

Polish Oil and Gas Company (PGNiG SA)
Head Office

Warsaw, June 26th 2007

Current Report No. 40/2007

Decrease of share capital of Karpacka Spolka GazownictwaCurrent Report No 40/2007 dated June 26th, 2007The Management Board of Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG") hereby reports that on June 26th, 2007 the District Court for Krakow, XII Economic Department of the National Court Register, registered the following amendments to the deed of Karpacka Spolka Gazownictwa Sp. z o.o. having its registered office in Tarnow:- change of the former name of the company - Karpacka Spolka Gazownictwa Sp. z o.o. to the name of Karpacki Operator Systemu Dystrybucyjnego Sp. z o.o. ("KOSD");- change to the scope of business of Karpacka Spolka Gazownictwa through alignment of its scope of business as appropriate for KOSD (a regional distribution system operator); KOSD's business scope includes distribution of natural gas;- decrease of the share capital of KOSD. The share capital was decreased from PLN 1,570,832,000.00 down to PLN 1,310,749,000.00 – i.e. by the amount of PLN 260,083,000 by redeeming 260,083 shares of nominal value of 1,000.00, held by PGNiG. Upon registration of the decrease of the share capital, the number of shares in the Company totals 1,310,749. PGNiG holds 100% of the shares in KOSD, representing 100% of the votes at the shareholder meeting.