



**Information
to the Condensed
Consolidated Report
of the ENERGA
Group**

for Q1 2015

Gdańsk, 11 May 2015

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1. SUMMARY OF THE FIRST QUARTER OF 2015



ENERGA GROUP AFTER Q1 2015

THIRD LARGEST DISTRIBUTION SYSTEM OPERATOR IN TERMS OF THE VOLUME OF ENERGY SUPPLY, WITH THE HIGHEST NUMBER OF INSTALLED SMART METERS AND ONE OF THE MARKET LEADERS IN TERMS OF RELIABILITY OF ELECTRICITY SUPPLY

FIRST PLACE IN THE POLISH MARKET IN CONNECTED RENEWABLE ENERGY SOURCES AND LEADING POSITION IN OWN RES PRODUCTION

THIRD BIGGEST SELLER OF ELECTRICITY TO END USERS

PRECURSOR OF ACQUISITION OF NEGAWATTS IN POLAND

ENERGA Group profits



PLN 691 m
of EBITDA

PLN 355 m
of net profit

KEY RESOURCES



Length of the distribution grid

184 thous. km



Installed capacity

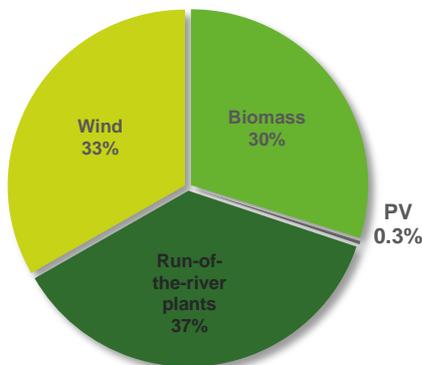
1.36 GWe
of which **41%** are RES



8.5 thous.
employees



RENEWABLE ENERGY SOURCES

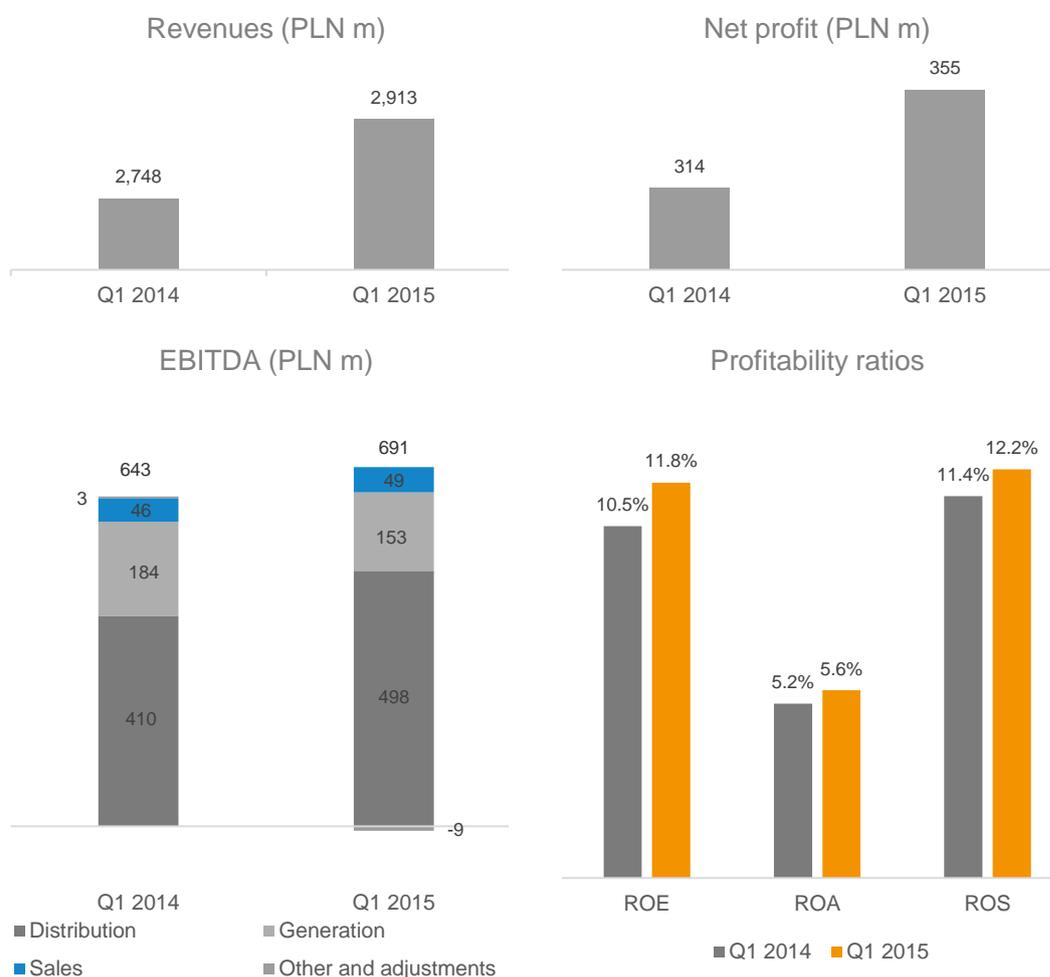


Installed capacity
556 MWe

OPERATIONAL DATA

	Q1 2014	Q1 2015
Volume of electricity supplied (GWh)	5,257	5,460
Gross electricity produced (GWh)	1,252	1,201
- incl. RES (GWh)	482	530
Electricity sold (GWh)	6,971	6,863

CONSOLIDATED FINANCIAL HIGHLIGHTS



Investments

Investments projects in the ENERGA Group

In Q1 2015, the ENERGA Group executed investment projects worth PLN 268 m, of which almost **PLN 179 m** in the Distribution Segment. Investment projects in the Distribution Segment included expansion of the grid to connect new clients and producers as well as modernization, which is aimed at improving the reliability of electricity supply. Expenditures were also made for innovative grid technologies and solutions.

As a result of these capital expenditures, **4.3 thousand new clients** were connected, **587 thousand km** of medium and low voltage lines were built and modernized and **147 MW of new renewable energy sources** were connected to the grid.

ENERGA implements demand response for electricity and executes innovative projects

The ENERGA Group has been consistently strengthening its leading position on the demand response market in Poland. Its subsidiary Enspirion, in addition to its cooperation with ENERGA-OBRÓT's business clients aimed at a commercial acquisition of **negawatt hours**, concluded an agreement with the transmission system operator, under which it reduced consumption of some of the buyers upon PSE's request. This was mainly a test of the stimulated demand reduction mechanism, the purpose of which is to use demand response to maintain stability of the power system.

Market capitalization: PLN 10.3 bn*

Dividend of PLN 596 m or PLN 1.44 per share; dividend date set at 7 May and dividend payment date at 21 May 2015.

Indices: WIG20, WIG30, MSCI Poland, WIG Energia, WIG, WIGdiv, FTSE All World, RESPECT Index.

ENERGA SA
AT THE
WARSAW
STOCK
EXCHANGE

** According to the closing stock price on 31 March 2015*

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR Q1 2015

Revenues of the ENERGA Group were PLN 2.9 bn, PLN 165 m more than in the comparable period of the previous year. Revenues increased in the Distribution Segment (by 7%) and the Sales Segment (by 3%), while the Generation Segment posted a decrease (by 4%).

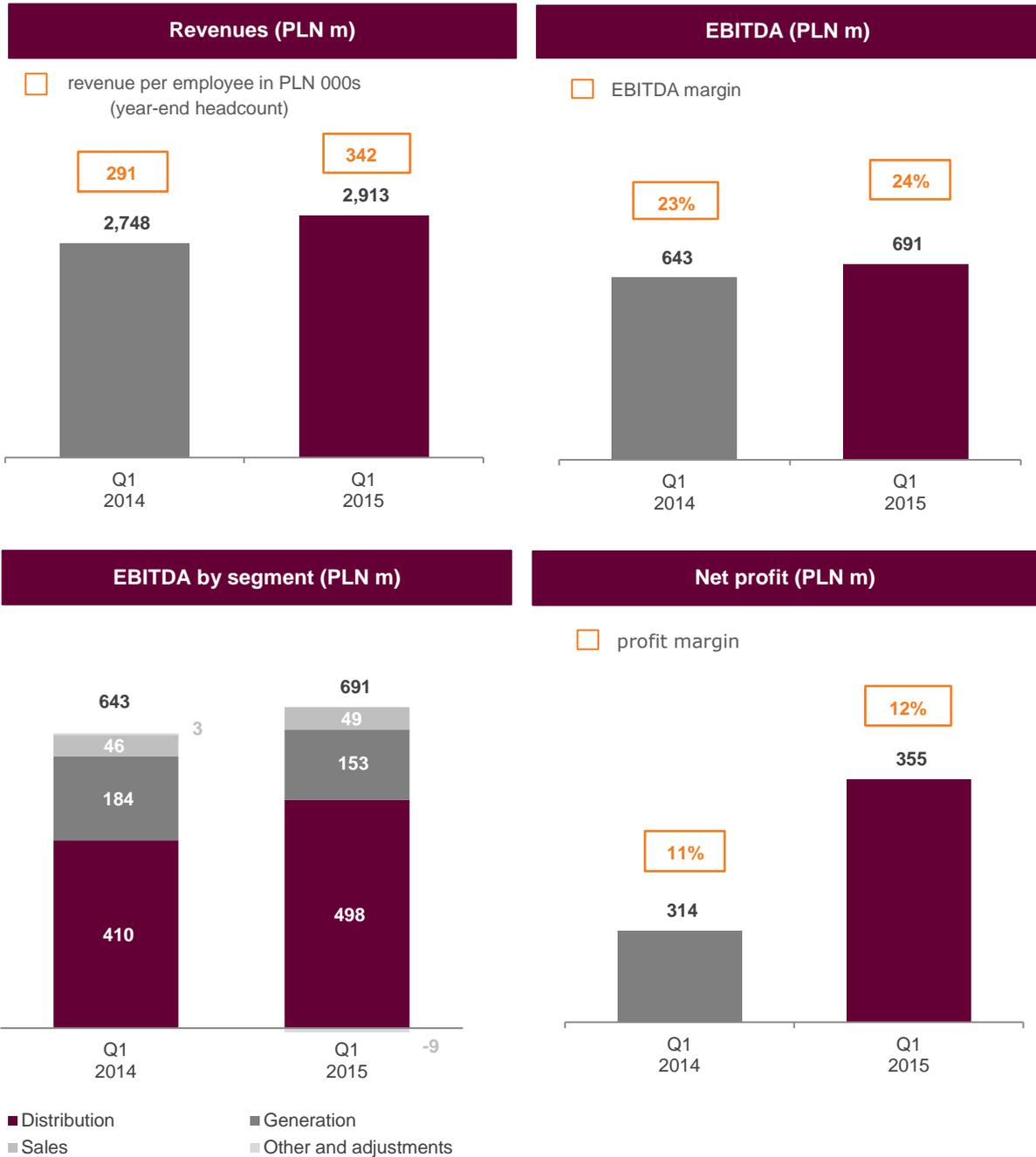
The Group generated EBITDA of PLN 691 m, up by PLN 48 m, or 7% yoy. The contribution of the Distribution Segment, Generation Segment and the Sales Segment was 72%, 22% and 7%, respectively. Net profit in Q1 2015 reached PLN 355 m, i.e. PLN 40 m more than the year before.

The total installed capacity of the ENERGA Group was 1.4 GW. The Group generated 1.2 TWh of electricity gross; 55% of the production came from hard coal, 22% from hydro, 13% from biomass and 10% from wind. In Q1 2015, ENERGA Group's generation companies produced 4% (about 51 GWh) less electricity than in the corresponding period of the previous year. The main reason was the reduction of generation from coal (by 92 GWh) 530 GWh of electricity was generated from renewable energy sources.

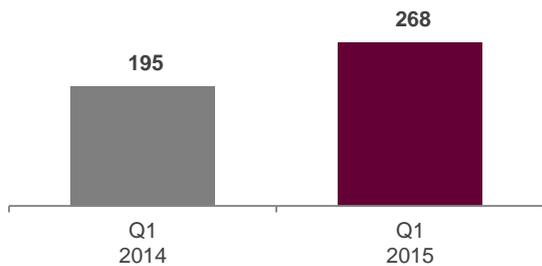
The Group's distribution company, ENERGA-OPERATOR SA, supplied 5.5 TWh of electricity to more than 2.9 million customers. The volume of electricity supplied by the Distribution Segment was nearly 4% higher, with the average distribution rate increasing by 3% y/y.

In terms of financial performance, Q1 2015 for the Sales Segment was comparable to the same quarter of the previous year. The volume of retail sales was maintained at 4.3 TWh.

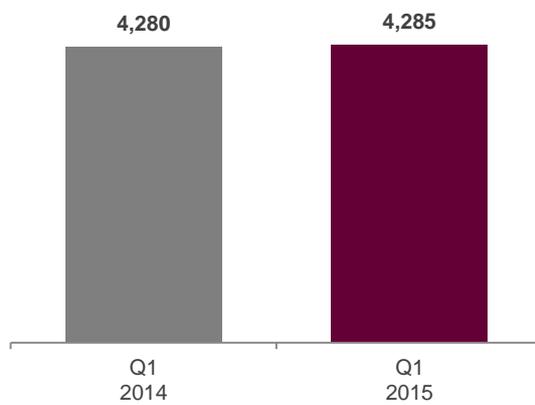
During the period, the Group's capital expenditures amounted PLN 268 m, with the Distribution Segment contributing the largest part, i.e. PLN 179 m.



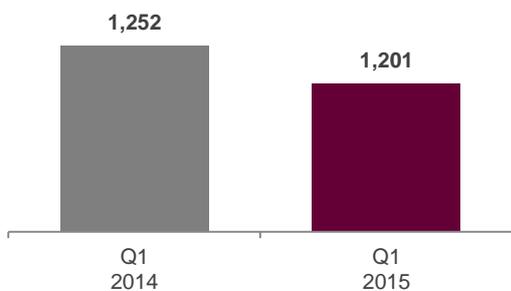
Capital expenditures (PLN m)



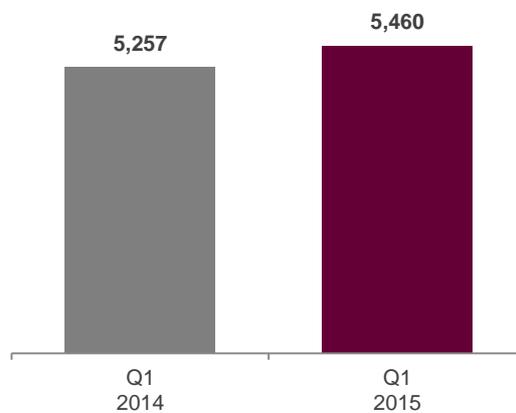
Retail sales of electricity (GWh)



Gross production of electricity (GWh)



Distribution of electricity (GWh)



Key information about the Group



2. KEY INFORMATION ABOUT THE GROUP

2.1. Material events in the reporting period and after the balance sheet date

Distribution of ENERGA SA's net profit for 2014

As stated in the Current Report no. 7/2015 of 29 April 2015, the Company announced that the Annual General Meeting of ENERGA SA held on that date adopted a resolution to distribute the net profit for the financial year covering the period from 1 January to 31 December 2014 in the amount of PLN 650,538,620.29, with the following allocation: dividend for shareholders – PLN 596,256,644.16, or PLN 1.44 per share (91.7% of the net profit), and for supplementary capital – PLN 54,281,976.13 (8.3% of the net profit). All 414,067,114 shares are entitled to receive the dividend. The dividend date was set at 7 May and the dividend payment date at 21 May 2015.

Annual General Meeting of Shareholders in 2015

In the Current Report no. 4/2015 of 3 April 2015, the Company published information on convening the Annual General Meeting of ENERGA SA ("AGM") to be held on 29 April 2015. In the following Current Report the Company also published the wording of draft AGM resolutions and in the Current Report no. 8/2015 of 29 April 2015 it published the results of voting on individual resolutions adopted at the AGM.

Appointment of ENERGA SA Management Board Members for the new term of office

On 28 April 2015, the Company's Supervisory Board adopted a resolution to appoint the Management Board for the fourth term of office, comprised of:

Andrzej Tersa	–	President of the Management Board,
Seweryn Kędra Financial Officer,	–	Vice-President of the Management Board, Chief
Jolanta Szydłowska Corporate Matters.	–	Vice-President of the Management Board,

The Company published information in the Current Report no. 6/2015 of 28 April 2015.

First negawatts acquired for PSE

The ENERGA Group used demand response for the first time to maintain the stability of the power system. Enspirion, an Energa Group company, reduced energy consumption by some of the clients for 4 hours upon Polish Power Grid's (PSE) request.

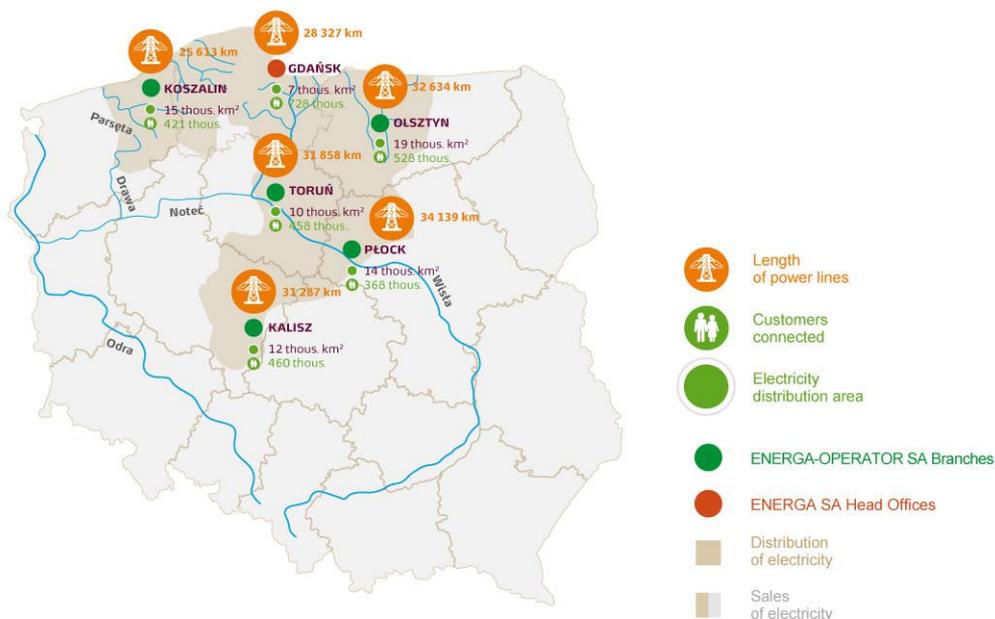
The Stimulated Demand Reduction (IRM) was executed by Enspirion under the 20 negawatt agreement concluded with the PSE last year. The reduction was primarily a test exercise. Enspirion reduced 20 MW of demand for capacity from the system, fully delivering on the contracted volume and confirming effectiveness of the IRM process. Enspirion already signed an agreement with PSE for further 77 NW and won the most recent tender procedure. At present, IRM has no significant effect on the Group's results. However, implementing demand response on a large scale could be a major contributor to the stability of the power system, in which the importance of unstable RES generators continues to increase.

2.2. Activities of the ENERGA Group

The core business of the ENERGA Group entails distribution, generation and sales of electricity and heat and concentrates on the following key operating segments:

The Distribution Segment – operating segment of key importance for the Group’s operating profitability, involving distribution of electricity which in Poland is a regulated activity conducted on the basis of tariffs approved by the President of the Energy Regulatory Office (ERO). The ENERGA Group has a natural monopoly position in the northern and central part of Poland, where its distribution assets are located, through which it supplies electricity to over 2.9 million customers, approx. 2.8 million of which are customers with comprehensive agreements and almost 173 thousand are TPA customers. A breakdown of ENERGA-OPERATOR SA’s customers by energy group is presented in the *Key operating data* section. As at 31 March 2015, the distribution grid consisted of power lines with a total length of almost 184 thousand km and covered almost 75 thousand km² – about 24% of the country’s landmass. ENERGA-OPERATOR SA acts as the leader of this Segment.

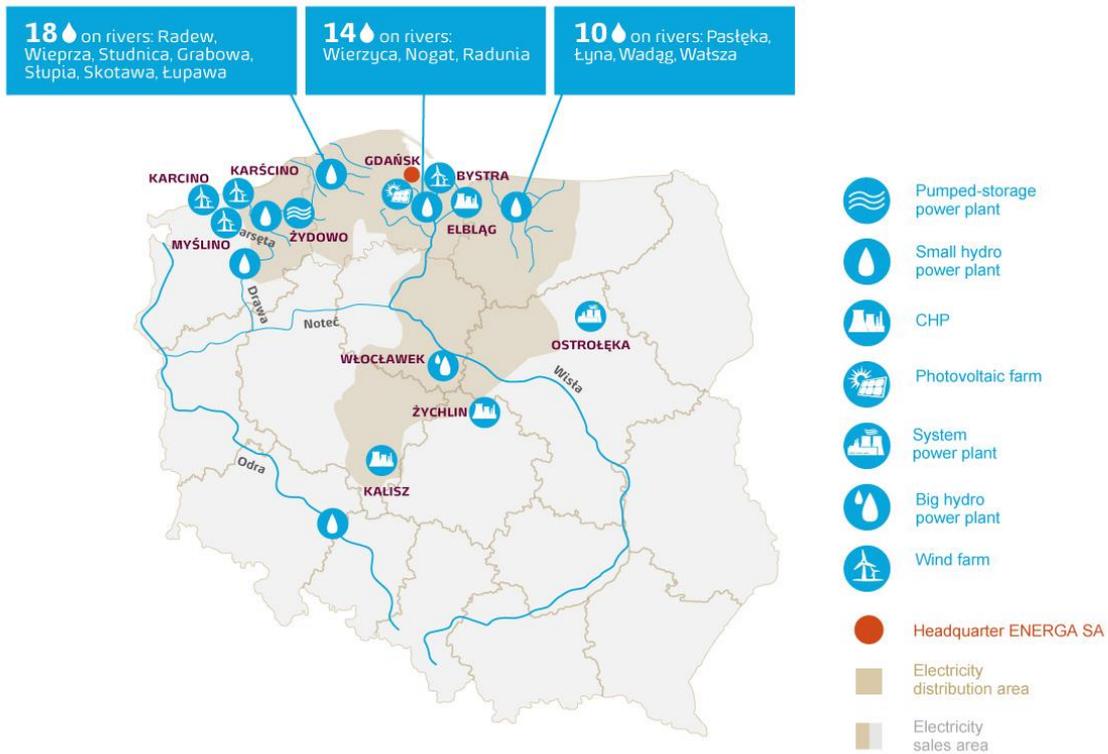
Figure 1: Electricity distribution area served by ENERGA-OPERATOR SA



The Generation Segment operates on the basis of four business lines: The System Power Plant in Ostrołęka, Hydro, Wind and Other (including co-generation, i.e. CHP). At the end of Q1, the total installed capacity in the Group’s power plants was approximately 1.4 GW.

In Q1 2015, the Group had gross production of 1.2 TWh of electricity. The installed capacity of our power plants relies on diverse energy sources, such as hard coal, hydropower, wind, biomass and solar energy. In Q1 2015, 55% of the Group’s gross energy production originated from hard coal, 22% from hydro, 13% from biomass and 10% from wind. The leader in this Segment is ENERGA Wytwarzanie SA.

Figure 2: Location of the main generation assets of the ENERGA Group

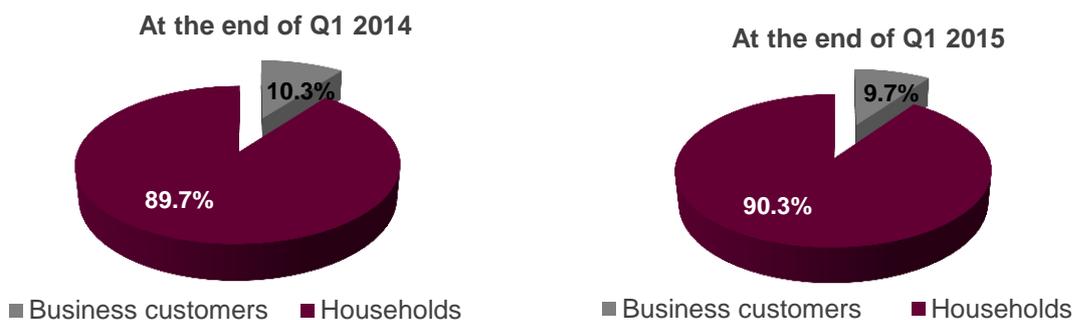


The ENERGA Group owes its leading position in terms of the percentage of electricity from renewable energy sources in the total energy generated, primarily to the generation of energy in hydro power plants and from biomass. Green energy is produced in 46 hydro power plants, 4 wind farms and in biomass-fired installations (mainly in ENERGA Elektrownie Ostrołęka SA and ENERGA Kogeneracja Sp. z o.o).

At the end of Q1, the Group had the installed capacity of over 0.56 GW in renewable energy sources (RES), which generated 530 GWh of gross electricity production.

The Sales Segment sells electricity as a separate product and in packages with other utilities and services to all customers, from industry, through big, medium-sized and small business, to households. The leader in this Segment is ENERGA-OBRÓT SA. The biggest share in terms of volume goes to industrial customers, and households are the most numerous group of customers. At the end of Q1 2015, the ENERGA Group supplied 2.9 million customers, out of which 2.6 million were G tariff customers.

Figure 3: Structure of ENERGA-OBRÓT's end buyers by customer type

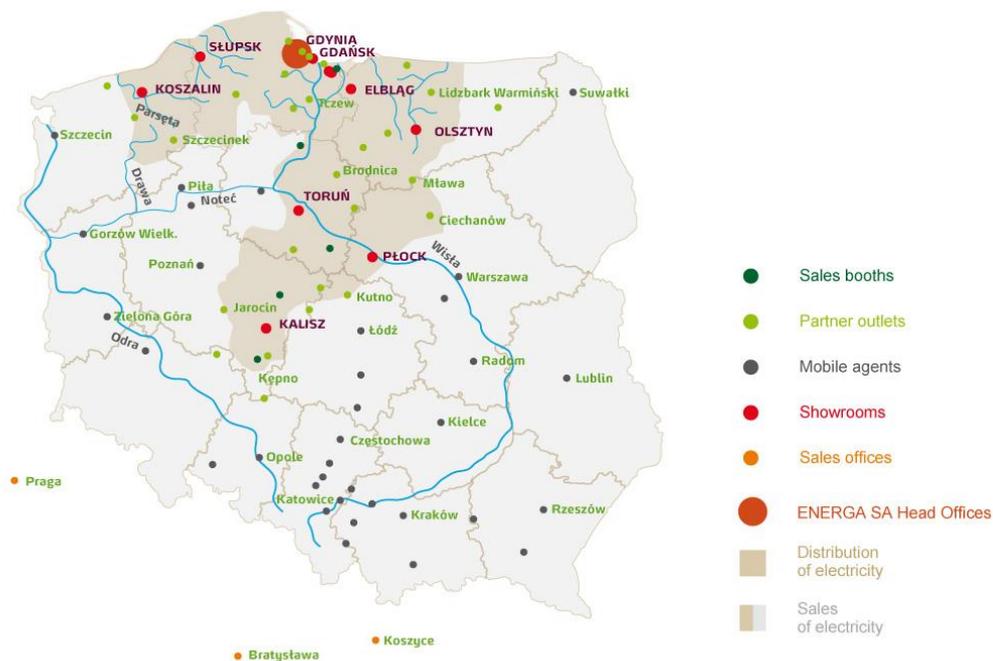


The Sales Segment is developing its sales network, focusing on the quality of customer service. At the end of Q1, the sales network included:

- (1) 10 showrooms in cities with the largest concentration of ENERGA-OBRÓT customers,
- (2) 28 partnership outlets located in the operating area of the DSO ENERGA-OPERATOR,
- (3) 9 retail islands in shopping centers in selected cities of Poland,
- (4) 430 certified salesmen focused on selling ENERGA's offering to clients throughout Poland.

Sales are conducted in the locations listed above (which include: concluding a new agreement, extending an existing one, activating products, changing a client assigned to a meter), while the matters related to complaints, enforcement and settlement of electricity bills are handled by the Customer Service Center available to clients over the phone and electronically.

Figure 4: Location of ENERGA-OBRÓT SA's Showrooms and Partnership Outlets



2.3. Key changes in the Group's structure and organization

As at 31 March 2015, the ENERGA Capital Group (ENERGA Group, Group) was composed of the parent company ENERGA SA (Company, Issuer) and 49 subsidiaries. The subsidiaries are grouped in three business segments, managed by ENERGA SA's subsidiaries which are segment leaders, and the Other companies managed directly by ENERGA SA. The simplified structure of the ENERGA Group at the end of first quarter of this year is shown in the chart below:

Figure 5: Simplified organizational structure chart of the ENERGA Group as at 31 March 2015

STRUCTURE OF THE ENERGA CAPITAL GROUP

AS AT 31 MARCH 2015

 Direct subsidiary
of ENERGA SA

 Indirect subsidiary
of ENERGA SA

ENERGA SA



All of the parent's subsidiaries are subject to consolidation.

No significant events occurred in the current reporting period that would introduce major changes to the structure of the ENERGA Group.

However, the following changes occurred after the last day of the reporting period:

1. On 14 April 2015, a merger plan was signed to integrate ENERGA Elektrownie Ostrołęka SA (acquiring company) and ENERGA Kogeneracja Sp. z o.o. (acquired company). The merger will be executed by transferring all assets of the acquired company to the acquiring company.
2. On 15 April 2015, the merger of ENERGA Wytwarzanie SA (acquiring company) and BREVA Sp. z o.o. (acquired company) was registered. The merger has been carried out without increasing the share capital of the acquiring company.

2.4. Implementation of the investment program

In the first quarter of 2015 the ENERGA Group executed investments of PLN 268 m, of which almost PLN 179 m in the Distribution Segment. The Distribution Segment investments consisted of grid expansion aimed at connecting new recipients and generators as well as modernizations to improve the reliability of the energy supply. The outlays for innovative technologies and grid solutions have been incurred.

In the Generation Segment a PV plant Czernikowo (3.7 MW) is in the final execution stage. Moreover, agreements for execution of a wind farm Parsówek (its technological launch is planned this year) have been signed. Also, another wind farm project Przykona (30 MW) is under preparation, which FID-ready status is planned for 2015.

Table 1: Implementation status of the investment program on 31 March 2015

Description of the project	Location	Capital expenditures (PLN m)	Execution stage
DISTRIBUTION SEGMENT			
Grid development related to connection of new customers.	Distribution areas	72.1	Under continuous execution
Grid development and modernization related to connection of RES plants.	Distribution areas	4.3	Under continuous execution
Distribution grid modernization to improve reliability of supply.	Distribution areas	55.6	Under continuous execution
Smart meters and other elements implementing the smart grid concept.	Distribution areas	27.2	Under continuous execution
Other capital expenditures.	Distribution areas and Distribution Segment companies	19.3	Under continuous execution
GENERATION SEGMENT			
Construction of a wind farm with the capacity of 20 MWe. Operation of the facility has started. Preparation for final settlement and closing of the project.	Myślino Zachodnio-pomorskie Voivodship	7.9	Project completed
Construction of a heat source for the city of Ostrołęka. Start-up of the installation and functional tests of the facility. Investment project to be delivered for production in May 2015.	Ostrołęka	12.6	Preparation for completion
Construction of a NOx emission reduction installation at the Ostrołęka B	Ostrołęka	25.7	In progress

Power Plant. Construction work has started.		
Construction of a photovoltaic power plant with the capacity of approx. 4 MWe under the Smart Toruń project. Preparation work to connect the plant to the grid.	Czernikowo Kujawsko-Pomorskie Voivodship	6.9
Other projects and adjustments		20.0

2.5. Research and development

On 9 April 2015 the Management Board of the Pomeranian Voivodship adopted a resolution launching Smart Specialization of the Pomeranian Region. ENERGA SA is the leader and a leading partner in the Partnership, which will execute the key specialization of the region. The applying Partnership included almost 30 entities from the Pomeranian voivodship, including: LOTOS, APATOR, Gdańsk University of Technology, Polish Naval Academy and leaders of the Group's segments: ENERGA-OPERATOR, ENERGA-OBRÓT and ENERGA Wytwarzanie. The purpose of our specialization area entitled "Eco-efficient technologies in production, industry, distribution and consumption of energy and fuels" is to foster a decline in energy consumption in the economy and its negative impact on the environment. This goal will be achieved due to modern solutions applied to energy consumption in construction and transportation, renewable energy sources, prosumer energy market or smart grid solutions in energy transmission and distribution. Special attention will be paid to the subject of alternative fuel vehicles, prospecting for, extracting and processing energy resources, biocomponents and biofuels and use of waste for energy production.

As part of the eMobility project conducted by the ENERGA Group, the purpose of which is to research the use of electric cars by the residents of Gdańsk, Gdynia and Sopot, electric car charging stations are deployed. A new charging station was opened at the LOTOS station in Gdynia-Redłowo. This is the second fast charging station for electric cars in the Tri-City. One more is located in front of the Olivia Business Centre in Gdańsk. Both of them allow to charge the most popular models of electric cars within 25 to 45 minutes.

2.6. Information on material contracts

Material contracts

A contract is recognized as material if its value exceeds 10% of the ENERGA's equity.

Agreements for loans and borrowings and a domestic bond issue program

Details on the agreements for loans and borrowings and a domestic bond issue program are provided, among others, in note 18 *Financial instruments* of the consolidated financial statements.

Moreover, during the reporting period, the ENERGA Group used the short-term bond issue facility, in which, to achieve efficient liquidity management, the Group company issuing the debt securities offered their purchase only to other Group companies. Acting on the basis of the Financial Policy adopted by the ENERGA Group and under the terms and conditions of internal bond issue facilities, in Q1 2015 ENERGA purchased bonds issued by Group companies. The main purpose of the issues was for the issuers, ENERGA Group companies, to raise funds to execute their capital expenditure programs.

The table below presents the nominal value of bonds subscribed by ENERGA SA and outstanding, broken down into individual issuers from the ENERGA Group, as at 31 March 2015.

Table 2: Nominal value of bonds subscribed by ENERGA SA and outstanding, by issuer, as at 31 March 2015

No.	Company name	Nominal value of subscribed bonds (PLN 000s)
1.	ENERGA-OPERATOR SA	3,704,693
2.	ENERGA Wytwarzanie SA	1,075,000
3.	ENERGA Kogeneracja Sp. z o.o.	79,978
4.	ENERGA Elektrownie Ostrołęka SA	156,000
5.	Breva Sp. z o.o.	68,000
Total		5,083,671

Granted guarantees and sureties

Table 3: Information on sureties and guarantees extended by ENERGA SA as at 31 March 2015

No.	Date extended	Expiration date	Entity for which the surety or guarantee was given	Entity in favor of which the surety or guarantee was given	Form	Surety or guarantee amount (PLN 000s)	Secured liability amount as at 31 March 2015 (PLN 000s)	Purpose of the amounts
1	2012-11-15	2024-12-31	ENERGA Finance AB	bondholders	surety agreement ¹	5,111,250	2,044,500	eurobonds issue program under the EMTN program
2	2011-11-08	2016-10-31	ENERGA-OPERATOR Logistyka Sp. z o.o.	PKO BP SA	- agreement to extend a guarantee	483	483	bank guarantee
3	2012-03-19	2017-03-29	ENERGA Elektrownie Ostrołęka SA	PKO BP SA	- agreement to extend a guarantee	200	200	bank guarantee
4	2012-12-17	2017-09-19	ENERGA Invest SA	PKO BP SA	- agreement to extend a guarantee	248	248	bank guarantee
5	2014-01-14	2017-09-30	ENERGA Invest SA	PKO BP SA	- agreement to extend a guarantee	2,205	2,205	bank guarantee
6	2013-04-22	2017-09-19	BREVA Sp. z o.o.	PKO BP SA	- agreement to extend a guarantee	2,091	2,091	bank guarantee
7	2013-04-25	2017-09-19	Elektrownia CCGT Grudziądz Sp. z o.o.	PKO BP SA	- agreement to extend a guarantee	6,300	6,254	bank guarantee
8	2014-01-14	2017-12-12	ENERGA Wytwarzanie SA	PKO BP SA	- agreement to extend a guarantee	218	218	bank guarantee

9	2014-03-03	2018-04-24	BREVA Sp. z o.o.	PKO BP SA	surety agreement to extend a guarantee	53,732	52,666	bank guarantee
10	2014-05-15	2015-05-15	ENERGA Informatyka i Technologie Sp. z o.o.	PKO BP SA	surety agreement to extend a guarantee	200	178	bank guarantee
11	2015-01-08	2024-12-31	ENERGA Wytwarzanie SA	WFOŚiGW in Gdańsk	surety - loan agreement	15,000	6,939	loan
12	2015-01-30	2017-01-29	ENERGA Serwis Sp. z o.o.	PKO BP SA	surety agreement to extend a guarantee	3,000	0	bank guarantee
13	2015-03-20	2015-06-22	ENERGETYK A KALISKA-USŁUGI TECHNICZNE Sp. z o.o.	PKO BP SA	surety agreement to extend a guarantee	5,000	145	bank guarantee
Total						5,199,927	2,116,127	

* Item 1 – on 15 November 2012, an EMTN Eurobonds issue program was established for the amount up to EUR 1 bn. Under the EMTN Program, ENERGA Finance AB(publ), a company registered under the Swedish law, acting as a wholly-owned subsidiary of ENERGA SA, may issue Eurobonds with maturities from 1 year to 10 years. Pursuant to the surety agreement of 15 November 2012, ENERGA SA undertook, unconditionally and irrevocably to guarantee liabilities of ENERGA Finance AB(publ) resulting from Eurobonds up to EUR 1,250 m until 31 December 2024 inclusive. On 19 March 2013, ENERGA Finance AB(publ) issued series I of Eurobonds of EUR 500 m and maturing on 19 March 2020. The Ministry of Finance approved the extension by ENERGA SA of a guarantee up to a total amount of EUR 1,250 m valid until 31 December 2024 to secure repayment of liabilities arising from the

Eurobonds issued by ENERGA Finance AB(publ).

**/ Items 2-10: civil law sureties extended by ENERGA SA for liabilities of ENERGA Group companies arising from bank guarantees granted by Bank PKO BP SA under guarantee facilities dedicated to ENERGA Group companies. The facility may be used until 19 September 2017. Terms of validity of the guarantees granted under the facility limit may extend beyond the validity date of the limit. Repayment of liabilities is secured by a civil law surety.

Information on transactions of material importance with related entities on terms other than an arm's length basis

All the transactions within the ENERGA Group are made on the basis of the market prices of goods, products or services based on their manufacturing costs.

2.7. Financial and market risk management

The macroeconomic situation of the ENERGA Group affects the conditions of its business operations. Variations in business conditions measured by GDP change rates, inflation or unemployment rates translate to electricity and heat prices and shape demand for products supplied by Group companies. To maintain the volume of electricity, the market is monitored continuously and marketing and product-related actions are undertaken to increase the Group's competitive advantage.

Implementing the provisions of the ENERGA Group Financial Policy, the Group companies conclude different kinds of financial agreements which entail financial and market risks. The most important ones include the interest rate risk, FX risk, credit risk and liquidity risk. The above risk categories determine the financial results of individual companies and the ENERGA Group.

Interest rate risk

ENERGA Group companies finance their operating or investing activity with debt liabilities bearing interest at a floating or fixed interest rate. Interest rates are also associated with investment of surplus cash in floating or fixed interest rate assets.

The floating interest rate risk resulting from concluded debt liabilities applies to WIBOR-based rates only. In respect to liabilities denominated in EUR, the ENERGA Group has contracted financial debt under issued fixed-coupon eurobonds.

According to the interest rate risk policy, risk of variation in interest rates is mitigated by maintaining a portion of debt with fixed interest rate. As part of those assumptions, IRS transactions have been concluded to hedge the risk of the WIBOR 3M interest rate, which is used as the base for the company's debt denominated in PLN.

After the hedge accounting was implemented, the ENERGA Group has also identified interest rate risk related to the concluded CCIRS and IRS hedging transactions, which however has no effect on the Group's financial result.

Moreover, the level of interest rates has a direct effect on the WACC stated by the President of ERO to calculate the return on RAB, which is included in the tariffs of ENERGA-OPERATOR SA. Low interest rates result in a lower return on RAB and an increase in actuarial provisions.

Foreign exchange risk

In the financial area the FX risk is associated mainly with incurring and servicing ENERGA Group's debt liabilities in foreign currencies under the EMTN Eurobond Issue Program. Additionally, selected ENERGA Group companies had foreign currency surpluses resulting from their operating activity or investing activity. The Group monitors the foreign exchange risk and manages it primarily through contracted CCIRS hedge transactions and implemented hedge accounting.

Credit risk

Credit risk is associated with the counterparty's potential permanent or temporary insolvency with regard to financial assets such as cash and cash equivalents and financial assets available for sale. The risk arises due to the contractual counterparty's inability to make the payment and the maximum exposure to this risk equals the carrying amount of acquired instruments.

In this respect, the ratings of financial institutions with which the ENERGA Group cooperates are monitored on a regular basis to minimize credit risk. Credit risk also arises in the case of funds invested in participation units in the ENERGA Trading SFIO fund, which has been designed to serve the Group. According to the adopted investment policy, the fund invests in assets such as treasury bills and bonds and commercial debt instruments. Credit risk associated with investments in treasury bills and bonds is referred to the solvency risk of the State Treasury. Credit risk associated with investments in commercial debt instruments is mitigated through the fund's properly defined investment policy. The fund may invest its monies only in assets characterized by an investment rating awarded by rating agencies or internally by the fund manager.

Liquidity risk

Risk of loss of financial liquidity is associated with the possibility of losing the ability to pay liabilities on time or losing possible benefits resulting from over-liquidity.

ENERGA Group companies monitor the liquidity risk using a periodic liquidity planning tool. The tool takes into account the payment due/maturity dates both for investment liabilities and financial assets and liabilities and projected cash flows from operating activity. The Group

aims at maintaining the balance between continuity and flexibility of financing through use of various sources of financing, such as working capital and investment loans, local bonds and Eurobonds. Due to centralization of the Group's debt in ENERGA, this entity conducts ongoing monitoring of fulfillment of the covenants and their forecasts in long-term periods, which makes it possible to define the Group's capability to incur debt, determines its investment capacity and affects its ability to pay liabilities on time in longer time horizon.

To efficiently manage the liquidity of Group companies, the ENERGA Group uses the mechanism of issuing short-term bonds offered by the issuer – a Group company – only to other Group companies. The procedure is coordinated by ENERGA, which makes it possible to optimize the entire process in terms of its organization. Moreover, the Company has concluded loan agreements with several financial institutions, which represent an immediate liquidity reserve in case of any liquidity needs. When cash surplus is needed, the recently established ENERGA Trading SFIO mutual fund offers the possibility to retire units at any time, thus allowing for an unlimited and immediate access to the funds.

2.8. Proceedings pending before the court, arbitration bodies or public administration bodies

As at 31 March 2015, ENERGA Group companies were parties to 5,351 court proceedings. Group companies acted as plaintiffs in 3,546 cases with the aggregated value of the disputed matters of approx. PLN 148 m. Group companies acted as defendants in 1,772 cases with the aggregated value of the disputed matters of approx. PLN 344 m.

The overall amount of claims for locating power devices on properties of other parties without the necessary legal title, awarded by final judgments, was approx. PLN 10.6 m in 1,703 cases. There were 2,488 pending court cases and the value of the disputed matters in such pending cases was PLN 285 m. Based on the available data about the value of pending procedures, we assume that the actual amount to be paid after the disputes are resolved may reach PLN 66 m, with a reservation that this amount may change if new court cases related to placement of power devices on third party's real properties without the necessary legal title are launched against ENERGA-OPERATOR SA.

These data do not include the cases in which court and enforcement-based collection is conducted on behalf and for ENERGA-OBRÓT SA as the company pursues amounts due from its customers. The aggregated amount of all such cases was about PLN 115 m as at 31 March 2015.

The aggregated amount of all of the court proceedings has not exceeded 10% of the Issuer's equity.

Out of the eight proceedings described in the Company's Prospectus approved by the Polish Financial Supervision Authority on 15 November 2013, two of them – one brought by Ergo Energy Sp. z o.o. against ENERGA-OBRÓT SA and the other by Boryszewo Wind Invest Sp. z o.o. in Warsaw also against ENERGA-OBRÓT SA remain pending. In the latter case, both parties appealed against the court judgment of 12 September 2014 and submitted replies to them. The date of the appeal has not yet been set.

In the proceedings brought by Krupy Wind Invest Sp. z o.o. against ENERGA-OBRÓT SA, on 25 February 2015, the Court of Appeal in Gdańsk issued a final judgment siding with ENERGA-OBRÓT in the matter of a partial termination of the PPA and CPA agreements with Krupy Wind Invest. The Court of Appeals has dismissed the appeal and awarded the defendant from the plaintiff the costs of the appellate proceedings, changed the appealed

judgment by dismissing the action to rule that a statement made by the defendant terminating the Master Agreement to sell property rights arising from certificates of origin had no legal effect and consequently the agreement remains in effect. The judgment is final and the case has been effectively closed.

In the proceedings to refund overpaid excise tax to ENERGA Elektrownie Ostrołęka SA, hearings were held on 21 November and 8 December 2014 before the Voivodship Court of Administration (WSA) in Warsaw based on complaints against decisions made by the Director of the Customs Chamber in Warsaw refusing to rule invalidity of the final decisions on overpayment and calculation of excise tax on electricity supplies. The court rescinded the decisions of the Director of the Customs Chamber in Warsaw acting as a second instance body, finding that they had been made with gross violation of law. The Director of the Customs Chamber did not agree with the rulings handed down by the WSA in Warsaw and filed cassation appeals against them.

On 6 April 2015, ENERGA-OPERATOR SA filed a claim with the Regional Court in Gdańsk, IX Commercial Division, for payment against T-matic S.A. with its registered seat in Warsaw and Arcus S.A. in Warsaw. The claim requests payment of contractual penalties due to incorrect performance of the agreement to deliver and launch the metering infrastructure. The value of the dispute is over PLN 23 m.

2.9. Headcount in the Group

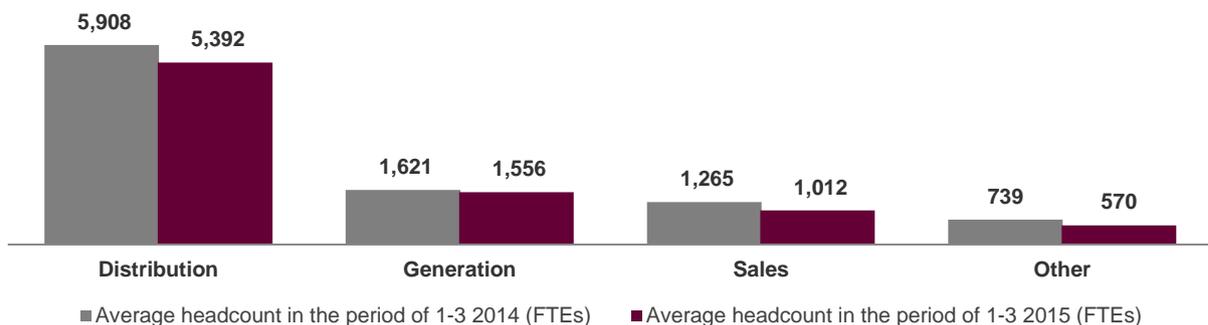
Headcount in the ENERGA Group

At the end of March 2015, total headcount in the ENERGA Group was 8,529 compared to 9,451 at the end of Q1 of the previous year.

No major change in headcount levels took place in the reporting period. The Group recorded a headcount decrease by 14 persons, i.e. 0.16%.

The average headcount (in FTEs) in the ENERGA Group for the period of January-March 2015 was 8,530 FTEs and in the corresponding period of the previous year it was 9,533 FTEs. The chart below presents the average headcount by segment.

Figure 6: Average headcount in the ENERGA Group, 1 January to 31 March 2015



2.10. Collective disputes

Table 4: Collective disputes in the Group

Disputes ended with a settlement in Q1 2015	Pending disputes
<p>In connection with the action taken on 30 December 2014 by the Trade Unions operating in Elekrownia Ostrołęka SA, a collective dispute was launched in the company ENERGA Serwis Sp. z o.o. The union side requested an increase of the bonus for December of the previous year by a gross amount of PLN 1,436 per each employee acquired from ENERGA Elekrownie Ostrołęka SA. The employer met with the unions on 8 and 20 January 2015. The dispute was registered in OIP in Warsaw on 23 January 2015. At the meeting on 6 February 2015, the parties concluded a Collective Agreement to end the dispute. Pursuant to §3 of the Agreement, the dispute ended on 5 March, that is on the date the one-off benefit was paid.</p>	<p>ENERGA-OPERATOR's employers are parties to a collective dispute launched by trade unions on 20 September 2013 in connection with the transfer of employees from 7 ENERGA-OPERATOR's employers to special-purpose vehicles providing services associated with the service, operation, maintenance and administration of non-utility properties. The dispute concerns a request by the trade unions to accept joint and several liability for breaches of the social contract against the transferred employees to an extent reaching beyond liability of the existing employers and a demand for the companies providing Facility Management services to join the Multi-Company Collective Bargaining Agreement for Employees of the Utilities Sector and to the social contract. In 2014, the dispute was in mediation (and the latest meeting of the parties to the dispute with a mediator's participation was held on 27 February). The parties did not reach an agreement and a discrepancy report was signed on 13 March 2014.</p>
<p>In a letter from MOZ NSZZ "Solidarność" at ENERGA-OPERATOR SA Branch in Koszalin and MZZPE in Koszalin of 9 December 2014, a collective dispute was launched in the employer ENERGA Techniczna Obsługa Odbiorców Sp. z o.o. The following joined the dispute: MZZP GK ENERGA Toruń, MZZP KE ENERGA SA of the Energetyka Kaliska Branch in Kalisz, MZZP GK ENERGA SA in Olsztyn, MZZP Energetyki Słupsk, MZZP KE ENERGA SA of the Elbląskie Zakłady Energetyczne Branch, MZZP Energetyki Płockiej, MOZ ZZIT at the ENERGA Group in Elbląg. The subject matter of the dispute involved the following requests: for the Management Board of EOP TOO Sp. z o.o to cease soliciting employees to terminate their employment agreements to benefit from programs "Rules of Individual Employee Departures" and "my Business as a Partner of TOO" and to sign a collective bargaining agreement guaranteeing the current level of employment in EOP TOO until 31 July 2017. The dispute was reported on 8 January of this year in a letter to the Regional Labor Inspector in Szczecin in respect to demand number 2, since the demand number 1 was accepted by the Employer within the deadline specified by the Trade Unions. Negotiations were held in January, which ended by signing a discrepancy report. The parties have selected a mediator. The meetings were held under the mediation procedure on 23 January and 4 February 2015 and the dispute was ended on 4 February of this year by signing an Agreement.</p>	<p>In ZET-ENERGOHANDEL Sp. z o.o. a collective dispute has been launched by the trade unions on 23 January 2013 regarding a raise in salaries and the restructuring process conducted in the Group. The trade unions demanded to maintain the current level of employment, guarantee continued employment and secure the employees' interests acquired during the restructuring process, and also to determine the wage increases for 2013. This dispute has not been resolved.</p>
	<p>In its letters of 6 and 13 October 2014, NSZZ "Solidarność" operating in Ciepło Kaliskie Sp. z o.o., MZZP Koncernu Energetycznego ENERGA SA Branch Energetyka Kaliska in Kalisz „Ciepło Kaliskie” Sp. z o.o., National Union of Heat Generators Branch in Kalisz launched a collective dispute to withdraw from salary cuts for company employees. The parties have prepared a discrepancy report from the negotiations. Currently, the parties are at the stage of selecting a mediator in the dispute.</p>
	<p>On 29 January 2015, the employer ENERGA-OPERATOR SA Branch in Płock concluded an Agreement with the trade unions to terminate the collective dispute launched by a letter of the Trade Unions of 2 September 2014, in respect to the demand in item 4 to pay to each employee a monthly discretionary bonus of 10% of their basic salary, starting in September 2014. The parties have selected a mediator and are holding talks to set the date of the mediation.</p>

Analysis of the financial situation and assets



3. ANALYSIS OF THE FINANCIAL STANDING AND ASSETS

3.1. Rules for preparing the interim condensed consolidated financial statements

The condensed interim consolidated financial statements of the ENERGA Group for the three-month period ended 31 March 2015 were prepared:

- (1) In accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.
- (2) On the historical cost basis except for financial instruments measured at fair value through profit or loss and hedging derivatives.
- (3) Based on the assumption that the Group would continue as a going concern in the foreseeable future. As at the date of the financial statements there is no evidence indicating significant uncertainty as to the ability of the Group to continue its business activities as a going concern.

The accounting policies applied to the preparation of the interim condensed consolidated financial statements are presented in Note 6 to the condensed interim consolidated financial statements of the ENERGA Group consistent with IAS 34 for the three-month period ended 31 March 2015.

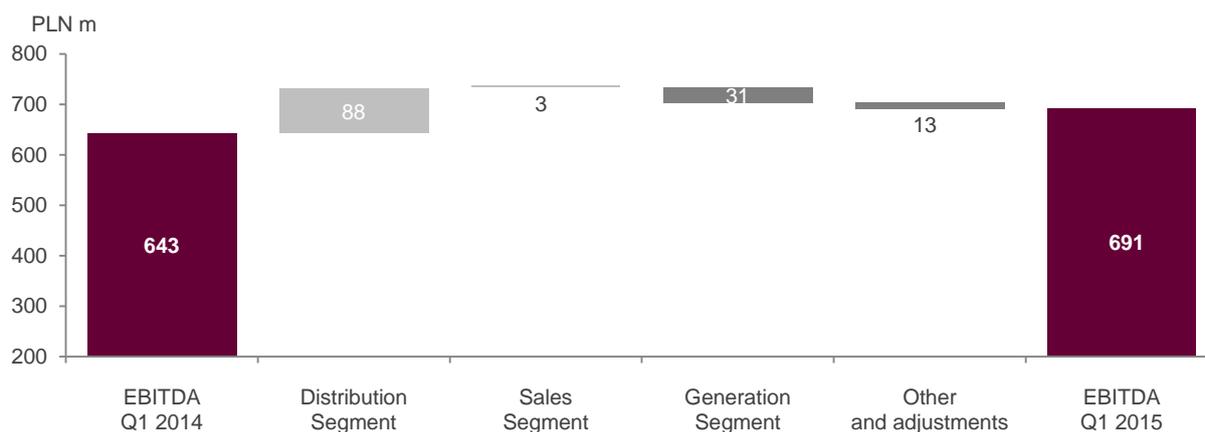
3.2. Discussion of the economic and financial data disclosed in the condensed consolidated financial statements

Table 5: Consolidated statement of profit or loss

PLN 000s	Q1 2014	Q1 2015	Change	Change (%)
Sales revenues	2,747,979	2,912,992	165,013	6%
Cost of sales	(2,188,779)	(2,276,776)	(87,997)	4%
Gross profit on sales	559,200	636,216	77,016	14%
Other operating income	47,958	27,166	(20,792)	-43%
Selling and distribution expenses	(54,668)	(77,047)	(22,379)	41%
General and administrative expenses	(87,819)	(87,125)	694	-1%
Other operating expenses	(29,553)	(32,334)	(2,781)	9%
Operating profit	435,118	466,876	31,758	7%
Result on financial activity	(41,276)	(48,534)	(7,258)	18%
Share of profit (loss) of associates	(157)	-	157	100%
Profit before tax	393,685	418,342	24,657	6%

Income tax	(78,308)	(63,420)	14,888	-19%
Discontinued operations and non-current assets classified as held for sale	(954)	-	954	100%
Net profit for the period	314,423	354,922	40,499	13%
EBITDA	643,192	691,327	48,135	7%

Figure 7: EBITDA bridge, by segment



In Q1 2015 the Group's sales revenues amounted to PLN 2,913 m and were 6%, or PLN 165 m higher yoy. An increase in revenues was recorded in 2015 by the Distribution Segment (7%) and the Sales Segment (3%), whereas the Generation Segment showed a 4% decline in relation to 2014.

The 7% increase in the Distribution Segment's revenues was driven by an increase of the average distribution rate (by 3%) resulting from an increase of the distribution tariff and higher volumes of distributed electricity (by over 4%).

The 3% increase in the Sales Segment's revenues was driven mainly by higher sales prices.

The largest contributor to the decline in the Generation Segment's revenues in Q1 2015 was a drop in revenues in the Hydro and Wind business lines (by an aggregate of PLN 49 m) mainly due to lower prices of property rights and the official price defined by the President of ERO. The decrease was partially offset by higher revenues of the Ostrołęka Power Plant and CHP business lines.

Gross profit on sales increased by 14% or 77 m in Q1, compared to Q1 of the previous year, which resulted mainly from an increase in the distribution margin. The increase in selling and distribution expenses (PLN 22 m) was driven mainly by higher customer service expenses (increasing the frequency of meter readings) and introduction of an increasingly detailed cost allocation methodology. Other operating income in Q1 2015 recorded a 43% drop from the corresponding period of the previous year. A significant decline in operating income in the analyzed period was an effect of the positive events from the year before, that is reversal of provisions for past due receivables, reversal of restructuring and actuarial provisions and a positive contribution of the change in the balance of provisions for the location of power infrastructure on land owned by third parties in the Distribution Segment.

In Q1 of the current year, the Group's EBITDA was PLN 691 m, increasing by 7% compared to the corresponding period of the previous year. The Group's EBITDA was positively affected mainly by the PLN 88 m yoy EBITDA growth in the Distribution Segment (higher margins on the distribution service). The Generation Segment was the main negative contributor to the Group's EBITDA levels (a decline of PLN 31 m, or 17%).

The Distribution Segment contributed the most (72%) to the Group's EBITDA in Q1 2015. Contribution of the Sales Segment was 7% and the Generation Segment 22%.

The Group's net result in Q1 2015 was PLN 355 m, up by 13% from Q1 2014.

The table below shows the Group's EBITDA adjusted for effects of non-recurring events, by Segments, in Q1 2015 and Q1 2014.

The effects of non-recurring events in the periods presented below were not significant. In Q1 of the previous year, an impairment allowance was recognized for property, plant and equipment and intangible assets in the Generation Segment (PLN 6.1 m linked to the adjustment of expenditures on wind farm projects). Compared to the same quarter of the previous year, in Q1 2015 the contribution of surplus of income/expenses under the headcount restructuring program on adjusted EBITDA changed by PLN 5 m. The item "Surplus of headcount restructuring (income)/expenses" presents the impact of reversal of actuarial provisions, change in the balance of headcount restructuring provisions and payment of severance awards not covered by that provision.

Table 5: EBITDA adjusted for material non-recurring events

Q1 2015 (PLN 000s)	Distribution	Sales	Generation	Other and adjustments	All operations
EBITDA	498,045	49,184	153,212	(9,114)	691,327
Impairment allowances for property, plant and equipment and intangible assets	-	-	-	-	-
Surplus of headcount restructuring (income)/expenses	(3,348)	(3,325)	(162)	(119)	(6,954)
Adjusted EBITDA	494,697	45,859	153,050	(9,233)	684,373

Q1 2014 (PLN 000s)	Distribution	Sales	Generation	Other and adjustments	All operations
EBITDA	409,837	46,119	183,826	3,410	643,192
Impairment allowances for property, plant and equipment and intangible assets	-	-	6,435	-	6,435
Surplus of headcount restructuring (income)/expenses	2,256	(12,671)	7,220	1,574	(1,621)
Adjusted EBITDA	412,093	33,448	197,481	4,984	648,006

The Company defines and calculates EBITDA as operating profit/(loss) (calculated as net profit/(loss) on continuing operations for the financial period/year, adjusted by (i) income tax, (ii) the share of profit of the associate, (iii) financial income and (iv) financial costs, adjusted by depreciation (posted to the profit and loss account). The Company defines and calculates Adjusted EBITDA as EBITDA adjusted for non-recurring events. Neither EBITDA nor Adjusted EBITDA have been defined in the IFRS and should not be treated as an alternative for measures and categories consistent with IFRS. Additionally, both EBITDA and Adjusted EBITDA do not have a uniform definition. The method of calculating EBITDA and Adjusted EBITDA by other companies may differ materially from the method used by ENERGA SA. As a result, EBITDA and Adjusted EBITDA presented herein as such do not constitute the basis for comparison with EBITDA and Adjusted EBITDA reported by other companies.

Table 6: Consolidated Statement of Financial Position

PLN 000s	Balance as at 31 December 2014	Balance as at 31 March 2015	Change	Change (%)
ASSETS				
Non-current assets				
Property, plant and equipment	12,315,221	12,359,519	44,298	0%
Investment property	40,408	43,078	2,670	7%
Intangible assets	393,079	383,642	(9,437)	-2%
Goodwill	143,058	143,058	-	0%
Deferred tax assets	245,591	268,715	23,124	9%
Hedging derivatives	28,662	-	(28,662)	-100%
Other non-current financial assets	20,327	20,327	-	0%
Other non-current assets	55,110	55,598	488	1%
	13,241,456	13,273,937	32,481	0%
Current assets				
Inventories	295,741	450,086	154,345	52%
Current tax receivables	76,090	46,320	(29,770)	-39%
Trade receivables	1,550,754	1,663,989	113,235	7%
Deposits	42	13,543	13,501	>100%
Other current financial assets	22,364	23,137	773	3%
Cash and cash equivalents	2,695,398	2,686,776	(8,622)	0%
Other current assets	208,201	385,613	177,412	85%
Assets classified as held for sale	26,632	18,311	(8,321)	-31%
	4,875,222	5,287,775	412,553	8%
TOTAL ASSETS	18,116,678	18,561,712	445,034	2%

EQUITY AND LIABILITIES

Equity

Share capital	4,521,613	4,521,613	-	0%
Exchange differences resulting from conversion of a foreign entity	417	(3,651)	(4,068)	>-100%
Reserve capital	447,192	447,192	-	0%
Supplementary capital	606,472	606,472	-	0%
Cash flow hedge reserve	(16,932)	619	17,551	>100%
Retained earnings	2,956,946	3,282,076	325,130	11%
Equity attributable to equity holders of the Parent Company	8,515,708	8,854,321	338,613	4%
Non-controlling interest	37,851	40,945	3,094	8%
	8,553,559	8,895,266	341,707	4%

Non-current liabilities

Loans and borrowings	2,389,554	2,610,293	220,739	9%
Bonds issued	3,116,835	3,030,767	(86,068)	-3%
Non-current provisions	631,716	681,078	49,362	8%
Deferred tax liabilities	553,387	563,390	10,003	2%
Deferred income and non-current grants	525,824	530,216	4,392	1%
Hedging derivatives	22,748	38,666	15,918	70%
Other non-current financial liabilities	8,539	7,585	(954)	-11%
Other non-current liabilities	1,186	438	(748)	-63%
	7,249,789	7,462,433	212,644	3%

Current liabilities

Trade liabilities	869,106	748,785	(120,321)	-14%
Current loans and borrowings	170,568	181,244	10,676	6%
Bonds issued	71,540	20,860	(50,680)	-71%
Income tax liabilities	50,432	748	(49,684)	-99%

Deferred income and government grants	36,965	39,077	2,112	6%
Accrued liabilities	120,594	69,874	(50,720)	-42%
Short-term provisions	373,995	468,209	94,214	25%
Other financial liabilities	228,910	91,865	(137,045)	-60%
Other current liabilities	362,314	553,764	191,450	53%
Liability directly related to assets classified as held for sale	28,906	29,587	681	2%
	2,313,330	2,204,013	(109,317)	-5%
Total liabilities	9,563,119	9,666,446	103,327	1%
TOTAL EQUITY AND LIABILITIES	18,116,678	18,561,712	445,034	2%

As at 31 March 2015, total assets of the ENERGA Group reached PLN 18,562 m and were PLN 445 m (2%) higher than on 31 December 2014.

The most significant changes occurred in current assets. The PLN 413 m, or 8%, increase in this item in the analyzed period compared to the end of December 2014 resulted from a PLN 177 m growth in other short-term assets (related to the settlement of property tax over time), a PLN 154 m increase in inventories (mainly certificates of origin), while trade receivables increased by PLN 113 m. On the other hand, income tax receivables fell by PLN 30 m.

At the liabilities side, a significant change occurred in loan and borrowing liabilities, which went up by PLN 231 m (9%) compared with December 2014 figures, following a drawdown of additional tranches of loans from international financial institutions (EIB, NIB) to finance investment projects executed in Distribution and Generation Segments.

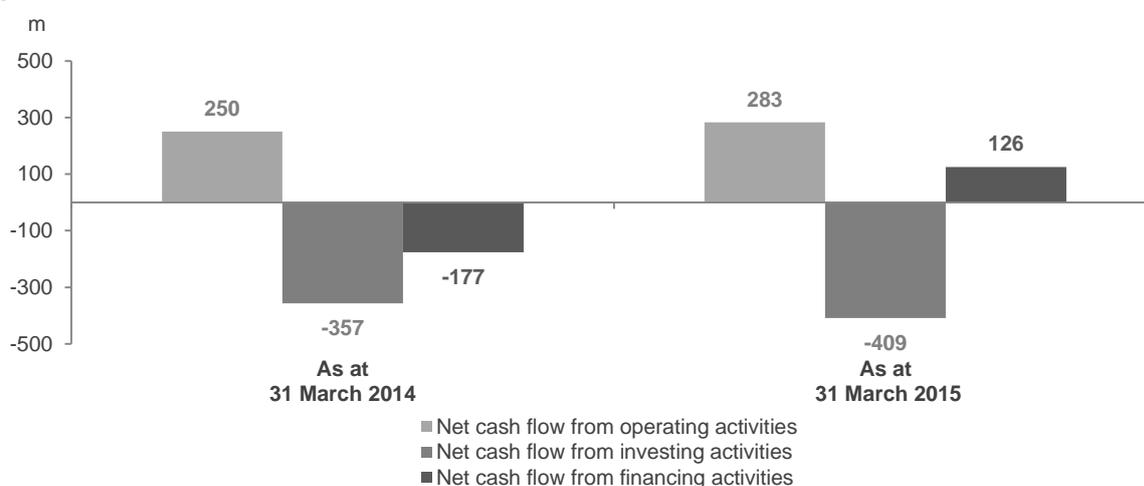
In the period under analysis, other financial liabilities decreased by PLN 138 m (or 58%) (mainly due to a repayment of liabilities under fixed asset purchases), trade liabilities fell by PLN 120 m (14%) and liabilities under bonds issued fell by PLN 137 m, or 4% (mainly because of the declining balance of Eurobonds following the payment of interest and the Euro exchange rate).

ENERGA Group's equity increased by PLN 342 m, mainly due to the positive result for Q1 2015. As at 31 March 2015, equity financed 48% of the Group's assets, which represents a 1% increase compared to 31 December 2014. The Group's net debt increased by PLN 103 m (3%) reaching the level of PLN 3,156 m (net debt is calculated as the sum of liabilities under loans and borrowings and long- and short-term debt securities less cash and cash equivalents).

Table 7: Consolidated Cash Flow Statement

PLN 000s	As at 31 March 2014	As at 31 March 2015	Change	Change (%)
Net cash flow from operating activities	250,264	283,068	32,804	13%
Net cash flow from investing activities	(356,551)	(408,646)	(52,095)	15%
Net cash flow from financing activities	(176,558)	125,689	302,247	>100%
Net increase / (decrease) in cash	(282,845)	111	282,956	100%
Cash and cash equivalents at the end of the period	2,067,868	2,674,692	606,824	29%

Figure 8: Group's cash flows in Q1 2015 and 2014



As at 31 March 2015, the balance of the Group's cash was PLN 2,675 m and was PLN 607 m (or 29%) higher than the cash balance one year earlier.

The total net cash flows from the Group's operating, investing and financing activities in the first quarter of 2015 were positive at PLN 0.1 m, as compared to the negative cash flows of PLN 283 m in the corresponding period of the previous year.

Cash flow from operating activities increased by PLN 33 m (13%) compared to the previous year. The increase in cash flows from operating activities compared to Q1 2014 was driven mainly by a better financial result with a simultaneous increase in depreciation and amortization expenses and in net interest. This effect was partially offset by a higher amount of income tax paid, with the working capital change similar to one in the comparative period.

Net cash flows on investing activities in Q1 2015 decreased by PLN 52 m (15%), which was caused mainly by the missing proceeds from the sale of subsidiaries and lower proceeds associated with the expiration of term deposits in banks.

In the period in question cash flows from financing activities were positive at PLN 126 m, which was PLN 302 m more than in Q1 2014. The change in cash flows in the analyzed period was affected by the drawdown of financing from EIB and NIB in the aggregated amount of PLN 268 m.

3.3. Structure of the consolidated statement of financial position

Table 8: Structure of the consolidated statement of financial position

Consolidated Statement of Financial Position	Balance as at 31 December 2014	Balance as at 31 March 2015
ASSETS		
Non-current assets	73.1%	71.5%
Current assets	26.9%	28.5%
TOTAL ASSETS	100.0%	100.0%
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Parent Company	47.0%	47.7%
Non-controlling interest	0.2%	0.2%
Total equity	47.2%	47.9%
Non-current liabilities	40.0%	40.2%
Current liabilities	12.8%	11.9%
Total liabilities	52.8%	52.1%
TOTAL EQUITY AND LIABILITIES	100.0%	100.0%

Figure 9: Asset and liability structure

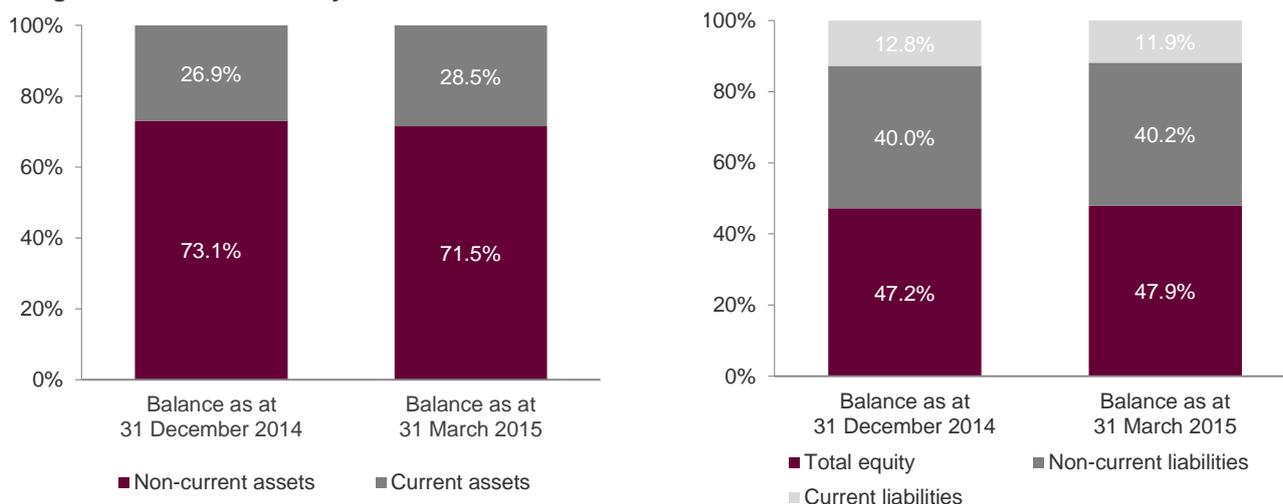


Table 9: Financial ratios of the ENERGA Group

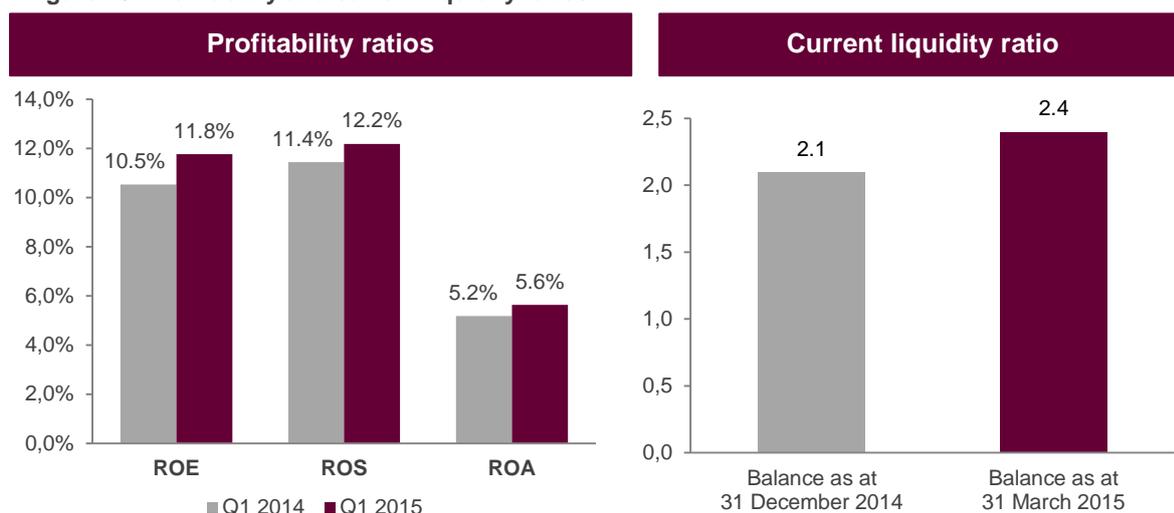
Ratio	Definition	Q1 2014	Q1 2015
Profitability			
EBITDA margin	(operating result + depreciation) / sales revenues	23.4%	23.7%
return on equity (ROE)	net profit for the period* / equity at the end of the period	10.5%	11.8%
return on sales (ROS)	net profit for the period* / sales revenues	11.4%	12.2%
return on assets (ROA)	net profit for the period* / total assets at the end of the period	5.2%	5.6%

* net profit for the last 12 months

Ratio	Definition	As at 31 December 2014	As at 31 March 2015
Liquidity			
current liquidity ratio	current assets / current liabilities	2.1	2.4
Indebtedness			
financial liabilities (PLN m)	sum of liabilities under loans and borrowings and under long- and short-term debt securities	5,748	5,843
net financial liabilities (PLN m)	financial liabilities - cash and cash equivalents	3,053	3,156
net debt / EBITDA ratio	net financial liabilities / EBITDA*	1.3	1.3

*EBITDA for the last 12 months

Figure 10: Profitability and current liquidity ratios



The ENERGA Group has been consistently improving its financial ratios. The fact that net profit increased faster than assets and equity contributed to an upward trend of profitability ratios in Q1 2015 when compared with the corresponding period of the previous year.

The liquidity ratio is safe and rising. The higher level of the ratio resulted from a decrease in short-term liabilities (by PLN 109 m yoy) and a simultaneous increase in current assets (by PLN 413 m yoy), in particular other current assets by PLN 177 m and inventories by PLN 154 m.

In Q1 2015 financial liabilities increased (2%) from their levels at the end of 2014. A change in net financial liabilities in the corresponding period was 3%. At the same time, a parallel improvement of the Group's results resulted in achieving a similar net debt to EBITDA ratio in the analyzed periods.

3.4. Description of significant off-balance sheet items

Information on this subject is provided in the section *Guarantees and sureties given* in this Information and in Note 19: *Contingent assets and liabilities* of the consolidated financial statements.

3.5. Key operational data of the ENERGA Group

Table 10: Distribution of electricity, by tariff groups*

Distribution of electricity, by tariff groups* in GWh	Q1 2014	Q1 2015	Change	Change (%)
Tariff Group A (HV)	961	984	23	2%
Tariff Group B (MV)	1,767	1,888	121	7%
Tariff Group C (LV)	1,126	1,135	9	1%
Tariff Group G (LV)	1,403	1,453	50	4%
Total distribution of energy	5,257	5,460	203	4%

* Billed sales

In Q1 2015, compared to the corresponding period in 2014, increases were recorded in both the volume of electricity in distribution (by almost 4%) and in the average rate of distribution services (by 3%).

Table 11: SAIDI and SAIFI

	SAIDI			SAIFI		
	Unplanned incl. catastrophic	planned	Total	Unplanned incl. catastrophic	planned	Total
	Number of minutes per customer in the relevant period			Disruptions per customer in the relevant period		
Q1 2014	79.4	19.6	99.0	0.9	0.1	1.0
Q1 2015	91.7	13.9	105.7	1.1	0.1	1.2
Change	12.3	(5.7)	6.7	0.2	(0.0)	0.2
Change (%)	15%	-29%	7%	22%	0%	20%

In Q1 2015, ENERGA-OPERATOR SA achieved SAIDI and SAIFI at 105.7 min./cust. and 1.2 interruptions, respectively. The increase in both these indices compared to Q1 2014 is a result of mass failures caused by the Felix hurricane in January of this year.

Table 12: Number of ENERGA-OPERATOR SA's customers as at 31 March 2015 (by tariff group)

Tariff groups ENERGA-OPERATOR	As at 31 March		Change	Change (%)
	2014	2015		
Tariff Group A	68	73	5	7%
Tariff Group B	6,326	6,598	272	4%
Tariff Group C	301,392	298,676	(2,716)	-1%
Tariff Group G	2,640,599	2,661,895	21,296	1%
Total	2,948,385	2,967,242	18,857	1%

Tariff group A – the biggest customers connected to the high voltage grid (110 kV), e.g. steelworks, shipyards and other big industrial facilities; Tariff group B – big industrial facilities connected to the medium voltage grid (from 1 kV to 60 kV), e.g. factories, hospitals, shopping centers, recreation and entertainment facilities; Tariff group C – institutional customers connected to the low voltage grid (up to 1 kV), e.g. banks, shops, clinics, points of sale, street lighting; Tariff group G – households and similar customers, regardless of the voltage.

Due to the specific nature of the distribution activity, the number of ENERGA-OPERATOR SA's customers at the end of Q1 2015 is similar to the last year's figures.

Table 13: Gross production of electricity in the ENERGA Group

Gross electricity produced (GWh)	Q1 2014	Q1 2015	Change	Change (%)
Power plants - coal-fired	689	619	(70)	-10%
Power plants - biomass co-fired	141	146	5	4%

CHP plants - coal-fired	65	43	(22)	-34%
CHP plants - biomass-fired	0	12	12	>100%
Power plants - hydro	237	252	15	6%
Pumped-storage plant	16	9	(7)	-44%
Power plants - wind	103	120	17	17%
Power plants - photovoltaics	-	0.3	0	-
Total electricity production	1,252	1,201	(51)	-4%
<i>incl. RES</i>	<i>482</i>	<i>530</i>	<i>48</i>	<i>10%</i>

In Q1 2015, ENERGA Group's generation companies produced approx. 51 GWh (-4%) less electricity than they did in the corresponding period of the previous year. The main reason was a decline in coal-fired production in the system power plant in Ostrołęka (-70 GWh) and in the Group's CHP plants (-22 GWh). In CHP plants, this effect was partially offset by an increase in biomass-fired production (in mid-2014 a new biomass unit was launched in Elbląg). At the same time, higher production was recorded in run-of-the-river power plants (15 GWh) driven by better hydrological conditions and higher production from wind farms, among others due to additional production from the new Myślino wind farm (11 GWh) (the Group's remaining wind farms recorded production numbers that were slightly higher than in Q1 of the previous year).

Table 14: Production of heat

Gross heat production in TJ	Q1 2014	Q1 2015	Change	Change (%)
ENERGA Kogeneracja Sp. z o.o.*	904	876	(28)	-3%
ENERGA Elektrownie Ostrołęka S.A.	554	511	(43)	-8%
Ciepło Kaliskie Sp. z o.o.	-	158	158	-
Total gross heat production	1,458	1,544	86	6%

* including EC Kalisz

In Q1 2015, heat production increased by about 86 TJ (6%), with the highest contributor being the additional production of 158 TJ by the Ciepło Kaliskie company, which launched operations on its own assets on 1 April 2014 (before that date the company's assets were leased). Higher average annual temperatures in 2015 were the main reason why heat production was lower in ENERGA Kogeneracja (-28 TJ) and in ENERGA Elektrownie Ostrołęka (-43 TJ).

Table 15: Volume and cost* of consumption of key fuels

Consumption of fuel	Q1 2014	Q1 2015	Change	Change (%)
Coal				
Quantity (thous. tons)	402	340	(62)	-15%
Cost (PLN m)	106	86	(20)	-19%
Biomass				
Quantity (thous. tons)	94	105	11	12%
Cost (PLN m)	37	42	5	14%
Total fuel consumption (PLN m)	143	127	(15)	-11%

* including the cost of transportation

In Q1 2015, the generators from the ENERGA Group consumed approx. 62 thousand tons (-15%) of black coal less than the year before. This was due to a 10% drop in the production of electricity and heat from black coal. The consumption of biomass in the analyzed period fell by roughly 11 thous. tons (12%), driven by a significant increase in the production of electricity and heat from biomass firing by 55 GWh.

The change in consumption volumes of the individual fuels was accompanied by a decrease in average unit cost (PLN per MWh) of electricity and heat production (by 11% for coal and 18% for biomass). This was the effect of, among others, increased efficiency of fuel consumption by the Group in its new facilities, i.e. the heat source in Ostrołęka and the biomass unit in Elbląg.

Table 16: Sales of electricity by the Sales Segment

Sales of electricity by the Sales Segment in GWh	Q1 2014	Q1 2015	Change	Change (%)
Retail electricity sales	4,280	4,285	5	0%
Electricity sales on the wholesale market, of which:	2,690	2,578	(112)	-4%
<i>Electricity sales to the balancing market</i>	213	105	(108)	-51%
<i>Electricity sales to ENERGA-OPERATOR to cover network losses and for own consumption</i>	501	(16)*	(517)	>-100%
<i>Other wholesale</i>	1,976	2,489	513	26%
Total electricity sales	6,971	6,863	(108)	-2%

* the negative volume is an effect of settlement of a 2014 contract that was not extended to 2015

In Q1 2015, the total volume of electricity sold by the Segment decreased by approximately 2% (108 GWh) when compared to Q1 2014. Sales volumes fell on the wholesale market.

Electricity volumes sold to end buyers in Q1 2015 virtually did not change yoy (except for a slight increase by 5 GWh). In retail sales, volumes sold to business clients (mainly tariffs A and B) fell, while an increase in sales volumes to households and clients on the Slovakian market was recorded. In terms of volume, sales to households (tariff G) in Q1 2015 accounted for 34% of sales billed to end users by ENERGA-OBRÓT SA (32% in Q1 2014).

Electricity trading on the wholesale market aims largely at optimizing the average purchase price of energy to be sold on the retail market. In the analyzed period, electricity sales fell also in the wholesale market (by about 4%). This was a result of ENERGA-OPERATOR SA changing the entity selling electricity to cover network losses starting in 2015.

3.6. Financial results by operating segments

Table 17: EBITDA of the ENERGA Group, by Segment

EBITDA (PLN 000s)	Q1 2014	Q1 2015	Change	Change (%)
DISTRIBUTION	409,837	498,045	88,208	22%
GENERATION	183,826	153,212	(30,614)	-17%
SALES	46,119	49,184	3,065	7%
OTHER and consolidation exclusions and adjustments	3,410	(9,114)	(12,524)	>-100%
Total EBITDA	643,192	691,327	48,135	7%

Distribution Segment

Figure 11: Results of the ENERGA Group's Distribution Segment (PLN m)

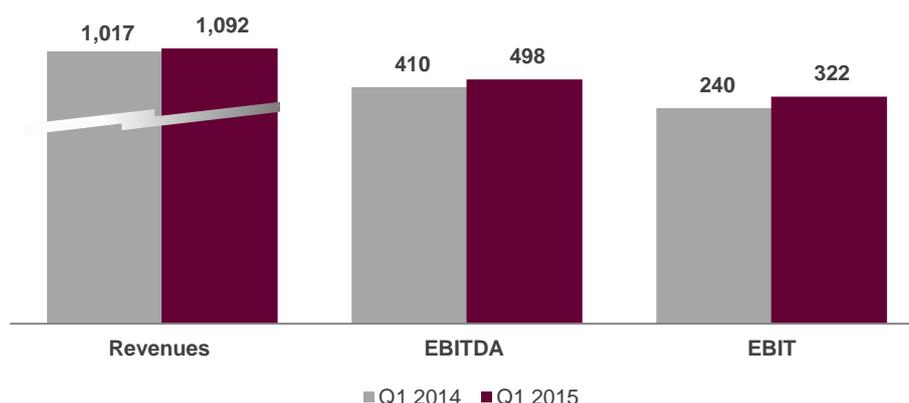


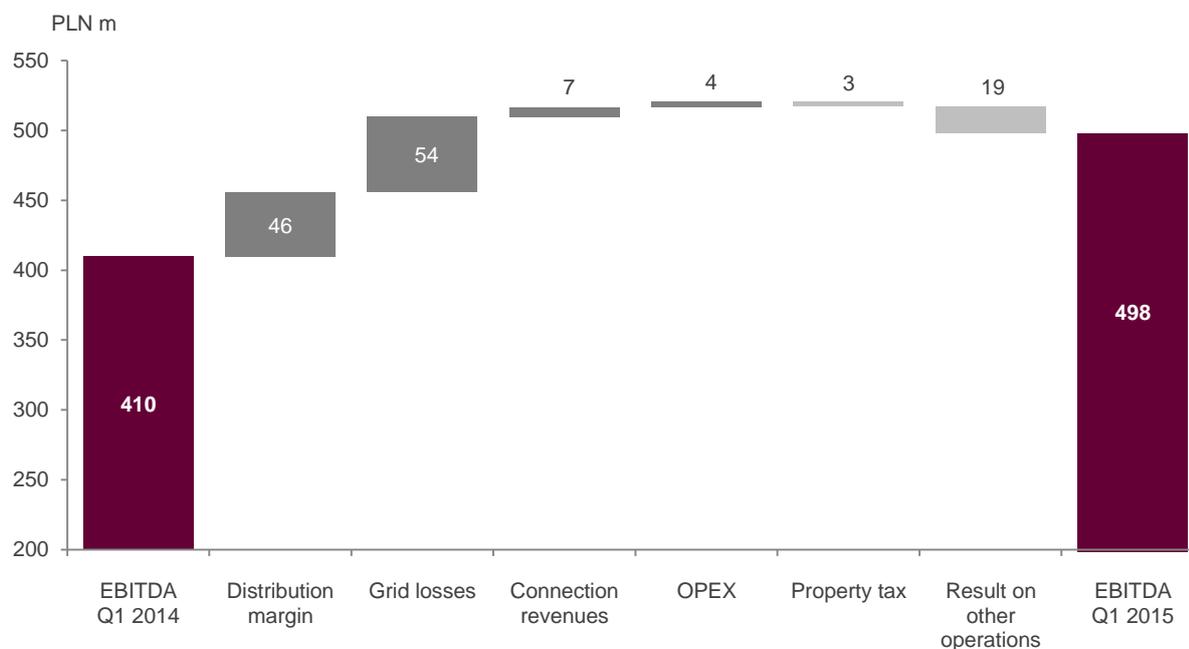
Table 18: Results of the Distribution Segment

PLN 000s	Q1 2014	Q1 2015	Change	Change (%)
Revenues	1,017,152	1,091,771	74,619	7%
EBITDA	409,837	498,045	88,208	22%

amortization and depreciation	170,101	175,975	5,874	3%
EBIT	239,736	322,070	82,334	34%
Net profit	173,314	235,174	61,860	36%
CAPEX	154,303	178,511	24,208	16%

PLN 000s	Balance as at 31 December 2014	Balance as at 31 March 2015	Change	Change (%)
Cash	904,004	442,046	(461,958)	-51%
Financial debt	3,474,170	3,561,767	87,597	3%
Headcount at the end of the period (people)	5,435	5,382	(53)	-1%

Figure 12: EBITDA Bridge of the Distribution Segment



In Q1 2015, the Distribution Segment contributed approx. 72% to ENERGA Group's EBITDA (64% in the comparative period).

In Q1 of this year, sales revenues of the Distribution Segment were more than 7% higher than in the corresponding period of the previous year. The increase in revenues was driven by both: higher volume of electricity in distribution (almost 4%) as well as higher average rate of distribution services (3%). In Q1 2015, revenues from connection fees were PLN 20 m, which is PLN 7 m more than in the same quarter of 2014 (the effect of connecting wind farms).

EBITDA grew by almost 22% y/y to PLN 498 m, while EBIT increased by over PLN 82 m (more than 34% y/y). Important contributors to the operating result of PLN 322 m included: an increase in the distribution margin by PLN 100 m including network losses (it was

primarily the effect of switching from 6-month readings to 2-month readings for Tariffs G and C1 which on one hand increased revenues on the distribution services while on the other hand reduced network losses), a PLN 19 m decline in net other operations (caused mainly by the fact that a larger amount of provisions for locating power infrastructure on third party land was reversed than in Q1 2014 than in Q1 2015) and amortization and depreciation, which was almost PLN 6 m higher.

Net profit in Q1 2015 was nearly PLN 62 m higher than in the same quarter the year before. Net financial activity was more than PLN 4 m lower. In Q1 2014, profit on the sale of shares in two companies in the Segment was recorded (PLN 19 m). On the other hand, in Q1 2015, the Segment incurred lower costs of interest on financial debt (among others due to lower interest rates).

Capital expenditures of the Distribution Segment, at PLN 179 m, were PLN 24 m higher than in the comparable period of the previous year.

Compared to 31 December 2014, the Segment's financial debt increased by almost PLN 88 m. At the end of March 2015, ENERGA-OPERATOR SA issued long-term bonds in the amount of PLN 200 m. The 51% decline in cash compared to 31 December 2014 was also affected by a dividend payment by ENERGA-OPERATOR SA to ENERGA SA. As a result, net debt increased by almost PLN 550 m from the end of December 2014.

At the end of Q1 2015, the headcount in the Distribution Segment was 5,382 persons.

Generation Segment

Figure 13: Results of the ENERGA Group's Generation Segment (PLN m)

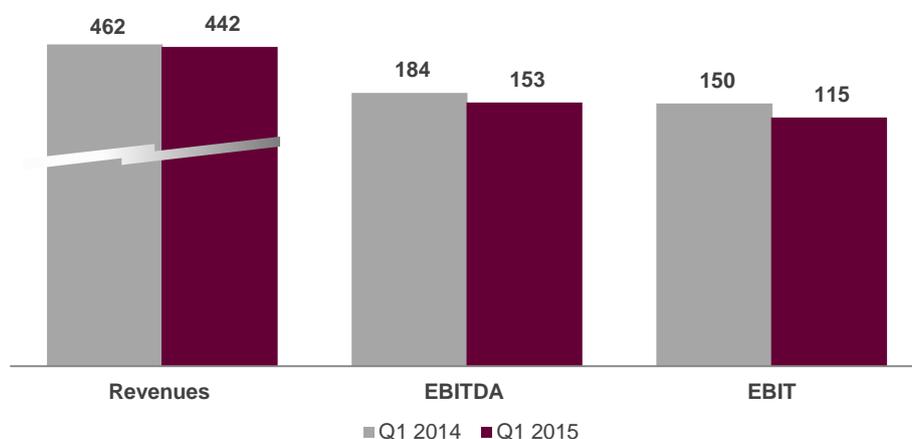


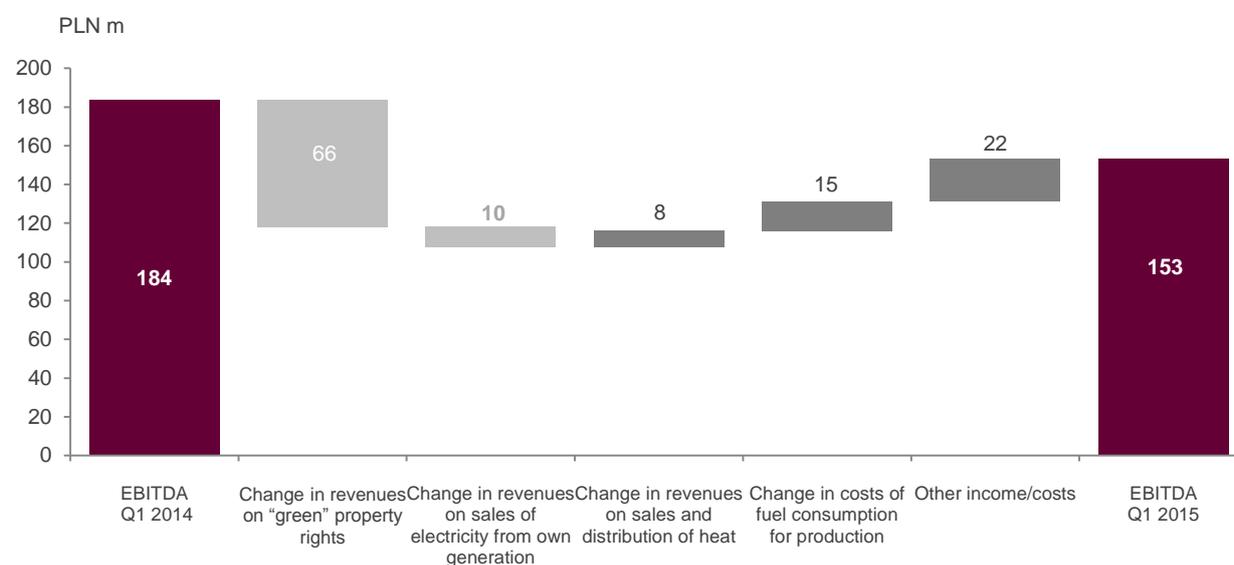
Table 19: Results of the ENERGA Group's Generation Segment

PLN 000s	Q1 2014	Q1 2015	Change	Change (%)
Revenues	462,146	442,287	(19,859)	-4%
EBITDA	183,826	153,212	(30,614)	-17%
amortization and depreciation	33,593	38,437	4,844	14%
EBIT	150,233	114,775	(35,458)	-24%

Net profit	100,354	79,146	(21,208)	-21%
CAPEX	25,406	73,180	47,774	>100%

PLN 000s	Balance as at 31 December 2014	Balance as at 31 March 2015	Change	Change (%)
Cash	415,279	412,544	(2,735)	-1%
Financial debt	1,473,868	1,461,883	(11,985)	-1%
Headcount at the end of the period (people)	1,558	1,550	(8)	-1%

Figure 14: EBITDA Bridge of the Generation Segment



The table below presents a breakdown of EBITDA of the Generation Segment by business lines. This table includes individual data plus the management cost charge for managing the Generation Segment, elimination of transaction concluded between individual business lines and consolidation adjustments.

The data presented for Q1 2014 may be slightly different than the presented historical data, because the methodology for allocating Segment results to individual business lines changed slightly in the beginning of this year.

Table 20: EBITDA of the Generation Segment, by business line

EBITDA (PLN 000s)	Q1 2014	Q1 2015	Change	Change (%)
Hydro	99,851	67,050	(32,801)	-33%
Wind	31,830	21,555	(10,274)	-32%
Ostrołęka Power Plant	47,328	43,981	(3,347)	-7%
Other and adjustments	4,817	20,625	15,808	>100%

Total Generation	183,826	153,212	(30,614)	-17%
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The Generation Segment's contribution to total EBITDA of the ENERGA Group was 22% in Q1 2015 (29% in the corresponding period of the previous year). EBITDA fell by PLN 31 m, which was caused mainly by worse market conditions.

The market conditions causing lower sales revenues in the Generation Segment in Q1 2015 included mainly: the lower prices of "green" property rights and absence of a positive event, which occurred in Q1 2014 when the inventories of 2013 property rights were sold at prices higher than those on the production date. Compared to the corresponding period of the previous year, the official electricity sales price announced by the President of ERO also fell (which is particularly important for the Hydro and Wind business lines). At the same time, the Ostrołęka Power Plant business line, as a result of forced operation, earned prices similar to last year's (despite a decline in SPOT market prices), as a result of which the average electricity sales price of the entire Segment fell only slightly in Q1 y/y.

Another adverse factor for the Segment was the lower volume of electricity produced from coal. The main reason for the decrease was lower demand for operation of the Ostrołęka Power Plant for the Transmission Grid Operator. The lower production from coal was partially offset by an increase in hydro, wind and biomass production (production launch of the biomass unit in Elbląg).

The costs of consumption of key fuels (including transportation) in the Generation Segment in Q1 fell by 11%, or PLN 15 m y/y. The drop in fuel consumption costs was driven by lower unit cost of coal (11%) (which was applicable to the total production of electricity and heat expressed in MWh) and biomass (18%), which was due to a better efficiency of electricity and heat production following the production launch of new facilities fired by these fuels, i.e. the biomass unit in Elbląg and the new heat source for Ostrołęka.

As of the beginning of 2014, operating reserve was added to the catalog of system services provided to PSE, increasing significantly revenues of the Generation Segment from services provided to the Transmission Grid Operator. In Q1 2015, revenues for this service were similar to the previous year.

In addition to the above market factors driving the y/y performance of the Generation Segment in Q1, we should also note the non-recurring events, such as: an impairment allowance of PLN 6.1 m recognized for capital expenditures in wind farm investment projects in Q1 of the previous year and the cost PLN 7.2 m of the voluntary departure program recognized by the Ostrołęka Power Plant business line.

The net profit earned by the Generation Segment in Q1 2015 was affected by the costs of servicing financial debt incurred among others to purchase the wind farms in 2013.

Capital expenditures in the Segment in Q1 were PLN 48 m lower than in Q1 of the previous year. The main reason for this was the capital expenditures incurred by the Ostrołęka Power Plant business line relating to a new heat source for the city of Ostrołęka and the need to adapt boilers to the more stringent environmental requirements (for the coming years) in particular a NOx reduction installation. The Segment has also incurred expenditures associated with the new wind farm in Myślino.

Hydro

Table 21: Results of the Hydro business line

PLN 000s	Q1 2014	Q1 2015	Change	Change (%)
Revenues	124,951	91,578	(33,372)	-27%
EBITDA	99,851	67,050	(32,801)	-33%
EBIT	93,483	59,969	(33,514)	-36%
CAPEX	5,053	3,434	(1,619)	-32%

Contribution of the Hydro business line to the Generation Segment's total EBITDA in Q1 2015 was 44%. EBITDA generated by this line fell by PLN 33 m yoy in and consequently deteriorated significantly the Segment's results.

This was mainly due to the price of "green" property rights which, despite a higher volume of electricity production (a 6% growth in connection with the hydrologic conditions being better than in the corresponding period of the previous year) caused a significant decrease in revenues on this account. Additionally, electricity was sold at lower prices (official prices quoted by the President of ERO).

Wind

Table 22: Results of the Wind business line

PLN 000s	Q1 2014	Q1 2015	Change	Change (%)
Revenues	49,344	33,865	(15,479)	-31%
EBITDA	31,830	21,555	(10,274)	-32%
EBIT	22,050	11,413	(10,637)	-48%
CAPEX	-	8,842	8,842	-

Contribution of the Wind business line to the Generation Segment's total EBITDA in Q1 2015 was 14% (PLN 10 m less than in the corresponding period of the previous year). Q1 2015 was the first period, which included production from the new Myślino wind farm.

The worse yoy performance of the business line in Q1 was caused, similarly as in the case of the Hydro business line, by the price of "green" property rights and a lower official price of the ERO president.

Additional factors affecting the Wind business line's yoy performance in Q1 was the non-recurring event, i.e. an impairment allowance of PLN 6.1 m for capital expenditures in wind farm investment projects recognized in Q1 of the previous year.

Capital expenditures in Q1 were PLN 9 m higher than in the corresponding period of 2014. The expenditures incurred for expansion and modernization of the power grid were related to the connection of the new wind farm in Myślino.

Ostrołęka Power Plant

Table 23: Results of the Ostrołęka Power Plant business line

PLN 000s	Q1 2014	Q1 2015	Change	Change (%)
Revenues	240,694	248,345	7,651	3%
EBITDA	47,328	43,981	(3,347)	-7%
EBIT	34,826	31,555	(3,271)	-9%
CAPEX	4,225	41,463	37,238	>100%

Contribution of the Ostrołęka Power Plant business line to the Generation Segment's total EBITDA in Q1 2015 was 29%. EBITDA in the reporting period was only slightly lower (by less than PLN 3 m) than in the previous year.

This was caused mainly by a positive result on electricity sales (the average selling price of electricity was similar in this quarter to the price in the corresponding period of the previous year). At the same time, electricity production volume fell by 84 GWh (in particular in coal-fired facilities) due to lower demand for operation requested by the Transmission System Operator.

The unit cost key fuels (in relation to the total production of electricity and heat expressed in MWh) also fell, i.e. biomass by 16% and coal by 8%.

Moreover, the performance of the business line was also affected by the lower prices of "green" property rights and absence of a positive event from Q1 2014 when the inventories of 2013 property rights were sold at prices higher than those on the production date.

In addition to the above market factors driving the performance of the business line in Q1, we should also note the non-recurring events, such as the cost of the voluntary departure program incurred in Q1 of the previous year in the amount of PLN 7.2 m.

Capital expenditures in Q1 were PLN 37 m higher than in Q1 of the previous year. This was caused mainly by capital expenditures incurred to build a new heat source for the city of Ostrołęka and the need to adapt boilers to the more stringent environmental requirements (for the coming years) in particular installation of a NOx reduction system.

Other and adjustments

Table 24: Results of the Other and adjustments business line

PLN 000s	Q1 2014	Q1 2015	Change	Change (%)
Revenues	47,158	68,500	21,341	45%
EBITDA	4,817	20,625	15,808	>100%
EBIT	(126)	11,838	11,964	>100%
CAPEX	16,128	19,442	3,314	21%

The Other category comprises the Generation Segment's CHP assets, companies providing services to the Generation Segment and special purpose vehicles executing investment projects in the area of construction of new generation sources in the ENERGA Group. Elimination of mutual transactions between business lines are also recognized here. Capital expenditures in the Other and adjustments line item additionally include capital expenditures made by the special purpose vehicles of the Generation Segment, including the wind farm construction projects executed in the ENERGA Group (currently in the preparation phase).

The results presented here were affected mainly by the operation of the Segment's CHP assets, including the production activity of the Ciepło Kaliskie company (not recognized in the corresponding period of the previous year) and operation of the new biomass unit in Elbląg, which pushed EBITDA up by PLN 7.7 m.

Sales Segment

Figure 15: Results of the ENERGA Group's Sales Segment

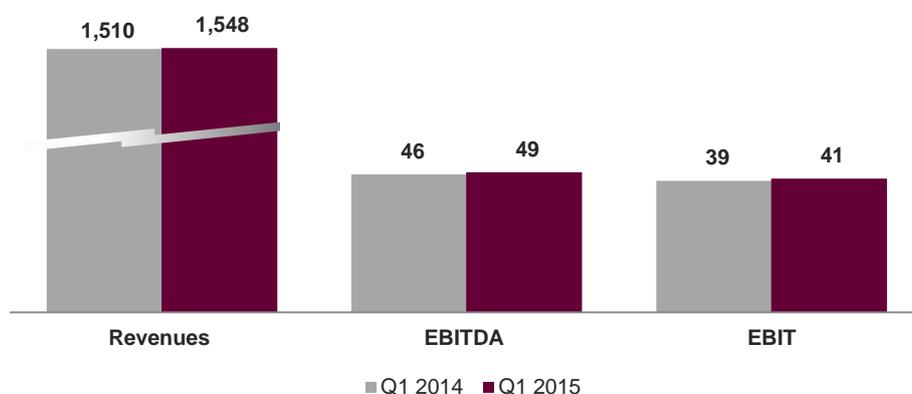


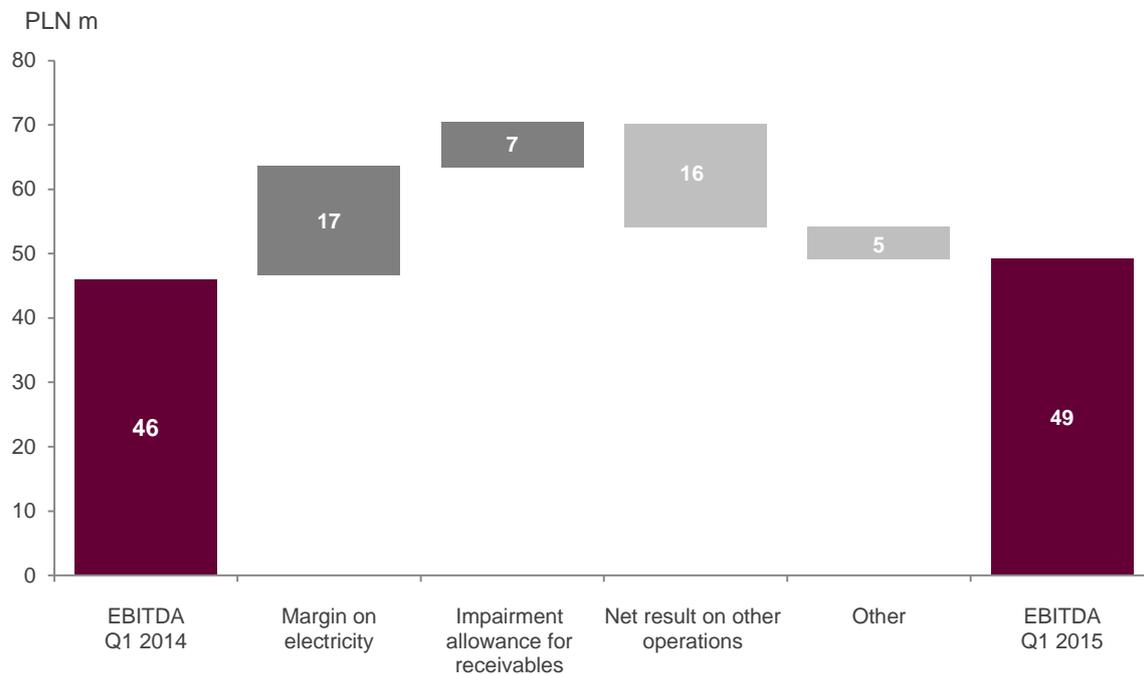
Table 25: Results of the ENERGA Group's Sales Segment

PLN 000s	Q1 2014	Q1 2015	Change	Change (%)
Revenues	1,509,828	1,547,842	38,014	3%
EBITDA	46,119	49,184	3,065	7%
amortization and depreciation	7,351	8,061	710	10%
EBIT	38,768	41,123	2,355	6%
Net profit	36,717	36,643	(74)	0%
CAPEX	5,595	5,013	(582)	-10%

PLN 000s	Balance as at 31 December 2014	Balance as at 31 March 2015	Change	Change (%)
Cash	328,703	55,111	(273,592)	-83%
Financial debt	51,173	1,076	(50,097)	-98%

Headcount at the end of the period (people)	982	1,024	42	4%
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Figure 16: EBITDA Bridge of the Sales Segment



In Q1 2015, the Sales Segment earned EBITDA of PLN 49 m, that is roughly 7% of the ENERGA Group's EBITDA, compared to PLN 46 m in Q1 2014 (in that period, the Segment's contribution to the Group's EBITDA was also 7%).

The Sales Segment's revenues in Q1 2015 were higher (by 3%) than in the previous year, reaching PLN 1,548 m. Higher revenues resulted from higher average prices of electricity sold to end buyers (by about 6% yoy), which offset the impact of the factors that adversely affected the level of revenues yoy, that is about 3% lower average electricity sales prices on the wholesale market and a lower overall volume of electricity sold by the Segment (by about 2%).

The increasing margin on electricity sales in Q1 2015 vs. Q1 2014 was also affected by the advantageous circumstances in which average electricity sales prices to end users increased faster (6% yoy) than the average unit purchase price of electricity with property rights (3% yoy).

The Segment's results in Q1 2015 were positively affected on an annual basis by a change in the impairment allowance for receivables, which is a result of the Segment's recovery efforts among strategic clients.

The balance of other operating activity had a negative impact on EBITDA as it was about PLN 16 m lower than the year before. This is a result of non-recurring events in Q1 2014 (mainly the reversal of restructuring provisions and a provision for a dispute with an important client).

The purchase of electricity as part of ENERGA-OBRÓT SA's function of an "Ex Officio Seller" continued to have an adverse effect on the Segment's performance. The negative contribution of this factor to the Segment's results was slightly higher than in Q1 2014, which was related to low prices on the SPOT market for electricity in the discussed period. After the

Act on Renewable Energy Sources was enacted in Q1 2015, the impact of mandatory purchase of electricity from renewable sources on the Segment's results should start to decline starting in 2016.

The balance of the Segment's cash decreased significantly and, as at 31 March 2015, it was PLN 55 m (a reduction of PLN 274 m, compared to 31 December 2014). This is an effect of repayment of the Segment's financial debt, an increase in inventory of property rights and repayment of short-term liabilities (including fulfillment of the property rights obligation).

3.7. Projected financial results

The Management Board of ENERGA SA has not published projections of individual or consolidated financial results for the financial year 2015.

3.8. Ratings

In the period covered by this Information, there were no events that would change the rating awarded to the Company by rating agencies.

Table 26: Applicable ratings of ENERGA

	Moody's	Fitch
Company's long-term rating	Baa1	BBB
Rating outlook	Stable	Stable
Rating date	23 December 2011	19 January 2012
Last change of rating		12 October 2012
Last confirmation of rating	17 December 2014	7 October 2014

3.9. Dividend

On 29 April 2015, the Annual General Meeting of the parent company adopted a resolution to allocate PLN 596,257 thousand to a dividend payment to the Company's shareholders, which is PLN 1.44 per share. The dividend date was set at 7 May 2015 and the dividend payment date at 21 May 2015.

3.10. Tax Group

ENERGA has established a Tax Group named PGK ENERGA, which includes 17 Group companies, including the 3 largest ones. The agreement was registered by the Head of the Pomorski Tax Authority on 27 January 2015, with the operation commencement date on 1 May of this year, for 3 fiscal years, that is until 31 December 2017. Tax will be calculated on income earned in the fiscal year equal to the surplus of aggregated income of all companies comprising the group over their aggregate losses. ENERGA SA was selected as the company representing PGK ENERGA in respect to the duties arising from the Corporate Income Tax Act and the Tax Ordinance. The main goal of the Tax Group is to ensure that all of its companies settle their income together, which will make it easier to settle the possible

fiscal losses, reduce the risk of transfer prices between companies and reduce related documentation and together apply for individual interpretation of tax regulations.

3.11. ENERGA Group performance drivers in the next quarter and later

In the opinion of the ENERGA SA Management Board, the following factors will drive the results and operations of the Company and the ENERGA Group in the perspective of at least the next quarter:

Figure 17: ENERGA Group performance drivers in the next quarter and later

Prices of property rights, in particular certificates of origin of RES	Decision of the ERO President to reduce the return on capital by 5% in 2015	Change of structure of distributed energy vs. structure agreed in the tariff
Rate actually obtained for the operating reserve	ERO's refusal to approve Tariff G for ENERGA-OBRÓT SA	Electricity prices on the wholesale and retail markets
Increasing competition on the market of electricity sellers	Outcomes of pending lawsuits	Weather and hydrometeorological conditions

Environment



4. ENVIRONMENT

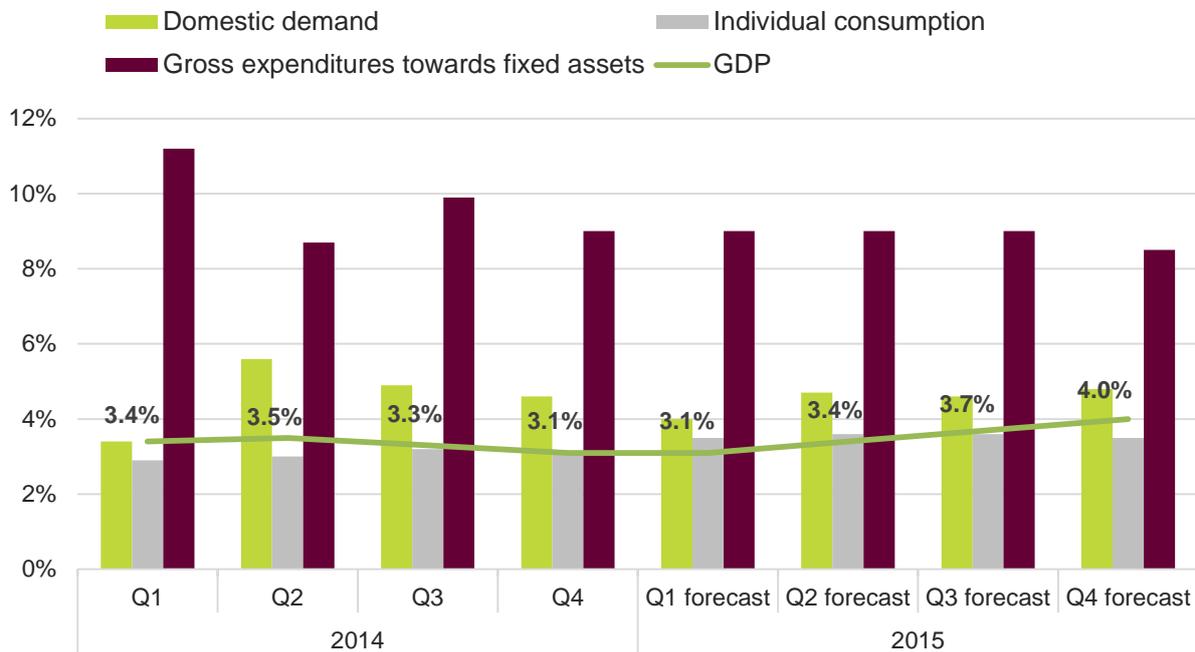
4.1. Macroeconomic situation

The domestic market is the main market on which the Companies comprising the ENERGA Group operate; therefore, Poland's macroeconomic situation affects their value and financial condition.

According to the most recent research of business conditions, stable growth in business activity is maintained in Poland and the GDP growth in Q1 was most likely slightly higher than in Q4 of the previous year. Even though the PMI index for the Polish industrial sector fell in March by 0.3 points month over month, at 54.8 it was still above the neutral threshold of 50 points. A higher USD to PLN exchange rate in Q1 2015 increased new export orders and improved forecasts for the Euro zone has allowed for expectations of further acceleration in this area. A very good situation on the labor market drives dynamic growth in employment, which indicates the positive sentiments that businessmen have about the business outlook.

According to the "Inflation and Economic Growth Projections" published by the National Bank of Poland (NBP) in March, the average GDP growth rate in Poland in 2015-2017 will be 3.4%. NBP experts believe that economic growth will be based largely on increasing consumption and investment expenditures of the national private sector, in parallel with a gradual but moderate improvement in business conditions in the Euro zone.

Figure 18: Annual changes in GDP, domestic demand, individual consumption and expenditures towards fixed assets in Poland in 2014, including forecasts the following quarters of this year



Source: Bank Zachodni WBK, April 2015.

The increase in individual consumption will be supported by a gradual improvement in the financial condition of households due to the improved situation on the labor market. According to the data from the Main Statistical Office (GUS), the number of the unemployed registered in labor offices at the end of February of this year fell by 14.9% on the annual basis. At that time, the registered unemployment rate was 11.7%, and was 0.3 p.p. lower than in February. As compared to the previous year, the reduction in employment was

recorded by construction, mining and excavation, generation and supply of electrical energy gas, steam and hot water as well as accommodation and dining or real estate market service.

An increase in the purchasing power of households will be supported by a low growth rate of prices of goods and services (deflation) which was -1.5% yoy in March of this year. Negative CPI figures were supported by reductions in fees in the transportation sector and the situation on the food market, where prices in March were 3.5% lower than in the previous year. The overall consumer price index in Q1 2015, vs. Q4 2014, was 99.5 (which means that prices fell by 0.5%).

According to preliminary data, in March this year the sold production prices of industrial sector remained at the level similar to the one recorded in December last year. The growth in prices was observed in such industries as generation and supply of electrical energy, gas, steam and hot water as well as water supply, waste management, re-cultivation, mining and excavation. According to the NBP forecast, for the most part of 2015, CPI will be below zero and its increase in the longer term is limited by low demand and cost pressures, moderate business conditions in the global economy and low prices of energy resources on global markets.

Given a longer deflation period and a clear increase in risk that inflation will be below the goal in the medium term, in March of this year, the Monetary Policy Council (RPP) made a decision to reduce the NBP interest rates by 0.5 percentage points, setting the reference rate at a new, record low level of 1.5%. The reduction of interest rates will materially affect regulated revenues in electricity distribution companies. In parallel with the deeper than before interest rate cuts, the Monetary Policy Council issued a declaration that the decision marked the end of the monetary policy loosening cycle.

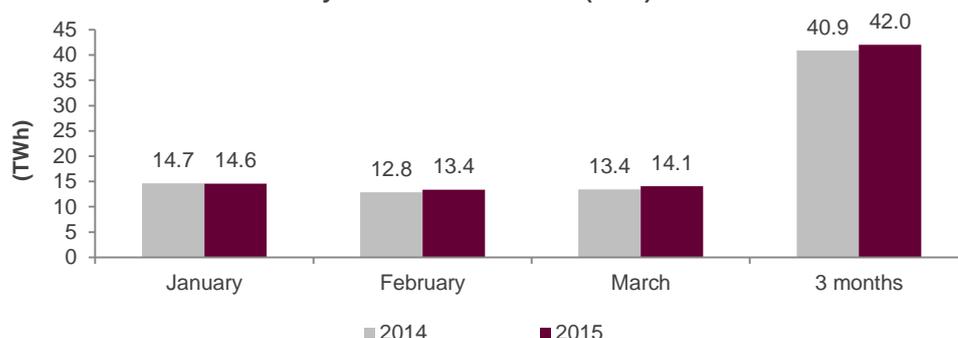
4.2. Electricity market in Poland

The situation on the market environment is really important for the Group's financial performance. Accordingly, one should mention in particular the prices of electricity, property rights, emission allowances and fees for the operating reserve.

Domestic production and consumption of electricity

Production of electricity in Poland, according to the data published by PSE after Q1 2015, was 2.7% higher than in the corresponding period of the previous year. The largest increase in electricity production compared to the corresponding period of 2014 occurred in March (by 4.8%).

Figure 19: Production of electricity in Poland in Q1 2015 (TWh)



Source: http://www.pse-OPERATOR.pl/index.php?modul=8&y=2014&m=9&id_rap=212

Domestic consumption of electricity in Poland in the period of January-March 2015 was 1.3% higher than in the same period of the previous year. The highest increase in electricity consumption, i.e. by 2.7%, occurred in March.

Figure 20: Consumption of electricity in Poland in Q1 2015 (TWh)

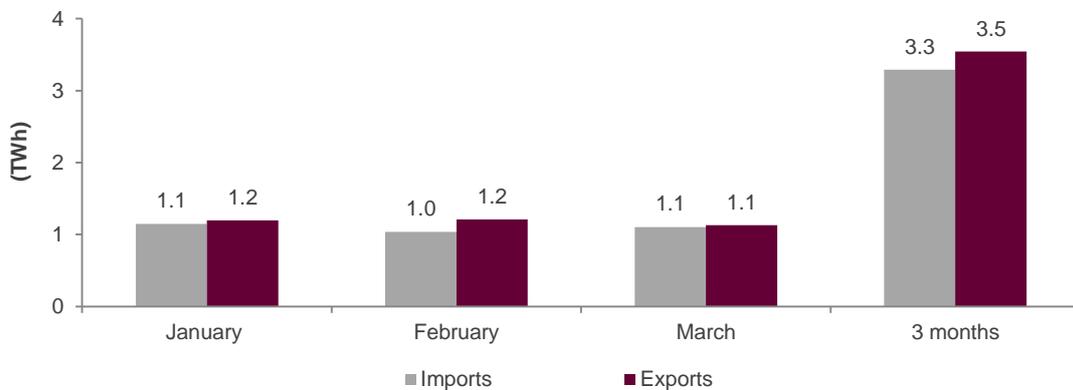


Source: PSE

Poland's inter-system exchange

After Q1 2015, the volume of electricity exported is 7.7% higher than the volume of electricity imported to Poland. This indicates a reversal of the trend compared to the corresponding period of last year, when imports were higher (by about 9.1%). In Q1 2015, the largest surplus of exports was recorded in February.

Figure 21: Monthly volumes of intersystem exchange in Poland in Q1 2015 (TWh)

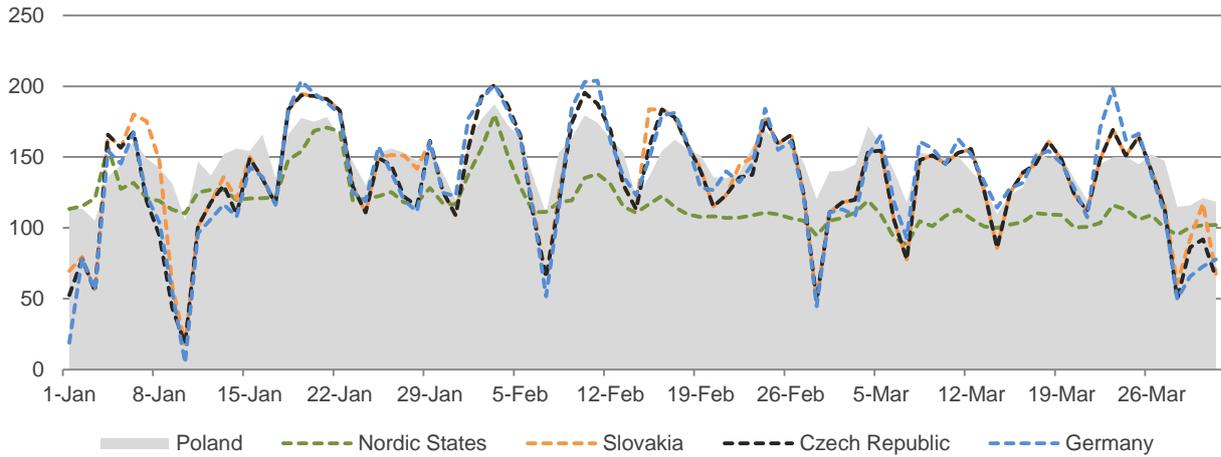


Source: http://www.pse-OPERATOR.pl/index.php?modul=8&id_rap=222

Energy prices in neighboring countries

In order to compare energy prices in Poland to those in the neighboring countries, SPOT market prices were used as reference products. In each month of Q1 2015, prices in Poland were generally higher than they were in the neighboring countries. The largest difference in prices was recorded in February and March between the Polish and Nordic SPOT markets. The difference vs. the German market reached the maximum in January, when the average level of BASE contract prices was over 20 PLN/MWh lower than in Poland.

Figure 22: Electricity prices on the SPOT market in Poland and in neighboring countries in Q1 2015

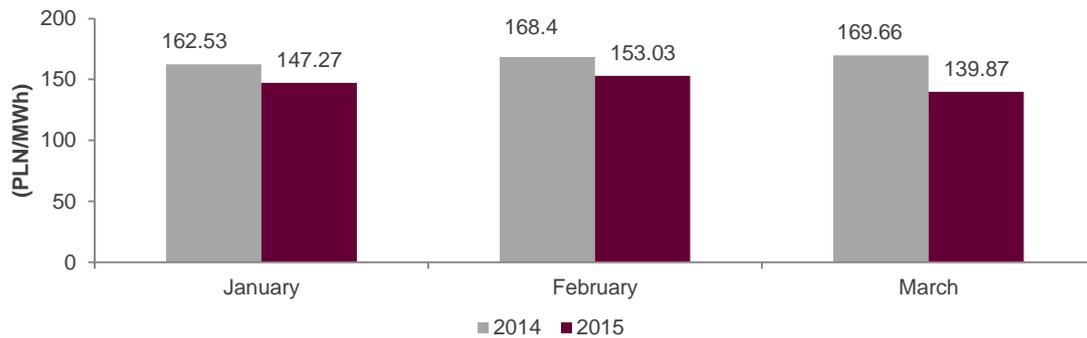


Source: Bloomberg

Electricity Day-Ahead Market (DAM) in Poland

Average prices on the DAM market in Q1 2015 were much lower than the prices in the first three months of 2014. The difference in prices was increasing with each passing month. In January, the difference vs. the previous year was about 15 PLN/MWh, while in March it increased to almost 30 PLN/MWh.

Figure 23: Electricity prices on the Day-Ahead Market (DAM) in Q1 2015



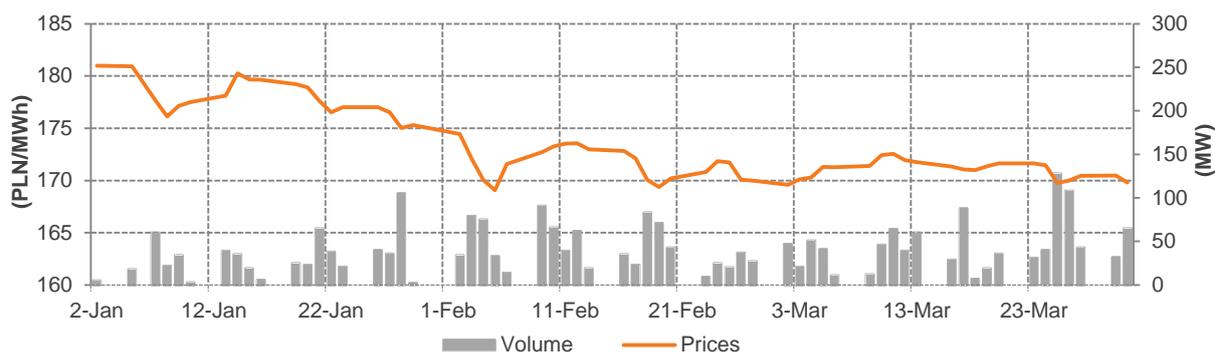
Source: <http://www.tge.pl/pl/155/raporty-miesieczne>

One of the reasons for the low level of prices in Q1 2015 was high production in wind and hydro power plants.

Electricity forward market in Poland

In Q1 the prices of electricity with a delivery date in 2016 followed a downward trend, as a result of which the prices fell from over 180 PLN/MWh to under 170 PLN/MWh. This has fully offset the upward movement from the previous year. The decline is a result of the forward market prices following the SPOT market prices.

Figure 24: Price of a forward contract with delivery in 2016 quoted in Q1 2015



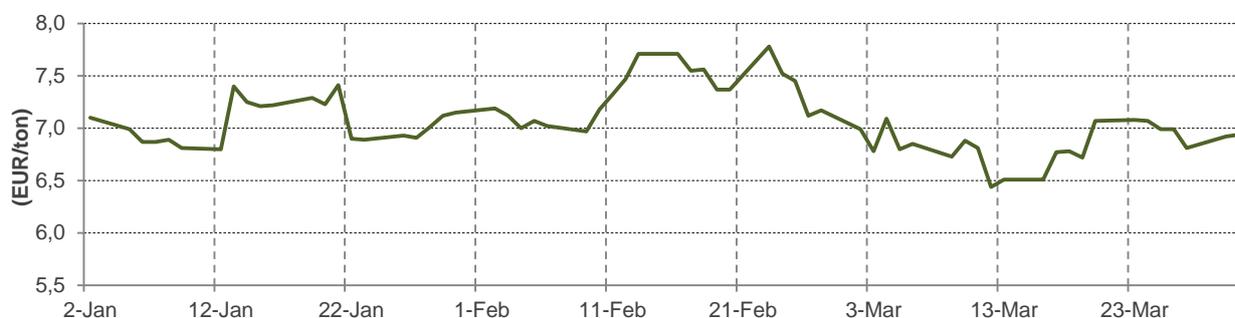
Source: <http://wyniki.tge.pl/wyniki/rtee/tables/>

Emission allowance market

The prices of emission allowances are important for the Group, in connection with the obligation to redeem CO₂ emission rights. Now provisions are recognized regularly during the reporting period on the basis of actual CO₂ emissions, taking into account the free emission allowances.

The EUA emission allowance market with delivery in Q1 2015 was characterized by high volatility. From the beginning of the year, the prices fluctuated from 7.78 - 6.44 EUR/t. In the analyzed period, the prices were most heavily affected by the discussions on the *market stability reserve mechanism* (MSR). In February, the member states agreed on a negotiation mandate in respect to the market stability reserve. According to the arrangements, the stability reserve will be launched in 2021.

Figure 25: Prices of EUA emission allowances (DEC 2015) referring to emissions in Q1 2015



Source: Bloomberg

Property rights market

Table 27: Average levels of property rights indices listed on the Polish Power Exchange

Index (type of certificate)	Index value		% of obligation (2015)	Substitution fee (2015)
	Q1 2014 (PLN)	Q1 2015 (PLN)	(%)	(PLN)
OZEX_A_POLPX	216.43	174.57	14.00	300.03
KMETX (PMMET - 2014 - purple)	n/a	61.73	1.3	63.26
KGMX_POLPX	n/a	106.54	4.9	121.63

KECX (PMEC-2014 – red)	n/a	10.55	23.2	11.00
EFX (PMEF – white)	958.22	940.40	1.50*	1,000.00**

* the obligation is calculated in relation to sales revenues
 * unit (PLN/toe)

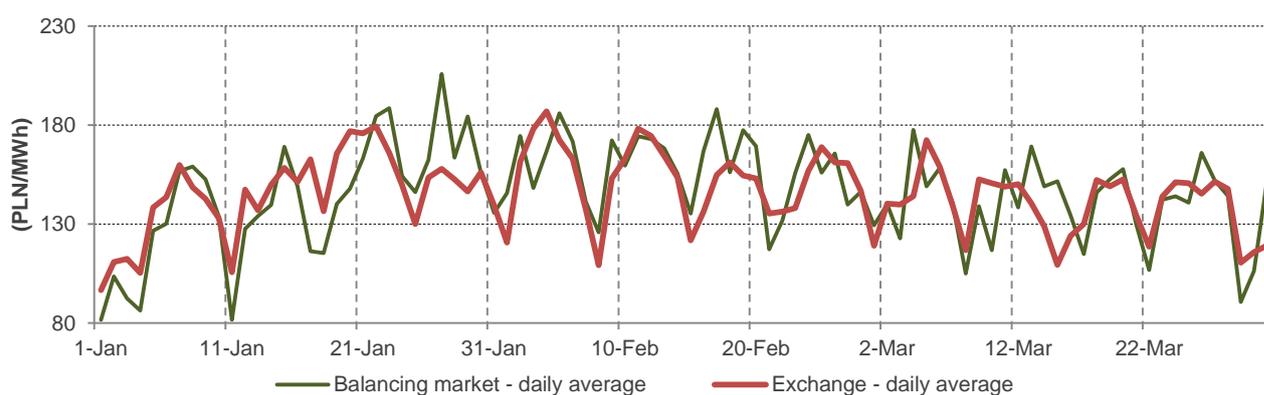
From the standpoint of the Group’s generation structure (high RES production) the quotations of green property rights were the most important. In Q1 2015, a significant drop in prices of green property rights was observed in session listings (OZEX_A), from PLN 150 in the beginning of the year to under PLN 130 at the end of March. The main cause of this situation is the oversupply of RES certificates on the market. In the quarter under analysis, there was no price hike, which was observed in the past years, driven by an increased demand around the deadline of the redemption obligation for the previous year. In the first three months of 2015, the prices for other certificates of origin remained at a stable level.

Balancing Market

In Q1 2015, electricity prices on the balancing market were similar to day-ahead market prices. Larger differences arose only in the second half of January. Hourly prices on the balancing market were between 283.55 PLN/MWh and 71.21 PLN/MWh. These extreme limits were recorded on 27 and 3 January, respectively. Compared with the first three months of 2014, when the prices often exceeded the level of 300 PLN/MWh, the market remained stable. The average price level on the balancing market was 146.19 PLN/MWh and was 9.94 PLN/MWh lower than in the corresponding period of the previous year.

In 2015, the operating reserve service is continued, while its governing rules changed slightly. The current reference price is 37.28 PLN/MWh. An hourly budget has also been introduced for the operating reserve, which prevents an overrun of the planned costs of the operating reserve service during the year. In Q1, the average fee for the operating reserve service was 27.38 PLN/MWh, which was 5.02 PLN/MWh less than in the corresponding period of the previous year.

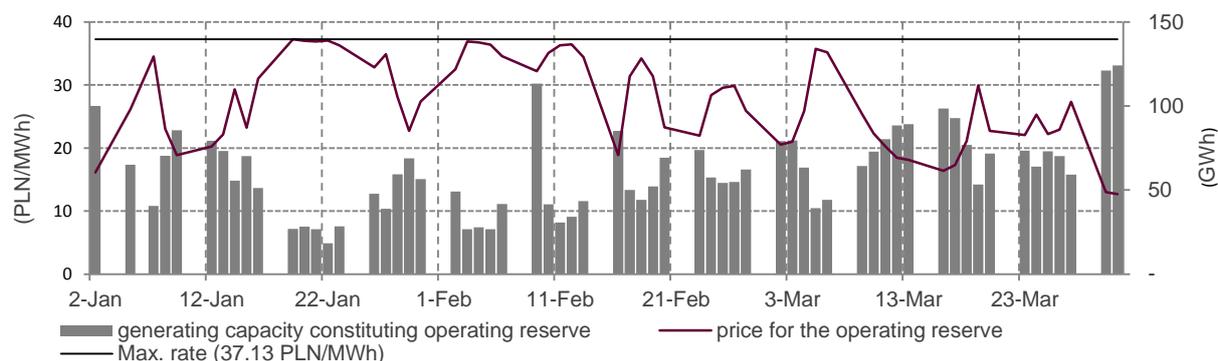
Figure 26: Statement of prices on the balancing market and the SPOT market (Exchange) in Q1 2015



Source: TGE, PSE

Operating reserve

Figure 27: Statement of prices and generating capacity constituting the operating reserve in Q1 2015



Source: http://www.pse.pl/index.php?data=2014-01-02&modul=21&id_rap=30

4.3. Regulatory environment

Table 28: List of legal acts affecting the performance of the ENERGA Group

Legal act	Purpose of changes	Opportunities	Risks
RES Act	Reform of the RES support system	<ol style="list-style-type: none"> (1) limitation of risks and excessive costs for “Ex Officio Seller” (in the ENERGA Group it is ENERGA-OBRÓT) (2) setting the rules regulating support for RES installations - introduction of an auction system (reduced investment uncertainty - opportunity to develop RES investments in the ENERGA Group) new type of support for modernized RES installations; (3) support for dedicated biomass co-burning installations 	<ol style="list-style-type: none"> (1) loss of support for hydro power plants > 5 MW and limitation of support for biomass co-burning; (2) support for new Group products depending on conditions on RES auctions (reference price) (3) uncertainty regarding the full launch of the system by the adopted deadline (the Renewable Energy Settlements OPERATOR has to operate as of 1 January 2016, otherwise companies performing the duties of so-called obligated sellers – trading companies obligated to purchase energy from RES generators at the auction price - will be exposed to losses)
Amendment of the Water Law	Implementation of the requirements of the Water Framework Directive in respect to the principles of water management	<ol style="list-style-type: none"> (1) rationalization and stimulation of investments in the area of water management in Poland 	<ol style="list-style-type: none"> (1) abandonment of exemptions from water fees for power facilities (2) unknown level of new fees for business use of water for energy production purposes (3) uncertainty regarding the full launch of the system by the assumed deadline (1 January 2016)
Assumptions of the bill of the act on the so-called smart metering	Specification of the rules of implementation of smart metering in Poland	<ol style="list-style-type: none"> (1) improvement of the efficiency of DSO companies; (2) reduction of electricity consumption in Poland; 	<ol style="list-style-type: none"> (1) inconsistency of the assumptions of the bill with the experience of the industry (2) too ambitious implementation timetable
Bill of the act on the so-called transmission corridors	Introduction of a legal mechanism facilitating execution of investments in construction and modernization of power grids in Poland	<ol style="list-style-type: none"> (1) expediting execution of new DSO grid investments (2) regulation of the “historical arrangements” regarding the land on 	<ol style="list-style-type: none"> (1) defective mechanism of the expropriation procedure; (2) delay in implementation of the provisions of the act

Legal act	Purpose of changes	Opportunities	Risks
Amendment of the energy efficiency act.	Implementation of the requirements of the EED Directive	<p>which transmission corridors are located</p> <p>(1) possibility of obtaining additional funds for execution of efficiency investments in the Group</p>	<p>(1) absence of the new act will result in expiration of the existing system on 1 April 2016, hindering improvement of energy efficiency in the economy</p>

Shares and shareholding structure



5. SHARES AND SHAREHOLDING STRUCTURE

5.1. ENERGA's shareholding structure

Table 29: Issuer's shares by series and types

Series	Type of shares	Shares	(%)	Votes	(%)
AA	ordinary bearer shares	269,139,114	65.00	269,139,114	48.15
BB	registered preferred shares*	144,928,000	35.00	289,856,000	51.85
TOTAL		414,067,114	100.00	558,995,114	100.00

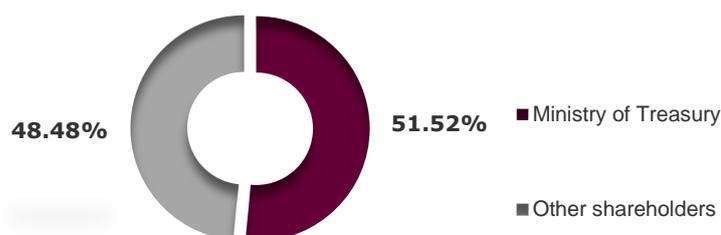
* One preferred share entitles its holder to 2 votes at the General Meeting. *These shares are owned by the State Treasury.*

Table 30: Shareholding structure of ENERGA as at 31 December 2014 and the date of preparing this Information

Shareholder's name	Company's shareholding structure			
	Shares	(%)	Votes	(%)
State Treasury*	213,326,317	51.52	358,254,317	64.09
Others	200,740,797	48.48	200,740,797	35.91
TOTAL	414,067,114	100.00	558,995,114	100.00

* *The State Treasury holds 144,928,000 series BB registered shares preferred in terms of voting at the General Meeting in such a way that one share entitles the holder to 2 votes at the General Meeting.*

Figure 28: Shareholding structure of ENERGA as at 31 March 2015 and the date of preparing this Information



5.2. Company stock prices on the Warsaw Stock Exchange

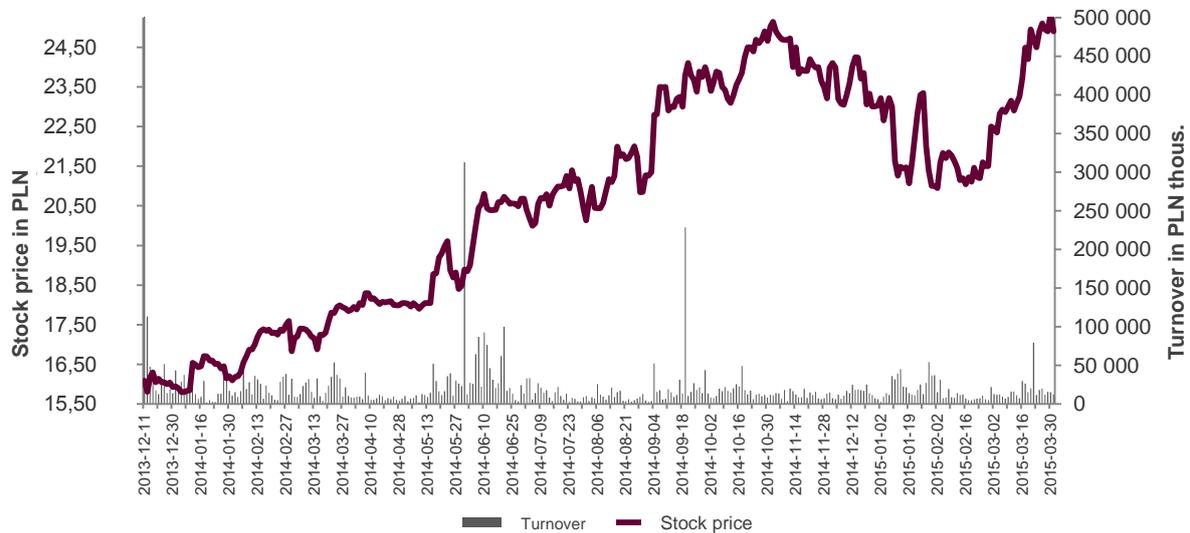
Table 31: Data for ENERGA shares as at 31 March 2015

Data	Value
Issue price	PLN 17.00
Number of shares	414,067,114
Stock price at the end of the period	PLN 24.90

Capitalization at the end of the period	PLN 10,310.3 m
Minimum at closing in Q1	PLN 20.95
Maximum at closing in Q1	PLN 25.35
Q1 minimum	PLN 20.53
Q1 maximum	PLN 25.42
Average trading value	PLN 17,704 thous.
Average trading volume	785,896 shares
Average number of trades	2,147 trades

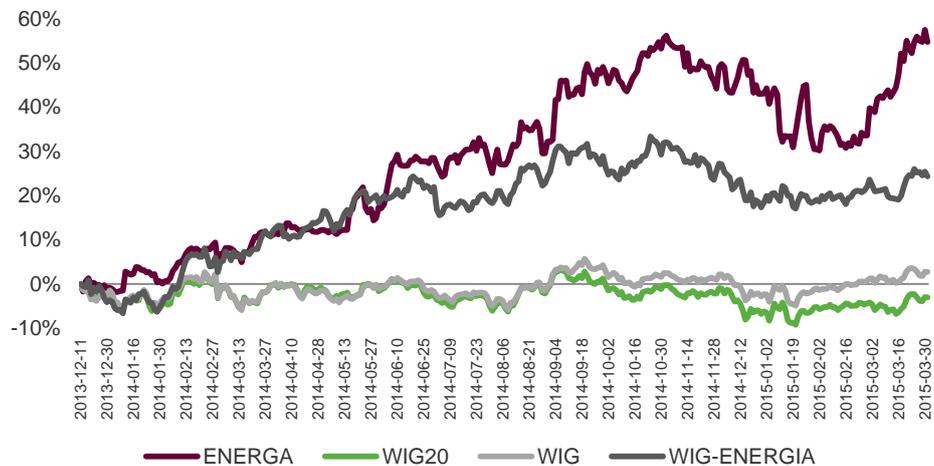
Source: Proprietary material based on data from www.gpwinfostrefa.pl

Figure 29: ENERGA SA stock price, in the period from IPO (i.e. 11 December 2013) to 31 March 2015



Source: Proprietary material based on data from gpwinfostrefa.pl

Figure 30: Changes in ENERGA stock prices in comparison with changes in WIG, WIG20 and WIG-ENERGIA indices



Source: Proprietary material based on data from gpwinfostrafa.pl

As at 31 March 2015, the Company comprised the following stock market indices:

- (1) **WIG20** – is a price index grouping 20 largest and most liquid companies from WSE's Main Market. ENERGA SA's share in the index is 2.51%.
- (2) **WIG30** – price index (meaning that only prices of concluded transactions are taken into account in its calculation) launched on 23 September 2013, comprising (30) companies with the highest position in the ranking determined on the basis of the data after the last session of January, April, July and October. The ranking is calculated on the basis of the trading volume for the past 12 months and the value of shares in free float as at the ranking date.
- (3) **MSCI-Poland** – an index which is an important factor for foreign funds investing in Polish equities. Equities of a company may be eligible for the index if they have the required market capitalization and adequate liquidity. ENERGA SA's share in the index was 1.72%.
- (4) **WIG** - an index comprised of all companies listed on the Main Market of the Warsaw Stock Exchange, which meet the base criteria for participation in the indices. The Company's share in the index amounted to 1.57%.
- (5) **WIG-Energia** – a sectoral index, which is comprised of companies which participate in the WIG index and are at the same time categorized as "power sector" companies with ENERGA's share in the index of 14.26%.
- (6) **WIG-Poland** – an index comprised only of shares of domestic companies listed on the Main Market of WSE, which meet the base criteria for participation in the indices. ENERGA SA's share in the index – 1.63%.
- (7) **WIGdiv** - index calculated since 2010, comprising up to 30 companies which in the index ranking were in a position not lower than 150 and are characterized by the highest dividend rate at the end of November each year and over the past 5 financial years paid out dividends at least 3 times. ENERGA SA's share in the index – 3.86%.
- (8) **FTSE All World** – international index, comprised of shares of medium and large companies from the FTSE Global Equity Index Series. It is calculated for mature and emerging markets and forms the basis for investment products such as e.g. derivatives and the tracking passive fund portfolios. In addition to MSCI-Poland, this index is also an important measure for foreign funds investing in Polish equities. ENERGA SA's share in the index: 0.01%.
- (9) **RESPECT Index** – index bringing together companies with the highest corporate social responsibility standards. It has existed on WSE since 2009 and is the only index of this type in Central European countries. ENERGA SA's share in the index: 4.59%.

Since 2 June 2014, the Company's shares are included in the MSCI-Poland index. In Q3 of the previous year, following a semi-annual index revision, after the session of 19 September 2014 the shares of ENERGA SA were included in the international FTSE All World index. Since 22 December of the previous year, the Company's shares have been included in the RESPECT index. In accordance with WSE's decision of 12 February 2015, after the session of 20 March of this year, ENERGA SA's shares were included in the WIG20 index bringing together 20 biggest companies listed on the Warsaw Stock Exchange. Accordingly, the Company ceased to be part of the mWIG 40 index, which it joined after the trading session on 21 March 2014.

5.3. Recommendations for the Company's stock

In Q1 2015, analysts from brokerage houses and investment banks issued 5 recommendations for ENERGA SA shares. A list of the recommendations can be found at [the Company's Investor Relations website](#).

5.4. Shares held by executive and supervisory personnel

As at 31 March 2015, persons discharging executive and supervisory functions in the Company held the following number of shares in the Company and shares in Company's related entities:

Table 32: Number of Company shares and shares in related entities held by persons in management bodies

No.	Full name	ENERGA shares		Shares in entities related to ENERGA	
		Number of shares	Par value in PLN	Number of shares	Par value in PLN
as at 31 March 2015					
1.	Mirosław Bieliński	2,500	27,300	-	-
2.	Roman Szyszko	-	-	-	-
3.	Wojciech Topolnicki	-	-	-	-

No member of ENERGA SA's Supervisory Board held shares in the Company as at 31 March 2015 and at the date of preparing this Information

As at the date of preparing this Information, persons discharging executive and supervisory functions in the Company held no shares in the Company and shares in Company's related entities:

Table 33: Number of Company shares and shares in related entities held by persons in management bodies as at the date of preparing this Information

No.	Full name	ENERGA shares		Shares in entities related to ENERGA	
		Number of shares	Par value in PLN	Number of shares	Par value in PLN
as at the date of preparing this Information					
1.	Andrzej Tersa	-	-	-	-
2.	Seweryn Kędra	-	-	-	-
3.	Jolanta Szydłowska	-	-	-	-

Gdańsk, 11 May 2015

Signatures of ENERGA SA Management Board Members

Andrzej Tersa
President of the ENERGA SA Management Board

Seweryn Kędra
Vice-President of the ENERGA SA Management Board, Chief Financial Officer

Jolanta Szydłowska
Vice-President of the ENERGA SA Management Board, Corporate Matters

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Glossary of terms and abbreviations

BASE	Contract for the supply of 1MWh during every hour of the day
Biomass	Solid or liquid, biodegradable substances of plant or animal origin, originating from products, waste and remnants of agricultural and forestry production, the industry processing their products, and also a portion of other biodegradable waste, and especially agricultural raw materials
BondSpot S.A.	Subsidiary of the Warsaw Stock Exchange running a regulated over-the-counter market and electronic trading platforms for securities and financial instruments, also on an unregulated market
CAPEX (<i>Capital Expenditures</i>)	Capital expenditures
Certificate of origin from co-generation	Document issued by the ERO President pursuant to art. 9l of the Energy Law confirming the generation of electricity in highly-efficient cogeneration generated in: (i) a cogeneration unit fired with gaseous fuels or with the total installed electrical capacity at source being under 1 MW (known as a yellow certificate), (ii) a cogeneration unit fired with methane released and drained in the course of underground mining activity in hard coal mines that are active, that are being shut down or that have been shut down or with gas obtained by processing biomass (known as a purple certificate), or (iii) some other cogeneration unit (known as a red certificate)
Certificate of origin from renewable energy sources, green certificate	Document issued by the ERO President pursuant to art. 9e of the Energy Law confirming the generation of electricity in a renewable energy source (known as a green certificate)
CIRS, CCIRS	Currency Interest Rate Swap, Cross-Currency Interest Rate Swap; Currency Interest Rate Swap transactions, as part of which payments will be made in two different currencies (CIRS) or more currencies (CCIRS) on the basis of variable interest rates for the set period of time and in the set frequency
CO ₂	Carbon dioxide
Cogeneration, CHP	Technological process of simultaneous production of heat and electrical or mechanical energy in the course of the very same technological process
Covenants	Contractual clauses providing safeguards
Co-firing	Generation of electricity or heat using a process of simultaneous and joint combustion of biomass or biogas with other fuels in a single device; a portion of the energy generated in this manner may be deemed to be energy generated in a renewable energy source
DSO, Distribution System Operator	Utility dealing with the distribution of gaseous fuels or electricity, responsible for grid operation in the gaseous distribution system or in the electricity distribution system, the current and long-term operational safety of this system, the operation, maintenance, refurbishment and required expansion of the distribution grid, including connections with other gaseous systems or other electricity systems
EBITDA	ENERGA SA defines and calculates EBITDA as operating profit /(loss) (calculated as the net profit /(loss) on continuing operations for the financial period/year, adjusted by (i) income tax, (ii) the share of profit of the associate, (iii) financial income and (iv) financial costs) adjusted by depreciation (posted to profit and loss account). EBITDA has not been defined by IFRS and it should not be treated as an alternative for measures and categories consistent with IFRS. In addition, EBITDA does not have a single definition. The method of calculating EBITDA by other companies may significantly differ from the method in which ENERGA SA calculates it. As a result, EBITDA presented herein cannot be compared to EBITDA presented by other companies.
EBIT	Earnings before interest and taxes; Operating profit
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
EIB	European Investment Bank
ENERGA SA, ENERGA	Parent company in the ENERGA Group
ENERGA Capital Group, ENERGA Group, Group	Capital Group distributing, selling and generating electricity and heat. It also conducts activity related to street lighting, design, procurement of materials, grid-related services, specialized transport, hotel and IT services

EMTN	Program to issue Euro Medium Term Notes
ERO	Energy Regulatory Office
EU	European Union
EUA	European Union Allowance; Emission allowances
EUR	Euro, currency used in countries belonging to the European Union's Eurozone
GDP	Gross Domestic Product
GW	Gigawatt, unit of power in the International System of Units, 1 GW = 109 W
GWe	Gigawatt of electrical power
GWh	Gigawatt hour
GUS	Główny Urząd Statystyczny (Central Statistical Office)
IBnGR	Market Economy Research Institute
IRM	Stimulated Demand Reduction
IRS	An interest rate swap agreement between two parties, under which the parties pay interest on the contractual nominal amount calculated according to a different interest rate.
KNF	Polish Financial Supervision Authority
KRS	National Court Register
kWh	Kilowatt hour, unit of electricity generated or used by equipment with 1 kW of power in an hour; 1 kWh = 3,600,000 J = 3.6 MJ
MEW	Small hydro power plant
MoT	Ministry of Treasury
MW	Unit of power in the International System of Units, 1 MW = 106 W
MWe	Megawatt of electrical power
MWh	Megawatt hour
MWt	Megawatt of thermal power
MWp	Megawatt of maximum power
NBP	National Bank of Poland, central bank in Poland
NIB	Nordic Investment Bank
Off-peak	Contract for the supply of 1MWh of energy in low demand hours from 0:00-7:00 and 22:00-24:00
ORM	Operacyjna rezerwy mocy
OZEX_A	Volume-weighted average price using all transactions pertaining to the PMOZE_A contract on an exchange session
PEAK	Contract for the supply of 1MWh of energy during every peak hour 7:00- 22:00
PMI	Indicator of industrial economic activity, calculated by Markit in cooperation with HSBC
PLN	Polish zloty, national currency
PMOZE_A	Property rights to certificates of origin for electricity generated in RES whose period of generation, as specified in the certificate of origin, commenced after 1 March 2009
Polish Power Exchange, TGE	Polish Power Exchange S.A., a mercantile exchange on which commodities admitted to be traded on the exchange are traded, i.e. electricity, liquid and gaseous fuels, mine gas, pollution emission limits and property rights ensuing from certificates of origin whose price is directly or indirectly dependent on the price of electricity, liquid or gaseous fuels and the quantity of pollution emissions
pp.	Percentage point
Property rights	Negotiable rights constituting a commodity arising from certificates of origin for energy generated from renewable energy sources and cogeneration
PSE	Polskie Sieci Elektroenergetyczne Spółka Akcyjna with its registered office in Warsaw, entered in the register of entrepreneurs of the National Court Register under file number KRS 0000197596; company designated by ERO President decision No. DPE-47-58(5)/4988/2007/BT of 24 December 2007 to be the electrical power transmission system operator in the Republic of Poland for the period from 1 January 2008 until 1 July 2014
RES, Renewable Energy Sources	Sources converting the energy of the wind, solar radiation, geothermal energy, waves, currents and marine tides, run of rivers and energy obtained from biomass, garbage dump biogas as well as biogas ensuing from waste removal or treatment processes or the degeneration of stored plant and animal remains to generate electricity.
RPP	Monetary Policy Council in Poland
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index

SFIO	Specialized Open-end Mutual Funds
Smart Grid	Electric power system intelligently integrating the actions of all the participants in the processes of generation, transmission, distribution and usage to deliver electricity in an economical, reliable and safe manner. It entails comprehensive energy solutions making it possible to combine, facilitate reciprocal communication and control in an optimum way elements of power grids that have been diverse to date
SPOT	Day-Ahead Market (DAM) – energy market operating in the “day ahead” time interval (DA) providing for energy supply on day D
Tariff G	Tariff group for individual customers – households
Tariff group	Group of customers off-taking electricity or heat or using electricity or heat supply services with respect to which a single set of prices or fee rates along with their terms
TWh	Terawatt hour, a multiple unit of electricity in the International System of Units. 1 TWh is 109 kWh
Unbundling	Process of legally and organizationally splitting distribution activity (electricity distribution services performed by a distributor) from generation activity (generation of electricity by power plants) and electricity supply and sales activity (sellers)
WACC	Weighted average cost of capital
WIBOR Warsaw Interbank Offered Rate	Warsaw Interbank Offered Rate
WRA	Weighted Risk Assets
WSE	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.)
yoy	Year over year