The Management Board of Polskie Górnictwo Naftowe i Gazownictwo SA (“PGNiG”, “the Company”) hereby publishes draft resolution to be submitted to the Extraordinary General Shareholders Meeting of PGNiG convened for March 31st 2011.

Resolution No. ...
by the Extraordinary General Shareholders Meeting
of Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna
of Warsaw
dated ……………………

concerning: Terms and Manner of Disposal of Share in Zakład Kuźnia Matrycowa Sp. z o.o.

Par. 1

Acting pursuant to Par. 27.1 of the Regulation of the Council of Ministers on the Manner and Procedure for the Organisation of a Tender for Sale of Non-Current Assets by a Company Established as a Result of Commercialisation, dated February 13th 2007 (Dz. U. of 2007, No. 27, item 177, as amended), having considered the proposal of the Management Board submitted pursuant to Resolution No. 27/2011, dated January 25th 2011, and the favourable opinion of the Supervisory Board contained in Resolution No. 10/V/2011, dated February 17th 2011, the Extraordinary General Shareholders Meeting hereby approves the disposal of one share in Zakład Kuźnia Matrycowa Sp. z o.o. in accordance with the procedure and on the terms defined below:

a) procedure - the share in Zakład Kuźnia Matrycowa Sp. z o.o. held by PGNiG SA shall be sold to Metallum Corporation, the majority shareholder of Zakład Kuźnia Matrycowa Sp. z o.o. holding 96.99% of the company's share capital,
b) terms - the share held by PGNiG SA shall be sold for the price of PLN 570,000.

Par. 2

This Resolution shall take effect as of its adoption date.

Grounds:

In the document "Strategy for the PGNiG Group Until 2015", Zakład Kuźnia Matrycowa Sp. z o.o. ("ZKM Sp. z o.o.") was included in the group of companies classified as "other". The companies included in that group are intended to be sold or dissolved.

Taking into account the shareholder structure and the fact that PGNiG SA holds only a fraction of ZKM SP. z o.o.'s share capital and of the total vote at the company’s general shareholders meeting, it is unlikely that the investment will generate any return in the form of dividend in the coming years. Furthermore, PGNiG SA is unable to exercise any significant influence over the company's business activity or decisions made by its general shareholders meeting, while the company's business activity is not related to PGNiG SA's core business.

Therefore, there is no economic rationale for maintaining an equity interest in the company. The solution is to dispose of the ZKM Sp. z o.o. share held by PGNiG SA to the majority shareholder, Metallum Corporation, which holds nearly 97% of the company's share capital and of the total vote at its general shareholders meeting and has shown interest in purchasing the share.

Following negotiations, PGNiG SA and the prospective buyer, Metallum Corporation, have agreed upon the final price for the share, amounting to PLN 570,000, which is equal to the share's par value. The initial purchase price offered by Metallum Corporation was PLN 470,000.

PGNiG SA regards the price of PLN 570,000 (which is equal to the share's par value) to be favourable for the following reasons:

- PGNiG SA holds only 1.49% of ZKM Sp. z o.o.'s share capital and of the total vote at the company's general shareholders meeting;

- Metallum Corporation, ZKM Sp. z o.o.'s majority shareholder, holds 96.99% of the company's share capital and of the total vote at its general shareholders meeting, exercising nearly total control over the company's governing bodies (PGNiG SA does not have its representative on the company's supervisory board and the company's articles of association exclude individual supervision by shareholders);

- ZKM Sp. z o.o.'s articles of association contain provisions restricting the transferability of its shares (the shares may only be disposed of subject to the management board's approval) and therefore PGNiG SA may not dispose of the share at its own discretion;

- so far the company has not paid any dividend to its shareholders. Taking into account the company's shareholder structure and the fact that Metallum Corporation has granted it a loan (the amount outstanding as at the end of September 2010 was PLN 34.0m), it is unlikely that the the investment will generate any return in the form of dividend in the coming years;

- PGNiG SA needs to incur costs related to the ownership supervision over the company, such as costs of participation in its general shareholders meetings held in Stalowa Wola.