

RESOLUTION No 96/2011
of the Management Board of CIECH S.A. of 27 May 2011

on

approval of the draft resolution of the Annual Shareholders' Meeting of CIECH S.A. on an increase in the Company's share capital by issue of E series shares with exclusion of the pre-emption right of E series shares of the current shareholders and on an amendment to the Company's Articles of Association, application for admission and introduction of E series shares into trading in the regulated market and their dematerialisation

Whereas:

1. Pursuant to Resolution of the Management Board of CIECH S.A. No 87/2011 dated 16 May 2011, it was decided to convene the Annual Shareholders' Meeting of CIECH S.A. on 30 June 2011;
2. The agenda of the Meeting referred to in item 1 above contains an item regarding adoption of a resolution on an increase in the Company's share capital by issue of E series shares with exclusion of the pre-emptive rights of the current shareholders and amendment to the Company's Articles of Association;
3. E series shares are to be offered to the State Treasury in consideration of a contribution in kind, pursuant to the terms set out in Agreement III entered into on 26 May 2011 between CIECH S.A. and the State Treasury.
4. The Management Board of CIECH S.A. is obliged, on the day of publishing a convening notice for the Annual Shareholders' Meeting of CIECH S.A., to publish draft resolutions concerning the matters put on the agenda of the Meeting.

Therefore:

§1

1. The Management Board of CIECH S.A. has decided to:
 - 1) adopt a draft resolution of the Annual Shareholders' Meeting of CIECH S.A. on an increase in the Company's share capital by issue of E series shares with exclusion of the pre-emption right of E series shares of the current shareholders and on an amendment to the Company's Articles of Association, application for admission and introduction of E series shares into trading in the regulated market and their dematerialisation ("**Draft Resolution**");
 - 2) apply to the Supervisory Board of CIECH S.A. for examination and assessment of the Draft Resolution as a matter to be subject to resolution of the Annual Shareholders' Meeting of CIECH S.A.; and
 - 3) recommend to the Annual Shareholders' Meeting of CIECH S.A. to adopt a resolution as stated in the Draft Resolution.
2. The Draft Resolution is attached to this Resolution.

§2

The resolution shall come into force on the date of its adoption.

The voting was conducted by an open/secret ballot.

Participants present: 3

Number of votes cast "in favour": 3

Number of votes cast "against": 0

Number of "abstaining" votes:

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

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

The image shows three handwritten signatures in blue ink on a background of horizontal dotted lines. The first signature is at the top, the second is in the middle, and the third is at the bottom. The signatures are somewhat stylized and difficult to read.

Resolution No
of the Annual Shareholders' Meeting of
CIECH S.A., with its registered office in Warsaw
of 30 June 2011

on an increase in the Company's share capital by issue of E series shares with exclusion of the pre-emption right of E series shares of the current shareholders and on an amendment to the Company's Articles of Association, application for admission and introduction of E series shares into trading in the regulated market and their dematerialisation

The Annual Shareholders' Meeting of CIECH S.A. with its registered office in Warsaw (the "**Company**"), pursuant to Article 431 § 1 and 2 item 1, 432 § 1 and 433 § 2 of the act of 15 September 2000 Commercial Companies Code (J.L. of 2000, No. 94, item 1037, as amended). ("**CCC**"), resolves as follows:

§1.

1. The Company's share capital shall be increased by PLN 9,425,450 (in words: nine million four hundred twenty five thousand four hundred and fifty zloty), i.e. up to PLN 264,426,870 (in words: two hundred sixty four million four hundred twenty six thousand eight hundred and seventy zloty), by issue 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 ("**E Series Shares**").
2. The issue price of E Series Shares is PLN 23.50 (in words: twenty three zloty and fifty grosz) for one E Series Share.
3. E Series Shares shall participate in the dividend starting from 1 January 2011 like other shares of the Company.
4. E Series Shares shall be acquired by private subscription. All E Series Shares shall be offered to the State Treasury of the Republic of Poland (the "**State Treasury**"). The contract for acquisition of E Series Shares shall be entered into within one month from the adoption hereof.
5. The State Treasury shall acquire all E Series Shares and pay for them with a contribution in kind including:
 - 1) 571,826 (in words: five hundred seventy one thousand eight hundred and twenty six) A series 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 Zakłady Chemiczne Alwernia S.A. having its registered office in Alwernia (hereinafter, "**Alwernia Shares**"); and

- 2) 762,224 (in words: seven hundred sixty two thousand two hundred and twenty four) A series ordinary registered 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 Shares**"); and
 - 3) 429,388 (in words: four hundred twenty nine thousand three hundred and eighty eight) A series ordinary registered 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 Shares**"; Alwernia Shares, Zachem Shares and Organika-Sarzyna Shares shall be hereinafter jointly referred to as the "**Shares of the State Treasury**").
6. In accordance with the evaluation of the Shares of the State Treasury confirmed by an opinion of the statutory auditor regarding the fair value of the Shares of the State Treasury issued on 26 May 2011, the value of the contribution in kind comprising the Shares of the State Treasury accounts for a total 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:
- 1) the total value of Alwernia Shares has been established at 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;
 - 2) the total value of Zachem Shares has been established at 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;
 - 3) the total value of Organika-Sarzyna Shares has been established at 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.

§2.

1. The Annual Shareholders' Meeting of the Company, considering the same in the interest of the Company, hereby decides to deprive the current shareholders of the Company of the right to acquire E Series Shares.
2. The Management Board of the Company presented to the Annual Shareholders' Meeting of the Company a written opinion justifying the reasons of deprivation of the shareholders of the right to acquire E Series Shares and the method of determination of the issue price of E Series Shares. The aforementioned opinion of the Management Board of the Company forms an Appendix to this Resolution.

§3.

1. In connection with the increase in the Company's share capital, § 7 section 1 of the Articles of Association of the Company shall read:

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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)

“1. The Company's share capital accounts for PLN 264,426,870.00 (in words: two hundred sixty four million four hundred twenty six thousand eight hundred and seventy zloty) and is divided into 52,885,090 (in words: fifty two million eight hundred eighty five thousand and ninety) shares with the nominal value of PLN 5 (five zloty) each, including:

- 20,816 (in words: twenty thousand, eight hundred and sixteen) A series ordinary bearer shares,*
- 19,775,200 (in words: nineteen million, seven hundred seventy-five thousand, two hundred) B series ordinary bearer shares,*
- 8,203,984 (in words: eight million, two hundred three thousand, nine hundred and eighty-four) C series ordinary bearer shares,*
- 23,000,000 (in words: twenty-three million) D series ordinary bearer shares,*
- 1,885,090 (in words: one million eight hundred eighty five thousand and ninety) E series ordinary bearer shares.”*

2. The Annual Shareholders' Meeting authorises the Supervisory Board to determine the consolidated text of the Articles of Association of the Company, including the amendments made by this Resolution.

§4.

1. It is hereby decided that the Company will apply for admission and introduction into trading in the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A. ("Warsaw Stock Exchange", "WSE") of all E Series Shares.
2. In connection with the introduction of E Series Shares into trading in the regulated market operated by WSE, the E Series Shares shall be dematerialised.

§5.

The Annual Shareholders' Meeting of the Company authorises the Management Board to carry out any and all actual and legal activities in connection with:

- 1) private subscription of E Series Shares, in particular to offer to the State Treasury to acquire E Series Shares and to determine the terms and enter into a contract for acquisition of E Series Shares;
- 2) application by the Company for admission and introduction of E Series Shares into trading in the regulated market operated by WSE;
- 3) dematerialisation of E Series Shares (registration of E Series Shares in the depository for securities kept by Krajowy Depozyt Papierów Wartościowych S.A. having its registered office in Warsaw [National Depository for Securities]).

§6.

This resolution shall come into force on the date of its adoption.

**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.

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

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

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

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:

A handwritten signature in blue ink is written on a set of four horizontal dotted lines. The signature is stylized and appears to be 'Ryszard Kunicki'.

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