

## THE ISSUER'S MANAGEMENT BOARD'S STATEMENT ON CORPORATE GOVERNANCE IN NG2 S.A. COMPANY IN 2010

**1. Indication of the corporate governance principles applicable to the Issuer and the location of the publicly available set of principles.**

In 2010, the Issuer complied with the principles contained in the document entitled „Dobre Praktyki Spółek Notowanych na GPW” (“Best Practice for WSE-Listed Companies”), contained in the appendix to Resolution 12/1170/2007 of the Supervisory Board of the Stock Exchange of 4 July 2007. The collection of the principles is available, among other things, on the WSE's website: <http://www.corp-gov.gpw.pl/assets/library/polish/publikacje/dpsn2010.pdf>

**2. Extent to which the Issuer departed from the provisions of the set of corporate governance principles and reasons for such departure.**

In 2010, the Company complied with the principles contained in the document entitled "Dobre Praktyki Spółek Notowanych na GPW" (“Best Practice for WSE-Listed Companies”).

**3. Description of the fundamental features of the internal audit and risk management systems used in the NG2 S.A. Company with respect to the process of preparing financial statements and consolidated financial statements.**

Responsibility for the effective functioning of the internal lies with the Management Board. The Vice-President of the Management Board supervises the process of preparing financial statements. The Head Accountant of the Company is responsible for managing the process of preparing financial statements, and supervises the proper recording of business operations in the Company's books of account. The document circulation process ensures that any potential risks related to the proper recording of business operations may be mitigated. The Company has a multi-level internal audit system, which, in the Management Board's view, makes it possible to effectively counteract and quickly eliminate potential inaccuracies. Furthermore, annual and semi-annual financial reports are audited by an independent body, i.e. an auditor. The results of each audit are enclosed to the reports published.

**4. Shareholders of the dominant entity holding considerable blocks of shares (whether directly or indirectly).**

Shareholders holding considerable blocks of shares (as on the annual report submission date):

Shareholder	Number of shares held (quantity)	Share in the share capital (%)	Number of votes at the General Meeting (quantity)	Share in the overall number of votes at the General Meeting (%)
Dariusz Milek, of which:	15 360 000	40,00	20 110 000	44,64
-directly,	4 750 000	12,37	9 500 000	21,09
-indirectly through a subsidiary, Luxprofi S.a.r.l.	10 610 000	27,63	10 610 000	23,55
Leszek Gaczorek	3 010 000	7,84	4 760 000	10,57

ING OFE	2 477 486	6,45	2 477 486	5,50
PIONEER Investment Management	3 271 877	8,52	3 271 877	7,26
PKO TFI	2 350 500	6,12	2 350 500	5,22

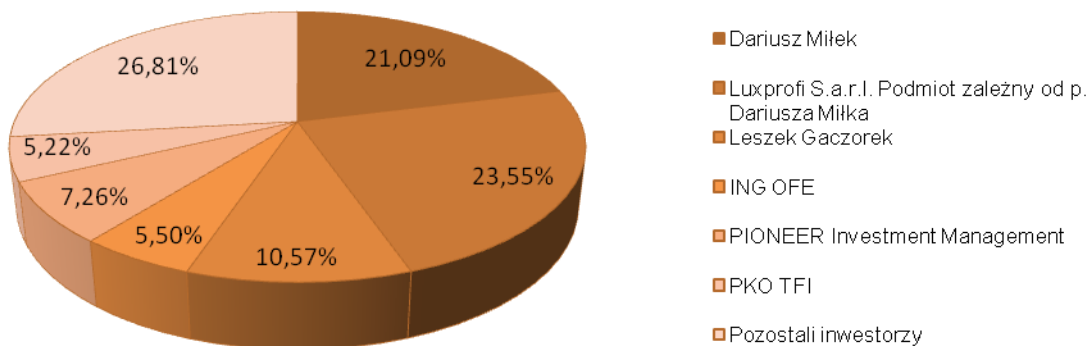
The Company's shares are divided into the following categories:

- ordinary bearer shares,
- registered shares carrying voting rights, in that each share carries two votes at the General Meeting of the dominant entity.

A portion of the above shares vested in Mr. Dariusz Miłek and Leszek Gaczorek carry voting rights:

Shareholder	Number of shares carrying voting rights (quantity)	Share in the share capital (%)	Number of votes at the General Meeting (quantity)	Share in the overall number of votes at the General Meeting (%)
Dariusz Miłek	4 750 000	12,37	9 500 000	21,09
Leszek Gaczorek	1 750 000	4,56	3 500 000	7,77

#### Udział w ogólnej liczbie głosów na Walnym Zgromadzeniu Akcjonariuszy



[Share in the number of votes at the General Meeting of Shareholders

Dariusz Miłek

Luxprofi S.a.r.l. – Subsidiary of Mr. Dariusz Miłek

Leszek Gaczorek

ING OFE

PIONEER Investment Management

PKO TFI

Other investors]

**5. Holders of any securities that carry special control rights in the Issuer's entity and a description of these rights.**

Shareholders holding preferred shares (as on the annual report submission date):

Shareholder	Number of shares held (quantity)	Share in the share capital (%)	Number of votes at the General Meeting (quantity)	Share in the overall number of votes at the General Meeting (%)
Dariusz Miłek	4 750 000	12,37	9 500 000	21,09
Leszek Gaczorek	1 750 000	4,56	3 500 000	7,77
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>6 650 000</b>	<b>17,32</b>	<b>13 300 000</b>	<b>29,52</b>

The above shares carry voting rights and each share carries two voting rights.

**6. Any restrictions with respect to exercising voting rights in the Issuer's company.**

There are no restrictions.

**7. Any restrictions with respect to transferring the ownership of the Issuer's securities.**

Shareholders of the Company have the right of first refusal with respect to the purchase of registered preferred shares for sale. If this right is not exercised with respect to all or any portion of the shares, the transfer of ownership of these shares requires the approval of the Management Board.

**8. Terms and conditions of appointing and recalling Management Board members and their powers, in particular, the right to make decisions on issuing or purchasing shares.**

The Management Board members are appointed and recalled by the Company's Supervisory Board. The powers and rules of operation of the Management Board of NG2 S.A. are set out in the following documents:

- 1) the Company's Statute, available on the Company's website
- 2) Management Board By-Laws, available on the Company's website
- 3) Commercial Companies Code.

An issue of new shares may take place after an appropriate resolution is adopted by the General Meeting of the Issuer and results in a share capital increase. The provisions of the Commercial Companies Code and regulation on the public offering and on the conditions of introducing financial instruments to organised trading and on public companies apply to issues of new shares and share purchases.

**9. Terms of amending the Issuer's statute.**

The provisions of the Commercial Companies Code apply accordingly to any amendments of the statute.

To amend the company's statute, a resolution of the General Meeting of Shareholders must be adopted by a majority of 3/4 votes and an entry must be made in the National Court Register. The Company's Supervisory Board may, in accordance with the authorisation granted to it by the General Meeting, determine a uniform wording of the amended statute or introduce other editorial changes set out in the resolution of the General Meeting.

The resolution amending the statute becomes effective once it is entered into the National Court Register.

**10. General Meeting and its fundamental powers, together with a description of the shareholders' rights and their exercise.**

The General Meeting operates on the basis of the Company Statute and General Meeting By-Laws, published by the Issuer inter alia on the website of NG2 S.A. and to the extent not governed by the above documents, on the basis of the Commercial Companies Code.

Convening a General Meeting of Shareholders:

- 1) General Meetings of Shareholders may be ordinary or extraordinary.
- 2) General Shareholders Meetings are held at the Company's offices, in Warsaw or in Wrocław, at a time and location specified in the announcement convening the General Meeting.
- 3) Ordinary General Meetings are held annually, within six months from the lapse of the financial year.
- 4) Information on convening a General Meeting, listing the date and location (day and time) is published by the Management Board in the Court and Business Journal (Monitor Sądowy i Gospodarczy), provided in the form of a current report and published on the Company's website.

Powers of the General Meeting of Shareholders:

The powers of the General Meeting, in addition to all matters related to the company's business activity and matters set out in the applicable laws, with the exception of real property purchase and disposal, perpetual usufruct or share in real properties, include:

- 1) Appointing and recalling Supervisory Board members
- 2) Approving Supervisory Board By-Laws
- 3) Determining the rules of remuneration for the Supervisory Board
- 4) Determining the remuneration for members of the Supervisory Board delegated to perform day-to-day supervision individually.

The powers of the General Meeting are set forth in the following documents:

- 1) the Issuer's Statute, available on the Company's website
  - 2) By-Laws of the General Meeting of NG2 S.A., available on the Company's website
  - 3) Commercial Companies Code
- Taking into account Best Practices for Public Companies.

Holding a General Meeting of Shareholders:

- 1) A General Meeting of Shareholders is opened by the Chairman of the Supervisory Board or a person authorised thereby. The Chairman or its nominee determines that a Chairman of the General Meeting be elected.
- 2) The person opening the General Meeting ensures that the Chairman of the General Meeting is elected immediately. The Chairman manages the work of the General Meeting and ensures that the meeting is expedient and that the rights and interests of all shareholders are respected.
- 3) The General Meeting adopts resolutions only on matters included in the agenda.
- 4) Members of the Supervisory and Management Board of the Company and the auditor should, within the bounds of their powers and to the extent required for the matters being resolved and discussed by the General Meeting, provide participants of the Meeting with information and clarifications regarding the Company.
- 5) The General Meeting is minuted by a notary.

Voting:

- 1) Voting at the General Meeting occurs via open ballot. Secret ballot voting is effected at elections and for votes with respect to recalling members of the Company's governing bodies, with respect to action being brought against them, as well as in personal matters. Moreover, secret ballot votes are effected at the request of at least one shareholders or its representative.
  - 2) The General Meeting may appoint a Vote Review Committee, which will be responsible for overseeing each vote, monitoring computer support (if a vote is conducted using electronic solutions) and determining the results of a vote and providing them to the Chairman of the General Meeting.
  - 3) One share entitles to one vote at the General Meeting. In the case of preferred A<sub>1</sub> series shares (registered preferred share), one share entitles to two votes.
  - 4) The Chairman of the General Meeting announces the results of the vote, which will then be recorded in the minutes of the meeting.
11. **The composition and changes thereto in the last financial year and a description of the governing, supervisory or managing bodies of the Issuer as well as their committees.**

Management Board:

The Management Board of the Company is composed from at least one and no more than seven members appointed and recalled by the Supervisory Board for a four-year term.

As on 31 December 2010, the Management Board of the Company was composed as follows:

Dariusz Miłek	-	President of the Management Board
Mariusz Gnych	-	Vice-President of the Management Board
Piotr Nowjalis	-	Vice-President of the Management Board

On 26 February 2010, the Company's Supervisory Board received a statement made by Mr. Lech Chudy, confirming his resignation from his then-current position of Management Board Member and Vice-President of the Management Board of NG2 S.A., effective on 28 February 2010, which was recorded in current report RB 10/2010 of 1 March 2010.

The powers and rules of operation of the Management Board of NG2 S.A. are set out in the following documents:

- 1) the Company's Statute, available on the Company's website
- 2) Management Board By-Laws, available on the Company's website
- 3) Commercial Companies Code.

The Supervisory Board:

The Supervisory Board is composed of at least five and no more than seven members, appointed by the General Meeting for a two-year term. The Supervisory Board meets as necessary, but no less than three times per financial year. Supervisory Board meetings are convened by the Chairman.

As on 31 December 2010, the Supervisory Board appointed for a new term on 29 June 2009 was composed as follows:

Henryk Chojnacki	-	Chairman of the Supervisory Board
Martyna Kupiecka	-	Member of the Supervisory Board
Paweł Tamborski	-	Member of the Supervisory Board
Rafał Chwast	-	Member of the Supervisory Board
Wojciech Fenrich	-	Member of the Supervisory Board

The powers and rules of operation of the Supervisory Board of NG2 S.A. are set out in the following documents:

- 1) the Company's Statute, available on the Company's website
- 2) Supervisory Board By-Laws, available on the Company's website
- 3) Resolutions of the Company's General Meeting
- 4) Commercial Companies Code and other applicable laws.

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

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

*Polkowice, 21 April 2011*