

**Consolidated text of the Articles of Association
of ZE „PAK” S.A.**

Consolidated text of the Articles of Association of ZE „PAK” S.A. elaborated on the basis of:

- 1) basic text adopted by the Resolution No. 1 of the Extraordinary Meeting of Shareholders of ZE „PAK” S.A. of 21.09.1999 (notary deed of 21.09.1999 made by notary public Paweł Błaszczak repertory No. A 19155/99);
- 2) amendments introduced by the Resolution No. 2 of the Extraordinary Meeting of Shareholders of ZE „PAK” S.A. of 30.03.2000 (notary deed of 30.03.2000 made by notary public Marek Bartnicki repertory No. A 3711/2000);
- 3) amendments introduced by the Resolutions No. 5 and 5a of the General Meeting of Shareholders of ZE „PAK” S.A. of 29.06.2000 (notary deed of 29.06.2000 made by notary public Marek Bartnicki repertory No. A 7244/2000);
- 4) amendments introduced by the Resolution No. 4 of the Extraordinary Meeting of Shareholders of ZE „PAK” S.A. of 21.12.2000 (notary deed of 21.12.2000 made by notary public Marek Bartnicki repertory No. A 16091/2000);
- 5) amendments introduced by the Resolution No. 6 of the General Meeting of Shareholders of ZE „PAK” S.A. of 18.06.2001 (notary deed of 18.06.2001 made by notary public Marek Bartnicki repertory No. A 7589/2001);
- 6) amendments introduced by the Resolution No. 2 of the Extraordinary Meeting of Shareholders of ZE „PAK” S.A. of 15.10.2001 (notary deed of 15.10.2001 made by notary public Marek Bartnicki repertory No. A 13485/2001);
- 7) amendments introduced by the Resolution No. 32 of the General Meeting of Shareholders of ZE „PAK” S.A. of 19.05.2003 (notary deed of 19.05.2003 made by assistant – notary public Mariusz Białecki – deputy of the notary public Robert Błaszczak – repertory No. A 11878/2003);
- 8) amendments introduced by the Resolution No. 4 of the Extraordinary Meeting of Shareholders of ZE „PAK” S.A. of 20.11.2003 (notary deed of 20.11.2003 made by assistant – notary public Mariusz Białecki – deputy of the notary public Robert Błaszczak – repertory No. A 28539/2003);
- 9) amendments introduced by the Resolution No. 32 of the General Meeting of Shareholders of ZE „PAK” S.A. of 26.07.2004 (notary deed of 26.07.2004 made by notary public Sławomir Strojny repertory No. A 9450/2004);
- 10) amendments introduced by the Resolution No. 5 of the Extraordinary Meeting of Shareholders of ZE „PAK” S.A. of 07.07.2011 (notary deed of 07.07.2011 made by assistant – notary public Robert Wróblewski – deputy of the notary public Małgorzata Pałgan-Paszka – repertory No. A 11452/2011);

- 11) amendments introduced by the Resolution No. 3 of the Extraordinary Meeting of Shareholders of ZE „PAK” S.A. of 20.08.2012 (notary deed of 20.08.2012 made by notary public Robert Wróblewski repertory No. A 12051/2012);
- 12) amendments introduced by the Resolution No. 7 of the Extraordinary Meeting of Shareholders of ZE „PAK” S.A. of 21.02.2013 (notary deed of 21.02.2013 made by notary public Robert Wróblewski repertory No. A 3343/2013).

ARTICLES OF ASSOCIATION

I. GENERAL PROVISIONS

§1.

1. The company's name is Zespół Elektrowni „Pątnów-Adamów-Konin” Spółka Akcyjna.
2. The Company may use the abbreviated form of its name: ZE „PAK” S.A. and its logo.
3. The seat of the Company is in the city of Konin.....

§2.

The company was established as a result of transformation of a State-owned company under the name of: Zespół Elektrowni Pątnów-Adamów-Konin.....

§3.

1. The Company conducts its activity in the territory of the Republic of Poland and abroad.
2. Within the area of its operations, the Company may create and liquidate facilities, branches, representative offices, establish companies, enter into companies or participate in other enterprises.

II. BUSINESS ACTIVITY OF THE COMPANY

§4.

The object of the Company's activity is:

- 1) production of electricity (PKD 35.11.Z),
- 2) distribution of electricity (PKD 35.13.Z),
- 3) transmission of electricity (PKD 35.12.Z),
- 4) trade of electricity (PKD 35.14.Z),
- 5) generation and supply of steam, hot water and air for air conditioning systems (PKD 35.30.Z),
- 6) water collection, treatment and supply (PKD 36.00.Z),
- 7) manufacture of lime and gypsum (PKD 23.52.Z),
- 8) logging (PKD 02.20.Z),
- 9) sewage disposal and treatment (PKD 37.00.Z),

- 10) mining of lignite (PKD 05.20.Z),
- 11) operation of gravel and sand pits; mining of clays and kaolin (PKD 08.12.Z),
- 12) extraction of peat (PKD 08.92.Z)
- 13) support activities for other mining and quarrying (PKD 09.90.Z),
- 14) manufacture of refined petroleum products (PKD 19.20.Z),
- 15) maintenance and repair of machinery (PKD 33.12.Z)
- 16) disassembly of worn-out products (PKD 38.31.Z),
- 17) recovery of sorted materials (PKD 38.32.Z),
- 18) remediation activities and other waste management services (PKD 39.00.Z),
- 19) construction of residential and non-residential buildings (PKD 41.20.Z),
- 20) construction of roads and motorways (PKD 42.11.Z),
- 21) construction of railways and underground railways (PKD 42.12.Z),
- 22) construction of transmission pipelines and distribution systems (PKD 42.21.Z)
- 23) construction of utility projects for electricity and telecommunications (PKD 42.22.Z),
- 24) construction of water projects (PKD 42.91.Z),
- 25) construction of other civil engineering projects n.e.c. (PKD 42.99.Z),
- 26) demolition (PKD 43.11.Z);
- 27) construction site preparation (PKD 43.12.Z),
- 28) test drilling and boring (PKD 43.13.Z),
- 29) electrical installation (PKD 43.21.Z),
- 30) plumbing, heat and air conditioning installation (PKD 43.22.Z),
- 31) other construction installation (PKD 43.29.Z),
- 32) other specialized construction activities, n.e.c (PKD 43.99.Z),
- 33) wholesale of waste and scrap (PKD 46.77.Z),
- 34) other retail sale of new goods in specialized stores (PKD 47.78.Z),
- 35) other retail sale not in stores, stalls or markets (PKD 47.99.Z),
- 36) freight rail transport (PKD 49.20.Z),
- 37) transport via pipeline (PKD 49.50.B),
- 38) warehousing and storage of other products (PKD 52.10.B),
- 39) activities of holding companies (PKD 64.20.Z),
- 40) financial leasing (PKD 64.91.Z);
- 41) other financial service activities, except insurance and pension funding n.e.c. (PKD 64.99.Z),
- 42) activities auxiliary to financial services, except insurance and pension funding (PKD 66.1),
- 43) buying and selling of own real estate (PKD 68.10.Z),
- 44) engineering activities and related technical consultancy (PKD 71.12.Z),
- 45) other technical testing and analyses (PKD 71.20.B),
- 46) collection of non-hazardous waste (PKD 38.11.Z),

- 47) collection of hazardous was (PKD 38.12.Z),
- 48) treatment and disposal of non-hazardous waste (PKD 38.21.Z),
- 49) treatment and disposal of hazardous waste (PKD 38.22.Z),
- 50) warehousing and storage of gaseous fuels (PKD 52.10.A),
- 51) warehousing and storage of other products (PKD 52.10.B),
- 52) service activities incidental to land transportation (PKD 52.21.Z),
- 53) growing of perennial crops (PKD 01.2),
- 54) growing of non-perennial crops (PKD 01.1),
- 55) gathering of wild growing non-wood products (PKD 02.30.Z).

III. EQUITY

§5.

1. The share capital of the Company amounts to PLN 101,647,094.00 (say: one hundred and one million six hundred forty seven thousand and ninety four zlotys) and is divided to 50,823,547 (say: fifty million eight hundred and twenty three thousand five hundred forty seven) registered shares of A series, with the face value of PLN 2.00 (two zloty) each.
2. The registered shares that are subject to dematerialization pursuant to provisions of the act of 29 July 2005 on trade in financial instruments shall be converted into bearer shares once the dematerialization occurs.
3. The shareholders cannot demand a conversion of bearer shares into registered shares in the period in which these shares remain dematerialized.
4. Subject to the provisions of item 2, the conversion of registered shares into bearer shares is prohibited.

§5a.

1. Sale of registered shares of A series, hereinafter referred to as Shares, shall be subject to consent of the Company.
2. The consent for sale of registered shares of series A shall be granted by the Management Board in writing under pain of nullity.
3. The provisions of item 2 concerning the written form of consent under pain of nullity shall apply respectively to the refusal of consent to sell Shares.
4. The granting or refusal of consent require a resolution of the Company's Management Board. ...
5. The limitations concerning the sale of Shares are related to all legally valid forms of sale of rights to Shares, and in particular with agreements for sale, conversion, donation and pledge, transfer of ownership to establish security and contribution of Shares as a contribution in kind. ...
6. The limitations in sale of Shares do not apply to sale of Shares by the Treasury of State, Elektrim S.A. and sale of Shares between natural persons who acquired them free of charge from the Treasury of State based on the act of 30 August 1996 on commercialization and privatization of State-owned enterprises or sale of the Shares by these persons for the benefit of their family members as well as deposition of Shares on quantity account in a pension scheme fund and transfer of these Shares to pension fund assets based on the quantity account liquidation schedule.
7. Any Shares sold to Elektrim S.A. or for the benefit of persons related to that company shall be free of limitations of sale provided for in these Articles of Association.

8. The provisions of these Articles of Association concerning the sale of Shares are not contrary to the provisions of article 38 item 3 and 4 of the act of 30 August 1996 on commercialization and privatization of State-owned enterprises.

§5b.

1. A person who intends to sell its Shares (Seller) must submit to the Management Board a written request for consent to sell them
2. The above mentioned request should clearly specify:
 - 1) the first and last name (name) and address (registered office) of the Seller and Buyer;
 - 2) intention to sell Shares and their quantity, series and numbers of Shares to be sold;
 - 3) terms and date of payment and price per one share applicable to the sale or the value of Shares to be the subject of security by way of a pledge agreement or a transfer of ownership to establish security. If the Shares are to be sold otherwise than by selling the shares against cash, then the determined price will be the value of each share calculated based on the last balance sheet of the Company
3. The Management Board shall grant or refuse to grant consent for sale of Shares within thirty days from receiving the request specified in item 1 and 2.
4. Should the Management Board refuse its consent for sale of Shares, it shall indicate another Share Buyer pursuant to article 337 § 4 of the Code of Commercial Companies.
5. The Seller or the Buyer of Shares shall be obligated to notify the Management Board in writing about the sale of Shares pursuant to the consent referred to in item 3, within 21 days from performance of this legal act, attaching a copy of the agreement constituting the basis for sale of Shares or a copy of a document confirming the transfer of Shares.
6. Should the requirement specified in item 5 not be met, the sale of Shares shall be considered as made in breach of provisions of these Articles of Association.

§5c.

1. Within 30 calendar days from the delivery of the notification to refuse consent to sell Shares by the Management Board, the Seller should make an offer of sale of Shares to the person indicated by the Management Board in accordance with the provisions of § 5b item 4 of these Articles of Association. The Seller is bound by the sale offer referred to in item 1 for a period of 30 calendar days from making it.
2. The contents of the Shares sale offer should be compliant with the contents of the request referred to in § 5b item 2 point 1 and 2; moreover the offer should determine the price per share, as the sale of these shares by the Seller to the person indicated by the Management Board may take place only for the price expressed as cash.
3. The recipient of the offer referred to in item 1 and 2 shall be obligated to answer to the offer within 15 (fifteen) calendar days from the date of its submission by the Seller, otherwise the Seller will be entitled to sell the Shares without limitations referred to in these Articles of Association.
4. The sale of Shares for the person indicated by the Management Board shall take place on terms and against the price specified in the sale offer, at the registered seat of the Company and no later than on the 15th (fifteenth) business day following the lapse of the period of 15 calendar days referred to in item 3, provided that the payment of the price for Shares should be made within 30 (thirty) calendar days from the date of sale of Shares.
5. Upon selling the shares as specified in item 4, the Seller or the Buyer shall be obligated to provide the Management Board, within 21 (twenty one) days from performance of this legal act,

with a copy of the agreement constituting the basis for sale of Shares or a copy of a document confirming the transfer of Shares.

6. Should the Seller not make an offer to the person indicated by the Management Board within the period specified in § 5c item 1, or shall not proceed to sale of the Shares within the period referred to in item 4, these Shares cannot be resold without the application of these Articles of Association.

§5d.

The sale of Shares made in breach of terms specified in these Articles of Association shall be deemed ineffective with respect of the Company and the buyer or any other person holding such Shares will not be considered by the Company as a Company shareholder and shall not be entitled to collect the dividend or other benefits paid to shareholders. Also, this person shall not be entitled to participate in the General Meeting of Shareholders nor to execute any rights vested in Company shareholders, the Management Board will refuse to enter such buyer or other holder of such Shares to the „Share Register of the Company”.....

§6.

The established special funds according to their state as of the Company opening balance day shall remain as intended.

§7.

The Shares may be submitted for the deposit of the Company or a deposit maintained by another entity upon order of the Company. Subject to dematerialization of Shares based on provisions on trade in financing instruments, the Shares will be issued to the shareholder at each demand.

§8.

1. The Shares may be redeemed voluntarily in the manner and on terms specified in a resolution of the General Meeting of Shareholders.
2. The Shares may be redeemed only with the shareholder’s consent by way of acquiring them by the Company.
3. The purchase of own shares by the Company in order to redeem them is subject to a resolution of the General Meeting of Shareholders.
4. The redeeming of shares requires a decrease in the share capital of the Company.

IV. GOVERNING BODIES OF THE COMPANY

§9.

The governing bodies of the Company are:

1. General Meeting of Shareholders.
2. Supervisory Board.
3. Management Board of the Company.

A. GENERAL MEETING OF SHAREHOLDERS

§10.

1. The General Meeting of Shareholders shall be convened in the mode and on terms specified in the provisions of law.

2. Should the General Meeting of Shareholders be convened by an entity or a body other than the Management Board, the Management Board is obligated to cooperate with this entity or body and proceed to all actions provided by law in order to convene, organize and hold the General Meeting of Shareholders.

§10a.

1. From the date of first listing of the Company's shares on the regulated market conducted by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) on terms specified in this article, the General Meetings of Shareholders may take place using electronic means of communication, which includes in particular:
 - 1) transmission of the General Meeting of Shareholders in real time,
 - 2) two-way communication in real time, as part of which the shareholders may speak during the debate at the General Meeting of Shareholders while staying in a place different than the place where the General Meeting of Shareholders takes place,
 - 3) voting before or during the General Meeting of Shareholders in person or by a proxy.
2. The Supervisory Board decides about holding a General Meeting of Shareholders using electronic communication means.
3. The detailed principles of holding General Meetings of Shareholders using electronic communication means are determined by the Management Board taking into consideration the Rules of the General Meeting of Shareholders. The Management Board announces the principles of holding General Meetings of Shareholders using electronic communication means on the Company's website.

§11.

1. The General Meeting of Shareholders may adopt resolutions only as regards matters included in the agenda. The General Meeting of Shareholders adopts resolutions by the majority of $\frac{3}{4}$ of votes cast, unless the Code of Commercial Companies specifies stricter requirements.
2. The agenda of the General Meeting of Shareholders shall be determined in the mode and on terms specified in the Code of Commercial Companies.
3. The Supervisory Board and a shareholder or shareholders representing at least $\frac{1}{20}$ of the share capital may request that individual items be included in the agenda of the nearest General Meeting of Shareholders.
4. If the request specified in item 3 is submitted after the expiry of the time limit specified in the Code of Commercial Companies, it will be treated as a request to convene an Extraordinary Meeting of Shareholders provided that the requirements set forth in the Code of Commercial Companies for requesting a convocation of an Extraordinary Meeting of Shareholders are met. ..

§12.

The General Meetings of Shareholders take place in Warsaw or registered office of the Company.

§13.

The General Meeting of Shareholders shall be opened by the President of the Supervisory Board or the Deputy President, and next the Chairperson shall be selected from among persons entitled to participate in the General Meeting of Shareholders. In case these persons are absent, the General Meeting of Shareholders shall be opened by the President of the Management Board or a person designated by the Management Board.

§14.

1. The resolutions of the General Meeting of Shareholders are required, in particular, for:
 - 1) reviewing and approving Management Board Business Report, financial statements for the preceding business year as well as granting the vote of approval to the members of Company's Governing Bodies for performance of their duties;
 - 2) profit distribution or loss coverage,
 - 3) change of the scope of activity of the Company,
 - 4) amending the Company Articles of Association,
 - 5) increase or decrease of the share capital,
 - 6) authorization of the Management Board to purchase own shares of the Company for redemption,
 - 7) appointing and dismissing members of the Supervisory Board,
 - 8) determination of the amount of remuneration of the Supervisory Board members,
 - 9) merger, division and reorganization of the Company,
 - 10) winding up and liquidation of the Company,
 - 11) issue of convertible bonds or preemptive right bonds and subscription variants,
 - 12) sales or lease of the Company's undertaking or its organized unit and establishing a limited property right on it;
 - 13) establishment and liquidation of capitals and funds of the Company,
 - 14) conclusion by the Company of credit, loan, guarantee agreement or another similar agreement with a member of the Management Board, Supervisory Board, proxy or official receiver or for the benefit of any of these persons,
 - 15) conclusion by the Company's subsidiary of credit, loan, guarantee agreement or another similar agreement with a member of the Management Board, proxy or official receiver of the Company or for the benefit of any of these persons,
 - 16) any decisions concerning claims for redressing damage caused when establishing the Company or when managing or supervising the Company, and
 - 17) utilization of supplementary capital.
2. Acquisition and sale of real property, perpetual usufruct or share in real property or perpetual usufruct do not require a consent of the General Meeting of Shareholders.
3. Concerning the matters submitted by the Management Board for discussion at the General Meeting of Shareholders as per item 1, the Management Board presents to the General Meeting of Shareholders draft resolutions together with a written opinion of the Supervisory Board.

§15.

The scope of activity of the Company may be changed without the obligation to surrender shares subject to provisions of article 417 § 4 of the Code of Commercial Companies.

B. SUPERVISORY BOARD

§16.

1. The Supervisory Board is composed of 5 to 14 members appointed for a common term of office. The term of office of the Supervisory Board shall be five years.

2. Before selecting the members of the Supervisory Board for a new term of office, the General Meeting of Shareholders determines the number of members of the Supervisory Board.
3. Subject to the provisions of § 31 item 1 point 1 of the Articles of Association, the members of the Supervisory Board are appointed and dismissed by the General Meeting of Shareholders.
4. Starting from the moment of listing the Company's shares for trading on the regulated market conducted by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.), the Supervisory Board should be composed of two members meeting the independence criteria provided for an independent member of the supervisory board in the meaning of the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board (2005/162/EC) taking into consideration the Code of Good Practice of the Companies Listed on the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) („Independent Members of the Supervisory Board”). Before its appointment to the Supervisory Board, a candidate for the Independent Member of the Supervisory Board submits to the Company a written declaration on meeting the independence criteria.
5. As long as the Company is a public interest entity in the meaning of the act of 7 May 2009 on auditors and their self-governing body, entities entitled to audit financial statements and on public surveillance (Journal of Laws No. 77, item 649 as amended) („Act”), at least one member of the Supervisory Board should meet the independence requirements and hold qualifications in accounting or financial auditing as per provisions of the Act.
6. The Supervisory Board may appoint an audit committee from among its members. The audit committee shall be composed of at least three members, of which at least one member should meet the independence criteria and hold qualifications in scope of accounting or financial auditing as per provisions of the Act.
7. If the number of Supervisory Board members decreases as a result of end of term of office of a Supervisory Board member other than the one selected by the Company's employees, the Management Board of the Company shall immediately call a General Meeting of Shareholders and include in the agenda of this Meeting a point concerning the changes in the composition of the Supervisory Board. Until changes in the composition of the Supervisory Board are made, consisting in adaptation of the number of members to the number specified by the General Meeting of Shareholders as per item 2, the Supervisory Board shall act in the existing composition.
8. As long as required by applicable provisions of law, the employees are entitled to select members of the Supervisory Board to the extent set forth in the applicable provisions of law.
9. In case the number of members of the Supervisory Board decreases as a result of expiry of the term of office of a members of the Supervisory Board elected by employees, by-election is held. The by-election is ordered by the Supervisory Board within three weeks from the moment of obtaining information about the vacancy in the Supervisory Board. The election should take place within one month from ordering it by the Supervisory Board. Until changes in the composition of the Supervisory Board are made, consisting in adaptation of the number of members of the Supervisory Board elected by employees to the requirements of applicable law, the Supervisory Board shall act in the existing composition. In case the number of members of the Supervisory Board falls below the required minimum, specified in item 1, the by-election is ordered by the Management Board.
10. Upon a written demand of at least 15% of all employees of the Company, voting shall be organized concerning the dismissal of a member of the Supervisory Board elected by the Company's employees. The terms of voting are specified in the rules of election and dismissal of Supervisory Board members elected by employees as referred in item 11.
11. The Supervisory Board adopts election rules containing a specified mode of election and dismissal of Supervisory Board members elected by employees, as well as mode of organization of by-election, as referred in item 9.

12. The election of employees' representatives is conducted as a general election in secret and direct ballot by the Election Commission appointed by the body ordering the election, among the employees of the Company. The Commission cannot be composed of members of the Supervisory Board elected by employees.
13. The Supervisory Board orders the election of Supervisory Board Members elected by Company's employees for the next term of office within two months after the last financial year of their term of office.

§17.

1. The Supervisory Board elects from among its members, in a secret ballot, a President, a Secretary of the Board, a Vice-President or, if applicable, two Vice-Presidents, subject to § 31 item 1 point 1 of the Articles of Association.
2. The Supervisory Board may dismiss, in a secret ballot, the President, the Vice-Presidents or the Secretary of the Board, subject to § 31 item 1 point 1 of the Articles of Association.
3. The meetings of the Supervisory Board are convened and headed by the President of the Board, and if the President is unable to convene the meeting, one of the Vice-Presidents or a person indicated by the President.
4. The first meeting of the Supervisory Board of the new term of office is called by the Management Board within 14 days from the date of appointment of the Supervisory Board.

§18.

The Supervisory Board holds meetings at least once per quarter.

§19.

1. The Supervisory Board shall adopt resolutions by the majority of votes if at least a half of its members are present at a meeting and all the members have been invited. In case there is equal number of votes, the vote of the Supervisory Board President shall be decisive.
2. In matters concerning the approval of terms, structure and time limits of:
 - 1) public offer for Company shares conducted with relation to the intention to allow and list the shares of the Company, including new issue shares of the Company, on the regulated market conducted by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) with its registered office in Warsaw,
 - 2) new issue of Company shares referred to in item 1,the resolutions may be effectively adopted by the Supervisory Board provided that the meeting of the Supervisory Board is attended by its member indicated by the Treasury of State, who, as well as the representatives of Elektrim S.A. in the Supervisory Board, vote „for” the resolutions referred to above.
3. The Members of the Supervisory Board may participate in the adoption of Board resolutions by casting their vote in writing through another Member of the Supervisory Board. A vote cast in writing may not concern the matters listed on the agenda of a Supervisory Board meeting.
4. The Supervisory Board may adopt resolutions in writing or using the means of direct remote communication provided that all the members of the Supervisory Board have been notified about the contents of the draft resolution.
5. The adoption of resolutions in the mode specified in items 3 and 4 does not concern the appointment of the President and the Vice President of the Supervisory Board, Secretary, Management Board Member and dismissal and suspension of those persons in their activities. ...

6. The detailed procedure of operation of the Supervisory Board and committees appointed from among the members of the Supervisory Board, including the audit committee, shall be specified in the Supervisory Board Rules adopted by it.

§20.

1. The Supervisory Board ensures surveillance over all the fields of the Company activities.
2. The rights of the Supervisory Board include in particular:
 - 1) approval of the Company's Management Board rules and issue of opinion about the organizational rules specifying the organization of the Company's business,
 - 2) conclusion, cancellation and amendment of contracts with members of the Management Board and determination of Management Board remuneration rules as well as the amount of remuneration for the Company Management Board members,
 - 3) appointing and dismissing, in a secret ballot, the President of the Management Board, the Vice-Presidents of the Management Board and other members of the Management Board (subject to provisions of § 31 item 1 point 2 of the Articles of Association),
 - 4) suspension for important reasons, in a secret ballot, the President of the Management Board, the Vice-Presidents of the Management Board and other members of the Management Board or the entire Management Board,
 - 5) delegation of a member or members of the Supervisory Board for temporary performance of activities of a Company Management Board member in case of suspending members of the Management Board or the entire Management Board,
 - 6) selection of the entity authorized to audit financial statements of the Company,
 - 7) assessment of the Management Board Business Report and the financial statements for the preceding business year;
 - 8) assessment of motions of the Management Board concerning the distribution of profit or coverage of loss,
 - 9) submission to the General Meeting of Shareholders of a written report on the results of assessments referred to in points 7 and 8,
 - 10) submission to the General Meeting of Shareholders of an annual brief assessment of the Company's standing and annual report on operations of the Supervisory Board,
 - 11) issuing opinions on matters submitted by the Management Board being the subject of resolutions of the General Meeting of Shareholders;
 - 12) approval of multiannual programs of operation of the Company and the Company's capital group, including strategy of operation of the Company and the Company's capital group developed by the Management Board, and
 - 13) approval of annual programs of operation of the Company and annual programs of operation of the Company's capital group, in particular including the plans of production and revenues, plans of costs by type, plans of costs by unit, plans of remuneration, investment plans and overhaul and servicing plans.
3. The competencies of the Supervisory Board also include granting of a consent to the Management Board for:
 - 1) participation in other companies and sale of shares or stock in other companies,
 - 2) establishment of branches abroad,
 - 3) making advance payment towards dividend,

- 4) the Company performing activities resulting in taking up an obligation, except for:
 - a) activities set forth in the annual plan of Company operation approved by the Supervisory Board, or
 - b) activity resulting in taking up an obligation of a value of up to PLN 1,000,000 (say: one million zloty), including granting securities or guarantees and issuing or guaranteeing bills of exchange,
 - 5) acquisition and sale of real property, perpetual usufruct or interest in real property or perpetual usufruct of a value exceeding PLN 1,000,000 (say: one million zloty),
 - 6) conclusion by the Company, with an entity related with the Company, a significant agreement in the meaning of provisions concerning the current and periodic information submitted by issuers of securities admitted for trading on the regulated market, excluding typical agreements, concluded by the Company on arm's length terms, as part of the operating activity conducted,
 - 7) appointment by the Management Board of persons to fill in functions in the bodies of companies and other entities in which the Company is a direct or indirect participant, and
 - 8) determination by the Management Board of the method of voting at the General Meeting of Shareholders in companies in which the Company is the dominant or affiliated company in the meaning of the Code of Commercial Companies, in the matters concerning:
 - a) sale and lease of the company's assets or its organized part and establishment of a limited property right on it, as well as performance of other activities related to purchase or management of assets of the company, which are the subject of discussion at the General Meeting of Shareholders,
 - b) winding up and liquidation of the company,
 - c) amendment of the Articles of Association or Deed of Association,
 - d) merger, division and reorganization of the company, and
 - e) increase or decrease in the share capital of the Company.
4. Upon request of the Management Board, the Supervisory Board shall grant a member of the Management Board a consent to fill in positions in governing bodies of companies in which the Company holds shares or stock and receiving remuneration for this.

§21.

1. The Supervisory Board members exercise their duties personally.
2. The remuneration for the members of the Supervisory Board is determined by the General Meeting of Shareholders subject to item 3.
3. The remuneration of the members of the Supervisory Board delegated to temporarily perform activities of the member of the Management Board is determined by the Supervisory Board by way of resolution.
4. A Member of the Management Board, proxy, official receiver, branch or company manager and the Chief Accountant, legal advisor or attorney at law employed by the Company may not at the same time be a Member of the Supervisory Board. The above prohibition shall also apply to persons who directly reports to a Member of the Management Board or official receiver.
5. The members of the Supervisory Board may not undertake activities which would be in contradiction to their duties or which could raise suspicion as to their partiality or self-interest. Such activities also include the elective function in the Company's trade union organization.

C. MANAGEMENT BOARD OF THE COMPANY

§22.

1. The Management Board is composed of 3 to 6 members appointed for a common term of office. The Management Board shall be composed of: President of the Management Board, Vice-Presidents of the Management Board and other members of the Management Board. The number of the members of the Management Board and their functions are determined by the Supervisory Board.
2. The term of office of the Management Board is five years.
3. The President of the Management Board, Vice-Presidents of the Management Board and other members of the Management Board are appointed and dismissed by the Supervisory Board in a secret ballot. The President of the Management Board, Vice-Presidents of the Management Board and other members of the Management Board may be dismissed or suspended in their activities also by the General Meeting of Shareholders.
4. As long as it is required by applicable provisions of law, one member of the Management Board shall be elected by employees.
5. The Supervisory Board adopts election rules containing a specified mode of election and dismissal of Management Board member elected by employees, as well as mode of organization of by-election, as referred in item 7 below.
6. The election referred to in items 4 and 5 above is conducted as a general election in secret and direct ballot by the Election Commission appointed by the Supervisory Board among the employees of the Company. The Commission cannot be composed of candidates for a member of the Management Board or former members of the Management Board elected by employees.
7. In case the number of members of the Management Board decreases as a result of expiry of the term of office of a member of the Management Board elected by employees, by-election is held. The by-election is ordered by the Supervisory Board within three weeks from the moment of obtaining information about the vacancy in the Management Board. The election should take place within one month from ordering it by the Supervisory Board.
8. Upon a written demand of at least 15% of all employees of the Company, voting shall be organized concerning the dismissal of a member of the Management Board elected by the Company's employees. The terms of voting are specified in the rules of election and dismissal of Management Board members elected by employees as referred in item 5 above.

§23.

1. The Management Board shall carry out the Company matters and represent the Company.
2. The resolutions of the Management Board shall be adopted by absolute majority of votes.
3. The resolutions of the Management Board may be adopted if all the Members have been duly informed of the Management Board meeting. In case there is equal number of votes the vote of the President of the Management Board shall be decisive. The President of the Management Board manages the work of the Management Board.
4. The Management Board may adopt resolutions in writing or using means of direct remote communication. A resolution adopted this way shall be valid if all the Management Board members have been informed of the content of the draft resolution.
5. The Rules of the Management Board determine in detail the mode of operation of the Management Board. The Rules are adopted by the Management Board and approved by the Supervisory Board.
6. The Management Board shall take decisions in form of resolutions concerning the matters the value of which exceeds PLN 500,000.00 (say: five hundred thousand zloty). The value of

transactions expressed in foreign currencies shall be converted according to the average NBP exchange rate for the given currency applicable as of the date of the resolution.

7. Resolutions of the Management Board shall be required for matters outside the ordinary management, in particular: adoption and amendment of the organizational rules specifying the organization of the Company's business, taking up credits and loans, appointment of a proxy, granting credit guarantees and sureties, purchase and sale of real property, perpetual usufruct or share in real property or perpetual usufruct. The resolutions of the Management Board are also required for matters in which the Management Board addresses the General Meeting of Shareholders and the Supervisory Board.

§24.

In order for declarations of will to be made on behalf of the Company, two Management Board members or one Management Board member and a proxy are required to act jointly.

§25.

In all activities involving the members of the Management Board, the Company is represented by the Supervisory Board.

V. THE COMPANY'S ECONOMY

§26.

The financial year of the Company is a calendar year.

§27.

1. The Company establishes the following capitals and funds:
 - 1) share capital;
 - 2) supplementary capital;
 - 3) revaluation reserve capital;
 - 4) other reserve capitals;
 - 5) company social benefit fund.
2. By way of a resolution of the General Meeting of Shareholders, the Company may establish and liquidate other funds at the beginning of and during the financial year.
3. The purpose of the company social benefit fund and other funds is determined by the provisions of law and regulations of funds adopted by the Supervisory Board upon request of the Management Board.

§28.

1. The Management Board shall:
 - 1) prepare the Management Board business report and the financial statements for the preceding business year within three months from the end of the financial year,
 - 2) submit the financial statements to the audit by the statutory auditor,
 - 3) together with the opinion and report of the statutory auditor, submit documents specified in point 1 for assessment of the Supervisory Board.
2. The Management Board is obligated to present to the General Meeting of Shareholders the documents specified in item 1 and the Supervisory Board report for approval.

3. The Annual General Meeting of Shareholders should take place within six months after the end of each business year.

§29.

1. The method of distribution of the Company's profit shall be specified by the resolution of the General Meeting of Shareholders.
2. The General Meeting of Shareholders shall make write-offs from the profit to the supplementary capital according to requirements specified in article 396 § 1 of the Code of Commercial Companies.
3. The General Meeting of Shareholders may allocate a part or all profit to:
 - 1) other capitals and funds, coverage of loss or other purposes specified by the resolution of the General Meeting of Shareholders,
 - 2) dividend.
4. The Management Board of the Company, upon obtaining consent of the Supervisory Board, shall be entitled to pay to shareholders an advance payment on the expected dividend at the end of the financial year if the Company has resources sufficient to make the payment.
5. The advance payment on the dividend should be paid within the time limit specified in the resolution of the Management Board, falling not later than within two months from the date of the resolution.

VI. FINAL PROVISIONS

§30.

The Company publishes its announcements as required by the law.

§31.

1. Until the date of listing the Company on the regulated market conducted by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) with relation to the first public offer for Company's shares, however, should Embud Sp. z o.o. submit, as part of the first public offer for Company's shares, a correct and paid subscription for 225,000 shares of the Company (or in case of their division, the corresponding Company shares), no later than until the purchase by Embud Sp. z o.o. of 225,000 shares of the Company (or in case of their division, the corresponding Company shares):
 - 1) at least half of the composition of the Supervisory Board, including the President, are appointed by the General Meeting of Shareholders among the candidates presented by Elektrim S.A.
 - 2) The Supervisory Board appoints, in a secret ballot, the President of the Management Board, the Vice-Presidents of the Management Board and other members of the Management Board only from among the persons agreed with Elektrim S.A., except for the member of the Management Board elected by employees, and dismisses in a secret ballot, upon request of Elektrim S.A., the President of the Management Board, the Vice-Presidents of the Management Board and other members of the Management Board.
2. Starting from the date of listing the Company on the regulated market conducted by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) with relation to the first public offer for Company's shares, however, should Embud Sp. z o.o. submit, as part of the first public offer for Company's shares, a correct and paid subscription for 225,000 shares of the Company (or in case of their division, the corresponding Company shares), no earlier than upon the purchase by Embud Sp. z o.o. of 225,000 shares of the Company (or in case of their

division, the corresponding Company shares), the provisions of § 5a, §5b, §5c, §5d, § 11 item 1 sentence 2 and § 19 item 2 of the Articles of Association become null and void.