



Polskie Górnictwo Naftowe i Gazownictwo SA
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**The General Shareholders Meeting
of Polskie Górnictwo
Naftowe i Gazownictwo SA**

Warszawa , March 3rd 2009

Re.: withdrawal of item 7 from the agenda of the Extraordinary General Shareholders Meeting of PGNiG S.A. convened for March 26th 2009

Proposal concerning:

withdrawal of item 7 from the agenda of the Extraordinary General Shareholders Meeting of PGNiG S.A. convened for March 26th 2009

The Management Board of PGNiG S.A. hereby proposes the adoption of a resolution by the Extraordinary General Shareholders Meeting of PGNiG S.A. (on the basis of Par. 49.5 of the Company's Articles of Association) to withdraw item 7 from the agenda of the Extraordinary General Shareholders Meeting of PGNiG S.A., convened for March 26th 2009 with the following agenda:

1. Opening of the Meeting,
2. Election of the Chairman of the Meeting,
3. Confirmation that the Meeting has been duly convened and has the capacity to adopt resolutions,
4. Preparation of the attendance list,
5. Adoption of a resolution to approve the execution by the Management Board of PGNiG S.A. of exchange agreements whereby PGNiG S.A. will transfer to Karpacka Spółka Gazownictwa Sp. z o.o. of Tarnów: (i) its interest in the perpetual usufruct of the land located at ul. Diamentowa 15 in Lublin and the assets attached thereto, in exchange for the perpetual usufruct of the land located at ul. Olszewskiego 2B in Lublin and the assets attached thereto (currently held by Karpacka Spółka Gazownictwa Sp. z o.o. of Tarnów); and (ii) its interest in the perpetual usufruct of the land located at ul. Wspólna 5 in Rzeszów and the assets attached thereto, in exchange for the perpetual usufruct of the land located at ul. Wspólna 1 in Rzeszów and the assets attached thereto (currently held by Karpacka Spółka Gazownictwa Sp. z o.o. of Tarnów);,
6. Adoption of a resolution to increase the share capitals of Górnośląska Spółka Gazownictwa Sp. z o.o., Mazowiecka Spółka Gazownictwa Sp. z o.o. and Dolnośląska Spółka Gazownictwa Sp. z o.o. by contributing to the companies the

perpetual usufruct right to land and the ownership right to the buildings and structures erected thereon, and to acquire the shares comprising the increased share capitals of the companies,

7. Adoption of a resolution to approve the acquisition of shares comprising the increased share capital of Dewon Z.S.A.,
8. Miscellaneous,
9. Closing of the Meeting.

Grounds for the proposal

Dewon Z.S.A. is a closed joint-stock company, established in 1999. The company's business profile includes the provision of services related to the production of crude oil and natural gas, workover of wells and development and exploitation of fields in Ukraine.

The company's share capital amounts to UAH 11,146,800 and is divided into 120,000 shares with a par value of UAH 92.89 per share.

PGNiG S.A. holds a 36.38% stake in the company, with its other shareholders holding 63.62% of the shares.

The company started production of natural gas in November 2003. It exploits the Sakhalin gas condensate field located in Krasnokutskyi Raion, Kharkiv Oblasts. The Company extracts the hydrocarbons, produces natural gas and condensate, and then sells them on the Ukrainian market.

Dewon Z.S.A. has conducted work at the Sakhalin field as part of a joint venture, currently under an agreement with NAK Nadra Ukrainy (the holder of the licence for the production of hydrocarbons) and PoltavaNaftoGas-Geologia.

The Management Board of Dewon Z.S.A. convened the company's General Shareholders Meeting for March 30th 2009. The agenda of the Meeting includes, amongst other things, items concerning a share capital increase by UAH 125,401,500.

Considering the circumstances described below, the Management Board of PGNiG S.A. proposes to postpone the increase of the share capital of Dewon Z.S.A.

The licence held by NAK Nadra Ukrainy was granted for two years and expires on April 24th 2009. On January 10th 2009, a decision was made to grant the licence to another entity. At present, efforts are made to have that decision repealed and the licence to NAK Nadra Ukrainy extended.

The Management Board of PGNiG S.A. believes that the best solution is to pay for the new shares by way of a debt-to-equity swap – PGNiG S.A. has claims against Dewon Z.S.A. under an advanced loan which remains outstanding. A new Ukrainian act on joint-stock companies is to come into effect on April 30th 2009, and will contain provisions that will make debt to equity swaps possible. The rules of effecting debt to equity swaps will be defined by the Ukrainian National Securities Commission.

The company's share capital should be increased after the licence is obtained and after the applicable regulations come into force, and PGNiG should pay for the shares through a debt to equity swap.

Considering the above, at the present moment it seems premature to adopt the resolution under item 7 of the agenda of the Extraordinary Shareholders Meeting of PGNiG S.A. convened for March 26th 2009, concerning the approval of the acquisition of shares in the increased share capital of Dewon Z.S.A.