

LETTER OF ISSUE No. 2/2011
of Bank Gospodarstwa Krajowego of 18 August 2011
regarding the issue of bonds of
Bank Gospodarstwa Krajowego on behalf of the National Road Fund
with maturity date of 25 October 2022
secured with the State Treasury guarantee

Pursuant to Article 39d clause 1 and Article 39q clause 1 of the Act of 27 October 1994 on Toll Motorways and the National Road Fund (consolidated text: Journal of Laws of 2004 No. 256, item 2571, of 2004 No. 273, item 2703, of 2005 No. 155, item 1297 and No. 172, item 1440, of 2006 No. 12, item 61, of 2007 No. 23, item 136 and No. 99, item 666, of 2008 No. 218, item 1391, of 2009 No. 3, item 11, No. 19, item 101, No. 86, item 720, No. 105, item 877, No. 115, item 966, No. 143, item 1164, No. 157, item 1241 and No. 223, item 1776) and in connection with the resolution of the Council of Ministers No. 53/2011 of 27 April 2011 on granting a guarantee for the performance of obligations arising from the issue by Bank Gospodarstwa Krajowego of bonds intended for financing road investments implemented with the use of funds of the National Road Fund

Bank Gospodarstwa Krajowego (Issuer)

issues bonds on behalf of the National Road Fund (NRF) under the abbreviated name of IDS1022 maturing on 25 October 2022, hereinafter referred to as the "Bonds".

1. The Bonds are bearer securities not in the form of a document and are registered in the securities deposit kept by Krajowy Depozyt Papierów Wartościowych S.A. (National Depository for Securities) (the "National Depository").
2. The Bonds are secured by a guarantee of the State Treasury.
 - 2.1. A declaration on granting a guarantee by the State Treasury of the Republic of Poland, represented by the Minister of Finance (Declaration) is issued for the issued Bonds no later than on the date preceding the Bond payment date in the amount equal to the sum of the face value of Bonds sold and interest due, and it is published on the Issuer's website (www.bgk.com.pl).
 - 2.2. A specimen Declaration on granting a guarantee by the State Treasury of the Republic of Poland constitutes Appendix No. 3 to the Letter of Issue.
 - 2.3. The guarantee covers Issuer's cash benefits consisting in Bonds redemption and payment of interest due.
 - 2.4. If the Declaration is not issued by the date referred to in clause 2.1, the Bond issue shall not come into effect, and the Agreement referred to in clause 7.9 shall be terminated and the auction participants shall not be obligated to pay for the Bonds.
 - 2.5. The information on the current value of the guarantee is available on the Issuer's website (www.bgk.com.pl).
- 3.1. The Issuer has the right to conduct the following auctions:
 - 1) sale auctions,
 - 2) supplementary auctions,
 - 3) switch auctions,
 - 4) buy-back auctionswhich can be participated only by banks, credit institutions or financial institutions within the meaning of the Act of 29 August 1997 - the Banking Law (Journal of Laws of 2002 No. 72, item 665, as amended) as well as their branches with which the minister competent for the budget concluded an agreement granting them the right to submit bids in the Treasury Bonds auctions.
- 3.2. The auctions referred to in clause 3.1 shall be organised by the National Bank of Poland (Issue Agent).
4. The face value of a single Bond is PLN 1,000 (say: PLN one thousand).
5. Issue size - PLN 10,000,000,000 (say: PLN ten billion), save that the total face value of bonds issued from 1 January until 31 December 2011 on the basis of all letters of issue issued by Bank

Gospodarstwa Krajowego shall not exceed the value PLN 10,700,000,000 (say: PLN ten billion seven hundred million).

6. Interest rate or the manner of interest rate determination - the Bond interest rate shall be fixed and shall amount to 5.75% per annum.
7. Dates, manner and terms of sale.
 - 7.1. The Bonds shall be offered for sale in a sale auction on 24 August 2011.
 - 7.2. Payment for Bonds purchased in the auction shall be due on 26 August 2011.
 - 7.3. Auction participants shall purchase Bonds in their own name and for their own account. The purchase price shall be paid by the auction participant.
 - 7.4. The Issuer has the right to sell Bonds in subsequent sale auctions. Dates of subsequent sale auctions and dates of payment for Bonds shall be disclosed to the public in announcements published on the Issuer's website (www.bgk.com.pl) or in other nationwide mass media, particularly in electronic information systems.
 - 7.5. The Issuer may cancel or invalidate the auction prior to acceptance of any bids without giving any reasons.
 - 7.6. Auction participants shall submit bids in an electronic form via the electronic auction system. In the event of a failure of the electronic auction system, auction participants shall submit bids by telephone or fax to the address specified by the Issue Agent.
 - 7.7. Auction participants shall submit bids by the deadline determined in the announcement.
 - 7.8. An auction participant may cancel the submitted bid prior to the deadline referred to in item 7.7.
 - 7.9. A Bond sale Agreement shall be concluded on the auction date upon the Issuer's acceptance of the bid submitted by the auction participant.
 - 7.10. Auction participants shall receive from the Issue Agent, no later than on the second business day after the auction date, the information confirming the acceptance or rejection of the bid by the Issuer.
 - 7.11. Bond fractions shall not be allocated.
 - 7.12. Principles of Bond auction execution are determined in Appendix No. 2 to the Letter of Issue.
8. Bonds shall be issued on the settlement date of bonds offered for purchase (Bond Issue Date) and in the amount equal to the face value of the bonds sold.
9. Bond issue price.
 - 9.1. The issue price constituting at the same time the purchase price shall include clean price and the value of interest accrued as of the auction settlement date. The manner of calculating the purchase price of the Bonds purchased in the sale auction is determined in Appendix No. 2 to the Letter of Issue.
 - 9.2. After the deadline for submitting bids, the Issuer shall specify for a particular sale auction the lowest clean price accepted for the offered Bonds understood as the price for the face value of one Bond specified to an accuracy of two decimal places.
 - 9.3. All bids to purchase Bonds with the price higher than the lowest accepted clean price shall be accepted in full. Bids with the price equal to the lowest accepted clean price may be accepted in whole or in part using the reduction of bids. In the case of reduction of bids, the Issuer shall determine the bid reduction rate as a percentage to an accuracy of two decimal places.
 - 9.4. The issue price may be equal to, higher or lower than the Bonds' face value.
10. Description of the manner and dates of the principal payment (redemption) and interest payment.
 - 10.1. Bonds shall be redeemed at the face value on the maturity date.
 - 10.2. Bond redemption and the payment of interest due shall be performed through the National Depository using current banks accounts maintained by the National Bank of Poland.
 - 10.3. Interest on Bonds shall be charged on the Bond face value in annual interest periods starting on 25 October 2010.
 - 10.4. Interest shall be paid on 25 October in the period between 2011 and 2022.
 - 10.5. Benefits from the Bonds shall be provided in accordance with the Bond holding as of the record date. The list of interest periods, record dates and maturity dates is set out in Appendix No. 1 to the Letter of Issue.

- 10.6. The accrued value of interest shall be specified to an accuracy of two decimal places and the manner of calculating the accrued interest value of one Bond is determined in Appendix No. 2 to the Letter of Issue.
11. The Issuer has the right to buy back bonds in an auction (buy-back auction) in accordance with the principles set out in Appendix No. 2 to the Letter of Issue. Bonds repurchased by the Issuer shall be redeemed upon the settlement.
12. The Issuer may offer bonds in auctions through a sale in exchange for redeemable Bonds repurchased from holders by recognising debt claims of these Bonds holders from redemption against the price of bonds purchased by them in subsequent issues (switch auction), in a manner set out in Appendix No. 2 to the Letter of Issue.
13. If the day on which the obligation to execute the action falls on a public holiday or on a Saturday, the deadline for executing this action shall expire on the first business day after this day.
14. Bonds may be traded by the Issuer on a selected regulated market or an alternative trading system. The introduction of Bonds for trading on the selected regulated market or an alternative trading system shall be preceded by the Issuer's announcement.
15. The Issuer may apply to the National Depository for classifying different bond issues under a common code (assimilation).
16. If the law on the liquidation of the Issuer enters into force, the Bonds shall become immediately due and payable (early maturity date) and shall be subject to redemption in the amount equal to the face value including interest accrued until the early maturity date.
17. Issue conditions presented in this Letter of Issue were approved by the Minister of Finance, save that the lowest auction price shall be accepted after the expiry of the deadline for submitting bids in the auction.

Please note that this document is a translation of the Polish binding version. The English version is for information only. In case of any doubts the Polish version shall prevail.

**Appendix No. 1 to the Letter of Issue
No. 2/2011 of Bank Gospodarstwa Krajowego**

List of interest periods, record dates and maturity dates

Interest period number	First day of interest period	Last day of interest period	Record date	Maturity date	Interest accrued on one Bond
1.	25.10.2010	25.10.2011	17.10.2011	25.10.2011	PLN 57.50
2.	25.10.2011	25.10.2012	17.10.2012	25.10.2012	PLN 57.50
3.	25.10.2012	25.10.2013	17.10.2013	25.10.2013	PLN 57.50
4.	25.10.2013	25.10.2014	17.10.2014	27.10.2014	PLN 57.50
5.	25.10.2014	25.10.2015	16.10.2015	26.10.2015	PLN 57.50
6.	25.10.2015	25.10.2016	17.10.2016	25.10.2016	PLN 57.50
7.	25.10.2016	25.10.2017	17.10.2017	25.10.2017	PLN 57.50
8.	25.10.2017	25.10.2018	17.10.2018	25.10.2018	PLN 57.50
9.	25.10.2018	25.10.2019	17.10.2019	25.10.2019	PLN 57.50
10.	25.10.2019	25.10.2020	16.10.2020	26.10.2020	PLN 57.50
11.	25.10.2020	25.10.2021	15.10.2021	25.10.2021	PLN 57.50
12.	25.10.2021	25.10.2022	17.10.2022	25.10.2022	PLN 57.50

Appendix No. 2 to the Letter of Issue No. 2/2011 of Bank Gospodarstwa Krajowego

Principles of conducting Bond auctions

- 1.1. Bond auctions shall be conducted in accordance with these principles and on the basis of related detailed regulations of the Issue Agent.
- 1.2. In the case of discrepancies between these principles and the detailed regulations of the Issue Agent referred to in clause 1.1, the detailed regulations of the Issue Agent shall apply.

Sale auction

2. No later than on the last business day prior to the Bond sale auction, the Issuer shall make an announcement of the sale auction containing in particular:
 - 1) auction date and the time being the deadline for submission of bids;
 - 2) auction settlement date and time;
 - 3) Bond ISIN code;
 - 4) Bond maturity date;
 - 5) the face value of the offered Bonds;
 - 6) the minimum face value of the bid;
 - 7) the value of interest accrued as of the auction settlement date.
3. A bid to purchase Bonds in a sale auction shall contain in particular:
 - 1) the address of the issue agent;
 - 2) Bond ISIN code;
 - 3) Bond maturity date;
 - 4) clean price of the Bonds being the subject of the bid;
 - 5) the number and the face value of Bonds being the subject of the bid;
 - 6) the number of a deposit account in the National Depository to which the participant shall purchase bonds.
4. After the sale auction the Issuer shall make an announcement of the results of the sale auction, containing in particular:
 - 1) the date of the auction;
 - 2) auction settlement date and time;
 - 3) Bond maturity date;
 - 4) the face value of bonds included in accepted purchase bids;
 - 5) the minimum clean price accepted and the corresponding yield;
 - 6) the average weighted clean price and the corresponding yield;
 - 7) bid reduction rate.

Supplementary auction

- 5.1. A supplementary auction may be organised no later than on the next day following the sale auction.
- 5.2. Bonds shall be sold in a supplementary auction at the average weighted clean price of bids accepted in the sale auction.
- 5.3. Only auction participants who purchased bonds in the sale auction shall be entitled to purchase bonds in the supplementary auction.
- 5.4. The face value of the bonds offered in the supplementary auction may not exceed 20% of the face value of bonds offered in the sale auction.
6. If a decision is made to organise a supplementary auction, the Issuer shall make an announcement of the supplementary auction on the sale auction day containing in particular:
 - 1) auction date and the time being the deadline for submission of bids;
 - 2) auction settlement date and time;
 - 3) Bond ISIN code;
 - 4) Bond maturity date;

- 5) the face value of bonds offered in the supplementary auction;
- 6) the average weighted clean price of bids accepted in the sale auction constituting a clean price of bonds in the supplementary auction;
- 7) the value of interest accrued as of the auction settlement date.

7.1. A bid to purchase Bonds shall contain in particular:

- 1) the address of the issue agent;
- 2) Bond ISIN code;
- 3) Bond maturity date;
- 4) the number and the face value of bonds being the subject of the bid;
- 5) the number of a deposit account in the National Depository for which the participant shall purchase bonds.

7.2. The total face value of bids submitted in the supplementary auction by a single auction participant shall not exceed the face value of the Bonds offered in the Bonds supplementary auction.

8.1. In the supplementary auction, the purchase of Bonds by particular auction participants shall be in proportion to the value of Bonds purchased by them in the sale auction.

8.2. The proportional share of the supplementary auction participant shall be calculated as a percentage share of the auction participant in the total purchase made in a particular sale auction, after excluding the purchases made by auction participants who resigned from participating in the supplementary auction.

8.3. If the value of the bid submitted in the supplementary auction by the auction participant is lower than the value being the product of the proportional share and the face value of the Bonds offered in the supplementary auction, the bonds not allocated to the participant with the value equal to the difference between these amounts shall be proportionally distributed to the remaining participants of the auction. In such as case the bonds shall be allocated using the proportional share calculated in the manner set out in clause 2, after excluding purchases made by auction participants resigning from the purchase of bonds with the full value available to them.

8.4. If the total face value of bids submitted in the supplementary auction is lower than the face value of Bonds offered in the Bonds supplementary auction, the bids of individual auction participants shall be executed in full.

9. After the supplementary auction the Issuer shall make an announcement of the results of the supplementary auction, containing in particular:

- 1) the date of the auction;
- 2) auction settlement date and time;
- 3) Bond maturity date;
- 4) the face value of bonds included in accepted purchase bids;
- 5) the average weighted clean price of accepted bids.

Settlement of the sale and supplementary auction

10.1. Participants of a sale auction whose purchase bids were accepted shall pay the purchase price on the sale auction settlement date by the time specified in the announcement.

10.2. The purchase price shall be paid through the National Depository using current bank accounts maintained by the Issue Agent.

10.3. The accounts referred to in clause 2, used for settlements, shall be debited and the Issuer's account shall be credited on the basis of an instruction of the National Depository.

11.1. If the purchase price is not paid on the purchase date, interest shall be charged on the amount due for each day of a delay, in the amount of two times the lombard loan interest rate determined by the National Bank of Poland.

11.2. The amount of interest referred to in clause 1 shall be calculated on the amount resulting from the difference between the purchase price and the amount allowing a settlement of a single transaction. A single transaction shall mean a purchase of bonds by the auction participant who submitted a bid for a specific number of bonds at a particular clean price to a single deposit account maintained by the National Depository.

11.3. A single transaction may not be settled partially.

11.4. If the purchase price, increased by the interest referred to in clauses 1 and 2, is not paid on the third business day at the latest after the auction settlement date, it shall be deemed a waiver of bonds purchase, save that Saturdays are not considered business days.

12. The provisions of clauses 10 and 11 shall apply accordingly to the supplementary auction.

Bond switch auction

13. No later than on the last business day prior to the Bond switch auction, the Issuer shall make an announcement of the switch auction containing in particular:

- 1) auction date and the time being the deadline for submission of bids;
- 2) auction settlement date and time;
- 3) Bond ISIN code;
- 4) the maturity date of source Bonds;
- 5) the maturity date of settlement Bonds;
- 6) the value of interest accrued as of the auction settlement date for bonds specified in items 4 and 5;
- 7) list of bonds whose clean price should be provided by the auction participant in the bid;
- 8) the minimum face value of the bid.

14. No later than on the switch auction date, the Issuer shall make an announcement of the prices in the switch auction containing in particular:

- 1) clean price of source Bonds or
- 2) clean price of settlement bonds.

15. A bid to switch Bonds shall contain in particular:

- 1) the address of the issue Agent;
- 2) Bond ISIN code;
- 3) the maturity date of source Bonds;
- 4) the maturity date of settlement Bonds;
- 5) the number and the face value of bonds being the subject of the bid;
- 6) the clean price of:
 - a) settlement bonds in the case referred to in clause 14.1), or
 - b) source Bonds in the case referred to in clause 14.2);
- 7) the number of a deposit account in the National Depository from which the participant sells and to which it purchases bonds.

16. The method of calculating the price of a single source Bond, the price of a single bond offered for sale and the number of bonds purchased in the switch auction is specified in the Appendix to these principles.

17.1. After the deadline for submission of switch bids, the Issuer shall determine for a particular switch auction the accepted clean price for Bonds with a specific maturity date.

17.2. The number of bonds allocated in exchange for the source Bonds shall be rounded to the nearest integer, down or up, on general terms.

17.3. On the switch auction settlement date auction participants whose bids were accepted shall have the offered Bonds on the deposit or securities account.

17.4. If the amount of Bonds in the deposit or securities account is not sufficient on the switch auction settlement date, the auction participant shall pay compensation in the amount of two times lombard loan interest rate charged on the amount being the product of the price set out in the appendix to these principles and the number of missing Bonds, for the period from the switch auction date until its expected settlement date. The compensation shall be charged on the day following the expected switch auction settlement date.

18. Bonds repurchased by the Issuer in the switch auction shall be redeemed upon the settlement.

19. After the switch auction the Issuer shall make an announcement of the results of the switch auction, containing in particular:

- 1) the date of the auction;
- 2) auction settlement date and time;
- 3) the maturity date of source Bonds;
- 4) the maturity date of settlement Bonds;

- 5) the price determined in clause 14;
- 6) the face value of accepted bids;
- 7) the face value of bonds sold;
- 8) the lowest accepted clean price of accepted bids and the corresponding yield;
- 9) the average weighted clean price of accepted bids and the corresponding yield;

Bond buy-back auction

20. The Issuer may buy back Bonds prior to their maturity date.
21. No later than on the last business day prior to the Bond buy-back auction, the Issuer shall make an announcement of the buy-back auction containing in particular:
 - 1) auction date and the time being the deadline for submission of bids;
 - 2) auction settlement date and time;
 - 3) Bond ISIN code;
 - 4) Bond maturity date;
 - 5) face value of Bonds provided for buy-back;
 - 6) the minimum face value of the bid;
 - 7) the value of interest accrued as of the auction settlement date.
22. A bid to sell Bonds in a buy-back auction shall contain in particular:
 - 1) the address of the issue agent;
 - 2) Bond ISIN code;
 - 3) Bond maturity date;
 - 4) clean price of the Bonds being the subject of the bid;
 - 5) the number and the face value of Bonds being the subject of the bid;
 - 6) the number of a deposit account in the National Depository from which the participant shall sell Bonds.
 - 7) the current account number maintained by the Issue Agent to which the amount in respect of the buy-back shall be transferred.
- 23.1. After the deadline for submission of sale bids, the Issuer shall determine for a particular buy-back auction the highest accepted clean price for the repurchased Bonds.
- 23.2. All sale bids with the price lower than the highest accepted clean price shall be accepted in full. Bids with the price equal to the highest accepted clean price may be accepted in whole or in part using the reduction of bids. In the case of reduction of bids, the Issuer shall determine the bid reduction rate as a percentage to an accuracy of two decimal places.
24. After the buy-back auction the Issuer shall make an announcement of the results of the buy-back auction, containing in particular:
 - 1) the date of the auction;
 - 2) auction settlement date and time;
 - 3) Bond maturity date;
 - 4) the face value of Bonds included in accepted sale bids;
 - 5) the lowest clean price accepted and the corresponding yield;
 - 6) the average weighted clean price and the corresponding yield;
 - 7) bid reduction rate.
25. The manner of calculating the buy-back price of Bonds sold in the buy-back auction is set out in the appendix to these principles.
- 26.1. On the buy-back auction settlement date auction participants whose bids were accepted shall have the offered Bonds on the deposit or securities account.
- 26.2. If the amount of Bonds in the deposit or securities account is not sufficient on the buy-back auction settlement date, the auction participant shall pay compensation in the amount of two times lombard loan interest rate charged on the amount being the product of the price set out in the appendix to these principles and the number of missing Bonds, for the period from the buy-back auction date until its expected settlement date. The compensation shall be charged on the day following the expected buy-back auction settlement date.

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- 27.1. The buy-back price shall be paid by the Issuer through the National Depository using current bank accounts maintained by the Issue Agent.
- 27.2. The accounts referred to in clause 1 shall be credited and the Issuer's account shall be debited through the National Depository.

Final provisions

28. The Issuer reserves the right to amend the "Principles of conducting Bond auctions" in the form of an annexe to the letter of issue that shall be disclosed to the public on the Issuer's website (www.bgk.com.pl) or in other nationwide mass media, in particular in electronic information systems.

Appendix to appendix no. 2

1. METHOD OF CALCULATING THE VALUE OF INTEREST ACCRUED ON A SINGLE BOND

The value of interest accrued on a single bond on day "d" on which the calculations are made is equal to the result of the following formula, rounded up to two decimal places:

$$O_d = N \cdot r \cdot \frac{a}{D \cdot F}$$

where:

- Od - value of interest accrued on a single bond on day "d",
- N - face value of a single bond,
- r - interest on bonds in a particular interest period,
- a - actual number of days from the first day of a particular interest period, inclusive, to day "d", excluding day "d",
- D - actual number of days in a particular interest period, including the first day of the interest period and excluding the last day of the interest period,
- F - the frequency of coupon payments in a year.

2. METHOD OF CALCULATING THE PURCHASE PRICE OF BONDS PURCHASED IN A SALE AUCTION

The purchase price of Bonds purchased in the auction as a result of accepting the "i" purchase bid by the Issuer is equal to the result of the following formula:

$$P_i = (C_i + O_d) \cdot L_i$$

where:

- P_i - purchase price of Bonds purchased in the auction as a result of accepting the "i" purchase bid by the Issuer,
- C_i - clean price registered by the bidder in the "i" purchase bid,
- O_d - value of interest accrued as of the auction settlement date,
- L_i - number of Bonds in the "i" purchase bid or number of Bonds after applying the bid reduction

3. METHOD OF CALCULATING THE PRICE OF A SINGLE SOURCE BOND, THE PRICE OF A SINGLE BOND OFFERED FOR SALE AND THE NUMBER OF BONDS PURCHASED IN A SWITCH AUCTION

- 1) The price of a single source Bond for the "i" bid is equal to the result of the following formula rounded to two decimal places:

$$CO_i = CO_{Ci} + OO_{d}$$

where:

- CO_i - price of a single source Bond for "i" bid,
- CO_{Ci} - clean price of a single source Bond announced by the Issuer or in the case referred to in clause 14.2 of Appendix No. 2 to the Letter of Issue, registered by the bidder in the "i" bid,
- OO_d - value of interest accrued on a source Bond on the auction settlement date.

- 2) The price of a single Bond offered for sale for the "i" bid is equal to the result of the following formula rounded to two decimal places:

$$CZ_i = CZC_i + OZ_{,d}$$

where:

- CHI - price of a single bond offered for sale for 'the "i" bid,
- CZC_i - clean price of a single bond offered for sale, registered by the bidder in the "i" bid 'i' or in the case referred to in clause 14.2 of Appendix No. 2 to the Letter of Issue, announced by the Issuer,
- OZ_{,d} - value of interest accrued on a Bond offered for sale on the auction settlement date.

- 3) The number of bonds purchased by the switch auction participant as a result of accepting the "i" bid by the Issuer is equal to the result of the following formula, rounded up to the nearest integer:

$$LZ_i = (CO_i / CZ_i) \cdot LO_i$$

where:

- LZ_i - number of bonds purchased by the switch auction participant as a result of accepting the "i" bid,
- LO_i - number of source bonds in the "i" bid,
- CO_i - price of one source Bond for the "i" bid, calculated in accordance with item 1),
- CZ_i - price of a single Bond offered for sale for the "i" bid, calculated in accordance with item 2).

4. METHOD OF CALCULATING THE BUY-BACK PRICE OF BONDS SOLD IN A BUY-BACK AUCTION

The buy-back price of Bonds sold in a buy-back auction as a result of accepting the "i" sale bid by the Issuer is equal to the result of the following formula:

$$Z_i = (CC_i + Od) \cdot Li$$

where:

- Z_i - buy-back price of Bonds sold in the buy-back auction as a result of accepting the "i" sale bid by the Issuer,
- CC_i - clean price registered by the bidder in the "i" sale bid,
- Od - value of interest accrued as of the auction settlement date,
- Li - number of Bonds in the "i" sale bid or number of Bonds after applying the bid reduction

**Appendix No. 3 to the Letter of Issue
No. 2/2011 of Bank Gospodarstwa Krajowego**

**Specimen Declaration on granting
a guarantee by the State Treasury of the Republic of Poland
(fixed rate bonds)**

§ 1.

The State Treasury of the Republic of Poland, represented by the Minister of Finance acting on behalf of the Council of Ministers, hereinafter referred to as the "**Guarantor**", pursuant to Article 12 clause 1 in connection with Article 5 clause 2 of the Act of 8 May 1997 on sureties and guarantees granted by the State Treasury and certain legal persons (consolidated text: Journal of Laws of 2003, No 174, item 1689, as amended), in connection with Article 39d clause 2 of the Act of 27 October 1994 on Toll Motorways and the National Road Fund (consolidated text: Journal of Laws 2004, No. 256, item 2571, as amended) and the resolution of the Council of Ministers No. 53/2011 of 27 April 2011, hereby grants a guarantee for the obligations of Bank Gospodarstwa Krajowego with its registered office in Warsaw, Al. Jerozolimskie 7, acting pursuant to the Act of 14 March 2003 on Bank Gospodarstwa Krajowego (State Development Bank of Poland) (Journal of Laws No. 65, item 594, as amended) and the Articles of Association of Bank Gospodarstwa Krajowego conferred by the regulation of the Minister of State Treasury of 11 May 2010 (Journal of Laws No. 81, item 535) with tax identification number (NIP) 525-00-12-372 and a statutory fund of PLN as of, hereinafter referred to as the "**Issuer**", towards bondholders, hereinafter referred to as "**Bondholders**", arising from a purchase of Issuer's bonds with the abbreviated name IDS1022, hereinafter referred to as the "**Bonds**", issued pursuant to the Letter of Issue No. 2/2011 dated August 2011 regarding the issue of bonds of Bank Gospodarstwa Krajowego on behalf of the National Road Fund with maturity date of 25 October 2022, hereinafter referred to as the "**Letter of Issue**", secured with a guarantee of the State Treasury, hereinafter referred to as the "**Guarantee**".

§ 2.

1. The Guarantee shall cover Issuer's cash benefits for Bondholders, specified in the Letter of Issue, hereinafter referred to as the "**Benefit**" or "**Benefits**" depending on the context, consisting in the payment of:
 - (i) Bond face value for the total amount of PLN (say: PLN) on the Bond maturity date, including the following amounts:
 - the amount of PLN (say: PLN) resulting from the sale of Bonds by the Issuer during the auction on,
 - (ii) the amount due under Bonds (the face value and interest on Bonds) on the Bond early maturity date, if the law on liquidation of the Issuer enters into force, as specified in the Letter of Issue, and
 - (iii) interest on Bonds on its payment dates determined in the Letter of Issue,
 - save that the responsibility of the Guarantor under the Guarantee shall be limited to PLN (say: PLN), hereinafter referred to as the "**Guarantee Amount**".
2. The total value of the guarantee for the fulfilment of obligations resulting from the issue by Bank Gospodarstwa Krajowego of bonds on behalf of the National Road Fund on the basis of all letters of issue issued by Bank Gospodarstwa Krajowego until 31 December 2011 in connection with Resolution No. 53/2011 of the Council of Ministers of 27 April 2011, which covers 100% of the amount of liabilities arising from the bond issue, i.e. 100% of bonds redemption value constituting their face value of PLN 10,700,000,000 (say: PLN ten billion seven hundred million) and 100% of interest, may not exceed in aggregate the amount of PLN (say: PLN).

3. The Guarantor hereby guarantees to Bondholders irrevocably, unconditionally and on the first demand a due and timely payment of outstanding Benefits.

§ 3.

1. The Guarantee shall constitute an independent commitment of the Guarantor towards Bondholders as the beneficiaries of the Guarantee to pay the Benefits in Polish zlotys in the cases set out in this Declaration.
2. The Guarantor shall, subject to the amount of Guarantor's liability referred to in § 2 clause 1, pay on the Benefit payment date, hereinafter referred to as the "**Benefit Date**", the amount equal to the Benefit due or Benefits due specified in § 2 clause 1 (i) and (iii) to the account maintained by the National Depository for Securities, if the Issuer fails to pay the amount sufficient to make a payment of Benefits under Bonds to the account used for processing payments under Bonds by 10.00 AM (say: ten o'clock) of the business day preceding the Benefit Date. Interest for delay in the payment of Benefits by the Issuer shall be charged solely to the Issuer.
3. If the law on liquidation of the Issuer enters into force, resulting in an immediate early maturity of Bonds, in accordance with clause 16 of the Letter of Issue, if the Issuer does not pay the Benefit, the Guarantor shall, subject to the amount of the Guarantor's liability referred to in § 2 clause 1, pay the amount equal to the amount of the Benefit due specified in § 2 clause 1 (ii) within 10 (say: ten) business days from the entry into force of the above mentioned law.
4. The date of the performance of the Guarantor's obligation shall be the date of a transfer of relevant funds to the account held by the National Depository for Securities.
5. Each amount of Benefits paid by the Issuer and each amount paid by the Guarantor under the Guarantee shall reduce the Guarantee Amount accordingly.

§ 4.

1. The obligations under the Guarantee constitute direct, non-transferable and unsecured obligations of the Guarantor and shall be of equal rank with any other existing, unsecured and non-subordinated obligations of the Guarantor, present or future.
2. The Guarantor warrants that it was duly authorised to grant the Guarantee and to submit this Declaration and the provisions thereof constitute valid, binding and enforceable obligation of the Guarantor.
3. Obligations of the Guarantor and rights of Bondholders under the Guarantee shall remain in effect also in the case of:
 - (a) liquidation of the Issuer, discontinuation or suspension of the activities carried out by the Issuer;
 - (b) a change in the legal form of the Issuer, demerger or merger of the Issuer with another entity, as well as changes in the Issuer's capital structure;
 - (c) declaration of invalidity or unenforceability of the Issuer's obligations under the Bonds or the impossibility of enforcing those obligations;

and none of the events described in items (a) - (c) shall affect the extent of the Guarantor's obligations under the Guarantee, in particular if the Issuer is released from the debt under the Bonds as a result of any proceedings or the issuance of a legal act constituting a generally applicable source of law, the liability of the Guarantor under the Guarantee shall be the same as if such a release was not made.

4. If at any time any provision of this Guarantee is or becomes ineffective, invalid or unenforceable for any reason under the law, the effectiveness, validity or enforceability of such a provision shall in no way affect the validity and enforceability of the remaining provisions of the Guarantee, in accordance with the wording of Article 58 § 3 of the Civil Code.

Please note that this document is a translation of the Polish binding version. The English version is for information only. In case of any doubts the Polish version shall prevail.

§ 5.

1. The Guarantee is valid until 25 April 2023.
2. This Declaration, its terms, provisions, validity and execution shall be governed by the law of the Republic of Poland.

§ 6.

All amendments to this Declaration may be made only in writing or else they shall be null and void.

§ 7.

Any disputes arising out of the performance of the Guarantee shall be resolved by the common court with the jurisdiction over the registered office of the Guarantor.

§ 8.

The Declaration on granting a guarantee by the State Treasury of the Republic of Poland issued on in connection with the bonds of the Issuer with the abbreviated name of IDS1022, issued pursuant to the Letter of Issue No. 2/2011 of 2011 on the issuance of bonds of Bank Gospodarstwa Krajowego on behalf of the National Road Fund with the maturity date of 25 October 2022 is repealed.*

On behalf of the Guarantor:

Warsaw, dated

*** The provisions of § 8 will be included in the content of Declarations on granting guarantees by the State Treasury of the Republic of Poland for bonds sold in the second and subsequent sale auctions.**