

Current Report No. 2/2008

(Tuesday, 22 January 2008)

Legal basis: WSE Regulations

Compliance with Corporate Governance Standards

Pursuant to § 29 sec. 3 of the WSE Regulations, the Management Board of AB S.A. hereby declares that, recognizing the importance of the rules of corporate governance as set out in the Best Practices of WSE-Listed Companies document attached to the Exchange Council's Resolution No. 12/1170/2007 of 4 July 2007, it will exercise its best efforts to assure the broadest possible application of the aforesaid rules of corporate governance by the Company.

At the same time, the Management Board of AB S.A. reports that the Company has ceased or followed in a reduced extent the following rules as of 1 January 2008:

Rule I.1. – in the following part:

“[...] enable transmission of the general meeting over the Internet, record proceedings at the meeting and publish them on the website.”

This rule was not implemented regarding the transmission of the general meeting over the Internet, recording proceedings at the meeting and publishing them on the website.

Rule II.1. – in the following part:

“The Company maintains its corporate website and publishes there [...]

7) Shareholders' questions concerning matters included in the agenda, asked before and during the general meeting, and answers given to the questions asked,”

The Company does not take detailed minutes of proceedings at the GM where all statements and questions would be included. The inclusion of individual issues in the GM minutes is decided by their chairperson considering the laws, importance of a given matter and reasonable requests of shareholders. The GM participants may, in accordance with the Commercial Companies Code and the GM Regulations, make written statements which are attached to minutes. The Company believes that those rules provide for sufficient transparency of proceedings at general meetings.

Rule III.7.

“The supervisory board should appoint at least the audit committee. That committee should have at least one member independent of the company and entities having material ties with the company and who must be competent in the field of accounting and finance. In companies that have a supervisory board with the minimum number of members required by law, the committee's responsibilities may be fulfilled by the supervisory board.”

The SB Regulations do not provide for appointment of any audit committee considering the number of members of the Supervisory Board, namely six members, including three independent members competent in the field of accounting and finance. The appointment of audit committee from amongst those members would only limit the involvement of individual Board members in control activities, without any positive effect on the operation of the Board.

Rule III.8.

“As regards the responsibilities and functioning of committees of the supervisory board, Annex I to the Recommendation of the European Commission of 15 February 2005 regarding the role of non-executive directors, must apply (...).”

At present, the Supervisory Board has no committees and the recommendations of the European Commission are followed regarding the responsibilities and functioning of the Supervisory Board.