

# LPP

## THE INCENTIVE PROGRAMME 2014

*Resolution of the Supervisory Board of LPP SA with its registered office in Gdańsk, dated 17 October 2014, on the adoption of Rules and Regulations of Incentive Programme for the key managers of the Company.*

The Supervisory Board, acting pursuant to the provision of sec. 5 of the resolution of the General Meeting of LPP SA No. 22 of 23 June 2014 on the adoption of the incentive programme for key managers of the Company, hereby decides to adopt the rules and regulations of the incentive programme for key managers of the Company for the years 2014-2015 of the following contents:

### 1. DEFINITIONS

The following terms written in this resolution with a capital letter have the meaning assigned to them hereunder:

**Shares** - mean ordinary bearer shares in the share capital of LPP SA with its registered office in Gdańsk with a nominal value of PLN 2 (two zloty) each, in a total number of not more than 1,080 (one thousand and eighty), acquired by the Company, pursuant to Article 362(1)(8) of Commercial Companies Code in line with Resolution No. 23 of the Annual General Meeting of Shareholders of LPP SA of 14 June 2013 and Resolution No. 21 of the Annual General Meeting of 23 June 2014 on changing the purpose of own shares acquired by the Company in 2008 for the purpose of implementing the incentive program for the key managers of the Company;

**LPP Capital Group** - means the Capital Group of LPP SA within the meaning of Article 3(1)(39) of the Act of 29 September 1994 on Accounting (consolidated text: Journal of Laws of 2009, No. 152 item 1223 as amended);

**Programme Implementation Period or Programme Business Year** - means a period of time covering LPP reporting years which form the basis for the implementation of the incentive programme established pursuant to Resolution No. 22 of the Annual General Meeting of LPP SA of 23 June 2014, i.e. business years 2014 and 2015 or one of the listed years;

**Incentive Programme** - means the incentive programme for the Entitled Persons conducted pursuant to Resolution No. 22 of the Annual Meeting of Shareholders of 23 June 2014 and in accordance with these Regulations;

**Supervisory Board** - means the Supervisory Board of LPP SA with its registered office in Gdańsk;

**Regulations** - mean the Rules and Regulations of the Incentive Programme;

**Company** - means LPP SA with its registered office in Gdańsk;

**Subsidiary** - means a subsidiary within the meaning of Article 3(1)(39) of the Act of 29 September 1994 on Accounting (consolidated text: Journal of Laws of 2009, No. 152 item 1223 as amended);

**Service Relationship** - means legal relationship on the basis of which the Entitled Person provides work or service (including an employment contract, contract of mandate, contract of specific work, contract for services, etc.) for LPP or its Subsidiary;

**AGM Resolution** - Resolution No. 22 of 23 June 2014 regarding the adoption of the incentive programme for key managers of the Company;

**Programme Participant** - refers to Mr. Marek Piechocki, Mr. Dariusz Pachla, Mr. Piotr Dyka, Mr. Jacek Kujawa, Mr. Hubert Komorowski and Mr. Sławomir Łoboda;

**Entitlement** - means the right to acquire Shares in the share capital of LPP vested under this incentive programme in the Programme Participant;

**Entitled Person** - means a Programme Participant remaining in the Service Relationship on 31 December of the Programme Business Year;

**Management Board** - means the Management Board of LPP SA with its registered office in Gdańsk.

## **2. GENERAL RULES OF THE INCENTIVE PROGRAMME**

2.1. The Incentive Program is implemented on the basis and in accordance with the AGM Resolution.

2.2. Rules and Regulations of the Incentive Programme have been approved by the Supervisory Board on the basis of the competence granted by the Annual General Meeting in sec. 5 of the AGM Resolution.

2.3. The Incentive Programme will be conducted during the Programme Implementation Period.

2.4. The Participants of the Programme are:

1. Mr. Marek Piechocki;
2. Mr. Dariusz Pachla;
3. Mr. Piotr Dyka;
4. Mr. Jacek Kujawa;
5. Mr. Hubert Komorowski;
6. Mr. Sławomir Łoboda.

2.5. As part of the Incentive Programme, the Company, under the conditions set forth herein and in the AGM Resolution, will sell not more than 1,080 (one thousand and eighty) Shares to Programme Participants.

## **3. PROGRAMME PARTICIPANTS AND THE CONDITIONS OF ENTITLEMENT**

3.1 Taking up the Shares by Programme Participants will be conditional upon meeting the following conditions in a given Programme Business Year: net profit of LPP SA Capital Group per share for 2014 Business Year constituting the basis for acquiring Shares will be 10% (ten percent) higher than the net profit of Capital Group LPP SA per share obtained in the previous business year.

3.2 In the event the conditions described in Article 3.1. above are met:

3.2.1 Mr Dariusz Pachla will have the right to acquire:

- a) 5 Shares for each percent of increase in net profit of LPP Capital Group achieved in the Business Year if the profit is in the range 110%-114% of the net profit achieved by LPP Capital Group in the year preceding the Business Year,
- b) 8 Shares for each percent of increase in net profit of LPP Capital Group achieved in the Business Year if the profit is in the range 114%-119% of the net profit achieved by LPP Capital Group in the year preceding the Business Year,
- c) 12 Shares for each percent of increase in net profit of LPP Capital Group achieved in the Business Year if the profit exceeds 119% of the net profit achieved by LPP Capital Group in the year preceding the Business Year,

3.2.2 Mr. Jacek Kujawa will have the right to acquire:

- a) 5 Shares for each percent of increase in net profit of LPP Capital Group achieved in the Business Year if the profit is in the range 110%-114% of the net profit achieved by LPP Capital Group in the year preceding the Business Year,
- b) 8 Shares for each percent of increase in net profit of LPP Capital Group achieved in the Business Year if the profit is in the range 114%-119% of the net profit achieved by LPP Capital Group in the year preceding the Business Year,
- c) 12 Shares for each percent of increase in net profit of LPP Capital Group achieved in the Business Year if the profit exceeds 119% of the net profit achieved by LPP Capital Group in the year preceding the Business Year,

3.2.3 Mr. Sławomir Łoboda will have the right to acquire:

- a) 5 Shares for each percent of increase in net profit of LPP Capital Group achieved in the Business Year if the profit is in the range 110%-114% of the net profit achieved by LPP Capital Group in the year preceding the Business Year,
- b) 8 Shares for each percent of increase in net profit of LPP Capital Group achieved in the Business Year if the profit is in the range 114%-119% of the net profit achieved by LPP Capital Group in the year preceding the Business Year,
- c) 12 Shares for each percent of increase in net profit of LPP Capital Group achieved in the Business Year if the profit exceeds 119% of the net profit achieved by LPP Capital Group in the year preceding the Business Year,

3.2.4. Mr Piotr Dyka will have the right to acquire Shares in a number equal to the sum of two components described below:

A. The number depending on the net profit for the Business Year

- a) 5 Shares for each percent of increase in net profit of LPP Capital Group achieved in the Business Year if the profit is in the range 110%-114% of the net profit achieved by LPP Capital Group in the year preceding the Business Year,
- b) 8 Shares for each percent of increase in net profit of LPP Capital Group achieved in the Business Year if the profit is in the range 114%-119% of the net profit achieved by LPP Capital Group in the year preceding the Business Year,

c) 12 Shares for each percent of increase in net profit of LPP Capital Group achieved in the Business Year if the profit exceeds 119% of the net profit achieved by LPP Capital Group in the year preceding the Business Year,

B. additional Shares in the number specified by the Supervisory Board depending on the performance results obtained through distribution channels supervised by Mr. Piotr Dyka in a given Business Year;

3.2.5 Mr. Hubert Komorowski will have the right to acquire Shares in a number equal to the sum of two components described below:

The number depending on the net profit for the Business Year

a) 5 Shares for each percent of increase in net profit of LPP Capital Group achieved in the Business Year if the profit is in the range 110%-114% of the net profit achieved by LPP Capital Group in the year preceding the Business Year,

b) 8 Shares for each percent of increase in net profit of LPP Capital Group achieved in the Business Year if the profit is in the range 114%-119% of the net profit achieved by LPP Capital Group in the year preceding the Business Year,

c) 12 Shares for each percent of increase in net profit of LPP Capital Group achieved in the Business Year if the profit exceeds 119% of the net profit achieved by LPP Capital Group in the year preceding the Business Year,

B. additional Shares in the number specified by the Supervisory Board depending on the performance results obtained through distribution channels supervised by Mr. Hubert Komorowski in a given Business Year;

3.2.6 Mr. Marek Piechocki will have the right to acquire:

a) 8 Shares for each percent of increase in net profit of LPP Capital Group achieved in the Business Year if the profit is in the range 110%-114% of the net profit achieved by LPP Capital Group in the year preceding the Business Year,

b) 12 Shares for each percent of increase in net profit of LPP Capital Group achieved in the Business Year if the profit is in the range 114%-119% of the net profit achieved by LPP Capital Group in the year preceding the Business Year,

c) 18 Shares for each percent of increase in net profit of LPP Capital Group achieved in the Business Year if the profit exceeds 119% of the net profit achieved by LPP Capital Group in the year preceding the Business Year.

3.3. 3.3 Notwithstanding the provisions of Articles 3.2.5 and 3.2.6 above, in each Programme Business Year, the Supervisory Board, in the event of a positive assessment of the performance results obtained in a given Programme Business Year through distribution channels supervised by Mr. Piotr Dyka and Mr. Hubert

Komorowski, is entitled to grant Mr. Piotr Dyka and Mr. Hubert Komorowski, each of them separately, additional Shares, whereas the sum of all Shares allocated to the Participant (i.e. Mr. Piotr Dyka and Mr. Hubert Komorowski) for the Programme Business Year may not be higher than 130 % (one hundred and thirty percent) of the maximum number of shares allocated individually for the same Programme Business Year to Participants: Dariusz Pachla, or Jacek Kujawa, or Sławomir Łoboda.

3.4. 3.3 Notwithstanding the provisions of Articles 3.2.5 and 3.2.6 above, in each Programme Business Year, the Supervisory Board, in the event of a negative assessment of the performance results obtained in a given Programme Business Year through distribution channels supervised by Mr. Piotr Dyka and Mr. Hubert Komorowski, is entitled to grant Mr. Piotr Dyka and Mr. Hubert Komorowski, each of them separately, smaller number of Shares than arising from calculation of Shares made pursuant to Articles 3.2.5 and 3.2.6 above, whereas in such a case the sum of all Shares allocated to the Participant (i.e. Mr. Piotr Dyka or Mr. Hubert Komorowski) for the Programme Business Year may not be higher than 70 % (seventy percent) of the maximum number of shares allocated individually for the same Programme Business Year to Participants: Dariusz Pachla, or Jacek Kujawa, or Sławomir Łoboda.

3.5. The Shares will be granted on condition that the Programme Participant remains in the Service Relationship on 31 December of the Programme Business Year for which the Shares are to be granted.

#### **4. ACQUISITION OF SHARES**

4.1. At the end of the Programme Business Year, within 4 weeks from the date the Company publishes, in accordance with applicable regulations in this regard, the Company's financial statements relating to the Programme Business Year for which the Shares are to be granted, the Supervisory Board will adopt resolution to: (i) determine the number of Shares for the Entitled Persons, (ii) determine the number of Shares for Mr. Piotr Dyka in line with Articles 3.2.5, 3.2.4, 3.3 and 3.4 above, and the number of Shares for Mr. Hubert Komorowski, (iii) determine whether the entitlement conditions have been met for each Programme Participant.

4.2. Within 2 weeks from the date the Supervisory Board adopts resolutions described in Article 4.1, the Company will present to each of the Entitled Persons an offer to acquire Subscription Warrants free of charge in the number resulting from Article 3.2 and the resolution of the Supervisory Board referred to in Article 4.1. above.

4.3. Entitled Persons will be entitled to purchase Shares with a nominal price, i.e. PLN 2 (two zloty), regardless of the current market price of the Shares purchased.

4.4. The offer will not form public offering to purchase securities and will not constitute a public offering as defined by the provisions of Article 3(1) and Article 3(3) of the Act of 29 July 2005 on public offering and conditions for introducing financial instruments into organised trading and on public companies (consolidated text: Journal of Laws of 2009, No. 185 item 1429).

4.5. The Entitled Persons may accept the offer referred to in Article 4.2 by submitting an appropriate written declaration.

#### **5. THE OBLIGATION NOT TO DISPOSE OF SHARES, THE OBLIGATION TO DISPOSE OF SHARES**

5.1. The Entitled Persons, on the conclusion of agreement to purchase Shares from the Company, will submit declaration representing their commitment to: (i) not to dispose of Shares in the period until 31 December 2017, (ii) to dispose of the Shares to the Company or to third parties specified by the

Company in the event that, from the date of Shares acquisition until 31 December 2017, Service Relationship between the Entitled Person and the Company is terminated by noticed made by the Entitled Person.

5.2. Entitled Persons, upon request of the Company, agree to establish, on investment accounts where the Shares acquired by them will be deposited, appropriate dispositions necessary to implement the commitments of Eligible Persons described in Article 5.1. above.

5.3. The Supervisory Board is entitled to make a discretionary decision not to enforce the right of acquisition of the obligation to dispose of Shares, in particular when the fulfilment of the conditions set out in Article 5.1(ii) is due to contingencies beyond the control of the Entitled Person.

5.4. The contingencies referred to in Article 5.4 include in particular:

- (a) death of a spouse, descendants, ascendants or adopted persons,
- (b) a long-term serious illness or disability due to an accident of the Entitled Person,
- (c) significant deterioration of the Entitled Person's economic position,
- (d) other events causing the need for financial support for the Entitled Person.

## **6. FINAL PROVISIONS**

The resolution comes into force on the date of its adoption.

The total cost of the Programme results from the maximum number of Shares which, in line with the above Regulations, may be acquired by the Eligible Persons. The acquisition of the maximum number of Shares may take place if the net profit achieved by LPP Capital Group in 2014 is increased by approx. 27% compared with the net profit achieved in 2013. In this case, the total cost of the Programme would amount to approx. PLN 10.5 million and would be recognized in costs over the next 13 quarters burdening the result of each of them by the amount of approx. PLN 0.8 million.