

Polish Oil and Gas Company (PGNiG SA)
Head Office

Warsaw, November 20th 2012

Current Report No. 168/2012

Warsaw, November 20th 2012

Draft resolutions of the Extraordinary General Meeting of PGNiG SA

convened for December 18th 2012

Current Report No. 168/2012

The Management Board of Polskie Górnictwo Naftowe i Gazownictwo SA ("PGNiG" or "the Company") publishes draft resolutions to be submitted to the Extraordinary General Meeting of PGNiG convened for December 18th 2012.

Resolution No.....

of the Extraordinary General Meeting of

Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna

of Warsaw

dated December 18th 2012

concerning: adoption of the agenda of the Extraordinary General Meeting of PGNiG SA

Section 1

The Extraordinary General Meeting of PGNiG SA resolves to adopt the following agenda:

1. Opening of the Meeting;
2. Appointment of the Chair of the Meeting;
3. Preparation of the attendance list;
4. Confirmation that the Meeting has been duly convened and has the capacity to adopt resolutions;
5. Adoption of the agenda;

6. Adoption of a resolution concerning approval for the disposal by PGNiG of its shareholdings in ZRUG Zabrze S.A. and GAZOMONTAŻ S.A., and the acquisition by PGNiG S.A. of PGNiG Technologie S.A. shares as part of the company's share capital increase;

7. Adoption of a resolution concerning sale of the perpetual usufruct right to land lots located in Szczecin at ul. Tama Pomorzańska 26 and ul. Zygmunta Chmielewskiego, entered in the land records under Nos. 1/22, 1/34 and 1/54, and the ownership title to the buildings, structures and installations situated within those lots, entered in the Land and Mortgage Register under No. SZ1S/00083043/0, as well as a 677/1525 interest in the perpetual usufruct right to an undeveloped land lot located in Szczecin at ul. Zygmunta Chmielewskiego, entered in the Land and Mortgage Register under No. SZ1S/00127336/2;

8. Closing of the Meeting.

Section 2

This Resolution shall be effective as of its date.

Resolution No.....

of the Extraordinary General Meeting of

Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna

of Warsaw

dated December 18th 2012

concerning: approval for the disposal by PGNiG S.A. of its shareholdings in ZRUG Zabrze S.A. and GAZOMONTAŻ S.A., and the acquisition by PGNiG S.A. of PGNiG Technologie S.A. shares as part of the company's share capital increase

Acting pursuant to Par. 56.6 of the Company's Articles of Association and taking into account the opinion of the PGNiG Supervisory Board contained in Resolution No. of on the Management Board's proposal No. of, the General Meeting hereby resolves as follows:

Section 1

1) The General Meeting hereby approves the disposal of 300,000 shares in ZRUG Zabrze S.A. by way of the following procedure and on the following terms and conditions:

1. disposal procedure – the shares in ZRUG Zabrze S.A. held by PGNiG S.A. will be sold to STALPROFIL S.A., the majority shareholder of ZRUG Zabrze S.A. holding 94.98% of its share capital;

2. terms and conditions of the disposal - the selling price for the shares held by PGNiG S.A. will not be lower than the value of the shareholding estimated by an independent adviser.

Section 2

2) The General Meeting hereby approves the disposal of 13,544 shares in GAZOMONTAŻ S.A. by way of the following procedure and on the following terms and conditions:

1. disposal procedure – the shares in GAZOMONTAŻ S.A. held by PGNiG S.A. will be sold to a buyer designated by the Management Board of GAZOMONTAŻ S.A. pursuant to Art. 11 of the Articles of Association of GAZOMONTAŻ S.A.;

2. terms and conditions of the disposal - the selling price for the shares held by PGNiG S.A. will not be lower than the value of the shareholding estimated by an independent adviser.

Section 3

The General Meeting hereby approves the acquisition by PGNiG S.A. of all newly created registered shares in the increased share capital of PGNiG Technologie S.A. of Warsaw, with a total par value reflecting the amount resulting from the valuation of the shareholdings in the Companies listed below, with the shares to be acquired at their par value for a non-cash contribution in the form of the shareholdings in the Companies:

1. 30,000 shares in Gazoprojekt S.A. of Wrocław (PGNiG S.A.'s total shareholding: 75%);

2. 300,000 shares in ZRUG Zabrze S.A. of Zabrze (PGNiG S.A.'s total shareholding: 5.02%), provided that the shares are not sold as contemplated in Section 1.

3. 13,544 shares in GAZOMONTAŻ S.A. of Żąbki (PGNiG S.A.'s total shareholding: 45.18%), provided that the shares are not sold as contemplated in Section 2.

The shareholdings in the Companies listed above shall be contributed at their respective values resulting from the independent valuation.

Section 4

This Resolution shall be effective as of its date.

Grounds:

The share capital of PGNiG Technologie S.A. of Warsaw amounts to PLN 166,914,000 and is divided into 166,914,000 shares.

Polskie Górnictwo Naftowe i Gazownictwo S.A. holds all the 166,914,000 shares in PGNiG Technologie S.A. of Warsaw.

At its meeting held on June 16th 2010, the Management Board of PGNiG S.A. adopted a decision establishing its future development path by launching a consolidation process of Zakład Urządzeń Naftowych Naftomet Sp. z o.o. of Krosno, Budownictwo Naftowe Naftomontaż Sp. z o.o. of Krosno, Zakład Remontowy Urządzeń Gazowniczych Sp. z o.o. of Pogórska Wola and Budownictwo Urządzeń Gazowniczych Gazobudowa Sp. z o.o. to create a multi-branch enterprise operating in the gas construction and oil mining sectors. Górnictwo Naftowe Sp. z o.o., a wholly-owned subsidiary of PGNiG S.A., was appointed to carry out the consolidation process.

On July 30th 2010, the Extraordinary General Meeting of Górnictwo Naftowe Sp. z o.o. changed its company name from Górnictwo Naftowe Sp. z o.o. to PGNiG Technologie Sp. z o.o., increased the company's share capital from PLN 50,000 to PLN 2,050,000, amended its Articles

of Association, and appointed a new Management Board. On December 22nd 2010, the Extraordinary General Meeting of PGNiG Technologie Sp. z o.o. resolved to increase the share capital of PGNiG Technologie Sp. z o.o. by PLN 118,348,000, from PLN 2,050,000 to PLN 120,398,000. Shares in the company's increased share capital were paid for with shares in ZUN Naftomet Sp. z o.o., BN Naftomontaż Sp. z o.o., ZRUG Sp. z o.o. and BUG Gazobudowa Sp. z o.o.

As a result of the above changes a holding structure was created, which in 2011 was transformed into a single enterprise - PGNiG Technologie Sp. z o.o. (the merger of PGNiG Technologie Sp. z o.o. with BUG Gazobudowa Sp. z o.o., ZUN Naftomet Sp. z o.o., BN Naftomontaż Sp. z o.o. and ZRUG Sp. z o.o. of Podgórska Wola was registered with the National Court Register on December 22nd 2011).

On June 1st 2012, PGNiG Technologie Sp. z o.o. was transformed into a joint-stock company.

Concurrently, efforts were under way to complete another phase of consolidation of the PGNiG Group companies engaged in the construction and assembly business. Ultimately, the PGNiG Management Board resolved to:

1. take steps to contribute shares in ZRUG Zabrze S.A. and in GAZOMONTAŻ S.A. to PGNiG Technologie S.A. if the shares are not sold to the buyer designated by the Management Board of GAZOMONTAŻ S.A.,
2. take steps to contribute shares in BSiPG Gazoprojekt S.A. to PGNiG Technologie S.A.

The reason for the consolidation of the PGNiG Group execution and

service companies under the brand of PGNiG Technologie Sp. z o.o. is to create a strong business entity which will perform contracts not only for PGNiG S.A. but also for other Polish and foreign customers, and which will be able to successfully compete with other players currently active on the market. The key objective behind the consolidation of the PGNiG Group construction and assembly companies is to establish a holding (a group) to coordinate and streamline the execution of investment projects.

The current regulations permit the contribution of shares in ZRUG Zabrze S.A. to PGNiG Technologie S.A., however, the majority shareholder in ZRUG Zabrze S.A., STALPROFIL S.A., approached PGNiG S.A. with an offer to purchase its holding of ZRUG Zabrze shares. Negotiations with the offerer are recommended to determine a transaction price for the shareholding in ZRUG Zabrze S.A. that would satisfy both parties, with the proviso that the price cannot be lower than the value resulting from the valuation. If during the negotiations the parties, i.e. STALPROFIL S.A. and PGNiG S.A., fail to reach an agreement concerning the price for the shareholding in ZRUG Zabrze S.A., the shares will be contributed to PGNiG Technologie S.A.

In the case of GAZOMONTAŻ S.A., prior to the contribution of the company shares to PGNiG Technologie S.A., it will be necessary to follow the company's Articles of Association as regards restrictions on transferability of the shares, including pre-emptive rights of the founder shareholders.

If the shares in GAZMONOTAŻ S.A. are not sold pursuant to the Articles of Association, steps will be taken to contribute them to PGNiG Technologie S.A. as part of the share capital increase.

In view of the above, it is expected that the share capital increase at PGNiG Technologie S.A. may be effected in several stages, depending on the possibility of selling the shares in ZRUG Zabrze S.A. and GAZOMONTAŻ S.A. to third parties.

Resolution No.....

of the Extraordinary General Meeting of

Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna

of Warsaw

dated December 18th 2012

concerning: sale of the perpetual usufruct right to land lots located in Szczecin at ul. Tama Pomorzańska 26 and ul. Zygmunta Chmielewskiego, entered in the land records under Nos. 1/22, 1/34 and 1/54, and the ownership title to the buildings, structures and installations situated within those lots, entered in the Land and Mortgage Register under entry No. SZ1S/00083043/0, as well as a 677/1525 interest in the perpetual usufruct right to an undeveloped land lot located in Szczecin at ul. Zygmunta Chmielewskiego, entered in the Land and Mortgage Register under No. SZ1S/00127336/2.

In connection with the planned sale of the perpetual usufruct right to land lots located in Szczecin, Province of Szczecin, at ul. Tama Pomorzańska 26, and at ul. Zygmunta Chmielewskiego, entered in the land records under Nos. 1/22, 1/34, and 1/54, cadastral district No. 1058, Śródmieście 58, with a total area of 1.5595 ha, including the ownership title to buildings, structures and installations located within those lots, entered in the Land and Mortgage Register maintained by the District Court for Szczecin, X Land and Mortgage Register Division, under entry No. SZ1S/00083043/0, as well as a 677/1525 interest in the perpetual usufruct right to an undeveloped land lot located in Szczecin, Province of Szczecin, at ul. Zygmunta Chmielewskiego, entered in the land record under entry No. 1/49, cadastral district No. 1058, Śródmieście 58, with an area of 0.1080 ha, and entered in the Land and Mortgage Register maintained by the District Court for Szczecin, X Land and Mortgage Register Division, under entry No. SZ1S/00127336/2, for a VAT-exclusive price of at least PLN 6,300,000 (six million, three hundred thousand złoty), as proposed by the Management Board of Polskie Górnictwo Naftowe i Gazownictwo S.A. of Warsaw ("PGNiG" or the "Company") (Management Board Resolution No. .../2012 of ...), and approved by the Supervisory Board of PGNiG S.A. (Supervisory Board Resolution No. .../2012 of ...),

the Extraordinary General Meeting of PGNiG S.A., acting pursuant to Par. 56.3.3 of the Articles of Association, resolves to:

grant approval for the sale of the perpetual usufruct right to land lots located in Szczecin, Province of Szczecin, at ul. Tama Pomorzańska 26, and at ul. Zygmunta Chmielewskiego, entered in the land records under Nos. 1/22, 1/34, and 1/54, cadastral district No. 1058, Śródmieście 58, with a total area of 1.5595 ha, including the ownership title to buildings, structures and installations located within those lots, entered in the Land and Mortgage Register maintained by the District Court for Szczecin, X Land and Mortgage Register Division, under entry No. SZ1S/00083043/0, as well as a 677/1525 interest in the perpetual usufruct right to an undeveloped land lot located in Szczecin, Province of Szczecin, at ul. Zygmunta Chmielewskiego, entered in the land record under entry No. 1/49, cadastral district No. 1058, Śródmieście 58, with an area of 0.1080 ha, and entered in the Land and Mortgage Register maintained by the District

Court for Szczecin, X Land and Mortgage Register Division, under entry No. SZ1S/00127336/2, for a VAT-exclusive price of at least PLN 6,300,000 (six million, three hundred thousand złoty).

Grounds:

The property is located in Szczecin at ul. Tama Pomorzańska 26 and at ul. Zygmunta Chmielewskiego. At present, most of the property (approximately 85%) is being used under lease agreement No. 45/2012 of March 26th 2012 by Wielkopolska Spółka Gazownictwa Sp. z o.o. of Poznań. (CBU: HW/POZ/12/118354). In the period from September 1st 2011 to August 31st 2012, the lease income of the PGNiG SA Greater Poland Gas Trading Division in Poznań (PGNiG S.A. Wielkopolski Oddział Obrotu Gazem w Poznaniu, "WOOG") amounted to PLN 1,901,397.36 (one million, nine hundred and one thousand, three hundred and ninety-seven złoty, 36/100) (VAT exclusive). In the same period, the total maintenance cost amounted to PLN 1,405,800 (one million, four hundred and five thousand, eight hundred złoty) (VAT exclusive). Under the agreement, the lessee holds the right of first refusal. The lease agreement was concluded for a definite term running to January 31st 2013.

Following the sale, WOOG will be using the adjacent property located on lot No. 1/53, where a local WOOG branch, i.e. Szczecin Customer Service Centre, is located.

Further, WOOG intends to lease the following space from the purchaser:

- office space and staff rooms - approximately 540 m²
- workshop-garage-storage space - approximately 185 m²

The limited use of the property for purposes related to WOOG's core operations justifies the decision to sell it.

In addition, the sale of the property follows the real property management policy of the PGNiG Group, which in particular applies to the gas trading divisions. Notably, the above sale will mark the end of the process of selling property redundant to the WOOG Szczecin Region's core business (WOOG Szczecin Gas Sales Unit in the old organisational structure).

The property comprises the perpetual usufruct right to land situated in Szczecin at ul. Tama Pomorzańska 26 and at ul. Zygmunta Chmielewskiego, entered in land records as: lot No. 1/22, cadastral district No. 1058 Śródmieście 58,

with an area of 21 m², lot No. 1/34, cadastral district No. 1058 Śródmieście 58, with an area of 656 m², lot No. 1/54, cadastral district No. 1058 Śródmieście 58, with an area of 14,918 m², including the ownership title to buildings, structures and installations located within those lots, and a 677/1525 interest in the perpetual usufruct right to lot No. 1/49, cadastral district No. 1058 Śródmieście 58, with an area of 1,080 m², i.e. 479.45 m². Within the property there are 18 commercial buildings with a total usable area of 6,645.92 m², one storage shed with an area of 51 m², non-uniform fencing, and an undeveloped area used for parking spaces and access pathways, which is paved with cobbles, concrete, and bitumen.

The land is owned by the State Treasury. The perpetual usufruct rights were granted to PGNiG S.A. with respect to:

- Land lots Nos. 1/22, 1/34, 1/54 – until December 5th 2089;

- Land lot No. 1/49 (a 677/1525 interest) – until December 5th 2089.

The property is not encumbered with any mortgages.

In accordance with Szczecin City Council's resolution No. XVII/470/12 of March 26th 2012

concerning the spatial development study of Szczecin, the property is located within the Pomorzany housing estate, in an elementary area with the dominant function involving production and warehousing, and the auxiliary functions involving multi-family housing, services and greenery complementing the functional programme.

On land lot No. 1/54, there is a low-pressure gas pipeline (DN 250, steel), a medium-pressure gas pipelines (DN 225 PE; DN 200, steel; DN 300, steel), gas service lines and a reduction gas station II^o (Q= 3,000 nm³/h), which comprise a separate asset owned by Wielkopolska Spółka Gazownictwa Sp. z o.o. of Poznań as equipment used for distribution of gas under Art. 49 of the Polish Civil Code, which will not be included in the transaction.

Land lots Nos. 1/22, 1/34 and 1/49 are free from any gas transmission and distribution infrastructure.

In land lot No. 1/54, soil pollution with polynuclear hydrocarbons, free cyanides, cyanides and phenols has been revealed. Additionally, underground water pollution with chrysene, benzo(a)anthracene, benzo(a)pyrene and benzo(g,h,i)perylene has been identified. The total area

with documented pollution is approximately 1,062m². The volume of polluted soil is approximately 3,550m³. Cost of the land reclamation has been estimated at approximately PLN 4,783,650.00 (based on a study prepared by Przedsiębiorstwo Geologiczne

Sp. z o.o.). The reclamation cost was taken into account in the property appraisal.

Given the reclamation obligation resting on PGNiG as a waste owner, the legal risk of the transaction will be minimised by including in the sale agreement relevant provisions limiting the warranty for physical defects of the property with respect to the existing pollution. According to the legal opinion prepared at PGNiG's request, if such provisions limiting the seller's liability are included in the sale agreement, the risk of PGNiG incurring the reclamation costs – in the period from the sale agreement date to the date of deleting PGNiG as the property owner from the land records – should be regarded as low, and after the deletion – as close to none.

Therefore, the tender offer announcement will include reservations that the bidder who wins the tender will be obliged to execute a sale agreement including:

- the buyer's representation to the effect that the buyer has read, for information purposes, the report from the survey of the property soil and water pollution,
- the buyer's representation to the effect that the buyer waives any claims against the seller relating to the need to incur any future costs of the property reclamation,
- the buyer's representation to the effect that the buyer waives any claims it may be entitled to against the seller, including claims under statutory warranty of the property's fitness for use in connection with

its pollution,

- the buyer's representation to the effect that – upon the execution of the sale agreement – the buyer assumes full responsibility for potential liabilities

relating to the reclamation, irrespective of whether they are known to the buyer

and described in the report from the survey of the soil and water pollution provided by the seller.

According to an estimate survey prepared as at August 31st 2012 along with annex 1 of October 31st 2012, an expert appraiser determined the market value of the property at PLN 6,214,000 (six million, two hundred and fourteen thousand zloty) VAT exclusive, including:

- the market value of the perpetual usufruct right to land lots No. 1/22, 1/34, 1/54

and interest in the perpetual usufruct right to land lot No. 1/49 – PLN 2,628,000 (two million, six hundred and twenty-eight zloty) VAT exclusive,

- the market value of the ownership title to buildings, structures and installations permanently attached

to the land – PLN 3,586,000 (three million, five hundred and eighty-six zloty) VAT exclusive.

The net carrying amount (IAS) of all assets comprising the property as at August 31st 2012 is PLN 9,667,582.89 (nine million, six hundred and sixty-seven thousand, five hundred eighty-two zloty, 89/100).

The VAT-exclusive asking price in the tender is PLN 6,300,000 (six million, three hundred thousand zloty, 00/100) and covers the property's market value and costs of its preparation for the tender procedure and sale (including costs of documentation and press announcements).

Given that the value of non-current assets covered by this proposal exceeds EUR 1,000,000 (one million euro), pursuant to Par. 56.3.3 of the Company's Articles of Association their sale and submission of necessary declarations require a resolution of the General Meeting.

Pursuant to Resolution No. ... /2012 of ..., the PGNiG Supervisory Board approved the Management Board's proposal concerning the sale of the perpetual usufruct right to property located in Szczecin at ul. Tama Pomorzańska 26 and ul. Zygmunta Chmielewskiego, together with the ownership title to the buildings, structures and installations situated within those lots.