



Polish Oil and Gas Company (PGNiG SA)  
Head Office

Warsaw, October 28th 2016

**Amendment to agenda of Extraordinary General Meeting of PGNiG SA convened  
for November 24th 2016**

Current Report No. 102/2016

Acting upon request of the State Treasury, a shareholder, submitted pursuant to Art. 401 of the Commercial Companies Code and Art. 49.3 of the Articles of Association of Polskie Górnictwo Naftowe i Gazownictwo SA ("PGNiG" or the "Company"), the Company's Management Board hereby announces an amended agenda in which Items 10 and 11 have been added and read as follows: "Resolution on the rules of remuneration for members of the Management Board of PGNiG S.A." and "Resolution on changes in the composition of the Supervisory Board of PGNiG S.A.", respectively.

Previous Item 10, reading "Closing of the Meeting", is now Item 12.

Amended agenda of the General Meeting:

1. Opening of the Meeting
2. Appointment of the Chairperson of the Meeting
3. Preparation of the attendance list
4. Confirmation that the Meeting has been duly convened and has the capacity to adopt resolutions
5. Adoption of the agenda
6. Resolution to amend Resolution No. 5/VIII/2016 of the Extraordinary General Meeting of August 25th 2016
7. Resolution on the purchase by PGNiG S.A. of the Orient Hotel from Exalo Drilling S.A. and making an in-kind contribution of the hotel to Geovita S.A.
8. Resolutions to cancel shares, reduce the Company's share capital, and create a capital reserve
9. Resolution to amend the Company's Articles of Association
10. Resolution on the rules of remuneration for members of the Management Board of PGNiG S.A.
11. Resolution on changes in the composition of the Supervisory Board of PGNiG S.A.
12. Closing of the Meeting.

### **Grounds for adding Item 10 to the agenda:**

The rules of remuneration for members of management boards of companies in which the State Treasury holds equity interest are governed by the provisions of the Act on Rules of Remunerating Persons Who Manage Certain Companies, of June 9th 2016. In the performance of his obligation under Art. 2.1 and Art. 2.2.1 of this Act, the Minister of Energy moved for the Company's General Meeting to pass a resolution on the rules of remuneration for members of the management and supervisory bodies.

The Act stipulates new rules of remuneration for members of management and supervisory boards of companies in which equity interests are held by the State Treasury, local government units, as well as central-government and municipal entities. Defining new rules of remuneration by way of a resolution passed by the General Meeting will ensure that the rules and amounts of remuneration of members of the governing bodies are set in an open and transparent manner.

The draft resolution to be considered by the General Meeting will primarily specify:

- 1) amounts of the fixed component of the monthly base pay,
- 2) amounts of the variable component of pay designed as a performance-based incentive, whose amount will depend on achieving a set of specific management objectives.
- 3) a general catalogue of management objectives.

The draft resolution will also stipulate:

- 1) the type of contract to be executed between the Company and Management Board members,
- 2) the notice period, consistent with the limit defined in the Act on Remuneration,
- 3) the prohibition for Management Board members to receive remuneration for serving on governing bodies of other Group companies (as defined in Art. 4.14 of the Act on Competition and Consumer Protection, dated February 16th 2007),
- 4) inclusion in the management contract of provisions concerning:
  - a) the requirement to seek approval from the Company's Supervisory Board for any planned assumption of a position on a governing body of another company under commercial law, acquisition of shares in another company under commercial law, performance of work for or provision of services to other entities under an employment contract, a mandate contract or any other arrangement,
  - b) the prohibition for Management Board members to serve on governing bodies of other companies under commercial law, or other limitations on activities of Management Board members (optional),
- 5) Management Board members' rights to use the Company's equipment or other resources,
- 6) the right to receive severance pay, with the amount of such severance pay specified, subject to the conditions referred to in Art. 7 of the Act on Remuneration,
- 7) the prohibition to engage in competitive activities, subject to the conditions referred to in Art. 8 of the Act on Remuneration.

The General Meeting's resolution will also authorise the Supervisory Board to:

- 1) enter into management contracts on the terms and conditions specified in the Act on Remuneration and in accordance with the General Meeting's resolution,

- 2) define in more detail all aspects of the matters covered by the resolution of the General Meeting.

**Grounds for adding Item 11 to the agenda:**

The request to include in the agenda an item concerning changes to the composition of the Supervisory Board follows from the fact that the General Meeting has the power to appoint and remove Supervisory Board members; its purpose is to strengthen the supervision of the Company's operations by the Supervisory Board.

See also: Current Report No. 100/2016 of October 27th 2016