

DRAFT RULES AND REGULATIONS ON THE INCENTIVE PROGRAMME

"RESOLUTION of the Supervisory Board of LPP SA seated in Gdansk of [●] 2011.

on the adoption of the Rules and Regulations of the Incentive Programme

In view of the adoption by the Annual General Meeting of LPP SA on [●] 2011: (1) of the Resolution No. [●] on the adoption of the incentive programme for key managers of the Company for the years 2011-2014 and (2) the Resolution No. [●] on (i) the issue of series A subscription warrants for series L shares, (ii) conditional share capital increase, (iii) exclusion of subscription rights of series A subscription warrants and exclusion of subscription rights for series L shares, (iv) authorisation for the Company bodies, (v) amendments to the Articles of Association, the Supervisory Board acting pursuant to the provision of sec. 5 of the resolution of the General Meeting of LPP SA No. [●] of [●] 2011 on the adoption of the incentive programme for key managers of the Company for the years 2011-2014 hereby decides to adopt the rules and regulations of the incentive programme for key managers of the Company for the years 2011-2014 of the following contents:

DEFINITIONS

The following expressions written in the resolution with a capital letter have the meaning assigned to them under this provision

Shares	mean series L ordinary bearer shares in the share capital of LPP SA seated in Gdansk, with the nominal value of PLN 2 (two zlotys) each, in the amount not greater than 21,300 (twenty one thousand three hundred), issued pursuant to the Resolution of the AGM;
LPP or the Company	is LPP SA company seated in Gdansk;
Programme	means a period of time covering LPP reporting years, which form the basis for the implementation of the incentive programme
Implementation Period or Programme Business Year	established pursuant to the resolution No. [●] of the Annual General Meeting of LPP SA of [●] 2011, ie business years 2011, 2012, 2013 and 2014 or one of the listed years;
The Incentive Programme	means the incentive programme for the Entitled Persons conducted pursuant to the resolution No. [●] of the Annual Meeting of Shareholders of [●] 2011;
The Supervisory Board	means the Supervisory Board of LPP SA company seated in Gdansk;
Rules and Regulations	means the Rules and Regulations of the Incentive Programme;
The Company	is LPP SA company seated in Gdansk;
Subsidiary	means a subsidiary within the meaning of Art. 3 sec. 1 item 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 a 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;
Resolution of the AGM	means the Resolution No. [●] of the Annual General Meeting of LPP of [●] 2011 on the adoption of the incentive programme for key managers of the Company for the years 2011-2014;
Programme Participant	Refers to Mr. Marek Piechocki, Mr. Dariusz Pachla, Mr. Piotr Dyka, Mr. Jacek Kujawa, Mr. Hubert Komorowski and Mr. Slawomir Loboda;
Entitlement	means the right to subscribe for 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;
Subscription Warrant	means the Series A subscription warrant (within the meaning of Art. 453 sec. 2 of the Commercial Companies Code), issued by LPP as a registered security in the form of a written document pursuant to the resolution No. [●] of the Annual General Meeting of LPP SA of [●] 2011 under the Incentive Programme implementation;
The Management	means the Management of LPP SA seated in Gdansk.

GENERAL RULES OF THE INCENTIVE PROGRAMME

The Incentive Programme is implemented based on and in accordance with the AGM Resolution, taking into account provisions of the resolution No. [●] of the Annual General Meeting of the Company of [●] 2011 regarding: (i) the issue of series A subscription warrants for series L shares, (ii) conditional share capital increase, (ii) exclusion of subscription rights of series A subscription warrants and exclusion of subscription rights for series L shares, (iv) authorisation for the Company bodies, (v) amendment to the Articles of Association.

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.

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

The Participants of the Programme are:

Mr. Marek Piechocki;

Mr. Dariusz Pachla;

Mr. Piotr Dyka;

Mr. Jacek Kujawa;

Mr. Hubert Komorowski;

Mr. Slawomir Loboda.

Under the Incentive Programme, the Company will issue no more than 21,300 (twenty one thousand three hundred) Subscription Warrants carrying the right to take up no more than 21,300 (twenty one thousand three hundred) Shares.

PROGRAM PARTICIPANTS AND THE CONDITIONS FOR ENTITLEMENT

3.1 Taking up the Warrants by Programme Participants will be conditional upon meeting the following conditions in the Programme Business Year:

3.1.1. Net profit of LPP SA Capital Group for a given Programme Business Year, constituting a basis for allocating the Warrants will be at least 10% higher than the net profit of LPP SA Capital Group obtained in the previous business year and

3.1.2 The compound annual growth rate (CAGR) of the net profit of LPP SA Capital Group after a given Programme Business Year, for which the Warrants will be allocated, in relation to the net profit of LPP SA Capital Group from the year 2010 will not be lower than 10%.

3.2 In the case of the fulfilment of the conditions described in item 3.1. above:

3.2.1 Mr. Marek Piechocki will be entitled to take up the Warrants in the number equal to the product of: (i) the percentage increase in net profit of LPP SA Capital Group between the Programme Business Year for which the Warrants are granted and the previous business year and (ii) the number 39, but not more than 4,500 Warrants throughout the duration of the Incentive Programme;

3.2.1 Mr. Dariusz Pachla will be entitled to take up the Warrants in the number equal to the product of: (i) the percentage increase in net profit of LPP SA Capital Group between the Programme Business Year for which the Warrants are granted and the previous business year and (ii) the number 26, but not more than 3,000 Warrants throughout the duration of the Incentive Programme;

3.2.1 Mr. Jacek Kujawa will be entitled to take up the Warrants in the number equal to the product of: (i) the percentage increase in net profit of LPP SA Capital Group between the Programme Business Year for which the Warrants are granted and the previous business year and (ii) the number 26, but not more than 3,000 Warrants throughout the duration of the Incentive Programme;

3.2.1 Mr. Slawomir Loboda will be entitled to take up the Warrants in the number equal to the product of: (i) the percentage increase in net profit of LPP SA Capital Group between the Programme Business Year for which the Warrants are granted and the previous business year and (ii) the number 26, but not more than 3,000 Warrants throughout the duration of the Incentive Programme;

3.2.5 Mr. Piotr Dyka will be entitled to take up the Warrants in the number equal to the product of: (i) the percentage increase in net profit of LPP SA Capital Group between the Programme Business Year for which the Warrants are granted and the previous business year and (ii) the number 10,
and
additional number of Warrants in an amount specified by the Supervisory Board according to the results obtained by the distribution channels supervised by Mr. Piotr Dyka in a particular business year;

with the proviso that the total number of warrants granted to Mr. Piotr Dyka in the entire period of the Incentive Programme may not be higher than 3,900;

3.2.6 Mr. Hubert Komorowski will be entitled to take up the Warrants in the number equal to

the product of: the percentage increase in net profit of LPP SA Capital Group between the Programme Business Year for which the Warrants are granted and the previous business year and (ii) the number 10,

and

additional number of Warrants in an amount specified by the Supervisory Board according to the results obtained by the distribution channels supervised by Mr. Hubert Komorowski in a particular business year;

with the proviso that the total number of warrants granted to Mr. Hubert Komorowski in the entire period of the Incentive Programme may not be higher than 3,900;

3.3 Regardless of the provisions of items 3.2.5 and 3.2.6 above, in each year of the Incentive Programme, Mr. Piotr Dyka and Mr. Hubert Komorowski, each of them separately cannot get the Warrants: (i) in the number greater than 140% of the number of Warrants received by Mr. Dariusz Pachla or Mr. Jacek Kujawa or Mr. Slawomir Loboda (ii) in the amount less than 60% of the Warrants received by Mr. Dariusz Pachla or Mr. Jacek Kujawa or Mr. Slawomir Loboda, and in the case of any difference between the number of warrants received by the above-mentioned persons, there will be taken into account the highest number of the warrants

3.4 The Warrants 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 Warrants are to be granted.

3.5 Programme Participants who meet the conditions of the Incentive Programme to take up the Warrants for a particular Programme Business Year will be entitled to take up the Warrants in the number calculated in accordance with the provisions of item 3.2 above, within one month from the publication by the Company in accordance with the relevant applicable law of the Company's financial statements for the Programme Business Year, for which the Warrants are to be granted.

SUBSCRIPTION WARRANTS

At the end of the Programme Business Year the Supervisory Board shall adopt within one week from the date of the publication by the Company in accordance with applicable regulations in this regard of the Company's financial statements relating to the Programme Business Year for which the Warrants are to be granted, the resolution to determine the number of Warrants Mr. Piotr Dyka is entitled to in line with item 3.2.5 above, and the number Mr. Hubert Komorowski is entitled to in accordance with item 3.2.6 and on whether the entitlement conditions have been met for each Programme Participant.

The company will present to each of the Entitled Persons free acquire offer of the Warrants in the amount resulting from item 3.2 and the resolution of the Supervisory Board referred to in item 4.1. above.

The offer will not be public proposing the purchase of securities and will not constitute a public offering as defined by the provisions of Art. 3(1) and Art. 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 1439).

The Entitled Persons will be able to accept the offer referred to in Article 4.2 by submitting an appropriate written declaration.

With the declaration of acceptance of the offer of free acquisition of the Warrants, each Entitled Person will submit to the Company an offer of free disposal of the Warrants to the Company in a situation of meeting any of the conditions for loss of the Entitlement set forth in Article 5.1.

With the acceptance of the offer of free acquisition of the Subscription Warrants, each Entitled Person will deposit them in a share account maintained by the Company.

The Subscription Warrants shall be issued in a physical form (as documents or collective coupons).

One Subscription Warrant shall entitle to take up one Share.

Subscription Warrants shall not be transferable to third parties (i.e. they can be transferred to the Company), shall be subject to inheritance and shall not be exchangeable for bearer subscription warrants.

Subscription Warrants will be issued by the Management Board on the basis of resolutions adopted by the Management Board and the Supervisory Board in accordance with Article 4.1. above in the amount and tranches referred to in those resolutions.

ENTITLEMENT LOSS

The Entitlement will expire if between the date of taking up the Warrants and the initial date of entitlement of the Programme Participants to the Shares referred to in item 6.1 below the Entitled Person terminates Service Relationship.

In the case referred to in item 5.1 above, the fact of the Entitlement expiry is declared by the Management Board in the form of a resolution.

The Company acquires free of charge Subscription Warrants issued and granted to the Entitled Person in the event of Entitlement expiry.

The Supervisory Board is entitled to make a discretionary decision not to enforce the right of acquisition of the Warrants from the Entitled Person by the Company despite the Entitlement expiry, in particular when the fulfilment of the conditions set out in Article 5.1 is due to contingencies beyond the control of the Entitled Person.

The contingencies referred to in Article 5.4 include in particular:

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

ACQUISITION OF SHARES

Entitled Persons holding Subscription Warrants, provided that the events causing Entitlement loss set forth in Article 5.1 have not occurred, will be able to take up Shares in the amount resulting from the possessed Subscription Warrants in exchange for the issue price of PLN 2,000, which constitutes the value of an average daily closing price of LPP SA shares quoted on the WSE in the period from 1 September 2010 - 31 March 2011, rounded off to the nearest one hundred zlotys, within the date specified in the offer of Warrants acquisition, and the date shall be defined as the period from 1 January of the second year following the year in which the Entitled Person took up the Warrants of particular series to 31 December of the fifth year following the year in which the Entitled Person took up the Warrants of particular series, but not later than by 31 December 2020.

In the event when the Programme Participant submits an application for taking up Shares in exchange for the acquired Warrants, the Company should undertake all steps necessary to take up Shares by the Programme Participant within one month from the receipt of the application.

The issue price of Shares shall be PLN 2,000, which constitutes the value of an average daily closing price of LPP SA shares quoted on the WSE in the period from 1 September 2010 to 31 March 2011, rounded off to the nearest one hundred zlotys.

The Shares shall be acquired only for cash.

The Management shall determine time limits for payments for Shares separately for each tranche of Shares issued under this Programme.

The Shares shall be acquired according to the procedure specified in Art. 451 of the Commercial Companies Code, i.e. by written declarations submitted on forms provided by the Company.

With the acquisition of the Shares, the Entitled Person shall execute a declaration and authorise the Management to deposit the securities to the share account maintained by the National Depository of Securities SA in Warsaw, and to take all actions necessary to admit and introduce the Shares to trading on the Stock Exchange in Warsaw and their dematerialisation, and also entrust operations in this area to an investment company selected by the Management.

The Shares shall participate in the dividend according to the following rules:

in case the Shares are issued in a period between the beginning of a business year and the dividend day specified in the provision of Art. 348(2) of the Commercial Companies Code, including this day - they participate in a profit generated in a period from the first day of the business year prior to the year in which they were issued.

in case the Shares are issued in a period starting after the dividend day specified in the provision of Art. 348(2) of the Commercial Companies Code, until the end of a business year - they participate in a profit generated in a period from the first day of the business year in which they were issued.

- and if the Shares are materialised, the term "issuing the shares" shall mean crediting the Shares in the securities trading account of the Shareholder.

FINAL PROVISIONS

The resolution shall come into force on the date of its adoption."