

Current report no: 36/2002

Date: 30<sup>th</sup> June 2002



### **Draft resolutions to be adopted at the Annual General Meeting of Shareholders**

The Management Board of LPP S.A. hereby declares the following:

Presented below are draft resolutions to be considered by the General Meeting of Shareholders of LPP S.A. on 28<sup>th</sup> June 2002.

Resolution no. \_\_\_\_

"General Meeting of Shareholders of LPP S.A seated in Gdansk hereby appoints Mr. \_\_\_\_\_ as the Chairman of today's meeting."

Resolution no. \_\_\_\_

"General Meeting of Shareholders of LPP S.A seated in Gdansk hereby appoints the following persons as members of today's voting committee: \_\_\_\_\_".

Resolution no. \_\_\_\_

"General Meeting of Shareholders of LPP S.A seated in Gdansk hereby agrees upon the following agenda of today's meeting:

1. Opening of the session and Appointment of the Chairman.
2. Arriving at an agreement as to whether the General Meeting of Shareholders was convened in a proper manner and whether it is able to adopt resolutions.
3. Appointment of the members of the voting committee.
4. Adoption of the agenda.
5. Presentation, debate and approval of the Management Board report on the Company's business in 2001.
6. Presentation, debate and approval of the Supervisory Board report for 2001.
7. Presentation, debate and approval of the Company's financial statement for 2001.
8. Adoption of a resolution to clear the Management Board for the performance of its duties in 2001.
9. Adoption of a resolution to clear the Supervisory Board for the performance of its duties in 2001.
10. Adoption of a resolution on the appropriation of net profit from 2001.
11. Adoption of a resolution to amend the Company Statute.
12. Adoption of a resolution to approve of a uniform text of the Company Statute.
13. Closing of the session.

Resolution no. \_\_\_\_

"General Meeting of Shareholders of LPP S.A seated in Gdansk hereby resolves to approve of the Management Board report from 2001".

Resolution no. \_\_\_\_

"General Meeting of Shareholders of LPP S.A seated in Gdansk hereby resolves to approve of the Supervisory Board report from 2001".

Resolution no. \_\_\_\_

"General Meeting of Shareholders of LPP S.A seated in Gdansk hereby resolves to approve of the Company's financial statement for 2001, including: the balance sheet with the balance sheet total in the amount of PLN 119 967 024.72; profit and loss account with revenues from sales in the amount of PLN 171 208 401.85 and net profit of PLN 10 138 914.42; cash flow statement; and Notes to the financial statement".

Resolution no. - \_\_\_\_

"General Meeting of Shareholders of LPP S.A seated in Gdansk hereby resolves to clear Mr. Marek Piechocki, the President of the Company Management Board for the performance of his duties as the Management Board member in 2001."

Resolution no. - \_\_\_\_

"General Meeting of Shareholders of LPP S.A seated in Gdansk hereby resolves to clear Mrs. Alicja Milińska, Vice President of the Company Management Board for the performance of her duties as the Management Board member in 2001."

Resolution no. - \_\_\_\_

"General Meeting of Shareholders of LPP S.A seated in Gdansk hereby resolves to clear Mr. Stanisław Dreliszak, Vice President of the Company Management Board for the performance of his duties as the Management Board member in 2001."

Resolution no. - \_\_\_\_

"General Meeting of Shareholders of LPP S.A seated in Gdansk hereby resolves to clear Mr. Dariusz Pachla, Vice President of the Company Management Board for the performance of his duties as the Management Board member in 2001."

Resolution no. - \_\_\_\_

"General Meeting of Shareholders of LPP S.A seated in Gdansk hereby resolves to clear Mr. Marcin Szulecki, member of the Company Management Board for the performance of his duties as the Management Board member in 2001."

Resolution no. - \_\_\_\_

"General Meeting of Shareholders of LPP S.A seated in Gdansk hereby resolves to clear the following persons for the performance of their duties as the Supervisory Board members in 2001:

Jerzy Lubianiec,  
Maciej Krzyżanowski,  
Grzegorz Słupski,  
Wojciech Olejniczak,  
Krzysztof Podniesiński,  
Bogdan Malachwiej  
Sławomir Łoboda."

Resolution no. - \_\_\_\_

"General Meeting of Shareholders of LPP S.A seated in Gdansk hereby resolves to transfer the entire amount of net profit from 2001, totalling PLN 10 138 914.42, to reserve capital."

Resolution no. \_\_\_\_

"General Meeting of Shareholders of LPP S.A. seated in Gdańsk hereby resolves to amend §5 section 2 item 5 of the Company Statute; the current text of §5 section 2 item 5 shall read as follows: "§5.2 item 5: 56.700 (fifty six thousand seven hundred) bearer series E shares, nominal value: PLN 2 (two) each".

Resolution no. \_\_\_\_

"General Meeting of Shareholders of LPP S.A. seated in Gdańsk hereby resolves to amend § 13 section 1 of the Company Statute; the current text of § 13 section 1 shall read as follows: "§13.1: The Company's Management Board consists of two to five persons appointed and dismissed by the Supervisory Board for a term of five years. The Management Board consists of the President of the Management Board and one to four Vice-Presidents".

Resolution no. \_\_\_\_

"General Meeting of Shareholders of LPP S.A. seated in Gdańsk hereby resolves to amend § 17 section 2 of the Company Statute; the current text of § 17 section 2 shall read as follows: "§17.2: Members of the Supervisory Board are elected for a term of five years. Members of the first Supervisory Board are appointed for a term of one year".

Resolution no. \_\_\_\_

"General Meeting of Shareholders of LPP S.A. seated in Gdańsk hereby resolves to amend § 19 of the Company Statute; the current text of § 17 section 2 shall read as follows:

"§19.1. "Meetings of the Supervisory Board are held at least once every quarter and are convened by the President of the Supervisory Board or his/her deputy.

2. Persons entitled to convene the meetings of the Supervisory Board are further obliged to convene meeting at the request of at least three members of the Supervisory Board or the Management Board. In this case, the meeting of the Supervisory Board should be held not later than within 14 days upon submission of a written application to the President.

3. The Supervisory Board may adopt resolutions during its meeting, in writing, or using channels of direct communication.

Members of the Supervisory Board may participate in the process of adoption of resolutions by the Supervisory Board by casting their votes in writing by agency of another member of the Supervisory Board."

Resolution no. \_\_\_\_

"General Meeting of Shareholders of LPP S.A. seated in Gdańsk hereby resolves to amend § 21 of the Company Statute; the current text of § 17 section 2 shall read as follows:

"§21: The Supervisory Board shall pass its own Bylaws specifying its procedures".

Resolution no. \_\_\_\_

"General Meeting of Shareholders of LPP S.A. seated in Gdańsk hereby resolves to amend § 22 of the Company Statute; the current text of § 17 section 2 shall read as follows:

"§22. To perform the following actions, the Management Board must obtain the approval of the Supervisory Board:

1. acquire and dispose of ownership rights to real estate, acquire and dispose of usufruct, establish mortgage over real estate,
2. take over liabilities from third parties,
3. establish new entities and acquire, dispose of or establish a pledge on shares of existing entities,
4. lease the entire Company or its part,
5. acquire and dispose of the Company's plants and branches,
6. dispose of the entire Company or its part,
7. grant share in profit to employees (ESP) or grant special retirement and disability pension benefits,
8. perform any operations related to securities and capital and financial investments (deposits),
9. select the certified auditor for the Company."

Resolution no. \_\_\_\_

"General Meeting of Shareholders of LPP S.A. seated in Gdańsk hereby resolves to amend § 33 of the Company Statute; item 4 is added and reads as follows:

"§ 33. 4. "Acquisition and disposal of the right of the property right to real estate as well as acquisition and disposal of perpetual usufruct of real estate does not require a resolution of the General Meeting of Shareholders".

Resolution no. \_\_\_\_

"General Meeting of Shareholders of LPP S.A. seated in Gdańsk hereby resolves to amend § 35 of the Company Statute; the current text of § 17 section 2 shall read as follows:

"§ 35: The Company's accountancy and financial reporting is managed in accordance with the provisions of the Code of Commercial Companies, the Accounting Act, and other relevant legislation".

Resolution no. \_\_\_\_

"General Meeting of Shareholders of LPP S.A. seated in Gdańsk hereby resolves to amend § 40 of the Company Statute; the current text of § 17 section 2 shall read as follows:

"§40: Issues not provided for herein shall be governed by the provisions of the Polish Code of Commercial Companies."

Resolution no. \_\_\_\_

Upon the adoption of these amendments by the General Meeting of Shareholders, the uniform text of the Company Statute is as follow:

"STATUTE OF LPP S.A. /uniform text/

## § 1

### GENERAL PROVISIONS

1. The Company's name is "LPP" Spółka Akcyjna.
2. The Company's registered seat is located in the city of Gdansk.

## § 2

1. The Company runs its business in the territory of the Republic of Poland and abroad.
1. The company may open branches and agencies, and act as a shareholder in other companies and partnerships in Poland and abroad.

### THE COMPANY'S BUSINESS

## § 3

According to the Polish Classification of Economic Activities (PKD), the Company's business is:

1. Manufacture of knitted and crocheted fabrics - PKD symbol 17.60 Z
2. Manufacture of leather clothing - PKD symbol 18.10 Z
3. Manufacture of workwear - PKD symbol 18.21 Z
4. Manufacture of other outerwear for men and boys 18.22 A
5. Manufacture of other outerwear for women and girls 18.22 B
6. Manufacture of underwear 18.23 Z
7. Manufacture of other wearing apparel and accessories n.e.c. 18.24 Z
8. Agents involved in the sale of textiles, clothing, footwear and leather goods 51.16 Z
9. Agents involved in the sale of particular products or ranges of products n.e.c. 51.18 Z
10. Agents involved in the sale of a variety of goods 51.19 Z
11. Wholesale of textiles 51.4 1 Z
12. Wholesale of clothing and footwear 51.42 Z
13. Retail sale in non-specialised stores with food, beverages or tobacco predominating 52.11 Z
14. Other retail sale in non-specialised stores 52.12 Z
15. Retail sale of textiles 52.41 Z
16. Retail sale of clothing 52.42 Z
17. Retail sales of footwear and leather goods 52.43 Z
18. Retail sale of sports goods 52.48 D
19. Retail sale by mail order 52.61 Z
20. Other non-store retail sale 52.63 Z
21. Freight transport by road - rental of trucks with the driver 60.24 C
22. Cargo handling 63.11 Z
23. Storage and warehousing 63.12 Z
24. Activities of other transport agencies 63.40 Z
25. Other credit granting 65.22 Z
26. Letting of own property 70.20 Z
27. Renting of automobiles 71.10 Z
28. Renting of office machinery and equipment 71.33 Z
29. Renting of other machinery and equipment 71.34 Z
30. Market research and public opinion polling 74.13 Z
31. Management activities of holding companies 74.15 Z
32. Organising fairs and exhibitions 74.84 A

#### § 4

The Company's life is unlimited.

#### SHARE CAPITAL AND SHARES

#### § 5

1. The Company's share capital equals PLN 3 027 000.00 (PLN three million twenty-seven thousand) and is divided into 406 700 (four hundred six thousand seven hundred) registered shares and 1 106 800 (one million one hundred six thousand eight hundred) bearer shares, of nominal value PLN 2.00 (two) each.
2. The Company has issued:
  - 1) 100 (hundred) series A bearer shares, of nominal value PLN 2.00 (two) each,
  - 2) 350.000 (three hundred and fifty thousand) registered series B shares, of nominal value PLN 2.00 (two) each,
  - 3) 400.000 (four hundred thousand) series C bearer shares, of nominal value PLN 2.00 (two) each,
  - 4) 350.000 (three hundred and fifty thousand) series D bearer shares, of nominal value PLN 2.00 (two) each,
  - 5) 56.700 (fifty six thousand seven hundred) series E bearer shares, of nominal value PLN 2.00 (two) each,
  - 6) 56.700 (fifty six thousand seven hundred) series F bearer shares, of nominal value PLN 2.00 (two) each,
  - 7) 300.000 (three hundred thousand) series G bearer shares, of nominal value PLN 2.00 (two) each.
3. Series B shares are preference shares in terms of right to vote at the General Meeting of Shareholders.
4. One preference share represents the right to 5 (five) votes at the General Meeting of Shareholders.

#### § 6

1. Share capital may be increased or decreased by resolution of the General Meeting of Shareholders.
2. The Company's shares are issued in series designated with subsequent letters of the alphabet.
3. Shares may be paid for by cash or contributions in kind.
4. The Company may issue bonds, including convertible bonds.

#### § 7

The Company's shares are transferable.

#### § 8

1. Shares may be redeemed based on net profit, in keeping with regulations on decrease in share capital, or irrespective of these regulations.
2. In exchange for redeemed shares, the Company may issue utility shares.
3. The methods and terms of share redemption are determined on each occasion by the General Meeting of Shareholders.

#### § 9

1. Transfer of or pledge on registered shares must be approved by the Company.
2. The approval of share transfer or pledge is issued by the Supervisory Board in writing, under pain of being null and void, within 14 (fourteen) days upon submission of a relevant application.
3. If the Company does not approve of the transfer of or pledge on shares, it should indicate an alternative transferee within 30 (thirty) days and determine the date and venue for the payment of the price. If the Company does not indicate an alternative transferee within 14 days, the shares may be transferred without any restrictions.
4. Preference shares may be inherited with preference.
5. Exchange of registered shares for bearer shares is possible only upon approval of the Company's Supervisory Board in the form of a written resolution under pain of being null and void.
6. Exchange of registered preference shares for bearer shares involves the loss of their preference.

#### § 10

Apart from share capital, the Company creates the following capitals and funds:

1. reserve capital,
2. other capitals and funds provided for by the law and created by resolution of the General Meeting of Shareholders.

#### § 11

1. Reserve capital is established by write-offs from profit to be distributed and from the share premium (difference between issue price and nominal price) gained during subsequent share issues. Write-offs made for this capital must not be less than 8% of the annual net profit.
2. Write-offs for reserve capital are made until reserve capital reaches the value of one-third of the share capital. The General Meeting may resolve to further increase reserve capital.

#### § 12

The Company's authorities are:

- 1) The Management Board,
- 2) The Supervisory Board,
- 3) The General Meeting of Shareholders.

#### § 13

##### THE MANAGEMENT BOARD

1. The Company's Management Board consists of two to five persons appointed and dismissed by the Supervisory Board for a term of five years. The Management Board consists of the President of the Management Board and one to four Vice-Presidents.
2. The Company's Management Board represents the Company in court and out of court. The President of the Management Board individually, two Vice-Presidents jointly or a Vice-President with the authorised representative jointly are authorised to make statements of will and sign documents on behalf of the Company.
3. The Management Board may appoint authorised representatives and grant the power of attorney under provisions of the Civil Code.

#### § 14

The Management Board employs and dismisses employees and determines their remuneration.

#### § 15

The new Management Board shall present a programme of the Company's operations for the next term of office to the Supervisory Board, at the latest two months as of the date of appointment of the members of the new Management Board.

#### § 16

The Management Board shall manage all issues not restricted to other authorities of the Company, and is entitled to determine the amount of reimbursed expenses, remuneration and bonuses for members of the Supervisory Board, Company employees and other persons employed by the Company.

#### § 17

##### THE SUPERVISORY BOARD

1. The Supervisory Board consists of 6 (six) members, including the President of the Supervisory Board.
2. Members of the Supervisory Board are elected for a term of five years. Members of the first Supervisory Board are appointed for a term of one year.
3. The Supervisory Board shall be appointed and dismissed by the General Meeting of Shareholders.
4. Members of the Supervisory Board shall elect the President of the Supervisory Board from among themselves.

#### § 18

Members of the Supervisory Board shall perform their duties in person.

§ 19

1. Meetings of the Supervisory Board are held at least once every quarter and are convened by the President of the Supervisory Board or his/her deputy.
2. Persons entitled to convene the meetings of the Supervisory Board are further obliged to convene meeting at the request of at least three members of the Supervisory Board or the Management Board. In this case, the meeting of the Supervisory Board should be held not later than within 14 days upon submission of a written application to the President.
3. The Supervisory Board may adopt resolutions during its meeting, in writing, or using channels of direct communication.
4. Members of the Supervisory Board may participate in the process of adoption of resolutions by the Supervisory Board by casting their votes in writing by agency of another member of the Supervisory Board.

§ 20

1. Resolutions of the Supervisory Board shall be valid if all members have been invited to participate in the Meeting and at least half of them are present. Resolutions are adopted by simple majority vote, unless specific provisions of this Statute provide otherwise.
2. An invitation to a Meeting of the Supervisory Board shall specify the agenda. The Supervisory Board may only resolve issues included in the agenda (under pain of being null and void); this requirement does not apply if all members of the Supervisory Board are present at the meeting and none of the members raises any objections to the change of the agenda or to the issues to be discussed not included in the original agenda.

§ 21

The Supervisory Board shall pass its own Bylaws specifying its procedures.

§ 22

To perform the following actions, the Management Board must obtain the approval of the Supervisory Board:

1. acquire and dispose of ownership rights to real estate, acquire and dispose of usufruct, establish mortgage over real estate,
2. take over liabilities from third parties,
3. establish new entities and acquire, dispose of or establish a pledge on shares of existing entities,
4. lease the entire Company or its part,
5. acquire and dispose of the Company's plants and branches,
6. dispose of the entire Company or its part,
7. grant share in profit to employees (ESP) or grant special retirement and disability pension benefits,
8. perform any operations related to securities and capital and financial investments (deposits),
9. select the certified auditor for the Company.

§ 23

GENERAL MEETING OF SHAREHOLDERS

1. The General Meeting of Shareholders is the ultimate authority in the Company; shareholders are entitled to participate in the General Meeting, and each share represents one vote at the General Meeting, with the exception of preference shares.
2. Holders of registered shares may participate in the General Meeting if they are entered in the shareholder's register at least one week before the set date of the General Meeting.
3. Holders of bearer shares may participate in the General Meeting if the shares are filed in LPP S.A. registered seat not later than one week before the set date of the General Meeting and are not collected before the Meeting is over. Instead of shares, depository receipts (share certificates) may be filed within the same time frame, confirming that the shares have been deposited in the notarial depository and that shares shall not be returned to the holder before the General Meeting is over;

4. Holders of bearer shares which have been listed (admitted for trading) may participate in the General Meeting if they submit their depository receipts in the Company's registered seat not later than one week before the set date of the General Meeting; and if registered depository receipts are not collected before the General Meeting is over; depository receipts are issued by brokers and must indicate the number of shares and confirm that the respective shares cannot be traded before the General Meeting is over.

#### § 24

Before each General Meeting of Shareholders, a list of shareholders entitled to participate in the General Meeting shall be drawn up pursuant to the provisions of the Commercial Code. The list should be made available at the Company's registered seat for 3 working days before the General Meeting is held.

#### § 25

As soon as the Chairman of the General Meeting has been elected, a list of participants should be drawn up, indicating the number of shares held by each participant and the respective number of votes, and signed by the Chairman.

#### § 26

Shareholders may participate in the General Meeting in person or by proxy.

#### § 27

The Annual General Meeting is held each year within six months after the end of the fiscal year.

#### § 28

Extraordinary General Meeting is convened by the Management Board at its discretion, at the request of the Supervisory Board and upon the application of shareholders representing one-tenth of the share capital, filed with the Management Board in writing. The Management Board is under the obligation to follow this request within 14 days upon the receipt of the application from the Supervisory Board or the shareholders.

#### § 29

The Management Board shall publish the fact that the General Meeting is to be convened and determine its date in a communiqué in *Monitor Sądowy i Gospodarczy*. The communiqué shall indicate the date, hour and venue of the General Meeting and present the agenda in detail.

#### § 30

The General Meeting of Shareholders is capable of adopting binding resolutions, regardless of the number of shares represented at the Meeting or the value of capital, unless specified otherwise in the Commercial Code or in this Statute.

#### § 31

1. General Meetings shall be held in Gdansk, Warsaw, or Sopot, in a venue indicated by the Management Board.
2. General Meetings shall be opened by the President of the Supervisory Board, or – in the case of his/her absence, by one of the Supervisory Board members.
3. The General Meeting of Shareholders shall pass its Rules of Order specifying its procedures.

#### § 32

Resolutions of the General Meeting of Shareholders are adopted by simple majority vote, unless specified otherwise in the Commercial Code or in this Statute.



§ 33

1. Adoption of the Resolution of the General Meeting of Shareholders is required to:
  - 1) debate over and approve of the financial statement and the Management Board report on the Company's business in the previous fiscal year,
  - 2) take any decisions in the case of claims to compensate for any damage related to the establishment of the Company, its management or supervision,
  - 3) adopt resolutions on the distribution of profits or offset of losses,
  - 4) clear the Company authorities for the performance of their duties,
  - 5) issue bonds, including convertible bonds,
  - 6) amend the Statute,
  - 7) adopt any resolutions related to the merger of companies, transformation of the Company, its dissolution and liquidation,
  - 8) adopt any resolutions related to the disposal or lease of the Company or establishment of its usufruct,
  - 9) dispose of the Company's real estate,
  - 10) debate over and decide upon motions submitted by the Supervisory Board,
  - 11) decide upon other issues restricted to the General Meeting of Shareholders under the provisions of the Commercial Code and of this Statute.
2. Issues to be included in the agenda of the General Meeting must be previously filed by the Management Board with the Supervisory Board. Shareholders holding jointly of at least one-tenth of the share capital who request that a General Meeting be convened or that certain issues be included in the agenda of the nearest General Meeting are obliged to file relevant applications with the Management Board (in writing and in due time).
3. Competencies listed in section 1 items 1-10 are performed by the General Meeting of Shareholders at the request of the Company's Management Board, to be filed along with a written opinion of the Supervisory Board or at the request of shareholders with an opinion of the Company Management Board and Supervisory Board.
4. Acquisition and disposal of the right of the property right to real estate as well as acquisition and disposal of perpetual usufruct of real estate does not require a resolution of the General Meeting of Shareholders.

§ 34

1. Shareholders that hold shares representing over 15% of votes at the General Meeting of Shareholders (individually or as holding entities with subsidiaries) shall execute their voting rights represented by shares held – i.e. 15% of votes.
2. The restriction set forth in section 1 shall not apply to registered shares held by Mr. Jerzy Lubianiec and Mr. Marek Piechocki.

## THE COMPANY'S ACCOUNTANCY AND FINANCE

### § 35

The Company's accountancy and financial reporting is managed in accordance with the provisions of the Code of Commercial Companies, the Accounting Act, and other relevant legislation.

### § 36

The Company's fiscal year is equal to the calendar year.

### § 37

The Company corporate structure is determined by the organisation regulations established by the Company Management Board.

### § 38

The financial statement and the report on the Company's business shall be prepared by the Management Board not later than three months after the end of the fiscal year. The General Meeting of Shareholders shall adopt a resolution on the approval of the reports not later than six months after the end of the fiscal year.

### § 39

1. The appropriation of the Company's net profit shall be as follows:
  - 1) dividends for shareholders;
  - 2) write-offs to reserve capital;
  - 3) write-offs to reserve fund and other capitals and provisions established by the General Meeting of Shareholders;
  - 4) other – as determined by the General Meeting of Shareholders.
2. The resolution of the General Meeting of Shareholders on the distribution of annual profit among Shareholders shall set out the deadline for dividend payment and the date when the right to dividend is to be determined.
3. Dividend which has not been not drawn for 5 (five) years as of the date of its payment is transferred to the Company.

## FINAL PROVISIONS

### § 40

Issues not provided for herein shall be governed by the provisions of the Polish Code of Commercial Companies.

Legal basis: RRM GPW (The Ordinance by the Council of Ministers), § 49 section 1 item 1 and 2

SIGNATURES:	<i>Dariusz Pachla</i> – Vice President of the Management Board of LPP SA
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