



Polish Oil and Gas Company (PGNiG SA)
Head Office

Warsaw, October 27th 2016

**Draft resolutions for the Extraordinary General Meeting of PGNiG SA
convened for November 24th 2016**

Current Report No. 101/2016

The Management Board of Polskie Górnictwo Naftowe i Gazownictwo SA ("PGNiG" or the "Company") publishes draft resolutions to be submitted for consideration to the Extraordinary General Meeting of PGNiG convened for November 24th 2016.

RESOLUTION No. ____
of the Extraordinary General Meeting
of Polskie Górnictwo Naftowe i Gazownictwo SA
of November 24th 2016

to adopt the agenda for the Extraordinary General Meeting of PGNiG SA

Section 1.

Acting pursuant to Art. 399.1 of the Commercial Companies Code and pursuant to Art. 47.1.1) of the Company's Articles of Association, the Management Board of Polskie Górnictwo Naftowe i Gazownictwo S.A. of Warsaw resolves to convene the Extraordinary General Meeting of PGNiG S.A. under Art. 4021.1 of the Commercial Companies Code, to be held on

November 24th 2016, at 12 noon, at the registered office of Polskie Górnictwo Naftowe i Gazownictwo S.A., in Warsaw, at ul. Marcina Kasprzaka 25, with the following agenda:

1. Opening of the Meeting
2. Appointment of the Chairperson 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. Resolution to amend Resolution No. 5/VIII/2016 of the Extraordinary General Meeting of August 25th 2016
7. Resolution on the purchase by PGNiG S.A. of the Orient Hotel from Exalo Drilling S.A. and making an in-kind contribution of the hotel to Geovita S.A.
8. Resolutions to cancel shares, reduce the Company's share capital, and create a capital reserve
9. Resolution to amend the Company's Articles of Association
10. Closing of the Meeting.

Section 2.

This Resolution shall come into force as of its date.

RESOLUTION No. ____
of the Extraordinary General Meeting
of Polskie Górnictwo Naftowe i Gazownictwo SA
of November 24th 2016

to amend Resolution No. 5/VIII/2016 of the Extraordinary General Meeting of August 25th 2016

Acting pursuant to Art. 359 and Art. 362.1.5 of the Commercial Companies Code ("CCC"), the Extraordinary General Meeting of Polskie Górnictwo Naftowe i Gazownictwo S.A. ("Company") hereby resolves as follows:

Section 1.

1. Section 1.5 of Resolution No. 5/VIII/2016 of the Extraordinary General Meeting of August 25th 2016 shall be amended to read as follows:
"The repurchase price of Company Shares shall be PLN (..... złoty) per Company Share."
2. The amendment referred to in Section 1 shall apply solely to Company shares repurchased after the effective date of this Resolution.
3. The other provisions of Resolution No. 5/VIII/2016 of the Extraordinary General Meeting of August 25th 2016 shall remain unchanged.

Section 2.

This Resolution shall come into force as of its date.

FOUNDATIONS

Having regard to capital market fluctuations, the Management Board requests the shareholders to consider revising the repurchase price of Company shares for cancellation.

RESOLUTION No. ____
of the Extraordinary General Meeting
of Polskie Górnictwo Naftowe i Gazownictwo S.A.
of November 24th 2016

on the purchase by PGNiG S.A. of the Orient Hotel from Exalo Drilling S.A. and making an in-kind contribution of the hotel to Geovita S.A.

Acting pursuant to Art. 56.3.2, Art. 56.3.3a of the Company's Articles of Association, in view of the favourable opinions of the PGNiG Supervisory Board contained in Resolution No. 98/VII/2016 of October 17th 2016, the General Meeting resolves to approve:

Section 1

1. the acquisition from Exalo Drilling S.A. of perpetual usufruct rights to plots of land No. 119/4, No. 125/7 and No. 125/8, cadastral district 0054, located at ul. Sołtysowska 25b, Kraków, Poland, together with the ownership title to the buildings, structures, equipment and fittings comprising a facility under the name of Orient Hotel, for which the District Court for Kraków-Podgórze in Kraków, 4th Land and Mortgage Division, keeps land and mortgage register No. KR1P/00255123/5 and No. KR1P/00197668/2, and perpetual usufruct rights to undeveloped land comprising plot No. 125/11, cadastral district 0054, located at ul. Sołtysowska, Kraków, Poland, for which the District Court for Kraków-Podgórze in Kraków, 4th Land and Mortgage Division, keeps land and mortgage register No. KR1P/00479371/4, for a total consideration, based on current valuations, of PLN 11,375,394, exclusive of VAT,
2. making an in-kind contribution to Geovita S.A. in the form of perpetual usufruct rights to plots of land No. 119/4, No. 125/7 and No. 125/8, cadastral district 0054, located at ul. Sołtysowska 25b, Kraków, Poland, together with the ownership title to the buildings, structures, equipment and fittings comprising a facility under the name of Orient Hotel, for which the District Court for Kraków-Podgórze in Kraków, 4th Land and Mortgage Division, keeps land and mortgage register No. KR1P/00255123/5 and No. KR1P/00197668/2, and perpetual usufruct rights to undeveloped land comprising plot No. 125/11, cadastral district 0054, located at ul. Sołtysowska, Kraków, Poland, for which the District Court for Kraków-Podgórze in Kraków, 4th Land and Mortgage Division, keeps land and mortgage register No. KR1P/00479371/4, in exchange for shares in Geovita S.A.'s increased share capital, by transferring the title to the above assets to Geovita S.A. of Warsaw.

Section 2

This Resolution shall come into force as of its date.

FOUNDATIONS

Exalo Drilling S.A. is not engaged in any tourism and hospitality business, and the property referred to in the request submitted to the Extraordinary General Meeting

represents its redundant assets. The Orient Hotel was leased out to another PGNiG Group company, i.e. to Geovita S.A.

In order to consolidate all tourism and hospitality business assets in a single company of the PGNiG Group, and, in consequence, improve their utilisation, the PGNiG Management Board decided to purchase the Orient Hotel from Exalo Drilling S.A. and transfer it as an in-kind contribution to Geovita S.A.

RESOLUTION No. ____
of the Extraordinary General Meeting
of Polskie Górnictwo Naftowe i Gazownictwo S.A.
of November 24th 2016

on share cancellation

Acting pursuant to Art. 359.1 and 359.2 of the Commercial Companies Code, and Art. 10.1 of the Articles of Association of Polskie Górnictwo Naftowe i Gazownictwo S.A. (the "Company") (the "Articles of Association"), the Company's Extraordinary General Meeting resolves as follows:

Section 1

1. 92,764,327 (ninety-two million, seven hundred and sixty-four thousand, three hundred and twenty-seven) ordinary bearer shares in the Company, with a par value of PLN 1.00 (one złoty) per share (the "Cancelled Shares") shall be cancelled. The Cancelled Shares were repurchased by the Company for cancellation, under Art. 362.1.5 of the Commercial Companies Code and the authorisation given in Resolution No. 5/2016 of the Extraordinary General Meeting of August 25th 2016 authorising the Management Board of PGNiG S.A. to repurchase Company shares for cancellation, and in Resolution No. 6/2016 of the Extraordinary General Meeting of August 25th 2016 to supplement Resolution No. 5/2016 of the Extraordinary General Meeting of August 25th 2016 authorising the Management Board of PGNiG S.A. to repurchase Company shares for cancellation.
2. The Company repurchased the Cancelled Shares for a consideration of PLN 5.39 (five złoty, 39/100) per Cancelled Share and a total amount of PLN 499,999,722.53 (four hundred and ninety-nine million, nine hundred and ninety-nine thousand, seven hundred and twenty-two złoty, 53/100) for all the Cancelled Shares, excluding the cost of repurchasing the shares incurred by the Company.
3. In connection with the cancellation, the Company's share capital will be reduced under an amendment to the Articles of Association, by cancellation of the Cancelled Shares, without compliance with the requirements referred to in Art. 456 of the Commercial Companies Code, pursuant to Art. 360.2.2 of the Commercial Companies Code.
4. The cancellation shall take effect upon the share capital reduction.

Section 2

This Resolution shall come into force as of its date.

RESOLUTION No. ____
of the Extraordinary General Meeting
of Polskie Górnictwo Naftowe i Gazownictwo S.A.
of November 24th 2016

on reduction of the share capital and creation of a capital reserve

Acting pursuant to Art. 455.1 and 455.2 of the Commercial Companies Code, as well as Art. 13, Art. 56.3.5 and Art. 56.3.9 of the Articles of Association of Polskie Górnictwo Naftowe i Gazownictwo S.A. (the "Company") (the "Articles of Association"), the Company's Extraordinary General Meeting resolves as follows:

Section 1

1. In view of Resolution No./2016 to cancel shares, passed by the Extraordinary General Meeting held on November 2016, the Extraordinary General Meeting hereby reduces the Company's share capital from PLN 5,900,000,000 (five billion, nine hundred million złoty) to PLN 5,807,235,673 (five billion, eight hundred and seven million, two hundred and thirty-five thousand, six hundred and seventy-three złoty), that is by PLN 92,764,327 (ninety-two million, seven hundred and sixty-four thousand, three hundred and twenty-seven złoty).
2. The Company's share capital shall be reduced by way of cancellation of 92,764,327 (ninety-two million, seven hundred and sixty-four thousand, three hundred and twenty-seven) ordinary bearer shares in the Company, with a par value of PLN 1.00 (one złoty) per share (the "**Cancelled Shares**"). The Cancelled Shares were purchased by the Company for cancellation, under Art. 362.1.5 of the Commercial Companies Code and the authorisation given in Resolution No. 5/2016 of the Extraordinary General Meeting of August 25th 2016 authorising the Management Board of PGNiG S.A. to repurchase Company shares for cancellation, and in Resolution No. 6/2016 of the Extraordinary General Meeting of August 25th 2016 to supplement Resolution No. 5/2016 of the Extraordinary General Meeting of August 25th 2016 authorising the Management Board of PGNiG S.A. to repurchase Company shares for cancellation.
3. The purpose of the reduction of the Company's share capital is to adjust the share capital amount to the total par value of Company shares outstanding after the cancellation of the Cancelled Shares.
4. Pursuant to Art. 360.2.2 of the Commercial Companies Code, the share capital shall be reduced without compliance with the requirements referred to in Art. 456 of the Commercial Companies Code.

Section 2

In connection with the share capital reduction, pursuant to Art. 457.2, in conjunction with Art. 360.2 of the Commercial Companies Code, a separate capital reserve shall be created to which the amount of the reduction of the Company's share capital, that is PLN 92,764,327 (ninety-two million, seven hundred and sixty-four thousand, three hundred and twenty-seven złoty), shall be transferred.

Section 3

1. In connection with cancellation of the Cancelled Shares, the series designation of Company shares shall be changed in such a way that all existing shares (i.e. Series A, Series A1 and Series B shares) shall now be Series A shares.

Section 4

This Resolution shall come into force as of its adoption.

RESOLUTION No. ____
of the Extraordinary General Meeting
of Polskie Górnictwo Naftowe i Gazownictwo S.A.
of November 24th 2016

to amend the Company's Articles of Association

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

Section 1

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

- 1) Article 5 shall read as follows: "The Company shall be governed in particular by the provisions of the Act on Commercialisation and Privatisation of August 30th 1996, the Commercial Companies Code of September 15th 2000, and these Articles of Association."
- 2) Article 7 shall read as follows: "The Company's share capital shall amount to PLN 5,807,235,673.00 (five billion, eight hundred and seven million, two hundred and thirty-five thousand, six hundred and seventy-three złoty) and shall comprise five billion, eight hundred and seven million, two hundred and thirty-five thousand, six hundred and seventy-three Series A bearer shares with a par value of PLN 1 (one złoty) per share and total par value of PLN 5,807,235,673.00 (five billion, eight hundred and seven million, two hundred and thirty-five thousand, six hundred and seventy-three złoty)."
- 3) Article 8.2 shall read as follows: "The share issues shall be designated with successive letters of the alphabet."
- 4) Article 16.1 shall read as follows: "Eligible employees shall have the right to acquire free of charge up to 15% of the shares subscribed for by the State Treasury on the date of registration of the Company, on the terms and conditions stipulated in the Act on Commercialisation and Privatisation and in the Regulation of the Minister of State Treasury on detailed rules governing division of eligible employees into groups, determination of the number of shares to be allocated to each group, and on the procedure of acquisition of shares by eligible employees of January 29th 2003."
- 5) Article 21.6 shall read as follows: "The manner of operation of the Management Board shall be defined in detail in the rules of procedure adopted by the Management Board and approved by the Supervisory Board. Votes may be cast by written ballot or by using means of remote communication, with the minutes of such voting to be approved at the next meeting of the Management Board."
- 6) Article 22.2.7 shall read as follows: "adoption of business plans, including investment plans, subject to Article 33.1.6"

- 7) Article 25.2 shall read as follows: “A member of the Management Board shall be appointed following a recruitment and selection procedure. The foregoing shall not apply to Management Board members elected by employees.”,
- 8) Article 25.3 shall read as follows: “A member of the Management Board may resign from his/her position by delivering a statement to that effect to the Company, represented by another Management Board member or a commercial proxy, with copies to the Chairman of the Supervisory Board and the minister competent for matters pertaining to energy. To be valid, such resignation must be submitted in written form, or otherwise shall be ineffective towards the Company. The provisions of the Civil Code governing termination of a mandate by the party accepting the mandate shall apply accordingly to the resignation.”,
- 9) Article 29.2 shall read as follows: “The total remuneration of a Management Board member elected by the Company’s employees under his or her employment contract and the agreement for serving as a Management Board member shall not exceed the amount defined by the body competent to determine the remuneration of Management Board members in accordance with the applicable law.”,
- 10) Article 33.1.6 shall read as follows: “approval of business plans, including investment plans”,
- 11) Article 33.2.3 shall read as follows: “assume other liabilities whose value exceeds 20% of the Company’s share capital, except where the liability has been provided for in the plans referred to in Article 33.1.6, approved by the Supervisory Board, or agreements for the provision of gas fuel transmission or distribution or gas fuel trading services”,
- 12) Article 33.2.5 shall read as follows: “execute an agreement referred to in Article 19b of the Act on Commercialisation and Privatisation”,
- 13) Article 33.3.5 shall read as follows: “conduct of the recruitment and selection procedure referred to in Article 25.2 of these Articles of Association and Article 19a of the Act on Commercialisation and Privatisation”,
- 14) Article 33.6 shall read as follows: “The Management Board shall submit to the Supervisory Board copies of notifications provided to the Minister of Finance concerning sureties and guarantees issued, in accordance with Article 34 of the Act on Sureties and Guarantees Issued by the State Treasury and Certain Legal Persons of May 8th 1997.”,
- 15) Article 35.4 shall read as follows: “Members of the Supervisory Board other than members appointed pursuant to Article 36.1 should meet the requirements set forth in the Regulation of the Polish Council of Ministers on training and examinations for candidates to the supervisory boards of companies wholly-owned by the State Treasury of September 7th 2004.”,
- 16) Article 35.5 shall read as follows: “A member of the Supervisory Board may resign from his/her position by delivering a statement to that effect to the Company, represented by a Management Board member or a commercial proxy, with copies to the Chairman of the Supervisory Board and the minister competent for matters pertaining to energy. To be valid, such resignation must be submitted in written form, or otherwise shall be ineffective towards the Company. The provisions of the Civil Code governing termination of a mandate by the party accepting the mandate shall apply accordingly to the resignation.”,

- 17) Article 46.3 shall read as follows: “Until the Act on Remuneration of Persons Managing Certain Legal Entities of March 3rd 2000 continues in force, members of the Supervisory Board shall be entitled to monthly remuneration in the amount defined by the General Meeting, subject to the provisions of the said Act.”,
- 18) After Article 47.7, Article 47.8 shall be added, reading as follows: “If there is a good reason, the Management Board may cancel a General Meeting convened on the Management Board’s initiative.”,
- 19) Article 56.3.2 shall read as follows: “acquisition of non-current assets, including real property, perpetual usufruct rights to real property or interest in real property, with a value exceeding the złoty equivalent of EUR 2,000,000,”
- 20) Article 56.8 shall be deleted,
- 21) Article 62.5 shall read as follows: “prepare the consolidated financial statements of the Group and the Directors’ Report on the Group’s operations within two months from the date prescribed for the preparation of the Company’s financial statements, if required under the Accountancy Act of September 29th 1994”,
- 22) Article 64.4 shall read as follows: “The Company’s Management Board shall disclose information within the scope and time frames provided for in the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, of July 29th 2005, and in the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state of February 19th 2009, or any other legislation which may replace the said Act or Regulation.”,
- 23) Article 65.6 shall read as follows: “Whenever a reference is made in these Articles of Association to the value of a non-current asset, including real property, perpetual usufruct rights to real property or interest in real property, such value shall be determined in accordance with the provisions of the Act on Commercialisation and Privatisation of August 30th 1996 and the secondary legislation thereto.”,
- 24) Article 65.7 shall read as follows: “Whenever a reference is made in these Articles of Association to the Polish Energy Law, the provisions of the Polish Energy Law of April 10th 1997 shall apply.”,
- 25) Article 65.8 shall read as follows: “Whenever a reference is made in these Articles of Association to the Polish Geological and Mining Law, the provisions of the Polish Geological and Mining Law of June 9th 2011 shall apply.”,
- 26) Article 65.9 shall read as follows: “Whenever a reference is made in these Articles of Association to a foreign entity, the provisions of the Freedom of Business Activity Act of July 2nd 2004 shall apply.”,
- 27) Article 65.12 shall read as follows: “Whenever a reference is made in these Articles of Association to subsidiaries or related companies, they shall be understood as direct subsidiaries or directly related companies within the meaning of the Commercial Companies Code, dated September 15th 2000.”.

Section 2

This Resolution shall come into force as of its date.

GROUNDS

The proposed amendments to the Articles of Association are of editorial nature or are meant to improve the organisation of the text. The purpose of these amendments is to enhance the Company's functioning, remove outdated provisions or adjust the Articles of Association to the current legal environment, in particular taking into account the fact that PGNiG S.A. is currently supervised by the Ministry of Energy. Some of the proposed changes are also due to the planned cancellation of the Company's own shares.

The current Articles of Association and the proposed amendments are presented in the appendix to Current Report No. 100/2016 as a text with tracked changes.

Legal basis: Par. 38.1.3 of the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009 (Dz.U. No. 33, item 259).