

**Reports and evaluations
of the Supervisory Board**



**Stalexport Autostrady S.A.
in Katowice
for 2009**

Katowice, March 2010

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The Report was drawn up pursuant to the following regulations:

- Code of commercial companies - art. 382 §3,
- „The WSE Listed Companies Good Practices – section 1 point 1) and 2), Part III of the enclosure to the resolution no 12/1170/2007 of the WSE Supervisory Board dated 4.07.2007,
- Statutes of Stalexport Autostrady S.A.
- Regulations of Stalexport Autostrady S.A. Regulations

- I. Report of the Supervisory Board of Stalexport Autostrady S.A. in Katowice on the activity in the year 2009
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1. Subject and period of the report

The report on the activity of the Supervisory Board of Stalexport Autostrady Joint Stock Company with its seat in Katowice („The Company”) covers the period from 1 January 2009 to 31 December 2009.

2. Legal basis of the Supervisory board actions

The Supervisory Board performed its functions on the basis of art. 382 and the following ones of the Code of commercial companies, the appropriate provisions of the Company’s Statutes and the Supervisory Board’s Regulations.

3. Number of members and the composition of the Supervisory Board

Pursuant to §14 of the Company’s Statutes, the Supervisory Board is composed of 5 to 9 members chosen for a period of a joint term which lasts three years. The General Meeting appoints and recalls members of the Supervisory Board determining previously their number for a given term. The General Meeting on 28.03.2008 in resolution no 21 decided that the Supervisory Board of VI term (2007-2009) will be composed of seven members.

From 01.01.2009 to the day of drawing up the report the composition of the Supervisory Board changed as follows:

- From 01.01.2009 to 01.07.2009 - the Supervisory Board was acting in the following composition:
 1. Giuseppe Palma - Chairman
 2. Aleksander Galos - Vice –Chairman
 3. Michelangelo Damasco - Secretary
 4. Dario Cipriani
 5. Costantino Ivoi
 6. Christopher Melnyk
 7. Tadeusz Włudyka

Mr. Giuseppe Palma submitted his resignation from the membership in the Company’s Supervisory Board on 02.07.2009. The Company informed about it in current report no 17 dated 06.07.2009.

Then Mr. Christopher Melnyk resigned from the function of the Supervisory Board’s member on 24.07.2009 - *during the debate of the Extraordinary General Meeting* - what was recorded in the protocol of the notary.

The Extraordinary General Meeting on 24.07.2009 appointed Mr. Massimo Lapucci and Mr. Roberto Mengucci to the two vacancies in the Supervisory Board.

On 30.07.2009 the first meeting of the Company's Supervisory Board was held in the new composition, at which Mr. Roberto Mengucci was appointed the Chairman of the Supervisory Board.

- In connection with the above from 24.07.2009 to the day of drawing up the report, the Supervisory Board was acting in the following composition:

1. Roberto	Mengucci	- Chairman
2. Aleksander	Galos	- Vice –Chairman
3. Michelangelo	Damasco	- Secretary
4. Dario	Cipriani	
5. Costantino	Ivoi	
6. Massimo	Lapucci	
7. Tadeusz	Włudyka	

4. Basic forms and directions of the Supervisory Board's activity

The Supervisory Board constantly supervised the activity of the Company in 2009 in all domains and also performed duties and exercised powers resulting from the provisions of the Statutes, the Code of commercial companies and other provisions of the law.

The Supervisory Board performed its duties jointly, what means that the actions of the Supervisory Board were performed, first of all, at the meetings.

In the reporting period, the Supervisory Board held 4 recorded meetings, in the composition which enabled the Board to pass the resolutions. The meetings of the Supervisory Board with the participation of the members of the Supervisory Board and the Management Board were held in Katowice and in Rome. All absences of the Supervisory Board's members from the meetings were justified.

During the meetings the Supervisory Board examined the issues resulting from the provisions of the Code of commercial companies as well as from the current Company's activity. The Board dealt with matters which in accordance with generally applicable law are included in competence of the Supervisory Board.

In 2009 the Supervisory Board passed 25 resolutions, one of which was passed in so called "circular mode", i.e. in the periods between the meetings. The resolutions were passed after prior analysis and discussion of examined cases.

The Supervisory Board supervised the activity of the Company by familiarizing itself with the documents presented by the Management Board. In 2009 the Supervisory Board focused especially on:

- the financial standing of the Company, including the periodic reports on the activity,
- the periodic reports on performance of the Company's budget,
- the Company's investments plan,
- the activity and the preparations of the Company concerning the current and future motorways tenders,
- the motorway activity of the Capital Group including the ongoing negotiations between SAM S.A. and General Directorate for National Roads and Motorways on the amount of tolls for motorway and the renovations on A4 motorway.

5. Report on the activity of the Supervisory Board's committees in 2009

Acting under §25 section 2 of the Regulations of Stalexport Autostrady's Supervisory Board and in accordance with Best Practices of the Companies listed on WSE, including in particular, best practices implemented by the members of the supervisory boards – the Board appointed the Audit Committee and the Management Board's Remuneration Committees out of its composition.

As at 1 January 2009 the committees of the Supervisory Board acted in the following composition:

- 1) Audit Committee:
 - Christopher Melnyk - Chairman
 - Dario V.Cipriani
 - Costantino Ivoi

- 2) Management Board's Remuneration Committee:
 - Giuseppe Palma - Chairman
 - Aleksander Galos
 - Tadeusz Włudyka
 - Costantino Ivoi

The changes in Supervisory Board's composition resulted in the changes in the compositions of the committees (as per the Supervisory Board's resolutions no 17 and 18 dated 30.07.2009). As at 31 December 2009 the Supervisory Board's committees were acting in the following composition:

- 1) Audit Committee:
 - Massimo Lapucci – Chairman
 - Dario Cipriani
 - Costantino Ivoi

- 2) Management Board's remuneration Committee:
 - Roberto Mengucci – Chairman
 - Aleksander Galos
 - Tadeusz Włudyka
 - Costantino Ivoi

The committees acted on the basis of regulations passed by Supervisory Board which are enclosed to the Supervisory Board's Regulations. The Regulations are available on Company's corporate website.

The aforementioned Committees analyzed the Company's financial statements, the principles, forms and level of remuneration of the Management Board's members, and presented the motions and proposals to the Supervisory Board in this respect.

1. Report on the activity of the Audit Committee

The Audit Committee focused its activity especially on analysis of the financial statements of Stalexport Autostrady S.A. and its Capital Group for the turnover year from 1 January 2009 to 31 December 2009 and on review of half year financial statements drawn up in 2009.

The Audit Committee evaluated and recommended to the Supervisory Board the auditor to examine the financial statements of Stalexport Autostrady S.A. and the consolidated financial statements of Stalexport Autostrady' Capital Group for years 2009-2011. In its opinion Audit Committee raised, among others, an issue of the auditor remuneration and its scope of work as well as the agreement's conditions.

2. Report of activity of the Management Board's remuneration Committee

Remuneration committee evaluated:

- drafts of the employment and non-competition contracts with Mr. Wojciech Gębicki, who on 14 May 2009 was appointed Vice-President of the Management Board,
- drafts of the agreements changing the aforementioned contracts,
- the execution of premium tasks which are the basis for granting annual bonus to the Management Board's members for 2008,
- three year incentive plan for the Management Board's members for period from July 2006 to June 2009,
- the bonus tasks and the criteria of granting the award to the Management Board's members for 2009,
- motion about granting a jubilee bonus to the entitled Management Board's members.

Considering the above the Supervisory Board positively evaluates the work of the Board's committees in 2009.

II. Assessment of the Supervisory Board's work

The Supervisory Board of Stalexport Autostrady S.A. in accordance with „WSE Listed Companies Good Practices” Part III of the enclosure to the resolution no 12/1170/2007 of the WSE Supervisory Board dated 4 Jul 2007) evaluated its work in 2009 and it presents the evaluation to the Ordinary General Meeting.

Part III. Rule no 1

In addition to its responsibilities laid down in legal provisions the supervisory board should:

- 1) once a year prepare and present to the Ordinary General Meeting a brief assessment of the Company's standing including an evaluation of the internal control system and the significant risk management system,
- 2) once a year prepare and present to the Ordinary General Meeting an evaluation of its work,
- 3) review and present opinions on issues subject to resolutions of the Ordinary General Meeting.

Commentary: rule - obeyed.

Part III. Rule no 2

A member of the Supervisory Board should submit to the company's Management Board information on any relationship with a shareholder who holds shares representing not less than 5% of all votes at the General Meeting. This obligation concerns financial, family, and other relationships which may affect the position of the member of the Supervisory Board on issues decided by the Supervisory Board.

Commentary: rule - obeyed.

Part III. Rule no 3

A General Meeting should be attended by members of the Supervisory Board who can answer questions submitted at the General Meeting.

Commentary: rule– obeyed.

Part III. Rule no 4

A member of the Supervisory Board should notify any conflicts of interest which have arisen or may arise to the Supervisory Board and should refrain from taking part in the discussion and from voting on the adoption of a resolution on the issue which gives rise to such a conflict of interest.

Commentary: rule - obeyed.

Part III. Rule no 5

A member of the Supervisory Board should not resign from this function if this action could have a negative impact on the Supervisory Board's capacity to act, including the adoption of resolutions by the Supervisory Board.

Commentary: rule - obeyed.

Part III. Rule 6

At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company. The independence criteria should be applied under Annex II to the *Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board*. Irrespective of the provisions of point (b) of the said Annex, a person who is an employee of the company or an associated company cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a member of the Supervisory Board as understood in this rule is an actual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting.

Commentary: Rule obeyed. There are three independent members in the Supervisory Board.

Part III. Rule no 7

The Supervisory Board should establish at least an audit committee. The committee should include at least one member independent of the company and entities with significant connec-

tions with the company, who has qualifications in accounting and finance. In companies where the Supervisory Board consists of the minimum number of members required by

Commentary: rule - obeyed.

The Supervisory Board established the Audit and Remuneration committees. The composition of the Audit Committee comprises a member independent of the Company and the entities with significant connections with the Company, who has qualifications in accounting and finance.

Part III. Rule no 8

Annex I to the *Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors (...)* should apply to the tasks and the operation of the committees of the Supervisory Board.

Commentary: rule - obeyed.

Part III. Rule no 9. Concluding an agreement/ transaction by the company with the associated entity, fulfilling conditions mentioned in part II point 3, requires an approval of the supervisory board.

Commentary: rule - obeyed.

Summing up, the Supervisory Board in its activities took into account the Company's interest. It performed its duties properly and held the meetings as frequently as necessary to deal currently with the issues the Board is responsible for.

Both the composition of the Supervisory Board and the knowledge as well as the experience of its members secured the proper and efficient functioning of the Board and technical supervision over the Company's activity in 2009.

Considering the above the Supervisory Board positively evaluates its work in 2009.

III. Report on the results of evaluation:

A) the Management Board's reports on the performance of Stalexport Autostrady S.A. and the unconsolidated financial statement,

B) the Management Board's reports on the performance of Stalexport Autostrady's Capital Group and the consolidated financial statement,

- for the turnover year 2009 in the range of their conformity with the books and actual state.

The Supervisory Board fulfilling its statutory duties familiarized itself with, and evaluated the following statements drawn up in accordance with International Accounting Standards:

- 1) unconsolidated financial statement of Stalexport Autostrady S.A. - for period from 01.01.2009 to 31.12.2009,
- 2) consolidated financial statement of Stalexport Autostrady's Capital Group - for period from 01.01.2009 to 31.12.2009.

Pursuant to the provisions of the Act on accounting, KPMG Audyt Sp. z o.o. in Warsaw, chosen by the Supervisory Board, audited the Company's financial statement for the period from 01 January 2009 to 31 December 2009.

The financial statements for 2009 were evaluated by Audit Committee of the Supervisory Board during the meeting on 01 March 2010 with participation of a representative of KPMG Audyt Sp. z o.o. in Warsaw, the Company's auditor.

Chief Accountant, Vice-President of the Management Board – Financial Director and Director of Finance Management Division also participated in the meeting.

Performing the duties resulting from art. 382 §3 of Code of commercial companies, the Supervisory Board evaluated the audited financial statement of Stalexport Autostrady S.A. and consolidated financial statement of Stalexport Autostrady's Capital Group as well as the Management Board's report on performance of the Company and the Capital Group FY2009. It stated that they were drawn up in conformity with books and the Company's documents, actual state and they present in proper way – *in all areas* – the financial standing of the Company and Stalexport Autostrady's Capital Group.

While carrying out the above evaluation, the Supervisory Board focused in particular on transparency and openness of financial reports, which aim was to obtain a true and precise picture of the situation of Stalexport Autostrady S.A.

Both the Management Board of the Company as well as the auditing company presented the existing material risks to the Supervisory Board in a proper way and carried out a conservative evaluation of the assets components, according to the binding rules of law.

IV. Evaluation of the Company's situation (resulting from applying the Best Practices of the Companies listed on WSE)

The Supervisory Board of Stalexport Autostrady S.A., acting according to the Best Practices of the Companies listed on WSE, including in particular, with best practices implemented by the members of the supervisory boards - carried out a concise evaluation of the Company's situation with remarkable consideration of the system of internal control and risk managing systems essential for the Company. This evaluation was carried out on the basis of knowledge of the Supervisory Board's members updated on the day of drawing it up and on the basis of statements FY 2009.

The detailed analysis of the situation of Stalexport Autostrady S.A. in 2009 was presented in the Financial statement and in the Report of the Management Board for 2009. The Supervisory Board agree with the opinion of the Management Board presented there concerning, among others, the macroeconomic circumstances, the direct market environment of the Company, the analyses and the evaluation of the financial standing.

The above reports comprise the most important information about activities of Stalexport Autostrady S.A. in 2009.

2009 was the successive year in the Company's activity in which – after successful seven-year restructuring process covering, among others, the disposal of steel business and repayment of liabilities – the activity of the Management Board and the employees of Stalexport Autostrady S.A. could focus only on the development of the company.

The low level of debt ratios as at 31 December 2009 confirms stable financial standing of Stalexport Autostrady. The Company successfully completed the restructuring of its historical liabilities and it possesses resources for financing the projects of its further development.

Thanks to the capital engagement of the Italian investor, Atlantia's Capital Group, the Company's may aim to achieve the significant position on the motorway market in Poland. The Company on one hand raised the funds for completing the restructuring process, and also it acquired the business support from Atlantia's Capital Group. The Atlantia's Group at present manages the network of nearly 4.000 km toll motorways in Europe, the USA, Brasil and Chile and it is regarded as the leader in ETC systems on motorways. Atlantia S.p.A. is listed on stock exchange in Milan, and its market values amounts to nearly 8 milliard EUR.

The plan of infrastructure development in Poland described in financial statement creates considerable potential market for the Company, and also for the companies of Stalexport Autostrady's Capital Group.

The execution of the ambitious plan of Government of the Republic of Poland in development of the existing infrastructure is supported by the organisation of the Football European Championships in 2012

On the other hand the planned development of the road network can be co-financed from the structural funds envisaged in the UN budget for years 2007-2013. However It should be stated that the road infrastructure is the sector strongly dependent on state regulations.

The Company has been intensively preparing for the implementation of the aforementioned aims. In first half 2009 the Management Board was strengthened by Mr. Wojciech Gębicki, the Vice-President, responsible for creating the operating division. The chief tasks of the division are: cooperation with state institutions and offices in the scope of motorway business and coordination of the other actions relating to the Company's participation in motorway tenders.

The Management Board of Stalexport Autostrady S.A. is responsible for the internal control system and its efficiency as far as the drawing up of the financial statements are concerned. The internal control and risk managing systems in relation to the process of drawing up the financial statements have been implemented on the basis of the procedures in this respect, being in force in Stalexport Autostrady S.A.

It enables monitoring of the level of liabilities, controlling the costs' level and the results. The financial data which are the basis for financial statements and periodic reports come from accounting-financial system IMPULS (the register of the documents consistent with Company's accounting policy based on the International Accounting Standards).

The financial statements are drawn up by the financial –accounting staff under the control of the Chief Accountant of the Company and next verified by CFO in cooperation with the Finance Management Division Director, and its final contents are approved by the Management Board in its resolution.

The financial statements approved by the Management Board are verified by the independent auditor – chartered accountant, chosen by the Supervisory Board of the Company.

Then according to §18 section 2 point 1) of the Company's Statutes, the Supervisory Board - following the recommendation of its Audit Committee, each year evaluates the audited financial statements of the Company and the Capital Group in the range of their conformity with books and documents as well as with the actual state, and it informs the shareholders about the results of this evaluation in its annual Report.

The Company has been systematically monitoring the external provisions and regulations relating to the requirements of the stock exchange reporting and it takes steps to implement them properly.

Two main risk groups - the economic and political ones - characterize the motorway business.

Main fact economic risks are at present: the slowdown in the economy and the general decline in consumption accompanied by worsening investment climate in bank sector, including the growing risk of financing long-term infrastructure investments.

Stalexport Autostrady S.A. is able to minimize such risks by cooperation with the financial institutions which have deep knowledge about the infrastructure projects and long-standing experience in cooperation while financing such projects carried out by the strategic investor, i.e. Autostrade per l'Italia S.p.A. (ASPI), belonging to Grupy Atlantia's Group.

The prices of building services and oligopolisation of the building services market in Poland are the additional risk's factors. The Company has been making efforts to counteract these phenomena by cooperation with companies of ASPI's Capital Group specialized in road construction.

Main regulating and political risks are the institutional and legal instability and inefficiency of the circles regulating the infrastructure sector in Poland. The risk is reflected in: widespread prolonging or annulling the tenders, lengthy negotiations with the government side often resulting from change in state policy towards the sector and the reorganization of the institutions responsible for the sector's regulation.

Stalexport Autostrady S.A. has been trying to counteract the aforementioned risks by promoting good practices and institutional-legal solutions implemented in other countries as well as by active participation in social consultations on new legislative solutions concerning the sector.

Information on financial instruments, the risks relating to them as well as targets and methods of financial risk management adopted by the Company are described in note 29 to the unconsolidated financial statement of Stalexport Autostrady S.A.

Stalexport Autostrady S.A. in its activity follows the rules of comprehensive approach to the management, the transparency of financial information and obeying ethical standards in all areas of the Company's functioning.

The Company's Management Board accepted the Ethic code to be implemented as from 01.01.2010 which reflects the ethical values which Stalexport Autostrady approved and wants to observe them. The Code is a standard of behaviour for the employees of the Company and the Capital Group in relation to the partners, superiors and the customers, local communities, in business relations and related issues. The Ethic code is aimed at getting an explicit interpretation of the basic values, implemented by the company. The Code is available on the Company's website.

Summing up the Supervisory Board did not state any irregularities in the Management Board's work as well as in the activity of Stalexport Autostrady S.A. It positively evaluates both the Company's situation and the Management Board's activity.

V. Assessment of the Management Board's motion concerning 2009 net profit distribution

The Supervisory Board, under § 18 point 2 section 2 of the Company's Statutes, familiarized itself with and assessed the draft resolutions of the OGM prepared by the Management Board on net profit distribution FY2009, without expressing any reservations about the proposed contents.

VI. Motions

The Company's Supervisory Board addressed to the Ordinary General Meeting of Stalexport Autostrady S.A. to:

- approve the Management Board's report on performance of the Company and the consolidated financial statement of Stalexport Autostrady S.A. FY2009,
- approve the Management Board's report on performance of the Capital Group and the consolidated financial statement of the Capital Group of Stalexport Autostrady FY2009,
- extending a vote of acceptance to the Management Board's members for performing the duties in 2009,
- adopting the resolution on net profit distribution for 2009, in accordance with the Management Board's project.

Vice-Chairman
of the Supervisory Board
/-/ Aleksander Galos

Chairman
of the Supervisory Board
/-/ Roberto Mengucci

VII. List of the Supervisory Board's resolutions passed in 2009.

No	on
01/2009	assessing draft resolutions of XVI OGM (nr: 3,5,20)
02/2009	assessing draft resolutions of XVI OGM (nr: 2,4)
03/2009	assessing draft resolutions of XVI OGM (nr 6 vote of acceptance for E.Wąsacz)
04/2009	assessing draft resolutions of XVI OGM (nr 7 vote of acceptance for M.Skołoczyński)
05/2009	assessing draft resolutions of XVI OGM (nr: 8- vote of acceptance for the Supervisory Board's members)
06/2009	assessing draft resolutions XVI ZWZ (nr 21)
07/2009	assessing draft resolutions XVI ZWZ (nr 1)
08/2009	approval of Supervisory Board's reports for 2008
09/2009	approval of CAPEX FY 2009
10/2009	selecting an auditor to examine the financial statements for years 2009-2011
11/2009	annual bonus for the Management Board's members
12/2009	appointing Vice-President of the Management Board of Stalexport Autostrady S.A.
13/2009	approval of an employment contract for Vice-President of the Management Board of Stalexport Autostrady S.A.
14/2009	determining the uniform text of the Statutes of Stalexport Autostrady S.A. - "circular mode"
15/2009	appointing the Chairman of the Supervisory Board of Stalexport Autostrady S.A.
16/2009	changes in Regulations of the Supervisory Board and approval of the Audit Committee's Regulation
17/2009	appointing the composition of the Remuneration Committee of the Supervisory Board of Stalexport Autostrady S.A.
18/2009	appointing the composition of the Audit Committee of the Supervisory Board of Stalexport Autostrady S.A.
19/2009	assessing three-year incentive plan for the Management Board (VII 2006-VI 2009)
20/2009	determining the premium tasks for the Management Board FY 2009
21/2009	consent for purchasing the shares of Autostrada Mazowsze S.A.
22/2009	approval of CAPEX FY 2010
23/2009	approval of the Ethic code
24/2009	approval of the Annexe no 1 to the employment contract with Vice-President of the Management Board (WG)
25/2009	granting the jubilee bonus to the Management Board's members