



**Declaration on application of the corporate governance
rules by the company PBG S.A.**

1. Indication of the corporate governance rules assumed by PBG S.A.

The company PBG S.A. assumed the corporate governance rules to be applied and published in the document "Good practices of the companies listed on the Warsaw Stock Exchange". The full text thereof has been placed on the web site: <http://www.corp.gov.gpw.pl>

2. Resignation from the provisions of the corporate governance rules

The Management Board of PBG S.A. hereby declares that in the year 2008 the company observed binding rules of corporate governance included in the document "Good practices of the companies listed on the Warsaw Stock Exchange".

3. Description of main features of the internal control and risk management systems applied in the Company with reference with the process of execution the financial reports and consolidated financial statements.

Management Board of the Company is responsible for internal control system in the Company and the efficiency thereof in the process of execution of the financial statements and periodical statements prepared and published in accordance with the Regulation of Minister of Finance of 19th February of 2009 on current and periodical information provided by issuers of the securities and conditions of acknowledgement information as equivalent required by the provisions of law of the country which is not a member state (Journal of Laws of 2009, no 33, item 259).

The process of financial statement execution shall be carried out in the Division of Director in charge of Accounting Co-ordination of the Capital Group and directly supervised by the Division of Financial Statements Co-ordination in co-operation with other organizational sections of the Company which are responsible for the data which do not result directly from accounting books of the Company and constitute part of the financial statement.

Due to specificity of this line of business the Controlling Division function is especially important in the course of financial statement execution. The essential activity for the Company reducing risk shall be proper assessment and analysis of the executed construction contracts.

Budgets of particular contracts constitute the basis of calculation of income and costs of performed contracts in accordance with MSR 11. The budgets are executed in accordance with the best knowledge and experience of the contracts directors trained in this field. In the course of preparation, as well as completion of the construction projects all budgets are analyzed and updated on day-to-day basis by the persons responsible for budgets. Results of analyzes and changes of budgets are being discussed on the meetings held every week. This process is based on the formal rules existing in the Company and shall be specially supervised by the Management Board.

While presenting financial data the Company is applying consistent and defined accounting rules in accordance with the rules of appraisal and presentation used in the entire Capital Group PBG.

Since the 1st day of January of 2009 the person signing financial statement and responsible for execution of the financial statement is Chief Accountant in case of individual statement and in case of consolidated statement – Director in charge of Accounting Co-ordination of the Capital Group – the Commercial Proxy. The persons executing financial statements being responsible for control and co-ordination of reporting process are specialists who have proper knowledge and experience within that scope and they entered into the confidence agreements.

The President of Management Board Jerzy Wiśniewski, Vice-President of the Management Board Przemysław Szkudlarczyk and the Commercial Proxy Eugenia Bachorz shall be the persons in the Management Board of PBG S.A. who are responsible for the area connected with preparation of financial statements. In accordance with the assumed procedure in the course of execution of the financial statement the above mentioned Managing members shall familiarize themselves with current economical data and cases included in this statement and will report alternative cases which should be considered in the course of execution of that statement representing the whole Management Board. Upon execution of the financial statement it is submitted for examination or review in accordance with the binding provisions of law. The whole Management Board shall sign the statement before obtaining by the Company of the opinion on the financial statement examination carried out by the auditor. Examination or review of the financial statement shall be carried out by the entity authorized to examination of the financial statement elected by the Supervisory Board of the Company from the group of reputable audit companies which guarantee the quality of rendered services and required independence.

In the course of examination of the financial statement and accounting books of the company the expert auditor meets the persons being essential for the organization of the company including Management Board Members responsible for area of the economy and discusses particular issues included in the financial statement. The final financial statement upon alternative and agreed corrections made by the expert auditor or any person executing this statement or managing persons is read out again by the persons executing and managing thereof and than it is signed by those persons. The Supervisory Board carries out assessments of the examined financial statements of the Company every year within the scope of their compliance with the books and documents as well as with the actual state of affairs and notifies all shareholders of the results of that assessment in its Annual Statement published by the Company. Risk Management of the Company with reference to the process of financial statements execution shall be carried out through identification and assessment of the risk areas with simultaneous definition of the actions being indispensable to limit or eliminate thereof.

4. Appointment of the shareholders holding directly or indirectly considerable blocks of shares with appointment of the number of shares held by those entities, the percentage share thereof in the share capital, the number of votes resulting therefrom and the percentage share thereof in the total voting power on the General Shareholders Meeting.

Share capital of the Company in accordance with the state as of 31st December of 2008 amounted to PLN 13 430 thousands and was divided into 4 500 000 of registered shares with preference rights as to voting and 8 930 000 ordinary bearer shares. The face (nominal) value of the preference shares and ordinary shares amounts to PLN 1 per each share. One preference share shall authorize to two votes on the General Shareholders Meeting.

In accordance with information being in the possession of the Company the following shareholders hold shares authorizing to at least 5% of votes on the General Shareholders Meeting.

State as of December 31 st of 2008				
Shareholder	Number of shares	Total face value (PLN)	Share in the company's share capital (%)	Share in the general number of votes (%)
Jerzy Wiśniewski	4.495.054 of shares, including: 4.495.054 registered preference shares	4.495.054	33,47%	50,14%
BZ WBK AIB Investment Fund Company S.A.	899.265 ordinary shares	916.334	6,70%	5,02%
State as of the day of the statement submission				
Shareholder	Number	Total face value (PLN)	Share in the company's share capital (%)	Share in the total number of votes (%)
Jerzy Wiśniewski	4.495.054 of shares, including: 4.495.054 of registered preference shares	4.495.054	33,47%	50,14%
BZ WBK AIB Investment Funds Company SA	916.334 ordinary shares	916.334	6,82%	5,11%
ING Nationale - Nederlanden Polska PTE SA	912.991 ordinary shares	912.991	6,80%	5,09%

The company does not possess any information concerning other shareholders holding at least 5% of the total number of votes on the General Shareholders Meeting and the company hasn't been notified of that fact until the day of execution of that statement.

5. Appointment of the holders of all securities which grant special control rights together with description thereof.

Any securities granting special control rights in relation to the Company do not exist. The company's shares are not connected with any limitations concerning transfer of the ownership rights nor any limitations in exercise of the voting rights.

6. Determination of all and any limitations referring to exercise of the voting right such as limitation as to exercise of the voting right by the holders of particular part or number of votes, time limitations concerning exercise of the voting right or records in accordance with which and in co-operation with the company the capital rights connected with the securities are separated from possession of securities.

The Statutes of Issuer do not include any provisions concerning restrictions of exercise of the voting rights by the holders of the defined part or number of votes.

7. Description of the rules concerning appointment and dismissal of the managing persons and their rights in particular the right to take decision on the issue or redemption of shares.

Management Board of the Issuer.

Management Board conducts activity on the basis of the Commercial Companies Code, the Statute (Memorandum of Association) and Management Board By-Laws. The Management Board is body of the Issuer which competences shall include all matters which are not reserved by the Commercial Companies Code or Memeorandum of Asociacion of the Issuer for other bodies of the Issuer.

In accordance with presently effective provisions of the Issuer's Statute (paragraph 37) the Management Board of the Issuer consists of several persons including the President of Management Board and one to four Vice-Presidents of the Management Board and maximally three Management Board Members appointed and dismissed by the Supervisory Board. The Supervisory Board appoints the President of Management Board and than other Vice-Presidents and Management Board Members upon his application.

Only natural person may be a Management Board Member having full legal capacity to perform acts in law.

Two Vice-Presidents of the Management Board acting jointly shall be authorized to represent the Company or Vice-President and Management Board Member acting jointly or Vice-President with the Commercial Proxy or Management Board Member with the Commercial Proxy. President of the Management Board represents the company individually. The Management Board of the Company may grant power of attorney to act on behalf of the Company. The powers of attorney may be general, or special – and authorize to perform

actions of special type as well as there are powers of attorney for personal care and to carry out particular actions.

Management Board may grant commercial proxy rights. Approval of all the Management Board Members shall be required to establish the commercial proxy. Each individual Management Board Member shall be authorized to dismiss the commercial proxy.

Management Board shall define the strategy and consider interest of the Company, as well as main goals of the Company's activity and submit them to the Supervisory Board and then it shall be responsible for implementation and performance of those goals. The Management Board shall care of the transparency and effectiveness of management system of the Company and process of conduct of the Company's matters in accordance with the provisions of law and good practice.

Management Board Members are appointed, dismissed and suspended in exercise of their activity by the Supervisory Board in accordance with the rules defined in the Commercial Companies Code and the Memorandum of Association. Proposals of candidates for Management Board Members shall be presented by the President of the Management Board.

The Supervisory Board makes agreements with the Management Board Members and terminates thereof, whereas the agreements are signed on behalf of the Supervisory Board by the Chairman or Vice-Chairman of the Supervisory Board. Other actions connected with the employment relation of the Management Board Member are carried out in the same course. The Supervisory Board shall establish remuneration of the Management Board Members in consideration of motivational nature of this remuneration aimed at ensuring effective management of the Company.

Mandate of the Management Board Member shall expire:

- 1) at the time of his dismissal from the Management Board,
- 2) as of the day of holding the General Shareholders Meeting approving financial statement for the last entire financial year on the position of the Management Board Member.
- 3) at the time of death
- 4) at the date of resignation.

In case of resignation from the function of the Management Board Member, this resignation should be delivered to the Supervisory Board with the copy addressed to the Management Board.

Management Board Member shall not undertake the following activities without approval of the Supervisory Board:

- 1) to deal with business being competitive in relation to the Company,

- 2) to participate in the competitive company as the partner of civil partnership, general partnership or member of the capital company body or to participate in other competitive legal person as member of the body.
- 3) to participate in the competitive capital company in case of holding at least 10% of shares or stocks therein or the right to appoint at least one Management Board Member.

Management Board Member is obliged to notify the Supervisory Board forthwith upon occurrence of the circumstances described hereinabove. Management Board Member should observe the rules of loyalty in relation to the Company and avoid activities which might lead exclusively to achievement of individual material benefits. In case of obtaining information on the opportunity of making investment or other advantageous transaction concerning the subject of Company's activity, Management Board Member should provide such information to the Management Board in order to consider possibility to use thereof by the Company.

Taking advantage of such information by the Management Board Member or providing thereof to any third party may take place exclusively upon obtaining approval of the Management Board and only when Company's interest is not infringed thereby. Management Board Members should notify the Supervisory Board of any conflict of interest connected with the performed function or any possibility of occurrence thereof. Management Board Member should treat the company's shares being held by him as a long-term investment.

Any actions exceeding ordinary management shall require resolution of the Management Board. Resolution of the Management Board shall be required in the following cases, including without limitation:

- 1) decisions concerning material investment projects and the manner of financing thereof.
- 2) definition of the strategic plans of the company's development and establishment of financial goals of the Company,
- 3) determination of the organizational structure of the Company,
- 4) establishment of the by-laws and other internal normative acts of the Company,
- 5) determination of the internal division of competences between Management Board Members,
- 6) agreement of the assumptions of the salary and human resources policy, including assumptions to motivational plans.

Except for cases, referred to hereinabove particular Management Board Members are responsible for independent conduct of the Company's cases resulting from division of duties. Should any impediments occur in the course of fulfillment of the duties by the Management Board Member he is obliged to notify the Management Board forthwith that execution of his duties is impossible. President of the Management Board shall decide whose of the remaining Management Board Members shall perform those duties as a deputy.

Supervisory Board of the Issuer

Supervisory Board conducts activity on the basis of Commercial Companies Code, the Memorandum of Association and the Supervisory Board By-Laws.

Supervisory Board consists of at least five members appointed by the General Shareholders Meeting in secret ballot for the period of one year, whereas mandates of the Supervisory Board Members shall expire only as at the day of holding General Shareholders Meeting approving financial statement for the last entire financial year on the position of the Supervisory Board Member. The number of Supervisory Board Members shall be agreed each time by the General Shareholders Meeting. Supervisory Board Members may be elected once again. At least half of the Supervisory Board Members shall consist of independent members that is, the persons complying with the following pre-conditions:

The Management Board Members shall be regarded as independent, if he is not:

- 1) an employee of the Company nor Associated Entity;
- 2) a member of supervisory and managing authorities of the Associated Entity;
- 3) a shareholder holding at least 5% of votes on the General Shareholders Meeting of the Company or General Shareholders Meeting of the Associated (Related) Entity;
- 4) a member of supervising and managing authorities or an employee of the entity holding at least 5% of votes on the General Shareholders Meeting or General Shareholders Meeting of the Associated Entity;
- 5) an ascendant, descendant, spouse, siblings or parents of the spouse or the person remaining in the adoption relationship towards any persons mentioned in the preceding subparagraphs.

Terms and conditions mentioned above must be complied with through the entire term of mandate.

According to the meaning of the Issuer's Statute (Memorandum of Association) a particular entity is "the Associated Entity", in case it's the Holding Entity in relation to the Company and Subsidiary towards the Company or Subsidiary towards the Holding Entity of the Company.

The particular entity shall be "the Associated Entity" of another entity ("the Holding Entity"), within the meaning of the Issuer's Statute, if:

- 1) the Holding Entity holds majority of votes in the authorities of another entity (the Subsidiary), also on the basis of agreements with other authorized entities, or
- 2) The Holding Entity is authorized to appoint and dismiss majority of members of the managing authorities of another entity (the Subsidiary), or
- 3) more than half of the Management Board Members of the second entity (the Subsidiary) are simultaneously Management Board Members or persons on the managing positions in the first entity or another entity remaining in dependence relationship with the first one.

The entity, which is the Subsidiary of other entity in the dependence relation towards the Holding Entity of the Company shall be regarded as the subsidiary in relation to the Holding Entity.

The Supervisory Board is obliged to carry out permanent supervision over activity of the Company in all fields of its activity. The Supervisory Board submits brief assessment of the Company's condition every year which is agreed in the course of the Supervisory Board Meeting convened before the Ordinary General Shareholders Meeting.

THE FOLLOWING ISSUES SHALL REQUIRE APPROVAL OF THE SUPERVISORY BOARD:

- 1) acquisition of the enterprise or organized part thereof,
- 2) establishment and liquidation of the Company's branches in the domestic country and abroad,
- 3) assumption of responsibility for somebody's obligations (sureties, guarantees, bill sureties) exceeding the sum constituting the amount of the Company's share capital subject to the provision that assumption of responsibility for obligations of the companies from the capital group of the Company shall not require approval of the Supervisory Board.
- 4) dealing with competitive business by the Management Board Members and participation in competitive companies as the partner of unlimited company or member of the authorities;
- 5) acquisition, take up, sale and resignation from the pre-emptive right of shares or stocks with the exception of stocks of public companies in the amount not exceeding 1% (one percent) of the total number thereof;
- 6) advance payment for the benefit of the shareholders as part of the dividend provided at the end of financial year,
- 7) contribution of any benefits by the Company except for the allowances resulting from the employment relationship for the Management Board Members of the Company.
- 8) making material contract by the Company or its subsidiary with the associated entity of the Company (except for making agreements with the companies of the Capital Group of the Company), the Supervisory Board Member or the Management Board Member and the entities associated with the above entities.
- 9) purchase or sale of the property, perpetual usufruct or share in the real estate,
- 10) election of an expert auditor,
- 11) representation of the Company in the agreements and disputes between the Company and the Management Board Members;
- 12) approval of the Management Board By-Laws;
- 13) appointment and dismissal of the Management Board Members;
- 14) provision of the opinion on the matters presented by the Management Board.

In order to perform its tasks the Supervisory Board may review every division of the Company's activity and request reports and explanations from the Management Board and employees of the Company as well as to carry out revisions of the property and control books and documents. The Supervisory Board Members should undertake appropriate actions to obtain regular and sufficient information from the Management Board concerning any material matters on the Company's activity and any risk connected therewith as well as on the manners to manage this risk. The Management Board provides information on any material matters concerning the Company's activity on every meeting of the Supervisory Board. The Supervisory Board Members shall be notified by the Management Board in writing of any urgent matters. In such case the President or two Vice-Presidents of the Management Board or Vice-President and the Management Board Member or Vice-President and the Commercial Proxy or the Management Board Member and the Commercial Proxy shall provide information in writing to the Chairman of the Board.

In case of any impediments in the course of duties performance by the Supervisory Board Member he is obliged to notify the Chairman of Supervisory Board forthwith on any impossibility to fulfil his duties and of any reasons thereof.

The Supervisory Board Member shall notify other Supervisory Board Members forthwith of the following issues without any delay:

- a) the existing conflict of interest with the Company. In such case the Supervisory Board Member is obliged to refrain from taking the floor and casting a vote on the adoption on the resolution in the case in which conflict of interest existed. Information on the reported conflict of interest should be included in the minutes from the Supervisory Board Meeting.
- b) personal, actual and organizational relations of the Supervisory Board Member with the particular shareholder, especially majority shareholder, which might affect the Company's matters.

Personal relations with the shareholder shall mean the first degree of blood relationship or relation in-law. The actual connections with the shareholder shall mean remaining in permanent economical relations. Organizational connections with the shareholder shall mean relations resulting from the employment agreements made and having the similar nature. The Company is entitled to request at any time declaration from the Supervisory Board Member concerning any relations referred to hereinabove.

8. Description of the rules of making amendments in the Memorandum of Association or the Articles of Association of the Issuer's Company.

The amendment of Memorandum of Association of the Company shall require:

- resolution of the General Shareholders Meeting adopted by the majority of $\frac{3}{4}$ votes cast (Article 415 of the Commercial Companies Code), in the form of the Notary's Deed (the resolution concerning material amendment of the

objects of the Company's activity shall require be adopted by the majority of 2/3 votes (Article 416 of the Commercial Companies Code)),

- entry to the National Court Register (Article 430 of the Commercial Companies Code),

9. The manner of activity of the General Shareholders Meeting and principal rights thereof as well as description of the shareholders rights and the manner of execution thereof, including without limitation the rules resulting from the by-laws of the General Shareholders Meeting.

9.1 The manner activity of the General Shareholders Meeting

The General Shareholders Meeting conducts its activity on the basis of the Rules of the General Shareholders Meeting. The shareholders have the right to participate in the General Shareholders Meeting if they submitted named deposit certificates to the Company issued by the entity keeping the securities account in accordance with the regulations on the public trading in securities at least within a week before the date of the General Shareholders Meeting and they shall not take those certificates before ending of that Shareholders Meeting.

The General Shareholders Meeting shall be valid if the shareholders present there represent at least a half of the share capital. The Supervisory Board Members and the Management Board Members should participate in the General Shareholders Meeting. Absence of the Supervisory Board Member and the Management Board Member on the General Shareholders Meeting shall require explanation. This explanation should be submitted on the General Shareholders Meeting.

The expert auditor should participate in the Ordinary General Shareholders Meeting and in the Extraordinary Shareholders Meeting on which the financial matters of the Company are examined.

Experts and guests invited by the authority convening the General Shareholders Meeting may participate in the General Shareholders Meeting or in respective part thereof particularly in case when their participation is required in consideration of the need to present any opinion concerning the examined matters to the participants of the General Shareholders Meeting.

The Chairman of the General Shareholders Meeting shall manage the course thereof in accordance of the assumed agenda, the Memorandum of Association and the By-Laws with observance of the provisions of law and interest of all participants of the General Shareholders Meeting.

The Chairman shall not remove the matters individually from the announced agenda and change sequence of any paragraphs thereof as well as introduce for consideration any essential matters which are not included in the daily agenda.

Upon presentation of each matter included in the agenda the Chairman shall make a list of persons applying for discussion and upon closing thereof he shall open a discussion giving the floor to the participants according to the sequence of appearance of the speakers. The Chairman shall decide on ending of the discussion. The Chairman may award the right to speak out of order to the Management Board Members, Supervisory Board Members and the invited experts whose votes shall not be considered in the course of making the list and counting the number of speakers. Participants may take the floor exclusively in the matters included in the agenda within the scope of currently considered item of this agenda. In the course of consideration of every matter of the agenda and depending on the subject thereof, the Chairman may appoint the time vested to one speaker for his speech or reply. The above limitation shall not be applied in relation to the Management Board Member, the Supervisory Board Member and the expert. The Chairman shall decide on extension of time of the speech or awarding additional right to speak to the participant.

Each participant of the General Shareholders Meeting has the right to address questions to the Management Board, the Supervisory Board and expert auditor in the matters included in the agenda within the scope of currently examined matter.

Management Board Members, Supervisory Board Members and the expert auditor of the Company – within the scope of their competences – shall be obliged to provide reply to the addressed questions within the scope which is indispensable to resolve the matters discussed by

General Shareholders Meeting. The replies should be made in consideration of the fact that information duties shall be fulfilled by the Company in the manner consistent with the regulations concerning financial instruments trading and provision of several information shall not be made otherwise than it is determined in those regulations. Immediately upon ending the discussion the Chairman submits formal application for voting of the General Shareholders Meeting. Upon request of the participant of the General Shareholders Meeting his declaration in the written form shall be included to the minutes. This declaration shall be accepted at the end of the Shareholders Meeting.

Resolutions of the General Shareholders Meeting shall be adopted by the absolute majority of votes cast, unless the absolute and effective provision of law or the Memorandum of Association shall require the qualified majority of votes to adopt a particular resolution.

9.2 The basic rights of the General Shareholders Meeting

In accordance with paragraph 28 of the Memorandum of Association of PBG S.A. the following matters shall require resolution of the General Shareholders Meeting:

- 1) consideration and approval of the annual financial statement including the statement on the Company's activity for the previous financial year.
- 2) granting the vote of approval to the members of the Company's bodies with respect to fulfillment of their duties;
- 3) division of profit or definition of the manner of covering losses;
- 4) any decisions concerning claims for redressing the damage inflicted in the course of the Company's formation or exercising management or supervisory duties;
- 5) sale or tenancy of the enterprise or any organized part thereof and establishment of the right to use this enterprise;
- 6) issue of the bonds convertible into stocks or with pre-emption right,
- 7) determination of the rules and amount of remuneration of the Supervisory Board Members,
- 8) appointment and dismissal of the Supervisory Board Members,
- 9) determination of the dividend day,
- 10) establishment, application each time as well as liquidation of the reserve capital.

9.3 Shareholders' rights together with the manner of exercise thereof

In accordance with the Rules of the General Shareholders Meeting of PBG S.A. shareholder shall have the following rights including without limitation:

1. Shareholder may participate in the General Shareholders Meeting and execute the right to vote personally or through the proxy or other representative. The power of attorney to act on behalf of the Shareholder should be granted in writing under the sanction of nullity and attached to the minutes of the General Shareholders Meeting. Other representatives of the Shareholders should substantiate their right to act on their behalf in the proper manner.
2. The Chairman shall be elected from the participants of the General Shareholders Meeting.
3. Management Board Member shall convene the Ordinary and Extraordinary Shareholders Meeting. Should the Management Board not adopt a resolution convening the Ordinary Shareholders Meeting before lapse of the fifth month following end of the financial year or convenes it at the day which is not defined as a date set forth in item 2, the right to convene the Ordinary Shareholders Meeting shall be also vested to the Supervisory Board. Shareholders representing at least one tenth of the share capital may apply to the Management Board of the Company with the application for convening the Extraordinary Shareholders Meeting.

4. Each participant of the General Shareholders Meeting has the right to address questions to the Management Board, the Supervisory Board and expert auditor in cases included in the agenda within of the scope of the currently considered case.
 5. Each participant of the General Shareholders Meeting may submit application in the organizational case. In organizational cases the Chairman may give the floor out of order. At the request of the participant of the General Shareholders Meeting his declaration in writing shall be included to the minutes. This declaration shall be accepted at the end of the meeting.
- 10. Composition and changes which took place therein within the last financial year and description of activity of the management, supervision or administration authorities of the issuer and any committees thereof;**

Composition and the rules of activity of the Management Board

Composition of the Management Board within the period from 1st January of 2008 to 31st December of 2008:

- Jerzy Wiśniewski – President of the Management Board;
- Tomasz Woroch – Vice-President of the Management Board;
- Przemysław Szkudlarczyk – Vice-President of the Management Board;
- Tomasz Tomczak – Vice-President of the Management Board;
- Mariusz Łożyński – the Management Board Member until 27th November of 2008 – Vice-President of the Management Board since 28th November of 2008;
- Tomasz Łatawiec – the Management Board Member.

Management Board in the composition mentioned above despite of Tomasz Łatawiec was appointed on 10th March of 2006 by the Supervisory Board of PBG S.A. to perform its function in the following term of office. However, Mr. Tomasz Łatawiec was appointed to perform function of the Management Board Member by the resolution of the Supervisory Board of PBG S.A. adopted on the 3rd October of 2007. The following changes in the Management Board of PBG S.A. have been made by the Supervisory Board on 28th November of 2008 which took decision upon application of the Management Board on appointment of Mr. Mariusz Łożyński – who has been Management Board Member heretofore for the position of Vice-President of the Company's Management Board. Application was filed in connection with the changes of responsibility within the scope of the Company's Management Board, resulting from making in the previous year the biggest contracts in the history of the Company within the scope of crude oil and gas. Vice-President of the Management Board Mr. Tomasz Tomczak being responsible until now for the entire area connected with production shall bear responsibility for contracts acquired for execution

(construction of mines of crude oil LMG and construction of underground gas warehouse Wierzchowice).

Mr. Mariusz Łożyński shall be additionally responsible for acquisition of orders in the Capital Group PBG and performance of contracts in hydro-technical and renovation areas apart from supervision over acquisition of contracts in the country and abroad.

	No.	NAME AND SURNAME	FUNCTION IN THE MANAGEMENT BOARD	AREA OF RESPONSIBILITY
MANAGEMENT BOARD	1.	Jerzy Wiśniewski	President of the Management Board	Strategy and development
	2.	Tomasz Woroch	Vice-President of the Management Board	Performance in the environment protection sector
	3.	Przemysław Szkudlarczyk	Vice-President of the Management Board	Economy and finance
	4.	Tomasz Tomczak	Vice-President of the Management Board	Execution in the sector of crude oil, natural gas and fuel
	5.	Mariusz Łożyński	Vice-President of the Management Board	Offering, making contracts in PBG Group; Workmanship in the hydro-technique and renovation sector
	6.	Tomasz Łatawiec	Management Board Member	Workmanship in renovation sector
COMMERCIAL PROXIES	1.	Tomasz Przebieracz	Commercial Proxy	Execution in the sector of crude oil, natural gas and fuel
	2.	Cezary Pokrzywniak	Commercial Proxy	Inżyniering – projektowanie procesów i instalacji technologicznych Engineering – projecting of processes and technological installations
	3.	Wojciech Byczkowski	Commercial Proxy	Logistic
	4.	Eugenia Bachorz	Commercial Proxy	Accounting of Capital Group PBG
	5.	Rafał Wilczyński	Commercial Proxy	Economy and finance
	6.	Paweł Buczkowski	Commercial Proxy	Workmanship in the sector of hydro-technical construction industry

Present term of office of the Management Board shall lapse on the 10th day of May of 2009. In accordance with paragraph 37 item 7 of the Statute (Memorandum of Association) of PBG S.A., mandates of the Management Board Members expire at the day of holding the General Shareholders Meeting approving financial statement for the last full financial year of performing function of the Management Board Member. Composition of the Management Board has not been changed until the day of the declaration publication.

The scope of competences of the Management Board includes any matters of the Company not reserved for competence of the General Shareholders Meeting or the Supervisory Board. The duties and Management Board By-Laws shall be defined in the formal document, which precise the function of Management Board. Particular Management Board Members manage areas of the Company's activity entrusted to them and their work is coordinated by the President of Management Board.

10.2 Composition and rules of activity of the Supervisory Board and any committees thereof

At the 31st December of 2008 the Supervisory Board of PBG S.A. was composed of six members.

- Bednarkiewicz Maciej – the Chairman of Supervisory Board;
- Kseń Jacek – Vice-Chairman of the Supervisory Board;
- Lindner Wiesław – Secretary of the Supervisory Board;
- Krzyżaniak Jacek – Supervisory Board Member;
- Wiśniewska Małgorzata – Supervisory Board Member until 31st August of 2008;
- Dobrut Mirosław – Supervisory Board Member until 12th March of 2008;
- Sarnowski Dariusz – Supervisory Board Member;
- Strzelecki Adam – Supervisory Board Member.

The Supervisory Board Member in the composition mentioned above was appointed on 23rd May of 2007 by the Ordinary General Shareholders Meeting to perform its function during the next term of office. In the period mentioned above that is in March of 2008, Mr. Mirosław Dobrut resigned from the function of the Supervisory Board Member of PBG S.A. Potential conflict of interest connected with undertaking employment in the management bodies of other stock exchange company constituted justification of the submitted resignation. The next change in the Supervisory Board of PBG S.A. concerned resignation from performing function by Mrs. Małgorzata Wiśniewska as of 1st September of 2008. The resignation was justified by taking up position of the President of Management Board in the subsidiary of PBG S.A. – the company INFRA S.A.

Term of office of the Supervisory Board appointed in May of 2007 expired at the day of holding Ordinary General Shareholders Meeting and approval of financial statement of the Company for the year 2007.

On the 18th day of June of 2008 the Ordinary General Shareholders Meeting of the company PBG granted the vote of approval to all members of the Supervisory Board mentioned above and decided to appoint them again to the Supervisory Board of PBG. In the present term of office the Supervisory Board consisted of seven members, but at the day of the financial statement submission the Supervisory Board consisted of six members. Mr. Maciej Bednarkiewicz holds the function of the Supervisory Board Chairman, Mr. Jacek Kseń holds the function of Vice-Chairman of the Supervisory Board and Mr. Wiesław Linder was entrusted with the function of the Supervisory Board Secretary.

Any other changes have not been introduced in the composition of persons managing and supervising PBG S.A. in the described period.

Composition of the Supervisory Board has not been changed until the day of publication of the declaration.

Term of office of the Supervisory Board Members lasts a year and their remuneration shall be determined by the General Shareholders Meeting. The Supervisory Board Meeting exercises permanent supervision over activity of the Company in any fields of its activity. Particular duties of the Supervisory Board shall include assessment of the financial statement and the Management Board statement of the Company's activity within the scope of their compliance with the books and documents, as well as the actual state of affairs and assessment of the Management Board applications with reference to profits division and coverage of loss and submission of the annual statement on the results of this assessment in the written form to the General Shareholders Meeting.

Duties and By-laws of the Supervisory Board shall be defined in the formal document including definition of its role. The Supervisory Board is fulfilling its duties jointly, but it transferred certain part of competences to particular persons or committees, which were described in the following subparagraphs.

The following Committees are conducting activity at the Supervisory Board of PBG S.A:

1. Audit Committee
2. Remuneration Committee

The Audit Committee shall be composed of the following persons:

- Jacek Kseń,
- Dariusz Sarnowski

The Audit Committee shall be convened according to the requirements, however at least once in a quarter of the year. The Audit Committee shall be responsible for the following issues, including without limitation:

- a) assessment of the scope of independence of the elected expert auditor and providing advise to the Supervisory Board with respect to election of the expert auditor, as well as conditions of agreement with him and the amount of his salary. Detailed statement of reasons shall be required in case of election by the Supervisory Board of other entity performing function of expert auditor than that which was recommended.
- b) analysis and assessment of the relations and dependence occurring in the Company and also in the Supervisory Board and Management Board of the Company with respect to conflicts of interest which occur or are possible to disclose and undertaking any actions aimed at elimination of that phenomenon as well as providing as effective communication as practicable between the expert auditor and the Supervisory Board.
- c) review of the quarterly, half-yearly and annual financial statements of the members of entities constituting part of capital group of the Company, as well as quarterly, half-yearly and annual consolidated financial statements of the Company's capital group.

The Audit Committee shall be convened in accordance with the requirements, at least once in the quarter of a year.

The Remuneration Committee shall consist of:

- Maciej Bednarkiewicz
- Wiesław Linder
- Jacek Krzyżaniak

The Remunerations Committee shall be composed of two persons and should be responsible for the following issues:

- a) general monitoring of practices within the scope of salaries and their level in the Company;
- b) determination of the employment conditions of the Management Board Members and management staff of the Company
- c) setting forth the plan of bonuses for the financial year.

The Remunerations Committee shall be convened in accordance with the requirements at least once in a quarter of the year.