

**REPORT FOR THE ORDINARY GENERAL MEETING OF SHAREHOLDERS
ON THE OPERATIONS OF THE SUPERVISORY BOARD
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2011
WITH CONSIDERATION TO THE ACTIVITY OF ITS COMMITTEES
AND AN ASSESSMENT OF MANAGEMENT BOARD OPERATIONS**

1. Information on the board's term and subsequent year of operations during the term

2011 was the second year of the Supervisory Board's 8th term.

2. Information on the composition of the Supervisory Board, functions held on the Board and changes in Board composition during the financial year

As at 1 January 2011, the composition of the Supervisory Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. was as follows:

1. Marzena Piszczek - Chairperson of the Supervisory Board
2. Ewa Lis - Vice-Chairperson of the Supervisory Board
3. Jan Wais - Member of the Supervisory Board elected by employees (from 4 January 2011 acting as Secretary of the Supervisory Board)
4. Agnieszka Doroszkiewicz - Member of the Supervisory Board
5. Tomasz Klikowicz - Member of the Supervisory Board elected by employees
6. Jacek Lewandowski - Member of the Supervisory Board
7. Jacek Obłękowski - Member of the Supervisory Board
8. Zbigniew Paprocki - Member of the Supervisory Board elected by employees
9. Mirosław Potulski - Member of the Supervisory Board

Due to the resignation of Agnieszka Doroszkiewicz, from 13 June 2011 the Board comprised eight persons.

On 18 October 2011 Jacek Lewandowski and Mirosław Potulski resigned from the Board. An extraordinary general meeting took place on this date, at which the following persons were appointed to the Supervisory Board: Artur Kucharski, Marek Mroczkowski and Ryszard Trepczyński.

In connection with the above, as at 31 December 2011 Supervisory Board composition was as follows:

1. Marzena Piszczek - Chairperson of the Supervisory Board
2. Ewa Lis - Deputy Chairperson of the Supervisory Board
3. Jan Wais - Secretary of the Supervisory Board

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| 4. Tomasz Klikowicz | - Member of the Supervisory Board |
| 5. Artur Kucharski | - Member of the Supervisory Board |
| 6. Marek Mroczkowski | - Member of the Supervisory Board |
| 7. Jacek Obłękowski | - Member of the Supervisory Board |
| 8. Zbigniew Paprocki | - Member of the Supervisory Board |
| 9. Ryszard Trepczyński | - Member of the Supervisory Board |

On 13 January 2012 chairperson Marzena Piszczek resigned from the Supervisory Board. On the same day the extraordinary general meeting appointed Monika Kacprzyk-Wojdyga to the Supervisory Board as Chairperson.

In connection with the above, on the date of publishing this report, the composition of the Supervisory Board was as follows:

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| 1. Monika Kacprzyk-Wojdyga | - Chairperson of the Supervisory Board |
| 2. Ewa Lis | - Deputy Chairperson of the Board |
| 3. Jan Wais | - Secretary of the Supervisory Board |
| 4. Tomasz Klikowicz | - Member of the Supervisory Board |
| 5. Artur Kucharski | - Member of the Supervisory Board |
| 6. Marek Mroczkowski | - Member of the Supervisory Board |
| 7. Jacek Obłękowski | - Member of the Supervisory Board |
| 8. Zbigniew Paprocki | - Member of the Supervisory Board |
| 9. Ryszard Trepczyński | - Member of the Supervisory Board |

3. Information on the number and frequency of Supervisory Board meetings and the number of resolutions adopted

During the 2011 financial year there were 13 meetings of the Supervisory Board of Zakłady Azotowe w Tarnowie-Mościcach S.A., at which 102 resolutions were adopted.

Presentation of resolutions adopted by the Supervisory Board in 2011:

no.	date of adoption	subject
21/VIII/2011	4 January 2011	appointing a Secretary of the 8th-term Supervisory board at Zakłady Azotowe w Tarnowie-Mościcach S.A.
22/VIII/2011	4 January 2011	appointment of the Audit Committee
23/VIII/2011	4 January 2011	appointment of the Chairperson of the Audit Committee
24/VIII/2011	4 January 2011	annual business and financial plan for 2011
25/VIII/2011	4 January 2011	grant of consent for the acquisition of property, plant and equipment under implementation of the investment task "adaptation of technical and compressed nitric acid and nitrating acid auto-tanker loading stations to TDT standards".
26/VIII/2011	4 January 2011	grant of consent for the acquisition of property, plant and equipment under implementation of the investment task "adaptation of the loading station for cyclohexanol, cyclohexanone, cyclohexane and frakol to TDT standards".

no.	date of adoption	subject
27/VIII/2011	4 January 2011	grant of consent for Zakłady Azotowe w Tarnowie-Mościcach S.A. to join the PlasticsEurope association.
28/VIII/2011	4 January 2011	grant of consent for the execution by the company of a short-term loan agreement for ZAK S.A. to finance the repayment of debt to PGNiG S.A.
29/VIII/2011	4 January 2011	grant of consent for the acquisition of property, plant and equipment under implementation of the investment task "purchase of licences and a process design for the modernisation of the sulphuric acid and oleum installation"
30/VIII/2011	31 January 2011	adoption of a consolidated text of the company's articles of association
31/VIII/2011	31 January 2011	grant of consent to the president of the management board to take up a position at the management board of ZAK S.A.
32/VIII/2011	31 January 2011	grant of consent to the vice-president of the management board to take up a position at the management board of ZAK S.A.
33/VIII/2011	31 January 2011	grant of consent for the acquisition of property, plant and equipment under implementation of the investment task "implementation of a computer control and AKP systems in the ammonium sulphate plant"
34/VIII/2011	31 January 2011	grant of consent for the acquisition of property, plant and equipment under implementation of the investment task "adaptation of sulphuric acid and oleum loading equipment to TDT standards"
35/VIII/2011	31 January 2011	grant of consent for the acquisition of property, plant and equipment under implementation of the investment task "adaptation of caprolactam loading equipment to TDT standards"
36/VIII/2011	31 January 2011	commencement of executive search for the positions of president and members of the company's Management Board.
37/VIII/2011	31 January 2011	adoption of "regulations for the election and dismissal of the member of the Management Board elected by employees of Zakłady Azotowe w Tarnowie-Mościcach S.A."
38/VIII/2011	31 January 2011	election of the member of the Management Board's 8th term appointed by employees of Zakłady Azotowe w Tarnowie-Mościcach S.A.
39/VIII/2011	15 February 2011	appointment of the Central Elections Committee to conduct the election of the member of the Management Board appointed by employees of Zakłady Azotowe w Tarnowie-Mościcach S.A. and appointment of the chairperson of the Central Elections Committee.
40/VIII/2011	2 March 2011	adoption of the "regulations for recruitment of the President of the Management Board - Managing Director of ZAT S.A., Vice-President of the Management Board for finance, Member of the Management Board for trade and Member of the Management Board for production"
41/VIII/2011	2 March 2011	appointment of a committee for the opening and verification of applications in recruitment procedures for President and Members of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A.
42/VIII/2011	2 March 2011	approval of the list of candidates selected to enter the recruitment procedure for the positions of President and Members of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A.
43/VIII/2011	18 March 2011	selection of the best candidate for the position of President of the Management Board - Managing Director of Zakłady Azotowe w Tarnowie-Mościcach S.A.
44/VIII/2011	18 March 2011	selection of the best candidate for the position of Vice-President of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. for finance

no.	date of adoption	subject
45/VIII/2011	18 March 2011	selection of the best candidate for the position of Member of the Management Board - Managing Director of Zakłady Azotowe w Tarnowie-Mościcach S.A. for trade
46/VIII/2011	18 March 2011	selection of the best candidate for the position of Member of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. for production
47/VIII/2011	18 March 2011	appointment of the President of the Management Board - Managing Director of Zakłady Azotowe w Tarnowie-Mościcach S.A.
48/VIII/2011	18 March 2011	appointment of the Vice-President of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. for finance
49/VIII/2011	18 March 2011	appointment of the Member of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. for production
50/VIII/2011	18 March 2011	assessment of the separate financial statements of Zakłady Azotowe w Tarnowie-Mościcach S.A. for the 2010 financial year
51/VIII/2011	18 March 2011	assessment of the management report on the company's operations in 2010
52/VIII/2011	18 March 2011	assessment of the consolidated financial statements of the Zakłady Azotowe w Tarnowie-Mościcach S.A. Group for the 2010 financial year
53/VIII/2011	18 March 2011	assessment of the management report on the operations of the Zakłady Azotowe w Tarnowie-Mościcach S.A. Group for the 2010 financial year
54/VIII/2011	18 March 2011	adoption of a consolidated text of the company's articles of association
55/VIII/2011	18 March 2011	grant of consent for the execution with PKO BP S.A. of an annex to the overdraft agreement connected with the provision of virtual cash-pooling services for the ZAT S.A. Group
56/VIII/2011	18 March 2011	grant of consent for a surety relating to the repayment of investment loans taken out by ZAK S.A.
57/VIII/2011	10 May 2011	approval of a report on the operations of the Supervisory Board Audit Committee
58/VIII/2011	10 May 2011	provision of an opinion on the Management Board's application on distribution of net profit for 2010
59/VIII/2011	10 May 2011	grant of a vote of approval to President of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. Jerzy Marciniak for performance of his duties from 1 January 2010 to 31 December 2010
60/VIII/2011	10 May 2011	grant of a vote of approval to Vice-President of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. Andrzej Skolmowski for performance of his duties from 1 January 2010 to 31 December 2010
61/VIII/2011	10 May 2011	grant of a vote of approval to Vice-President of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. Witold Szczypiński for performance of his duties from 1 January 2010 to 31 December 2010
62/VIII/2011	10 May 2011	grant of a vote of approval to Member of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. Franciszek Bernat for performance of his duties from 1 January 2010 to 31 December 2010
63/VIII/2011	10 May 2011	Supervisory Board report on assessment of the financial statements of Zakłady Azotowe w Tarnowie-Mościcach S.A. for the period 1 January 2010 to 31 December 2010 and the management report on the company's operations in 2010
64/VIII/2011	10 May 2011	Supervisory Board report on assessment of the consolidated financial statements of the Zakłady Azotowe w Tarnowie-Mościcach S.A. Group for the period 1 January 2010 to 31 December 2010 and the management

no.	date of adoption	subject
		report on the group's operations in 2010
65/VIII/2011	10 May 2011	adoption of the Supervisory Board's report on operations in the 2010 financial year
66/VIII/2011	10 May 2011	Supervisory Board reports for the Ordinary General Meeting for 2010, drafted in accordance with § 33, sec. 1, points 20) and 22) of the company's articles of association
67/VIII/2011	10 May 2011	provision of an opinion on the Management Board's application to the General Meeting concerning amendments to the articles of association of Zakłady Azotowe w Tarnowie-Mościcach S.A.
68/VIII/2011	10 May 2011	provision of an opinion on the Management Board's application to the Extraordinary General Meeting concerning establishment of the principles for and amounts of remuneration for Members of the Company's Management Board.
69/VIII/2011	10 May 2011	expansion of the 2011 Investment Plan to include the investment tasks "construction of a technical nitric acid railway cistern unloading station" and grant of consent for the acquisition of property, plant and equipment under the above task
70/VIII/2011	10 May 2011	grant of consent for the acquisition of property, plant and equipment under implementation of the investment task "means of implementing the Beckmann rearrangement process with use of reaction heat"
71/VIII/2011	10 May 2011	grant of consent for the acquisition of property, plant and equipment under implementation of the investment task "conversion of gate no. 6 from ul. Chemiczna and construction of a heavy goods vehicle parking area"
72/VIII/2011	10 May 2011	approval of the result of elections for the Member of the Company's Management Board appointed by employees of Zakłady Azotowe w Tarnowie-Mościcach S.A.
73/VIII/2011	10 May 2011	appointment of the Member of the Management Board elected by the employees of Zakłady Azotowe w Tarnowie-Mościcach S.A.
74/VIII/2011	10 May 2011	approval of the regulations for granting donations within the Azoty Tarnów Group.
75/VIII/2011	1 June 2011	adoption of a consolidated text of the company's articles of association
76/VIII/2011	1 June 2011	increase in share capital within authorised share capital
77/VIII/2011	1 June 2011	application for grant of an annual award for President of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. Jerzy Marciniak
78/VIII/2011	1 June 2011	delegation of the Chairperson of the Supervisory Board to execute an agreement prohibiting competing activities after the conclusion of an employment relationship with Member of the Management Board Franciszek Bernat.
79/VIII/2011	1 June 2011	expansion of the 2011 Investment Plan to include the investment task "commissioning of a Shared Services Centre for the Azoty Tarnów Group - Phase I" and grant of consent for the acquisition of property, plant and equipment under the above task
80/VIII/2011	1 June 2011	grant of consent for the acquisition of property, plant and equipment under implementation of the investment task "adaptation of the loading station for liquid sulphur from railway cisterns on the loading ramp to TDT standards"
81/VIII/2011	14 June 2011	approval of the terms and conditions for sale of the 100% stake held by Zakłady Azotowe w Tarnowie-Mościcach S.A. in "ELZAT" Sp. z o.o.

no.	date of adoption	subject
82/VIII/2011	14 June 2011	grant of consent for the execution of a loan agreement with PKO Bank Polski S.A. and a loan granted by ZAK S.A. providing bridging loan for the acquisition of shares in Z.Ch. Police S.A. and also for the execution of an agreement on establishment of a registered pledge and in blanco promissory note in order to provide collateral for repayment of the above loan.
83/VIII/2011	14 June 2011	grant of consent for the acquisition of property, plant and equipment other than real property, rights to perpetual usufruct or shares in real property of a market value exceeding PLN 2 million.
84/VIII/2011	30 June 2011	annual award for Andrzej Skolmowski, Vice-President of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A.
85/VIII/2011	30 June 2011	annual award for Witold Szczypiński, Vice-President of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A.
86/VIII/2011	30 June 2011	annual award for Franciszek Bernat, Member of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A.
87/VIII/2011	30 June 2011	grant of consent for the execution of a share placement agreement
88/VIII/2011	7 July 2011	establishment of the issue price for shares under authorised share capital
89/VIII/2011	7 July 2011	grant of consent for the issue of an in blanco promissory note together with promissory note declaration as collateral for payments to Polski Koncern Naftowy ORLEN S.A.
90/VIII/2011	23 August 2011	provision of an opinion on the application to the General Meeting concerning consent for the disposal of shares in subsidiaries
91/VIII/2011	23 August 2011	grant of consent for the disposal of plant, property and equipment elements other than real estate, rights to perpetual usufruct or shares in real estate of a value exceeding PLN 2 million
92/VIII/2011	23 August 2011	grant of consent for the execution of a cooperation agreement with Air Products including a lease agreement and commitment of the parties concerning the supply and purchase of CO2
93/VIII/2011	23 August 2011	expansion of the Investment Operations Plan for 2011 to include the investment tasks "connecting CO2 and utilities to the Air Products CO2 purification and liquefaction installation" and grant of consent for the acquisition of property, plant and equipment under the above investment task
94/VIII/2011	23 August 2011	grant of consent for the execution of an annex to the PLN 25 million multi-purpose loan agreement with PKO Bank Polski S.A.
95/VIII/2011	23 August 2011	adoption of a consolidated text of the company's articles of association
96/VIII/2011	23 August 2011	provision of an opinion to the General Meeting concerning establishment of the principles for and amounts of remuneration for Members of the Company's Supervisory Board
97/VIII/2011	23 August 2011	award of an additional benefit in the form of a long-service award to Member of the Management Board Franciszek Bernat
98/VIII/2011	23 August 2011	expansion of the 2011 Investment Plan to include the investment task "IT consolidation within the Azoty Tarnów Group" and grant of consent for the acquisition of property, plant and equipment under the above task
99/VIII/2011	23 August 2011	grant of consent for Zakłady Azotowe w Tarnowie-Mościcach S.A. to join the INFO-TECH-MED consortium
100/VIII/2011	16 September 2011	grant of consent for the termination of the right to perpetual usufruct of plot no. 4/77, cadastral unit 208
101/VIII/2011	10 October 2011	grant of consent for the acquisition of property, plant and equipment

no.	date of adoption	subject
		other than real estate, rights to perpetual usufruct or shares in real estate of a market value exceeding PLN 2 million.
102/VIII/2011	20 October 2011	justification for the absence of Mirosław Potulski
103/VIII/2011	20 October 2011	dismissal of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A., 8th term
104/VIII/2011	20 October 2011	specification of the number of members of the Management Board
105/VIII/2011	20 October 2011	appointment of the President of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A.
106/VIII/2011	20 October 2011	appointment of the Vice-President of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. for finance and trade
107/VIII/2011	20 October 2011	appointment of the Vice-President of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. for the strategy and development of the Azoty Tarnów Group
108/VIII/2011	20 October 2011	appointment of the Vice-President of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. for production and safety affairs
109/VIII/2011	20 October 2011	grant of consent to the President of the Management Board to take up a position on the Supervisory Board of Z.Ch. Police S.A.
110/VIII/2011	20 October 2011	grant of consent to Vice-President of the Management Board Witold Szczypiński to take up a position on the Supervisory Board of PKCh Sp. z o.o.
111/VIII/2011	20 October 2011	grant of consent to Vice-President of the Management Board Andrzej Skolmowski to take up a position on the Supervisory Board of PKCh Sp. z o.o.
112/VIII/2011	20 October 2011	establishment of the principles for and level of remuneration for Members of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A.
113/VIII/2011	20 October 2011	delegation of Chairperson of the Supervisory Board Marzena Piszczek to execute annexes to the employment contracts, employment contracts and agreements on prohibition of competing activity with Members of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A.
114/VIII/2011	9 November 2011	approval of an Annex to the Annual Business and Financial Plan for 2011
115/VIII/2011	9 November 2011	approval of additional members for the Audit Committee
116/VIII/2011	9 November 2011	grant of consent for the acquisition of property, plant and equipment under implementation of the investment task "modernisation of Sulphuric Acid Plant"
117/VIII/2011	9 November 2011	grant of consent for the execution with PKO Bank Polski S.A. of an annex to the overdraft agreement and an annex to the agreement on provision of virtual cash-pooling services for the Azoty Tarnów Group.
118/VIII/2011	9 November 2011	grant of consent for the issue of a surety for Z.Ch. Police S.A. liabilities towards Raiffeisen Bank Polska S.A.
119/VIII/2011	25 November 2011	adoption of "regulations for the election and dismissal of the member of the Management Board elected by employees of Zakłady Azotowe w Tarnowie-Mościcach S.A."
120/VIII/2011	25 November 2011	commencement of the procedure for election of the member of the Management Board's 9th term appointed by employees of Zakłady Azotowe w Tarnowie-Mościcach S.A.
121/VIII/2011	1 December 2011	justification for the absence of Ryszard Trepczyński
122/VIII/2011	1 December 2011	appointment of the Central Elections Committee to implement the

no.	date of adoption	subject
		election of the member of the Management Board appointed by employees of Zakłady Azotowe w Tarnowie-Mościcach S.A. and appointment of the chairperson of the Central Elections Committee.

4. Information on the attendance of Supervisory Board Members at meetings

14 instances of board members being absent from Supervisory Board meetings were recorded (of which: Mirosław Potulski: five absences, Jacek Lewandowski: three absences, Jacek Obłąkowski: two absences, Ewa Lis, Jan Wais, Ryszard Trepczyński, Artur Kucharski - one absence each), constituting an average annual absence rate of 12.5%. All of the above absences were justified by the Board.

5. Significant problems with which the Supervisory Board dealt at meetings

Within its operations, the Supervisory Board focused on analysis of issues which have a pivotal impact on the company's economic and financial situation, in particular:

- systematic implementation of the business plan for 2011 with regard to quantitative and financial aspects,
- primary economic ratios (credit rating and credit structure, financial liquidity, asset turnover, profitability, debt, performance indicators),
- the structure and level of receivables and payables,
- the structure and level of raw material, semi-finished product and product inventories,
- assessment of investing activities,
- the market situation relating to purchase of raw materials and sale of products,
- the profitability of specific product ranges,
- the economic and financial situation of subsidiary ZAT S.A.,
- impact of the increase in wages on the company's financial condition,
- implementation of the restructuring programme within the company,
- implementation of the increase in the company's share capital through the issue of new series C shares,
- implementation of the tender offer for acquisition of 66% of shares in Z.Ch. Police S.A.
- acquisition of a 40.86% stake in ZAK S.A.,
- implementation of synergies in selected areas of Group operations,
- monitoring of the privatisation process at subsidiaries.

In ensuring continuous supervision and inspection of the company's operations, the Supervisory Board used the following documents in 2011:

- financial statements - monthly, quarterly and semi-annual,
- the company's business plan for 2011,
- the company's strategy 2007-2015,
- Management Board reports on implementation of the business and financial plans, achievement of joint synergies,
- Management Board studies on topics commissioned by the Supervisory Board,
- source materials concerning the issues analysed,

- Management Board information presented during Supervisory Board meetings,
- economic, technical, environmental and legal expert opinions commissioned in connection with the intention to acquire 66% of shares in Z.Ch. Police S.A. and 40.86% of shares in ZAK S.A.

and also:

- monthly information concerning the operations of subsidiaries,
- Management Board information concerning the implementation of company objectives contained in the Issue Prospectus.

6. Changes made by the Supervisory Board to the composition of the Management Board, suspension of Management Board Members and delegation of Supervisory Board Members to fulfil the duties of Management Board Members

Composition of the Management Board as at 1 January 2011

Jerzy Marciniak - President of the Management Board,
 Andrzej Skolmowski - Vice-President of the Management Board,
 Witold Szczypiński - Vice-President of the Management Board,
 Franciszek Bernat - Member of the Management Board

In connection with the fact that 2010 was the last full year of the Management Board's 7th term, on 31 January 2011 the Supervisory Board adopted resolutions concerning:

- commencement of executive search for the positions of president and members of the company's Management Board.
- commencement of the procedure for election of the member of the Management Board's 8th term appointed by employees of Zakłady Azotowe w Tarnowie-Mościcach S.A.

As a result of the executive search procedure, on 18 March 2011 the Supervisory Board adopted a resolution on appointment of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. for a new, three-year term with the following composition:

Jerzy Marciniak - President of the Management Board, Managing Director
 Andrzej Skolmowski - Vice-President of the Management Board,
 Witold Szczypiński - Member of the Management Board,
 with stipulation that the above resolutions were to enter into force on the day following the Ordinary General Meeting of Zakłady Azotowe w Tarnowie-Mościcach S.A. approving the financial statements for the 2010 financial year.

On 10 May 2011 the Supervisory Board approved the result of elections for the Member of the Management Board appointed by company employees and adopted a resolution on the appointment of employee candidate Franciszek Bernat to the Management Board, with effect from the day following the Ordinary General Meeting of Zakłady Azotowe w Tarnowie-Mościcach S.A. approving the financial statements for the 2010 financial year.

On 14 June 2011 the Ordinary General Meeting of the Company granted a vote of approval to Members of the Management Board's 7th term. The 8th term of the Company's Management Board commenced on 15 June 2011 in the following composition:

Jerzy Marciniak - President of the Management Board, Managing Director
Andrzej Skolmowski - Vice-President of the Management Board,
Witold Szczypiński - Member of the Management Board,
Franciszek Bernat - Member of the Management Board

On 20 October 2011, through resolution no. 103/VIII/2011, the Supervisory Board dismissed the entire 8th term Management Board and subsequently, through resolution no. 105/VIII/2011, appointed Jerzy Marciniak as President of the 9th term Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. - Managing Director. Subsequently, through resolutions no. 106-108/VIII/2011, the Supervisory Board appointed the remaining members of the 9th term Management Board as follows:

Andrzej Skolmowski - Vice-President of the 9th term Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. responsible for finance and trade at the Azoty Tarnów Group,
Krzysztof Jałosiński - Vice-President of the 9th term Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. responsible for strategy and development at the Azoty Tarnów Group,
Witold Szczypiński - Vice-President of the 9th term Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A. responsible for production and safety at the Azoty Tarnów Group.

In connection with the above, on 31 December 2011 the composition of the Company's Management Board was as follows:

Jerzy Marciniak - President of the Management Board,
Andrzej Skolmowski - Vice-President of the Management Board,
Witold Szczypiński - Vice-President of the Management Board,
Krzysztof Jałosiński - Vice-President of the Management board.

Furthermore, on 25 November 2011 the Supervisory Board adopted a resolution on commencement of the procedure to elect the 9th term Management Board Member appointed by company employees. The elections took place on 19-29 December 2011 (first round) and 5-13 January 2012 (second round), with employees electing Artur Kopeć as their Member of the Management Board. On 17 February 2012 the Supervisory Board approved the result of the election and appointed Artur Kopeć to the Management Board.

7. Information on implementing resolutions of the General Meeting relating to the operations of the Supervisory Board

The Supervisory Board implemented resolutions no. 8, 9, 10 and 11 of the Extraordinary General Meeting of Shareholders of 31 October 2011, obligating the Supervisory Board to supervise the process of privatising subsidiaries.

The Supervisory Board implemented the above resolutions through:

- supervision over implementation of the privatisation processes at subsidiaries,
- obtaining information relating to implementation of the privatisation processes,
- reviewing valuations and analysis concerning the privatised companies,
- approval of the terms and conditions for sale of shares in subsidiaries.

Through resolution no. 81/VIII/2011 of 14 June 2011, the Supervisory Board approved the terms and conditions for sale of the 100% stake in Elzat Sp. z o.o. held by Azoty Tarnów (implementation of resolution no. 9 of the Extraordinary General Meeting of 31 October 2001).

Through resolution no. 90/VIII/2011 of 23 August 2011, the Supervisory board provided a positive opinion on the application submitted to the General Meeting concerning grant of consent for:

- 1) disposal of 100% stakes in subsidiaries:
 - Biuro Projektów Zakładów Azotowych "BIPROZAT" - TARNÓW Sp. z o.o.,
 - PROReM Sp. z o.o.,
 - Jednostka Ratownictwa Chemicznego Sp. z o.o.,
 - ZWRI Sp. z o.o.,and the 72.17% stake held in "AUTOMATYKA" Sp. z o.o. through an in-kind contribution of shares in these companies to Polskie Konsorcjum Chemiczne Sp. z o.o.
- 2) cancellation of subsequent resolutions concerning the disposal of stakes in companies covered by the application in question.

On 18 October 2011, through resolution no. 4, the General Meeting consented to the disposal of shares in the above subsidiaries through their transfer as an in-kind contribution to Polskie Konsorcjum Chemiczne Sp. z o.o.

8. Impact of the increase in wages and salaries on the Company's financial situation

The Supervisory Board was consistent in its monitoring of the average monthly salary level within the Company. In 2011 the average monthly salary without annual bonus for the 2010 financial result was PLN 3 839.72 and increased by PLN 329.78 (9.39%) in relation to 2010. In 2011 there was an increase in overtime for work in continual shifts up to PLN 450/month and for double-shift work up to PLN 240/month.

Taking into consideration profit sharing, average monthly salaries at the Company in 2011 were PLN 743.72 higher than in 2010, amounting to PLN 4 253.66. There were two pay increases in 2011, valid from 1 March 2011 and from 1 July 2011.

Furthermore, an annual bonus of PLN 10 386 223 was paid out from the salary fund (average per employee: PLN 4 967.27). As a result of this, wages and salaries within the Company grew by 21%.

The principles for wages, salaries and employee bonuses, including the principles for award of an annual bonus, are governed by the collective labour agreement.

9. Information on implementation of a strategic programme or a restructuring

The Company continued to implement the strategic objectives contained in the 2008 Issue Prospectus, i.e.:

- Optimisation of the product portfolio and nitrate fertiliser sales system (PLN 38 million)
- Modernisation of the caprolactam plant together with construction of a new hydrogen facility (PLN 93.525 million)
- Expansion of the Modified Plastics Plant (PLN 23.525 million)
- Polyamide II Plant (acquisition of ATT Polymers GmbH - PLN 16.057 million)

and the strategic objectives contained in the 2011 Issue Prospectus, i.e.:

- Refinancing of capital allocated to acquisition of a controlling stake in Z.Ch. Police S.A. (PLN 596 million)
- Acquisition of shares constituting 40.86% of ZAK S.A.'s share capital.

10. Information on Supervisory Board decisions concerning selection of a statutory auditor, commissioning of expert opinions, etc.

During the financial year 2011 a statutory auditor was not selected, since through resolution no. 141/VII/2009 of 31 March 2009 the Supervisory Board selected Deloitte Audyt Sp. z o.o. to review and audit the Company's and the Zakłady Azotowe w Tarnowie-Mościcach S.A. Group's financial statements for a period of 3 years from 2009 to 2011.

The Supervisory Board selected a statutory auditor for a period of three years, recognising this solution as beneficial from the viewpoint of the Company's interests, avoiding the multiple corrections resulting from the varied methodologies applied by specific auditors.

11. Operations of the Audit Committee

On 4 January 2011, through resolution no. 22/VIII/2011, the Supervisory Board appointed an Audit Committee, constituting an advisory body working jointly within the structure of the Supervisory Board. The Audit Committee comprised:

- Jacek Obłąkowski (Chairperson)
- Agnieszka Doroszkiewicz
- Tomasz Klikowicz

Through resolution no. 57/VIII/2011 of 10 May 2011, the Supervisory Board adopted the Audit Committee's report for the period 4 January to 3 March 2011.

In connection with the resignation of Agnieszka Doroszkiewicz from the Supervisory Board, from 13 June 2011 the Audit Committee comprised two members.

On 9 November 2011, through resolution no. 115/VIII/2011, the Supervisory Board supplemented the Audit Committee through the delegation of Marek Mroczkowski.

During the reporting period the Audit Committee dealt with:

- monitoring the financial reporting process;
- monitoring the effectiveness of internal control, internal audit and risk management systems existing within the Company;

- monitoring financial audit activities;
- monitoring the independence of the statutory auditor and entity authorised to audit the financial statements;
- monitoring the audit of the annual and consolidated financial statements;
- monitoring the work of the internal audit team;
- monitoring the work and reports of the independent statutory auditor;
- auditing selected economic events significant for the Company's operations.

The Audit Committee participated in work on finalising the financial statements for 2011 and assessed them. In its report, the Audit Committee recommended that the Supervisory Board adopt the Company's and Group's financial statements for the 2011 financial year.

12. Assessment of Management Board operations

The good financial results achieved in 2011 stem from the good global economic situation but also from the high level of Management Board involvement in all areas of the Company's operations.

Of particular note are the actions of the Management Board relating to acquisitions (the majority shareholding in Z.Ch. Police S.A. and the ZAK S.A. stake), possible due to the successful issue of series C shares. These should be acknowledged as very beneficial, from a business, image and financial standpoint. These acquisitions resulted in an increase in Company and Group financial results, which is reflected in the financial statements.

In 2011 the Azoty Tarnów Group became the largest chemicals company in Poland and a key business partner in the Polish and European plastics and fertiliser markets.

The Management Board's actions during the shortage of nitric acid in the first half of 2011 after the failure of equipment at the Fertilisers Centre should also be commended. Through maximum use of synergies with ZAK S.A. it was possible to maintain production capacity for fertilisers at the Company's Tarnów plant and to minimise losses which could have occurred.

Cooperation between the Supervisory Board and 7th, 8th and 9th term Management Board during the analysed period should be assessed as good. This assessment concerns cooperation in joint relations resulting from the Company's articles of association and the Polish Commercial Companies Code, i.e.:

- timely provision of documents connected with topics discussed at Supervisory Board meetings and their completeness,
- implementation of Supervisory Board recommendations,
- provision of up-to-date information concerning Company operations,
- observing the provisions of the articles of association concerning the acquisition of corporate consents.

Signatures of members of the Supervisory Board of Zakłady Azotowe w Tarnowie-Mościcach S.A.

.....
Monika Kacprzyk-Wojdyga
/Chairperson of the
Supervisory Board/

.....
Ewa Lis
/Deputy Chairperson
of the Supervisory Board/

.....
Jan Wais
/Secretary of the Supervisory
Board/

.....
Tomasz Klikowicz

.....
Artur Kucharski

.....
Marek Mroczkowski

.....
Jacek Obłękowski

.....
Zbigniew Paprocki