

OPINION OF THE MANAGEMENT BOARD OF CIECH CONCERNING THE EXCLUSION OF PRE-EMPTIVE RIGHTS OF CURRENT SHAREHOLDERS OF CIECH IN CONNECTION WITH THE ISSUE OF E SERIES SHARES

All of 1,885,090 (in words: one million eight hundred eighty five thousand and ninety) E series ordinary bearer shares with a nominal value of PLN 5.00 (in words: five zloty) each (the "**New Issue Shares**") will be offered to the State Treasury of the Republic of Poland (the "**State Treasury**"). The New Issue Shares will be acquired in consideration of a contribution in kind with a total value of PLN 44,299,635.84 (in words: forty four million two hundred ninety nine thousand six hundred and thirty five zloty eighty four grosz), including the "**Shares of the State Treasury**", including:

- 1) 571,826 (in words: five hundred seventy one thousand eight hundred and twenty six) ordinary bearer shares with a nominal value of PLN 2.30 (in words: two zloty and thirty grosz) each, with the total nominal value of PLN 1,315,199.80 (in words: one million three hundred fifteen thousand one hundred and ninety nine zloty eighty grosz) in Alwernia S.A. having its registered office in Alwernia (hereinafter, "**Alwernia**" and "**Alwernia Shares**", respectively) with a total value of PLN 18,332,741.56 (in words: eighteen million three hundred thirty two thousand seven hundred and forty one zloty fifty six grosz), i.e. PLN 32.06 (in words: thirty two zloty and six grosz) for one Alwernia Share; and
- 2) 762,224 (in words: seven hundred sixty two thousand two hundred and twenty four) shares with a nominal value of PLN 10.00 (in words: ten zloty) each, with the total nominal value of PLN 7,622,240.00 (in words: seven million six hundred twenty two thousand two hundred and forty zloty) in Zakłady Chemiczne "ZACHEM" S.A. having its registered office in Bydgoszcz (hereinafter, "**Zachem**" and "**Zachem Shares**", respectively), with a total value of PLN 6,494,148.48 (in words: six million four hundred ninety four thousand one hundred and forty eight zloty forty eight grosz), i.e. PLN 8.52 (in words: eight zloty and fifty two grosz) for one Zachem Share; and
- 3) 429,388 (in words: four hundred twenty nine thousand three hundred and eighty eight) shares with a nominal value of PLN 10.00 (in words: ten zloty) each, with the total nominal value of PLN 4,293,880.00 (in words: four million two hundred ninety three thousand eight hundred and eighty zloty) in Zakłady Chemiczne "Organika-Sarzyna" S.A. having its registered office in Nowa Sarzyna (hereinafter, "**Organika-Sarzyna**" and "**Organika-Sarzyna Shares**", respectively), with a total value of PLN 19,472,745.80 (in words: nineteen million four hundred seventy two thousand seven hundred and forty five zloty eighty grosz), i.e. PLN 45.35 (in words: forty five zloty and thirty five grosz) for one Organika-Sarzyna Share.

The issue price accounts for PLN 23.50 (twenty three zloty and fifty grosz) for one New Issue Share. The total issue price of the shares issued by CIECH in connection with the increase in the share capital will account for 44,299,615 (in words: forty-four million two hundred ninety-nine thousand six hundred fifteen zloty). The total issue price of the New Issue Shares will not exceed the total value of the contribution in kind comprising the Shares of the State Treasury to be made 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 constitutes agio, which will be allocated to the Company's supplementary capital in accordance with Art. 396 § 2 CCC.

The Issue Price of the New Issue Shares has been determined as the average of quotations of CIECH shares in the basic market of Giełda Papierów Wartościowych w Warszawie S.A. ("**WSE**") weighed by the turnover volume in the period of six months from 1 November 2010 to 30 April 2011.

The number of New Issue Shares has been established on the basis of the following formula:

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

where:

- L_{ANE}** means the number of the New Issue Shares (but if L_{ANE} constitutes a number different than an integral number, L_{ANE} will be rounded down to an integral number);
- WA** means the value of the Shares of the State Treasury;
- CE_{ANE}** means the Issue price of the New Issue Shares.

The acquisition of the New Issue Shares for a contribution in kind comprising the Shares of the State Treasury will result from the implementation of Agreement III, entered into on 26 May 2011 between CIECH and the State Treasury (the "**Parties**") and forms an alternative to the acquisition by CIECH from the State Treasury of Zachem Shares and Organika-Sarzyna Shares pursuant to contracts for sale of such shares which could be entered into by way of acceptance of the offers for acquisition of shares. CIECH submitted irrevocable offers for acquisition of such shares to the State Treasury on 20 December 2006 ("**Share Acquisition Offers**"). The State Treasury is entitled to accept the Share Acquisition Offers by the expiry of their validity, i.e. by 20 December 2016.

The validity of Share Acquisition Offers for CIECH causes a negative uncertainty for the Company and its shareholders regarding the possibility and date of acceptance of the Share Acquisition Offers by the State Treasury, as well as financial consequences of the necessity to pay by CIECH of the sale price of Zachem Shares and Organika-Sarzyna Shares as a result of acceptance of the Share Acquisition Offers by the State Treasury. As a result of conclusion and implementation of Agreement III, i.e. increasing the share capital by issue of New Issue Shares and paying for them with a contribution in kind comprising the Shares of the State Treasury, the Company will not experience such uncertainty and at the same time, CIECH will not have to pay the price of Zachem Shares and Organika-Sarzyna Shares.

Furthermore, in connection with the intention of the State Treasury to sell Alwernia Shares and the divestment of Alwernia conducted by CIECH, within the framework of which CIECH allows for a temporary increase in the involvement in Alwernia, the Parties agreed to include Alwernia Shares into Agreement III. Due to the contribution by the State Treasury of Alwernia Shares to CIECH, CIECH will acquire nearly one hundred percent of shares in the share capital (and votes at the general meeting) of Alwernia, which will enable it to freely decide on the operations of the company and determine the structure of its capitals.

In view of the aforementioned justification, it is notable that offering all New Issue Shares to the State Treasury and the related deprivation of the shareholders of CIECH of the right to acquire the New Issue Shares is in the interest of the Company and is not contrary to the interests of the current shareholders of the Company. Therefore, the Management Board of the Company recommends to the Annual Shareholders' Meeting to adopt a Resolution as aforesaid and to exclude the pre-emption rights with respect to the New Issue Shares.

Signatures of the members of the Management Board of CIECH S.A.:

1. Ryszard Kunicki – President of the Management Board



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Statistical No. (REGON): 011179878
Tax ID (NIP): 118-00-19-377

Register of entrepreneurs:
District Court for the Capital City of Warsaw,
13th Economic Division of the National Court
Register, KRS 0000011687

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

2. Andrzej Bąbaś – Member of the Management Board

3. Artur Osuchowski – Member of the Management Board

4. Rafał Rybkowski – Member of the Management Board

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