



Polish Oil and Gas Company (PGNiG SA)  
Head Office

Warsaw, July 12th 2011

**Draft resolutions for the Extraordinary General Shareholders Meeting  
of PGNiG SA convened for August 10th 2011**

Current Report No. 99/2011

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 August 10th 2011.

**Resolution No. .../VIII/2011  
of the Extraordinary General Shareholders Meeting  
of Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna of Warsaw  
of August 10th 2011**

**concerning:** acquisition of an exclusive usufruct right to a developed land property, located at ul. Wałowa 41/43 in Gdańsk, comprising plots No. 209/1, 209/2, 210/3, 210/7, cadastral district No. 81, the city of Gdańsk, along with the ownership title to buildings and structures erected thereon.

In connection with the fact that the Management Board of PGNiG SA intends to revoke, free of charge, the joint perpetual usufruct right to land and the joint ownership title to buildings and structures erected thereon, located at ul. Wałowa 41/43 in Gdańsk, existing between Polskie Górnictwo Naftowe i Gazownictwo S.A. and Pomorska Spółka Gazownictwa Sp. z o.o., acting pursuant to Par. 56.3.2 of PGNiG SA's Articles of Association, the General Shareholders Meeting of PGNiG SA hereby approves the acquisition by the Company of the exclusive usufruct right to the developed land property, comprising plots No. 209/1, 209/2, 210/3, 210/7, cadastral district No. 81, the city of Gdańsk, along with the ownership title to the buildings and structures erected thereon, with a market value of PLN 10,268,676.00 based on an estimate survey of May 5th 2010, with an annex thereto of December 27th 2010, made by expert appraiser Grażyna Winnicka (the transaction is not subject to VAT).

**Grounds:**

The objective behind the revocation of the joint perpetual usufruct right to the land property located at ul. Wałowa 41/43 in Gdańsk and the joint ownership title the buildings and structures erected thereon is to complete the legal separation of the gas trading business from the operation of the gas distribution network pursuant to the Separation Plan of Pomorska Spółka Gazownictwa Sp. z o.o. dated June 29th 2007.

Pursuant to the Plan, each party assumed the following shares in the rights to the property:

- Pomorska Spółka Gazownictwa Sp. z o.o. received a share of 29611213/37296111, comprising plots No. 209/3, 210/5 210/6, 214/1, cadastral district No. 81, the city of Gdańsk, along with the exclusive ownership title to the buildings and structures erected thereon,
- PGNiG received a share of 7684898/37296111, comprising plots No. 209/1, 209/2, 210/3, 210/7, cadastral district No. 81, the city of Gdańsk, along with the exclusive ownership title to the buildings and structures erected thereon.

The companies agreed that until the revocation of the joint perpetual usufruct right and the joint ownership title to the property, the companies will be entitled to use only the part of the land property with developments (buildings and other assets related to the property), which they had been granted on the basis of the Separation Plan and planned geodetic division.

The companies entered into quoad usum agreements to divide the property to be shared. By virtue of the agreements, the companies clarified the obligations and rights of the Parties, taking into account in particular: running costs, tax charges and capital expenditure on the assets granted for the exclusive use by the companies.

The revocation of the joint perpetual usufruct right/the joint ownership title to the property will be effected on the basis of the existing geodetic division of the joint property, by virtue of a notarial deed executed between the co-usufructuaries/co-owners in such a manner that each of the co-usufructuaries/co-owners will be granted an exclusive perpetual usufruct right to the part of the property based on the geodetic division (along with the respective buildings and structures), which was already given for their exclusive use.

The revocation of the joint perpetual usufruct right to the land and the joint ownership title to the buildings and structures erected thereon will be free-of-charge, i.e. neither company will be required to make any additional payment to the other company to compensate for the difference between the value of the share the company has (value of the right) and the value of the property it will acquire for the exclusive use following the revocation of the joint perpetual usufruct (value of the thing). The Parties further agreed that the revocation of the joint perpetual usufruct to the land and the joint ownership title to the buildings and structures erected thereon in accordance with the

rules stated in the Separation Plan and the Memorandum of Understanding of August 9th 2010 satisfies their demands and interests and the Parties lay no financial claims against each other.

Following the revocation of the joint perpetual usufruct right to the land and the joint ownership title to the buildings and structures, PGNiG will acquire an exclusive usufruct right to the developed land property, located at ul. Wałowa 41/43 in Gdańsk, comprising plots No. 209/1, 209/2, 210/3, 210/7, cadastral district No. 81, the city of Gdańsk, along with the exclusive ownership title to the buildings and structures erected thereon, with a market value of PLN 10,268,676.00 based on an estimate survey of May 5th 2010 with an annex thereto of December 27th 2010 made by expert appraiser Grażyna Winnicka (the transaction is not subject to VAT).

The value of the acquired perpetual usufruct right and assets exceeds a PLN equivalent of EUR 2,000,000; therefore, pursuant to Art. 56.3.2 of PGNiG's Articles of Association, the acquisition requires approval in the form of a relevant resolution of the General Shareholders Meeting.

In connection with this proposal, on June 2nd 2011, the Management Board of PGNiG SA passed Resolution No. 243/2011 concerning the free of charge revocation of the joint perpetual usufruct right to the land and the joint ownership title to the buildings and structures erected thereon, located at ul. Wałowa 41/43 in Gdańsk, existing between PGNiG and Pomorska Spółka Gazownictwa Sp. z o.o.; on June 29th 2011 the Supervisory Board adopted Resolution No. 22/VI/2011 to issue a positive opinion on the proposal to be submitted to the General Shareholders Meeting concerning the approval of the acquisition by the Company of the exclusive perpetual usufruct right to the developed land property located at ul. Wałowa 41/43 in Gdańsk.

**Resolution No. .../VIII/2011**  
**of the Extraordinary General Shareholders Meeting**  
**of Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna of Warsaw**  
**of August 10th 2011**

**concerning:** acquisition of an exclusive usufruct right to a developed land property, located at ul. Jagiellońskiej 42 in Bydgoszcz, comprising plots No. 1/27, 1/29, cadastral district No. 164, the city of Bydgoszcz, along with the ownership title to buildings and structures erected thereon.

In connection with the fact that the Management Board of PGNiG SA intends to revoke, free of charge, the joint perpetual usufruct right to land and the joint ownership title to buildings and structures erected thereon, located at ul. Jagiellońskiej 42 in Bydgoszcz, existing between Polskie Górnictwo Naftowe i Gazownictwo S.A. and Pomorska Spółka Gazownictwa Sp. z o.o., acting pursuant to Par. 56.3.2 of PGNiG SA's Articles of Association, the General Shareholders Meeting of PGNiG SA hereby approves the acquisition by the Company of the exclusive usufruct right to the developed land property, comprising plots No. 1/27, 1/29, cadastral district No. 164, the city of Bydgoszcz, along with the ownership title to the buildings and structures erected thereon, with a market value of PLN 8,554,570 based on an estimate survey of November 28th 2009, with an annex thereto of January 21st 2011, made by expert appraiser Jerzy Ledóchowski (the transaction is not subject to VAT).

**Grounds:**

The objective behind the revocation of the joint perpetual usufruct right to the land property located at ul. Jagiellońskiej 42 in Bydgoszcz and the joint ownership title the buildings and structures erected thereon is to complete the legal separation of the gas trading business from the operation of the gas distribution network pursuant to the Separation Plan of Pomorska Spółka Gazownictwa Sp. z o.o. dated June 29th 2007.

Pursuant to the Plan, each party assumed the following shares in the rights to the property:

- Pomorska Spółka Gazownictwa Sp. z o.o. received a share of 6549849/8258806, comprising plots No. 1/13, 1/22, 1/30, cadastral district No. 164, the city of Bydgoszcz, along with the exclusive ownership title to the buildings and structures erected thereon,
- PGNiG received a share of 1708957/8258806, comprising plots No. 1/27, 1/29, cadastral district No. 164, the city of Bydgoszcz, along with the exclusive ownership title to the buildings and structures erected thereon.

The companies agreed that until the revocation of the joint perpetual usufruct right and the joint ownership title to the property, the companies will be entitled to use only the part of the land property with developments (buildings and other assets related to the property), which they had been granted on the basis of the Separation Plan and planned geodetic division.

The companies entered into quoad usum agreements to divide the property to be shared. By virtue of the agreements, the companies clarified the obligations and rights of the Parties, taking into account in particular: running costs, tax charges and capital expenditure on the assets granted for the exclusive use by the companies.

The revocation of the joint perpetual usufruct right/the joint ownership title to the property will be effected on the basis of the existing geodetic division of the joint property, by virtue of a notarial deed executed between the co-usufructuaries/co-owners in such a manner that each of the co-usufructuaries/co-owners will be granted an exclusive perpetual usufruct right to the part of the property based on the geodetic division (along with the respective buildings and structures), which was already given for their exclusive use.

The revocation of the joint perpetual usufruct right to the land and the joint ownership title to the buildings and structures erected thereon will be free-of-charge, i.e. neither company will be required to make any additional payment to the other company to compensate for the difference between the value of the share the company has (value of the right) and the value of the property it will acquire for the exclusive use following the revocation of the joint perpetual usufruct (value of the thing). The Parties further agreed that the revocation of the joint perpetual usufruct to the land and the joint ownership title to the buildings and structures erected thereon in accordance with the rules stated in the Separation Plan and the Memorandum of Understanding of August 9th 2010 satisfies their demands and interests and the Parties lay no financial claims against each other.

Following the revocation of the joint perpetual usufruct right to the land and the joint ownership title to the buildings and structures, PGNiG will acquire an exclusive usufruct right to the developed land property, located at ul. Jagiellońska 42 in Bydgoszcz, comprising plots No. 1/27, 1/29, cadastral district No. 164, the city of Bydgoszcz, along with the exclusive ownership title to the buildings and structures erected thereon, with a market value of PLN 8,554,570 based on an estimate survey of November 28th 2009 with an annex thereto of January 21st 2011 made by expert appraiser Jerzy Ledóchowski (the transaction is not subject to VAT).

The value of the acquired perpetual usufruct right and assets exceeds a PLN equivalent of EUR 2,000,000; therefore, pursuant to Art. 56.3.2 of PGNiG's Articles of Association, the acquisition requires approval in the form of a relevant resolution of the General Shareholders Meeting.

In connection with this proposal, on June 2nd 2011, the Management Board of PGNiG SA passed Resolution No. 244/2011 concerning the free of charge revocation of the joint perpetual usufruct right to the land and the joint ownership title to the buildings and structures erected thereon, located at ul. Jagiellońska 42 in Bydgoszcz, existing between PGNiG and Pomorska Spółka Gazownictwa Sp. z o.o.; on June 29th 2011 the Supervisory Board adopted Resolution No. 24/VI/2011 to issue a positive opinion on the proposal to be submitted to the General Shareholders Meeting concerning the approval of the acquisition by the Company of the exclusive perpetual usufruct right to the developed land property located at ul. Jagiellońska 42 in Bydgoszcz.

**Resolution No. .../VIII/2011  
of the Extraordinary General Shareholders Meeting  
of Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna of Warsaw  
of August 10th 2011**

**concerning:** approval of acquisition by PGNiG SA of 80,000 (eighty thousand) newly issued shares with a par value of PLN 50 per share (fifty złoty) in the increased share capital of Operator Systemu Magazynowania Sp. z o.o. of Warsaw in exchange for a cash contribution of PLN 4,000,000 (four million złoty).

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. 27/VI/2011 of June 29th 2011, on the Management Board's proposal contained in Resolution No. 268/2011 of June 15th 2011, the Extraordinary General Shareholders Meeting hereby resolves as follows:

Par. 1

The Extraordinary General Shareholders Meeting hereby approves the acquisition by PGNiG SA of 80,000 (eighty thousand) newly issued shares with a par value of PLN 50 per share (fifty złoty) in the increased share capital of Operator Systemu Magazynowania Sp. z o.o. of Warsaw in exchange for a cash contribution of PLN 4,000,000 (four million złoty).

Par. 2

This Resolution shall take effect as of its date.

**Grounds:**

Operator Systemu Magazynowania Sp. z o.o. was established on November 16th 2010 in Warsaw. The company's share capital amounts to PLN 1,000,000 and is divided into 20,000 equal and indivisible shares with a par value of PLN 50 per share. The share capital was fully paid-up with cash.

PGNiG holds all shares in the company. At present, the company's share capital is PLN 1,000,000; subsequent to the increase it will amount to PLN 5,000,000. The share capital will be increased through issuance of new shares. Pursuant to Par. 6.2 of the Deed of Incorporation, a share capital increase prior to December 31st 2011 and up to PLN 10,000,000 does not constitute an amendment thereto.

The share capital increase at the company necessitates from the planned financing of capital expenditure related to purchase of required licences and maintenance of IT systems with a value of PLN 2,000,000. The IT system is to ensure:

- performance of OSM's tasks under the statutory obligation to provide storage services,
- cooperation with similar systems of the transmission system operator,
- interfacing with the existing applications in the OSM Branch,
- discharge of the disclosure obligations under Regulation (EC) No. 715/2009 of the European Parliament and of the Council of July 13th 2009 on conditions for access to the natural gas transmission networks.

Proceeds from the share capital increase will be used to finance the repurchase from PGNiG of copyrights to documents and procedures prepared in the course of work on the compliance with the legal requirement to separate the storage system operator from PGNiG's structure and adjustment of rules governing the storage system services to the standards set out in the Third Energy Package. The value of copyrights to the documents is estimated at PLN 1,000,000.

The balance of PLN 1,000,000 will be used to finance:

- development of storage capacity – if necessary,

current liabilities (salaries and wages and contracted services) until the company commences the provision of services under the Agreement on assigning the role of the storage system operator executed with PGNiG.



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**of August 10th 2011**

**concerning:** approval of acquisition by PGNiG S.A. of 100,000 new shares in PGNiG ENERGIA S.A., with the total value of PLN 10,000,000

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. 330/2011 of June 29th 2011, the Extraordinary General Shareholders Meeting hereby resolves as follows:

**Par. 1**

The Extraordinary General Shareholders Meeting hereby approves the acquisition by PGNiG S.A. of 100,000 (one hundred thousand) Series B registered shares with the total value of PLN 10,000,000.00 (ten million złoty) in the increased share capital of PGNiG Energia S.A. of Warsaw.

**Par. 2**

This Resolution shall take effect as of its date.

**Grounds:**

Currently, the share capital of PGNiG Energia S.A. is PLN 20,000,000; subsequent to the increase, it will amount to PLN 30,000,000.

The share capital increase will be effected through the issue of new Series B shares. The funds raised through the share capital increase will be used in whole to finance the acquisition by PGNiG Energia S.A. of 50% of shares in Elektrociepłownia Stalowa Wola S.A. (the "SPV"), in which Elektrownia Stalowa Wola S.A. and PGNiG S.A. each currently hold 50% of shares.

The Management Board of PGNiG Energia S.A. (the "company") requests the General Shareholders Meeting of PGNiG Energia S.A. to:

- adopt a resolution concerning the share capital increase at the company, pursuant to Par. 6.1, Par. 19.1.6) and Par. 20.1 of the company's Articles of Association, by a total amount of PLN 56,300,000 in two tranches. The first tranche to which this proposal relates is PLN 10m.

This amount will be used to increase the share capital of Elektrociepłownia Stalowa Wola S.A. through a rights issue of new registered shares to be offered in a private placement – 50% to each of the existing shareholders in the company, i.e.

- PGNiG Energia S.A.;
- Elektrownia Stalowa Wola S.A.;

If any of the shareholders does not exercise its pre-emptive right, the Management Board of Elektrociepłownia Stalowa Wola S.A. will notify both shareholders of the allotment of the shares on a second date, falling 45 days after the date on which the Management Board sent the information on the possibility to acquire shares in exercise the pre-emptive right under Art. 435.1 in conjunction with Art. 434.3 of the Commercial Companies Code. If any of the shareholders does not exercise its pre-emptive right with respect to all the shares offered to it or does not fully pay up all the shares it subscribed for by the deadline prescribed by the Management Board, the Management Board will allocate the shares which were not subscribed for or paid up in full to the other shareholder at a price equal to the issue price.

Pursuant to the proposal put forward by the Management Board of PGNiG Energia S.A., the company's capital needs in connection with the "Construction of a 400MW CCGT Unit" project follows from the Agreement on the Operation of Elektrociepłownia Stalowa Wola S.A. executed on March 11th 2011 and Resolution No. 1/V/2011 of the Supervisory Board of Elektrociepłownia Stalowa Wola S.A. approving the project financing schedule.

According to the Management Board of PGNiG S.A., to execute the project in Stalowa Wola PGNiG Energia S.A. currently requires funds in the amount of the first tranche, i.e. PLN 10m, whereas any decision as to a further share capital increase should be postponed until there are final arrangements regarding the financing structure of the Stalowa Wola project and potential subordinated loans are obtained.

The funds to be raised by Elektrociepłownia Stalowa Wola S.A. are to be used to finance the execution of the "Construction of a 400MW CCGT Unit" project.

In Resolution No. .... of ..... the Supervisory Board of PGNiG S.A. issued its positive opinion on the relevant proposal by the Management Board of PGNiG S.A.

**Resolution No. .../VIII/2011  
of the Extraordinary General Shareholders Meeting  
of Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna of Warsaw  
of August 10th 2011**

**concerning:** amendments to the Programme for Employment Streamlining and Redundancy Payments to the Employees of the PGNiG Group for 2009-2011 (Stage 3)

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. hereby resolves to approve the Annex to the Programme for Employment Streamlining and Redundancy Payments to the Employees of the PGNiG Group for 2009-2011 (Stage 3).

This Resolution shall take effect as of its date.

**Grounds:**

The Programme for Employment Restructuring (currently: Employment Streamlining) was developed in 1999-2000 and has been effective since 2000. The Programme is currently in Stage 3 of its implementation. Each stage of the Programme was approved by the General Shareholders Meeting of PGNiG S.A. The Programme covers employees employed for an indefinite period with at least five years of service at PGNiG S.A. or any of its wholly-owned subsidiaries. Employees subject to employment restructuring are entitled to an additional social benefit (redundancy payment) which constitutes a compensation for termination of employment, whose amount varies depending on the type of position and employee's individual entitlements (e.g. employees entitled to early retirement receive a lower amount of redundancy payment, and in the case of removal of a post, the amount of the redundancy payment is dependent on the total length of service of a given employee).

Since 2000, redundancy payments paid out to entitled employees have been financed from additional contributions to Social Benefits Funds of each Group company covered by the Programme. In 2005, PGNiG S.A. created a capital reserve designated as Central Restructuring Fund financed from earned profit, to be used for redundancy payments paid out to former employees of the Group companies covered by the Programme, which due to economic distress cannot pay out redundancy payments from their own funds (funds from the Central Restructuring Fund may not be allocated to redundancy payments paid out to employees of PGNiG S.A.). Currently, the amount held as part of the Central Restructuring Fund is PLN 24,517,684.64.

At the request of the employees, the Company Collective Labour Agreement for employees of PGNiG S.A. provides for regular contributions to be paid to the Company Social Benefits Fund for the purposes of the Programme (Art. 47 of the Collective Labour Agreement: Until the Programme ... 2009-2011 (Stage 3) becomes effective at PGNiG S.A., the Company Social Benefits Fund shall be increased by the product of 12% of an average monthly salary determined in accordance with the Act on Company Social Benefits Fund, and the number of employees), to be used as financial support in the form of redundancy payments paid out in amounts and in accordance with the rules of the Programme. In 2009-2011, the conditions for implementation of the Programme were not met, therefore no funds were paid out under the Programme. In recent months, doubts have arisen whether the Programme may be financed from the Company Social Benefits Fund without having to deduct contributions to the Social Insurance Institution (ZUS) from relevant redundancy payments and whether the amount of a redundancy payment may depend on the length of service of an employee entitled to receive such benefit. According to most recent expert opinions and court rulings, funds may be paid out from the Company Social Benefits Fund only under the conditions specified in the Act on Company Social Benefits Fund, i.e. such Fund should be available to all employees, and not only to a specific group of employees, and its amount should depend only on financial and personal situation of an employee, and not on the employee's length of service. Such interpretation of the law makes it impossible to finance redundancy payments from the Company Social Benefits Fund.

In view of the above, it is proposed that the cost of redundancy payments paid out under the Programme be covered with funds provided from PGNiG S.A.'s capital reserve designated as Central Restructuring Fund and respective Restructuring Funds created at the Group companies covered by the Programme. Moreover, rules governing the use of funds under the existing Central Restructuring Fund will be amended. The amendment involves removal of the provision restricting access to the Fund only to employees of the Group members which are in "difficult financial situation". In accordance with the proposed amendment, the Central Restructuring Fund will provide funds for redundancy payments paid out to former employees of PGNiG S.A. branches covered by the Programme and, as was previously the case, former employees of the Group members experiencing "difficult financial situation".

**Resolution No. .../VIII/2011  
of the Extraordinary General Shareholders Meeting  
of Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna of Warsaw  
of August 10th 2011**

**concerning:** approval of acquisition by PGNiG SA of 1,000 ordinary shares with a total par value of PLN 100,000 (one hundred thousand) in a newly established company under the name PGNiG SPV 2 SA of Warsaw, at the par value of the shares, to be covered with cash.

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 approves the acquisition by PGNiG SA of 1,000 ordinary shares with a total par value of PLN 100,000 (one hundred thousand) in a newly established company under the name PGNiG SPV 2 SA of Warsaw, at the par value of the shares, to be covered with cash.

This Resolution shall take effect as of its date.

**Grounds:**

The Strategy Department is analysing a possibility to acquire power generation assets in cooperation with a financial investor. The recommended option to carry out the transaction is a warrant-based financial instrument. As a rule, being a financial instrument, a warrant is available to joint-stock companies only.

The Supervisory Board of PGNiG issued a positive opinion on the proposal put forward by the Management Board of PGNiG on this matter.