Warsaw, September 5th 2011

Draft resolutions of the Extraordinary General Shareholders Meeting of PGNiG SA to be held on October 5th 2011 with grounds

Current Report No. 131/2011

The Management Board of Polskie Górnictwo Naftowe i Gazownictwo SA ("PGNiG" or "the Company") hereby publishes draft resolutions to be presented to the Extraordinary General Shareholders Meeting of PGNiG convened for October 5th, 2011.

Resolution No. …/X/2011
of the Extraordinary General Shareholders Meeting
of Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna
of Warsaw
dated October 5th 2011

concerning: approval of termination by mutual consent of the Operating Lease Agreement between PGNiG S.A. and OGP GAZ-SYSTEM S.A. of July 6th 2005

Par. 1

Acting pursuant to Par. 56.3.13 of the Company's Articles of Association, the General Shareholders Meeting of PGNiG S.A. hereby approves the termination by mutual consent of the Operating Lease Agreement between PGNiG S.A. and OGP GAZ-SYSTEM S.A. of July 6th 2005.

Par. 2

This Resolution shall take effect as of its adoption date.

Grounds:

On .... 2011, the Management Board of PGNiG S.A. adopted Resolution No. ..../2011 to submit a proposal to the General Shareholders Meeting of PGNiG S.A. to adopt a resolution approving termination by mutual consent of the Operating Lease Agreement between PGNiG S.A. and OGP GAZ-SYSTEM S.A. of July 6th 2005.

On ……………….2011, the Supervisory Board of PGNiG S.A. adopted Resolution No. ....…/2011 concerning its opinion with regard to the aforementioned proposal by the

Management Board of PGNiG S.A. to the General Shareholders Meeting of PGNiG S.A.

Under the “Execution Programme for the Years 2009-2012” attached as Appendix 3 to “Poland’s Energy Policy until 2030” adopted by the Council of Ministers on November 10th 2009, one of the measures to secure the state's interests in strategic companies of the gas sector (Action 2.20.2) consists in terminating the transmission system lease agreement between PGNiG S.A. and OGP Gaz-System S.A. by payment of non-cash dividend in 2011. As part of the non-cash dividend payment by PGNiG S.A. to the State Treasury and a share capital increase at OGP GAZ-SYSTEM S.A., PGNiG S.A. will transfer to OGP GAZ-SYSTEM S.A. any transferable assets covered by the Operating Lease Agreement.

In view of the above, acting pursuant to Par. 56.3.13 of the Company's Articles of Association, which provides that a relevant resolution of the Company's General Shareholders Meeting is required to approve the termination, dissolution or material change of the subject matter, term or termination provisions of a lease agreement concluded with the transmission system operator, in conjunction with Par. 6.47 of the Articles of Association which states that the Company engages in production, service and trading activities involving the lease of particular items of its property used for electricity and gas transmission, the Management Board hereby moves for approval of termination by mutual consent of the Operating Lease Agreement between PGNiG S.A. and OGP GAZ-SYSTEM S.A. of July 6th 2005.

The Management Board of PGNiG S.A. further informs that as a result of work by PGNiG S.A.'s and OGP GAZ-SYSTEM S.A.'s representatives a list of assets which qualify for contribution has been compiled. These assets have now been earmarked for distribution as non-cash dividend payable for 2010.

In connection with the foregoing, on April 20th 2011 the Annual General Shareholders Meeting of PGNiG S.A. adopted Resolution No. 20/IV/2011 concerning determination of assets to be distributed as non-cash dividend and the manner of measuring the assets' value.

In accordance with Schedule 1 for the Termination of the Operating Lease Agreement of September 8th 2010, signed by the representatives of PGNiG S.A. and OGP GAZ-SYSTEM S.A., the Operating Lease Agreement will be terminated by mutual consent on October 7th 2011.

Other assets covered by the Operating Lease Agreement, whose legal status is unclear (assets which did not qualify for contribution on April 20th 2011, when Resolution No. 20/IV/2011 was adopted by the Annual General Shareholders Meeting of PGNiG S.A.), including property, fencing, pavements/reinforcements and elements of property lighting systems, will be transferred under separate agreements between PGNiG S.A. and OGP GAZ-SYSTEM S.A.

Resolution No. …/X/2011
of the Extraordinary General Shareholders Meeting
of Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna
of Warsaw
dated October 5th 2011

concerning: allocation of capital reserve designated as "Central Restructuring Fund" for one-off payments (employee termination benefits) to former employees of Naftomet Sp. z o.o. of Krosno and Gazobudowa Sp. z o.o. of Zabrze.

Acting pursuant to Par. 56.3.9 of the Company's Articles of Association and taking into account the favourable opinion of the Supervisory Board contained in Resolution No. ..... of ...., the General Shareholders Meeting hereby resolves as follows:

Par. 1

The General Shareholders Meeting of PGNiG S.A. resolves to allocate PLN 6,380,592.46 from capital reserve designated as "Central Restructuring Fund" for one-off payments (employee termination benefits) to 25 former employees of ZUN Naftomet Sp. z o.o. of Krosno and 99 former employees of BUG Gazobudowa Sp. z o.o. of Zabrze, covered by the 2011 Employment Streamlining Programme.

This resolution has been passed by .... approving votes and shall take effect as of the adoption date.

Grounds:

Since 2006, ZUN Naftomet Sp. z o.o. has been subject to an intensive restructuring process, involving technological restructuring and workforce rationalisation. The company needs to replace its staff to adjust the employment structure to new competence requirements resulting from the replacement of plant and equipment. Employees selected for redundancy are mainly those who cannot undergo retraining due to the type of qualifications they hold and frequent sickness absence. Given its current economic and financial standing, ZUN Naftomet Sp. z o.o. does not have sufficient internal resources to finance the restructuring cost by itself.

The redundant employees of ZUN Naftomet Sp. z o.o. of Krosno are entitled to receive one-off payments (termination benefits) in specific amounts depending on the type of rationalisation (restructuring) activity provided for in the Employment Streamlining Programme effective at the PGNiG Group. The total amount of the one-off payments (termination benefits) due to ZUN Naftomet Sp. z o.o.'s employees is PLN 1,144,708.06.

A Recovery Programme, approved by the governing bodies, is being implemented at BUG Gazobudowa Sp. z o.o. The principal goal behind the Recovery Programme at BUG Gazobudowa Sp. z o.o. is workforce optimisation, which will result in a significant labour cost reduction and adaptation of the cost to current market requirements. BUG Gazobudowa Sp. z o.o. is subject to a consolidation process implemented to set up the PGNiG Technologie Group. One of the pre-conditions for a successful implementation of the process is consolidation of those undertakings whose involvement in the consolidation will not jeopardise the success of the entire process, essential for the PGNiG Group. However, given its current financial position, BUG Gazobudowa Sp. z o.o. is unable to fully finance the workforce restructuring costs by itself.

The workforce restructuring at BUG Gazobudowa Sp. z o.o. involves termination of employment contracts with a part of the staff, among whom 99 meet the conditions to receive additional termination benefits provided for in the Employment Streamlining Programme. The redundant employees are entitled to receive one-off payments (termination benefits) in specific amounts depending on the type of rationalisation (restructuring) activity provided for in the Employment Streamlining Programme effective at the PGNiG Group. The total amount of one-off payments (termination benefits) due to BUG Gazobudowa Sp. z o.o.'s employees is PLN 5,235,884.40.

Resolution No. …/X/2011
of the Extraordinary General Shareholders Meeting
of Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna
of Warsaw
dated October 5th 2011

concerning: approval of acquisition by PGNiG S.A. of 110,000 Series C registered shares, with a par value of PLN 100 per share, in the increased share capital of PGNiG Energia S.A. of Warsaw and payment of PLN 11,000,000 as a cash contribution for the new shares.

Acting pursuant to Par. 56.6 of the Company's Articles of Association, and based on the positive opinion of the Supervisory Board, expressed in Resolution No. .... of ...., on the Management Board's proposal contained in Resolution No. …………. of ……...... , the Extraordinary General Shareholders Meeting hereby resolves as follows:

Par. 1

The Extraordinary General Shareholders Meeting approves the acquisition by PGNiG S.A. of 110,000 (one hundred and ten thousand) Series C registered shares, with a par value of PLN 100 (one hundred złoty) per share, in the increased share capital of PGNiG Energia S.A. of Warsaw and payment of PLN 11,000,000 (eleven million złoty) as a cash contribution for the new shares.

Par. 2

This Resolution shall take effect as of its date.

Grounds:

After the increase, the share capital of PGNiG Energia S.A., currently amounting to PLN 30,000,000, will reach PLN 41,000,000. The share capital increase of PLN 11m is necessary for the company to properly perform its tasks and will result in an expansion of PGNiG Energia S.A.'s electricity trading activity, which forms part of the company's core business. Electricity trading is to enable the company to achieve the business scale envisaged in its strategy and in the 2011 Business Plan. The share capital increase by the requested amount is designed to provide security for electricity trading.

PGNiG Energia S.A.'s principal goals in trading activity include sale of electricity to end users, intensification of activity on the wholesale electricity market, and sale of electricity produced the PGNiG Group's power generation assets. The goals are described on the Trading Strategy of PGNiG Energia S.A. In order to achieve the goals set forth in the Trading Strategy, the company must be provided with economic capital necessary for the trading operations. Based on an analysis prepared by PGNiG Energia S.A. and agreed upon with PGNiG S.A., the required amount of capital necessary to enable electricity trading is PLN 11m. The allocation of working capital for the trading activity was preceded by implementation of the required procedures, related principally to a risk management system, ensuring control over the capital entrusted to the company.

The Supervisory Board of PGNiG Energia S.A. issued a positive opinion on the request made by the Management Board of PGNiG Energia S.A., in Resolution No. 9/2011 of April 19th 2011.