The Management Board of Polskie Górnictwo Naftowe i Gazownictwo SA (“PGNiG” or “the Company”) hereby publishes draft resolutions to be submitted to the Extraordinary General Shareholders Meeting of PGNiG SA convened for July 28th 2010.

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

concerning: approval of the disposal of shares in IZOSTAL SA in accordance with the procedure and on the terms defined in Art. 418^1 of the Commercial Companies Code

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), and having considered the proposal of the Management Board submitted pursuant to Resolution No. 296/2010, dated June 22nd 2010, and the favourable opinion of the Supervisory Board contained in Resolution No. 54/V/2010, dated June 30th 2010, the Extraordinary General Shareholders Meeting hereby approves the disposal of shares in IZOSTAL SA in accordance with the procedure and on the terms defined in Art. 418^1 of the Commercial Companies Code:

a) the procedure – the shares may be disposed of without announcing a public tender, in accordance with the procedure set forth in Art. 418^1 of the Commercial Companies Code, i.e. by way of a mandatory buyout of the shares from PGNiG SA by a shareholder holding at least 95% of all the shares in IZOSTAL SA – i.e. STALPROFIL SA,

b) the terms and conditions – the terms and conditions of a mandatory buyout of shares are set forth in Art. 418^1.6 of the Commercial Companies Code; the buyout price will be equal to the value of the company’s net assets, as disclosed in the financial statements for the preceding financial year, less the amount earmarked for distribution among the shareholders, divided by the number of shares.

Par. 2

This Resolution shall become effective as of its date.

Grounds:

In line with “The PGNiG Group’s Strategy until 2015” (adopted by PGNiG SA’s Management Board by Resolution No. 632 of November 13th 2008, and approved by the Supervisory Board by Resolution No. 75/V/08 of November 27th 2008), IZOSTAL SA is included in the group of companies classified as “other companies”. The companies of that group are intended to be sold, or dissolved and liquidated.

Since 2002, IZOSTAL SA has consistently posted a net profit, however through to 2008 the profit was fully allocated to cover prior years’ losses. By a decision of the general shareholders meeting, the entire net profit for 2009 was retained at the company and contributed to its reserve funds. The decision was made in connection with the capex programme carried out by the management board of IZOSTAL SA.

In view of the above and given the fact that PGNiG holds only a fraction of IZOSTAL SA’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. Therefore, there is no economic rationale for maintaining an equity interest in the company any further. The solution is to dispose of the shares held by PGNiG SA in accordance with the procedure provided for in Art. 418^1 of the Commercial Companies Code, which stipulates that a shareholder holding no more than 5% of the share capital may demand that the agenda of the next general shareholders meeting includes the adoption of a resolution concerning a mandatory buyout of the shareholder’s shares by up to five shareholders representing in aggregate no less than 95% of the share capital and individually no less than 5% of the share capital. The buyout price of the shares will be equal to the value of the company’s net assets, as disclosed in the financial statements for the preceding financial year, less the amount earmarked for distribution among the shareholders, divided by the number of shares. Thus, the shares held by PGNiG SA would be purchased by STALPROFIL SA or, if the general shareholders meeting failed to adopt a relevant resolution, by the company itself, which would purchase the shares with a view to retiring them.

Based on the definition given above, it is estimated that by disposing its shares in IZOSTAL SA under Art. 418^1 of the Commercial Companies Code, PGNiG would be able to obtain a total price of PLN 1,689,139 (based on the financial data at the end of 2009, reviewed by an auditor).

In accordance with the terms and conditions of a mandatory buyout of shares under Art. 4181 of the Commercial Companies Code, PGNiG may demand that the agenda of the next general shareholders meeting includes the adoption of a resolution on such a mandatory buyout. PGNiG should submit its demand to the company’s management board no later than one month prior to the proposed date of the next general shareholders meeting, however it may not demand convocation of a general shareholders meeting with an agenda including the adoption of a relevant resolution.

Given that the annual general shareholders meeting of IZOSTAL SA was already held on May 12th 2010, it is quite possible that no further general shareholders meetings will be scheduled for this year. If this is the case, a resolution on a mandatory buyout of the shares on the terms defined in Art. 418^1 of the Commercial Companies Code could only be adopted in 2011, at the annual or an extraordinary general shareholders meeting, whichever is held first. The buyout price would then be determined on the basis of the financial statements for 2010.

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

concerning: approval of the acquisition of new shares in Górnictwo Naftowe 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 hereby resolves as follows:

Par. 1

The Extraordinary General Shareholders Meeting hereby approves the acquisition by PGNiG SA of 2,000 (two thousand) new shares with a total value of PLN 2,000,000.00 (two million złotys) in the increased share capital of Górnictwo Naftowe Sp. z o.o. of Warsaw.

Par. 2

This Resolution shall take effect as of its date.

Grounds:

On June 16th, the Management Board of PGNiG SA:

- made a decision to consolidate (through incorporation) the service companies,

- determined that the consolidation process would be carried out by Górnictwo Naftowe Sp. z o.o., and nominated Mr Bernard Ściechowski as candidate for the company's President,
- outlined the steps to be taken by Górnictwo Naftowe Sp. z o.o. for the purpose of resuming operations, including re-naming the company to PGNiG Technologie Sp. z o.o. and increasing its share capital by way of a cash contribution,
- determined that in connection with the planned consolidation of the service companies the next step would be for the Management Board of PGNiG SA to file a request to the General Shareholders Meeting to approve a share capital increase at Górnictwo Naftowe Sp. z o.o. (to be renamed to PGNiG Technologie Sp. z o.o. after the changes specified above are implemented), to be effected by contribution of shares in the service companies,
- next, the Management Board of Górnictwo Naftowe Sp. z o.o. (to be renamed to PGNiG Technologie Sp. z o.o.) will be obliged to carry out a full consolidation of the companies within 12 months from the date on which the steps described above are taken.

The preparation of Górnictwo Naftowe Sp. z. o.o. to carry out the consolidation process will require:
- changes in the composition of the company's Management Board: removal of Mr Tomasz Jaskólski, existing President of the Management Board, and appointment of Mr Bernard Ściechowski in his place;
- amendment of the company's Articles of Association, including change of the company's name to PGNiG Technologie Sp. z o.o.;
- appointment of the Supervisory Board of the company;
- increase of Górnictwo Naftowe Sp. z o.o.'s share capital by PLN 2,000,000.00 in order to raise financing necessary to fund the initial stage of the company's operations, including to acquire highly skilled personnel and make appropriate organisational arrangements at the company, etc.;

The concept of consolidating the contractor and engineering companies of the PGNiG Group assumes that PGNiG SA's shareholdings in the companies listed below will be transferred to Górnictwo Naftowe Sp. z o.o. (to be renamed PGNiG Technologie Sp. z o.o. following the completion of the process described above) as contributions in kind:

- BN Naftomontaż Sp. z o.o.
- BUG Gazobudowa Sp. z o.o.
- ZRUG Pogórska Wola Sp. z o.o.
- ZUN Naftomet Sp. z o.o.

The plan envisages a full consolidation of several companies, with PGNiG Technologie Sp. z o.o. as the anchor company, into a single engineering and construction company, which subsequently is to be transformed into a joint-stock company.

An option may also be contemplated to make further contributions in kind in the form of shares in BSiPG Gazoprojekt SA, Gazomontaż SA, ZRUG Poznań Sp. z o.o., ZRUG Toruń SA. and ZRUG Zabrze Sp. z o.o. if applicable legal requirements are met, including the requirement to obtain relevant corporate approvals. At present, a full consolidation is unfeasible due to the specific ownership structure of the companies.

The company to which the contributions in kind will be made would be responsible for strategic supervision over the contractor and engineering companies, as well as for the restructuring of the asset base and developing a business strategy for the near future.

Based on the conducted analyses and studies, it is assumed that the successful completion of the process outlined above will deliver synergies and economies of scale for the Group in the long term, which in turn will enhance its bargaining power and competitive advantage on the domestic and international markets for contractor services.

An updated and detailed plan for the consolidation of service companies will be presented for consultation with the employees as required under relevant agreements.

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

concerning: approval of the creation of a pledge over shares in PGNiG Norway AS (wholly-owned by PGNiG SA) and the creation of a pledge over receivables under all loan agreements between PGNiG SA and PGNiG Norway

Acting on the basis of Par. 56.3.3) and Par. 56.6.1) of the Company's Articles of Association, and taking into consideration the opinion of the Supervisory Board contained in Resolution No. ………….., dated………….., approving the Management Board's proposal contained in Resolution No. ………….., dated ………….., the Extraordinary General Shareholders Meeting hereby resolves as follows:

Par. 1

The Extraordinary General Shareholders Meeting approves the creation of the following pledges for the benefit of Credit Agricole Corporate and Investment Bank, acting as the facility agent and the security agent under a financing agreement concluded by PGNiG Norway AS:

(a) a pledge over the shares in PGNiG Norway AS (a company wholly-owned by PGNiG SA), and

(b) a pledge over receivables under all the loan agreements between PGNiG SA and PGNiG Norway AS,

which may result in a sale of the pledged assets in accordance with the provisions of the pledge agreements.

Par. 2

This Resolution shall become effective as of its date.

Grounds:

PGNiG Norway AS is engaged in negotiations with a group of banks with the aim to raise credit financing for the Skarv project. Through the negotiations, which have already entered the final stage, the company intends to obtain a facility meeting the characteristics of "project finance" that would be based on the Skarv project's economic value. That kind of facility would have a lesser effect on PGNiG Group's capacity to borrow. A facility structured as project finance typically involves a security package, usually comprising a pledge over shares in the SPV set up to implement a given project and over its assets, as well as subordination or encumbrance of a shareholder's claims towards the SPV.

Until the end of 2009 PGNiG Norway AS had invested nearly USD 800m in the Skarv project. The whole sum was provided by PGNiG in the form of an equity increase and an investment loan. To complete the project, designed to lead up to the production launch, another USD 300m will need to be invested in 2010-2013.

The following options for financing the project from 2010 onward have been considered: (i) financing by PGNiG SA or (ii) financing by external lenders (banks). Following an analysis of each option, PGNiG SA's Management Board and the management of PGNiG Norway decided to opt for external financing in the form of an asset-backed bank facility, based on the Reserve Based Loan formula ("RBL").

RBL is a "project finance" structure whose repayment is secured primarily by (i) the oil and gas reserves of the Skarv field, (ii) a pledge over the shares in PGNiG Norway AS and (iii) a pledge over the loans advanced to PGNiG Norway AS by PGNiG SA.

The amount of financing that the company will be able to raise depends on the field's net present value (NPV). The value will be determined jointly with the banks, which employ teams of technical experts who can evaluate the field's recoverable reserves. In recent months a group of international banks performed a detailed evaluation of the Skarv and Idun fields. The evaluation was followed by a positive opinion on the project and a decision to grant the financing to PGNiG Norway AS.

In October 2009 PGNiG Norway AS initiated a tender process for the RBL. Subsequently, it went on to negotiate the terms of the facility agreement with the selected financing institutions. As a result of the negotiations, PGNiG Norway received financing commitments in excess of USD 400m.

A condition which must be satisfied for PGNiG Norway AS to obtain the RBL financing is the creation of a pledge over PGNiG Norway AS shares and overall receivables under the loan agreements concluded by the company with PGNiG SA. This is a typical condition attached to “project finance” facilities.

Pursuant to the negotiated facility agreements, the pledges will be created for the benefit of Credit Agricole Corporate and Investment Bank, acting as the facility agent and the security agent under the financing agreement concluded by PGNiG Norway AS. The pledge agreements specify the circumstances in which the security agent will have the right to dispose of the pledged assets, including the right to sell the assets.

The creation of pledges over the shares in PGNiG Norway AS and over all PGNiG SA’s receivables under the loan agreements concluded with PGNiG Norway AS may in certain cases lead to a sale of the assets by the security agent.

The RBL agreements define certain specific conditions triggering the enforcement of the pledges by the banks, including actual insolvency of PGNiG Norway. Furthermore, under the RBL agreements PGNiG SA has reserved the right to stay the sale of the pledged assets (the shares and its liabilities under the loans) by earlier repayment of the debt incurred by PGNiG Norway AS.

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

concerning: award of annual bonus for 2009 to Mr Michał Szubski, President of the Management Board of PGNiG SA

Acting on the basis of Art. 10.1 and 10.2 of the Act on Remuneration of Persons Managing Certain Legal Entities, dated March 3rd 2000 (Dz. U. of 2000, No. 26, item 306, as amended):

Par. 1

The Extraordinary General Shareholders Meeting of Polskie Górnictwo Naftowe i Gazownictwo SA hereby resolves to award to Mr Michał Szubski an annual bonus for 2009 in the amount of PLN 59,756.04.

Par. 2

This Resolution shall become effective as of its date.

Grounds:

Pursuant to Art. 10.1 and 10.2 of the Act on Remuneration of Persons Managing Certain Legal Entities, dated March 3rd 2000 (Dz. U., No. 26, item 306) and pursuant to the Minister of State Treasury's Regulation on Detailed Rules And Procedures For Granting Annual Bonuses to Managing Personnel of Certain Legal Entities, and the Form of Proposal to Award an Annual Bonus, dated March 12th 2001 (Dz.U., No. 22, item 259, as amended), it is hereby proposed that an annual bonus be awarded to Mr Michał Szubski.

Mr Michał Szubski has held the position of President of the Management Board of Polskie Górnictwo Naftowe i Gazownictwo SA since March 12th 2008.

Mr Michał Szubski has performed the duties attached to his position with all due diligence. His responsibilities include the management of all the Company's affairs requiring the President's involvement, as well as supervision over and coordination of the Company's operations. Acting on the recommendation of PGNiG's Management Board of March 23rd 2010, the General Shareholders Meeting – by virtue of its resolution of April 29th 2010 – granted a discharge to Mr Michał Szubski with respect to the performance of his duties.

In 2009, when the position of President of the Management Board was held by Mr Michał Szubski, the PGNiG Group ("the Group") generated PLN 19.3bn in sales revenue, which represented a 4.65% increase compared with 2008. Furthermore, in 2009 the Group posted a net profit of PLN 1,203.6m, up by PLN 337.9m (39%) from the net result posted in 2008.

Relative to the corresponding period of the previous year, the Group also recorded an improvement in its operating profit, which rose by PLN 533.1m (67%). The strengthening of the Group's financial condition was driven mainly by a higher profitability of methane-rich gas sales.

Despite a decision by the President of the Energy Regulatory Authority to implement, with effect from June 2009, an 8.8% reduction in gas prices, the average annual selling prices of methane-rich gas grew by some 9% year on year. The average annual growth rate of the selling prices exceeded the growth rate of the gas acquisition cost, which substantially reduced the Group's losses on sales of methane-rich gas.

The Management Board of PGNiG has successfully accomplished its plan to enter the power generation segment, by establishing – on December 7th 2009 – a new company under the name of PGNiG Energia SA. All the shares in the newly established company were acquired by PGNiG. The company will be engaged in projects involving construction of power generating units and investments in gas-fired cogeneration units, as well as in pilot biogas projects.

Moreover, in 2009 steps were taken with a view to optimising the internal organisation and improving the management efficiency at the Group level. This led to the implementation of three key projects: MBO (Management by Objectives), VBM (Value Based Management) and the Group-wide sustainable growth and CSR strategy. These three large-scale projects will play a vital role in shaping the future prospects of the entire Group.

The award of the bonus will not affect the Company's financial standing, as it represents a negligible fraction of total costs.