

**Attachment to draft resolution to Item 6 Sub-item 8 of the Agenda
of the Ordinary General Meeting of Shareholders held on 21 June 2007**

**Declaration of Bank Handlowy w Warszawie S.A. (hereinafter referred to as the “Company”)
regarding the compliance with corporate governance rules incorporated in
“Best Practices in Public Companies”**

Warsaw, June 2007

GENERAL RULES

I. Objective of the Company

The basic objective of Company's activity is to act in the interest of the Company i.e. to increase the value of assets entrusted to it by Shareholders considering rights and interests of third parties other than Shareholders engaged in the functioning of the Company, in particular, Company's creditors and employees.

II. Majority rule and minority protection

A Company limited by shares is a capital venture. Because of that, the principle of capital majority rule and thus the primacy of the majority has to be respected. A shareholder who contributed larger capital also bears greater economic risk. Thus, it is justified that the interests of such a shareholder should be considered proportionally to the contributed capital. Due protection of minority's rights should be guaranteed within the limits defined by the law and best practice. When executing his rights, a majority shareholder should take into account the interests of the minority.

III. Honest intentions and no abuse of rights

Execution of rights and the use of legal institutions should be based on honest intentions (good faith) and cannot go beyond the purpose and economic justification underlying the establishment of these institutions. No steps should be taken that would go beyond thus defined limits and constitute the abuse of the law. The minority should be protected from the abuse of ownership by the majority and the interests of the majority should be protected from the abuse of rights by the minority to guarantee the widest possible protection of just interests of Shareholders and other participants in the turnover.

IV. Judicial control

Agencies of the Company and persons in charge of the General Meeting of Shareholders cannot solve issues that should be subject to court's ruling. This rule does not apply to actions to which Company's agencies and persons in charge of the General Meeting are authorized or obliged by the law.

V. Independence of opinions ordered by the Company

<p>When selecting the entity supposed to render expert's services, in particular, services of a chartered accountant, financial and tax advising and legal services the Company should consider circumstances limiting the independence of such an entity during the execution of its tasks.</p>			
	RULE	YES/NO	COMMENTS OF THE COMPANY BANK HANDLOWY W WARSZAWIE S.A.
<u>BEST PRACTICE OF GENERAL MEETINGS</u>			
1	<p>The General Meeting should always take place in the location and at the time facilitating participation of the widest possible group of Shareholders.</p>	Yes	<p>According to the practice adopted by the Company, General Meetings take place in Company's seat in Warsaw.</p> <p>For the purposes of General Meetings, the Company procures a room appropriate for a given number of Shareholders, professional interpreting services and an electronic system for casting and calculating votes.</p> <p>The Company adopted the principle that Ordinary General Meetings are convened no later than in the last week of June, before noon.</p>
2	<p>The request to convene the General Meeting and place specific issues on its agenda submitted by authorized entities should be justified. Draft resolutions suggested to be passed by the</p>	Yes	<p>The Management Board presents justification of the General Meeting and of the placement of specific issues on the agenda.</p>

<p>General Meeting and other important materials should be presented to Shareholders with justification and an opinion of the Supervisory Board before the General Meeting at the time that makes it possible for them to familiarize themselves with such drafts and materials and to assess them.</p>		<p>If the request to convene the General Meeting and place specific issues on its agenda submitted by a Shareholder or Shareholders does not include justification the Management Board will apply for such justification regardless of the execution of the right to convene the General Meeting. This principle is provided by the Articles of Association in § 8 Section 3.</p> <p>According to the practice adopted in the Company, all the important materials for the General Meeting are delivered to Shareholders no later than 15 days (financial statements) or 7 days (copies of resolutions) before the date of the General Meeting.</p> <p>Moreover, the materials for the General Meeting are made available at the Company's registered office on the dates, of which the Company informs in a separate announcement and on the Company's website.</p> <p>The obligation to provide Shareholders with draft resolutions with justification and opinion of the Supervisory Board is provided in the Regulations of the General Meeting of Shareholders in § 4 Section 5.</p>
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			Notwithstanding the foregoing, the Company performs all the reporting obligations, e.g. relating to the agenda of the General Meetings, arising from commonly applicable provisions of law.
3	The General Meeting convened on Shareholders' request should take place within the deadline stated in such request and in the event of material obstacles to the adherence to that deadline it should take place at the nearest date that makes it possible for the General Meeting to resolve issues included in the agenda.	Yes	<p>The Management Board will take efforts to organize General Meetings convened on Shareholders' request on dates stated in such a request, unless it is impossible for objective reasons. In such a situation, another date will be fixed in agreement with the requesting party.</p> <p>Till the day of submitting this Declaration the Shareholders did not apply for General Meetings to be convened.</p>
4	Cancellation of the General Meeting on which agenda specific issues have been placed at the request of authorized entities or that has been convened at such a request is possible only with the consent of the requesting parties. In other cases, the General Meeting can be cancelled if its convening meets extraordinary obstacles (force majeure) or is obviously pointless. Cancellation takes place in the same way as convening guaranteeing the least negative consequences for the Company and Shareholders, in any way, not later than three weeks before the initially planned date. The	Yes	<p>This rule is fully reflected in § 8 Section 5 of the Articles of Association. Furthermore, the Company applies the general principle of not canceling or changing already announced dates of General Meetings unless in extraordinary or particularly justified circumstances.</p> <p>Till the day of submitting this Declaration, in the Company's practice, the General Meetings was never cancelled.</p>

	change in the date of the General Meeting takes place in the same mode as its cancellation even if the suggested agenda remains unchanged.		
5	Participation of a representative of a Shareholder in the General Meeting requires documentation of the right to act on such Shareholder's behalf in due manner. It should be assumed that the written document confirming the right to represent the Shareholder during the General Meeting is compliant with the law and does not require additional confirmation unless its authenticity or <i>prima facie</i> validity arouse doubts of the Management Board of the Company (when entering on the list of participants) or of the Chairperson of the General Meeting.	Yes	<p>According to the practice adopted in the Company, participation in the General Meeting and execution of the voting right requires only the power of attorney (in written form in pain of voidance) granted by authorized persons according to an excerpt from an appropriate register or, for individuals, according to the provisions of the Civil Code.</p> <p>The Company verifies only the above-mentioned documents when checking the list of participants. An appropriate provision confirming this practice is included in § 5 of the Regulations of the General Meeting of Shareholders.</p>
6	The General Meeting should have its permanent regulations defining detailed principles of debate management and the passing of resolutions. In particular, the regulations should include provisions concerning elections including the election of the Supervisory Board in the vote by separate groups. The regulations should not be changed frequently; it is advisable that changes come into force as of the next General Meeting.	Yes	The Regulations of the General Meeting of Shareholders exist in the Company and they are modified only when it is necessary, e.g. in order to make them compliant with changes in "Best Practices in Public Companies". The Company Management Board will do its best to make the amendments to the Regulations, which have been adopted by the General Meeting,

			enter into force as of the subsequent General Meeting. The Regulations of the General Meeting of Shareholders are delivered to all the Shareholders authorized to attend this Meeting, together with the materials for such General Meeting.
7	The person opening the General Meeting should cause the immediate election of the Chairperson abstaining from any other material or formal decisions.	Yes	According to the practice of General Meetings applied in the Company after the meeting is opened the election of the Chairperson of the Meeting is ordered immediately. This rule is reflected in § 6 of the Regulations of the General Meeting of Shareholders. Before the Chairperson is elected, the Company's General Meeting refrains from taking any decisions.
8	The Chairperson of the General Meeting guarantees efficient progress of the discussion and respect for the rights and interests of all Shareholders. In particular, the Chairperson should oppose the abuse of rights by participants in the meeting and guarantee respect for the rights of minority Shareholders. The Chairperson should not resign without important reasons and cannot unreasonably delay the signature of the minutes of the General Meeting.	Yes	To guarantee compliance with this rule, the Management Board of the Company through a person opening the General Meeting, delivers to the Chairperson of the General Meeting an instruction to perform this function in such a manner so as commonly applicable provisions of law, Best Practices, Articles of Association and other internal regulations of the Company or good customs be complied with. An appropriate provision is included in §8 of the Regulations of the General Meeting of Shareholders. The instruction is attached as appendix to the Company's Regulations of

			the General Meeting of Shareholders.
9	<p>Members of the Supervisory Board and Management Board should be present during the General Meeting. The auditor should be present during the Ordinary General Meeting and during an Extraordinary General Meeting if financial issues of the Company are to be discussed. If any Supervisory or Management Board member is not present at the General Meeting, he/she should provide a relevant explanation. Such explanation should be presented at the General Meeting.</p>	<p>Yes</p>	<p>According to § 3 of the Regulations of the General Meeting of Shareholders, § 8 Section 2 of the Regulations of the Supervisory Board and § 10 Section 3 of the Regulations of the Management Board, members of the Management Board and Supervisory Board take part in General Meetings. If financial issues of the Company are to be discussed, an auditor of the Company also takes part in the Meeting according to the aforementioned provision of the Regulations of the General Meeting of Shareholders.</p> <p>In accordance with §10 Section 3 of the Regulations of the Management Board, the members of the Management Board shall inform the President of the Management Board about his/her absence at the General Meeting before the General Meeting, giving the reason of absence. The President of the Management Board or another member of the Management Board authorized by the President shall provide the General Meeting with explanations regarding absence of the member of the Management Board. In the same way, in accordance with §8 Section 2 of the Regulations of the Supervisory Board, the members of the Supervisory Board shall inform the Chairperson of the Supervisory</p>

			<p>Board about their absence at the General Meeting, giving the reason of absence. The Chairperson of the Supervisory Board or another member of the Supervisory Board authorized by the Chairperson shall provide the General Meeting with explanations regarding absence of the member of the Supervisory Board. In accordance with the instruction delivered to the Chairperson of the General Meeting, he/she is obliged to state which Supervisory Board and Management Board members, if any, do not attend the General Meeting.</p> <p>An agreement with the auditor incorporates a clause stating the auditor's obligation to attend the General Meeting if the agenda includes the Company's financial issues.</p>
10	<p>Within the limits of their competencies and in the scope necessary to resolve issues discussed by the General Meeting, Members of the Supervisory Board and the Management Board and the auditor of the Company should provide explanations and information about the Company to the participants in the meeting.</p>	<p>Yes</p>	<p>Members of the Management Board and the Supervisory Board and the auditor present during the General Meetings provide explanations and information about the Company to the participants in the General Meeting within the limits of their competencies and in the scope necessary to resolve issues discussed by the General Meeting.</p> <p>The respective obligations of the Management Board members are confirmed</p>

			by §17 of the Regulations of the General Meeting of Shareholders and § 10 Section 4 of the Regulations of the Management Board, and obligations of the Supervisory Board members by §8 Section 3 of the Regulations of the Supervisory Board.
11	The answering of questions of the General Meeting by the Management Board should consider the fact that a public Company meets its information obligations in the way resulting from the regulations of the law concerning public trading in securities and a lot of information cannot be communicated in the way different than in line with these regulations.	Yes	<p>Bodies of the Company do not limit the information requested, in particular, by the General Meeting but also comply with the provisions of the Law on Public Offering and Conditions for Introducing Financial Instruments to Organized Trading and Public Companies, Law on Trading in Financial Instruments, Ordinance on current and periodical information provided by issuers of securities and provisions of the Code of Commercial Companies.</p> <p>The respective obligations of the Management Board are confirmed by § 17 of the Regulations of the General Meeting of Shareholders.</p>
12	Short breaks in discussions that do not constitute the postponement of the meeting, ordered by the Chairperson in justified cases, cannot be introduced to hinder the execution of rights by Shareholders.	Yes	To guarantee compliance with this rule, the Management Board of the Company each time informs the Chairperson of the General Meeting of its content through delivering to the person elected to be the Chairperson of the General Meeting, the instruction referred

			to in the Company's comment on rule 8.
13	Voting on matters of routine can only regard issues related to the management of debates during the meeting. Resolutions that can influence the execution of rights by Shareholders are not subjected to vote in that mode.	Yes	Voting on matters of routine regard issues related to the management of debates during the meeting.
14	A resolution concerning forbearance to analyze the issue included in the agenda can only be passed if there are important reasons in favor of such forbearance. A motion concerning such an issue should include detailed justification. Upon a Shareholder's motion an issue may be removed from the agenda or may not be examined by the meeting only upon the Shareholders' resolution passed by 75% votes of the General Meeting, after all the present Shareholders who submitted such a motion gave their consent.	Yes	<p>According to § 8 of the Regulations of the General Meeting of Shareholders, the Chairperson conducts the debate of the Meeting according to the fixed agenda.</p> <p>This rule within the scope of the forbearance to analyze the issue included in the agenda and changing the sequence of issues on the agenda is included in §8 Section 6 of the Articles of Association and § 14 Section 1 of the Regulations of the General Meeting of Shareholders.</p> <p>Till the day of submitting this Declaration, resolutions regarding not considering an item placed on the agenda of the General Meeting were never adopted.</p>
15	Parties objecting to a resolution are given an opportunity of brief justification of their objections.	Yes	<p>Each party objecting to a regulation has an opportunity to present their argumentation and justify the objection.</p> <p>This rule is confirmed by § 2 Section 2 of the Regulations of the General Meeting of</p>

			<p>Shareholders.</p> <p>Till the day of submitting this Declaration no objections were raised against the resolutions of the General Meeting.</p>
16	<p>As the Code of Commercial Companies does not provide for judicial control in the event of the failure of the General Meeting to pass a resolution, the Management Board or the Chairperson of the General Meeting should formulate resolutions in such a way that each authorized person who does not agree with the merits of the decision included in the resolution should have an opportunity to appeal against it.</p>	<p>Yes</p>	<p>This rule is provided in §24 Section 3 of the Regulations of the General Meeting of Shareholders.</p> <p>The Chairperson of the General Meeting is obliged to ensure that resolutions are formulated clearly and explicitly. The Management Board of the Company also provides the Chairperson with potential support of the legal service of the Company.</p>
17	<p>Written statements of participants in the General Meeting are included in the minutes on the request of such participants.</p>	<p>Yes</p>	<p>In practice, written statements of participants in the General Meeting have been included in the minutes thereof.</p> <p>To guarantee compliance with rule 17, the Management Board of the Company each time informs the notary rendering his services during the General Meeting of its content and checks whether the notary performs the obligation resulting from this rule.</p>

<u>BEST PRACTICES OF SUPERVISORY BOARDS</u>			
18	<p>Every year, the Supervisory Board presents the summary assessment of Company's situation to the General Meeting. Such an assessment should be included in the annual report of the Company, made available to all Shareholders on such a date that they could familiarize themselves with the report before the Ordinary General Meeting.</p>	<p style="text-align: center;">Yes</p>	<p>According to the practice adopted by the Company, the Supervisory Board passes an annual resolution including Supervisory Board's assessment of the situation of the Company. The Supervisory Board presents that document to the General Meeting. The Company declares the inclusion of the assessment in the annual report for 2006. Furthermore, Shareholders of the Company have an opportunity to familiarize themselves with the annual report of the Company at least 15 days before the Ordinary General Meeting.</p>
19	<p>A member of the Supervisory Board should have appropriate education, professional and practical experience, meet high moral standards and be able to devote an appropriate amount of time to perform functions in the Supervisory Board in due manner. Candidatures for members of the Supervisory Board should be submitted and justified in detail in the way enabling the informed choice.</p>	<p style="text-align: center;">Yes</p>	<p>In the opinion of the Company's Management Board, all members of the Company's Supervisory Board satisfy the requirements provided for in rule 19. Candidatures for members of the Supervisory Board presented to the General Meeting are always justified and a detailed curriculum vitae of a candidate is attached to the materials from the General Meeting. The obligation to justify the presented candidatures is included in § 25 Section 3 of the Regulations of the General Meeting of Shareholders of the Company.</p>

<p>20</p>	<p>a) independent members should represent at least half of the members of the Supervisory Board. Independent members of the Supervisory Board should be free of any relations to the Company, Shareholders or employees that could have a material influence on the ability of an independent member to make impartial decisions.</p> <p>b) Articles of Association of the Company should define detailed independence criteria;</p> <p>c) Without consent of the majority of independent Supervisory Board members none of the following resolution shall be passed:</p> <ul style="list-style-type: none"> - any performance to be made by the Company or any of its affiliated entities for any reason whatsoever, for the benefit of any of the Management Board's members; - the consent to the conclusion by the Company or a subsidiary of a material agreement with an entity affiliated to the Company, member of the Supervisory Board or Management Board and entities affiliated to them; - selection of the auditor to audit financial statements of the Company. 	<p>YES</p>	<p>One of the Company's Shareholders holds more than 50% of the Company's shares conferring the right to more than 50% of votes. At present, one half of the Company's Supervisory Board members are independent members and so was the composition of the Supervisory Board in 2006.</p> <p>Independence criteria for the Supervisory Board members, in line with the European Commission recommendation, are set forth in §14 Section 4 of the Company's Articles of Association. In accordance with the above provision of the Company's Articles of Association, a Supervisory Board Member shall be deemed independent if such member:</p> <ol style="list-style-type: none"> 1) is not and was not, during the past three years, an employee of the Company, its subsidiaries or dominant companies; 2) does not and did not hold, during the past three years, the position of a Management Board member or other managerial position (whatever the legal basis thereof) at the Company, its subsidiaries or dominant companies;
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	<p>d) in the companies where one Shareholder holds a block of shares giving more than 50% of the total number of votes, the Supervisory Board should be composed of at least two independent members, including an independent Chairperson of the audit committee if such a committee was appointed.</p> <p>The independence criteria should be specified in the Articles of Association by the end of June 2005.</p>		<p>3) is not the Company's Shareholder holding more than 5% of votes and is not employed by the Company's Shareholder holding more than 5% of votes;</p> <p>4) does not receive any additional remuneration (except the remuneration due for Supervisory Board membership) or any other financial benefits from the Company, its subsidiaries or dominant companies, save for benefits due to the Supervisory Board member as a consumer who executed an agreement with the Company, its dominant entity or a subsidiaries, on standard terms and conditions;</p> <p>5) is not and was not, during the past three years, an auditor of the Company, its subsidiaries or dominant companies, or an employee of an entity providing auditing services to the Company, its subsidiaries or dominant companies;</p> <p>6) is not and was not a spouse, common law spouse, direct or other relative of the Company's Management Board member or an employee holding a managerial position at the</p>
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			<p>Company during the past three years;</p> <p>7) is not a Management Board member in another company, in which the Company's Management Board member is a Supervisory Board member.</p> <p>In addition, in §18 Section 1 Item 9 of the Articles of Association a new power of the Supervisory Board has been introduced to express the consent for any performance to be made by the Company or any of its affiliated entities for any reason whatsoever for the benefit of any of the Management Board's members and granting consent for the conclusion by the Company or its subsidiary of a material agreement with any entity affiliated to the Company, the Supervisory Board member, the Management Board member or entities affiliated to them.</p> <p>Pursuant to the definition included in §18 Section 1-4 the Articles of Association and §12 Section 4 of the Regulations of the Supervisory Board, a material agreement is an agreement:</p> <p>1) with a value having influence on the Company's financial results exceeding 5%</p>
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			<p>of the net income presented in the last annual standalone financial statement of the Company, reviewed by an auditor, or</p> <p>2) with a value exceeding 0.5% of the balance sheet sum presented in the last annual standalone financial statement of the Company, reviewed by an auditor, or</p> <p>3) with which high legal, regulatory or reputation risk is connected, or</p> <p>4) to be concluded with an entity affiliated to the Company with a value exceeding the equivalent of EUR 500,000,</p> <p>except for agreements concluded within the day-to-day operational activity, in particular connected with liquidity management.</p> <p>Further, a value of a material agreement shall mean a value of cash and non-cash charges determined during the negotiations of such agreement that the Company will be obliged to pay under the agreement. If an agreement is to be concluded for an indefinite period of time or a period exceeding 1 year, for the determination of its value for the above purposes the estimated charges for a 1-year period shall be taken into account.</p> <p>Consequently, in §18 Section 4 of the Articles of Association and § 12 Section 3</p>
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			<p>of the Regulations of the Supervisory Board provides that the resolutions listed in rule 20 require the consent of the majority of independent Supervisory Board members.</p> <p>Moreover, the Chairperson of the Audit Committee is the independent member of the Supervisory Board, as required by rule 28.</p>
21	A member of the Supervisory Board should, first of all, have the interest of the Company in mind.	Yes	<p>Members of the Supervisory Board have the interest of the Company in mind during their term of office. In particular, they supervise the realization of the strategy and long-term plans. The Management Board informs each new member of the Company's Supervisory Board of the scope of the Supervisory Board member duties and the way in which they are performed. This information is provided by the Management Board in the form of a written memorandum. In 2006 such Memorandum together with all internal and external regulations relating to the Company's operation was delivered to all newly elected Supervisory Board members, including foreign members of the Supervisory Board in the appropriate language version.</p>
22	Members of the Supervisory Board should take	Yes	According to § 15 Section 1 of the

	<p>appropriate steps to receive regular and exhaustive information from the Management Board concerning all material issues related to the activities of the Company, risk related to the Company's activity and methods of management of such risk.</p>		<p>Regulations of the Supervisory Board, members of the Management Board participate in the meetings of the Supervisory Board and the Management Board reports all material issues related to the activity of the Company during such meetings. Furthermore, the Regulations of the Supervisory Board indicate specific obligations of the Management Board related to the provision of financial information to the Supervisory Board. § 18 of the Articles of Association indicates the issues that cannot be decided upon by the Management Board without the approval of the Supervisory Board.</p> <p>Each member of the Supervisory Board has the right to receive from the Management Board information necessary to meet that member's obligations, which is confirmed by § 7 Section 2 of the Regulations of the Supervisory Board.</p>
23	<p>A member of the Supervisory Board should inform other members of the Supervisory Board of the existing conflict of interest and abstain from the discussion and vote on the resolution concerning the issue to which the conflict of interest is related.</p>	<p>Yes</p>	<p>This rule is fully reflected in § 12 Section 5 of the Regulations of the Supervisory Board, which provides that a member of the Supervisory Board should inform other members of the Supervisory Board of the existing conflict of interest and abstain from the discussion and vote on the resolution concerning the issue to which the conflict of</p>

			interest is related.
24	<p>The information concerning personal, actual and organizational relations of a member of the Supervisory Board with a specific Shareholder and, in particular, a majority Shareholder should be available to the public. The Company should have the procedure for the acquisition of information from members of the Supervisory Board and its communication to the public.</p>	<p>Yes</p>	<p>The instruction adopted by way of the Company's Supervisory Board resolution of June 24, 2004 also makes precise the obligations of the Supervisory Board members specified in rule 24.</p> <p>When performing the obligations set forth in the instruction, members of the Supervisory Board, among other things, upon their appointment file with the Management Board declarations concerning their specific relations according to the independence criteria mentioned above for purposes of checking their independence, referred to in the comment to the rule 20 above, and subsequently are obliged to update such information.</p> <p>The Management Board shall make the aforementioned information available to the public in compliance with the provision of law or best practices. The information shall be made available to each Shareholder upon his request.</p>
25	<p>Meetings of the Supervisory Board except for issues related directly to the Management Board or its members such as in particular: removal, responsibility and remuneration,</p>	<p>Yes</p>	<p>According to the practice adopted in the Company and § 15 of the Regulations of the Supervisory Board, Members of the Management Board take part in the</p>

	<p>should be public and available to the members of the Management Board.</p>		<p>meetings of the Supervisory Board. According to § 15 Section 3 of the Regulations, the Chairperson of the Supervisory Board has an opportunity to ordain a debate of the Supervisory Board without persons who are not members of the Supervisory Board only when it is particularly justified.</p>
26	<p>A member of the Supervisory Board should make it possible for the Management Board to communicate the information concerning the sale or purchase of shares of the Company, its dominant company or subsidiary, as well as transactions with such companies to the public in an appropriate mode if such information is important from the point of view of that member's financial situation.</p>	<p>Yes</p>	<p>The instruction adopted by a resolution of the Company's Supervisory Board dated June 24, 2004 includes a provision, pursuant to which within three days of the acquisition or transfer of the shares of the Company or derivatives or other instruments related to the derivatives, or shares of the Company's dominant Company or subsidiary, and of the execution with the Company or one of the Company's dominant companies or subsidiaries of a transaction that is significant for the financial situation of the given Supervisory Board member the Supervisory Board member shall inform the Management Board of this fact in writing.</p> <p>The information submitted to the Management Board should contain specific details regarding the number, series and price of the shares, as well as information regarding the issuer and seller or purchaser</p>

			<p>or information related to the other party to the transaction, the transaction value and its object. Transactions which value does not exceed the equivalent of EUR 500,000 per one transaction and within a period of twelve subsequent months and the transactions that are executed on standard terms and conditions by the Supervisory Board member as a consumer shall not be deemed transactions significant for the financial situation of a Supervisory Board Member.</p> <p>The Management Board shall make the aforementioned information available to the public in compliance with the provision of law or best practices. The information shall be made available to each Shareholder upon his request.</p>
27	<p>Remuneration for members of the Supervisory Board should be set on the basis of clear procedures and rules. The remuneration should be fair but should not constitute a material cost item in the activity of the Company or materially influence its financial result. It should also remain in fair relation to the remuneration received by members of the Management Board. Total value of remuneration for all and for each individual member of the Supervisory Board, broken down</p>	<p>Yes</p>	<p>The clear rules for remunerating the members of the Company's Supervisory Board are set in the General Meeting resolution dated June 21, 2005.</p> <p>Remuneration for members of the Supervisory Board does not constitute a material cost item in the functioning of the Company being in reasonable relation to the Management Board members'</p>

	<p>to individual elements, should be included in the annual report together with the information on procedures and rules of its setting.</p>		<p>remuneration.</p> <p>Value of remuneration for members of the Supervisory Board is included in the annual report, in a manner required under the provisions of law.</p>
<p>28</p>	<p>The Supervisory Board should act according to its regulations that should be available to the public. The regulations should provide for appointment of at least two committees:</p> <ul style="list-style-type: none"> • Audit Committee, and • Remuneration Committee. <p>The audit committee should be composed of at least two independent members and at least one member duly qualified and experienced in accounting and finance. The committees' duties should be specified in detail in the Regulations of the Supervisory Board. The committees should submit to the Supervisory Board annual reports on their activity. The Company should make these reports available to the Shareholders.</p>	<p>Yes</p>	<p>The Company has the Regulations of the Supervisory Board which are available on the Company's website. The Regulations provide for appointment of committees of the Supervisory Board, including an audit committee and a remuneration committee. The committees act in accordance with the requirements specified in rule 28. Also the Regulations of the Audit Committee and the Regulations of the Remuneration Committee as well reports on their activity are available on the Company's website, which is provided by §2 Section 3 of the Regulations of the Remuneration Committee and § 2 Section 4 of the Regulations of the Audit Committee.</p> <p>In accordance with §4 of the Regulations of the Audit Committee, the Audit Committee is composed of at least two independent members and at least one member qualified and experienced in accounting and finance. The Chairperson of the Audit Committee is an independent member of the Supervisory Board.</p>

29	<p>The agenda of the Supervisory Board meeting should not be changed or supplemented during the meeting it pertains to. This requirement does not apply if all members of the Supervisory Board are present and they consent to the change or supplementation of the agenda; and also if the initiation of specific actions by the Supervisory Board is necessary to protect the Company from damage as well as in the event of a resolution concerning the assessment whether the conflict of interest exists between a member of the Supervisory Board and the Company.</p>	<p>Yes</p>	<p>The agenda of the Supervisory Board is fixed at least 7 days before the planned date of the meeting and subsequently delivered to all members of the Supervisory Board with other materials.</p> <p>This rule is included in §10 Section 1 of the Regulations of the Supervisory Board.</p>
30	<p>A member of the Supervisory Board charged by a group of Shareholders with the task of permanent supervision should submit detailed reports from functions performed to the Supervisory Board.</p>	<p>Yes</p>	<p>Such a situation has not emerged in the Company so far but the Company undertakes to comply with this rule should such situation happen.</p>
31	<p>A member of the Supervisory Board should not resign during the term of office if such an action could make the activity of the Supervisory Board impossible, in particular, if it could hinder the timely adoption of an important resolution.</p>	<p>Yes</p>	<p>In Company's practice, all members of the Supervisory Board comply with this rule. Each year the Supervisory Board adopts the resolution declaring compliance with the principles of corporate governance "Best Practices in Public Companies" in its scope of competence.</p>

<u>BEST PRACTICES OF MANAGEMENT BOARDS</u>			
32	<p>The Management Board driven by Company's interest defines the strategy and main objectives of the Company, and presents them to the Supervisory Board. It is subsequently responsible for their implementation and realization. The Management Board attends to the transparency and effectiveness of the management system in the Company and manages its matters according to the law and good practices.</p>	Yes	<p>The Management Board develops the strategy for the Company. The strategy is approved by the Supervisory Board. The Supervisory Board discusses the strategy and long-term plans of the Company at least once a year assessing their accomplishment. The Management Board is responsible for the implementation and realization of the strategy.</p>
33	<p>When deciding upon the issues of the Company, members of the Management Board should act within the limits of justified business risk, i.e. having examined all the information, analyses and opinions which, in the justified opinion of the Management Board, should be taken into account due to the interest of the Company. When defining the interest of the Company, one should consider justified long-term interests of the Shareholders, creditors, employees of the Company as well as other entities and persons cooperating with the Company in the course of its business as well as interests of local communities.</p>	Yes	<p>The Management Board of the Company carefully analyzes initiated actions and decisions made. Members of the Management Board perform their duties with due diligence, using their best knowledge and practical experience, taking into account the Shareholders' interests.</p>
34	<p>During transactions with Shareholders and other parties whose interests influence the interest of</p>	Yes	<p>The market price, if known, is the basis for</p>

	the Company, the Management Board should act with particular diligence so that transactions are executed on market terms.		the definition of the value of transactions with Shareholders and other persons whose interests influence the interest of the Company. If the market price is unknown, such transactions are concluded on terms defined according to the market criteria. When needed, the Company uses external opinions, valuations and experts' reports prepared by independent experts.
35	A member of the Management Board should be fully loyal to the Company and abstain from actions that could lead only to the realization of his/her own financial benefits. If information concerning the opportunity of an investment or another beneficial transaction related to the object of Company's business is acquired, the member of the Management Board should immediately present such information to the Management Board in order to examine the opportunities for its utilization by the Company. Utilization of such information by the Management Board member or its communication to a third party can take place only with the consent of the Management Board and only if it does not violate the interest of the Company.	Yes	Each year the members of the Management Board of the Company adopt the resolution concerning Management Board's declaration of willingness to comply with the principles of corporate governance incorporated in the "Best Practices in Public Companies" and they act in accordance with this resolution.
36	A member of the Management Board should treat owned shares of the Company and other companies – dominant Companies or	Yes	The Company has an internal procedure related to stock investments by employees including investments in the Company's

	subsidiaries – as a long-term investment.		stock and the stock of other entities that also applies to the members of the Management Board of the Company. The members of the Management Board sign an appropriate statement, the draft of which is an appendix to the aforementioned procedure.
37	Members of the Management Board should inform the Supervisory Board of each conflict of interest related to the performed function or the possibility of its occurrence.	Yes	Situations mentioned in this provision have not occurred in the Company so far. However, should such a situation occur, members of the Management Board will be obliged, in accordance with § 11 Section 6 of the Regulations of the Management Board to inform the Supervisory Board of any conflict of interest related to the performed function or the possibility of its occurrence.
38	Remuneration for members of the Management Board should be defined on the basis of transparent rules and procedures considering its motivational nature and guarantee effective and flexible management of the Company. Remuneration should correspond with the size of Company's enterprise, remain in a fair relation to business result and be related to the scope of responsibility resulting from the performed function, considering the value of remuneration received by members of Management Boards in	Yes	<p>Remuneration for members of the Management Board includes a fixed part and a bonus part adapted and dependent on financial results of the Company.</p> <p>The Principles of remuneration of members of the Management Board are defined by the Supervisory Board on motion of the Remuneration Committee in the Supervisory Board of the Company, pursuant to the provision of §18 Section 3 of</p>

	similar companies in a comparable market.		the Regulations of the Supervisory Board.
39	Total value of remuneration for all and for each individual member of the Management Board, additionally broken down into individual elements, should be included in the annual report, together with the information on procedures and rules of its setting. If the value of remunerations differs considerably from one member of the Management Board to another it is advisable to publish an appropriate explanation.	Yes	Total value of remuneration for all members of the Management Board is included in the annual report as required. Remuneration of particular Management Board members reflects their scope of duties and liability.
40	The Management Board should define principles and mode of work as well as divide competencies in its Regulations, which should be public and generally available.	Yes	Principles and mode of work of the Management Board are included in the Regulations of the Management Board, which are available on the Company's website.
<u>BEST PRACTICES OF RELATIONS WITH THIRD PARTIES</u>			
41	An entity supposed to perform the functions of the auditor in the Company should be selected in the way guaranteeing independence during the accomplishment of tasks entrusted to such an entity.	Yes	According to §18 Section 1 Item 7 of the Articles of Association, the Supervisory Board selects the auditor. While selecting the auditor, the Supervisory Board shall base on the Audit Committee' recommendation.
42	The Company should change the auditor at least once in five years to guarantee due independence of opinion. The change of the person making the examination shall also be	Yes	The Company fully agrees with the generality of this rule. In practice, the Company will apply this rule together with applying the

	understood as the change of an auditor. Furthermore, the Company should not use services of the same auditing entity for a long time.		corporation principle of maintenance of the same external auditor that will be selected on the level of Citigroup.
43	The selection of the auditor should be up to the Supervisory Board after the presentation of recommendations by the Audit Committee or to the General Meeting after the presentation of recommendations by the Supervisory Board, including the recommendations of the Audit Committee. If the Supervisory Board or the General Meeting selects an auditor other than the one recommended by the Audit Committee, a detailed explanation should be presented in this respect. The info relating to the entity performing the function of the auditor together with the reasons underlying its selection should be provided in the annual report.	Yes	The Supervisory Board of the Company selects the entity supposed to render auditing services on the basis of recommendations from the Audit Committee of the Supervisory Board, pursuant to §17 Section 3 of the Regulations of the Supervisory Board. The auditor was selected in accordance with rule 43.
44	An auditor for detailed issues cannot be the entity performing the function of a chartered auditor in the Company or subordinated entities.	Yes	No auditor for detailed issues has been appointed in the Company so far but the Company declares that the principle requiring the auditor for detailed issues not to be the auditor in the Company or its subordinates will be complied with in such a situation. Appropriate reservations concerning this issue have been introduced to the agreement with the entity rendering auditing services.
45	Acquisition of corporate shares by the Company		

	should take place so that no group of Shareholders is privileged.	Yes	The Company has not acquired corporate shares so far, but the Management Board declares that it will make every effort to avoid privileges for any group of Shareholders in the event of such a transaction.
46	The Company's Articles of Association, basic internal regulations, information and documents related to General Meetings as well as financial statements should be available in the Company's headquarters and on its website.	Yes	The Company's Articles of Association, the Regulations of the General Meeting of Shareholders, the Regulations of the Supervisory Board, the Regulations of the Audit Committee, the Regulations of the Remuneration Committee and the Regulations of the Management Board are available on the Company's website. The Company on its website has a separate section regarding corporate governance ("corporate governance"), where each person is able to find key, in the Management Board's opinion, internal regulations, information and documents related to General Meetings. Financial statements of the Company are available in the Company's seat and on the website.
47	The Company should have in place appropriate procedures and rules concerning contacts with the media and information policy guaranteeing coherent and reliable information about the Company. The Company should make the information about its current activity, business	Yes	Applying these principles, the Management Board of the Company (and its spokesman) make efforts to make reliable information regarding current activities of the Company and business standing of the enterprise available to the media representatives

	<p>situation of the enterprise available to the representatives of the media and make it possible for them to participate in General Meetings, in the scope compliant with the law and considering the Company's interests.</p>		<p>considering, however, that information obligations of a public Company are met in the way resulting from the laws on trading in financial instruments.</p> <p>The information policy of the Company is available on its website.</p> <p>According to § 3 of the Regulations of the General Meeting of Shareholders, the Company makes it possible to the media representatives to participate in General Meetings.</p>
48	<p>The Company should publish a declaration concerning the application of corporate governance principles in the annual report. In the event of a deviation from compliance with these principles, the Company should also justify that fact to the public.</p>	<p>Yes</p>	<p>The Company complies with the regulations concerning compliance with the "Best Practices in Public Companies" in force on the Warsaw Stock Exchange and has submitted the present declaration.</p>