

## **STATEMENT OF THE MANAGEMENT BOARD ON THE APPLICATION OF THE PRINCIPLES OF CORPORATE GOVERNANCE IN THE COMPANY NG2 S.A. IN THE YEAR 2008**

**1. Indication of the Principles of Corporate Governance which are applicable to the issuer, and the place where the text of the collection of principles is publicly available.**

In 2008, the Company observed the principles contained in the document „Best Practices in Companies listed on the Warsaw Stock Exchange (WSE)”, contained in an annex to the Resolution of the Stock Exchange Council No. 12/1170/2007 of July 4, 2007. A collection of the principles is available among others on the WSE website:

<http://corp-gov.gpw.pl/assets/library/polish/dobrepraktyki2007.pdf>

**2. Indication of the scope in which the issuer departed from the provisions of the collection of corporate governance principles and statement of reasons for this departure.**

The Company does not apply the principles 7 and 8 of part III „Best Practices Applied by Members of Supervisory Boards” pointing to the need for appointment of an audit committee and defining the scope of tasks and the functioning of committees acting in the Supervisory Board.

The Supervisory Board of NG2 S.A. is composed of 5 members, i.e. the minimum number of persons required by law. All functions are performed by the Board as a whole. The functioning of the Supervisory Board and the Company is not affected adversely by the lack of separate committees.

**3. Description of the main features applied in the enterprise of the issuer concerning the internal control systems and the risk management with regard to the process of preparation of financial statements and consolidated financial statements.**

The Management Board is responsible for the effectiveness of functioning of the internal control system in the Company. The Vice Chairman of the Management Board is in charge of technical supervision of the process of preparation of financial statements. The Chief Accounting Officer of the Company is responsible for the organisation of the process of preparation of financial statements, and at the same time he/she supervises proper recording of business transactions in the accounting books of the Company. The method of document circulation allows minimizing of possible risks related to proper recording of business transactions. In the Company functions a multi-level internal control system which, in opinion of the Management Board, allows effective prevention and quick elimination of possibly occurring irregularities.

Moreover, annual and half-year financial statements are subject to audits performed by an independent body - a certified auditor. The results of the audits are always attached to the reports published.

**4. Indication of shareholders holding major blocks of shares directly or indirectly.**

Shareholder	Number of shares held (pieces)	Share in the nominal capital (%)	Number of votes at the General Meeting (pieces)	Share in the general number of votes at the General Meeting (%)
Dariusz Miłek	21 470 330	55.91	26 220 330	58.14
Leszek Gaczrek	4 600 000	11.98	6 350 000	14.08
ING Towarzystwo Funduszy Inwestycyjnych S.A.	2 471 833	6.44	2 471 833	5.48

The Company's shares are subdivided into:

- common bearer share,
- registered shares with voting preference consisting in the fact that to each share are allocated two votes at the General Meeting of the Company.

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A part of the abovementioned shares held by Mr. Dariusz Miłek and Mr. Leszek Gaczrek has voting preference:

Shareholder	Number of shares with voting preference held (pieces)	Share in the nominal capital (%)	Number of votes at the General Meeting (pieces)	Share in the general number of votes at the General Meeting (%)
Dariusz Miłek	4 750 000	12.37	9 500 000	21.06
Leszek Gaczrek	1 750 000	4.56	3 500 000	7.76

**Share in the general number of votes at the General Meeting (%)**

- Dariusz Miłek
- Leszek Gaczrek
- ING Towarzystwo Funduszy Inwestycyjnych S.A.
- Others

**5. Indication of holders of all securities which entitle to special control rights, and the description of such rights.**

List of shareholders holding preferred shares:

Shareholder	Number of shares held (pieces)	Share in the nominal capital (%)	Number of votes at the General Meeting (pieces)	Share in the general number of votes at the General Meeting (%)
Dariusz Miłek	4 750 000	12.37	9 500 000	21.06
Leszek Gaczrek	1 750 000	4.56	3 500 000	7.76
Teresa Ziola	50 000	0.13	100 000	0.22
Lech Chudy	50 000	0.13	100 000	0.22
Mariusz Gnych	50 000	0.13	100 000	0.22
Renata Miłek	50 000	0.13	100 000	0.22
<b>Total</b>	<b>6 700 000</b>	<b>17.45</b>	<b>13 400 000</b>	<b>29.71</b>

The abovementioned shares have voting preference consisting in the fact that to each share are allocated two votes.

**6. Indication of any restrictions concerning the exercise of the voting right.**

No restrictions have been imposed.

**7. Indication of any restrictions concerning the right to transfer the title of ownership of the issuer's shares.**

The shareholders of the Company are entitled to the priority right to acquisition of registered preferred shares intended for disposal. If this right is not exercised in relation to all or a part of the shares, the transfer of ownership of such shares requires an approval of the Management Board of the Company.

**8. Description of principles concerning the appointment and recalling of members of the Management Board and their powers, in particular the right to take a decision on the issue or buyout of the shares.**

The members of the Management Board of the Company are appointed and dismissed by the Supervisory Board of the Company. The powers and rules of operation of the Management Board of NG2 S.A. have been defined in the following documents:

- 1) The Articles of Association of the Company available on its website
- 2) The Management Board By-Laws available on the website of the Company
- 3) The Code of Commercial Partnerships and Companies.

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The issue of new shares may take place after a resolution has been passed by the Company's General Meeting, and it results in an increase of the nominal capital of the Company. To the issue of new shares and the buyout of shares apply the provisions of the Code of Commercial Partnerships and Companies as well as the regulations on initial public offering and the conditions for introduction of financial instruments into the organised trading system as well as on public companies.

**9. Description of the principles of amendment of the Articles of Association of the issuer's Company.**

The provisions of the Code of Commercial Partnerships and Companies apply accordingly to the amendments of the Articles of Association. An amendment of the Articles of Association requires a resolution of the General Shareholders Meeting passed with the  $\frac{3}{4}$  majority of votes and an entry in the National Court Register. The Supervisory Board of the Company may, according to the authority given by the General Meeting, determine the unified current text of amended Articles of Association or make other editorial changes provided for by the resolution of the General Meeting.

The resolution on amendment of the Articles of Association takes effect from the moment of entry in the National Court Register (KRS).

**10. The method of operation of the General Meeting and its principal powers as well as the description of the rights of shareholders and the method of their exercising.**

The General Meeting operates pursuant to the Articles of Association of the Company and the General Meeting By-Laws which have been made available to the public among others on the website of NG2 S.A., and within the scope not regulated by the abovementioned documents pursuant to the Code of Commercial Partnerships and Companies.

Convening of a General Shareholders Meeting:

- 1) The General Shareholders Meeting may be convened by way of an ordinary or extraordinary procedure.
- 2) The General Shareholders Meeting shall take place in the registered office of the Company in Warsaw or in Wrocław, in a place and at a date stated in the announcement on convening of the General Meeting.
- 3) Ordinary General Meeting shall take place every year within six months following the end of the business year.
- 4) The information about convening of the General Meeting including the place and date (day and hour) shall be advertised by the Management Board in Monitor Sądowy i Gospodarczy (Official Journal of the Ministry of Justice), made available in form of a current report and placed on the Company's website.

Powers of the General Shareholders Meeting:

Apart from all matters concerning the Company's operation and matters defined by law, except for acquisition and disposal of real property, perpetual usufruct or share in a real property, among the powers of the General Meeting are:

- 1) Appointment and recalling of members of the Supervisory Board
- 2) Approval of the Supervisory Board By-Laws
- 3) Determining of the principles of remuneration for the Supervisory Board
- 4) Determining of the amount of remuneration for the members of the Supervisory Board delegated to continuous individual supervision.

The powers of the General Meeting have been defined in the following documents:

- 1) The Articles of Association of the Company available on its website
  - 2) The General Meeting By-Laws of NG2 S.A. available on the Company's website
  - 3) The Code of Commercial Partnerships and Companies
- by taking into consideration the Best Practices in Public Companies.

Sessions of the General Shareholders Meeting:

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- 1) A session of the General Shareholders Meeting shall be opened by the Chairman of the Supervisory Board or a person authorized by him/her who orders an election of the Chairman of the General Meeting to be conducted.
- 2) The person who opened the General Meeting shall bring about an immediate election of the Chairman of the General Meeting who shall conduct the work of the GM and ensure efficient course of the session as well as the respect for the rights and interests of all shareholders.
- 3) The General Meeting shall pass resolutions on matters that are on the agenda only.
- 4) Members of Company's Supervisory Board and Management Board and the certified auditor should, within the limits of their powers and within the scope required for the matters discussed to be decided by the General Meeting, provide the participants of the GM with information and explanations concerning the Company.
- 5) The course of the General Meeting shall be recorded in writing by a notary.

Voting:

- 1) Voting at the General Meeting shall take place by open ballot. Voting by secret ballot shall be ordered in case of elections and requests for recalling of members of Company bodies, for holding them responsible as well as in personal matters. Besides, voting by secret ballot shall be ordered on request of even one shareholder or his/her proxy.
- 2) The General Meeting may elect a Ballot Counting Committee that will be responsible for ensuring of the proper course of each voting, the supervision of computer operators (in case of voting by use of electronic technology) as well as determining of voting results and passing them on to the Chairman of the General Meeting.
- 3) One share shall entitle to one vote at the General Meeting. In case of preferred share of A<sub>1</sub> series (registered preferred share) one share shall entitle to two votes.
- 4) The Chairman of the General Meeting shall announce the voting results which are then to be entered on the records of the session.

**11. Personal composition and changes within the last business year as well as the description of operation of governing, supervisory or administering bodies of the issuer and their committees.**

The Management Board:

The Management Board of the Company is composed of from one to seven members appointed and dismissed by the Supervisory Board for a four-year term of office.

At December 31, 2008, the composition of the Management Board of the Company was as follows:

Dariusz Miłek – President of the Management Board  
Lech Chudy – Vice President of the Management Board  
Mariusz Gnych – Vice President of the Management Board  
Piotr Nowjalis – Vice President of the Management Board

On April 8, 2008, the Supervisory Board of the Company received a statement issued by Ms Teresa Ziola on the resignation from the function of a Member and the Vice President of the Management Board of NG2 SA performed to date, with effect from April 21, 2008 r., which was communicated in the in the current report RB 17/2008 of April 09, 2008.

On December 16, 2008, the Supervisory Board of the Company passed a resolution on the appointment of Mr. Piotr Nowjalis, previous Financial Director of the Issuer, as from December 16, 2008 to the position of Vice President of the Management Board of the Company, which was communicated in the current report RB 46/2008 of December 17, 2008.

The powers and rules of operation of the Management Board of NG2 S.A. have been defined in the following documents:

- 1) The Articles of Association of the Company available on its website
- 2) The Management Board By-Laws available on the website of the Company

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3) The Code of Commercial Partnerships and Companies.

The Supervisory Board:

The Supervisory Board is composed of from five to seven members appointed by the General Meeting for a two-year term of office. The Supervisory Board meets according to requirements, but not rarer than three times within a business year; the meetings are convened by the Chairman of the Board.

At December 31, 2008, the composition of the Supervisory Board of the Company was as follows:

Henryk Chojnacki – Chairman of the Supervisory Board  
Martyna Kupiecka – Member of the Supervisory Board  
Paweł Tamborski – Member of the Supervisory Board  
Marek Wiza – Member of the Supervisory Board  
Rafał Chwast – Member of the Supervisory Board

By a resolution of the Extraordinary General Meeting of NG2 S.A. of January 11, 2008, Mr. Włodzimierz Olszewski was dismissed from the position of a member of the Supervisory Board, and Mr. Rafał Chwast was appointed to this position (RB 4/2008 of January 11, 2008).

The powers and rules of operation of the Supervisory Board of NG2 S.A. have been defined in the following documents:

- 1) The Articles of Association of the Company available on its website
- 2) The Supervisory Board By-Laws available on the website of the Company
- 3) The resolutions of the General Meeting of the Company
- 4) The Code of Commercial Partnerships and Companies as well as other applicable legal regulations.

The corporate documents of NG2 S.A. are available on the Company's website:  
[http://ng2.pl/pl/dlainwestorow\\_lad.asp](http://ng2.pl/pl/dlainwestorow_lad.asp)

<b>SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD</b>		
Dariusz Miłek	President of the Management Board	
Lech Chudy	Vice President of the Management Board	
Mariusz Gnych	Vice President of the Management Board	
Piotr Nowjalis	Vice President of the Management Board	

*Polkowice, April 28, 2009*