

**SUPERVISORY BOARD  
OF  
POWSZECHNY ZAKŁAD UBEZPIECZEŃ SA**



**REPORT OF THE SUPERVISORY BOARD OF PZU SA  
ON THE EVALUATION OF THE FINANCIAL STATEMENTS  
OF PZU SA  
FOR THE YEAR ENDED ON 31 DECEMBER 2009,  
MANAGEMENT BOARD'S REPORT ON THE COMPANY'S ACTIVITY  
IN 2009 AND THE MANAGEMENT BOARD'S MOTION TO  
DISTRIBUTE THE PROFITS**

Warsaw, 6 April 2010

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This document represents the report of the Supervisory Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna and concerns the following topics:

- 1) evaluation of the financial statements for the year ended on 31 December 2009;
- 2) evaluation of the Management Board's Report on the Activity of PZU SA in 2009;
- 3) evaluation of the Company's Management Board's motion to distribute the profits.

## I.

### **Report on the conduct of the audit of the financial statements and the Management Board's Report on the Company's Activity.**

Under Article 382 §3 of the Commercial Companies Code, one of the obligations of a company's supervisory board is to evaluate the management board's report on the company's activity and the financial statements for the 2009 financial year with respect to their compliance with the accounting ledgers and documents, as well as the actual state of affairs, as well as the management board's motion to distribute profits, and submitting a written report to the shareholder meeting on the results of this evaluation.

Acting pursuant to the Company's Articles of Association, the Supervisory Board of PZU SA selected Deloitte Audyt Sp. z o.o., a limited liability company, as the statutory auditor to audit the standalone financial statements of PZU SA and the annual consolidated financial statements of the PZU Group for the year ended on 31 December 2009.

The Company's Management Board submitted the following documents to the Supervisory Board for evaluation:

- 1) Financial statements of Powszechny Zakład Ubezpieczeń SA for the year ended 31 December 2009, including:
  - a) the balance sheet prepared as at 31 December 2009, with a balance sheet total of assets and liabilities of PLN 28,936,978 thousand (say: twenty-eight billion nine hundred thirty-six million nine hundred seventy-eight thousand zloty),
  - b) the technical account of property and casualty insurance for the period from 1 January to 31 December 2009, showing a technical result to be transferred to the general profit and loss account in the amount of PLN 166,308 thousand (say: one hundred sixty-six million three hundred eight thousand zloty),
  - c) the general profit and loss account for the period from 1 January to 31 December 2009, showing a net profit of PLN 2,510,379 thousand (say: two billion five hundred ten million three hundred seventy-nine thousand zloty),
  - d) the statement of changes in equity, showing a decrease in equity between 1 January and 31 December 2009 of PLN 8,740,037 thousand (say: eight billion seven hundred forty million thirty-seven thousand zloty),
  - e) the cash flow statement, showing a decrease in cash between 1 January and 31 December 2009 of PLN 128,439 thousand (say: one hundred twenty-eight million four hundred thirty-nine thousand zloty);
  - f) notes to the financial statements for the financial year ended 31 December 2009;
- 2) the opinion and long-form report of the statutory auditor of 7 March 2010;
- 3) the Report of the Management Board on the activity of Powszechny Zakład Ubezpieczeń SA in 2009.

Upon completing the audit, the statutory auditor expressed its opinion, wherein it stated that the Management Board had prepared the financial statements in accordance with the rules set out in the Accounting Act of 29 September 1994, the Finance Minister's Ordinance of 23 December 2008 concerning special principles of accounting to be applied by insurance undertakings, and the accounting policy adopted by the Company, pursuant to properly maintained books of accounts. The statutory auditor also stated that the financial statements presented fairly and clearly all the material information to assess the assets and financial standing of the Company as at 31 December 2009, as well as its financial result for the financial year from 1 January to 31 December 2009.

The Supervisory Board familiarized itself with the findings of the audit performed by the statutory auditor.

The Supervisory Board confirms that the financial statements and the Management Board's Report on the Company's Activity are in compliance with the accounting ledgers, documents and the actual state of affairs.

In view of the above, the Supervisory Board recommends that the Ordinary Shareholder Meeting accept the financial statements for the year ended on 31 December 2009 and the Management Board's Report on the Activity of PZU SA in 2009.

## II.

### **Motion of the Company's Management Board to distribute profits.**

Having familiarized itself with the motion of the Management Board of PZU SA concerning the proposed distribution of PZU SA's net profit for the 2009 financial year, acting under the conviction that Eureko BV will not exercise its veto right stemming from the clauses of the Settlement and Divestment Agreement concluded on 1 October 2009 by and between the State Treasury Ministry of the Republic of Poland, EUREKO BV, PZU SA and Kappa SA, and accordingly that the IPO 2010 project underway at the present time in PZU SA will be completed by the scheduled date, the PZU SA Supervisory Board has resolved to recommend to the Ordinary Shareholder Meeting of PZU SA the adoption of a resolution on the following:

- 1) Distribution of PZU SA's net profit for the year ended 31 December 2009 in the amount of PLN 2,510,379,538.74 (say: two billion five hundred ten million three hundred seventy-nine thousand five hundred thirty-eight zloty and seventy-four grosz) in the following manner:
  - a) disbursement of a dividend in the amount of PLN 1,692,505,080.00 (say: one billion six hundred ninety-two million five hundred five thousand eighty zloty), subject to item 3,
  - b) allowance to the Company's Social Benefits Fund in the amount of PLN 10,000,000.00 (say: ten million zloty);
  - c) transfer to the reserve capital account of the amount of PLN 807,874,458.74 (say: eight hundred seven million eight hundred seventy-four thousand four hundred fifty-eight zloty and seventy-four grosz); and
- 2) Additionally, designation for disbursement of a dividend for the year ended 31 December 2009 the amount of PLN 11,999,515,608.00 (say: eleven billion nine hundred ninety-nine million five hundred fifteen thousand six hundred eight zloty) from the other reserve capital account to finance the payment of an interim dividend, of

which the Management Board may dispose for this purpose, as created by resolution no. 2/2009 adopted by the Extraordinary Shareholder Meeting of PZU SA on 1 October 2009 in the matter of creating another reserve capital account for the purpose of financing the payment of an interim dividend, of which the Management Board may dispose for this purpose, crediting this capital account by making a charge against the reserve capital and defining the amount of this charge, subject to item 3;

- 3) Determination that the total dividend amount for the financial year ended 31 December 2009 shall be PLN 13,692,020,688.00 (say: thirteen billion six hundred ninety-two million twenty thousand six hundred eighty-eight zloty), while having in mind the payment at the end of the 2009 financial year of the interim dividend in the amount of PLN 12,749,917,095.00 (say: twelve billion seven hundred forty-nine million nine hundred seventeen thousand ninety-five zloty), consisting of the following:
- a) PLN 750,401,487.00 (say: seven hundred fifty million four hundred one thousand four hundred eighty-seven zloty) of the net profit generated in the first half of 2009 carried in the audited PZU SA financial statements as at 30 June 2009;
  - b) PLN 11,999,515,608.00 (say: eleven billion nine hundred ninety-nine million five hundred fifteen thousand six hundred eight zloty) from the other reserve capital account to finance the payment of an interim dividend, of which the Management Board may dispose for this purpose,

a portion of the dividend for the year ended 31 December 2009 remains to be disbursed. This amount is PLN 942,103,593.00 (say: nine hundred forty-two million, one hundred three thousand five hundred ninety-three zloty), in other words PLN 10.91 (say: ten zloty and ninety-one grosz) per share.

Chairman  
of the Supervisory Board of PZU SA  
/signature/  
Tomasz Gruszecki