



Polish Oil and Gas Company (PGNiG SA)
Head Office

Warsaw, August 23rd 2011

**Draft resolutions for the Extraordinary General Shareholders Meeting
of PGNiG SA convened for September 20th 2011**

Current Report No. 124/2011

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 September 20th 2011.

**Resolution No. .../IX/2011
of the Extraordinary General Shareholders Meeting
of Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna
of Warsaw
dated September 20th 2011**

concerning: approval of the acquisition of 75,600,000 shares, with a par value of PLN 50 per share, in PGNiG SPV 1 Sp. z o.o.

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 resolves as follows:

The Extraordinary General Shareholders Meeting hereby approves the acquisition by PGNiG SA of up to 75,600,000 (seventy-five million, six hundred thousand) shares with a par value of PLN 50 per share in PGNiG SPV 1 Sp. z o.o. of Warsaw, at par value, which will be fully paid up in cash.

This Resolution shall take effect as of its date.

Grounds:

As part of the implementation of the Strategy for the PGNiG Group until 2015, PGNiG SPV 1 sp. z o.o. ("SPV 1") executed a preliminary agreement with Vattenfall AB to acquire 24,591,544 (twenty-four million, five hundred and ninety-one thousand, five hundred and forty-four) shares in Vattenfall Heat Poland S.A. ("VHP") comprising 99.8% of its share capital. Therefore, the Management Board of PGNiG requests the

Extraordinary General Shareholders Meeting to approve a capital injection to SPV 1 in order to effect the transaction.

One of the strategic priorities of the PGNiG Group until 2015 is to evolve into a modern and integrated energy conglomerate, which also operates in the power generation sector. Projects based on gas co-generation, completed as part of restructuring of VHP's generation assets, will have a material role in building of gas market and increasing the demand for natural gas, and will also improve the security of the PGNiG Group's operations through expansion of its product portfolio with sales of electricity and heat.

**Resolution No. .../IX/2011
of the Extraordinary General Shareholders Meeting
of Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna
of Warsaw,
dated September 20th 2011**

concerning: subscription for shares in the increased share capital of Pomorska Spółka Gazownictwa Sp. z o.o. of Gdańsk

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

Par. 1

The Extraordinary General Shareholders Meeting hereby approves the subscription by PGNiG SA for all new shares in the increased share capital of Pomorska Spółka Gazownictwa Sp. z o.o. i.e.: 38,950 (thirty-eight thousand, nine hundred and fifty) shares with a par value of PLN 1,000 (one thousand złoty) per share, with a total value of PLN 38,950,000.00 (thirty-eight million, nine hundred and fifty thousand złoty) in exchange for the contribution of a section of a transmission system capable of independent operation – transmission of gaseous fuel, comprised of a 39.7km long section of the DN 300 gas pipeline with gas governor stations from the Zalesie node, located in the following communes: Chełmża, Papowo Biskupie, Stolno, Chełmno, Miasto Chełmno, and Świecie, including component parts and attachments, listed in Appendix 1 hereto.

Par. 2

This Resolution shall take effect as of its date.

Grounds:

Pomorska Spółka Gazownictwa Sp. z o.o. ("PSG") requested a contribution in kind in the form of the investment task "DN 300 high pressure gas pipeline Chełmża – Chełmno – Świecie, Stage II – Dworzysko Node".

PSG indicates that the gas pipeline is related to PSG's distribution business and its inclusion into the distribution system is justified due to the following reasons:

- exhaustion of the connection capacity of the high-pressure pipeline Mniszek – Świecie – Tuchola – Sępólno Krajeńskie and Dworzysko – Bydgoszcz; where the maximum pressure is maintained at 2.5MPa for technical and operating reasons;

- the gas pipeline together with the Dworzysko node will make it possible to increase the pressure in the DN 150 pipeline Świecie – Tuchola – Chojnice – Sępólno Krajeńskie, which drops below 1MPa in winter season;
- the gas pipeline together with the Dworzysko node will make it possible to further develop the distribution system to enable connection of large customers, increase gas fuel withdrawal at Chełmża, Chełmno and Świecie (following modernisation of stations located there) and from the Dworzysko – Sępólno Krajeńskie and Dworzysko – Bydgoszcz pipelines.

In addition, PSD emphasises that pursuant to the PSG “Concept for the Development of the Gas Network”, the pipeline, after it is placed in service, should take over the functions of the DN 200 high pressure pipeline Mniszek – Świecie.

The total amount invested in execution of the project is PLN 38,950,815.81.