

Warsaw, 15 May 2012

Management Board of Powszechny Zakład Ubezpieczeń SA

Motion

**to the Shareholder Meeting of Powszechny Zakład Ubezpieczeń SA
on the distribution of profit of Powszechny Zakład Ubezpieczeń SA for the financial year ended
31 December 2011**

Body:

Pursuant to Article 395 § 2 Item 2 of the Commercial Companies Code and § 18 Item 2 of the Articles of Association of Powszechny Zakład Ubezpieczeń SA, it is hereby requested that the Shareholder Meeting of PZU SA distribute PZU SA's net profit of PLN 2,582,302,727.40 (two billion five hundred eighty-two million three hundred two thousand seven hundred twenty-seven Polish zloty and forty grosz) for the financial year ended 31 December 2011 as follows:

- a) designate PLN 1,752,951,690.00 (one billion seven hundred fifty-two million nine hundred fifty-one thousand six hundred ninety Polish zloty), i.e. PLN 20.30 (twenty Polish zloty and thirty grosz) per share, for distribution as a dividend;
- b) transfer PLN 819,351,037.40 (eight hundred nineteen million three hundred fifty-one thousand thirty-seven Polish zloty and forty grosz) to reserve capital;
- c) allocate PLN 10,000,000.00 (ten million Polish zloty) to a charge to the Company Social Benefits Fund (ZFŚS).

Justification:

In accordance with the dividend policy, the PZU SA Management Board proposes that a dividend be distributed in the amount of PLN 1,752,951,690.00 (one billion seven hundred fifty-two million nine hundred fifty-one thousand six hundred ninety Polish zloty). The dividend per share will be PLN 20.30.

The profit distribution recommendation presented in Resolution No. UZ/132/2012 adopted by the PZU SA Management Board on 12 April 2012 in the matter of accepting the motion to distribute PZU SA's net profit for the financial year ended 31 December 2011 is consistent with:

- letter DNU/606/204/1/12 of 13 February 2012 from the Chairman of the Financial Supervision Commission (KNF) recommending life and non-life insurance companies to adopt a conservative dividend policy;
- the PZU Group's dividend policy adopted by the PZU SA Management Board on 11 May 2011 in Resolution No. UZ/155/2011.

KNF's recommendations

With regard to letter DNU/606/204/1/12 of 13 February 2012 from the Chairman of the Financial Supervision Commission recommending life and non-life insurance companies to adopt a conservative dividend policy and refrain from the payment of a dividend in the event of fulfilling at least one of the following criteria:

- As at 31 December 2011, having the capital coverage ratio (construed as the minimum of the ratio of own funds to the solvency margin and the ratio of own funds to guarantee capital) below 160% for life insurance companies or 200% for non-life insurance companies;
- having received a BION rating for 2010 below 2.5;
- in recent stress tests for any type of risk, the capital coverage ratio dropped below 110%;
- a shortage of equity to cover the solvency margin or to cover guarantee capital or a shortage of

assets to cover technical reserves was reported in 2011 (in monthly or quarterly periods);

an appropriate analysis was conducted, resulting in the conclusion that none of the above preconditions is fulfilled with respect to PZU SA.

Additionally, in the said letter, the Chairman of the Financial Supervision Commission stated that insurance companies should limit their dividend payments to a maximum of 75% of profits generated in 2011 while maintaining their capital coverage ratio after the dividend payment at a level of at least 110% and allowing for additional capital needs over a period of 12 months following approval of the financial statements for 2011, including additional capital needs resulting from any entity-specific concentration of investments of such insurance companies.

In this motion submitted by the PZU SA Management Board, the above recommendations of the Chairman of the Financial Supervision Commission have been taken into account. **Applied as the basis for calculation of the proposed amount of the dividend was the PZU Group's consolidated net profit** (according to IFRSs).

The proposed dividend of **PLN 1,752,951,690.00** (one billion seven hundred fifty-two million nine hundred fifty-one thousand six hundred ninety Polish zloty) represents **74.8% of the PZU Group's consolidated net profit** (according to IFRSs) for the financial year ended 31 December 2011, which amounted to PLN 2,343,947 thousand (two billion three hundred forty-three million nine hundred forty-seven thousand Polish zloty), and 67.9% of PZU SA's standalone unit net profit (according to Polish Accounting Standards) for the financial year ended 31 December 2011, which amounted to PLN 2,582,302,727.40 (two billion five hundred eighty-two million three hundred two thousand seven hundred twenty-seven Polish zloty and forty grosz).

Dividend policy

The PZU Group's capital policy was adopted by the Management Board on 11 May 2011 in Resolution No. UZ/155/2001 and was subsequently submitted to the PZU SA Supervisory Board at its meeting held on 7 June 2011. Information on the PZU Group's capital and dividend policy was also discussed during the PZU Shareholder Meeting held on 30 June 2011.

The capital policy sets two key parameters determining capital safety:

- the minimum solvency ratio of 250%;
- capital for strategic options – as an additional capital protection equal to 15% of equity calculated based on the minimum solvency ratio.

Furthermore, the dividend amount:

- may not be higher than PZU SA's unconsolidated profit according to Polish accounting standards;
- may not cause a decrease in the PZU Group's financial strength below a level equivalent to the AA rating under Standard & Poor's methodology.

The capital policy provides for the payment of a dividend to shareholders in an amount between 50% and 100% of the PZU Group's consolidated net profit according to IFRSs unless it causes a reduction in the PZU Group's capital safety resulting from the PZU Group's additional capital needs over a period of 1 year following approval of the PZU Group's consolidated financial statements.

The PZU SA Management Board has verified all the conditions necessary for the payment of the dividend for 2011 both from the legal perspective and from the economic and financial perspective. The financial standing of PZU SA should be considered as very good. PZU SA generated a high financial result in 2011 and has very good capital ratios. After the payment of the dividend in the assumed amount, PZU SA will continue to maintain a significant surplus of own funds over the solvency margin. Also, the payment of the dividend will not result in the occurrence of a possibility of PZU SA's breach of requirements on the coverage of technical reserves with assets.

Pursuant to § 6 Section 1 Items 2 and 3 of the PZU SA Supervisory Board Bylaws, § 25 Section 2 Items 2 and 3 of the Articles of Association of PZU SA and Article 382 § 3 of the Commercial Companies Code, assessment of the Management Board's motions concerning the distribution of profit or the coverage of loss and submission to the Shareholder Meeting of a written report on the results of such assessment are the responsibility of the Company's Supervisory Board.

On 8 May 2012, the PZU SA Supervisory Board adopted Resolution No. URN/16/2012 in the matter of assessment of the Management Board's motion to distribute PZU SA's net profit for the financial year ended 31 December 2011, in which it gave a positive opinion on the motion for the Shareholder Meeting.

Pursuant to § 18 Item 2 of the Articles of Association of Powszechny Zakład Ubezpieczeń SA and Article 395 § 2 Item 2 of the Commercial Companies Code, the resolution on the distribution of profit or the coverage of loss must be adopted by the Ordinary Shareholder Meeting.

At the same time, pursuant to Article 348 § 3 of the Commercial Companies Code, the Ordinary Shareholder Meeting must set the dividend date and the dividend payment date.

The PZU SA Management Board recommends selecting 30 August 2012 as the date of determining the list of shareholders entitled to the payment of the dividend for the financial year ended 31 December 2011 (the dividend date) and 20 September 2012 as the date of payment of the said dividend.

The above dates are consistent with the provisions of the Commercial Companies Code, the Articles of Association of PZU SA, the Best Practices of WSE Listed Companies and the Detailed Rules of Operation of the National Depository for Securities (KDPW).

In consideration of the foregoing, the PZU SA Management Board hereby moves as first stated above.

This motion is presented by:

Attachments:

- 1) Resolution No. UZ/132/2012 adopted by the PZU SA Management Board on 12 April 2012 in the matter of accepting the motion to distribute PZU SA's net profit for the financial year ended 31 December 2011,
- 2) Resolution No. URN/16/2012 adopted by the PZU SA Supervisory Board on 8 May 2012 in the matter of assessment of the Management Board's motion to distribute PZU SA's net profit for the financial year ended 31 December 2011,
- 3) draft resolution to be adopted by the PZU SA Shareholder Meeting in the matter of the distribution of PZU SA's net profit for the financial year ended 31 December 2011.

RESOLUTION NO. UZ/132/2012

**ADOPTED BY THE MANAGEMENT BOARD OF
POWSZECHNY ZAKŁAD UBEZPIECZEŃ SA**

on 12 April 2012

**in the matter of: accepting the motion to distribute PZU SA's net profit for the
financial year ended 31 December 2011**

Pursuant to § 4 Item 5 in connection with § 4 Items 20 and 21 of the Powszechny Zakład Ubezpieczeń SA Management Board's Bylaws, the following is hereby resolved:

§ 1

It is hereby resolved to submit a motion to the PZU SA Ordinary Shareholder Meeting to distribute PZU SA's net profit of PLN 2,582,302,727.40 (two billion five hundred eighty-two million three hundred two thousand seven hundred twenty-seven Polish zloty and forty grosz) for the financial year ended 31 December 2011 as follows:

- 1) designate PLN 1,752,951,690.00 (one billion seven hundred fifty-two million nine hundred fifty-one thousand six hundred ninety Polish zloty), i.e. PLN 20.30 per share, for distribution as a dividend;
- 2) transfer PLN 819,351,037.40 (eight hundred nineteen million three hundred fifty-one thousand thirty-seven Polish zloty and forty grosz) to reserve capital;
- 3) allocate PLN 10,000,000.00 (ten million Polish zloty) to a charge to the Company Social Benefits Fund (ZFŚS).

§ 2

It is resolved to request the PZU SA Supervisory Board to assess the Management Board's motion referred to in § 1 of this resolution.

§ 3

This Resolution shall come into force on the day of its adoption.

The vote was taken in an open ballot.

Number of attendees: 6. Number of votes in favor: 6. Number of votes against: 0. Number of abstentions: 0.

CEO of PZU SA

[signed]

Andrzej Klesyk

RESOLUTION No. URN/16/2012

**ADOPTED BY THE SUPERVISORY BOARD
OF POWSZECHNY ZAKŁAD
UBEZPIECZEŃ SPÓŁKA AKCYJNA**

on 8 May 2012

in the matter of: assessment of the Management Board's motion to distribute PZU SA's net profit for the financial year ended 31 December 2011

Pursuant to § 25 Section 2 Items 2 and 3 of the Articles of Association of Powszechny Zakład Ubezpieczeń SA and § 6 Section 1 Items 2 and 3 of the Powszechny Zakład Ubezpieczeń SA Supervisory Board's Bylaws, the following is hereby resolved:

§1

The Supervisory Board hereby issues a positive opinion on the PZU SA Management Board's motion for the PZU SA Ordinary Shareholder Meeting in the matter of the distribution of PZU SA's net profit for the financial year ended 31 December 2011 presented in Resolution No. UZ/132/2012 adopted by the PZU SA Management Board on 12 April 2012 in the matter of accepting the motion to distribute PZU SA's net profit for the financial year ended 31 December 2011 and recommends to the Ordinary Shareholder Meeting to distribute the profit of PLN 2,582,302,727.40 (two billion five hundred eighty-two million three hundred two thousand seven hundred twenty-seven Polish zloty and forty grosz) as follows:

- 1) designate PLN 1,752,951,690.00 (one billion seven hundred fifty-two million nine hundred fifty-one thousand six hundred ninety Polish zloty), i.e. PLN 20.30 per share, for distribution as a dividend;
- 2) transfer PLN 819,351,037.40 (eight hundred nineteen million three hundred fifty-one thousand thirty-seven Polish zloty and forty grosz) to reserve capital;
- 3) allocate PLN 10,000,000.00 (ten million Polish zloty) to a charge to the Company Social Benefits Fund (ZFŚS).

§2

This Resolution shall come into force on the day of its adoption.

The vote was taken in an open ballot.

Number of attendees: 4. Number of votes in favor: 4. Number of votes against: 0. Number of abstentions: 0.

Chairwoman of the PZU SA
Supervisory Board

[signed]

Marzena Piszczek

In reference to item 16. on the Agenda

RESOLUTION NO. 8/2012

OF THE ORDINARY SHAREHOLDER MEETING

OF POWSZECHNY ZAKŁAD UBEZPIECZEŃ SPÓŁKA AKCYJNA

adopted on 30 May 2012

on the distribution of PZU SA's net profit for the financial year ended 31 December 2011

Pursuant to art. 395 § 2 item 2 of the Commercial Company Code and § 18 item 2 and § 36 of PZU SA's Articles of Association, in connection with art. 348 § 1 of the Commercial Company Code, the Ordinary Shareholder Meeting of PZU SA resolves as follows:

§ 1

PZU SA's net profit for the year ended 31 December 2011 in the amount of PLN 2,582,303 (two billion five hundred eighty-two million three hundred three thousand zlotys) is hereby distributed as follows:

- a) PLN 1,752,951,690.00 (one billion seven hundred fifty-two million nine hundred fifty-one thousand six hundred ninety zloty), i.e. PLN 20.30 (twenty zloty and thirty grosz) per one share, is designated for distribution as a dividend.
- b) PLN 819,351,037.40 zloty (eight hundred nineteen million three hundred fifty-one thousand thirty-seven zloty and forty grosz) is transferred to reserve capital.
- c) PLN 10,000,000.00 (ten million zlotys) is transferred to the Company Social Benefits Fund.

§ 2

The date on which the list of shareholders vested with the right to the dividend referred to in § 1a for the financial year ended 31 December 2011 is determined (dividend date), is hereby set for 30 August 2012. The dividend payment date is hereby set for 20 September 2012.

§ 3

The resolution comes into force on the date of its adoption.

Chairperson
of the Ordinary Shareholder Meeting of PZU SA