

Wysogotowo, 11th July 2006

To:

The Public Office of the Polish Securities and Exchange Commission – report submitted using the ESPI system

Current report: 61/2006

Re: Agreement for premature loan repayment by PBG S.A., material loan agreement of a subsidiary, KRI Sp. z o.o.

On 10th July 2006, the Board of Directors of PBG S.A. was notified about:

- an agreement for premature loan repayment by PBG S.A. concluded by PBG S.A. and a subsidiary KRI Sp. z o.o. and the banks WestLB Bank Polska S.A. and DnB Nord Polska S.A. (until 16th May 06 operating as NordLB Bank Polska S.A.) on 30th June 2006 under loan agreement of 25th August 2005, which was notified about in current report no. 63/3005 of 31st August 2005 (available at: <http://www.pbg-sa.pl/pbg-nowa/raporty.php?jezyk=pl>).

Under the provisions of the agreement, PBG shall repay PLN 10 m with due interests from own resources, while the remaining PLN 40 m will come from KRI as part of the repayment of a loan granted by PBG.

- a material loan agreement concluded by KRI Sp. z o. o. and the bank WestLB AG London Branch as the Creditor and the bank WestLB Bank Polska S.A. as the Representative. Under the agreement, the company will be granted a medium-term loan of PLN 40,000,000 to repay the loan granted KRI by PBG.

All charges and commissions of the Creditor due for the said contract have been determined on the basis on market terms and conditions.

The Creditor requires the following guarantees:

- registered pledge on the gas supply networks owned by KRI Sp. z o.o.
- irrevocable power of attorney granted to the Representative by KRI to sign the agreements for transfer of KRI claim between the Creditor and KRI
- insuring the assets owned by KRI which are encumbered with the registered pledge

- guarantee issued by PBG

- submission to enforcement proceedings by PBG and KRI at the companies' own expense for the benefit of the Creditor.

KRI shall increase its share capital up to the level of PLN 14,500,000 by 31st December 2006.

The loan shall be repaid in installments with the last installment to be paid on 30th June 2011.

The said agreement is considered material based on the total shareholders' equity criterion.

Legal basis: § 5.1.3 of the Regulation of 19th October 2005 on current and interim information provided by issuers of securities.

Signature of the authorised person: Michał Zboralski