



In connection with the conclusion on 22 June 2011 of an Addendum to the Understanding of 26 May 2011 between CIECH S.A. and the State Treasury of the Republic of Poland, CIECH's Management Board has decided to adopt the following resolution:

**RESOLUTION No. 127/2011
of the Management Board of CIECH S.A.
of 22 June 2011**

on

adopting a draft resolution of CIECH S.A.'s Ordinary General Meeting on increasing the Company's share capital by issuing series E shares, excluding the pre-emptive right for the existing Shareholders, amending the Company's Statute, applying for and introducing series E shares to trading on the regulated market, and on dematerialising these shares

Considering that:

1. In Resolution No. 87/2011 of 16 May 2011 of CIECH S.A.'s Management Board, it was decided to convene CIECH S.A.'s Ordinary General Meeting on 30 June 2011.
2. The agenda of the General Meeting referred to in item 1 before includes adopting a resolution on increasing the Company's share capital by issuing series E shares, excluding the pre-emptive right to the series E shares for the existing shareholders and amending the Company's Statute.
3. The series E shares are to be offered for acquisition to the State Treasury in exchange for an in-kind contribution according to the terms of Understanding III concluded on 26 May 2011 between CIECH S.A. and the State Treasury (**Understanding**).
4. CIECH S.A.'s Management Board published the notice on convening CIECH S.A.'s Ordinary General Meeting and draft resolutions on matters included in the Meeting's agenda.
5. On 22 June 2011, CIECH S.A. and the State Treasury of the Republic of Poland concluded an Addendum to the Understanding, which modifies the rules for determining the issue price of the series E shares, as a result of which the Management Board plans to propose a draft resolution to the shareholders that includes the amendments introduced by the Addendum.

In consideration of the above:

§1

1. The Management Board of CIECH S.A. has decided to:
 - 1) adopt a draft resolution of CIECH S.A.'s Ordinary General Meeting on increasing the Company's share capital by issuing series E shares, excluding the pre-emptive right for the existing Shareholders, amending the Company's Statute, applying for and introducing series E shares to trading on the regulated market, and on dematerialising these shares (**Draft**),

Ciech S.A.
ul. Puławska 182
02-670 Warsaw
Phone (+48 22)63910 00
Fax (+48 22) 639 14 51
ciech@ciech.com
www.ciech.com

Bank account:
Citibank Handlowy S.A.
6th Branch in Warsaw
93 1030 1061 0000 0000 0034 0001

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13th Economic Division of the National
Court Register, KRS 0000011687

Share capital:
PLN 255,001,420.00 (fully paid)

- 2) request CIECH S.A.'s Supervisory Board to examine and express an opinion on the Draft as an issue on which CIECH S.A.'s Ordinary General Meeting is to pass a resolution, and
 - 3) recommend to CIECH S.A.'s Ordinary General Meeting to pass a resolution according to the Draft.
2. The Draft forms an annex to this Resolution.

§2

1. The resolution comes into force as of its passing.
2. Resolution No. 96/2011 of 27 May 2011 becomes void.

The voting was conducted by an open/secret ballot.

Participants present: 3

For: 3

Against: 0

Abstained: 0

Signatures of the members of CIECH Signature:


S.A.'s Management Board:

Ryszard Kunicki – President of the Management Board

Andrzej Bąbaś – Member of the Management Board

Artur Osuchowski – Member of the Management Board

Rafał Rybkowski – Member of the Management Board





**Resolution No. ...
of the Ordinary General Meeting of
CIECH S.A., with its registered office in Warsaw
of 30 June 2011**

on increasing the Company's share capital by issuing series E shares, excluding the pre-emptive right for the existing shareholders, amending the Company's Statute, applying for and introducing series E shares to trading on the regulated market as well as on dematerialising these shares

Acting pursuant to Article 431 § 1 and 2 item 1, 432 § 1 and 433 § 2 of the Commercial Companies Code Act of 15 September 2000 (J.L. of 2000, No. 94, item 1037, as amended) (**CCC**), the Ordinary General Meeting of CIECH S.A., with its registered office in Warsaw (**Company**), has decided as follows:

§1.

1. The Company's share capital shall be increased by PLN 8,499,545 (in words: eight million four hundred ninety-nine thousand five hundred forty-five zloty 00/100) to PLN 263,500,965 (in words: two hundred sixty-three million five hundred thousand nine hundred sixty-five zloty 00/100) by issuing 1,699,909 (in words: one million six hundred ninety-nine thousand nine hundred nine) series E ordinary bearer shares with a nominal value of PLN 5.00 (in words: five zloty 00/100) each (**Series E Shares**).
2. The issue price of the Series E Shares is PLN 26.06 (in words: twenty-six zloty 06/100) per each Series E Share.
3. The Series E Shares shall participate in the dividend as of 1 January 2011 to the same extent as the Company's other shares.
4. The Series E Shares shall be acquired by way of a private subscription. All Series E Shares shall be offered to the State Treasury of the Republic of Poland (**State Treasury**). The agreement for the acquisition of Series E Shares shall be concluded within one month from the adoption date of this Resolution.
5. The State Treasury shall acquire all Series E Shares and pay for them with an in-kind contribution in the form of:
 - 1) 571,826 (in words: five hundred seventy-one eight hundred twenty-six) series A ordinary bearer shares with a nominal value of PLN 2.30 (in words: two zloty 30/100) per share

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and with a total nominal value of PLN 1,315,199.80 (in words: one million three hundred fifteen thousand one hundred ninety-nine zloty 80/100) of Zakłady Chemiczne Alwernia S.A., with its registered office in Alwernia (later referred to as **Alwernia's Shares**), and

- 2) 762,224 (in words: seven hundred sixty-two two hundred twenty-four) series A ordinary registered shares with a nominal value of PLN 10.00 (in words: ten zloty 00/100) per share and a total nominal value of PLN 7,622,240.00 (in words: seven million six hundred twenty-two thousand two hundred forty zloty 00/100) of Zakłady Chemiczne ZACHEM S.A., with its registered office in Bydgoszcz (later referred to as **Zachem's Shares**), and
 - 3) 429,388 (in words: four hundred twenty-nine three hundred eighty-eight) series A ordinary registered shares with a nominal value of PLN 10.00 (in words: ten zloty 00/100) per share and a total nominal value of PLN 4,293,880.00 (in words: four million two hundred ninety-three thousand eight hundred eighty zloty 00/100) of Zakłady Chemiczne Organika-Sarzyna S.A., with its registered office in Nowa Sarzyna (later referred to as **Organika-Sarzyna's Shares**; Alwernia's Shares, Zachem's Shares and Organika-Sarzyna's shares are later jointly referred to as **State Treasury Shares**).
6. Pursuant to the valuation of State Treasury shares, confirmed by an opinion of a statutory auditor on the fair value of the State Treasury shares issued on 26 May 2011, the value of the in-kind contribution in the form of State Treasury Shares was determined at a total amount of PLN 44,299,635.84 (in words: forty-four million two hundred ninety-nine thousand six hundred thirty-five zloty 84/100), of which:
- 1) the total value of Alwernia's Shares was determined at PLN 18,332,741.56 (in words: eighteen million, three hundred thirty-two thousand seven hundred forty-one zloty 56/100), i.e. at PLN 32.06 (in words: thirty-two zloty 06/100) per Alwernia's Share;
 - 2) the total value of Zachem's Shares was determined at PLN 6,494,148.48 (in words: six million four hundred ninety-four thousand one hundred forty-eight zloty 48/100), i.e. PLN 8.52 (in words: eight zloty 52/100) per Zachem's Share;
 - 3) the total value of Organika-Sarzyna's Shares was determined at PLN 19,472,745.80 (in words: nineteen million four hundred seventy-two thousand seven hundred forty-five zloty 80/100), i.e. PLN 45.35 (in words: forty-five zloty 35/100) per Organika-Sarzyna's Share.

§2.

1. Acting in the Company's interest, the Ordinary General Meeting has decided to fully exclude the Company's existing shareholders' pre-emptive right to the Series E Shares.
2. The Company's Management Board presented to the Ordinary General Meeting a written opinion explaining the reasons for excluding the pre-emptive rights to the Series E Shares



and the method for determining the issue price of the Series E Shares. The said opinion of the Company's Management Board forms an Annex to this Resolution.

§3.

1. In connection with the increase of the Company's share capital, § 7 section 1 of the Company's Statute shall have the following wording:

"1. The share capital of the Company amounts to PLN 263,500,965 (in words: two hundred sixty-three million five hundred thousand nine hundred sixty-five 00/100) and is divided into 52,699,909 (fifty-two million six hundred ninety-nine thousand nine hundred nine) shares with a nominal value of PLN 5 (five zloty 00/100) each, including:

- *20,816 (in words: twenty thousand eight hundred sixteen) series A ordinary bearer shares,*
- *19,775,200 (in words: nineteen million seven hundred seventy-five thousand two hundred) series B ordinary bearer shares,*
- *8,203,984 (in words: eight million two hundred three thousand nine hundred eighty-four) series C ordinary bearer shares,*
- *23,000,000 (in words: twenty-three million) series D ordinary bearer shares,*
- *1,699,909 (in words: one million six hundred ninety-nine thousand nine hundred nine) series E ordinary bearer shares".*

2. The Company's Supervisory Board is authorised to adopt a complete text of the Company's Statute, as amended in this Resolution.

§4.

1. It has been decided that the Company shall apply for and introduce to trading all Series E Shares on the regulated market run by the Warsaw Stock Exchange (**WSE**).

2. In connection with the introduction of the Series E Shares to trading on the regulated market run by WSE, the Series E Shares shall be dematerialised.

§5.

The Company's Ordinary General Meeting authorises the Company's Management Board to take all factual and legal steps related to:

1) conducting a private subscription for the Series E Shares, and in particular submitting an offer to the State Treasury to acquire the Series E Shares, determining the wording of and concluding an agreement for the acquisition of the Series E Shares,

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- 2) the Company's application for and introduction of the Series E Shares to trading on the regulated market run by WSE,
- 3) dematerialising the Series E Shares (registering the Series E Shares in the depository for securities maintained by Krajowy Depozyt Papierów Wartościowych S.A. (National Depository for Securities), with its registered office in Warsaw).

§6.

This resolution comes into force as of its passing.

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OPINION OF CIECH'S MANAGEMENT BOARD ON EXCLUDING THE PRE-EMPTIVE RIGHT OF CIECH'S EXISTING SHAREHOLDERS IN CONNECTION WITH THE ISSUE OF THE SERIES E SHARES

All 1,699,909 (in words: one million six hundred ninety-nine thousand nine hundred nine) series E ordinary bearer shares with a nominal value of PLN 5.00 (in words: five zloty 00/100) each (**New Issue Shares**) shall be offered for acquisition to the State Treasury of the Republic of Poland (**State Treasury**). The New Issue Shares shall be acquired in exchange for an in-kind contribution with a total value of PLN 44,299,635.84 (in words: forty-four million two hundred ninety-nine thousand six hundred thirty-five zloty 84/100) in the form of the **State Treasury Shares**, including:

- 1) 571,826 (in words: five hundred seventy-one eight hundred twenty-six) ordinary bearer shares with a nominal value of PLN 2.30 (in words: two zloty 30/100) per share and a total nominal value of PLN 1,315,199.80 (in words: one million three hundred fifteen thousand one hundred ninety-nine zloty 80/100) of Alwernia S.A., with its registered office in Alwernia (later referred to as **Alwernia** and **Alwernia's Shares** respectively), with a total value of PLN 18,332,741.56 (in words: eighteen million three hundred thirty-two thousand seven hundred forty-one zloty 56/100), i.e. one Alwernia's Share is worth PLN 32.06 (in words: thirty-two zloty 06/100), and
- 2) 762,224 (in words: seven hundred sixty-two two hundred twenty-four) shares with a nominal value of PLN 10.00 (in words: ten zloty 00/100) per share and a total nominal value of PLN 7,622,240.00 (in words: seven million six hundred twenty-two thousand two hundred forty zloty 00/100) of Zakłady Chemiczne ZACHEM S.A., with its registered office in Bydgoszcz (later referred to as **Zachem** and **Zachem's Shares** respectively), with a total value of PLN 6,494,148.48 (in words: six million four hundred ninety-four thousand one hundred forty-eight zloty 48/100), i.e. one Zachem's Share is worth PLN 8.52 (in words: eight zloty 52/100), and
- 3) 429,388 (in words: four hundred twenty-nine three hundred eighty-eight) shares with a nominal value of PLN 10.00 (in words: ten zloty 00/100) per share and a total nominal value of PLN 4,293,880.00 (in words: four million two hundred ninety-three thousand eight hundred eighty zloty 00/100) of Zakłady Chemiczne Organika-Sarzyna S.A., with its registered office in Nowa Sarzyna (later referred to as **Organika-Sarzyna** and **Organika-Sarzyna's Shares** respectively), with a total value of PLN 19,472,745.80 (in words: nineteen million four hundred seventy-two thousand seven hundred forty-five zloty 80/100), i.e. one Organika-Sarzyna's Share is worth PLN 45.35 (in words: forty-five zloty 35/100).

The issue price is PLN 26.06 (in words: twenty-six zloty 06/100) per each New Issue Share. The total issue price of the shares issued by CIECH in connection with increasing the share capital shall amount to PLN 44,299,628.54 (in words: forty-four million two hundred ninety-nine thousand six hundred twenty-eight zloty 54/100). The total issue price of the New Issue Shares shall not exceed the total in-kind contribution in the form of the State Treasury Shares contributed by the State Treasury to pay for the New Issue Shares. The difference between the total issue price of the New Issue Shares and their nominal value is a share premium, which shall be appropriated to the Company's supplementary capital according to Article 396 § 2 CCC.

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The issue price of the New Issue Shares was determined based on the average share prices of CIECH at the Warsaw Stock Exchange (**WSE**), weighted by the turnover volume from the last three months, from 1 February 2011 to 30 April 2011.

The number of the New Issue Shares was determined using the following formula:

$$L_{ANE} = \frac{WA}{CE_{ANE}}$$

where:

L_{ANE} number of New Issue Shares (if L_{ANE} is not an integer, it will be rounded down to the nearest integer)

WA value of State Treasury Shares

CE_{ANE} issue price of New Issue Shares

Acquiring the New Issue Shares in exchange for the in-kind contribution in the form of the State Treasury Shares results from the Understanding concluded on 26 May 2011 between CIECH and the State Treasury (**Parties, Understanding**), amended by the Addendum of 22 June 2011, and constitutes an alternative to CIECH's purchase from the State Treasury of Zachem's Shares and Organika-Sarzyna's Shares as a result of share sale agreements which could be concluded in the process of accepting the share acquisition offering. On 20 December 2006, CIECH submitted irrevocable offers for the acquisition of these shares to the State Treasury (**Share Acquisition Offers**). The State Treasury has the right to accept the Share Acquisition Offers by their expiry date, i.e. 20 December 2016.

CIECH's binding with the Share Acquisition Offers results in uncertainty for the Company and its shareholders with regard to the date when the State Treasury accepts the Share Acquisition Offers and leads to financial consequences, such as CIECH's payment of the sale price for Zachem's Shares and Organika-Sarzyna's Shares as a result of the State Treasury acceptance of the Share Acquisition Offers. As a result of the conclusion and performance of the Understanding, i.e. a share capital increase through the issue of the New Issue Shares and the in-kind contribution in the form of the State Treasury Shares, the Company will no longer face uncertainty and will not be obliged to pay the price for Zachem's Shares and Organika-Sarzyna's Shares.

In addition, in connection with the State Treasury's intention to sell Alwernia's Shares and in connection with CIECH's divestment from Alwernia, as part of which CIECH allows for a temporarily greater commitment to Alwernia, the Parties made arrangements to integrate Alwernia's Shares in the Understanding. As a result of the State Treasury's in-kind contribution to CIECH in the form of Alwernia's Shares, CIECH will acquire nearly a 100% share in the share capital (and in the votes at the general meeting) of Alwernia, allowing it to make decisions on that company's operations and to shape its capital structure.

Considering the presented explanation, it must be stressed that offering all New Issue Shares to the State Treasury and the related exclusion of CIECH's shareholders' pre-emptive right to the New Issue Shares is in the Company's interest and does not contradict the interest of its existing shareholders. Therefore, the Company's Management Board recommends to the General Meeting to pass the proposed resolution and to fully exclude the pre-emptive right to the New Issue Shares.



**Signatures of the members of CIECH
S.A.'s Management Board:**

1. Ryszard Kunicki – President of the Management Board
2. Andrzej Bąbaś – Member of the Management Board
3. Artur Osuchowski – Member of the Management Board
4. Rafał Rybkowski – Member of the Management Board

Signature:

Three handwritten signatures in blue ink are shown on a background of horizontal dotted lines. The top signature is a cursive script that appears to read "Ryszard Kunicki". The middle signature is a cursive script that appears to read "Artur Osuchowski". The bottom signature is a cursive script that appears to read "Rafał Rybkowski".