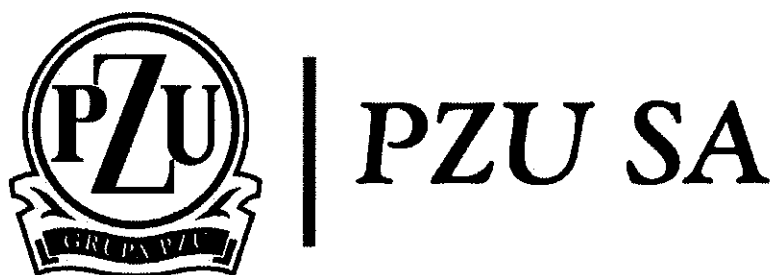


**SUPERVISORY BOARD
OF POWSZECHNY ZAKŁAD UBEZPIECZEŃ SA**



**REPORT FROM PZU SA SUPERVISORY BOARD
ON THE ACTIVITY OF PZU SA SUPERVISORY BOARD
AS THE COMPANY'S GOVERNING BODY IN THE YEAR 2009**

Warsaw, 12 May 2010

I. Composition of the Supervisory Board

The year 2009 brought many changes in the composition of PZU SA Supervisory Board, mainly as a consequence of concluding the final agreement between the State Treasury and Eureko B.V. Over the year 2009, the composition of PZU SA Supervisory Board changed as many as five times.

As at 1 January 2009, the following persons were serving on PZU SA Supervisory Board:

- | | |
|-------------------------|-----------------|
| 1. Tomasz Gruszecki | Chairman |
| 2. Ernst Jansen | Deputy Chairman |
| 3. Marcin Majeranowski | Deputy Chairman |
| 4. Maciej Bednarkiewicz | Member |
| 5. Joanna Karman | Secretary |
| 6. Alfred Bieć | Member |
| 7. Tomasz Przesławski | Member |
| 8. Gerard van Olphen | Member |
| 9. Michał Nastula | Member |

On 31 August 2009, the Minister of State Treasury revoked Joanna Karman from PZU SA Supervisory Board and appointed Marzena Piszczek to PZU SA Supervisory Board on the same day.

In the period from 31 August 2009 to 28 September 2009, the composition of PZU SA Supervisory Board was as follows:

- | | |
|-------------------------|-----------------|
| 1. Tomasz Gruszecki | Chairman |
| 2. Ernst Jansen | Deputy Chairman |
| 3. Marcin Majeranowski | Deputy Chairman |
| 4. Maciej Bednarkiewicz | Member |
| 5. Alfred Bieć | Member |
| 6. Tomasz Przesławski | Member |
| 7. Gerard van Olphen | Member |
| 8. Michał Nastula | Member |
| 9. Marzena Piszczek | Member |

On 28 September 2009, Eureko B.V. and Bank Millennium SA revoked Ernst Jansen, Maciej Bednarkiewicz and Michał Nastula from PZU SA Supervisory Board, at the request of the aforementioned persons. On the same occasion, Marco Vet and Richard Ippel were appointed to PZU SA Supervisory Board.

In the period from 28 September 2009 to 1 October 2009, the composition of PZU SA Supervisory Board was as follows:

- | | |
|------------------------|-----------------|
| 1. Tomasz Gruszecki | Chairman |
| 2. Marcin Majeranowski | Deputy Chairman |
| 3. Alfred Bieć | Member |
| 4. Richard Ippel | Member |
| 5. Gerard van Olphen | Member |
| 6. Tomasz Przesławski | Member |
| 7. Marzena Piszczek | Member |
| 8. Marco Vet | Member |

In connection with resignation of Richard Ippel from membership of PZU SA Supervisory Board, in the period from 1 October 2009 to 30 December 2009, the composition of PZU SA Supervisory Board was as follows:

- | | |
|------------------------|-----------------|
| 1. Tomasz Gruszecki | Chairman |
| 2. Marcin Majeranowski | Deputy Chairman |
| 3. Alfred Bieć | Member |
| 4. Gerard van Olphen | Member |
| 5. Tomasz Przesławski | Member |
| 6. Marzena Piszczek | Member |
| 7. Marco Vet | Member |

On 30 December 2009, in execution of the provisions of Article 4.3 of the Settlement and Divestment Agreement of 1 October 2009 concluded by and between the State Treasury of the Republic of Poland and Eureko B.V., PZU SA and Kappa SA, Eureko B.V. and Bank Millennium SA recalled Gerard van Olphen from PZU SA Supervisory Board. In accordance with the Settlement provisions, the Parties appointed, on the same day, Waldemar Maj, having obtained the approval of the Minister of State Treasury for that candidate, to PZU SA Supervisory Board.

The composition of PZU SA Supervisory Board as at 31 December 2009 was as follows:

- | | |
|------------------------|-----------------|
| 1. Tomasz Gruszecki | Chairman |
| 2. Marcin Majeranowski | Deputy Chairman |
| 3. Alfred Bieć | Member |
| 4. Marco Vet | Member |
| 5. Tomasz Przesławski | Member |
| 6. Marzena Piszczek | Member |
| 7. Waldemar Maj | Member |

II. Activity of the Supervisory Board

During the reporting period, PZU SA Supervisory Board pursued its activity on the basis of the provisions of the Commercial Companies Code, Act on Insurance Activity, PZU SA Articles of Association, Rules of Procedure of PZU SA Supervisory Board and other laws and regulations.

PZU SA Supervisory Board made relevant decisions in the form of resolutions and opinions submitted to the Company's Management Board and General Shareholders' Meeting.

Pursuant to § 14 of the Rules of Procedure of PZU SA Supervisory Board, members of PZU SA Management Board, members of PZU Życie SA Supervisory Board, members of PZU Życie SA Management Board, Managing Directors at PZU Group, Directors and Deputy Directors of Bureaus of PZU SA and PZU Życie SA Head Office as well as the Chairman of PZU SA Employee Council were invited to the meetings of PZU SA Supervisory Board in 2009.

Furthermore, the meetings of PZU SA Supervisory Board were also attended by the representatives of Ernst & Young Audit Sp. z o.o., representatives of Deloitte Audyt Sp. z o.o., a representative of Dewey&LeBoeuf Grzesiak sp.k. and a representative of White&Case.

During the reporting period, PZU SA Supervisory Board held 6 meetings and adopted 33 resolutions, including 9 resolutions in the circulation mode (a list of resolutions constitutes Appendix 1 hereto).

All absences from the meetings of PZU SA Supervisory Board were excused (a list of attendance of PZU SA Supervisory Board meetings constitutes Appendix 2 hereto).

III. Key issues addressed by the Supervisory Board

In the financial year ending on 31 December 2009, PZU SA Supervisory Board dealt with all issues falling within the competence of PZU SA Supervisory Board according to the Company's Articles of Association.

Within the scope of its activity, PZU SA Supervisory Board actively supported the Management Board in attaining the Company's goals, considered motions submitted by the Management Board and involving the matters requiring, according to the Company's Articles of Association, the consent of PZU SA Supervisory Board, as well as became familiar with other matters presented by PZU SA Management Board.

Key issues addressed by PZU SA Supervisory Board in the year 2009:

1. Approval of PZU SA financial plan for the year 2009 and ongoing monitoring of its performance.
2. Systematic evaluation of the Company's financial and economic condition, market position and its key strategic initiatives and projects for the year 2009.
3. Evaluation and recommendation to PZU SA Ordinary General Meeting of PZU SA financial statements for the financial year ending on 31 December 2008.

4. Evaluation and recommendation to PZU SA Ordinary General Meeting of the Management Board's report on the activity of PZU SA for the financial year ending on 31 December 2008.
5. Evaluation and recommendation to PZU SA Ordinary General Meeting of PZU SA Management Board's motion concerning distribution of PZU SA profit for the financial year 2008.
6. Evaluation and recommendation to PZU SA Ordinary General Meeting of PZU SA Management Board's motion concerning approval of the consolidated financial statements of Powszechny Zakład Ubezpieczeń SA Group for the year ending on 31 December 2008.
7. Evaluation and recommendation to PZU SA Ordinary General Meeting of PZU SA Management Board's motion concerning approval of the Management Board's report on the activity of Powszechny Zakład Ubezpieczeń SA Group for the year ending on 31 December 2008.
8. Adoption of resolutions concerning recommendation to PZU SA Ordinary General Meeting of discharging the Members of PZU SA Management Board in respect of their duties for the financial year ending on 31 December 2008.
9. Adoption of PZU SA Supervisory Board's report from evaluation of PZU SA financial statements for the financial year ending on 31 December 2008, Management Board's report on the activity of PZU SA and of PZU SA Management Board's motion concerning distribution of the Company's profit for the financial year ending on 31 December 2008 and adoption of the report on the activity of PZU SA Supervisory Board as the Company's governing body in the year 2008.
10. Report on the consolidated financial statements of Powszechny Zakład Ubezpieczeń SA Group for the financial year ending on 31 December 2008 prepared in compliance with the International Financial Reporting Standards (IFRS).
11. Systematic evaluation of PZU SA investment activity in the year 2009.
12. Selection of the independent auditor to examine standalone financial statements of PZU SA for the financial year ending on 31 December 2009 and consolidated financial statements of PZU Group for the financial year ending on 31 December 2009.
13. Report on the principles of pursuit of PZU SA sponsoring activity in the context of the provisions of Order No. 5 of the Minister of State Treasury of 13 February 2009.
14. Ongoing monitoring of the activity of the Audit Committee of PZU SA Supervisory Board.
15. Report on the projected changes in the area of risk management at PZU Group.
16. Report on evaluation of human capital at PZU Group and of human resources policy.
17. Report on the relationship with the Trade Unions and on the principles of cooperation with the Employee Council.
18. Report on the activity of PZU Foundation and the granting of consent to a donation to PZU Foundation's statutory activity.
19. Report on the current developments in IT area within PZU Group taking into consideration the measures taken with regard to GraphTalk system.
20. Report on the activity of PZU SA Internal Audit Bureau and PZU SA Internal Control Bureau for the year 2008.
21. Report on the Reinsurance Programme for the year 2009.
22. Report on the negotiations between the State Treasury and Eureko BV.
23. Granting of consent to conclusion of the Settlement and Divestment Agreement between the State Treasury, Eureko B.V., PZU SA and Kappa SA.
24. Confirmation of the legal transaction of sale of Kappa SA shares by PZU SA and of granting of a cash loan to Kappa SA.

25. Granting of consent to payout of the interim dividend anticipated at the end of financial year 2009.
26. Approval of selected elements of PZU SA financial plan for the year 2010.

The Audit Committee of PZU SA Supervisory Board operates within the structure of PZU SA Supervisory Board from 3 June 2008. In 2009, it performed its duties defined in the Rules of Procedure of the Audit Committee of PZU SA Supervisory Board adopted through Resolution No. URN/20/2008 of PZU SA Supervisory Board of 3 June 2008.

The report on the activity of the Audit Committee of PZU SA Supervisory Board in the year 2009 constitutes an appendix to the report on the activity of PZU SA Supervisory Board as the Company's governing body in the year 2009.

IV. Report on execution of the resolutions of PZU SA General Meeting

In execution of the provisions of Resolution No. 4/2008 of the Extraordinary General Meeting of PZU SA of 15 October 2008 concerning determination of the principles of remunerating and remuneration of the members of the Company's Management Board, at its meeting held on 3 March 2009 PZU SA Supervisory Board adopted Resolution No. URN/3/2009 concerning conclusion with the members of the Company's Management Board of employment contract and contracts for management of the Company whereby the Supervisory Board adopted:

- Drafts employment contracts with the President of the Company's Management Board and Vice-President or Member of the Company's Management Board;
- Draft contracts for management of the Company with the President of the Company's Management Board And Vice-President or Member of the Company's Management Board;

and decided to submit the aforementioned draft contracts to the members of PZU SA Management Board for selection with a view to their subsequent signing.

At the same time, PZU SA Supervisory Board authorised the Chairman of PZU SA Supervisory Board and, in his absence, the Deputy Chairman of PZU SA Supervisory Board, to conclude with the members of the Management Board employment contracts or contracts for management of the Company by 31 March 2009.

In execution of the aforementioned decision of PZU SA Supervisory Board, Tomasz Gruszecki, Chairman of PZU SA Supervisory Board, signed contracts for management of the Company with individual members of the Management Board:

- Magdalena Nawłoka, Vice-President of PZU SA Management Board;
- Witold Jaworski, Member of PZU SA Management Board; and
- Rafał Stankiewicz, Member of PZU SA Management Board;

on 27 March 2009 and with Andrzej Klesyk, President of PZU SA Management Board on 31 March 2009.

In execution of the provisions of Resolution No. 3/2009 of the Extraordinary General Meeting of PZU SA of 28 August 2009 concerning amendments to the Articles of Association of Powszechny Zakład Ubezpieczeń Spółka Akcyjna, the Company's Supervisory Board, on the basis of Resolution No. URN/25/2009 of 14 September 2009 determined the consolidated text of the Articles of Association of PZU SA, incorporating the changes adopted through the aforementioned resolution of the Extraordinary General Meeting of PZU SA.

V. Fulfilment of reporting duties

Quarterly reports from the Company with majority State Treasury participation were submitted on a timely basis.

PZU SA Supervisory Board received, on a cyclical basis, a synthetic Report containing the information on the financial results of PZU Group's companies (Monthly Financial Report) and a report on the key decisions taken by PZU SA Management Board and on major developments in the companies making up PZU Group.

Pursuant to Resolution No. URN/23/2009 of 13 August 2009, PZU SA Supervisory Board selected Deloitte Audyt Sp. z o.o. with its registered office in Warsaw as the independent auditor to examine standalone financial statements of PZU SA for the financial year ending on 31 December 2009 and consolidated financial statements of PZU Group for the financial year ending on 31 December 2009.

VI. Brief Assessment of the Company's Position and Evaluation of its Internal Control System and Company's Crucial Risk Management System

The Company has a very good financial standing and meets all safety criteria imposed under the Insurance Activity Act and by the Financial Supervision Authority.

The Company's performance and operations in 2009 were most notably affected by the following factors:

- Consistent implementation of the PZU Group's Strategy for 2009-2011;
- Improving situation on capital markets translating into better results of investment activities for financial sector companies;
- Slowdown of the insurance market;
- Decline of premium written on motor own damage insurance and automobile liability insurance, mostly caused by the worsening of crisis in the automotive industry; and
- Growth in loss ratio, decline of total underwriting result for the Company – increase of claims paid under automobile liability insurance and property insurance, among other things, due to strong market competition.

Furthermore, other material events should be taken into account as affecting the Company's business during 2009, in particular:

- On 1 October 2009, the Settlement and Disinvestment Agreement was signed between the Polish State Treasury and EUREKO B.V. and PZU SA and Kappa SA ("Settlement"). The Settlement Agreement ends the prolonged dispute between the major shareholders of PZU SA;
- Declaration and payment of interim dividend of PLN 12,749.9 million;
- In October 2009, S&P upheld the "A" rating (affirmation of stable rating outlook despite payment of huge dividend); and
- Implementation of restructuring programme at the Company's Head Office.

On 2 October 2009, one day after the Settlement was signed, Standard & Poors affirmed the top rating ("A") awarded to the PZU Group in July 2009. S&P analysts also confirmed the rating outlook as stable. By awarding to the PZU Group the highest rating among those

awarded to financial institutions in that part of Europe, they also took into account the likely payment of high dividend as agreed under the Settlement. The decision on dividend payment did not alter their assessment of financial strength and long-term credit rating of the insurer. PZU SA's stable rating outlook confirms that the Company has a strong business position, high equity and remains a competitive player on the insurance market.

The excellent position of PZU SA in terms of financial safety is also confirmed by obligatory solvency ratios which show that capital requirements are satisfied more than once and high surplus of own funds. The Company has own funds that guarantee cover for all liabilities to its clients.

PZU SA is committed to development and improvement of its product offer for customers. In 2009, the major changes in products offered by PZU SA concerned automotive insurance. PZU SA is a leader, in terms of the amount of gross premium written, in Poland's property and personal insurance market. At the end of 2009, the Company's offer included more than two hundred insurance products in 18 insurance classes. The majority of insurance offered by PZU SA are standardised products for private customers and for Small and Medium Enterprises.

The following activities stand out in development-related efforts undertaken by the Company in 2009:

- Update of strategic directions of business for the incoming years;
- Implementation of the "PZU Assistance" philosophy;
- Commencement of centralisation of operational and insurance accounting functions;
- Efforts towards cost optimisation and creating the image of modern customer-oriented company as forced by the significant price pressure by the growing competition;
- Activities for improving claims adjustment and benefits process, and for increase the standard of customer service;
- Opening of pilot Agency outlets of the PZU Group on terms consistent with the new visualisation prepared for the project; and
- Perfecting the principles of corporate governance at PZU as an element of transparency reinforcement, inter alia, with respect to the management and regulatory standards.

Efforts made by the Company will allow establishing a good foundation for its continued development and sound financial performance in the incoming years unless macroeconomic factors deteriorate.

In 2009, the Company had in place an internal control system customised to its scale of operation and organisational structure that was designed to assure effective and efficient operation of the organisation, reliable financial reporting and compliance of PZU SA operations with applicable laws and internal regulations. That system comprised:

- Functional (internal) control exercised by the employees of all levels of the organisation relating to their own activity and the activity of other employees;
- Institutional control exercised by Internal Audit Bureau and Internal Control Bureau designed to evaluate independently adequacy, correctness and effectiveness of the system of internal controls as well as quality, correctness and efficiency of execution of processes.

The Company's Management Board supervision over PZU SA internal control system involved, among other things, periodic evaluation of operation of the internal control and

risk management system, implementation of the recommendations of PZU SA Supervisory Board applicable to the aforementioned systems, their periodic verification and allocation, within the organisational structure, to each organisational unit of the functions and tasks whose performance will assure attainment of the Company's strategic goals.

The basic internal legal act regulating the issues associated with the internal control system in the year 2009 were the Rules for Exercise of Internal Control.

An Agreement was concluded by the Group's companies on co-operation in organisation and operation of the internal control system within PZU Group enabling establishment of uniform standards of operation of an effective internal control system within PZU Group as well as exchange of information for the purpose of independent and comprehensive evaluation of risk management processes within PZU Group.

Furthermore, PZU SA implemented a number of solutions enabling the Company to comply with applicable laws and regulations such as:

- Security policy to counteract crime; and
- Compliance function ensuring supervision over compliance of the companies' operations with legal requirements and other organisation-related requirements (including ethical aspects).

Controls were also built into the process of preparation of financial statements. To preserve consistency of the accounting principles applied at PZU SA with the relevant external regulations, the Company monitored on an ongoing basis changes in universally applicable laws and regulations related to financial reporting, with special emphasis on the regulations dedicated to insurance companies.

Audit and control tasks at PZU SA were performed based on the annual Audit Plan and Control Plan adopted through a resolution of PZU SA Management Board and prepared on the basis of assessment of risk inherent in various areas of the Company's operations.

An effective process was put in place for monitoring the status of implementation of guidelines and post-inspection recommendations stemming both from internal audit and from the independent auditor as well as a system for reporting the findings of completed audits and inspections comprising current and periodic reporting for the Management Board and for the Audit Committee of the Company's Supervisory Board.

Furthermore, in compliance with internal regulations, Internal Audit Bureau develops an annual report on its activity containing the information on performance of the audit plan and of the control plan, evaluation of the internal control system and of the risk management system.

PZU SA operates a risk management system aimed both at risk control and preservation of the adequate level of capitalisation. Risk management concentrates on identification of material risks arising in certain areas of the Company's operations and on their management, *inter alia*, through proper risk mitigation, monitoring and control. The Assets and Liabilities Committee of PZU Group plays an important role in risk management process.

Additionally, work is underway within PZU Group to implement a comprehensive risk management system (ERM), including establishment of organisational structures dedicated to the issues of risk monitoring and control.

Having regard to the above, PZU SA Supervisory Board assesses that the internal control and risk management system at PZU SA operates at the level assuring security of the Company's operations. The Company has in place proper procedures and a system for reviewing their observance.

PZU SA Supervisory Board positively assesses the cooperation with the Company's Management Board in the year 2009 and recommends PZU SA Ordinary General Meeting to give all members of PZU SA Management Board, notably:

- 1) Andrzej Klesyk, President of the Management Board during the period from 1 January 2009 to 31 December 2009;
- 2) Magdalena Nawłoka, Vice-President of the Management Board during the period from 1 January 2009 to 31 October 2009;
- 3) Witold Jaworski, Member of the Management Board during the period from 1 January 2009 to 31 December 2009; and
- 4) Rafał Stankiewicz, Member of the Management Board during the period from 1 January 2009 to 31 December 2009;

discharge in respect of their duties at PZU SA Management Board in the year 2009.

VII. Self-Assessment of the Supervisory Board of PZU SA

The Supervisory Board of PZU SA exercises ongoing oversight of the Company's business in all areas of its operations, in keeping with the responsibilities and rights set out in the Commercial Companies Code and the Company's Articles of Association.

All members of the Supervisory Board of PZU SA represent a high level of professional qualifications and are adequately prepared to fulfill the function of a Supervisory Board member.

All members of the Supervisory Board exercised due diligence when executing their duties, and took advantage of their best knowledge and experience in the area of the management and supervision of a commercial company. Thanks to the high competences and commitment of the Board members, as well as an efficient organization of work, the Supervisory Board was able to meet their statutory tasks effectively.

Despite several changes on the Supervisory Board of PZU SA, the Board was able to fulfill its duties undisturbed and help PZU SA achieve its results in 2009. The Board also contributed to the conclusion of the Compromise and Divestment Agreement, which ended the dispute among the shareholders.

In order to support the Supervisory Board in the fulfillment of their duties, especially those of consulting and advising nature, the Board established the Audit Committee, which is an advisory and opinion-making body for the Supervisory Board and is established to increase the efficiency of the supervisory activities of the Supervisory Board in terms of monitoring the process of the Company's financial reporting, financial audit, internal audit and control, as well as risk management system in the Company.

In view of the above, the Supervisory Board is well prepared to meet its statutory competences in a proper manner that guarantees adequate oversight of the Company. It is the Board's opinion that the operations of the Supervisory Board of PZU SA in 2009 may be considered effective and in compliance with the best practices.

Chairman
of PZU SA Supervisory Board

Tomasz Gruszecki

**Appendix 1 to the Report on the Activity of PZU SA Supervisory Board as the
Company's governing body in the year 2009**

Resolution No.	Date of Resolution	Subject-Matter
URN/1/2009	13 Feb. 2009 <i>(circulation mode)</i>	concerning acceptance of Resolution No. UZ/18/2009 of PZU SA Management Board of 16 January 2009 concerning granting of the consent to acquisition of 300,000 (in words: three hundred thousand) shares of the newly-established special purpose vehicle under the company name of Omikron SA and of 1,000 (in words: one thousand) shares in the newly-established special purpose vehicle under the company name of Ipsilon Sp. z o.o.
URN/2/2009	3 Mar. 2009	concerning acceptance of the assumptions underlying the process of selection of the independent auditor to examine PZU SA financial statements for the year 2009
URN/3/2009	3 Mar. 2009	concerning conclusion with the Members of the Company's Management Board of employment contracts and contracts for the management of the Company
URN/4/2009	3 Mar. 2009	concerning granting of holiday leave to the President of the Company's Management Board
URN/5/2009	28 Apr. 2009	concerning evaluation of the financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna for the year ending on 31 December 2008 in terms of their consistency with the books of account and documents as well as the factual circumstances, together with the independent auditor's opinion and report, and recommendation of their approval to PZU SA Ordinary General Meeting
URN/6/2009	28 Apr. 2009	concerning evaluation of the Management Board's report on the activity of PZU SA in the year 2008 and recommendation of its approval to PZU SA Ordinary General Meeting
URN/7/2009	28 Apr. 2009	concerning evaluation and recommendation to PZU SA Ordinary General Meeting of PZU SA Management Board's motion regarding the proposed distribution of PZU SA net profit for the financial year 2008
URN/8/2009	28 Apr. 2009	concerning evaluation of the consolidated financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna Group for the financial year ending on 31 December 2008 in terms of their consistency with the books of account and documents as well as the factual circumstances, together with the independent auditor's opinion and report, and recommendation of their

		approval to PZU SA General Meeting
URN/9/2009	28 Apr. 2009	concerning evaluation of the report on the activity of Powszechny Zakład Ubezpieczeń Spółka Akcyjna Group in the year 2008 and recommendation of its approval to PZU SA General Meeting
URN/10/2009	28 Apr. 2009	concerning giving Andrzej Klesyk discharge in respect of his duties on PZU SA Management Board in the year 2008
URN/11/2009	28 Apr. 2009	concerning giving Magdalena Nawłoka discharge in respect of her duties on PZU SA Management Board in the year 2008
URN/12/2009	28 Apr. 2009	concerning giving Witold Jaworski discharge in respect of his duties on PZU SA Management Board in the year 2008
URN/13/2009	28 Apr. 2009	concerning giving Rafał Stankiewicz discharge in respect of his duties on PZU SA Management Board in the year 2008
URN/14/2009	28 Apr. 2009	concerning adoption of the Report of PZU SA Supervisory Board from evaluation of PZU SA financial statements for the year ending on 31 December 2008, Management Board's Report on the activity of PZU SA in the year 2008 and motion from the Company's Management Board concerning profit distribution
URN/15/2009	28 Apr. 2009	concerning adoption of PZU SA Supervisory Board' Report on the activity of PZU SA Supervisory Board as the Company's governing body in the year 2008
URN/16/2009	28 Apr. 2009	concerning filing of a motion with PZU SA General Meeting to award Andrzej Klesyk, President of PZU SA Management Board, the annual prize for the financial year ending on 31 December 2008
URN/17/2009	2 Jul. 2009	concerning award to Witold Jaworski, Member of PZU SA Management Board, of the annual prize for the financial year ending on 31 December 2008
URN/18/2009	2 Jul. 2009	concerning award to Rafał Stankiewicz, Member of PZU SA Management Board, of the annual prize for the financial year ending on 31 December 2008
URN/19/2009	2 Jul. 2009	concerning granting of the consent for making a donation to PZU Foundation for its statutory purposes
URN/20/2009	2 Jul. 2009	concerning granting of the consent to re-allocation of the unused portion of the donation made to PZU Foundation for its statutory purposes
URN/21/2009	10 Aug. 2009 <i>(circulation)</i>	relative to acceptance of Resolution No. UZ/315/2009 of PZU SA Management Board concerning granting of

	<i>mode)</i>	the consent to acquisition of the shares of the newly-established special-purpose vehicle under the company name of Kappa Spółka Akcyjna
URN/22/2009	13 Aug. 2009 <i>(circulation mode)</i>	relative to giving of an opinion on the motion of PZU SA Management Board to PZU SA General Meeting concerning amendments to PZU SA Articles of Association
URN/23/2009	13 Aug. 2009 <i>(circulation mode)</i>	concerning selection of the independent auditor to examine annual financial statements of PZU SA and the annual consolidated financial statements of PZU Group for the financial year ending on 31 December 2009
URN/24/2009	13 Aug. 2009 <i>(circulation mode)</i>	concerning giving of an opinion on the motion of PZU SA Management Board to PZU SA General Meeting concerning granting of the consent to lease of the organised parts of the enterprise constituting recreational and training facilities in Karlów, Jastrzębia Góra and Polanica Zdrój to Ogrodowa-Inwestycje Sp. z o.o.
URN/25/2009	14 Sept. 2009 <i>(circulation mode)</i>	concerning determination of the consolidated text of PZU SA Articles of Association
URN/26/2009	14 Sept. 2009 <i>(circulation mode)</i>	concerning giving of an opinion on the motion of PZU SA Management Board to PZU SA General Meeting concerning amendments to PZU SA Articles of Association
URN/27/2009	24 Sept. 2009	concerning evaluation of the financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna for the period of 6 months ending on 30 June 2009 in terms of their consistency with the books of account and documents as well as the factual circumstances, together with the independent auditor's opinion and report
URN/28/2009	1 Oct. 2009	concerning granting of the consent to conclusion of the Settlement and Divestment Agreement by and between the State Treasury, Eureko B.V., PZU SA and Kappa SA
URN/29/2009	1 Oct. 2009	concerning confirmation of the legal transaction of sale by PZU SA of shares of Kappa SA and granting of a cash loan to Kappa SA
URN/30/2009	1 Oct. 2009	concerning granting of the consent to payout of the interim dividend towards the dividend envisaged at the end of the financial year 2009
URN/31/2009	6 Nov. 2009 <i>(circulation mode)</i>	concerning giving of an opinion on the motion of PZU SA Management Board to PZU SA General Meeting concerning granting of the consent to sale of the perpetual usufruct right in the real estate situated in

		Chodzież, ul. Składowa 3
URN/32/2009	11 Dec. 2009	concerning approval of selected elements of PZU SA financial plan for the year 2010
URN/33/2009	17 Dec. 2009 <i>(circulation mode)</i>	relative to acceptance of Resolution No. UZ/535/2009 of PZU SA Management Board of 11 December 2009 concerning granting of the consent to acquisition of up to 286,500 shares of PZU Pomoc SA

Attachment No. 2 to the Report of the Supervisory Board of PZU SA on its activities in 2009

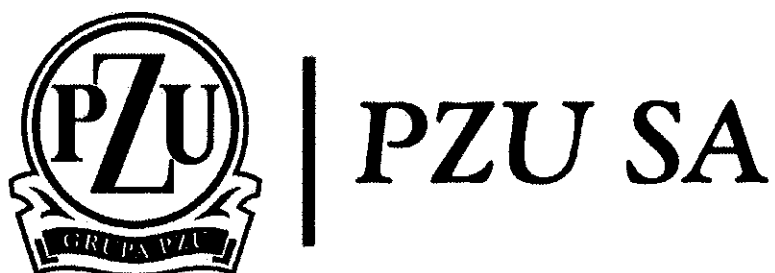
Name and surname of a Member of the Supervisory Board of PZU SA	DATE OF A MEETING					
	03.03.2009	28.04.2009	02.07.2009/ 03.07.2009	24.09.2009	30.09.2009/ 01.10.2009	11.12.2009
Tomasz Gruszecki	√	√	√	√	√	√
Ernst Jansen	X	√	X	X		
Marcin Majeranowski	√	√	√	√	√	√
Joanna Karman	√	√	X			
Maciej Bednarkiewicz	√	X	√	X		
Alfred Bieć	√	√	√	√	√	√
Michał Nastula	√	√	√	X		
Gerard van Olphen	√	√	√	√	√	√
Tomasz Przesławski	√	√	√	√	√	√
Marzena Piszczek				√	√	X
Richard Ippel					√	

√ – presence

X – excused absence

**Appendix 3 to the Report on the activity of PZU SA Supervisory Board
as the Company's governing body in the year 2009**

**AUDIT COMMITTEE OF THE SUPERVISORY BOARD
OF Powszechny Zakład Ubezpieczeń SA**



**REPORT ON THE ACTIVITY
OF THE AUDIT COMMITTEE OF PZU SA SUPERVISORY BOARD
IN THE YEAR 2009**

Warsaw, 2010

**REPORT ON THE ACTIVITY
OF THE AUDIT COMMITTEE OF PZU SA SUPERVISORY BOARD
IN THE YEAR 2009**

I. Establishment and composition of the Audit Committee of PZU SA Supervisory Board

The Audit Committee of PZU SA Supervisory Board was established through Resolution No. URN/20/2008 of PZU SA Supervisory Board concerning establishment of the Audit Committee of PZU SA Supervisory Board on 3 June 2008.

On 3 June 2008, PZU SA Supervisory Board adopted Resolution No. URN/21/2008 concerning composition of the Audit Committee of PZU SA Supervisory Board whereby the first composition of the Audit Committee of PZU SA Supervisory Board was determined as follows:

Tomasz Gruszecki – Chairman;
Alfred Bieć – Deputy Chairman; and
Michał Nastula – Member of the Committee.

On 1 October 2009, Mr. Nastula tendered his resignation from the post of the Member of PZU SA Supervisory Board. Given that, under § 3 Section 1 of the Rules of Procedure of the Audit Committee of PZU SA Supervisory Board, the Committee was composed of three to five members, the Audit Committee of PZU SA Supervisory Board suspended its activity. No new members were appointed to the Committee until 31 December 2009.

II. Activity of the Audit Committee of PZU SA Supervisory Board

During the reporting period, the following documents provided the legal basis for the activity of the Audit Committee of PZU SA Supervisory Board:

- The Company's Articles of Association;
- The Rules of Procedure of the Supervisory Board;
- The Rules of Procedure of the Audit Committee of PZU SA Supervisory Board; and
- Other laws and regulations.

The decisions of the Audit Committee were made in the form of resolutions and opinions subsequently forwarded to the Company's Supervisory Board in each case.

Depending on the thematic scope of the discussed matters, Members of PZU SA Management Board, managing directors, directors of bureaus of PZU SA Head Office, Members of the Management Board of PZU Asset Management SA and representatives of

the independent auditor examining the Company's financial statements for the year 2008 were invited to attend the meetings of the Audit Committee.

Additionally, the meeting of the Audit Committee of PZU SA Supervisory Board held on 22 July 2009 was attended by the representatives of Oliver Wyman AG, a company which carried out the audit of PZU Group's investment activity on the recommendation of the Committee.

During the reporting period, i.e. from 1 January 2009 to 31 December 2009, the Committee held 7 meetings and adopted 2 resolutions (the list of resolutions constitutes Appendix 1 hereto). In the corresponding period, PZU SA Supervisory Board held 6 meetings. The Audit Committee adopted the principle that during each meeting of PZU SA Supervisory Board, the Chairman of the Audit Committee of PZU SA Supervisory Board would present a report on the activity of the Committee together with the recommendation relating to the materials submitted for discussion to the Company's Supervisory Board at a given meeting.

All absences from the meetings of the Audit Committee of PZU SA Supervisory Board were excused (the list of attendance of the meetings of the Audit Committee of PZU SA Supervisory Board in the year 2009 constitutes Appendix 2 hereto).

III. Major issues addressed by the Audit Committee of PZU SA Supervisory Board

According to the Rules of Procedure of the Audit Committee, the scope of activity of the Committee includes provision of advisory services and giving opinions on the competences of the Company's Supervisory Board. However, to enhance effectiveness of performance of its tasks, the Committee should take measures to identify the key risks to the Company and to PZU Group. To that end, during the period from 1 January to 31 December 2009, the Audit Committee dealt primarily with the following issues:

- Systematic evaluation of the Company's current financial and economic condition;
- Evaluation of effectiveness of PZU Group's investment activity;
- Audit and control plan at PZU SA in the year 2009 and its implementation;
- Implementation of guidance and post-inspection recommendations issued by the Internal Audit Bureau and Internal Control Bureau in the years 2008 and 2009;
- Discussion of the findings of external inspections conducted at PZU SA in the years 2008 and 2009;
- Systematic discussion of the materials falling within the competence of the Audit Committee and addressed by PZU SA Supervisory Board in the year 2009;
- Evaluation of the type and scope of work commissioned to the Company's independent auditor unrelated to the audit or review of the financial statements, for potential conflicts of interest;
- Discussion of new methodological approaches in the area of internal control, Code of Ethics of PZU Group's employees and Whistleblower Procedure;
- Status of PZU SA organisational structure;
- Implementation of the independent auditor's recommendations issued after the completed audit of PZU SA financial statements for the year 2008;
- Discussion of issues relative to the preventive and sponsorship activity of PZU SA for consistency with the guidelines of the Ministry of State Treasury;
- Discussion of planned changes in the area of risk management at the Company; and
- Safety of PZU SA cash investment in financial institutions.

In performing the assignments entrusted thereto, the Audit Committee recommended to PZU SA Supervisory Board – through Resolution No. UKA/2/2009 – selection of the independent auditor to examine the Company's financial statements for the year 2009.

IV. Fulfilment of reporting duties

Pursuant to the provisions of § 12 Section 6 of the Rules of Procedure of the Audit Committee of PZU SA Supervisory Board SA, minutes from the meetings of the Audit Committee were forwarded to all Members of the Company's Supervisory Board for their information. Additionally, from the moment of establishment of the Audit Committee of PZU SA Supervisory Board, the Chairman of the Audit Committee presented to the Supervisory Board the information on the activity of the Committee during the period elapsed from the last meeting of the Supervisory Board during each meeting.

In 2009, the Audit Committee of PZU SA Supervisory Board failed to approve Minutes No. KA/7/2009 from the Committee's meeting held on 21 September 2009 due to the resignation of Michał Nastula, Member of the Audit Committee, from the post of the Member of PZU SA Supervisory Board.

The Audit Committee of PZU SA Supervisory Board in its two-member composition has not have the powers to pass resolutions since 1 October 2009.

The year 2009 was the second full year of the Audit Committee's activity.

Chairman
of the Audit Committee of PZU SA
Supervisory Board

Tomasz Gruszecki

**Appendix 1 to the Report on the activity of the Audit Committee
of PZU SA Supervisory Board in the year 2009**

Resolution No.	Date of Resolution	Subject-Matter
UKA/1/2009	2 Mar. 2009	concerning adoption of the Report of the Audit Committee of PZU SA Supervisory Board on its activity in the year 2008
UKA/2/2009	27 Apr. 2009	concerning recommendation to PZU SA Supervisory Board of the selection of the independent auditor to examine PZU SA annual financial statements and PZU Group's annual consolidated financial statements for the financial year ending on 31 December 2009

Annex 2 to the 2009 Report on the Activities of the Supervisory Board Audit Committee of PZU SA

Name and Surname of an Audit Committee Member	DATE of MEETING						
	12.01.2009	02.03.2009	14.04.2009	27.04.2009	01.07.2009	22.07.2009	21.09.2009
Tomasz Gruszecki	√	√	√	√	√	√	√
Alfred Bieć	√	√	√	√	√	√	√
Michał Nastula	√	X	√	√	√	X	X

√ – present
X – absent and excused

Extract from the Minutes No. RN/7/2010 dated 12th May 2010
from the meeting of the Supervisory Board of PZU SA

RESOLUTION NO. URN/30/2010
OF THE SUPERVISORY BOARD
OF POWSZECHNY ZAKŁAD UBEZPIECZEŃ
SPÓŁKA AKCYJNA

dated 12th May 2010

**concerning the adoption of the Report of the Supervisory Board of PZU SA
on the activities of the Supervisory Board of PZU SA as a Company body
in 2009**

Pursuant to Article 382 § 3 of the Code of Commercial Companies, § 25 para. 2 item 3 of the Articles of Incorporation of PZU SA and § 6 para. 1 item 3 of the Rules of Procedure of the Supervisory Board of PZU SA, the following has been resolved:

§ 1

The Report of the Supervisory Board of PZU SA on the activities of the Supervisory Board of PZU SA as a Company body in 2009 shall hereby be adopted in the wording as presented in an enclosure hereto.

§ 2

The Chairperson of the Supervisory Board shall be authorised to submit the Report referred to in § 1 to the Ordinary General Meeting of PZU SA.

§ 3

The Resolution No. URN/20/2010 of the Supervisory Board of PZU SA dated 6 April 2010 on the adoption of the Report of the Supervisory Board of PZU SA on the activities of the Supervisory Board of PZU SA as a Company body in 2009 shall hereby be revoked.

§ 4

This Resolution comes into effect as of the date of its adoption.

An open vote has been held.

Number of members present:7 Number of votes "for": 7 Number of votes "against": 0 Number of abstaining votes:0.

Chairperson
of the Supervisory Board of PZU SA

/signature/
Tomasz Gruszecki