

Polish Oil and Gas Company (PGNiG SA)  
Head Office

Warsaw, September 6<sup>th</sup> 2017

**Shareholder submits draft resolution for Extraordinary General Meeting convened for  
September 13th 2017**

Current Report No. 69/2017

At the request of the shareholder State Treasury submitted under Art. 401.4 of the Commercial Companies Code, the Management Board of Polskie Górnictwo Naftowe i Gazownictwo SA ("PGNiG", the "Company") publishes the draft resolution relating to item 6 of the agenda of the PGNiG Extraordinary General Meeting convened for September 13th 2017 concerning "Adoption of a resolution to amend the Company's Articles of Association".

The proposed draft resolution is in addition to the draft resolutions presented August 17th 2017 in Current Report No. 65/2017.

Legal basis:

Par. 38.1.1 of the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009 (Dz.U. No. 33 of February 28th 2009, item 259).

*Draft*

**RESOLUTION No. ....../2017**  
**of the Extraordinary General Meeting**  
**of Polskie Górnictwo Naftowe i Gazownictwo S.A. of Warsaw,**  
**dated September 13th 2017**

Acting pursuant to Art. 430.1 of the Commercial Companies Code and Art. 56.4.6 of the Company's Articles of Association, the Extraordinary General Meeting of PGNiG S.A. resolves as follows:

**Section 1**

The Extraordinary General Meeting of PGNiG S.A. amends the Company's Articles of Association as follows:

**1. Art. 22a.1 shall be amended to 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. In Art. 22b:**

**- Art. 22b.3 shall be amended to 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
- 5) persons whose legal or factual relationship with the entity conducting the auction may raise reasonable doubts as to its impartiality."

**- Art. 22b.6 shall be amended to 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 shall be amended to read as follows:**

"7. The auction shall be conducted by:

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

**4. Art. 24.4.2 shall be amended to 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,
- 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. In Art. 33:**

**- Art. 33.2.2 shall be amended to 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 shall be amended to 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. In Art. 56:**

**- Art. 56.3.2 shall be amended to 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 shall be amended to 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 shall be amended to 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 shall be amended to 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.**

Section 2

This Resolution shall come into force as of its date.

Total number of valid votes cast: []

Number of votes in favour of the resolution: []

Number of votes against the resolution: []

Number of abstentions: []

The resolution has been adopted by open ballot.