFAIRS**

§ 2.

1. The Management Board shall make decisions in the form of resolutions, during meetings of the Management Board convened to be held in a specified place and in accordance with these Regulations.
2. Each Member of the Management Board may, without a previous resolution of the Management Board, manage affairs included within the scope of the Management Board's ordinary acts within the limits of the determined division of duties provided that not a single Member of the Management Board raises an objection in a particular matter. In such case, a resolution of the Management Board concerning a particular matter shall be required.
3. Cooperation of two Members of the Management Board or one Member of the Management Board and a commercial proxy shall be required to make declarations of will on behalf of the Company.
4. In case of an event specified in clause 2, the making of declarations of will shall be regulated by the principle that declarations of will shall be made by a Member of the Management Board responsible for a particular scope of affairs together with the President of the Management Board or another Member of the Management Board or a proxy.

**SECTION III.
ORGANIZATION OF THE MANAGEMENT BOARD'S WORK**

§ 3.

1. The work of the Management Board shall be managed by the President of the Management Board and during his/her absence lasting continuously for at least two business days - the Vice President appointed by the President. Should the President of the Management Board fail to appoint a Member of the Management Board deputizing for him/her, the other Members of the Management Board, following a motion put forward by one of the Members of the Management Board or the Director of the Management Board Office, shall elect from among themselves a person deputizing for the President of the Management Board.
2. In the event of planned absence of a Member of the Management Board lasting longer than two business days (a business trip), the President of the Management Board may appoint another Member of the Management Board to exercise supervision over the area assigned to the absent Member of the Management Board.

SECTION IV.
PLANNING OF THE MANAGEMENT BOARD'S MEETINGS

§ 4.

1. The Management Board Office shall keep a Register of Affairs constituting the agenda of a meeting of the Management Board.
2. Before their submission to a meeting, materials to be considered at a meeting, including drafts of resolutions prepared by particular organizational units, shall:
 - a) obtain legal approval by way of having a document initialled by the Legal and Ownership Supervision Department,
 - b) in case of matters resulting in financial liabilities, specify the source of financing (have the approval of the Financial Controlling Department),
 - c) in justified cases, include an analysis of risks related to the adoption and implementation of a given resolution or its rejection,
 - d) be approved by the competent Member of the Management Board.
3. The President of the Management Board shall determine the agenda of a meeting prepared by the Management Board Office on the basis of motions submitted by particular Members of the Management Board.
4. The President of the Management Board shall convene a meeting of the Management Board two days before the date of such meeting. The Management Board Office shall notify Members of the Management Board of convening a meeting of the Management Board, its agenda and materials related to affairs included in the agenda at least two business days before the planned meeting by electronic mail to the business email addresses of the Members of the Management Board. Materials in the paper form shall be made available in justified cases or at a request of a Member of the Management Board.
5. The submitted agenda may be supplemented with affairs put forward on an urgency basis:
 - a) whose inclusion in the agenda has not been possible in accordance with the procedure specified in clause 4,
 - b) which have been included in motions mentioned in clause 3 and have not been introduced into the agenda.

The Management Board Office shall notify all Members of the Management Board of the extension of the agenda approved by the President of the Management Board. Matters shall be introduced into the agenda of a convened meeting of the Management Board on an emergency basis on condition that all Members of the Management Board have received a notification of such urgent matters and no Member of the Management Board has raised any objection in this respect.

6. The agenda of a meeting of the Management Board may be changed if all Members of the Management Board are present at a meeting and all Members of the Management Board agree to changes in the agenda.
7. In justified cases, the President of the Management Board may convene a meeting one day before its planned date. A meeting convened under this procedure shall be considered convened properly on condition that its agenda signed by the President of the Management Board together with all relevant materials have been delivered to Members of the Management Board one day before the date of such meeting. Each Member of the Management Board may object to convening a meeting under this procedure, which shall result automatically in referring such matter for consideration during a meeting convened under the procedure specified in clause 4.
8. In the event that a meeting is convened under the procedure specified in clause 7, a Member of the Management Board may state that he/she does not raise any objection referred to in clause 7 on condition that (in view of a justified absence of the possibility of his/her personal participation in such meeting) such Member of the Management Board is able to participate in debates and vote on particular items of the agenda by means of the telephone, videoconference or any other technical means ensuring direct remote communication. In the event of such statement made by a Member of the Management Board by means of electronic mail at least one hour before the planned beginning of a meeting, a ballot on a particular item shall require the exercise of due diligence in order to make it possible for a proper Member of the Management Board to participate in a debate and vote on a particular item using technical means ensuring direct remote communication.
8. Resolutions may be adopted despite the fact that formally a meeting has not been convened or a ballot has not been ordered if all Members of the Management Board are present and none of them has raised an objection to a ballot on a particular resolution. Issues related to the principles of preparing and circulating documents being the subject of a meeting of the Management Board shall be regulated in detail under a separate procedure.

**SECTION V.
ORGANIZATION OF THE MANAGEMENT BOARD'S MEETINGS**

§ 5.

1. The Management Board's meetings shall be convened by the President of the Management Board on his/her own initiative or on a motion put forward by a Member of the Management Board. During the absence of the President of the Management Board meetings of the Management Board shall be convened by a Member of the Management Board entitled to deputize for the President of the Management Board under the provisions of § 3 clause 1.
2. Meetings of the Management Board shall be chaired by the President of the Management Board. During the absence of the President of the Management Board meetings of the Management Board shall be chaired by a Member of the Management Board entitled to deputize for the President of the Management Board under the provisions of § 3 clause 1.
3. Minutes shall be taken during each meeting of the Management Board.

4. Minutes shall be taken by a person appointed by the person chairing a meeting. Draft minutes shall be drawn up within two working days from the date of a meeting and the adoption of such draft minutes shall constitute an item of the agenda of the next meeting.
5. Minutes shall include the following information:
 - a) a date and place of a meeting,
 - b) names and surnames of Members of the Management Board present at a meeting (the presence of other people may be indicated as well),
 - c) an agenda,
 - d) the content of adopted resolutions together with the number of votes and the manner of voting on each resolution,
 - e) dissenting opinions of Members of the Management Board if such opinions have been submitted against a resolution,
 - f) notes concerning the absence of a Member of the Management Board during voting on resolutions.
6. Minutes shall be signed by all Members of the Management Board present at a meeting, including Members who have submitted dissenting opinions or have been temporarily absent during voting on any resolution.
7. Members of the Management Board absent from a meeting shall receive a copy of signed minutes of a meeting and shall acknowledge such reception by signing the original document.
8. Minutes together with resolutions and materials prepared for a meeting of the Management Board shall be kept in the Register of Minutes in the Management Board Office. The Register of Minutes shall be available to the following:
 - a) Members of the Management Board,
 - b) the Supervisory Board,
 - c) authorized employees of the Company.

SECTION VI. ADOPTION OF RESOLUTIONS

§ 6.

1. All matters outside the scope of the Company's ordinary acts shall require a resolution of the Management Board.

2. Irrespective of matters outside the scope of the Company's ordinary acts, in particular those specified in the Company Statutes, a resolution of the Management Board shall be required in the following cases:
 - a) matters related to the appointment or nomination of Members of Management Boards and Supervisory Boards in subordinated companies if such appointment or nomination is provided for in the statutes or articles of association of such companies, as well as matters related to the issue of opinions concerning the appointment of Members of Management Boards and Supervisory Boards in other companies,
 - b) matters which the Management Board submits for consideration to the Supervisory Board as well as matters not reserved for its competence,
 - b) any matter put forward by a Member of the Management Board.
3. The Management Board shall make decisions by way of resolutions adopted by the absolute majority of votes. If at a meeting of the Management Board an equal number of votes is cast for and against a resolution, the vote cast by the President of the Management Board shall prevail.
4. The Management Board may adopt resolutions if:
 - a) all Members of the Management Board have been duly notified of a meeting of the Management Board (exclusive of § 4 clause 8),
 - b) at least half of all Members of the Management Board are present at a meeting; the other absent Members of the Management Board may participate in ballots by means of the telephone, videoconference or any other technical means ensuring direct remote communication.
5. A Member of the Management Board shall be entitled to submit a dissenting opinion together with a justification for entering into the minutes of a meeting.
6. In the event that the result of voting raises justified doubts, the Management Board may repeat a vote.
7. A motion for a repetition of a vote may be put forward only at a meeting at which such vote has been held before moving to the next item of the agenda following the item being the subject of a repeated vote.
8. The Management Board shall make a decision concerning the repetition of a vote following a motion put forward by at least one Member of the Management Board.
9. Voting on resolutions shall be open. Secret voting shall be ordered in personal matter and following a motion put forward by a Member of the Management Board.
10. The Management Board may also adopt resolutions in writing or using means of direct remote communication.

11. Voting under the procedures referred to above shall be ordered by the President of the Management Board and in the event of his/her absence - another Member of the Management Board entitled to deputize for the President of the Management Board under the provisions of § 3 clause 1, specifying a deadline for the casting of votes by Members of the Management Board or a date of a ballot in the event of voting by means of a teleconference or videoconference, or providing data necessary to participate in such conference.
12. A motion for a resolution and its draft shall be submitted to Members of the Management Board in writing, by email or fax.
13. Voting in writing shall be conducted as follows: after receiving a proposed resolution (delivered by courier or post) each Member of the Management Board shall cast a vote by writing "in favour", "against" or "abstaining" under the text of a proposed resolution, signing it and putting the date of voting next to the signature.
14. Voting based on means of direct remote communication shall be conducted if Members of the Management Board are not present in one location but they can communicate with each other by phone, email, Internet communication system or any other technical means ensuring direct communication.
15. The beginning of a formal ballot based on means of direct remote communication - in the event of using a teleconference or videoconference - may be preceded by a debate on a proposed resolution together with its justification. If changes are proposed to a draft resolution, the President of the Management Board (or another Member of the Management Board referred to in clause 11 above) shall draw up the final wording of such resolution and shall order a ballot.
16. The collection of votes cast by Members of the Management Board during a vote based on using means of direct remote communication shall be conducted in a manner specified by the President of the Management Board or a Member of the Management Board referred to in clause 11 above; it shall be possible to specify different means of communication for the collection of votes cast in one ballot. In case of doubts it shall be deemed that:
 - a) communicating by means of a teleconference or videoconference, Members of the Management Board cast their votes orally communicating their decisions to the President of the Management Board or a Member of the Management Board referred to in clause 11 above,
 - b) communicating by telephone, email or fax, Members of the Management Board cast their votes by such means of communication to a telephone number, email address or fax number specified in a voting order. Casting a vote by means of email or fax, a Member of the Management Board shall specify clearly how he/she votes by writing: "in favour", "against" or "abstaining". Besides specifying how he/she votes, a Member of the Management Board shall put his/her signature (fax) or give his/her name (email) together with a date of a ballot.
17. Immediately after the completion of a ballot under the procedures specified in clause 10 above the Management Board Office shall notify Members of the Management Board of the results of a ballot by email or telephone.

18. Resolutions adopted under the procedures specified in clause 10 above shall be signed by Members of the Management Board participating in ballots on resolutions under such procedures.
19. Resolutions adopted under the procedures specified in clause 12 above and the results of ballots shall be presented at the nearest meeting of the Management Board.
20. In the event of a conflict between the Company's interests and the personal interests of a Member of the Management Board, his/her spouse or other persons living in the same household, such Member of the Management Board shall notify the Management Board of the existing or possible conflict of interests and shall refrain from participating in a debate and voting on a resolution concerning a matter in which a conflict of interests has occurred, and in justified cases such Member of the Management Board shall not have access to materials related to a matter in which a conflict of interest has occurred and he/she shall not participate in debates on such matters.

**SECTION VII.
SUPERVISION OVER EXECUTION OF DECISION**

§ 7.

1. Members of the Management Board shall be responsible for supervision over the execution of the Management Board's resolutions within the limits of their competence specified in the Regulations or a relevant resolution of the Management Board.
2. Once a quarter the Management Board Office shall present to the Management Board a report on the status of the execution of its resolutions.
3. On the basis of quarterly information on the execution of the Management Board's resolution prepared by the Management Board's Office, the Audit Department shall include in a Yearly Audit Plan of the PGE Capital Group an auditing task related to the analysis and evaluation of the execution of selected resolutions adopted by the Management Board.
4. At each request of the Management Board but at least once a quarter, the Financial Controlling Department shall present an analysis of the Company's economic and financial standing as well as a degree of the execution of yearly planned tasks.

**SECTION VIII.
GRANTING OF POWER OF ATTORNEY**

§ 8.

1. In order to improve the efficiency of the management system, the Management Board may adopt a resolution to grant power of attorney to Directors and Deputy Directors of Departments and Offices

as well as Managers managing centres of responsibility in the processes and sub-processes conducted in the Company.

2. In individual affairs, the Management Board may grant power of attorney to particular employees of the Company or people who are not the Company's employees.
3. The Legal and Ownership Supervision Department shall keep a register of powers of attorney granted on behalf of the Company, with a separate section for powers of attorney to represent in court proceedings.
4. The Legal and Ownership Supervision Department shall be obliged to monitor regularly the correct functioning of the system of delegating powers, to supervise the holders of power of attorney in their exercise of granted powers and to present quarterly analyses of the fulfilment of such obligations to the Management Board.
5. People holding power of attorney to act on behalf and for the Company shall be obliged to submit monthly reports on incurred liabilities or granted contracts specifying their value and granting procedure to the Audit Department.
6. Once a quarter the Audit Department shall present to the Management Board a collective report on the matters referred to above.
7. All matters related to the granting, registration and annulment of powers of attorney shall be regulated in a separate procedure.

SECTION IX.

DIVISION OF OPERATING AREAS AND SCOPES OF RESPONSIBILITY AMONG MEMBERS OF MANAGEMENT BOARD

§ 9.

The President of the Management Board – shall ensure long-term, sustainable development and increase in the market value of the PGE Capital Group, the building of resources, including strategic human resources, and an organizational structure determining the implementation of the strategy and the development of a positive image of the PGE Capital Group

by coordinating tasks executed mainly by the following organizational units whose detailed scopes of responsibilities are described in the Company's Organizational Regulations:

- the Strategy Department,
- the Mergers and Acquisitions Department,
- the Corporate Communication Department,

- the Management Board Office,
- the Strategic Personnel Department,
- the Audit Department,
- the Management Board's Representative for Confidential Information Protection,

and shall be responsible for the implementation of the Company's strategy in the operating area referred to above and shall supervise the activities of the subsidiaries of PGE CG in the operating areas referred to above.

§ 10

Vice President for Operating Affairs - shall contribute to the long-term development of the PGE Capital Group, especially by identifying market requirements and developing the sale of electricity and distribution services, maintaining and developing the generation potential, executing research and development projects, as well as developing and implementing an asset investment policy,

by coordinating tasks executed mainly by the following organizational units whose detailed scopes of responsibilities are described in the Company's Organizational Regulations:

- the Operating Analyses Department,
- the Mining and Generation Department,
- the Distribution Department,
- the Investment Department,
- the Research and Development Department,

and shall be responsible for the implementation of the Company's strategy in the operating area referred to above and shall supervise the activities of the subsidiaries of PGE CG in the operating areas referred to above.

§ 11

Vice President of the Management Board for Finance - shall contribute to the long-term development of the PGE Capital Group, especially by developing and implementing the financial policy and ensuring the safety and development of the IT infrastructure

by coordinating tasks executed mainly by the following organizational units whose detailed scopes of responsibilities are described in the Company's Organizational Regulations:

- the Financial Controlling Department,

- the Treasury Department,
- the Accounting Department,
- the Risk Management Department,
- the IT Department,

and shall be responsible for the implementation of the Company's strategy in the operating area referred to above and shall supervise the activities of the subsidiaries of PGE CG in the operating areas referred to above.

§ 12

Vice President of the Management Board for Corporate Affairs - shall contribute to the long-term development of the PGE Capital Group, especially by the legal protection of its interests, the personnel administration and the optimization of tender purchases,

by coordinating tasks executed mainly by the following organizational units whose detailed scopes of responsibilities are described in the Company's Organizational Regulations:

- the Legal and Ownership Supervision Department,
- the Human Resources Department,
- the Purchasing Department,
- the Security and Administration Department,

and shall be responsible for the implementation of the Company's strategy in the operating area referred to above and shall supervise the activities of the subsidiaries of PGE CG in the operating areas referred to above.

§ 13

Vice President of the Management Board for Commerce - shall contribute to the long-term development of the PGE Capital Group, especially by identifying market requirements and developing the sale of electricity as well as optimising its non-core assets,

by coordinating tasks executed mainly by the following organizational units whose detailed scopes of responsibilities are described in the Company's Organizational Regulations:

- the Wholesale Trade Department,
- the Sales Management Department,
- the Trade and Technical Operator (TTO) Department,

– the Non-Core Assets Restructuring Department,

and shall be responsible for the implementation of the Company's strategy in the operating area referred to above and shall supervise the activities of the subsidiaries of PGE CG in the operating areas referred to above.

SECTION X. FINAL PROVISIONS

§14

1. The Regulations of the Company's Management Board approved by resolution no. 205/VIII/2010 adopted by the Supervisory Board on 24 November 2010 shall expire.
2. These Regulations of the Management Board shall become effective as of 29 June 2011.