

Convening of the Extraordinary General Shareholders Meeting of PGNiG SA to be held on October 26th 2006

Current Report No. 65/2006 dated 25 September 2006

The Management Board of Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna, registered office in Warsaw, acting pursuant to Art. 399.1 of the Commercial Companies Code and Par. 47.1.1 and Par. 55.1 of the Company's Articles of Association, hereby convenes the Extraordinary General Shareholders Meeting of PGNiG SA in accordance with Art. 402.1 of the Commercial Companies Code. The Meeting shall be held on October 26th 2006, at 12am, at the registered office of Polskie Górnictwo Naftowe i Gazownictwo SA, at ul. Kasprzaka 25, Warsaw, Poland.

Agenda for the Meeting:

- 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) Preparing a list of participants.
- 5) Adoption of a resolution on the manner of voting at the Extraordinary General Meeting of Geovita Sp. z o.o. with respect to amending the provisions of the Deed of Incorporation concerning the scope of the company's business.
- 6) Adoption of a resolution on the manner of voting at the Extraordinary General Meeting of InterTransGas GmbH with respect to approval of additional contributions to the Company.
- 7) Adoption of a resolution on amendments to PGNiG S.A.'s Articles of Association.
- 8) Adoption of a resolution on appointment of a member to PGNiG S.A.'s Supervisory Board.
- 9) Various.
- 10) Closing of the Extraordinary General Shareholders Meeting.

Pursuant to Art. 402 §2 of the Commercial Companies Code, given the planned amendments to PGNiG's Articles of Association, the Management Board hereby publishes the draft of the amended unified text of the Articles of Association, along with the specification of new or amended provisions:

draft

Articles of Association of PGNiG S.A.

I. GENERAL PROVISIONS

§ 1

1. The Company shall act under the name Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna.
2. The Company may use the abbreviated form of its name: PGNiG S.A. and a distinguishing it graphic sign.
3. In commercial trading the Company may use the English version of its name: Polish Oil and Gas Company" and the abbreviation "POGC".

§ 2

1. The seat of the Company shall be in Warsaw.
2. The Company shall run activity in the territory of the Republic of Poland and abroad.

3. The Company may establish and run branches, plants, offices, representative offices and other units, form and participate in other companies and ventures in the territory of the Republic of Poland and abroad.

§ 3

1. The Company was created as a result of commercialization of the state-owned enterprise Polskie Górnictwo Naftowe i Gazownictwo in Warsaw.
2. The Company is a joint stock company with a special significance for the state economy.

§ 4

1. The Company was established for an unlimited period of time.
2. The Company performs tasks for assurance of energy security of the country within the scope of:
 - 1) continuity of gas supplies to consumers and maintaining of necessary reserves,
 - 2) safe operation of gas networks,
 - 3) equalizing the gaseous fuel balance and control over the operation and capacity of energy equipment connected to the common gas network,
 - 4) gas production activity.

§ 5

In particular the provisions of the Act on Commercialization and Privatization dated August 30, 1996 (Journal of Laws of 2002, No. 171, item 1397, as amended), the Act – Commercial Companies Code dated September 15, 2000 (Journal of Laws No. 94, item 1037, as amended) as well as the provisions of these Articles of Association shall apply to the Company.

II. THE COMPANY'S SUBJECT OF ACTIVITY.

§ 6

The Company shall run production, service and trade activity within the following scope:

- 1) production of crude oil,
- 2) production of natural gas,
- 3) service activities connected with exploitation of oil and natural gas fields
- 4) quarrying of sulphur-containing minerals ,
- 5) other mining and quarrying not elsewhere classified
- 6) manufacture of refining and petroleum products
- 7) processing of refining and petroleum products
- 8) service activities in the area of installing, repair and maintenance of machinery for mining, quarrying and construction
- 9) production of electricity
- 10) transmission of electricity
- 11) distribution of electricity
- 12) manufacture of gaseous fuels
- 13) distribution of gaseous fuels through grid systems
- 14) manufacture of heat (steam and hot water)
- 15) distribution of heat (steam and hot water)
- 16) performance of geological and engineering excavations and drillings
- 17) performance of general construction works within the scope of line distribution facilities: pipelines, electric power lines, electric traction lines as well as telecommunications and transmission lines
- 18) performance of central heating and ventilation installations
- 19) performance of gas installations
- 20) maintenance and repair of motor vehicles
- 21) retail sale of fuels
- 22) wholesale sale of solid, liquid and gaseous fuels and related products

- 23) wholesale sale of intermediate products
- 24) other specialized wholesale sale
- 25) hotels and motels, with restaurants
- 26) hotels and motels, without restaurants
- 27) land transport of goods by specialized vehicles
- 28) land transport of goods by universal vehicles
- 29) pipeline transport
- 30) storage and warehousing of goods in other warehouses
- 31) activities of travel agencies
- 32) wire telephony and telegraphy
- 33) mobile telephony
- 34) data transmission and teleinformatics
- 35) radiocommunications
- 36) research and experimental development on engineering
- 37) geological and exploring activity
- 38) activities relating to geodesy and cartography
- 39) letting of own or leased property
- 40) management of residential real estate
- 41) management of non-residential real estate
- 42) buying and selling of own or leased real estate
- 43) activities of libraries other than public libraries
- 44) archives activities
- 45) museum activities
- 46) technical research and analyses
- 47) lease of particular constituents of property serving for transmission of power and gas
- 48) other financial intermediation
- 49) management activities of holding companies.

III. CAPITALS

§ 7

The initial capital amounts to 5,900,000,000 zloty (say: five billion nine hundred million zloty) and shall be divided into:

(a) bearer's shares of the series "A" in number 4,250,000,000 numbered from 00.000.000.001 to 04.250.000.000 with the nominal value of 1 zloty each as well as with the joint nominal value of 4,250,000,000 zlotys;

(b) bearer's shares of the series "A1" in number 750,000,000 numbered from 0.000.000.001 to 0.750.000.000 with the nominal value of 1 zloty each as well as with the joint nominal value of 750,000,000 zlotys;

(c) bearer's shares of the series "B" in number 900,000,000 numbered from 0.000.000.001 to 0.900.000.000 with the nominal value of 1 zloty each as well as with the joint nominal value of 900,000,000 zlotys;

§8

1. The Company's shares may be registered shares and bearer's shares.
2. Subject to shares of the A1 series, issues of shares shall be denoted with consecutive letters of alphabet.

§ 9

/deleted/.

§ 10

1. The Company's shares may be redeemed.
2. The shares may be redeemed subject to the consent of the shareholder.

3. The rules, procedure and conditions governing the redemption of shares shall be determined each time by a resolution of the General Meeting.

§ 11

1. The share capital may be increased by a resolution of the General Meeting of Shareholders by issuance of new shares (either registered or bearer's shares) or by increasing the nominal value of the existing shares.
2. The share capital may be increased by increase of the nominal value of the shares exclusively from the Company's own funds.

§ 12

The Company may acquire own shares in the cases stipulated in Art. 362 § 1 of the Commercial Companies Code.

§ 13

The share capital may be decreased according to the principles set out in Art. 455-458 of the Commercial Companies Code.

§ 14

The Company's supplementary capital shall be increased pursuant to Art. 396 of the Commercial Companies Code.

IV. RIGHTS AND OBLIGATIONS OF THE SHAREHOLDER

§ 15

The Company's shares shall be negotiable.

§ 16

1. Authorized employees shall be vested with the right to gratuitously acquire up to 15% of shares taken up by the State Treasury on the date the Company is entered in the register according to the principles set out in the Act on Commercialization and Privatization and the Ordinance of the Minister of the State Treasury on Detailed Principles of Dividing Authorized Employees into Groups, Determining the Number of Shares Falling per Each such Group and the Manner of Acquiring Shares by Authorized Employees dated 29 January 2003 (Journal of Laws of 2003, No. 35, item 303).
2. Shares acquired by authorized employees according to the principles set out in section. 1 may not be the subject of public trading before the lapse of the period of two years from the disposal by the State Treasury of the first shares according to the general principles and - as regards the shares acquired by the employees performing the functions of the Company's Management Board members - before the lapse of the period of three years from the disposal by the State Treasury of the first shares according to the general principles. In these periods these shares may not be exchanged for bearer shares.
3. Shares acquired by authorized employees in the periods referred to in section 2 may not be the subject of the obligatory redemption referred to in Art. 418 of the Commercial Companies Code.
4. The Company shall provide assistance to the State Treasury in connection with the carrying out of the legal provisions referred to in section 1.

§ 17

1. The shareholder, i.e. the State Treasury represented by the minister responsible for matters pertaining to the State Treasury, shall have the rights arising under these Articles of Association and separate provisions.

2. The shareholder, i.e. the State Treasury represented by the minister responsible for matters pertaining to the State Treasury, shall approve in writing:

- 1) any changes to material provisions of the existing trade agreements for import of natural gas to Poland, as well as conclusion of such agreements,
 - 2) any strategic investment projects or the Company's involvement in investment projects which, permanently or temporarily, impair the economic efficiency of the Company's business activities but which are necessary to ensure Poland's energy security.
3. Motions concerning matters specified in Clause 2 should be submitted together with the Management Board's statement of reasons and the Supervisory Board's written opinion.

V. THE COMPANY'S AUTHORITIES

§ 18

The Company shall have the following authorities:

- 1) the Management Board,
- 2) the Supervisory Board,
- 3) the General Meeting of Shareholders.

§ 19

Subject to the mandatory legal provisions of the Commercial Companies Code and these Articles of Association, resolutions of the Company's authorities shall be passed with an absolute majority of votes, and the absolute majority of votes shall be understood as the situation where the number of votes "for" exceeds the number of votes "against" and the "sustaining votes" taken together with the proviso that:

- 1) in the event that the number of votes "for" a resolution of the Management Board is equal to the number of votes "against" and the "sustaining votes" taken together, the President of the Management Board shall have the casting vote,
- 2) in the event that the number of votes "for" a resolution of the Supervisory Board is equal to the number of votes "against" and the "sustaining votes" taken together, the Chairman of the Supervisory Board shall have the casting vote.

A. THE MANAGEMENT BOARD.

§ 20

1. The Management Board shall manage the Company's affairs and represent the Company in all court and off-court acts.
2. All matters connected with the running of the Company's affairs not restricted by the provisions of law or these Articles of Association to the competence of the General Meeting of Shareholders or the Supervisory Board shall fall within the competence of the Management Board.
3. The Management Board shall be headed by the President of the Management Board.

§ 21

1. Declarations shall be made on behalf of the Company by two Management Board members acting jointly or one Management Board member acting together with a proxy.
2. The appointment of a proxy shall require an unanimous resolution to be adopted by all Management Board members. The proxy may be recalled by any member of the Management Board.
3. In the meaning of special provisions of law the managing authority of an organizational entity shall be the Management Board.
4. Legal actions resulting from special provisions falling within the competence of the managing authority of an organizational entity shall be performed solely by the

Management Board member designated in the resolution referred to in § 22 section 2 point 5.

5. The Management Board may appoint proxies.
6. The mode of operation of the Management Board shall be specified by the by-laws adopted by the Management Board and approved by the Supervisory Board.

§ 22

1. All matters going beyond the scope of the Company's ordinary activities shall require a Management Board resolution.
2. A Management Board resolution shall be required in particular:
 - 1) to adopt the Management Board by-laws,
 - 2) to adopt the Company's organizational by-laws,
 - 3) to set up and close down branches,
 - 4) to appoint a proxy,
 - 5) division of powers between the Management Board members, with the proviso that a relevant resolution of the Management Board shall require approval of the Supervisory Board, pursuant to § 33 section 1 point 11
 - 6) to contract and grant loans and to contract credits, subject to § 33 section 2 point 3 and § 33 section 3 point 16,
 - 7) to adopt annual plans of business activities, including investment plans and long-term strategic plans as well as investment plans connected with the development of the transmission system, subject to § 33 section 1 point 6,
 - 8) to contract contingent obligations, including guarantees and sureties given by the Company, and to issue bills of exchange, subject to § 33 section 2 point 3 and § 33 section 3 point 16,
 - 9) to dispose of and to acquire fixed assets, including real estate, perpetual usufruct rights and interests in real estate, with the value equal to or exceeding the Polish złoty equivalent of EUR 50,000, subject to § 33 section 2 points 1 and 2 and § 56 section 3 points 2 and 3.
 - 10) as regards all matters for the examination of which the Management Board applies to the Supervisory Board or the General Meeting of Shareholders.
 - 11) approval of the information specified in § 23 section 2.

§ 23

1. The Management Board shall be obliged to work out the plans referred to in § 22 section 2 point 7 and submit them to the Supervisory Board for approval.
2. The Company's Management Board shall submit to the minister responsible for matters pertaining to the State Treasury and the minister responsible for the economy, each time at the demand of these authorities, detailed reports on the performance of tasks undertaken with a view to ensuring the country's energy security.
3. */deleted/*.

§ 24

1. The Company's Management Board shall consist of 2 to 7 persons. The number of members shall be determined by the authority appointing the Management Board.
2. Management Board members shall be appointed for the common term of three years.
3. Management Board members should be higher education graduates and their length of employment shall not be shorter than five years.

§ 25

1. Individual Management Board members or the entire Management Board shall be appointed and recalled by the Supervisory Board.

2. A Management Board member shall be appointed following a qualification procedure pursuant to the Ordinance of the Council of Ministers on the conducting of the qualification procedure for the function of a Management Board Member in certain commercial companies, dated 18 March 2003 (Journal of Laws of 2003 No. 55, item 476). This provision shall not apply to a management board member elected by employees.
3. A Management Board member shall be obliged to submit his/her resignation to the Supervisory Board and to communicate this fact to the shareholder, i.e. the State Treasury represented by the minister responsible for matters pertaining to the State Treasury. The resignation shall be submitted in writing or else shall be ineffective with respect to the Company. The provisions of the Civil Code relating to termination of contracts by contractors shall apply accordingly to the resignation of a Management Board member.

§ 26

1. For as long as the State Treasury shall be a shareholder in the Company and provided that in a given year the Company employs on average over 500 employees, the Supervisory Board shall appoint as a Management Board member one person elected by the Company's employees for the term of the Management Board.
2. A candidate for the function of a Management Board member elected by the employees shall be considered a person who obtained at least 50% plus 1 of validly cast votes in the election. The result of the vote shall be binding on the Supervisory Board, if at least 50% of all employees have participated in it.
3. A candidate for the function of a Management Board member elected by the employees does not have to meet the qualification requirements set out in § 24 sec. 3.
4. The voting shall be secret, direct and common and shall be organized by the Electoral Commissions appointed by the Supervisory Board from amongst the Company's employees. The Commissions may not consist of the candidates for the function of Management Board members.
5. The fact that a Management Board member is not elected by the Company's employees shall not prevent the Management Board from adopting valid resolutions.
6. The Company's Management Board shall be obliged to provide assistance necessary to carry out the election.
7. The Supervisory Board shall adopt detailed regulations governing the appointment and removal of a Management Board member elected by the employees and the carrying out of additional elections according to the principles determined above.
8. The appointment of a candidate for the function of a Management Board member elected by the employees shall be ordered by the Supervisory Board subject to § 27.
9. The following principles and manner of appointing and recalling Management Board members elected by the employees and carrying out additional elections shall be determined:
 - 1) the election shall be organized and carried out by the Electoral Commission. If the Company's organizational structure consists of several branches, the election shall be organized and carried out by the Main Electorate Commission with the assistance of Regional Electorate Commissions.
 - 2) Electoral Commissions shall be responsible for an efficient carrying out of the election according to the existing legal provisions, these Articles of Association and the by-laws governing the Commission's manner of work.
 - 3) The key tasks of the Main Electorate Commission shall include in particular:
 - a) working out and publishing the by-laws governing the works of the Commission,
 - b) creating the list of electoral districts and the election time-table,
 - c) checking and registering the lists of voters and establishing the number of employees having active electoral rights on the election date,

- d) monitoring on a day-to-day basis the course of the election in electoral districts and the activity of the Regional Electoral Commissions and examining the complaints concerning the course of the election,
 - e) registering the candidates and publishing the list of the candidates,
 - f) preparing voting cards and ballot-boxes,
 - g) supervising the course of the voting, counting the votes, preparing the final protocol and establishing and announcing the election results,
 - h) supervising the strict observance of the Articles of Association as regards the election and interpreting the Articles of Association' provisions in relation to controversial issues,
 - i) determining the image of the special election seal.
- 4) The tasks of the Regional Electorate Commission shall include in particular:
 - a) checking the list of voters in the given electoral district and establishing the number of employees having active electoral rights on the election date in the given electoral district,
 - b) carrying out the voting and delivering the ballot-boxes to the Main Electorate Commission,
 - c) co-operating with the Main Electorate Commission, in particular as regards the calculation of the votes cast.
 - 5) The passive electoral right shall be vested in any person registered according points 6 and 7.
 - 6) Each trade union organization active at the Company and any group of employees consisting of at least 50 persons shall have the right to register candidates. An employee may support only one candidate.
 - 7) Candidates should be registered in writing at the Main Electorate Commission not later than 14 days prior to the appointed voting date.
 - 8) If no candidate is elected pursuant to § 26 sec. 2, the second round of the election shall be ordered in which two candidates who obtained the largest number of votes in the first round shall participate.
 - 9) The second round of the election shall be carried out according to the procedure adopted for the first round, taking into account the changes arising under point 8).
 - 10) Having established the final election results, the Main Electorate Commission shall confirm their validity and then place the relevant announcement and deliver the election documentation to the Supervisory Board.
 - 11) A motion for the removal of a Management Board member elected by the employees shall be filed with the Company's Management Board, which shall promptly deliver it to the Supervisory Board.
 - 12) Voting on the removal of a Management Board member elected by the employees shall be carried out according to the procedure governing his/her appointment, subject to § 28.

§ 27

1. The Supervisory Board shall order election by the Company's employees of the candidate for the position of a Management Board member for the next term of office within two months from the end of the last full financial year in which such Management Board member performed his/her function. The election should take place within two months from the day it is ordered by the Supervisory Board.
2. In the case of removal, resignation or death of a Management Board member elected by the employees, additional election shall be conducted.
3. The additional election and voting on the removal of a Management Board member shall be ordered by the Supervisory Board within the maximum period of one month from the day the Supervisory Board becomes aware of an event substantiating the need to carry

out the election or voting. Such election or voting should take place within two months from the day it is ordered by the Supervisory Board.

4. The provisions of § 26 shall apply to the additional election.

§ 28

At the written request of at least 15% of all the employees of the Company the Supervisory Board shall order voting on the removal of a Management Board member elected by the Company's employees. The results of the voting shall be binding on the Supervisory Board provided that at least 50% of all the employees have taken part in it and the majority equal to that required in the case of appointing a member has been achieved.

§ 29

1. Following his/her appointment to the Management Board, a candidate for the function of a Management Board member elected by the employees, being the Company's employee performing work on the basis of an employment contract, shall:
 - 1) conclude with the Company an additional agreement for the performance of the function of a Management Board member, and his/her employment contract shall remain in force,
 - 2) retain the acquired employee entitlements,
 - 3) participate in the work of the Management Board according to the principles set out in the Commercial Companies Code, these Articles of Association and the agreement referred to in point 1 above.
2. The total remuneration of a Management Board member elected by the employees, due under his/her employment contract and the agreement for the performance of the function of a Management Board member may not exceed the amounts fixed by the authority entitled to fix the remuneration of management board members pursuant to the Act on remunerating persons managing certain legal entities dated 3 March 2000 (Journal of Laws No. 26, item 306, as amended).

§ 30

The principles and amount of remuneration of Management Board members shall be determined by the General Meeting.

§ 31

1. In the meaning of the Labour Code, the employer shall be the Company.
2. Labour law tasks shall be performed by the Management Board member designated in the resolution referred to in § 22 section 2 point 5., subject to § 45.

B. SUPERVISORY BOARD

§ 32

The Supervisory Board shall exercise an on-going supervision of each sphere of the Company's activity.

§ 33

1. The following matters shall fall within the scope of the Supervisory Board's competence:
 - 1) examining the Management Board report on the Company's activity and assessing whether the data included in the financial statement for the previous financial year within the scope of their compliance with accounting books, documents as well as with the facts,
 - 2) examining the motions of the Management Board in respect of distribution of profit and coverage of losses,
 - 3) submitting to the General Meeting of Shareholders a written statement of the results of the activities referred to in points 1 and 2,

- 4) assessing of the consolidated financial statement both concerning the compliance with accounting books and documents as well as with the facts, examining the Management Board's consolidated report on the Company's activity and submitting to the General Meeting of Shareholders a report of the results of these activities,
 - 5) electing an expert auditor to examine the financial statement,
 - 6) adopting annual plans of business activities, including investment plans and long-term strategic plans as well as investment plans connected with the development of the transmission system,
 - 7) adopting the by-laws regulating in detail the manner of work of the Supervisory Board,
 - 8) adopting the unified text of the Company's Articles of Association prepared by the Company's Management Board,
 - 9) approving the by-laws of the Company's Management Board,
 - 10) approving the organizational by-laws of the Company,
 - 11) approval of the Management Board's resolution on the division of powers between the Management Board members,
 - 12) opining all matters submitted by the Management Board to the General Meeting of Shareholders for examination,
 - 13) opining the information specified in § 23 section 2,
 - 14) opining the motions specified in § 17 section 3.
2. It belongs to the competences of the Supervisory Board giving its consent to the Management Board's for:
- 1) acquiring fixed assets, including real estate, perpetual usufruct rights and interests in real estate, with the value representing the Polish zloty equivalent of EUR 500,000 to EUR 2,000,000, except for transactions concluded on the basis of the plans approved by the Supervisory Board and specified in section 1 point 6,
 - 2) disposal of fixed assets, including real estate, perpetual usufruct rights and interests in real estate, with the value representing the Polish zloty equivalent of EUR 500,000 to EUR 1,000,000, except for transactions concluded on the basis of the plans approved by the Supervisory Board and specified in section 1 point 6,
 - 3) assuming other obligations with the value exceeding 20% of the Company's share capital, except for obligations assumed on the basis of the plans approved by the Supervisory Board, referred to in section 1 point 6,
 - 4) /deleted/
 - 5) concluding the agreement referred to in Art. 19b of the Act on Commercialization and Privatization (Journal of Laws of 2002, No. 171, item 1397, as amended).
3. In addition, it belongs to the competences of the Supervisory Board in particular:
- 1) appointing and removal of Management Board members,
 - 2) filing motions pertaining to the determination of the principles and amounts of remuneration of Management Board members,
 - 3) suspending of Management Board members in their duties for material reasons by an absolute majority of votes,
 - 4) delegating to Supervisory Board members for temporary performance of the duties of Management Board members who are unable to perform their duties,
 - 5) conducting of the qualification procedure referred to in § 25 sec. 2 of these Articles of Association and Art. 19a of the Act on Commercialization and Privatization (Journal of Laws of 2002, No. 171, item 1397, as amended)
 - 6) giving consent to the setting up and closing down of the Company's branches abroad,

- 7) giving consent to Management Board members' holding posts in the authorities of other companies in cases where consent to holding such posts is required under the law,
 - 8) giving consent to the Company's creating another company with a share capital of up to the Polish zloty equivalent of EURO 1,000,000,
 - 9) monitoring of the Company's indebtedness,
 - 10) passing opinion on recommendations of the Company's Management Board concerning direction of representatives of PGNiG SA to the Management Board and Supervisory Board or dismissal from the composition of the Management Board and Supervisory Board of the company under the name: System Gazociągów Tranzytowych EuRoPol Gaz SA and presentation of this opinion to the shareholder, i.e. the State Treasury represented by the minister responsible for matters pertaining to the State Treasury for approval,
 - 11) passing opinion on the manner of exercising of voting right by a representative of PGNiG SA at the General Meeting of the company under the name: System Gazociągów Tranzytowych EuRoPol Gaz SA.
 - 12) approval of the manner of exercising the voting right by the PGNiG representative at the general shareholders meetings of the distribution companies with respect to matters concerning approval of such companies' financial plans,
 - 13) approval of the manner of exercising the voting right by a representative of PGNiG S.A. at the general shareholders meetings of distribution companies with respect to matters concerning approval of such companies' long-term strategic business plans,
 - 14) approval of the manner of exercising the voting right by a representative of PGNiG S.A. at the general shareholders meetings of distribution companies with respect to matters concerning:
 - a) amendments to a company's statutes or articles of association,
 - b) increase or reduction of a company's share capital,
 - c) merger, transformation or division of a company,
 - d) sale of a company shares,
 - e) sale and lease of a company's enterprise or an organized part thereof and establishing limited rights in property thereon,
 - f) dissolution and liquidation of a company.
 - 15) approval of the manner of exercising the voting right by a representative of PGNiG S.A. at the general shareholders meetings of the companies in which the Company holds at least 50% of shares, subject to point 14, with respect to matters concerning:
 - a) amendments to a company's statutes or articles of association,
 - b) increase or reduction of a company's share capital,
 - c) merger, transformation or division of a company,
 - d) sale of a company shares,
 - e) sale and lease of a company's enterprise or an organized part thereof and establishing limited rights in property thereon,
 - f) dissolution and liquidation of a company,
 - g) establishing pledges or other encumbrances on a company shares,
 - h) obligations to make additional payments,
 - i) issue of bonds.
 - 16) Opining the Management Board's motions concerning the assumption of obligations with the value exceeding the Polish zloty equivalent of EUR 100,000,000, subject to section 2.
4. The Supervisory Board shall substantiate in writing its refusal to consent to any of the matters listed in sec. 2 and 3.

5. Resolutions concerning matters specified in section 1 point 5) require, for their validity, voting for their acceptance by a member of the Supervisory Board appointed according to § 36 section 1 of the Articles of Association.
6. The Management Board shall be obliged to deliver to the Supervisory Board the copies of information submitted to the Minister of Finance concerning all sureties and guarantees given pursuant to Art. 34 of the Act on sureties and guarantees given by the State Treasury and certain legal entities dated 8 May 1997 (Journal of Laws of 2003 No. 179, item 1689, as amended).

§ 34

1. For material reasons the Supervisory Board may delegate its particular members to certain supervisory activities to be carried out by them individually on a temporary basis.
2. The Supervisory Board member to whom certain activities have been delegated shall be obliged to submit to the Supervisory Board a written report of the activities carried out.

§ 35

1. The Supervisory Board shall consist of 3 to 9 members appointed by the General Meeting of Shareholders, subject to § 36 sec. 1 of the Articles of Association. Independently from the above so long as the State Treasury remains the shareholder of the Company, the State Treasury represented by the minister competent to matters of the State Treasury acting within this scope in agreement with the minister competent to matters of economy is entitled to appoint and recall one member of the Supervisory Board.
2. Supervisory Board members shall be appointed for the common terms of three years
3. A Supervisory Board member may be recalled by the General Meeting at each time.
4. Supervisory Board members, except for members appointed in the manner of § 36 item 1, should meet requirements indicated in the ordinance of the Council of Ministers dated December 7, 2004 on trainings and exams for candidates for members of supervisory boards of the companies in which the State Treasury is the sole shareholder. (Journal of Laws of 2003 No. 198, item 2038).
5. A Supervisory Board member shall submit his/her resignation to the Management Board and shall communicate the fact to the State Treasury (the Shareholder) represented by the minister responsible for matters pertaining to the State Treasury. The resignation shall be made in writing or else shall be ineffective with respect to the Company. The provisions of the Civil Code relating to termination of contracts by contractors shall apply accordingly to the resignation of a Supervisory Board member.

§ 36

1. One from members of the Supervisory Board appointed by the General Meeting should meet all the following conditions:
 - 1) a member has been elected in the manner referred to in section 3;
 - 2) a member may not be an Entity connected with the Company or an entity dependent on the Company ;
 - 3) a member may not be an Entity connected with a dominant entity or other entity dependent on dominating entity, or
 - 4) a member may not be a person who remains in any relation with the Company or with any of entities mentioned in point 2) and 3) which could substantially influence the ability of such person as a member of the Supervisory Board to take impartial decisions
2. For avoidance of doubt, connections referred to in section 1 point 2) -4) do not relate to the membership in the Company's Supervisory Board.
3. Election of a member of the Supervisory Board that must meet conditions described in section 1 takes place in a separate voting. Shareholders present at the General Meeting, the subject of which is election of a member of the Supervisory Board referred to in

section 1, are vested with the right to notify candidates for a member of the Supervisory Board meeting conditions specified in section 1. Notifications are made to the Chairman of the General Meeting in the written form together with written declaration of a respective candidate on consent to candidate as well as on fulfillment of conditions specified in section 1 point 2) -4). If candidatures are not notified in the manner provided in the previous sentence are not notified by shareholders, candidates to the Supervisory Board meeting the conditions described in the section 1 point 2) -4) are notified by the Supervisory Board.

§ 37

1. In the case of the Supervisory Board composed of up to six members, two of them shall be appointed from amongst the candidates elected by the Company's employees. In the case of the Supervisory Board composed of seven to nine members, three of them shall be appointed from amongst the candidates elected by the Company's employees.
2. The candidates elected by the employees shall be considered the persons who have obtained at least 50% plus 1 of validly cast votes in the election. The result of the vote shall be binding on the General Meeting of Shareholders, if at least 50% of all employees have participated in it.
3. The provisions of § 26 sec. 4 shall apply to the election of a candidate for a post of a Supervisory Board member.
4. The Supervisory Board shall order the election of the candidates for the posts of Supervisory Board members. In this case the provisions of §§ 26 and 27 shall apply respectively.
5. The Supervisory Board shall adopt the Election By-Laws describing in detail the manner of appointing and recalling Supervisory Board members from amongst the candidates elected by the employees.

§ 38

At a written request of at least 15% of the Company's employees the Supervisory Board shall order voting on the removal of the employees' representative from the Supervisory Board. The result of the vote shall be binding on the General Meeting of Shareholders, provided that at least 50% of all the employees have taken part in it and the majority equal to that required in the case of appointing a member has been achieved.

§ 39

In the case of removal, resignation or death of a Supervisory Board member appointed from amongst the candidates elected by the employees, a new person shall be appointed who has obtained the second largest number of votes in the last election. If there is no such opportunity, an additional election shall be carried out and the provisions of § 27 sec. 3 and sec. 4 and § 37 sec. 4 shall apply respectively.

§ 40

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§ 41

1. At the first meeting Supervisory Board members shall appoint from amongst themselves the Chairman, the Deputy Chairman and the Secretary of the Supervisory Board.
2. Supervisory Board meetings shall be chaired by the Chairman and, in his/her absence, by the Deputy Chairman.
3. Declarations addressed to the Supervisory Board between meetings shall be filed with the Chairman of the Supervisory Board and, if this is not possible, the Deputy Chairman or the Secretary of the Supervisory Board.

§ 42

1. The Supervisory Board shall hold meetings at least every two months.
2. The first meeting of the Supervisory Board of a new term of office shall be convened by the Chairman of the Supervisory Board of the previous term within one month from the date of holding the Ordinary General Meeting of Shareholders, unless a resolution of the General Meeting stipulates otherwise. If the meeting is not convened according to the above procedure, it shall be convened by the Management Board.
3. Supervisory Board meetings shall be convened by the Chairman or Deputy Chairman of the Supervisory Board, who shall present a detailed agenda.
4. A Supervisory Board meeting should be convened at the request of any Supervisory Board member or on the motion of the Management Board.
5. In the case of death, removal from office or resignation of the Chairman and Deputy Chairman of the Supervisory Board during the term of office, a Supervisory Board meeting may be convened by any member of the Supervisory Board. The provisions of § 43 shall apply accordingly. In the event of failure to convene a meeting in accordance with the procedure set forth above within one month of the death, removal from office or resignation of the Chairman and Deputy Chairman of the Supervisory Board, the Supervisory Board meeting shall be convened by the Management Board.
6. Supervisory Board meetings shall be recorded in the form of minutes pursuant to the provisions of Art. 391 § 2 of the Commercial Companies Code.

§ 43

1. A written notification shall be required to convene a Supervisory Board meeting, which shall be served on all Supervisory Board members at least 7 days prior to the meeting. For material reasons the Chairman of the Supervisory Board may shorten the above period to 2 days and determine the manner the invitation to attend the meeting shall be delivered.
2. In the invitation to a Supervisory Board meeting the Chairman shall determine the date, place and detailed draft agenda of the meeting.
3. The proposed agenda may be changed, if all Supervisory Board members are present at the meeting and none of the persons present raises any objections to the agenda.

§ 44

1. The Supervisory Board shall adopt resolutions, if at least half of the Supervisory Board members are present at the meeting and all the members have been invited.
2. The Supervisory Board adopts resolution in open voting.
3. Secret voting shall be ordered on the motion of a Supervisory Board member and in personal matters. If secret voting is ordered, the provisions of sec. 4 shall not apply.
4. The Supervisory Board may adopt resolutions in writing or by means of distant communication devices, subject to Art. 383 § 4 of the Commercial Companies Code. Each resolution adopted in this manner shall require to be justified and presented earlier to all Supervisory Board members in the form of a draft.
5. Resolutions adopted according to sec. 4 shall be presented and the voting results shall be announced at the nearest Supervisory Board meeting.

§ 45

1. In a contract between the Company and a Member of the Management Board as well in dispute with this Member the Company is represented by the Supervisory Board or an Attorney appointed by a resolution of the General Meeting.
2. All activities performed between the Company and Management Board members other than those listed in sec. 1 shall be carried out according to the same procedure.

§ 46

1. Supervisory Board members shall perform their rights and duties personally.
2. A Supervisory Board member shall be obliged to participate in Supervisory Board meetings. A Supervisory Board member must state in writing the reasons of his/her absence at a meeting. A Supervisory Board resolution shall be required to justify the absence of a Supervisory Board member.
3. Pending the binding force of the Act on remunerating persons managing certain legal entities dated 3 March 2003 (Journal of Laws of 2000, No. 26, item 306, as amended). Supervisory Board members shall be entitled to a monthly remuneration in the amount fixed by the General Meeting, subject to the provisions of this Act.
4. The Company shall cover the costs borne in connection with the performance of duties by Supervisory Board members such as in particular costs of traveling to the Board meeting, costs of exercising individual supervision, costs of accommodation and meals.

A. GENERAL MEETING OF SHAREHOLDERS

§ 47

1. The General Meeting of Shareholder shall be convened by the Company's Management Board:
 - 1) on its own initiative,
 - 2) at the written request of the Supervisory Board,
 - 3) at the written request of a shareholder or shareholders representing at least one tenth of the share capital, made at least one month prior to the proposed date of the General Meeting,
 - 4) at the written request of the shareholder – the State Treasury – irrespective of its share in the share capital, made at least one month prior to the proposed date of the General Meeting,
 - 5) at the written request of the Supervisory Board member, appointed according to § 36 section 1 of the Articles of Association.
2. The General Meeting should be convened within two weeks from the date the request referred to in sec. 1 points 2-4 is made.
3. If the General Meeting is not convened within the time limits set out in sec. 2, then:
 - 1) if the request to convene the General Meeting has been made by the Supervisory Board – the Supervisory Board acquires the right to convene the General Meeting,
 - 2) if the request to convene the General Meeting has been made by the shareholders specified in sec. 1 point 3 or 4, the registry court may, following the Management Board's call to make a statement, authorize these shareholders to convene the extraordinary general meeting of shareholders.

§ 48

The General Meetings of Shareholders shall be held at the seat of the Company.

§ 49

1. The General Meeting may adopt resolutions only in matters covered by the detailed agenda, subject to Art. 404 of the Commercial Companies Code.
2. The agenda shall be proposed by the Company's Management Board or the entity convening the General Meeting of Shareholders.
3. A shareholder or shareholders representing at least one tenth of the share capital may demand that individual items be included in the agenda of the nearest General Meeting. This right shall be vested also in the shareholder – the State Treasury – irrespective of its share in the share capital.

4. If the request referred to in sec. 3 is made after the convention of the General Meeting is announced, then it shall be treated as a motion to convene the Extraordinary General Meeting of Shareholders,
5. The General Meeting may remove an issue included in its agenda from the agenda or may elect not to consider such an issue by way of a resolution adopted with a majority of three-quarters of votes. If an issue has been included in the agenda for the General Meeting upon a shareholder's motion, its removal or decision not to consider it shall additionally require the consent of all shareholders who submitted such a motion and are present at the General Meeting. The motion concerning the removal of an issue included in the agenda of the General Meeting or decision not to consider such an issue should be accompanied by a detailed justification.

§ 50

The General Meeting of Shareholders shall be opened by the representative of the State Treasury, the Chairman or the Deputy Chairman of the Supervisory Board and, if the above persons are not present, by the Chairman of the Management Board or person appointed by the Management Board. Then, subject to Art. 401 § 1 of the Commercial Companies Code, the Chairman of the Meeting shall be appointed from amongst the persons authorized to participate in the General Meeting.

§ 51

The General Meeting shall adopt resolutions irrespective of the number of shares represented thereat, unless the provisions of the Commercial Companies Code or these Articles of Association provide otherwise.

§ 52

One share shall give the right to one vote at the General Meeting.

§ 53

1. The General Meeting may order recesses in sessions by a majority of two thirds of votes. All recesses taken together may not last longer than thirty days.
2. */deleted/*.

§ 54

Voting at the General Meeting of Shareholders shall be open. Secret voting shall be ordered in connection with matters pertaining to elections to the Company's authorities or appointment of the Company's liquidator and in connection with requests for removal of members of the Company's authorities or the Company's liquidator or requests for holding them liable, or in personal matters. Furthermore, secret voting shall be ordered at the request of at least one shareholder present or represented at the General Meeting.

§ 55

An ordinary General Meeting of Shareholders shall be convened annually by the Management Board. It should take place within six months after the end of a financial year.

§ 56

1. The following shall constitute the subject of an ordinary General Meeting of Shareholders:
 - 1) reviewing and approving the financial statement for the previous financial year and the Management Board report on the Company's activity,
 - 2) acknowledging the fulfillment of duties by members of the Company's authorities,
 - 3) adopting resolutions on the allocation of profits or coverage of losses,

- 4) adopting resolutions on the fixing of the dividend payment date or on the payment thereof in installments.
2. The following matters shall require a resolution of the General Meeting of Shareholders:
 - 1) appointing and recalling Supervisory Board members,
 - 2) examining and approving the consolidated financial statement of the capital group and the report on the activity of the capital group for the previous financial year,
 - 3) suspending Management Board members in their duties,
 - 4) determining the principles and amounts of remuneration of Management Board members.
3. The following matters pertaining to the Company's assets shall require a resolution of the General Meeting of Shareholders:
 - 1) a sale or lease of the Company's enterprise or an organized part thereof and establishing limited rights in property thereon,
 - 2) acquisition of fixed assets, including real estate, usufruct right or interests in real estate with a value exceeding the Polish zloty equivalent of EUR 2,000,000,
 - 3) sale of fixed asset, including real estate, usufruct right or interests in real estate with a value exceeding the Polish zloty equivalent of EUR 1,000,000,
 - 4) a conclusion of a credit, loan, surety or similar agreement between the Company and any member of the Management Board, Supervisory Board, proxy or liquidator, or in favour of any of the above persons,
 - 5) an increase and decrease of the Company's share capital,
 - 6) an issue of convertible bonds or bonds with pre-emptive rights and an issue of subscription warrants, specified in Art. 453 § 2 of the Commercial Companies Code ,
 - 7) an acquisition of own shares in the case provided for in Art. 362 § 1 point 2 of the Commercial Companies Code,
 - 8) an obligatory redemption of shares pursuant to Art. 418 of the Commercial Companies Code,
 - 9) a creation, use and liquidation of the reserve funds,
 - 10) use of the supplementary capital,
 - 11) provisions concerning claims for the redress of damage caused at the Company's creation, management or supervision.
 - 12) expression of consent to conclude the contract of lease by virtue of which the Company will give fixed assets in form of the transmission grid to use by other entity.
 - 13) expression of consent to notice of termination, substantial change of the object, duration or provisions concerning notice of termination and termination of the contract of lease concluded with the operator of the transmission system in connection with §6 point 47 of the Articles of Association.
4. In addition, a resolution of the General Meeting of Shareholders shall be required in the case of:
 - 1) a merger, transformation or division of the Company,
 - 2) relocation of the Company's seat abroad
 - 3) preference of shares
 - 4) formation of an European company, transformation into such company or joining it.
 - 5) formation of another company by the Company, if the initial capital of such formed company exceeds the Polish zloty equivalent of EURO 1,000,000,
 - 6) an amendment to the Articles of Association and change in the Company's subject of activity,
 - 7) a dissolution and liquidation of the Company,
 - 8) the determination of the principles of remunerating the Supervisory Board members.

5. Subject to different provisions of the Commercial Companies Code or the after-mentioned provisions, resolutions of the General Meeting are passed by absolute majority of votes. Resolutions related to the following matters may be adopted if at least half of the Company's initial capital is represented at the General Meeting and they require the majority of four fifths in situation when the share of the State Treasury in the initial capital falls below 51%;
 - 1) dissolution of the Company,
 - 2) relocation of the Company's seat abroad,
 - 3) change of the subject of the Company's enterprise limiting the possibility of running the activity within the scope of exploration, production and trading of petroleum and natural gas,
 - 4) a sale or lease of the Company's enterprise or an organized part thereof, the activity of which includes exploration, production and trading of petroleum and natural gas as well as and establishing limited rights in property on the Company's enterprise or on such its organized part,
 - 5) merger of the Company through transfer of its entire assets to other company,
 - 6) division of the Company,
 - 7) preference of shares,
 - 8) formation of an European company, transformation into such company or joining it,
 - 9) amendment of this section of the Articles of Association
 - 10) taking decision referred to § 56 section 3 point 13.
6. The taking up or acquisition of stocks or shares in other companies otherwise than in exchange for the company's receivables under settlement or arrangement proceedings shall require a resolution of the General Meeting of Shareholders. A resolution of the General Meeting of Shareholders shall be required also to:
 - 1) dispose of these stocks or shares and to determine the terms and manner of their disposal, except for:
 - a) the disposal of stocks in public trading in securities,
 - b) the disposal of stocks or shares held by the Company in the amount not exceeding 10% of shares in the initial capital of individual companies,
 - c) the disposal of stocks and shares taken up in exchange for the Company's receivables under settlement or arrangement proceedings.
 - 2) */deleted/*.
7. */deleted/*.
8. Drafts of resolutions concerning amendment of these Articles of Association and change of subject of the Company's activity require expressing an opinion by the minister competent to the matters of economy. In order to obtain the a/m opinion the Company's Management Board is committed to hand over a/m drafts of resolutions to the minister competent to the matters of economy on the day they were made publicly known in a form of current report according to the relevant provisions regulating information obligations of the public companies. An opinion of the minister competent to the matters of economy is communicated to the General Meeting. Absence of an opinion of the minister competent to the matters of economy or a negative opinion does not exclude subjecting the a/m resolutions to voting by the General Meeting.

§ 57

1. Applications concerning the matters specified in § 56 should be filed together with a justification and written opinion of the Supervisory Board. No opinion of the Supervisory Board shall be required for applications concerning Supervisory Board members, in particular in the cases referred to in § 56 sec. 1 point 2, sec. 2 point 1 and sec. 4 point. 8. No justification by the Management Board shall be required for

applications concerning Management Board members, in particular in the case referred to in § 56 sec. 1 point 2.

2. The requirement to issue an opinion on an application shall not apply in the case referred to in Art. 384 § 2 of the Commercial Companies Code.

§ 58.

The Company's subject of activity may be changed without the obligation to redeem shares, subject to meeting requirements specified in Art. 417 § 4 of the Commercial Companies Code.

VI. THE COMPANY'S MANAGEMENT

§ 59

The Company's financial year shall be a calendar year.

§ 60

The Company's accounting shall be kept according to accounting regulations.

§ 61

1. The Company shall create the following funds:
 - 1) the initial capital,
 - 2) the supplementary capital ,
 - 3) the revaluation reserve fund,
 - 4) other reserve funds,
 - 5) the Company's social benefits fund.
2. By way of a resolution of the General Meeting of Shareholders the Company may establish and liquidate other funds to cover special losses or expenditures both at the beginning and during the financial year.

§ 62

The Company's Management Board shall be obliged to:

- 1) prepare the financial statement together with the report on the Company's activity for the previous financial year within three months from the balance sheet date,
- 2) submit the financial statement to an auditor for examination ,
- 3) submit to the Supervisory Board for assessment the documents listed in point 1 together with the opinion and report of the auditor,
- 4) provide to the Ordinary General Meeting of Shareholders the documents listed in point 1, the opinion and the report of the auditor and the Supervisory Board report referred to in § 33 sec. 1 point 3,
- 5) prepare the consolidated financial statement of the capital group and the report on the activity of the capital group by not later than two months from the deadline for the preparation of the Company's financial statement, if such obligation is imposed by the Accountancy Act dated 29 September 1994 (Journal of Laws of 2002, No. 76, item 694, as amended),
- 6) submit the consolidated financial statement to the auditor for examination,
- 7) submit to the Supervisory Board for approval the documents listed in point 5 together with the opinion and report of the auditor,
- 8) provide to the Extraordinary General Meeting of Shareholders the documents listed in point 5, the opinion and the report of the auditor and the Supervisory Board report referred to in § 33 sec. 1 point 4.

§ 63

1. The manner of allocation of the Company's net profit shall be determined by a resolution of the General Meeting of Shareholders.

2. The General Meeting of Shareholders shall make write-offs from profit to the supplementary fund in the amount representing at least 8% of profit for the given financial year until the amount of the fund attains the level of at least one third of the share capital.
3. The General Meeting of Shareholders may allocate a part of the profit to:
 - 1) dividends for the shareholders,
 - 2) other capitals and funds,
 - 3) other purposes.
4. The dividend day and the day of dividend payment shall be determined by an Ordinary Meeting of Shareholders. The dividend day may be appointed for the day of adoption of resolution or within the period of subsequent three months counting from this day.
5. ~~/deleted/~~.
6. Payment of dividend for the years 2005-2009 may also be effected in non-pecuniary form.
7. The Meeting of Shareholders shall determine the subject of non-pecuniary dividend specifying the manner of valuation of its elements.
8. The General Meeting of Shareholders determines the dividend policy of PGNiG SA for the years 2005-2009. The General Meeting may indicate a shareholder for the benefit of which a non-pecuniary dividend may be paid out.

VII. PUBLICATION PROVISIONS

§ 64

1. The Company shall publish its announcements in the Monitor Sądowy i Gospodarczy /the Court and Economic Monitor/ and also hang them at the Company's seat at a place accessible to all employees.
2. The company's Management Board shall file with a registry court competent with respect of the Company's seat the annual financial statements, the opinion of the auditor, a copy of the resolution of the General Meeting of Shareholders approving the financial statement and determining the manner of dividing profits and covering losses and the report on the Company's activity, within fifteen days from the date the General Meeting of Shareholders approves the Company's financial statement. If the financial statement is not approved within six months from the balance sheet date, it should be filed within fifteenth days after this date.
3. The Company's Management Board shall be obliged to submit the documents referred to in Art. 70 of the Accountancy Act dated 29 September 1994 (Journal of Laws of 2002, No. 76, item 694) for publication in *Monitor Polski B*, within fifteen days from the date the General Meeting of Shareholders approves the Company's financial statement,
4. The Company's Management Board shall be obliged to deliver information within the scope and the dates provided in the Polish Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, dated July 29th 2005 (Journal of Laws No. 184, item 1539), and in the ordinance of the Minister of Finance on current and periodic information to be published by issuers of securities, dated October 19th 2005 (Journal of Laws No. 209, item 1744), or in other relevant legal acts which will replace the indicated law or ordinance.

VIII. FINAL PROVISIONS

§ 65

1. For reasons stipulated in the provisions of law the Company shall be dissolved.
2. The liquidators shall be the members of the Company's Management Board, unless a resolution of the General Meeting of Shareholders stipulates otherwise.

3. Assets remaining after the creditors have been satisfied or secured shall be taken up by the shareholders.
4. Each time these Articles of Association refer to the given amount expressed in EURO and there are no statutory provisions to the contrary, it shall mean the equivalent of this amount in Polish zloty calculated on the basis of the average exchange rate of domestic currency to EURO announced by the National Bank of Poland on the date preceding the adoption of a resolution by the Company's relevant authority authorized to consent to the carrying out of the action in connection with which the equivalent is calculated,
5. Whenever the Company Articles of Association refer to the value of the object of a transaction conducted by the Company, such value shall comprise VAT and excise tax if, pursuant to separate regulations, such a transaction is subject to VAT and excise tax.

§ 66

1. In the meaning of these Articles of Association a distribution company is a company running distribution and delivering natural gas through grids to its consumers and trading in gas, separated from the structures of Polskie Górnictwo Naftowe i Gazownictwo S.A. on the basis of the "Programme of the Restructuring and Privatization of the Gas Sector" adopted by the Council of Ministers on 13 August 2002 (point 25 of the Protocol No. 33/2002 of the arrangements made at the meeting of the Council of Ministers).
2. In the meaning of these Articles of Association the company – transmission system operator shall mean a company responsible for the transport of gaseous fuels through transmission networks to the distribution network or to end consumers connected to the transmission network, separated from the structures of Polskie Górnictwo Naftowe i Gazownictwo S.A.
3. For the needs of these Articles of Association:
 - 1) */deleted/*.
 - 2) "Commercial Companies Code" means the law dated September 15, 2000 – Commercial Companies Code (Journal of Laws No. 94 item 1037 as amended),
 - 3) "Connected Entity" means in relation to the respective entity "connected entity" according to the definition in the Ordinance of the Minister of Finance on current and periodic information to be published by issuers of securities (Journal of Laws No. 209, item 1744), dated October 19th 2005,
 - 4) the terms "dominant entity" and "dependent entity" should be interpreted according to the provisions of the Polish Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, dated July 29th 2005 (Journal of Laws No. 184, item 1539),
 - 5) */deleted/*
 - 6) */deleted/*

The specification of new or amended provisions:

1. In § 6, points 48 and 49 shall be added to read as follows:
 "48) other financial intermediation,
 49) management activities of holding companies."
2. In § 10, section 3 shall be amended to read as follows: "3. The rules, procedure and conditions governing the redemption of shares shall be determined each time by a resolution of the General Meeting."
3. § 17 shall be amended to read as follows: "1. The shareholder, i.e. the State Treasury represented by the minister responsible for matters pertaining to the State Treasury, shall have the rights arising under these Articles of Association and separate provisions. 2. The shareholder, i.e. the State Treasury represented by the minister responsible for matters

pertaining to the State Treasury, shall approve in writing: 1) any changes to material provisions of the existing trade agreements for import of natural gas to Poland, as well as conclusion of such agreements, 2) any strategic investment projects or the Company's involvement in investment projects which, permanently or temporarily, impair the economic efficiency of the Company's business activities but which are necessary to ensure Poland's energy security. 3. Motions concerning matters specified in Clause 2 should be submitted together with the Management Board's statement of reasons and the Supervisory Board's written opinion."

4. In § 19, after the words "sustaining votes taken together" an additional passage shall be added to read as follows:
"with the proviso that:
1) in the event that the number of votes "for" a resolution of the Management Board is equal to the number of votes "against" and the "sustaining votes" taken together, the President of the Management Board shall have the casting vote,
2) in the event that the number of votes "for" a resolution of the Supervisory Board is equal to the number of votes "against" and the "sustaining votes" taken together, the Chairman of the Supervisory Board shall have the casting vote."
5. In § 20, section 3 shall be added to read as follows: "The Management Board shall be headed by the President of the Management Board."
6. In § 21 section 4, the words "the President of the Management Board" shall be replaced with the words "the Management Board member designated in the resolution referred to in § 22 section 2 point 5."
7. In § 22 section 2, points 5 to 9 shall be designated as points 6 to 10.
8. In § 22 section 2, point 5 shall be added to read as follows:
"5) division of powers between the Management Board members, with the proviso that a relevant resolution of the Management Board shall require approval of the Supervisory Board, pursuant to § 33 section 1 point 11."
9. § 22 section 2 points 6, 7, 8 and 9 shall have the following wording:
"6) to contract and grant loans and to contract credits, subject to § 33 section 2 point 3 and § 33 section 3 point 16,
7) to adopt annual plans of business activities, including investment plans and long-term strategic plans as well as investment plans connected with the development of the transmission system, subject to § 33 section 1 point 6,
8) to contract contingent obligations, including guarantees and sureties given by the Company, and to issue bills of exchange, subject to § 33 section 2 point 3 and § 33 section 3 point 16,
9) to dispose of and to acquire fixed assets, including real estate, perpetual usufruct rights and interests in real estate, with the value equal to or exceeding the Polish zloty equivalent of EUR 50,000, subject to § 33 section 2 points 1 and 2 and § 56 section 3 points 2 and 3."
10. In § 22 section 2, point 11 shall be added to read as follows:
"11) approval of the information specified in § 23 section 2."
11. In § 23 section 1, reference to point 6 shall be replaced with reference to point 7.
12. In § 23, section 2 shall read as follows: "2. The Company's Management Board shall submit to the minister responsible for matters pertaining to the State Treasury and the minister

responsible for the economy, each time at the demand of these authorities, detailed reports on the performance of tasks undertaken with a view to ensuring the country's energy security.”

13. In § 23, section 3 shall be deleted.
14. In § 25 section 3 shall have the following wording: “3. A Management Board member shall be obliged to submit his/her resignation to the Supervisory Board and to communicate this fact to the shareholder, i.e. the State Treasury represented by the minister responsible for matters pertaining to the State Treasury. The resignation shall be submitted in writing or else shall be ineffective with respect to the Company. The provisions of the Civil Code relating to termination of contracts by contractors shall apply accordingly to the resignation of a Management Board member.”
15. In § 27, section 1 shall have the following wording:
“1. The Supervisory Board shall order election by the Company's employees of the candidate for the position of a Management Board member for the next term of office within two months from the end of the last full financial year in which such Management Board member performed his/her function. The election should take place within two months from the day it is ordered by the Supervisory Board.”
16. In § 27, section 3 shall read as follows:
“3. The additional election and voting on the removal of a Management Board member shall be ordered by the Supervisory Board within the maximum period of one month from the day the Supervisory Board becomes aware of an event substantiating the need to carry out the election or voting. Such election or voting should take place within two months from the day it is ordered by the Supervisory Board.”
17. In § 29, section 1 point 3 shall have the following wording:
“3) participate in the work of the Management Board according to the principles set out in the Commercial Companies Code, these Articles of Association and the agreement referred to in point 1 above.”
18. § 30 shall read as follows: “The principles and amount of remuneration of Management Board members shall be determined by the General Meeting.”
19. In § 31 section 2, the words “President of the Management Board” shall be replaced with the words “Management Board member designated in the resolution referred to in § 22 section 2 point 5.”
20. In § 33 section 1 point 6 shall have the following wording:
“6) adopting annual plans of business activities, including investment plans and long-term strategic plans as well as investment plans connected with the development of the transmission system.”
21. In § 33 section 1 point 11 shall have the following wording:
“11) approval of the Management Board's resolution on the division of powers between the Management Board members.”
22. In § 33 section 1, point 13 shall be added to read as follows: “13) opining the information specified in § 23 section 2.”

23. In § 33 section 1, point 14 shall be added to read as follows: “14) opining the motions specified in § 17 section 3.”
24. In § 33 section 2 points 1, 2 and 3 shall read as follows:
“1) acquiring fixed assets, including real estate, perpetual usufruct rights and interests in real estate, with the value representing the Polish zloty equivalent of EUR 500,000 to EUR 2,000,000, except for transactions concluded on the basis of the plans approved by the Supervisory Board and specified in section 1 point 6,
2) disposal of fixed assets, including real estate, perpetual usufruct rights and interests in real estate, with the value representing the Polish zloty equivalent of EUR 500,000 to EUR 1,000,000, except for transactions concluded on the basis of the plans approved by the Supervisory Board and specified in section 1 point 6,
3) assuming other obligations with the value exceeding 20% of the Company’s share capital, except for obligations assumed on the basis of the plans approved by the Supervisory Board, referred to in section 1 point 6.”
25. In § 33 section 2, point 4 shall be deleted.
26. In § 33 section 3 point 7, at the end, after the word “companies”, an additional passage shall be added to read as follows: “in cases where consent to holding such posts is required under the law.”
27. In § 33 section 3 point 10, the words “Minister of the State Treasury” shall be replaced with the words “the shareholder, i.e. the State Treasury represented by the minister responsible for matters pertaining to the State Treasury.”
28. In § 33 section 3, points 13, 14, 15 and 16 shall be added to read as follows:
“13) approval of the manner of exercising the voting right by a representative of PGNiG S.A. at the general shareholders meetings of distribution companies with respect to matters concerning approval of such companies’ long-term strategic business plans,
14) approval of the manner of exercising the voting right by a representative of PGNiG S.A. at the general shareholders meetings of distribution companies with respect to matters concerning:
a) amendments to a company’s statutes or articles of association,
b) increase or reduction of a company’s share capital,
c) merger, transformation or division of a company,
d) sale of a company shares,
e) sale and lease of a company’s enterprise or an organized part thereof and establishing limited rights in property thereon,
f) dissolution and liquidation of a company.
15) approval of the manner of exercising the voting right by a representative of PGNiG S.A. at the general shareholders meetings of the companies in which the Company holds at least 50% of shares, subject to point 14, with respect to matters concerning:
a) amendments to a company’s statutes or articles of association,
b) increase or reduction of a company’s share capital,
c) merger, transformation or division of a company,
d) sale of a company shares,
e) sale and lease of a company’s enterprise or an organized part thereof and establishing limited rights in property thereon,
f) dissolution and liquidation of a company,
g) establishing pledges or other encumbrances on a company shares,
h) obligations to make additional payments,
i) issue of bonds.

- 16) Opining the Management Board's motions concerning the assumption of obligations with the value exceeding the Polish zloty equivalent of EUR 100,000,000, subject to section 2."
29. In § 35, section 5 shall be amended to read as follows: "5. A Supervisory Board member shall submit his/her resignation to the Management Board and shall communicate the fact to the State Treasury (the Shareholder) represented by the minister responsible for matters pertaining to the State Treasury. The resignation shall be made in writing or else shall be ineffective with respect to the Company. The provisions of the Civil Code relating to termination of contracts by contractors shall apply accordingly to the resignation of a Supervisory Board member".
30. In § 37, section 1 shall be amended to read as follows:
"1. In the case of the Supervisory Board composed of up to six members, two of them shall be appointed from amongst the candidates elected by the Company's employees. In the case of the Supervisory Board composed of seven to nine members, three of them shall be appointed from amongst the candidates elected by the Company's employees."
31. § 40 shall be deleted.
32. In § 42, section 5 shall be designated as section 6.
33. In § 42, section 5 shall be added to read as follows: "5. In the case of death, removal from office or resignation of the Chairman and Deputy Chairman of the Supervisory Board during the term of office, a Supervisory Board meeting may be convened by any member of the Supervisory Board. The provisions of § 43 shall apply accordingly. In the event of failure to convene a meeting in accordance with the procedure set forth above within one month of the death, removal from office or resignation of the Chairman and Deputy Chairman of the Supervisory Board, the Supervisory Board meeting shall be convened by the Management Board".
34. In § 49, section 5 shall be added and read as follows:
"5. The General Meeting may remove an issue included in its agenda from the agenda or may elect not to consider such an issue by way of a resolution adopted with a majority of three-quarters of votes. If an issue has been included in the agenda for the General Meeting upon a shareholder's motion, its removal or decision not to consider it shall additionally require the consent of all shareholders who submitted such a motion and are present at the General Meeting. The motion concerning the removal of an issue included in the agenda of the General Meeting or decision not to consider such an issue should be accompanied by a detailed justification."
35. In § 53, section 2 shall be deleted.
36. In § 56 section 2 point 4, the phrase "subject to § 30 sec. 2" shall be deleted.
37. In § 56 section 3, point 2 and 3 shall read as follows:
"2) acquisition of fixed assets, including real estate, usufruct right or interests in real estate with a value exceeding the Polish zloty equivalent of EUR 2,000,000,
3) sale of fixed asset, including real estate, usufruct right or interests in real estate with a value exceeding the Polish zloty equivalent of EUR 1,000,000,"
38. In § 56 section 3, point 6 shall read as follows:

“6) an issue of convertible bonds or bonds with pre-emptive rights and an issue of subscription warrants, specified in Art. 453 § 2 of the Commercial Companies Code,”

39. In § 56 section 6, the phrase “in the above cases” shall be deleted.
40. In § 56 section 6 point 1 letter c, the phrase: “or shares taken up in exchange for convertible receivables referred to in Art. 23 of the Act on Commercialization and Privatization” shall be deleted.
41. In § 56 section 6, point 2 shall be deleted.
42. In § 56, section 7 shall be deleted.
43. § 57 shall read as follows:
 - “1. Applications concerning the matters specified in § 56 should be filed together with a justification and written opinion of the Supervisory Board. No opinion of the Supervisory Board shall be required for applications concerning Supervisory Board members, in particular in the cases referred to in § 56 sec. 1 point 2, sec. 2 point 1 and sec. 4 point. 8. No justification by the Management Board shall be required for applications concerning Management Board members, in particular in the case referred to in § 56 sec. 1 point 2.
 2. The requirement to issue an opinion on an application shall not apply in the case referred to in Art. 384 § 2 of the Commercial Companies Code.”
44. In § 62 section 4, the phrase “by the end of the fifth month from the balance sheet date” shall be deleted.
45. In § 62 section 8, the phrase “by the end of the seventh month from the balance sheet date” shall be deleted.
46. In § 63, section 5 shall be deleted.
47. In § 63 section 7, the word “Ordinary” shall be deleted.
48. In § 64 section 4 shall read as follows: “4. The Company’s Management Board shall be obliged to deliver information within the scope and the dates provided in the Polish Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, dated July 29th 2005 (Journal of Laws No. 184, item 1539), and in the ordinance of the Minister of Finance on current and periodic information to be published by issuers of securities, dated October 19th 2005 (Journal of Laws No. 209, item 1744), or in other relevant legal acts which will replace the indicated law or ordinance”.
49. In § 65, section 5 shall be added and read as follows:
 - “5. Whenever the Company Articles of Association refer to the value of the object of a transaction conducted by the Company, such value shall comprise VAT and excise tax if, pursuant to separate regulations, such a transaction is subject to VAT and excise tax.”
50. In § 66 section 3, point 1 shall be deleted.
51. In § 66 section 3, points 2 to 4 shall read as follows:
 - 2) “Commercial Companies Code” means the law dated September 15, 2000 – Commercial Companies Code (Journal of Laws No. 94 item 1037 as amended),

3) "Connected Entity" means in relation to the respective entity "connected entity" according to the definition in the Ordinance of the Minister of Finance on current and periodic information to be published by issuers of securities (Journal of Laws No. 209, item 1744), dated October 19th 2005,

4) the terms "dominant entity" and "dependent entity" should be interpreted according to the provisions of the Polish Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, dated July 29th 2005 (Journal of Laws No. 184, item 1539)".

52. In § 66 section 3, points 5 and 6 shall be deleted.

Furthermore, the Management Board of the Company hereby announces that, pursuant to Art. 9 of the Act on Trading in Financial Instruments, dated July 29th 2005 (Dz.U. No. 183, item 1538), the General Shareholders Meeting may be attended by those shareholders who submit to the Company, not later than a week prior to the date of the General Shareholders Meeting, a written deposit certificate in the name of the holder issued by the entity keeping the investment account.

Certificates should be submitted at the Company's registered office in Warsaw, at ul. Kasprzaka 25, the SCADA building, 2nd floor, room 215 (*Dział Organizacji i Obsługi Władz Spółki*), between 9am and 4pm on business days, by October 18, 2006. Pursuant to Art. 407.1 of the Commercial Companies Code, the list of shareholders entitled to participate in the Extraordinary General Shareholders Meeting of PGNiG SA will be available for inspection at the same place and time.

Deposit certificate which are to be submitted to the Company prior to the General Shareholders Meeting must be issued in accordance with Art. 10 of the Act on Trading in Financial Instruments, dated July 29th 2005 (Dz.U. No. 183, item 1538). Any deposit certificate made or issued in breach of Art. 10.1.1-3, 10.1.6, 10.1.8, 10.1.10-12 or 10.2 shall be null and void.

Shareholders may participate in the General Shareholders Meeting in person or by proxy. The powers of proxy should be granted in writing under pain of nullity, with stamp duty paid in the manner and in amount as required under the Polish Stamp Duty Act of September 9th 2000 (i.e. Dz.U. of 2004, No. 253, item 2532, as amended).

Representatives of legal persons should have a valid excerpt from a relevant register and a written powers of proxy available for presentation, unless the excerpt states that they are entitled to represent these legal persons.

In order to ensure smooth proceedings of the General Shareholders Meeting of PGNiG SA, the Company's Management Board requests the shareholders to kindly arrive at the venue of the Meeting approx. 30 minutes before the scheduled opening time.

Management Board of PGNiG SA