

Polish Oil and Gas Company (PGNiG SA)
Head Office

Warsaw, September 14th 2017

Amendments to the Articles of Association of PGNiG S.A.

Current Report No. 75/2017

The Management Board of Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG", the "Company") reports that the Extraordinary General Meeting of the Company, held on September 13th 2017, adopted Resolution No. 4/IX/2017 whereby it amended the Company's Articles of Association.

The amendment shall become effective upon their registration by the Registry Court.

1. Art. 22a.1 read as follow:

"1. Any disposal of non-current assets as defined in the Accountancy Act of September 29th 1994, with a value exceeding 0.1% of total assets as disclosed in the most recent approved financial statements, shall be made by the Company through an auction, unless the value of assets to be disposed of is equal to or lower than PLN 20,000."

shall read as follows:

"1. Any disposal of non-current assets as defined in the Accounting Act of September 29th 1994, with a value exceeding 0.1% of total assets as disclosed in the most recent approved financial statements, shall be made by the Company through an auction, unless the value of the assets to be disposed of is equal to or lower than PLN 20,000."

2. Art. 22b.3 read as follow:

"3. The following persons may not participate in the auction as bidders:

- 1) Members of the Company's Management and Supervisory Boards;
- 2) the business entity conducting the auction and members of its management and supervisory boards;
- 3) persons responsible for handling the auction process;
- 4) spouses, children, parents and siblings of the persons referred to in items 1-3, and
- 5) persons whose legal or factual relationship with the entity conducting the auction may raise reasonable doubts as to its impartiality."

shall read as follows:

"3. The following persons may not participate in the auction as bidders:

- 1) members of the Company's Management and Supervisory Boards;
- 2) the business entity conducting the auction and members of its management and supervisory boards;
- 3) persons responsible for handling the auction process;
- 4) spouses, children, parents and siblings of the persons referred to in items 1-3, and

CURRENT REPORT

- 5) persons whose legal or factual relationship with the entity conducting the auction may raise reasonable doubts as to its impartiality."

Art. 22b.6 read as follow:

"6. The Company may elect not to have a non-current asset intended for sale valued by an expert appraiser if:

- 1) the appraisal costs would clearly exceed the asset's market value
- 2) the asset's market value has already been established."

shall read as follows:

"6. The Company may elect not to have a non-current asset intended for sale valued by an expert appraiser if:

- 1) the appraisal costs would clearly exceed the asset's market value;
- 2) the asset's market value has already been established."

Art. 22b.7 read as follow:

"7. The auction shall be conducted by:

- 1) oral bidding;
- 2) written bidding."

shall read as follows:

"7. The auction shall be conducted by:

- 1) oral bidding;
- 2) written bidding."

4. Art. 24.4.2 read as follow:

"2) A Management Board candidate may not be a person who meets at least one of the following criteria:

- a) performs the function of a social partner or works at the office of a member of the Polish Parliament (Sejm or Senate) or of a member of the European Parliament under an employment, temporary employment or similar contract,
- b) is a member of a political party's body representing the party before third parties and authorised to assume obligations,
- c) works for a political party under an employment, temporary employment or similar contract,
- d) holds an elected position in a trade union operating at the Company or any Group company,
- e) their social or professional activities give rise to a conflict with the interests of the Company."

shall read as follows:

"2) A Management Board candidate may not be a person who meets at least one of the following criteria:

- a) performs the function of a social partner or works at the office of a member of the Polish Parliament (Sejm or Senate) or of a member of the European Parliament under an employment, temporary employment or similar contract,

CURRENT REPORT

- b) is a member of a political party's body representing the party before third parties and authorised to assume obligations,
- c) works for a political party under an employment, temporary employment or similar contract,
- d) holds an elected position in a trade union operating at the Company or any Group company,
- e) their social or professional activities give rise to a conflict with the interests of the Company."

5. Art. 33.2.2 read as follow:

"2) dispose of non-current assets, including property, perpetual usufruct right to property or interest in property, with a value of PLN 2,000,000 or higher, with the exception of the cases referred to in Art. 56.3.2a) of the Articles of Association, where approval of the General Meeting is required, and excluding any transactions provided for in plans approved by the Supervisory Board, referred to in Art. 33.1.6."

shall read as follows:

- "2) disposal of non-current assets within the meaning of the Accounting Act of September 29th 1994, classified as intangible assets, property, plant and equipment or long-term investments, including contribution thereof to a company or cooperative, if the market value of such assets exceeds PLN 20,000,000, but does not exceed PLN 100,000,000, as well as granting another entity the right to use such assets for a period longer than 180 days in a calendar year, on the basis of a legal transaction, if the market value of the assets covered by such legal transaction exceeds PLN 20,000,000, but does not exceed PLN 100,000,000, with the proviso that if the right to use the assets is granted under:
- a) a lease, rental or other agreement for granting rights to use an asset for a consideration by a third party – the market value of the asset shall be understood as the value of the consideration due for:
 - one year – if the right to use the asset has been granted under an agreement concluded for an indefinite term,
 - the entire term of the agreement – if the right to use the asset has been granted under an agreement concluded for a definite term,
 - b) lending agreements or other agreements for granting rights to use an asset free of charge by a third party – the market value of the asset shall be the amount of the consideration which would have been payable if a lease or rental agreement had been concluded, for:
 - one year – if the right to use the asset is to be granted under an agreement concluded for an indefinite term,
 - the entire term of the agreement – if the right to use the asset has been granted under an agreement concluded for a definite term,"

Art. 33.3.5 read as follow:

- "5) conduct a recruitment process referred to in Art. 25.2 of the Articles of Association to verify and evaluate qualifications of candidates and to select the best candidate for a Management Board member, subject to the following provisions:
- a) The Supervisory Board conducts the recruitment process if there arise circumstances justifying the appointment of a Management Board member,
 - b) In initiating a recruitment process for the position of a Management Board member, the Supervisory Board shall determine, by way of a resolution, the detailed terms and procedure of recruitment, in particular the position for which

CURRENT REPORT

- a candidate is sought, the time and place for accepting applications, the time and place of the interview, the matters covered in the interview, as well as the requirements and method of evaluating the candidate,
- c) Candidates for Members of the Management Board should meet the requirements laid down in Art. 22 of the Act on State Property Management,
 - d) Announcement of the recruitment procedure initiation shall be published on the Company's website as well as in the Public Information Bulletin of the Polish Ministry of Energy,
 - e) The time-limit for filing applications shall not be shorter than 14 days of the date of publishing the announcement of the recruitment procedure,
 - f) The Company's Supervisory Board shall notify the shareholders of the results of the recruitment procedure and shall publish a report on the recruitment process."

shall read as follows:

"5) conduct a recruitment process referred to in Art. 25.2 of the Articles of Association to verify and evaluate qualifications of candidates and to select the best candidate for a Management Board member, subject to the following provisions:

- a) The Supervisory Board conducts the recruitment process if there arise circumstances justifying the appointment of a Management Board member,
- b) In initiating a recruitment process for the position of a Management Board member, the Supervisory Board shall determine, by way of a resolution, the detailed terms and procedure of recruitment, in particular the position for which a candidate is sought, the time and place for accepting applications, the time and place of the interview, the matters to be covered in the interview, as well as the requirements and method of evaluating the candidate,
- c) Candidates for members of the Management Board should meet the requirements laid down in Art. 22 of the Act on State Property Management,
- d) Announcement of the recruitment procedure initiation shall be published on the Company's website as well as in the Public Information Bulletin of the Polish Ministry of Energy,
- e) The time-limit for filing applications shall not be shorter than 14 days of the date of publishing the announcement of the recruitment procedure,
- f) The Company's Supervisory Board shall notify the shareholders of the results of the recruitment procedure and shall publish a report on the recruitment process."

6. Art. 56.3.2 read as follow:

"2) disposal of non-current assets within the meaning of the Accountancy Act of September 29th 1994, classified as intangible assets, property, plant and equipment or long-term investments, including contribution thereof to a company or cooperative, if the market value of such assets exceeds PLN 10,000,000 or 5% of total assets within the meaning of the Accountancy Act of September 29th 1994, as determined based on the most recent approved financial statements, as well as granting a third party the right to use such assets for a period of more than 180 days in a calendar year, on the basis of a legal transaction, if the market value of the assets covered by such legal transaction exceeds PLN 10,000,000 or 5% of total assets, with the proviso that if the right to use the assets is granted under:

- a) a lease, rental or other agreement for granting rights to use an asset for a consideration by a third party – the market value of the asset shall be understood as the value of the consideration due for:

CURRENT REPORT

- one year – if the right to use the asset has been granted under an agreement concluded for an indefinite term,
- the entire term of the agreement – if the right to use the asset has been granted under an agreement concluded for a definite term,
- b) lending agreements or other agreements for granting rights to use an asset free of charge by a third party – the market value of the asset shall be the amount of the consideration which would have been payable if a lease or rental agreement had been concluded, for:
 - one year – if the right to use the asset is to be granted under an agreement concluded for an indefinite term,
 - the entire term of the agreement – if the right to use the asset has been granted under an agreement concluded for a definite term,"

shall read as follows:

- "2) disposal of non-current assets within the meaning of the Accounting Act of September 29th 1994, classified as intangible assets, property, plant and equipment or long-term investments, including contribution thereof to a company or cooperative, if the market value of such assets exceeds PLN 100,000,000 or 5% of total assets within the meaning of the Accounting Act of September 29th 1994, as determined based on the most recent approved financial statements, as well as granting a third party the right to use such assets for a period of more than 180 days in a calendar year, on the basis of a legal transaction, if the market value of the assets covered by such legal transaction exceeds PLN 100,000,000 or 5% of total assets, with the proviso that if the right to use the assets is granted under:
- a) a lease, rental or other agreement for granting rights to use an asset for a consideration by a third party – the market value of the asset shall be understood as the value of the consideration due for:
 - one year – if the right to use the asset has been granted under an agreement concluded for an indefinite term,
 - the entire term of the agreement – if the right to use the asset has been granted under an agreement concluded for a definite term,
 - b) lending agreements or other agreements for granting rights to use an asset free of charge by a third party – the market value of the asset shall be the amount of the consideration which would have been payable if a lease or rental agreement had been concluded, for:
 - one year – if the right to use the asset is to be granted under an agreement concluded for an indefinite term,
 - the entire term of the agreement – if the right to use the asset has been granted under an agreement concluded for a definite term,"

Art. 56.3.2a read as follow:

"2a) acquisition of non-current assets within the meaning of the Accountancy Act of September 29th 1994, if the value of such assets exceeds PLN 20,000,000 or 5% of total assets within the meaning of the Accountancy Act of September 29th 1994, as determined based on the most recent approved financial statements,"

shall read as follows:

"2a) acquisition of non-current assets within the meaning of the Accounting Act of September 29th 1994 if the value of such assets exceeds PLN 100,000,000 or 5% of total assets within the meaning of the Accounting Act of September 29th 1994, as determined based on the most recent approved financial statements,"

Art. 56.3.3a read as follow:

"3a) disposal of shares in another company, if the value of the shares exceeds PLN 10,000,000 or 10% of total assets within the meaning of the Accountancy Act of September 29th 1994, as determined based on the most recent approved financial statements, subject to Art. 56.6."

shall read as follows:

"3a) disposal of shares in another company, if the value of the shares exceeds PLN 10,000,000 or 10% of total assets within the meaning of the Accounting Act of September 29th 1994, as determined based on the most recent approved financial statements, subject to Art. 56.6."

Art. 56.6 read as follow:

"6. The General Meeting's approval shall be required for subscription, acquisition or disposal of shares in companies of the PGNiG Group, which, pursuant to generally applicable laws, act as the distribution system operator or storage system operator, including definition of the terms and procedure for the disposal."

shall read as follows:

"6. Consent of the General Meeting shall be required for subscription, acquisition or disposal of shares in companies of the PGNiG Group, which, pursuant to generally applicable laws, act as the distribution system operator or storage system operator, including definition of the terms and procedure for the disposal."

7. Art. 65.5 shall be deleted.