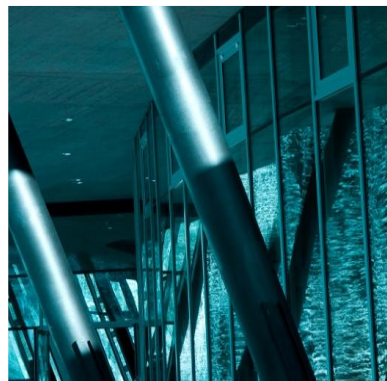




Business Winter in Poland



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Ministry of Treasury of the Republic of Poland



Lukowicz
Swierzewski & Partners



ERNST & YOUNG

Quality In Everything We Do



LSSE S.A.



Trio Management

Towers Perrin Alliance Partner



ZIMUTUS
SSOCIATES
Corporate Finance & Strategic Advisory



ART HOTEL®
★★★★



Dear Reader,

We have the pleasure to present you with the third issue of our quarterly magazine on Poland and the Polish business environment. The articles from Winter edition touch upon privatisation in the Mining of Chemical Raw Materials, Chemical and Plastic Industries, Poland's economic accelerates, amendments to the Act on Special Economic Zones, Multi-Annual Support Programme, investment opportunities on the Polish energy-related utilities market and many more. Should you have any questions regarding the articles or the field of activity of any of the partners and

their projects, please do not hesitate to contact us at any time

In the WINTER issue we invite you to another major Polish city – Wrocław. If you do wish to spend some time in Wrocław, we will be delighted to facilitate your stay by helping you in arranging meetings that are in the scope of your interest and providing guidance on how to have a great time in Poland.

With our warmest regards,

The Authors

PRIVATISATION IN THE MINING OF CHEMICAL RAW MATERIALS, CHEMICAL AND PLASTICS INDUSTRIES

BY THE MINISTRY OF
TREASURY



Ministry of Treasury of the Republic of Poland

The major Polish chemical companies and many other smaller firms operating in the Mining of Chemical Raw Materials, Chemical and Plastics Industries are expected to be sold to private investors by the end of 2011 and some of them even in 2010.



PRIVATISATION IN THE MINING OF CHEMICAL RAW MATERIALS, CHEMICAL AND PLASTIC INDUSTRIES

by The Ministry of Treasury

The major Polish chemical companies and many other smaller firms operating in the Mining of Chemical Raw Materials, Chemical and Plastics Industries are expected to be sold to private investors by the end of 2011 and some of them even in 2010. Privatisation is a chance for them to develop and to successfully compete on the European market.

Major privatisation projects

Ciech S.A., ZAK S.A., Zakłady Azotowe w Tarnowie-Mościcach S.A., Zakłady Azotowe Puławy S.A., Zakłady Chemiczne Police S.A., Azoty-Adipol S.A., Kopalnie i Zakłady Chemiczne Siarki Siarkopol S.A. as well as Ośrodek Badawczo-Rozwojowy Przemysłu Rafineryjnego S.A. (Research and Development Centre for Petroleum Industry) are the major Polish chemical sector companies intended for privatisation. All of

them are listed on the list of major companies intended for privatisation by the end of 2010.

According to the privatisation strategy for **Ciech S.A., Zakłady Azotowe w Tarnowie-Mościcach S.A. and ZAK S.A.**, all of them are expected to be privatised as the so called First Chemical Group. The Treasury intends to sell these three leaders of the Polish chemical market to a single investor. Despite this assumption, the Ministry of Treasury stays flexible – depending on the interest of potential investors and therefore a separate sale of every single company is also possible. The privatisation process of the First Chemical Group is conducted by a state-owned company - Nafta Polska S.A. The privatisation process is at an advanced stage. In December Potential Investors submitted their binding offers, which are now being analyzed.

The list of key companies expected to be privatised until the end of 2010 also comprises 4 other major companies according to their market positions. They include two Poland's giants of the chemical sector i.e. **Zakłady Azotowe Puławy S.A. (ZAP)** and **Zakłady Chemiczne Police S.A. (ZChP)**; the Treasury intends to sell the

ownership in these companies. In the case of Zakłady Azotowe Puławy S.A. there are plans to sell a stake of 50.12% shares to a potential investor by negotiations. As for Zakłady Chemiczne Police S.A., which is going to be restructured before privatisation, MST considers a number of options for the sale of its stake. In cases of the two remaining companies i.e. **Azoty-Adipol S.A.** and **Kopalnie oraz Zakłady Chemiczne Siarki Siarkopol S.A.**, the Ministry intends to invite interested investors to negotiations on the acquisition of a 85% stake out of the 100% stake already held (the remaining 15% stake is designed to be transferred to employees).

What is the future of other companies of this sector?

Apart from the companies on the list of major projects, the MST also intends to sell **13 other companies** from the broadly understood **chemical sector until the end of 2011**. The privatisation offer includes: chemical fertilizer manufacturing companies, sulphur mines and processors, research & development centres as well as rubber processors.

In 2010 the Treasury intends to sell in a public sale a 85% stake out of the 100% stake in **Ośrodek Badawczo-Rozwojowy Przemysłu Oponiarskiego STOMIL Sp. z o. o.**, **Bydgoskie Zakłady Przemysłu Gumowego STOMIL S.A.**, **Zakłady Chemiczne Rudniki S.A.** and the remaining 5.54% stake in **Zakłady Azotowe ANWIL S.A.** In the case of **Ośrodek Badawczo-Rozwojowy Górnictwa Surowców Chemicznych CHEMKOP w Krakowie Sp. z o. o.** the Ministry considers a sale of the 85% stake in a public sale or by transferring its stake to a company wholly owned by the State Treasury. On the other hand, the privatisation of **Piastowskie Zakłady Przemysłu Gumowego STOMIL Sp. z o.o.** (40%) and **Złoty Stok Farby Sp. z o.o.** (29.38%) is expected to be conducted either by means of a public procedure or upon the approval of the Council of Ministers.

Stakes in **Zakłady Tworzyw Sztucznych ARTGOS S.A.** and **Kopalnia Soli KŁODAWA S.A.** are expected to be transferred to Agencja Rozwoju Przemysłu S.A. (Industrial Development Agency) for restructuring. In the case of **Zakłady Chemiczne ZACHEM S.A.** and **Zakłady Chemiczne ORGANIKA-SARZYNA S.A.** there are plans to sell the

entire remaining stake (5.19% and 5.06% respectively) to Ciech S.A. Also, MST intends to sell the stake in **Siarkopol Gdańsk S.A.** as well as the 20.43% stake in **GAMBIT Lubawka Sp. z o. o.**

For more information on privatisation projects, visit the website of the Ministry of Treasury at: www.msp.gov.pl/portal/en.

To learn more about the privatisation offer in the mining of chemical and raw materials sector, chemical and plastic industries and as well as other privatisation projects, please contact the Investor Relations Centre at the Ministry of Treasury.

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POLAND'S ECONOMY ACCELERATES BY POLISH INFORMATION AND FOREIGN INVESTMENT AGENCY



Poland is the exclusive European country to demonstrate positive economic growth this year and the highest growth among OECD states.



POLAND'S ECONOMY ACCELERATES

by Polish Information and Foreign Investment Agency

In the times when European economies continue tackling the current economic downturn, Poland ranks among the few countries in the world which enjoy impressive economic indicators.

The European Commission reported that the 3rd quarter of the year saw GDP in the euro area grow slowly and while the data implies a gradual improvement of the economic situation on the continent, it is noteworthy that the Polish growth was slightly stronger than that of the rest of Europe 1.7% y-o-y. In fact, Poland is the only European country which has, so far in 2009, not once recorded a negative GDP growth figure thus the country will probably be the only EU member state to record an uninterrupted GDP rise in 2009.

Also according to the OECD, Poland is the exclusive European country to demonstrate

positive economic growth this year and the highest growth among OECD states. OECD report "Economic Outlook" expects Polish GDP to grow in 2010 by 2.5% whereas in 2011 it should reach 3.1%. The report shows that economic growth in Poland is influenced by several factors: monetary policy, currency appreciation, relatively low dependence on international trade, stable banking sector, low private sector debt, tax reduction, other fiscal measures and additional infrastructure investment financed from EU funds as well as infrastructure projects related to Euro 2012 Championships.

For the very first time in three years, research points out to an improvement in Poland's investment climate. Investors have best assessed political and economic stability, availability of materials and labour as well as levels of fiscal charges. Over one third of the surveyed companies consider Poland's investing conditions to be good or very good. The 2009 investment climate analysis demonstrates entrepreneurs investing in Poland in a moderately positive mood. Despite the current global economic situation, all areas covered by the survey received better reviews than in the previous years.

The situation is confirmed by the **strong position of Polish companies in the region**. In fact, the significance of Polish companies has been on the rise, despite the global downturn. "Europe 500", a ranking gathering the biggest companies from the CEE, was presented during the 19th Economic Forum in Krynica. The list has been prepared by Rzeczpospolita daily in cooperation with the consulting company Deloitte. Among the biggest firms from the region there are as many as 188 companies from Poland i.e. 12 more than in the previous year.

Also the Polish labour market stays attractive for employers. The 5th edition of employers' plans survey concerning employment and salaries in companies in the upcoming 6 months carried out by TNS OBOP and the Randstad Research Institute shows that improvement in employer's mood in comparison to September this year when only 13% declared salary rises as opposed to 23% in December.

Positive outlook for the future can be observed not only in the way companies and employers in Poland act but also in the behaviour of Polish customers. While in the UE sales dropped by 2.5%, and in the euro zone by 3.6%, the rate of retail sales in

September in Poland grew by 5.4% y-o-y and was the highest in the whole of the European Union.

The way the crisis was approached in Poland has created new prospects not only for Poles but also for foreign investors willing to invest in Poland.

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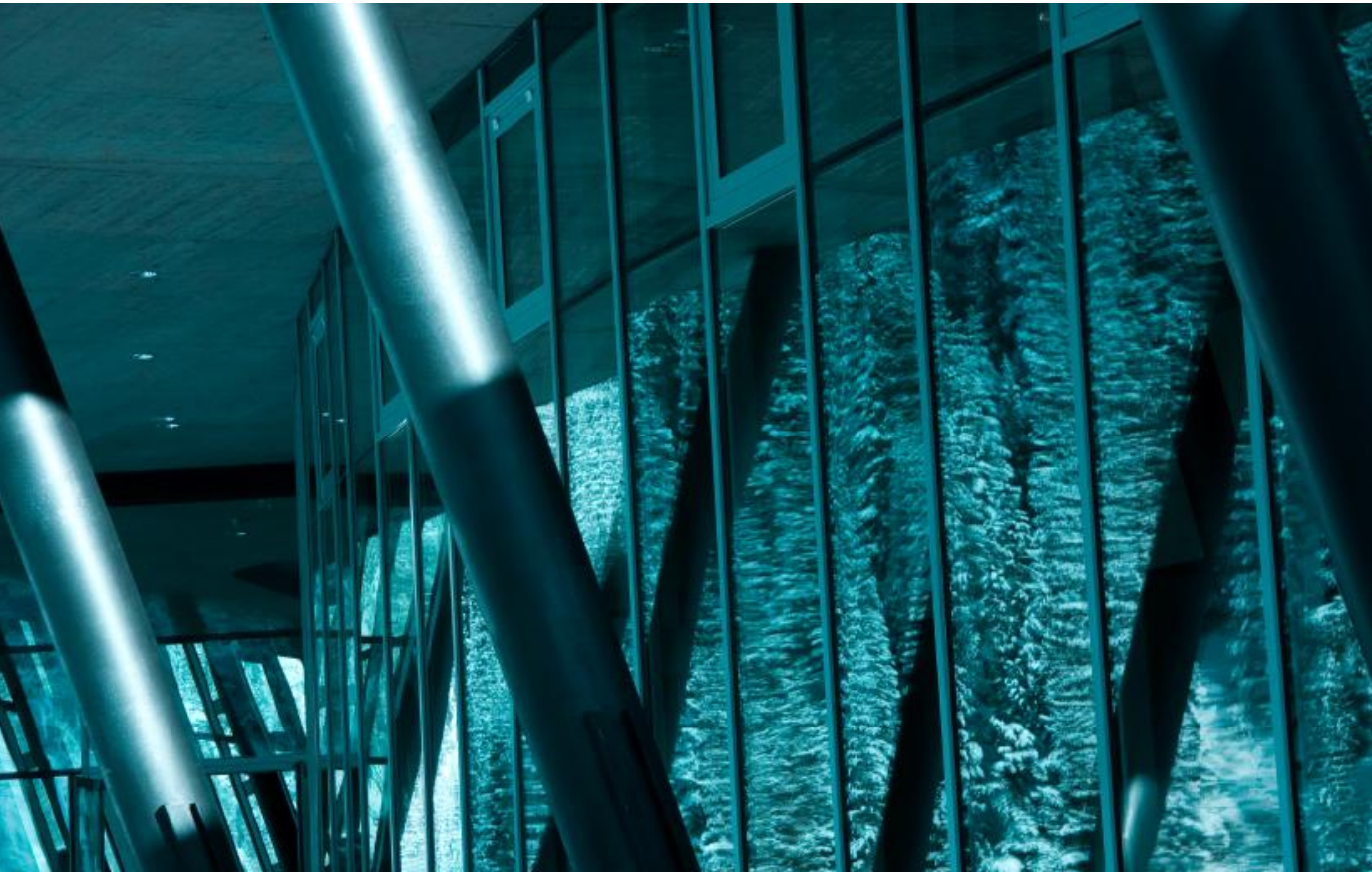
www.paiz.gov.pl

AMENDMENTS TO THE ACT ON SPECIAL ECONOMIC ZONES

**BY LUKOWICZ SWIERZEWSKI
& PARTNERS**



To minimize the consequences of the economy slowdown, the Ministry of Economy has prepared a draft of amendments to the Act on Special Economic Zones.



AMENDMENTS TO THE ACT ON SPECIAL ECONOMIC ZONES

**by Lukowicz Swierzewski &
Partners**

Polish economy, like other economies in the world, for the past year is struggling with the effects of the economic slowdown. Drop in demand in EU countries, which are the main Polish trade partner, reduction of export of Polish goods and declines in stock market have negative effect on business activities. This situation particularly affects the credit market, where rapid tightening of the criteria for granting facilities and increased costs of facilities are noticeable.

To minimize the consequences of the economy slowdown, the Ministry of Economy has prepared a draft of amendments to the Act on Special Economic Zones. The purpose of the proposed amendments is to create more flexible operating conditions for entrepreneurs operating in the Special Economic Zones ("SEZ"), in particular by liberalizing rules for making changes to permits for operation within the SEZ. New proposals are also

designed to facilitate business activities during the economy slowdown and to prevent loss of permit as a result of failure to comply with its conditions.

Previous amendments to regulation concerning business activity within SEZ

Rules governing changes to the permit for operation in SEZ were already alleviated under amending provisions to the Special Economies Zones Act, which came into force in August 2008. However, under this amendment, the alleviated rules apply only to permits issued after August 5th, and therefore, their significance is very limited.

Upon relevant orders, also the area of five SEZ was increased at the beginning of 2009.

Planned amendments to the Special Economic Zones Act

According to the drafted amendments to the Act on Special Economic Zones, usufruct will be a permissible form for the establishment of SEZ not only on the administrator's grounds, but also on grounds of the State Treasury, local government units and communal unions. The catalogue of grounds on which the SEZ may be established will be extended over the grounds which constitute the ownership or usufruct of the state legal

persons other than the State Treasury, whose property is wholly the property of the state and companies in which 100% of the votes that may be cast at a general meeting or a meeting of shareholders are with the administrator, local government units and communal unions.

The Minister of Economy will be able to change the permit for operation in SEZ at the request of the entrepreneur. The change of permit may concern reduction in the amount of eligible costs, extension the deadline for completion of the investment and reduction of the employment specified in the permit of no more than 20%.

The draft introduces a catalogue of mandatory conditions for withdrawal of the permit by the Minister of Economy. The conditions, worth mentioning is – request of the entrepreneur who will be entitled to ask for withdrawal of the permit and not for blanking, as it is today. This change will enable the repayment of the public aid.

The proposed amendment will change, to some extent, the Law on planning and spatial development.

It should be noted, however, that the discussed amendment is at an early stage of the legislative procedure and, therefore, it

cannot be stated with certainty what its final shape will be like.

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MULTI-ANNUAL SUPPORT PROGRAMME FOR LARGE INVESTMENTS IN POLAND

BY ERNST & YOUNG

ERNST & YOUNG

Quality In Everything We Do

There is a specific aid scheme available for large investments which are considered crucial to the Polish economy and their implementation in Poland depends on receiving a grant - Multi-Annual Support Programme (MASP).



MULTI-ANNUAL SUPPORT PROGRAMME FOR LARGE INVESTMENTS IN POLAND

by Ernst & Young

There is a specific aid scheme available for large investments which are considered crucial to the Polish economy and their implementation in Poland depends on receiving a grant - Multi-Annual Support Programme (MASP). It is financed from the Polish budget.

In order to benefit from this form of support, companies undertake negotiations with the Polish Information and Foreign Investment Agency (PAIiIZ) and the Ministry of Economy. Unlike the European Union grants, there is no schedule of application rounds - applications can be submitted to the PAIiIZ at any time of the year. The negotiation process is finalised by an agreement concluded by the Minister of Economy and the investor, based on a Resolution of the Council of Ministers regarding the establishment of MASP for the investment development. Based on the agreement, support is granted in the form of a cash grant.

Under the MASP aid scheme, the support may be granted to:

- ✓ projects within the so called “priority sectors”: automotive, electronics, aviation, biotechnology, new services (in particular: IT centers, BPOs and telecommunication), R&D activity sector,
- ✓ “significant” investments, i.e. projects in other sectors of eligible costs amounting to at least PLN 1 billion and creating at least 500 new jobs.

The maximum level of aid an investment can receive amounts to **15%** of eligible costs in the case of projects developed in a Special Economic Zone (SEZ) and **30%** - outside the SEZ area.

Support is based on:

- ✓ two-year employment costs of newly created jobs, or
 - ✓ eligible investment costs,
- whichever of the cost category is higher.

Support based on two-year employment costs of newly created jobs

Support may be granted to companies meeting the following entry criteria:

- ✓ For “priority” production sectors: investment costs of at least PLN 40 million and at least 250 new jobs,
- ✓ For modern services sector: creating at least 250 new jobs,
- ✓ For R&D sector: investment costs of at least PLN 3 million and at least 35 new jobs (for employees with university degrees only),
- ✓ For other sectors: investment costs of at least PLN 1 billion and at least 500 new jobs.

The level of support based on newly created jobs ranges from **PLN 3,200 to PLN 18,700** per each job, depending on the specific set of criteria.

In the case of investments in the area of:

- ✓ counties (*powiat*) with an unemployment rate of at least 200% of the country average,
- ✓ voivodships: warmińsko-mazurskie, podlaskie, świętokrzyskie, lubelskie, podkarpackie

the level of support is increased by **8%**.

Support based on eligible investment costs

Support may be granted to entrepreneurs fulfilling the following entry criteria:

- ✓ For “priority” sectors: investment costs of at least PLN 160 million and at least 50 new jobs,
- ✓ For other sectors: investment costs of at least PLN 1 billion and at least 500 new jobs.

The level of support based on eligible investment costs amounts up to **10%** depending on the specific set of criteria. If the investment is the first of the type to be developed in Poland, the aid intensity can be increased by 1 percentage point.

The MASP aid scheme is currently under review and introduction of even more favourable conditions of support is being considered.

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THE LEGNICA SPECIAL ECONOMIC ZONE



Due to its location in the Lower Silesia, one of the most dynamically developing regions of Poland, the vicinity of major universities and availability of qualified personnel, LSEZ is a perfect place for investments.



THE LEGNICA SPECIAL ECONOMIC ZONE

LSEZ was formed by virtue of the Ordinance of the Council of Ministers of 15 April 1997 (Journal of Laws of 1997 No. 153, item 1003). Its aim was to counteract unemployment through creating new jobs and to provide an alternative for the monoculture of copper industry.

LSEZ is situated in the south-western part of Poland, in the centre of the Lower Silesia Province. In total, it has the area of 457.49 hectares divided into 11 subzones, which gives investors the possibility to choose the most convenient location.

Due to its location in the Lower Silesia, one of the most dynamically developing regions of Poland, the vicinity of major universities and availability of qualified personnel, LSEZ is a perfect place for investments.



Its attractive location at the junction of international routes as well as professional investor service were the main features that have attracted such companies as Volkswagen Motor Polska, Toyota Group, CCC, Hormann, Sitech and many other renowned Polish and foreign enterprises.

Why LSEZ? Benefits are obvious :

- ✓ Corporate Income Tax exemption, in form of regional public aid
- ✓ Ground prepared for investment (clear legal status, access to technical and transport infrastructure) at competitive prices
- ✓ One "public" owner of the area
- ✓ Professional and free advice in all cases related to investment
- ✓ LSEZ experience in running investment projects.

Apart from the above-mentioned benefits, LSEZ is a great place to establish cooperation with companies located here. There is a large scope of possibilities: automotive, food processing, plastics, metal, surface treatment, chemical, sportswear, and many more.

The Legnica Special Economic Zone is a proven and reliable partner. Invest in LSEZ!

KEY DATA

Employment: 8213

Capex: PLN 4.21 billion

Surface: 447 ha

Permits issued: 91

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COMPETENCES DURING AND AFTER THE TIME OF CRISIS

BY TRIO MANAGEMENT



In line with dynamic changes of market condition and strategic goals of a company, various competences gain importance.



COMPETENCES DURING AND AFTER THE TIME OF CRISIS

by Trio Management

Polish managers realise more and more that employees' competences are considered to be one of the most important success factors in every company. However, various competences are important to a given company and there are multiple factors that determine the weight of each competence.

The company culture and values influence the choice of the key competences. So is the stage of a company development – new, fast growing companies have specific, size and target oriented goals and value different competences than big and stable organisations. In line with dynamic changes of market condition and strategic goals of a company, various competences gain importance.

During the time of crisis, companies are forced to expect more from their employees. It becomes more and more important to identify the most effective employees and set them as role models for the rest of the staff. The relative weight of some competences becomes bigger compared to

the others. Identifying and developing those may be a competitive advantage of HR focused organisations.

Polish and international companies acting on the Polish market have to adjust their business activity to market demands by putting more focus onto areas such as business process optimization and quality policy.

Business process optimization

Many organisations found out that reassessing current business processes and optimizing them is a key to achieve higher effectiveness, which is crucial for the company success during the time of crisis. Competences that are most significant in accomplishing these tasks are:

- ✓ Goal orientation – focusing on task realization as well as on working out solutions and good understanding of company objectives,
- ✓ Strategic thinking/planning – considering long term trends and benefits, identifying strategic priorities and all the factors in a long term perspective.

Employees able to bring assigned tasks to a successful end within a given time scope prove themselves as most valuable for the

company. Additionally, the ability of strategic planning allows them to achieve long term results.

Quality policy

In the time of crisis companies tend to replace the idea of “quality control” with “quality policy”. The purpose is to create a client-need awareness and ‘continuous improvement’ attitude amongst employees. Companies expect their staff to set and follow the highest standards for client contact, product development, internal processes and procedures. All those standards are a key factor in keeping existing clients satisfied as well as gaining the new ones.

- ✓ Cost awareness – keeping financial, human and organisational costs as low as possible by shortening business processes, implementing improvements, changing supply chain and renegotiating existing outsourcing contracts.
- ✓ Creativity – continuous search for new solutions in all sensitive areas that make for competitive advantages of a company.

Polish branches of international companies realise the importance of purchasing power of 40-million-consumer strong market.

In order to implement those measures into a company’s everyday routine, HR departments apply competence models in recruitment processes, employee appraisal models, career paths and designate training programs.

Organisations that are able to continue their development during the times of crisis – e.g. cut costs, buy out other companies, increase their market share – are the ones that will gain the most during this period. By optimising their internal processes, setting high standards for their employees and putting stress on competences improvement, they will get prepared for rapid growth when the hard times are over.

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BPO OPPORTUNITIES IN POLAND

BY COLLIERS INTERNATIONAL



International service centres have come to Poland mainly due to the high standard of qualified human resources, relatively low costs of running businesses and also financial incentives.



BPO OPPORTUNITIES IN POLAND

by Colliers International

For many years BPO and SSC investments have played an important role in the Polish office market. Poland is one of the most attractive locations for these types of investments, it is for example more advantageous than India, China and Malaysia. International service centres have come to Poland mainly due to the high standard of qualified human resources, relatively low costs of running businesses and also financial incentives. BPO companies in Poland hire over 40,000 people and it is predicted that this amount will double within the next few years. BPO operations include 5 types of services: It, finance and accounting, research and development, industrial and logistics and call centres.

Often investors move more advanced projects to Poland, relating to new technologies. An important factor that attracts many investors is the high supply of modern office space. When choosing an office building, investors take into account the following:

- ✓ Low costs of leasing office space (10-22 EUR per sqm depending on the city)
- ✓ Financial and tax incentives, location in special economic zone
- ✓ Office space standard
- ✓ Location (convenient road communication, close proximity to universities and access to restaurants and cafes)

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Business Winter in Poland

City	Foreign investors that have located their BPO or SSC	Total Stock (sqm) 3Q 2009	Vacancy rate 3Q 2009	Average asking rents (EUR/sqm) 3Q 2009
Łódź	Philips, General Electric Controls, Unicredito, Accenture, Fujitsu Services* , Infosys	132 300	24,9%	10 - 17
Kraków	Capgemini* , Phillip Morris, IBM, Lufthansa, Ernst&Young, Bayer, AFS, Ahold, Communication Factory, Electrolux, Indesit, Hitachi Data System, CBB Call Centre, Contact Centre AZSoft, International Paper, IFS Poland, ABB* , Delphi Automotive Systems* , Pliva, Google, Motorola, Shell* , Accounting Plaza*	316 330	12,1%	11,5 - 16
Katowice	Calling Polska, TP S.A., Capgemini* , Kroll Background Screening, Link 4, Steri Polska, Sine Qua Non, Display Link	135 000	11,6%	10 - 15
Warszawa	Avon* , Citi Group, Dimar, General Electric EDC, Hewlett-Packard, IBM, Oracle, Roche, Samsung* , Sitel,	3206670	7,1%	15 - 22
Wrocław	Hewlett Packard, IBM, Nokia, UPS, Credit Swiss, Siemens, Fagor Mastercook, Wabco, Capgemini* , Diehl Controls, CAN, GE Money Bank, Google, CSS*	285 830	10,9%	12-16

*** Clients represented by Colliers International Poland**

INVESTMENT OPPORTUNITIES ON THE POLISH ENERGY-RELATED UTILITIES MARKET

BY AZIMUTUS



The Polish energy-related utilities sector is in a process of changes due to privatization opportunities and increasing investment in infrastructure.



INVESTMENT OPPORTUNITIES ON THE POLISH ENERGY- RELATED UTILITIES MARKET

by Azimutus

The Polish energy-related utilities sector is in a process of changes due to privatization opportunities and increasing investment in infrastructure. There are four main segments of the Polish energy-related utilities sector:

- ✓ gas
- ✓ electricity
- ✓ oil
- ✓ cogeneration.

All segments offer possibilities of investment due to privatization process of its major players. There is also an alternative form of energy – wind power, which is a dynamically developing segment.

Gas

Investment in the gas sector is mostly related to its leader – PGNiG. It will establish a company PGNiG Energia for construction of six gas power plants in the North-Eastern

regions of Poland. PGNiG invests heavily in storage capacity with the goal of increasing from the current 1,7 bcm to 2,8 bcm in 2012. Privatization process is an opportunity to enter the market as PGNiG employees will be allowed to sell shares from July 2010, while board members will be granted this right one year later. However, privatization process began a decade ago and has not been finalized until now. Additionally, in order to hedge against increasing gas prices largest gas consumers might be interested in building storage facilities.

Electricity

Investment opportunities in electricity segment are mostly due to the privatization program. The 2008-2011 privatization program envisaged privatization of the three largest players: ENEA and Tauron in 2008 and PGE in 2009. Most of these plans have been delayed. Tauron's IPO scheduled for mid 2009 has been postponed and the State Treasury is currently contemplating a sale to a trade investor in the first half of 2010. 40% of shares are expected to be sold at the value exceeding PLN 6 billion (EUR 1,45 billion). Additionally, the Ministry of Treasury plans to attract strategic investor for ENEA in mid 2010. The Ministry holds 76% shares of ENEA and intends to sell the controlling stake in

2010 at a price reflecting a premium for control. In H1 2009 the Enea group posted revenues of EUR 548m. In November 2008, ENEA was the first Polish energy company to be privatized through an IPO. 18,7% of the 23,6% stake sold (worth PLN 2 billion) was bought by Vattenfall. In November 2009, an IPO of PGE took place. The IPO value (15% shares) of the largest energy company in Poland exceeded PLN 6 billion (EUR 1,45 billion) and was the largest IPO in Europe in 2009.

Oil

State Treasury holds 64% shares of Lotos and 27% shares of PKN Orlen, which combine for ca. 90% market share. Therefore, privatization may be the best way to enter the Polish oil market. The Polish government plans to increase the pace of the privatization process of Lotos. The current plan is to sell a 13% stake to a financial investor in the first half of 2010. One of the most important criterion for choosing an investor will be its sector expertise.

Cogeneration

Due to the fact that companies operate on the local scale and are mostly owned by the state (or regional state authorities), cogeneration sector provides limited national

level investment opportunities. What is more, many local cogeneration companies are already owned by international players: EDF (in Poznań, Gdańsk, Wrocław, Toruń), Dalia Termika (Poznań, Łódź) or Vattenfall (Warsaw). However, several medium-sized towns offer investment opportunities in cogeneration, e.g.: Ruda Śląska, Bytom and Zabrze with the expected size of the investment of EUR 50-150m. Additionally, Orlen plans construction of cogeneration plant in Płock and Włocławek and is looking for partners for those investments. The estimated value of each investment is ca. EUR 300-350m.

Alternative investments – wind power opportunities

The wind energy sector in Poland is developing dynamically, attracting both foreign as well as domestic investors as the growth potential remains huge. Despite the dynamic growth, wind energy density in Poland is one of the lowest in Europe. The installed capacity per capita is 0,012 kW (in Germany: 0,29), whereas per square km of land area the figure amounts to 1,51 kW (compared to 67 kW in Germany).

There is an increasing number of medium and large-size wind farm projects in Poland,

however, there are also single turbines or groups of turbines distributed throughout the whole country. Poland, as the EU-member, is obliged to meet the green energy production targets which boost the wind power market. Its attractiveness is increased by the system of green certificates and EU-subsidies. In 2008, the Polish wind market continued its growth by adding 196 MW of new capacity, taking the total installations up to 472 MW, representing an annual growth of 58%.

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Business Winter in Poland

**IBM POLAND PRESENTS
NEW BUSINESS ANALYTICS DIVISION**



IBM announced the creation of a new consulting organization dedicated to the market for advanced business analytics and business optimization.



IBM POLAND PRESENTS NEW BUSINESS ANALYTICS DIVISION

IBM announced the creation of a new consulting organization dedicated to the market for advanced business analytics and business optimization. IBM Business Analytics and Optimization Services will draw on the company's deep expertise in vertical industries, research, mathematics and information management to help clients both improve the speed and quality of business decisions.

A survey of business executives published in a study by IBM's Institute for Business Value and released recently* reveals one in two business leaders say they don't have access to the information in their organization they need to do their job. With organizations facing unprecedented scrutiny, pressure and ever-shrinking margins for error, leaders are looking for new ways to inject certainty and predictability into their decision making. The survey also showed that eight out of ten business leaders make major decisions with missing or unreliable information.

"Our clients understand they're operating in a competitive environment where more than

ever before, in addition to being fast, they have to be right. That requires something beyond the traditional notion of 'sense and respond,'" said Dariusz Śliwowski, GBS Leader for Poland. "That drives the need to speed business decisions, understand the consequences of any decision and predict outcomes with more certainty -- in short, moving to a new level of enterprise intelligence."

Dariusz Śliwowski
GBS Leader for Poland



In the recent IBM Global CIO Study, 83 percent of respondents identified business intelligence and analytics -- the ability to see patterns in vast amounts of data and extract actionable insights -- as the way they will enhance their organizations' competitiveness.

This marks the first launch in Poland of a new business service line by IBM since it formed Global Business Services in 2002 following the acquisition of PricewaterhouseCoopers Consulting. Working with 30 consultants

from IBM Poland, the new service line will draw from technologies, insight and resources from the recent acquisitions of Cognos and SPSS.

The new consulting practice supports IBM's Smarter Planet strategy, which recognizes the need for improved business insight and leveraged intelligence to optimize systems and aid decision making. IBM will work closely with universities in Poland to help enhance Business Intelligence unique competences. Business Intelligence is the key factor of modern Business Analytics.

The Business Analytics and Optimization service for local companies include: Analysis and Data Optimization, Client's Advanced Analytics, Risk Analysis and Fraud Detection.

- Working with more than 4,000 consultants, IBM worldwide will dedicate to this effort also 200 mathematicians and advanced analytics experts.

For more information on the IBM Business Analytics and Optimization Services announcement, visit the online press kit at www.ibm.com/press/analytics.

* To read the IBM IBV report Business Analytics and Optimization for the Intelligent Enterprise go to:

<ftp://ftp.software.ibm.com/common/ssi/pm/xb/n/gbe03211usen/GBE03211USEN.PDF>

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THE COUNTRYSIDE WALLETS AND POTENTIAL

BY GfK POLONIA



A detailed economic analysis and a comparison of household expenditures in Poland show that the purchasing power of countryside dwellers on the Polish FMCG market has risen considerably in the last decade.



THE COUNTRYSIDE WALLETS AND POTENTIAL

by GfK Polonia

The countryside wallets and the countryside potential – the findings of Household Panel, Geomarketing and quantitative survey conducted by GfK Polonia institute

A detailed economic analysis and a comparison of household expenditures in Poland show that the purchasing power of countryside dwellers on the Polish FMCG market has risen considerably in the last decade. This stems from both the highest as yet recorded level of affluence and the general increase in the number of rural area inhabitants. The data unequivocally indicates that the popular opinion on the lack of potential in the countryside and the very unfair stereotypes do not conform with reality.

Since 2000, we have observed a significant growth in the number of countryside dwellers. At the moment this number amounts to 14.8 million, which constitutes 40 per cent of the population. Studies show that this group's purchasing power in the commerce and service sector reached PLN

111 billion in 2008. Statistically, the average monthly purchasing power of Poles amounts to PLN 434. When broken up into city and countryside dwellers, it amounts to PLN 486 and PLN 352 respectively.

Based on the studies, a vast majority of the urban community (72 per cent) agree with the stereotype that less is spent on food in the countryside because that is where it is produced, and this belief is shared by 54 per cent of the countryside dwellers, too. As a matter of fact, however, rural households increasingly rarely produce food for their own sustenance due to increasing specialisation and industrialisation, and the rate of growth of expenditure on food products is considerably higher in the country (78 per cent) than in the city (only 53 per cent).

The most vivid example in the countryside is dairy, which is one of the fastest growing categories in Poland in terms of value. Since 1998, there has been a 67 per cent growth in this category in the whole country, whereas in the countryside this growth amounted to 145 per cent.

Interestingly, more and more rural households use products which facilitate cooking. In the country, there is a higher

penetration of such products as powder soups (by 10 pp) and powder desserts (by 13 pp) in comparison to urban households. Increasingly popular in the country are also modern and easy to prepare food products, as well as various snacks and sweet beverages.

Alongside with the growing need for buying, the importance of such modern sales channels as hypermarkets, supermarkets and discount shops is also on the increase. Although they are still relatively few, they are more and more crucial on the shopping path of countryside dwellers. In 2008, as many as 87 per cent of the respondents shopped in a supermarket and 72 per cent in a hypermarket. However, discount shops, which were the first ones to see the potential of the countryside, were the unquestionable market leader.

The findings of Household Panel, Geomarketing and CAPI survey conducted by GfK Polonia unequivocally show that the countryside is developing rapidly and offers a vast potential. The countryside dwellers, often wrongly overlooked in plans and research, often turn out to be an important target group for numerous categories as they constitute a considerable part of the market.

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WHERE TO STAY AND EAT

The Granary – La Suite Hotel Wrocław City Center

A few words about luxury

Do you dream about your own home? In the city centre? Without a mortgage?

Would you like to have your own place in Wrocław? A place where you can enjoy the smell of your favourite flowers, where aromatic bath, comfortable armchair and cup of infusion tea awaits you?



Whenever you need to unwind, sauna, jacuzzi or massage will be within your reach. In the restaurant you will experience

a culinary journey around the world and taste dishes inspired by exotic places and seasons of the year. A place with a soul, medieval architecture, spacious rooms and suites with stunning interiors. You will get the first class service from our friendly staff who will become your good mates shortly. All that under the glass roof of The Granary La Suite Hotel Wrocław City Center.



The Granary has been painstakingly reconstructed from a former 16th century brewery into a stunning all-suite boutique hotel that masterfully combines its historic legacy with the ultimate in contemporary design and elegance. Stylish and sophisticated, yet warm and homely, each of the suites is unique with contemporary, custom-designed furniture and separate living and dining areas. Choose a duplex suite on the top floor of the hotel, complete with

its own kitchenette. Indulge in a sauna or relaxing massage at the spa before taking a gentle stroll to the city's central square, the Rynek, with its beautifully restored, colourful baroque and Renaissance houses. Return to the hotel for lunch or dinner in the elegant restaurant or enjoy the afternoon meeting in one of the board rooms.



New boutique The Granary – La Suite Hotel on Mennicza Street in Wrocław was opened on the beginning of November.

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Art Hotel & Restaurant

Art Hotel – comfort in the city centre

Art Hotel is a magical and unique place. This elegant period hotel is situated in a charming nook of the Wrocław's Market Square, on the premises of two joined tenement houses. One of them is 14th century building, one of the few in the Old Town.



The hotel is located about 150 meters from The Market Square, where there is much in the way of entertainment: over 100 restaurants, pubs, cafes and clubs, which are

teeming with life till late at night, and historic narrow streets, which lead to the most of theatres, museums and galleries.

Art Hotel offers 80 uniquely arranged rooms, decorated with warm colours: olive and beige. There, you can find specially designed old-looking furniture, luxurious fabrics and hand coated accessories. The hotel interior is adorned with genuine paintings, watercolours and prints by renowned Wrocław artists, turning Art Hotel into an art gallery.



On the ground floor of the hotel there is an incredible Art Restaurant and Café. The most magical place is the Garden Room. With lots of greenery and the Well of

Fortune, it resembles country gardens in the Southern Europe. In this fairy tale surroundings, our culinary masters cultivate THE TASTE OF THE OLD WROCLAW — extremely rich tradition of the Wroclaw's menu up to the genuine recipes.



In the hotel there are different size 4 conference rooms which can house from 20 to 150 people. Period architecture and modern equipment create unique conditions for arranging conferences, trainings and occasional parties.

Additional facilities:

- ✓ free access to the Internet (Wi-Fi)
- ✓ business room
- ✓ study
- ✓ fitness room
- ✓ underground car park
- ✓ exclusive hairdressing salon
- ✓ flower Shop
- ✓ summer garden

For details about Art Hotel and special offers, please visit www.arthotel.pl

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Business Winter in Poland



Ministry of Treasury of the Republic of Poland



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