



ESTIMATED OPERATING COST OF THE INCENTIVE PROGRAMME (SERIES "L" SHARES)

The operating cost of the incentive programme during six-year period (2011-2016) will amount to approx. PLN 15 million for the entire period. The cost has been estimated using the Black-Scholes model for pricing options for each year of the programme. The parameters used in the estimation were based on the available estimated results of LPP SA Capital Group for years 2011-2014, whereas the following values were assumed:

- 1) Dividend rate - 3%
- 2) Risk-free rate - 5%
- 3) Variability of the value of LPP shares over time in Warsaw Stock Exchange - 35%
- 4) Annual change in the price of one share is proportional to the change in the profits (assuming no change in the number of shares - except the shares acquired as the result of conversion of series A bonds)
- 5) All eligible participants shall perform their functions in LPP by the end of the programme and exercise their powers (to acquire and sale the shares) on the first working day of the period defined in the regulations.