



# MANAGEMENT BOARD REPORT

ON THE PERFORMANCE OF  
STALEXPORT AUTOSTRADY S.A.

IN 2008

KATOWICE, MARCH 12TH, 2009

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## Definitions and abbreviations

The table below presents the definition of abbreviations used in this Document.

STX Autostrady, Company	Stalexport Autostrady S.A. with its registered office in Katowice
Capital Group, CG	Stalexport Autostrady S.A. Capital Group in Katowice
SAM	Stalexport Autostrada Małopolska SA with its registered office in Mysłowice
STA	Stalexport Transroute Autostrada S.A. with its registered office in Mysłowice
SAD	Stalexport Autostrada Dolnośląska SA with its registered office in Katowice
AMSA	Autostrada Mazowsze SA with its registered office in Katowice
STX Autoroute	Stalexport Autoroute S.a.r.l. with its registered office in Luxemburg
Biuro Centrum	Biuro Centrum Sp. z o.o. with its registered office in Katowicach
SAS	Stalexport Autostrada Śląska S.A. in liquidation with its registered office in Katowice
Atlantia	Atlantia S.p.A with its registered office in Rome (Italy)
ASPI	Autostrade per l'Italia S.p.A with its registered office in Rome (Italy)
GDDKiA	General Directorate of Domestic Roads and Motorways
OPC	Organised Part of the Company
KPMG	KPMG Audyt Sp. z o.o. with its registered office in Warsaw
EU	European Union
ADT	Average Daily Traffic
GMS	General Meeting of Shareholders
ROE	Return on Equity
PPP	Public Private Partnership
GPW, WSE	Warsaw Stock Exchange
DPSN	Good Practices of Companies listed on WSE
Document, Report	Management Board Report on the performance of Stalexport Autostrady SA in 2008

## 1. Introduction

This report contains the most important information concerning the operations of STX Autostrady in 2008. It has been the first operating period since a long time, in which, after the successful 7-year restructuring process, including the sale of the steel part and the repayment of liabilities resulting from arrangement proceedings, the activities of the Management Board and the employees of STX Autostrady were focused solely on the development of the company. Equity participation of the Italian strategic investor, i.e. Atlantia capital group, allowed the Company to set the main objective of its operations on becoming the leader on the market of constructing and operating motorways in Poland and also in the future in Central and Eastern Europe. Owing to the strong strategic investor the Company was able, on the one hand, to obtain funds needed to complete the restructuring process and on the other to enjoy the enormous business support in the form of the experience of the Atlantia capital group. The group is currently managing a network of nearly 4,000km of toll motorways in Europe, the USA, Brazil and Chile and is the leader with respect to automatic motorway toll collection systems.

The experience gained while managing the A-4 toll motorway section Katowice – Kraków as well as of the business support and know-how of the strategic investor, allowed last year STX Autostrady to participate actively in tenders organised by GDDKiA and related to the core area of the company's activity. Considering the challenges resulting from the fact that Poland will organize the 2012 UEFA Football European Championship, it has to be assumed that in the upcoming months the Company will undertake intensive measures to win new motorway projects.

This document presents the information specified in the Ordinance of the Minister of Finance of October 19<sup>th</sup> 2005 on current and periodical information provided by issuers of securities (Journal of Laws no. 209 of 2005, item 1744), including among others:

- basic information on STX Autostrady;
- financial part presenting the financial results of the Company recorded in 2008, as well as the description of untypical factors influencing the result of the operations conducted by STX Autostrady and of the state of affairs of the Company;
- presentation of the core market of operations for STX Autostrady;
- other information on the Company;
- presentation of development outlook and main sources of risk and threats to STX Autostrady, as well as of measures undertaken by the Management Board which aim at specifying the conditions of future development of the Company.

At the end of the Document one may also find the representations of the Management Board on current and periodical information provided by the issuers of securities required by the above mentioned Ordinance of the Minister of Finance of October 19<sup>th</sup> 2005. Moreover, the Document presents a concise description of the main directions of the state policy on the development of the existing road network.

This Report has been based not only on internal documents of the Company and financial performance for 2008. The main market of operations for STX Autostrady was prepared with the use of documents and information available at the website of GDDKiA as well as of other companies operating on the market of toll motorways management.

## 2. Basic information on STX Autostrady

### 2.1. Basic corporate data and history of STX Autostrady

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40-085 Katowice  
tel. +(48) 32 251 21 81  
fax +(48) 32 251 28 22

**Management Board:**

Emil Wąsacz – President of the Management Board, General Director

Mieczysław Skołyżyński – Vice-President of the Management Board, Financial Director

**KRS:** 0000016854

District Court in Katowice 8<sup>th</sup> Business Department of the National Court Register

**NIP (tax identification number):** 634-013-42-11

**REGON (statistical number):** 271936361

**Share capital:** PLN  
494,524,045 (paid in full)

[www.stalexport-autostrady.pl](http://www.stalexport-autostrady.pl)

STX Autostrady (formerly Stalexport S.A.) commenced its operations on January 1<sup>st</sup> 1963 as Przedsiębiorstwo Handlu Zagranicznego „Stalexport”. At that point it specialised in exporting and importing steel products as well as importing raw materials for the Polish steel industry. In 1993, the company was transformed into a Company wholly owned by the State Treasury and privatised, while as of October 26<sup>th</sup> 1994 the shares of the Company are listed at the Warsaw Stock Exchange.

In 1997, STX Autostrady won a tender process and was granted a concession to construct, adapt and operate A4 toll motorway section Katowice-Kraków (61km long) for the period of 30 years (in 2004, the concession was transferred to an entity created solely for this purpose, namely Stalexport Autostrada Małopolska S.A.). The activities of the Company focused on two main areas, i.e. motorway services and commercial activities including exporting, importing and trading in Polish steel products, steel raw materials as well as steel products processing).

Starting from the half of 2006, the Company has been a part of an Italian Capital Group Atlantia S.p.A with its registered office located in Rome. The group manages a network of nearly 4,000km of toll motorways in Europe, the USA, Brazil and Chile and is a leader with respect to automatic motorway toll collections systems. Atlantia S.p.A is listed at the stock exchange in Milan and its market value amounts to ca. EUR 6 bn as at the day of the preparation of this Report.

The strategic investor allowed STX Autostrady to acquire in total PLN 269,700k in cash as a result of the share capital increase.

At the first stage, the funds were earmarked to the completion of financial restructuring, while the remaining funds were used to cover the own contribution of the Company into the planned motorway projects. One of the elements of the restructuring process included the separation and sale of the steel part which took place on September 30<sup>th</sup> 2007. Since that period the Company has focused only on activities related to the construction and operations of toll motorways as well as to the lease of office space in the office building at ul. Mickiewicza 29 in Katowice. The building is co-owned by the Company and is a seat of its registered office.

Selected financial data of the Company are presented in a table at the beginning of this chapter.

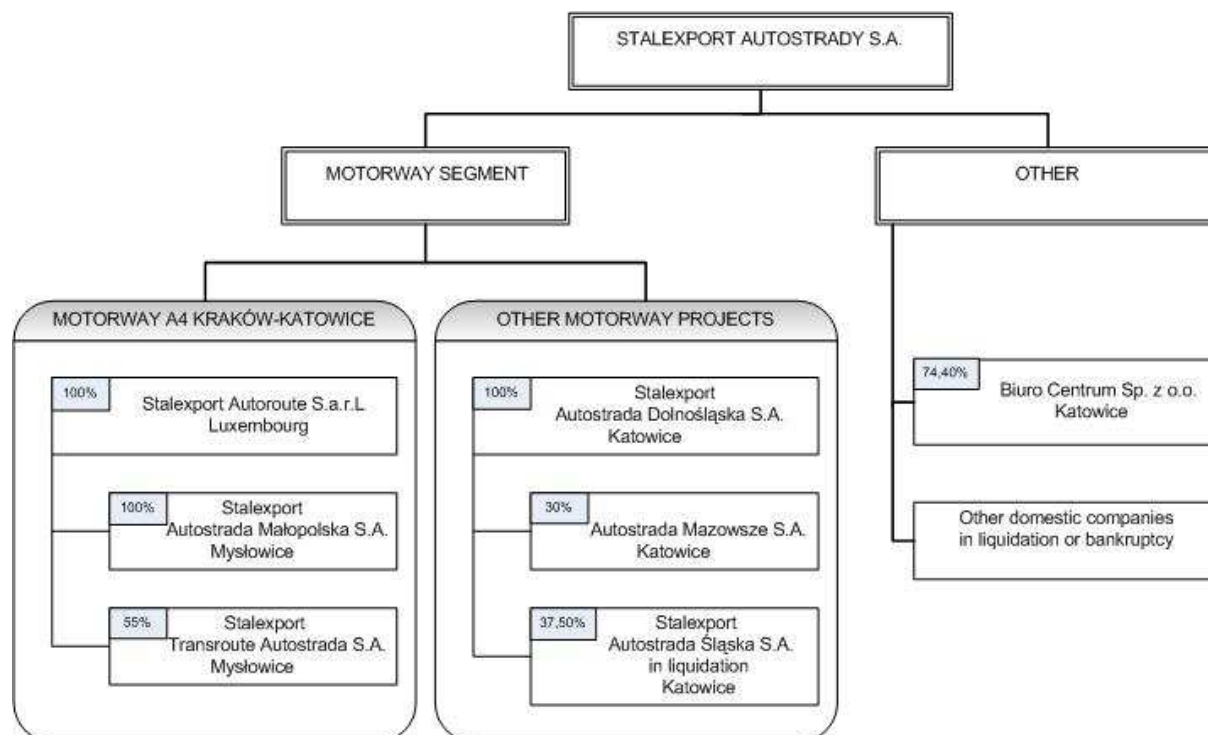
### 2.2. The STX Autostrady Capital Group

As of October 1<sup>st</sup> 2007, the operations of the Company and entities comprising its Capital Group focuses only on activities related to motorways. Those activities include:

- operation and maintenance of the A4 motorway section Katowice-Kraków. The activities are conducted by Stalexport Autostrada Małopolska S.A. and Stalexport Transroute Autostrada S.A. as well as by holding special purpose vehicle Stalexport Autoroute S.a.r.l.;
- participation in selected tenders for the construction and / or operations of other motorway sections. Outside the Company, those tasks are also implemented by means of operations conducted by Stalexport Autostrada Dolnośląska S.A. and Autostrada Mazowsze S.A.

Additionally, owing to the fact that the STX Autostrady Capital Group co-owns a large office building in the centre of Katowice, it provides services related to leasing office space and parking places, organizing conferences and catering. These activities are carried out by the Company itself, as the owner of the property, as well as by its subsidiary Biuro Centrum, as the property managing entity.

The chart below presents the organizational structure of the STX Autostrady Capital Group broken down into core area of activities – motorway segment and other activities.

**Figure 1** Organizational scheme of the STX Autostrady Capital Group as at December 31<sup>st</sup> 2008 (base on share in capital)


Source: Company own materials

The table below presents the basic financial data of STX Autostrady as well as two other biggest entities from the Capital Group: SAM and STA. For comparative purposes, the results recorded by the companies in 2008 are presented alongside their results from the earlier period, i.e. 2007 – comparability assured.

**Table 1** Basic financial data selected entities from the Capital Group [data in thousand PLN]

Balance sheet data	STX Autostrady		SAM		STA	
	31.12.2008	31.12.2007*	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Long-term assets	86 165	91 070	519 322	456 080	3 470	3 453
Short-term assets	183 367	219 538	20 077	45 044	10 279	10 511
Equity	187 787	184 246	168 555	161 520	7 877	7 361
Long-term creditors	60 010	72 919	257 033	298 474	727	1 447
Short-term creditors	21 735	53 443	113 811	41 130	5 146	5 155
performance data	2008	2007*	2008	2007	2008	2007
Sales revenues	3 270	2 017	119 801	126 215	29 708	27 978
EBITDA	5 641	-6 575	65 054	70 095	11 590	10 623
Result on financial activity	220	46 563	-17 527	-16 130	-213	-364
Net result	5 260	39 387	21 179	27 354	8 388	7 327

EBITDA = operating profit / loss + depreciation

\* data for STX Autostrady relate to continued activity only

Source: Company own materials



### 3. Financial analysis of STX Autostrady

#### 3.1. Financial performance – description

The table below presents basic financial performance of the Company recorded in 2008 along with the comparable data from the previous year. The 2007 data represent only figures generated by STX from continued operations i.e. excluding data generated from steel trade. This type of operations, referred to as ZCP, was disposed of at the end of Q3 2007.

**Table 2 Selected items from the profit and loss account of STX Autostrady in 2008 and 2007 – stand-alone data**

	2008 [PLN k]	2007* [PLN k]	Deviation [%]
<b>Revenues from sales</b>	<b>3,270</b>	<b>2,017</b>	<b>62%</b>
Cost of goods/services sold	2,505	2,208	13%
<b>Gross sales</b>	<b>765</b>	<b>-191</b>	<b>n/a</b>
Other <b>operating</b> revenues	13,144	6,915	90%
Selling costs	-	-	n/a
General and administrative costs	8,171	13,288	-39%
Other <b>operating</b> costs	698	612	14%
<b>Operating profit/loss</b>	<b>5,040</b>	<b>-7,176</b>	<b>n/a</b>
Financial revenues	13,084	56,767	-77%
Financial costs	12,864	10,204	26%
<b>Net financial operations</b>	<b>220</b>	<b>46,563</b>	<b>-100%</b>
<b>Profit before tax</b>	<b>5,260</b>	<b>39,387</b>	<b>-87%</b>
Income tax	-	-	n/a
<b>Net profit</b>	<b>5,260</b>	<b>39,387</b>	<b>-87%</b>

\* for comparison, figures from 2007 regarding continued operations

Source: own study based on the Company's financial statements

Business operations conducted in 2008 by STX Autostrady resulted in net profit of PLN 5,260k, which represents a decrease of 87% in comparison with the previous year. The drop results from including in the profit for 2007 the process of writing off liabilities from suretyships granted to Walcownia Rur Jedność Sp. z o.o. in bankruptcy in the amount of PLN 37,577k. If this one-off transaction was not accounted for, net profit of STX Autostrady for 2008 would be over 3 times higher than in the previous year. The obtained profit was influenced by the factors mentioned below.

In 2008, STX Autostrady generated PLN 5,040k of operational profit, which represented a significant improvement vs previous year (PLN 7,176k). Obtaining such a profit was possible owing to, among others, sales upward trend (62%) including mainly revenues from the lease of office space. Undoubtedly, such an increase was driven by higher lease rates and an improvement in managing the leased office space. Yet, the most significant driver of the upward trend was a change in the leased office area: in Q1 – Q3 2007, persons responsible for conducting and servicing the steel trade belonged to the organisational structure of STX Autostrady. As a result of separation and sale of ZCP, at the beginning of Q4 2007 the said employees were transferred to the newly established entity and the Company started to generate revenues from the leased offices formerly occupied by the employees.

Significant upward trend (90%) is also observed in the case of other operating revenues which in 2008 reached the level of PLN 13,144k, mainly due to provisions release and recovery of receivables from steel operations (PLN 12,615k). In the following years, the level of revenues from the aforementioned activities will go down and therefore they should not have a considerable impact on the level of financial revenues generated by the Company.

A lower level of general and administrative costs recorded in 2008 results from the fact that in 2007 the Company incurred additional costs from employee benefits and outsourcing due to the separation and disposal of the steel part.

2008 saw a profit from financial operations of PLN 220k, while one year earlier, mainly due to the above-mentioned cancellation of liabilities from the suretyships granted to Walcownia Rur Jedność Sp. z o.o. in bankruptcy, it reached the level of PLN 46,563k. Financial revenues of the Company have a decisive impact on the business performance of the Company. In 2008, this item included mostly interest from deposits of PLN 6,014k, dividend mainly from subsidiaries totaling PLN 4,408k, as well as interest from tax due of PLN 1,375k. On the other hand, financial costs in 2008 were mainly impacted by interest, including: on liabilities towards the State Treasury from suretyships granted to Huta Ostrowiec S.A. (PLN 5,848k), arrangement concluded with the creditors (PLN 1,229k) and obtained borrowings (PLN 632k). Moreover, this item includes receivables discount from SAM from capital expenditure incurred by STX Autostrady (PLN 1,327k) and deduction (PLN 5,340k) created on owned SAD shares in connection with their valuation on balance sheet date.

### 3.2. Information on main products, goods and services

The Company conducts its business operations regarding motorways by means of its subsidiaries. Therefore, the stand-alone revenues from the core operations cover mostly only the lease of office space in the property located at Mickiewicza Street 29 (40-085 Katowice) and the park places located in the vicinity of the building.

Revenues from these operations amounted to PLN 3,081k in 2008, while in 2007 they stood at PLN 2,017k, which represents an increase of 62%. The causes of such a high sales trend were presented in the previous subsection. Moreover, one might add that in 2006 the Company obtained PLN 1,738k from the lease of office space.

It needs to be highlighted that revenues from lease are characterised by strong diversification with a dominant position of entities which lease a few units of small area from the Company. Only the revenues from two tenants exceeded 10% of sales generated by the Company in 2008, namely TUV Nord Polska Sp. z o.o. (19%) and Stalexport SA (19%).

### 3.3. State of affairs

The analysis of the STX Autostrady state of affairs was conducted on the basis of a synthetic balance sheet of the Company, including its structure and its trend. The balance sheet is presented in the table below.

**Table 3** Synthetic balance sheet of STX Autostrady as at December 31<sup>st</sup> 2008 and December 31<sup>st</sup> 2007 – stand-alone data

	31.12.2008	31.12.2007	Trend 2008/2007	Structure	
	[PLN k]	[PLN k]		31.12.2008	31.12.2007
Fixed assets	86,165	91,070	-5%	32%	29%
Current assets	183,367	219,538	-16%	68%	71%
Equity	187,787	184,246	2%	70%	59%
Long-term liabilities	60,010	72,919	-18%	22%	23%
Short-term liabilities	21,735	53,443	-59%	8%	17%
<b>Total balance sheet</b>	<b>269,532</b>	<b>310,608</b>	<b>-13%</b>	<b>100%</b>	<b>100%</b>

Source: own study based on the Company's financial statements

In comparison with the previous year, the total balance sheet at the end of 2008 went down by PLN 41,076k i.e. by 13%. The greatest impact on such a situation was exerted by changes in the liabilities values (mainly short-term liabilities) as well as current assets.

As at December 31<sup>st</sup> 2008, total liabilities of STX Autostrady reached the level of PLN 81,745k, out of which:

- PLN 72,541k represent liabilities towards the State Treasury regarding suretyships granted to Huta Ostrowiec S.A. (including PLN 59,549k – long-term liabilities). In line with the terms and conditions of the arrangement concluded in 2004, last year STX Autostrady started to repay its debt in the form of 5 principal instalments totalling PLN 5,414k. The outstanding debt will be repaid in equal monthly instalments until July 2014;
- PLN 6,225k represent a borrowing granted by a subsidiary (SAD). It is planned that it will be repaid within the following year;
- PLN 2,979k represent other liabilities.

It needs to be emphasized that in 2008 the Company successfully completed the arrangement proceedings with creditors approved by force of the decision of the District Court in Katowice dated June 27<sup>th</sup> 2002. In H1 2008, three last arrangement installments totaling PLN 24,279k, which – upon repaying the last installment regarding arrangement liabilities to the benefit of the bondholders on July 3<sup>rd</sup> 2008 in the amount of PLN 2,036k – enabled to complete the execution of the arrangement proceedings according to the adopted schedule. As a result of the concluded arrangement, STX Autostrady repaid (from October 6<sup>th</sup> 2003 to July 3<sup>rd</sup> 2008) PLN 173,717k in cash payable in the form of 20 principal installments and PLN 189,856k by means of conversion into STX Autostrady shares. At present, the Company awaits a decision of a competent court approving the closure of the arrangement proceedings.

As a result of repaying the arrangement liabilities and those towards the State Treasury, 2008 saw a drop in the value of current assets of 16%. The structure of this balance sheet item changed significantly. Owing to the inflow of cash from the sale of the steel part (ZCP), the value of receivables decreased to PLN 20,116k (a drop of PLN 130,950k). On the other hand, the level of cash increased up to PLN 88,926k and the level of short-term investments went up to PLN 74,325k (funds invested by means of investment funds).

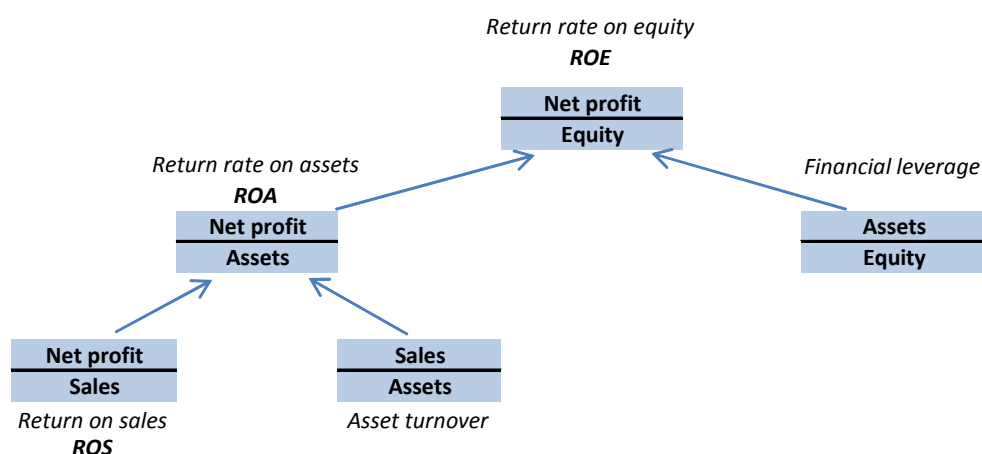
Among fixed assets, the most significant item constitute shares of subsidiaries: (i) STX Autoroute (PLN 29,886k); (ii) SAD (PLN 16,988k); and Biuro Centrum (PLN 62k). Furthermore, this item covers also discounted receivables from SAM regarding capital expenditure incurred by the Company, valued as at the end of the year at PLN 32,683k. The value of the above-mentioned receivables undergoes monthly valorization. It is worth mentioning that last year the Company purchased a modern and integrated financial accounting system. In effect, 2008 saw an increase in the value of intangible assets up to PLN 183k (PLN 5k as at December 31<sup>st</sup> 2007).

The net profit generated by the Company in 2008 increased own equity which at the end of the year went up to PLN 187,787k.

### 3.4. DuPont model of financial analysis

The DuPont analysis is based on the assumption that profitability and growth rate of a particular company depend, to a large extent, on the efficiency of operating management, investment management and financing strategy.

The basis for this analysis is the evaluation of efficiency of Company's own equity measured by means of a basic value measure – ROE (calculated as net profit to equity). The next step included decomposition of this rate which in effect allowed for extending the analysis to cover the following areas: return on sales, asset management and finance management.

**Figure 2** Scheme of DuPont model of financial analysis


Source: own study based on Sierpińska M., Jachna T. 2000: Ocena przedsiębiorstwa wg standardów światowych (*Evaluation of a company based on world standards*).

The DuPont model shows that the value of ROE depends on the level of margins (return on sales - ROS), efficient use of the company's assets and the use of financial leverage. The table below presents a calculation for ROE as well as the rates influencing the annual return rate on equity. For the sake of comparison, calculations for 2006-2007 are based only on the data concerning continued operations i.e. excluding performance and assets regarding trade operations. The same reasoning applies to the 2007 performance of the Company. Here, the impact of one unusual event was excluded, namely cancellation of liabilities towards the State Treasury of PLN 37,577k regarding suretyships granted to Walcownia Rur Jedność Sp. z o.o. in bankruptcy.

**Table 4** Return on equity (ROE) along with a decomposition of the rate – calculations for 2006-2008

Rate	2008	2007	2006
Return on equity (ROE)	2.8%	1.0%	n/a
Return on assets (ROA)	2.0%	0.6%	6.5%
Net return on sales (ROS)	160.9%	89.7%	506.4%
Asset Turnover	0.012	0.006	0.013
Financial Leverage	1.44	1.69	n/a

$ROE = \text{net profit} / \text{equity}$

$ROA = \text{net profit} / \text{total assets}$

$ROS = \text{net profit} / \text{revenues on sales}$

$\text{Financial leverage} = \text{total assets} / \text{equity}$

Source: own study

Due to a negative value of equity regarding the data for 2006, calculating return on equity (ROE) and financial leverage was impossible. At that time, the capital paid-up by the shareholders along with the reserve capital did not cover the loss of Company from previous years. In 2007, however, the share capital of STX Autostrady was increased by PLN 179,000k by way of issuing shares for the strategic investor - ASPI. As a result, the share capital reached the current level of PLN 494,524k ensuring proper liabilities structure with equity at PLN 187,787k at the end of 2008.

The value of ROE was significantly impacted by the level of the financial leverage which allows the company to have assets considerably exceeding its equity. This is possible by means of using financing sources other than the equity. It needs to be emphasized however that the financial leverage increases ROE only as long as the cost of obtaining financing other than from own equity is lower than the return rate regarding the invested funds. On the other hand, the financial leverage increases the company's risk due to the fact that financing with external capital is connected with specific payment dates and additional costs increasing along with the value of the financial leverage. In the case of STX Autostrady the financial leverage rate stood at 1.69 in 2007 and at the end of the consecutive period, it went down to 1.44. This means not only that the value of cash

utilized for the repayment of debt decreased, but also that the value of equity went up by the net profit generated by the Company.

It is worth highlighting, however, that in 2008 ROE increased in comparison with the previous year. This resulted mainly from a significant improvement of net return on sales: ROS stood at 160,9% which translates into a net profit over 1,5 times higher than revenues on sales. Such a situation is driven by the fact that currently the basic source of revenues for STX Autostrady are financial operations (revenues from interest on bank deposits, dividend) and other operating activity (recovery of debts from the former trade operations). This is evidenced by the figures in the table below which presents the evaluation of return rates of STX Autostrady at particular operating levels.

**Table 5 Return rates of STX Autostrady in 2006-2008 at particular operating levels**

Rate	2008	2007	2006
Sales margin	23.4%	-9.5%	-14.1%
EBITDA margin	172.5%	-326%	968.2%
EBIT margin	154.1%	-355.8%	945.3%
Net ROS	160.9%	89.7%	506.4%

*Sales margin = gross profit on sales/ revenues on sales*

*EBITDA margin =(operating profit +depreciation)/revenues on sales*

*EBIT margin = operating profit/revenues on sales*

Source: own study

Recently, STX Autostrady has experienced both unusual events as well as one-off events pertaining to the trade operations conducted in the past. Given that prior to the sale of ZCP, all identified threats and risks were written off, the impact of one-off as well as unusual factors on the updated Company's performance was positive. The same occurred in 2008 when write-offs totaling PLN 12,615k were cancelled under other operating revenues. In time, the positive impact of these factors will be probably increasingly less visible.

It is worth mentioning that the margin level obtained from the lease of office space improved continuously. 2008 was the first year when a positive result in this operation area was achieved (23.4%).

Apart from the return on sales and efficiency of financial management, the level of ROE depends also on asset turnover. This ratio represents the efficiency of the conducted investment policy pursued by a given entity and efficiency of particular asset items. In the case of STX Autostrady, this ratio is low which results from the nature of conducted operations and the situation of the Company (lease of properties, capital group management, accumulation of funds for future motorway projects). Yet, the asset turnover ratio in 2008 was higher than in 2007.

The analyses of efficiency of asset utilization by the Company were carried out based on the ratios presented in the table below.

**Table 6 Turnover ratios of STX Autostrady in 2006-2008**

Ratio	2008	2007	2006
Asset Turnovem	0.012	0.006	0.013
Fixed asset Turnovem	2.00	1.13	0.54
Working capital Turnovem	0.02	0.01	-0.06
Receivables turnover	0.06	0.01	0.04
Liabilities turnover	0.04	0.02	0.01

*Asset turnover =revenues on sales/ total assets*

*Fixed asset turnover = revenues on sales/fixed assets*

*Working capital turnover = revenues on sales/ (current assets – short-term liabilities)*

*Receivables turnover = revenues on sales/receivables*

*Liabilities turnover =revenues on sales/ liabilities*

Source: own study

The level of the turnover ratios is influenced by the fact that the Company is currently accumulating funds for future motorway projects based on tenders announced by GDDKiA. In effect, almost 60% of assets displayed in

the balance sheet at the end of 2008 represent cash allocated on bank deposits or invested by means of investment funds. This is a source of financial revenues for the Company.

Liquidity ratios along with debt ratios presented in the table below allow for evaluating the level of risk related to the repayment of current liabilities of the Company. The first two ratios compare current liabilities with current assets of STX Autostrady, which may be utilized for the repayment of the liabilities. Other ratios provide information on the level of indebtedness.

**Table 7 Liquidity and debt ratios of STX Autostrady in 2006-2008**

Ratio	2008	2007	2006
Current ratio	8.44	4.11	0.62
Quick ratio	8.44	4.11	0.62
Debt/asset ratio	0.30	0.41	2.11
Debt/equity ratio	0.44	0.69	n/a
Long-term debt	0.32	0.40	n/a

*Current ratio = current assets/current liabilities*

*Quick ratio = (receivables + securities + cash)/short-term liabilities*

*Debt/asset ratio = liabilities/total assets*

*Debt/equity ratio = liabilities/equity*

*Long-term debt = long-term liabilities /equity*

*For the purposes of calculating the said ratios the values of receivables, inventories and liabilities were used as at the end of the year.*

Source: own study

In 2006, the liquidity ratios of STX Autostrady stood at satisfactory levels. One year later the situation changed dramatically due to: (i) injecting capital to the Company by the strategic investor of PLN 201,081k; and (ii) regular repayments (arrangement and bank loans) and write-offs (suretyships from WRJ) of historical liabilities of the Company.

At the beginning of 2008, the Company obtained funds from the sale of ZCP to an external investor totaling PLN 138,700k, which was reflected in the further improved liquidity ratios up to the level of 8.44 (for current and quick liquidity ratio respectively). A very high level of liquidity ratios results from the fact that the Company accumulates funds necessary to deliver motorway projects obtained by way of tender proceedings.

Low debt ratio as at December 31<sup>st</sup> 2008 confirms a stable financial standing of STX Autostrady. The Company managed to deal with the restructuring of its historical liabilities and has now funds to finance projects concerning its further development.

## 4. Analysis of the core area of operations of the Company

### 4.1. Poland in the network of Pan-European transport corridors

One of the priorities of the European Union is the development and modernization of the existing infrastructure network linking particular states on the European continent. It is regarded as the crucial factor necessary to create and facilitate the development of the single market and ensuring economic and social cohesion. Meeting those objectives is to be possible owing to a special program, i.e. *Trans-European Networks* or *TEN*, which has been established for this purpose and combines the cooperation of particular member states and significant engagement on behalf of the European Union.

Trans-European Networks covers, among others, the area of *Trans-European Networks- Transport* or *TEN-T*. With respect to the EU internal market, the program aims at facilitating transport connections and above all at strengthening operational cooperation of national networks and the expansion of their accessibility. In order to pursue those objectives, 10 Pan-European transport corridors have been identified during the international conferences held on Crete (1994) and Helsinki (1997). The transport corridors include road transport routes, railway transport routes, sea transport routes, inland waterways as well as airports; planned or already delivered within the EU.

Four corridors which make up a part of the TEN-T European road network cross Poland. The first one links Helsinki, Tallinn, Riga and Warsaw (Corridor 1). In Poland, it stretches from the Polish-Lithuanian border crossing in Budzisk to the Polish capital city. The route includes also a branch linking Riga-Kaliningrad-Gdańsk.

Another route crossing the territory of Poland links the capital cities of Germany, Belarus and Russia constitutes Corridor 2. It links Berlin with Moscow through Poznań – Warsaw – Brest – Minsk – Smolensk. The corridor was the basis for planning the A-2 motorway, which will connect with the German A-12 motorway in Świecko and with the Belarusian M-1 motorway.

The second motorway which is being built in Poland along the west-east axis (A-4) makes up a part of Corridor 3, stretches from Brussels, through Aachen – Cologne – Dresden – Wrocław – Katowice – Kraków to Lvov and Kiev. The European Union decided that it should also be a priority to connect the Polish coast of the Baltic Sea with the Czech Republic. This route makes up Corridor 4 stretching from Gdańsk through Katowice to Zilina, with the eastern branch linking Katowice and Brno. The corridor was the basis for planning the A-1 motorway.

The list of priority projects approved on the basis of the Decision No. 884/2004/EC includes, among others, the construction of a motorway connecting Gdańsk–Brno/Bratislava–Vienna which is one of the Road Trans-European Corridors presented above.

### 4.2. Polish road network

#### 4.2.1. Deficiencies of the existing Polish road network

Poland does not have a coherent network of motorways and express roads, which would allow travelers to move across the country from the east to the west and from the north to the south. At the beginning of 2008, there were 699km of motorways and 317km of express roads. The motorway routes which are to connect the western border with Kraków and Warsaw have not been completed yet. Only recently has the construction of the motorway sections connecting the north of the country with the southern border began and the sections have been opened.

Therefore, the majority of transit movement is conducted along one-lane roads or the network of local roads crossing built-up areas. This fact combined with the generally bad condition of the roads results in an extremely high mortality rate at the level of 11.2 casualties per 100 accidents. The average rate in the EU member states stands at 2.7 per 100 accidents.

Moreover, it should be mentioned that the majority of Polish roads is designed so as to withstand the standard load of 80kN/axis or 100kN/axis. However, in order for the Polish road network to be adjusted to the EU requirements, the roads need, among others, to offer load capacity of 115kN/axis. Currently, there are 2,191km of roads meeting this requirement. As a result, the upcoming years will see significant investments earmarked to adjusting the remaining routes to the load standard.

#### 4.2.2. Level and structure of traffic [ADT]

The information presented in this subsection related to the level and structure of traffic on the Polish road network is based on the data included in a study prepared by Biuro Projektowo-Badawcze Dróg i Mostów Transprojekt-Warszawa Sp. z o.o. at the order of GDDKiA entitled *2005 Overall Traffic Measurement. Results summary („Generalny Pomiar Ruchu 2005. Synteza wyników”)* as well as the data presented on the GDDKiA website. There are no publicly available studies which would aim at conducting a comprehensive analysis of traffic on the Polish road network after 2005.

The average daily traffic in 2005 on the national roads network stood at 8,224 vehicles/day and was ca. 18% higher in comparison with 2000. The ADT for international roads stood in 2005 at 13,561 vehicles/day, while on the remaining national roads it stood at 5,990 vehicles/day. The table below presents the data related to the traffic on the national roads network in 2005 broken down into particular technical classes of roads.

**Table 8** Average daily traffic on the national roads network broken down into particular technical classes of roads [vehicles/day]

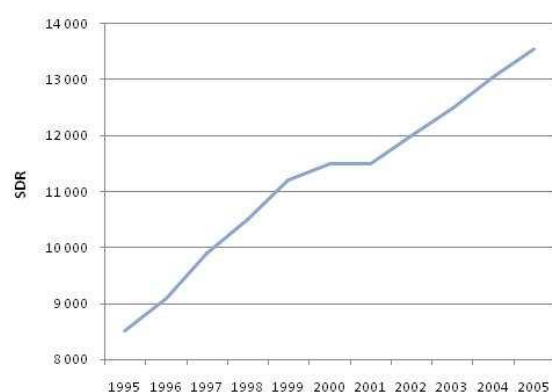
ROADS TECHNICAL CLASSES		2005	2000	2005/2000
A	Motorway	17,530	13,662	28%
S	Express road	18,568	16,901	10%
GP	Trunk road	9,596	8,387	14%
G	Main road	4,099	3,395	21%
<b>Average</b>		<b>8,244</b>	<b>7,009</b>	<b>18%</b>

Source: 2005 Overall Traffic Measurement. Results summary., GDDKiA

The highest level of traffic was recorded in the case of express roads (S class): in 2005, ADT for those roads stood at 18,568 vehicles/day. This is more than two times more that ADT for the entire national roads network and nearly 10% more than the traffic recorded in the case of those roads 5 years before. The lowest level of traffic can be noticed in the case of main roads (G class): in 2005, ADT for those roads stood at 4,099 vehicles/day. This stands for an over 21% increase in comparison to the traffic recorded in the case of those roads 5 years before. The most significant increase, however, can be seen in the case of motorway traffic: in 2005, it was nearly 28% higher than 5 years before.

It should be emphasized that the traffic on international roads has increased more than the traffic on the national roads. In the case of the former, ADT increased in 2000 by 34% in comparison with 1995 and by 18% in comparison with 2000, while in the case of the latter ADT on the national roads has increased by 28% and 17% respectively.

**Figure 3** Average daily traffic on international roads in 1995-2005 [vehicles per day]



The average daily traffic on the Polish network of international roads has grown year-to-year throughout the entire analyzed period. The only exceptions were recorded in 2000-2001, when, as a result of a worsening economic situation, the upward trend at first slowed down, and then ADT remained at a similar level (year-to-year). 2002-2005 saw an untypical phenomena concerning the development of road traffic and ADT grew by 3-4% annually. It can be assumed that a similar scenario was recorded in the period until the end of Q3 2008, when the dramatic financial crisis unfolded. At this point, it is very difficult to estimate the impact of the situation on the development of ADT in Poland.

Source: 2005 Overall Traffic Measurement. Results summary., GDDKiA



#### 4.2.3. Projections regarding traffic

A significant impact on the volume and dynamics of an average ADT increase is exerted by changes in the structure of transport of goods in Poland. It needs to be highlighted that during the last ten years the share of vehicle transport in the transport of goods has tripled, while the development of road infrastructure has slowed down. According to the assumptions of the GDDKiA and the Ministry of Infrastructure, until 2020 vehicle transport will be on rise on average by ca. 1.6 – 2.1% annually. The demand of Polish international trade for vehicle transport should go up by at least ca. 150%. This period may see periodic fluctuations arising from a business cycle, yet in the long run transport activity will increase, mainly as a result of a greater role of road transport in providing delivery services for the industry and trade as well as a growing foreign exchange.

This trend will be accompanied by a further increase in the number of personal cars, which according to the GDDKiA is estimated at ca. 50% by 2020. Therefore, it is expected that there will still be a strong pressure on the road network in Poland which is already exploited and underinvested.

#### 4.3. Planned investments in the development of the Polish road network

##### 4.3.1. Introduction

The strategy regarding the development of the existing network of roads and motorways is being implemented by the Government of the Republic of Poland via the Ministry of Infrastructure. The basis for the strategy is the governmental *National Road Construction Programme for the years 2008 – 2012* (hereinafter referred to as the Road Construction Programme), which specifies strategic objectives of the planned actions, including basic assumptions of the national transport policy regarding mostly the support of economic development of Poland, facilitation of the quality of life of the citizens by means of creating an efficient, safe and balanced transport system.

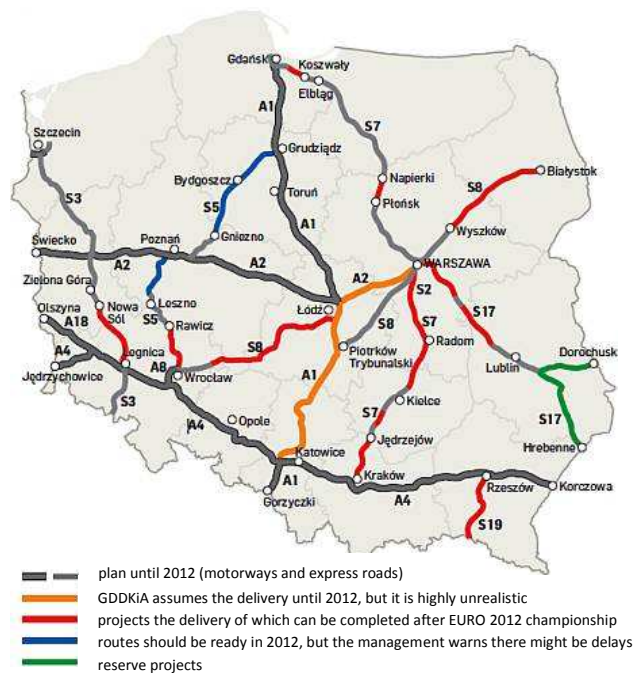
The aforementioned Road Construction Programme specifies the projected expenditure for roads in particular years, sources of its financing as well as a list of investments related to the construction and modernisation of national roads, their maintenance and management.

##### 4.3.2. Planned directions and expenditure for the construction of roads until 2012

The programme of development and modernisation of the existing road and motorway network delivered in Poland is coherent with the assumptions of the development of trans-European transport network TEN-T, which in Poland relates to 4,816km of roads. These are the main Polish roads with the greatest traffic, mostly resulting from international transport between Western Europe and Russia, Ukraine and the Central Asia as well as between the Scandinavian countries and the south of Europe. Therefore, the most important road investments to be delivered in the years 2008-2012 concern the following routes:

- Corridor 1: Budzisko – Warsaw;
- Corridor 2: Świecko – Kukuryki;
- Corridor 3: Olszyna/Zgorzelec – Korczowa;
- Corridor 6: Gdańsk – Cieszyn/Gorzyczki/Zwardoń.

The investment tasks indicated in the Road Construction Programme focus mainly on the development of the basic road network, including, inter alia, development of a motorway network totaling 1,779km (including construction of sections in the system of Public Private Partnership) and a network of express roads totaling 2,274km.

**Figure 4 Planned basic road network in Poland after 2012 (main projects)**


The Road Construction Programme includes a list of priority projects which are to be completed by 2012. The list includes the following projects:

- A-1 motorway – construction of the entire section (Gdańsk-Toruń-Łódź-Częstochowa-Gliwice-Gorzyczki);
- A-2 motorway – completion of the construction of the section Świecko-Poznań-Łódź-Warsaw;
- A-4 motorway – completion of the construction (Polish border-Jędrzychowice-Legnica-Wrocław-Opole-Gliwice-Katowice-Kraków-Tarnów-Rzeszów-Korczowa-Polish border);
- S-3 express road – construction of the section Szczecin-Parnica-Gorzów Wielkopolski-Zielona Góra-Legnica-Lubawka;
- S-5 express road – construction of the section Nowe Marzy-Gniezno-Poznań and Poznań(A-2)-Wrocław(A-8);
- S-7 express road – completion of the construction of the section Gdańsk-Elbląg-Olszynie-Warsaw-Grójec-Białobrzegi-Jędrzejów-Kraków and Myślenice-Lubień-Rabka;
- S-8 express road – construction of the section Wrocław-Syców-Kępno-Sieradz-A-1(Łódź) and Piotrków Trybunalski-Warsaw-Zambrów-Białystok;
- S-17 express road – construction of the section Warsaw – Gawrolin-Kurów-Lublin-Piaski;
- S-19 express road – construction of the section Stobiernia-Lutoryż-Barwinek;
- S-69 express road – completion of the section Bielsko Białe-Żywiec-Zwardoń.

Source: National Road Construction Programme for the years 2008-2012, GDDKiA materials

Among the priority tasks mentioned in the Road Construction Programme, the dominant position take projects which aim at establishing connections between the biggest cities in Poland generating the greatest transport demand. Therefore, despite a risk of delays in accomplishing the plan, it is scheduled that until 2012 a basic network of express roads will be created. The assumptions consider the needs related to the fact that Poland and Ukraine have been chosen to organize the 2012 UEFA Football European Championship.

The Road Construction Programme projects that the expenditure will top PLN 121.0bn (PLN 30bn in 2009), PLN 104.7bn of which will be allocated for the development of the national road network. The majority of funds is earmarked for the construction of express roads - PLN 49.9bn, motorways – PLN 18.2bn and city ring roads – PLN 6.5bn.

The funds should cover the construction costs of ca. 632km of motorways in 2008-2012 (additional ca. 473km of motorways will be constructed in the system of Public Private Partnership), ca. 1,980km of express roads and 54 ring roads, the total length of which will amount to ca. 428km.

#### 4.3.3. Public private partnership as a form of road investment delivery

The PPP is a form of long-term cooperation between the private and public sector in terms of investments fulfilling social tasks, the delivery of which brings mutual benefits, both in the aspect of social as well as commercial aims.

The main advantages of delivering investments in the form of PPP include the possibilities of significantly limiting (or even eliminating) the expenditures incurred by the public sector for the delivery of a particular project as well as its further maintenance. Such a solution is possible owing to the fact that the funds come from a private entity that as a result of its capital engagement in the project, during a certain time period, obtains proceeds from the use of the infrastructure which was created in the course of the project.

PPP as a form of financing infrastructural investments is very beneficial when the public sector has only limited funds it can allocate for the delivery of infrastructural investments; taking into the project has to be delivered at a short-term period and that the public sector has limited possibilities in terms of incurring debt.

#### 4.3.4. Projects constituting prospective revenue sources for STX Autostrady

In the period covered by the Road Construction Programme to be completed by 2013, GDDKiA is planning to implement projects financed both from state funds, and through PPP, i.e. a licensing system, based on contracts for the construction and operation of toll motorways. Nevertheless, one must bear in mind that the developing road infrastructure and improving its operation, as well as finding the necessary sources of financing will only be possible if other non-construction projects are implemented within the sector. Taking the related technical and financial requirements (PPP) into account, their fulfilment will provide a prospective source of revenues for STX Autostrady.

Projects which the Company would be willing to acquire and implement include:

- The construction of motorways based on contracts for the construction and operation of toll motorways (licensing system). Due to the current financial crisis and the necessity to limit state expenditure, it is possible that some of the projects originally intended for traditional implementation will actually be realised on a PPP basis.

Throughout 2008 the STX Autostrady Capital Group, in consortium with Atlantia, participated in a procurement procedure organised by GDDKiA which aimed at the selection of an entity to conclude the contract for the construction and operation of the 91-kilometre section of A-2 from Stryków to Konotopa with. This motorway section will not only extend the current part of A-2 from the eastern border to Łódź, but it will also connect the Polish capital to the A-1 motorway, leading from the north to the south.

On 31<sup>st</sup> March 2008, AMSA, acting on behalf of the consortium, submitted a bid with GDDKiA, which was duly assessed and found equivalent to an offer proposed by a competitive consortium. In the second half of 2008 parallel negotiations were conducted in order to agree upon the details of the contract for the construction and operation of the motorway. Considering the difficult situation on the financial markets the negotiation completed on 27<sup>th</sup> February 2009 without reaching the agreement with none of the bidders.

- adjusting the existing sections of traditionally-built motorways to the toll motorway standards, including the delivery of security and traffic management systems, as well as the maintenance of motorway infrastructure. This area includes the Sońnica-Wrocław section of A-4 (currently in procurement procedure with the participation of SAD), and the Wrocław-western border section of the same motorway;
- entering operation contracts for virtually all existing and planned sections of motorways developed in the traditional system, with regard to day-to-day road maintenance and toll collection on behalf of licensees or the Treasury. It may cover both the emerging network of motorways (e.g. A-4 Cracow-Eastern border, A-1 Toruń-Łódź, and A-2 Warsaw-Eastern border) and the existing section of A-4 Sońnica-Wrocław;
- setting up and operating the electronic toll collection system for +12-tonne vehicles, which must be launched pursuant to the 7<sup>th</sup> October 2008 amendment to the Resolution on the Public Roads of 21 March 1985. The adopted amendment limits the current toll system with regard to +3.5-tonne vehicles. The changes are to be in force as of 2011. Before it happens, a national-scale system of automatic toll collection must be launched with regard to the said vehicles, which is to be operative throughout the 4000-kilometre network of expressways and motorways. In the first half of 2009 a feasibility study will be prepared in order to determine the choice of technology to be used, and at the turn of 2009 and 2010 GDDKiA and the Ministry of Infrastructure are planning to start a procurement procedure for that kind of a system in the PPP mode.

The Company does not exclude the option of financing one of the existing Polish licensing systems with its own equity, if another participant of the projects is inclined to give them up. Moreover, studies are conducted on the possibility of the Company entering motorway projects in neighbouring countries.

## 5. Other information on STX Autostrady

### 5.1. Information on concluded agreements significant for the Company's operations, including the agreements, the Company is knowledgeable about, concluded between the shareholders, insurance agreements or cooperation agreements

- On February 29<sup>th</sup> 2008, SAD (a subsidiary) signed a sale agreement with the Italian Atlantia with the nominal value of 140,000 items (representing 70% share in the company's share capital) of AMSA shares (an entity established with the purpose of a proper tender announced by the GDDKiA for the construction and operation of the A-2 motorway section Stryków-Konotopa). The payment for the above-mentioned shares of PLN 3.5m was credited to the SAD bank account on March 5<sup>th</sup> 2008 and, in line with the provisions of the aforementioned agreement dated February 29<sup>th</sup> 2008, on this day the shares ownership transfer was executed;
- On May 27<sup>th</sup> 2008, SAM (a subsidiary) informed about concluding agreements between the entity and three banks: WestLB Bank Polska S.A., Bank Polska Kasa Opieki S.A. and DEPFA Bank plc. The subject of the said agreements were transactions hedging against the risk of future interest rate swaps – conversion of interest payment streams based on a variable interest rate (6M, WIBOR) into interest payment streams based on a fixed interest rate. The concluded transactions will hedge interest payment streams arising from the existing and future SAM debt in the period from September 30<sup>th</sup> 2008 to December 28<sup>th</sup> 2020. The hedged interest payment streams regard the amount of PLN 190m.

### 5.2. Information on the changes in organizational or capital relations of the Capital Group with other entities as well as specification of its main national and international investments along with a description of their financing

- On January 7<sup>th</sup> 2008, the Management Board of STX Autostrady informed that pursuant to the agreement dated November 22<sup>nd</sup> 2007 it requested Deloitte Audyt Sp. z o.o. in Warsaw to prepare the so-called additional appraiser report to verify the ZCP sale price specified in the appraiser report (Ernst&Young);
- On January 8<sup>th</sup> 2008, PLN 101,168,357.64 was posted to the Company's account from the partial payment for ZCP (PLN 100,000,000.00) increased by interest from the amount deposited on the escrow account;
- On January 21<sup>st</sup> 2008, the Company received notifications from Atlantia and ASPI informing that on January 18<sup>th</sup> 2008, 139,059,182 of STX Autostrady shares was contributed in-kind by Atlantia to its subsidiary ASPI. Before the purchase of the shares, ASPI was not the shareholder of STX Autostrady. As a result of the share purchase, ASPI has currently a block of shares of 139,059,182 items and the corresponding number of votes at the STX Autostrady General Meeting of Shareholders. The shares hold by ASPI represent in total 56.24% of share in the STX Autostrady share capital and the same percentage share in the total number of votes at GMS of the Company. Within 12 months from the date of the notification, ASPI does not intend to increase its share in the capital of STX Autostrady;
- On January 23<sup>rd</sup> 2008, an agreement between Złomrex S.A., Stalexport S.A. and STX Autostrady was concluded, pursuant to which the parties of the agreement jointly:
  - (i) waive the possibility to request the verification of the ZCP sale price specified in the appraiser report from the additional appraiser;
  - (ii) set the ZCP sale price at PLN 138,700,000;
  - (iii) agree that PLN 549,360.49, which constitutes the excessive amount over the ZCP sale price specified in the appraiser report, is the refund of capital expenditure incurred by STX Autostrady;
  - (iv) agree that PLN 38,700,000, which constitutes the excessive amount over PLN 100,000,000 already obtained by STX Autostrady will become due on February 29<sup>th</sup> 2008;
  - (v) Złomrex S.A. will submit a statement on voluntary submission to execution up to PLN 38,700,000 along with interest in the case the payment is not made on time.

The agreement in question exhausted all claims of the Parties which may arise in the future in terms of ZCP sale price. At the same time, the Management Board of STX Autostrady informed that it received the above-mentioned signed statement. In this way, all conditions of the agreement have been met.

- On March 6<sup>th</sup> 2008, the Company received information on transaction settlement dated January 18<sup>th</sup> 2008 between Atlantia and ASPI;

- On February 29<sup>th</sup> 2008, SAD signed an agreement with the Italian Atlantia specified in section 5.1.
- On December 17<sup>th</sup> 2008, SAŚ (subsidiary of SAD with 100% share of STX Autostrady) purchased with the purpose to redeem 1,400 of own shares of the nominal value amounting to PLN 1,000 per share, of the total PLN 492,800 from the to-date shareholders: Strabag AG and Egis Project. The aim of the share purchase was to redeem them pursuant to art. 359 par 2 of the Code of Commercial Companies. At the same time, the SAŚ Extraordinary Meeting of Shareholders adopted a resolution on opening the liquidation proceedings regarding this entity. After the shares are redeemed, SAD will become the only shareholder of SAŚ.

### 5.3. Description of transactions with related entities and information regarding transactions concluded by the Company or by its subordinate unit with related entities on non-market terms

- (i) Transactions with related entities whose single or total value exceeded EUR 500,000 in a financial year.

In the case of the Company there was one such transaction in the previous financial year: in the fourth quarter of 2008 STX Autoroute made a dividend pre-payment for the benefit of STX Autostrady in the amount of PLN 4,225,000 which was equal to EUR 1,100,000.

- (ii) Information regarding transactions concluded by the Company or by its subordinate unit with related entities on non-market terms.

All transactions concluded by STX Autostrady or by its subordinate unit with related entities were made on market terms. However, the Management Board of STX Autostrady would like to point to two important contracts concluded between the Company's subordinate units and related entities.

The first of them is the **Maintenance and Operation Contract**, concluded originally in 1998 between STX Autostrady and STA. Following the change of licensee on the Katowice-Kraków section of A-4, as of 21<sup>st</sup> March 2006 the parties to the said contract have been SAM and STA. The Maintenance and Operation Contract was concluded for the validity period of the Licence Agreement (until 2027), and it strictly concerns the work related to the A-4 license project, including the toll collection services and running maintenance and operation of the motorway (with winter season maintenance). In compliance with project finance principles, the running maintenance and operation services directly related to the investment project, are usually, for the period of its implementation, contracted with a specially separated project company (commonly referred to as "the operator") in order to limit the operator risks solely to the separated investment project. Thus the operator's activity is focused on a given project, and the operator entity becomes part of the financial security system for the bank-granted credit. The contractual level of operator remuneration is a long-term risk separator with regard to volatile market prices of maintenance and operation, and ensures a continuity of services and operation during the long period of investment project implementation. The last year's value of transactions concluded between SAM and STA pursuant to the said contract amounted to PLN 28,772,800.

Due to the specific nature and scope of the above-mentioned contract, as well as the limited market for such services, it is difficult to refer the Contract's provisions to actual conditions obtainable on the so-called free market. Nonetheless, in the opinion of the Company's Management Board the said Contract was concluded on market terms, and its provisions do not diverge from the conditions obtainable by Group-external entities, were they a party to this contract.

Another contract to be mentioned here is **Contract No. F2a-8-2007** signed by SAM and Pavimental S.p.A. (part of the Atlantia capital group - Atlantia owns 100% of ASPI stock, and ASPI owns 71.6% of Pavimental stock), concerning the **restoration of A-4 motorway bridges and a total of about 28 km of road surface**. Contractor of this project was selected on the basis of a two-stage procurement procedure whose conditions were agreed upon with GDDKiA (in accordance with the provisions of the License Agreement, the Licensee shall choose each contractor in a procurement procedure, and GDDKiA reserves the right to verify the criteria and procurement conditions before each procurement is announced).

The procurement notice was published in the Supplement to the Official Journal of the EU, Tender Electronic Daily No. 2007/S160-199586-PL on 22<sup>nd</sup> August 2007. In response to the notice the following entities entered their variants: (i) Budimex Dromex S.A.; (ii) Konsorcjum Mota-Engil Engenharia e Construcao S.A. and Mota-Engil Polska S.A.; and (iii) Pavimental S.p.A. In the course of the procurement procedure it was established that the variant submitted by Pavimental S.p.A. was the most beneficial one, which resulted in this firm being chosen as the contractor. The total net value of contracted work amounts to PLN 142,187,800. The starting order was given on 25<sup>th</sup> March 2008 and the Contract is to be completed in 2009.

In the course of the implementation of Contract No. F2a-8-2007, in 2008 Pavimental S.p.A. performed restoration works for the benefit of SAM worth a total of 33,041,000 PLN. Considering the contractor selection procedure applied, the Company's Management Board asserts that it has been concluded on market terms.

#### 5.4. Information on agreements concluded and terminated in the financial year concerning loans and borrowings

In 2008, the Company did not incur financial liabilities resulting from loans and borrowings. In December last year a borrowing sanctioned by SAŚ to the Company totaling PLN 3,340k (interest rate on the borrowing equaled WIBOR 6M plus the margin of 1.5 p.p) was settled. As a result, at the end of 2008 the Company only had liabilities related to the borrowing sanctioned by SAD with the value of PLN 6,223k, out of which PLN 23k represented interest. The borrowing will be due in 2009 and the interest rate amounts to WIBOR 1M plus the margin of 0.25 p.p.

Apart from the above-mentioned borrowing from SAD, other significant liabilities of financial nature which are presented in the balance sheet of STX Autostrady as at December 31<sup>st</sup> 2008 include the liability toward the State Treasury resulting from suretyships concerning loans sanctioned to Huta Ostrowiec S.A. totaling PLN 72,541k. The repayment of the above-mentioned liabilities began in equal principal installments starting from August 2008, after all liabilities resulting from the arrangement with creditors have been settled. The contractual deadline for completing the repayments falls due in July 2014. In 2008, 5 principal installments were repaid with the total value of PLN 5,414k.

#### 5.5. Information on borrowings sanctioned in the financial year, in particular borrowings sanctioned to affiliated entities.

In 2008, the Company did not sanction borrowings.

#### 5.6. Information on suretyships and guarantees granted and obtained in the financial year, in particular suretyships and guarantees granted to affiliated entities.

In January and February 2008 the Company granted a suretyship to SAD to two bank guarantees with the total value of PLN 1,000k. The suretyship was granted in relation to the participation and bidding in tenders organised by GDDKiA. Due to the decisions taken by GDDKiA as well as competent courts, the suretyship of STX Autostrady expired in October 2008.

#### 5.7. Information on the issuance of securities along with the description of the utilization of inflows from the inflows from the issuance by the Company

In 2008, the Company did not issue any securities.

#### 5.8. Explanation of differences between the financial result disclosed in the annual report (SA-R) and the result prognoses for a given year published earlier

The Company did not publish the prognoses of the financial result for the year 2008. Moreover there were not significant differences between the extended consolidated quarterly report SQrIV/2008 published earlier and the annual report.

#### 5.9. Evaluation of financial resources management alongside a justification, in particular on the capacities of repaying the incurred liabilities as well as the determination of potential threats and actions undertaken by STX Autostrady or actions it intends to undertake so as to avert the threats

At present, there are no threats to liquidity. Free cash possessed by STX Autostrady obtained by increasing the capital as well as by the sale of ZCP fully cover all due financial liabilities and may be used to finance new motorway projects, which are currently tendered. In the meantime, the cash is invested through investment funds or held at bank deposits.

## 5.10. Evaluation of the capability of delivering investment tasks

In 2008, STX Autostrady earmarked PLN 523k to investments in fixed assets as well as in intangible assets. The table below presents the specification of the above-mentioned investments.

**Table 9** Specification of capital expenditure of the Company incurred in 2008

Expenditure objective		Value [PLN 'k]
1	It system	227.8
2	Representative office in Warsaw	51.0
3	Office building renovation	85.8
4	IT equipment	32.9
5	Company car	125.8
<b>Total expenditure</b>		<b>523.3</b>

Source: own study

The investments incurred by the Company are in line with the information presented in the Capital Investment Plan for 2008, which was approved on March 12<sup>th</sup> 2008 by the Supervisory Board. Capital expenditure was financed from STX Autostrady own funds.

In accordance with the preliminary assumptions, the investment outlays of the Company for 2009 are planned at the level approximate to the previous year. The own funds of STX Autostrady are the source of their financing.

## 5.11. Evaluation of factors and unusual events influencing the performance in the accounting period alongside the specification of the impact of the factors or unusual events on the performance

The unusual events which influenced the performance of STX Autostrady included mainly:

- completing the repayment of liabilities resulting from the arrangement proceedings;
- commencing the repayment of the liability towards the State Treasury resulting from providing a suretyship of borrowings to Huta Ostrowiec S.A. in bankruptcy;
- recovering and releasing provisions raised for receivables resulting from trade operations, the main items of which concerned Huta Kościuszko S.A. in Chorzów (PLN 4,858.0k), Przedsiębiorstwo Robót Inżynieryjnych S.A. Holding S.A. in Zabrze (PLN 2,804.9k) as well as Huta Ostrowiec S.A. in bankruptcy (PLN 3,661k).

Detailed information on the influence of the above-mentioned factors on the performance of STX Autostrady is presented in the section depicting the financial analysis of the Company (section 3).

## 5.12. Characteristics of external and internal factors significant for the development of the Company along with a description of the outlook concerning the development of business operations

Detailed information on the issue is presented in:

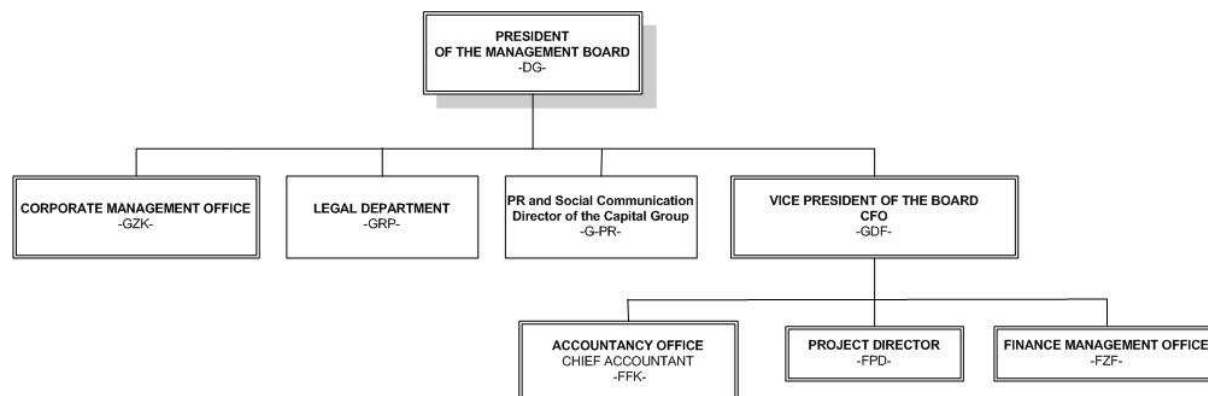
- section 3 (financial analysis of STX Autostrady);
- section 4 (analysis of the core area of the operations of the Company)
- section 6 (outlook concerning the development as well as a description of main risks and threats, characteristics of external and internal factors significant for the development of STX Autostrady).

## 5.13. Changes in basic principles of the management of the Company

In 2008, there were no significant changes in the principles underpinning the management of the Company and its Capital Group. Upon the sale of ZCP which took place on October 1<sup>st</sup> 2007, the organizational structure of

the Company was considerably simplified and the headcount was reduced – as at December 31<sup>st</sup> 2008, it amounted to 24 individuals (21  $\frac{3}{4}$  FTEs).

Figure 5 STX Autostrady organizational scheme as at December 31<sup>st</sup> 2008



Source: Company's materials

Along with the development of the STX Autostrady motorway business, its organizational structure may also evolve. Upon the sale of its steel part, the Company conducts motorway business via its subsidiaries.

#### 5.14. Information on the agreements concluded between the Company and the managing persons, envisaging compensation in the case of their resignation or removal from the post without an important cause or in the case their removal or dismissal is caused by a merger or acquisition

In 2008, the Company did not conclude with the managing persons any agreements envisaging compensation in the case of their resignation or dismissal from the post without an important cause or in the case their removal or dismissal is caused by a merger or acquisition. The employment agreements made with the Management Board have a clause under which the members of the management Board have a right to a 6-month severance pay in the case of their removal prior to the lapse of their term office.

#### 5.15. Remuneration for the STX Autostrady managing and supervising persons

The principles regarding remuneration of members of the Management Board, in line with the Statutes of STX Autostrady, are specified by the Supervisory Board. Total remuneration for 2008 regarding employment agreements concluded with the Company's managing persons i.e. members of the Management Board and proxies amounted to PLN 5,336,941. On the other hand, total remuneration for the persons managing the Company regarding their membership in the supervisory boards of subsidiaries stood in the same period at PLN 207,442. Moreover, the year 2008 comprises the reserve in the amount of PLN 457 thousand for the bonus for the Management Board.

Detailed information regarding remuneration for the persons managing the Company is presented in the table below.



**Table 10 Remuneration paid in 2008 to the persons managing the Company [data in PLN]**

Item	Name and surname	Position in the Company	Remuneration based on the employment agreement	STX Autostrady* bonuses and awards	Remuneration for membership in supervisory boards of subsidiaries	TOTAL
1.	Emil Wąsacz	President of the Management Board, General Director	862,233	1,223,000	81,128	2,166,361
2.	Mieczysław Skołożyński	Vice-President of the Management Board, Financial Director	728,587	919,000	126,314	1,773,901
3.	Urszula Dzierżoń (until 29.09.2007)	Member of the Management Board, Trade Director	x	1,260,000	x	1,260,000
4.	Małgorzata Michalunio-Kępyś	Proxy	197,621	146,500	x	344,121
<b>TOTAL</b>			<b>1,788,441</b>	<b>3,548,500</b>	<b>207,442</b>	<b>5,544,383</b>

\* STX Autostrady bonuses and awards paid in 2008 but concerning the settlement of tasks in 2006 and 2007

Source: own study

In accordance with the Statutes of STX Autostrady, the principles governing remuneration of the Company's Supervisory Board members are set forth by the GMS. It needs to be highlighted that some members resigned from remuneration for acting as members of the Supervisory Board.

In 2008, total remuneration paid to the members of the Company's Supervisory Board equaled PLN 101,265. Detailed information regarding remuneration for the members of the Company's Supervisory Board at that period is presented in the table below.

**Table 11 Remuneration paid in 2008 to the members of the Company's Supervisory Board [data in PLN]**

Item	Name and surname	Position in the STX Autostrady Supervisory Board	Remuneration
1.	Giuseppe Palma	Chairman	does not collect remuneration
2.	Bogusław Leśnodorski	Vice- Chairman (until 28.03.2008 )	7,323
3.	Aleksander Galos	Vice- Chairman (from 28.03.2008 )	22,589
4.	Jerzy Sroka	Secretary (until 28.03.2008 )	6,408
5.	Michelangelo Damasco	Secretary (from 28.03.2008 )	does not collect remuneration
6.	Dario V. Cipriani	Member	26,064
7.	Katarzyna Galus	Member (until 27.03.2008 )	6,299
8.	Christopher Melnyk	Member	does not collect remuneration
9.	Konrad Tchórzewski	Member (until 28.03.2008)	6,408
10.	Mateusz Van Wollen	Member (until 28.03.2008 )	6,408
11.	Tadeusz Władyka	Member (from 28.03.2008)	19,766
12.	Costantino Ivoi	Member (from 28.03.2008)	does not collect remuneration
<b>Total</b>			<b>101,265</b>

Source: own study

#### 5.16. Company's shares as well as stocks in the entities connected with the Company held by the STX Autostrady managing and supervising

The number along with the nominal value of STX Autostrady shares held by the Company's managing and supervising persons are specified based on the statements submitted by particular persons. The table below presents the data as at December 31<sup>st</sup> 2008 (and as on the day of preparing this Report).

**Table 12** Number and nominal value of STX Autostrady shares held by the Company's managing and supervising persons

Item	Name and surname	Number of shares [items]	Nominal value [in PLN]
1.	Emil Wąsacz	59,000	118,000
2.	Dario V.Cipriani	10	20

Source: own study based on the statements submitted by the Company's managing and supervising persons

The STX Autostrady managing and supervising persons do not hold any stocks or shares in the connected entities.

5.17. Information on the agreements known to the Company (also including those concluded after the balance sheet date), as a result of which changes may occur in the future in relations of the shares held by the existing shareholders and bondholders

The Company is not knowledgeable about any information on other concluded agreements as a result of which changes may occur in the proportion of shares held by the current shareholders.

5.18. Information on the control system regarding employee share schemes

STX Autostrady has no employee share schemes.

5.19. Date of concluding an agreement with the entity entitled to conduct financial statements and consolidated financial statement and its validity period as well as total remuneration for stand-alone and consolidated report in a given financial year

Examining the financial statement of the Company and the consolidated financial statement of the STX Autostrady Capital Group for 2008, in line with the discretions specified in the Company's Statutes, was entrusted by the Supervisory Board with KPMG Audyt Sp. z o.o. with its registered office in Warsaw (00-867) at ul. Chłodna 51. KPMG is entered into the list of entities entitled to draw up financial statements under no. 458.

KPMG prepared the stand-alone financial statements of the Company and the consolidated financial statements of the STX Autostrady Capital Group for the years 1994-2001 and for 2007. An agreement on conducting audits and reviews of financial statements as well as group reports for 2008 was signed with KPMG on July 7<sup>th</sup> 2008.

The total remuneration of KPMG for conducting works related with:

- reviewing stand-alone and consolidated semi-annual financial statements of STX Autostrady;
- auditing stand-alone and consolidated annual financial statements of the Company for 2008;

amounted to PLN 195,000 net + 10% of additional costs of the auditor. In the case of the review and audit concerning stand-alone and consolidated financial statements of STX Autostrady for 2007, the total KPMG remuneration stood at EUR 88,950.

5.20. Information on judicial proceedings pending in court, proper authority for the arbitration proceedings or the authority of the public administration

The Company is not a Party of any proceedings in common, arbitration court of law, and also the bodies of the public administration in matters, in which the value of the subject of the dispute exceeds the amount constituting at least 10% of the equity of the Company. It concerns both a single case and all the cases conducted by the Company and against the Company.

## 6. Perspectives for the development and the description of the main risks and hazards, the characterization of the external and internal factors crucial for the development of STX Autostrady

### 6.1. Perspective for the development

At present the Company focuses on winning and executing the infrastructure projects connected with the constructing, managing and exploiting the toll motorways. Considering the individual character of such ventures in Poland, STX Autostrady actively participates in all the tender proceeding connected with the new motorway projects. We also actively analyze the possibility of participating in foreign motorway tenders, particularly considering the neighboring countries.

The plan of the development of the infrastructure in Poland, described in detail in the preceding part of the Report, creates the potential market for the Company, and also for the entities belonging to the Capital Group. The organization of the 2012 UEFA Football European Championship favours the fulfilling of the ambitious plans of the Government of the Republic of Poland concerning the development of the existing infrastructure. On the other hand the planned development of the road network can be co-financed from the structural funds envisaged for that purpose in the European Union budget for the years 2007-2013. It should be stressed that the sector of the road infrastructure is the one strongly dependent on the State regulator.

Perspectives for the development of STX Autostrady are described in detail in the section of the Report concerning the analysis of the main market of the Company's activities and the sub-section describing the projects constituting the possible source of its income.

### 6.2. Description of the main risks and hazards as well as the characterization of the external and internal factors crucial for the development of STX Autostrady and modes of counteracting such risks.

The motorway business is characterized by two main group of risks, i.e. of economic character and of political character.

The main factor of **the economic risk** is, at present, the economic recession and the general decline in consumption, accompanied by the worsening investment climate in the bank sector, including the increasing risk of financing long-term infrastructure investments. The Company is able to minimize such risk only by cooperation with the financial institutions, which have deep knowledge about the specific range of the infrastructure projects as well as many years' experience in the cooperation at financing such projects executed by the strategic investor, i.e. the company ASPI. The prices of the building services and oligopolyzation of the market of the building services in Poland is the additional factor of risk. The Company has been trying to counteract these occurrences by the cooperation with other entities belonging to the capital group of ASPI, which specialize in the road construction.

The main factor of **the political risks** are the instability and the legal-institutional inefficiency of the environment regulating the infrastructure sector in Poland. The risk reflects in common postponing or annulling the tender proceedings, lengthy negotiation with the government party resulting often from the changes in the State policy towards the sector and the reorganization of the institutions responsible for the sector control. The Company has been doing its best to counteract the above risks by promoting good practices and the legal-institutional solutions applied in other countries as well as by active participation in social consultations over the new legislative solution concerning the sector.

The information concerning the financial instruments, their risks and aims and methods of financial risk management implemented by the Company were described in note 29 of STX Autostrady unconsolidated financial statements.

## 7. Statement of the Management Board of STX Autostrady on best practices implemented by the Company

### 7.1. Introduction

On 1.01.2008 the Good Practices of Companies listed on WSE ( thereinafter called DPSN) became effective, introduced under the resolution no 12/1170/2007 of the WSE Council dated 4.07.2007 on resolving “the Good Practices of Companies listed on WSE “.

Referring to the above and performing the duty resulting from §29 section 5 of the WSE by-laws and the resolution no 1013/2007 of the WSE Management Board dated 11.12.2007 on the range and the structure of the report on implementing the best practices by the stock exchange companies – the Management Board of Stalexport Autostrady S.A. publishes this statement on implementing by Company, the rules of best practices from the set “The Good Practices of Companies listed on WSE” in the period from 01.01.2008 to the date of publishing the annual report for 2008.

### 7.2. The set of the rules of best practices, the Company is subject to, and the place where the set is publicly available

The Management Board of Stalexport Autostrady S.A. declares that the set of the rules of best practices, which the Company is subject to, is publicly available on the following websites:

- Warsaw Stock Exchange ([www.gpw.gov.pl](http://www.gpw.gov.pl)),
- Polish Association of Stock Exchange Issuers ([www.seg.org.pl](http://www.seg.org.pl)).

### 7.3. Information on the range in which the Company renounces from the provisions of the set of the rules of best practices mentioned above, indicating these provisions and explanation of the reasons for this renouncement

In accordance with the resolution no 1014/2007 the Board of Stock Exchange dated 11.12.2007 on partial excluding the duty to publish the report regarding the rules of corporate governance binding on main market of WSE - the Management Board of Stalexport Autostrady S.A. does not refer to the rules included in part I of Good Practices of Companies listed on WSE (DPSN).

Referring to the other range of DPSN the Management Board of the Company declares that:

- in 2008 the Company did not broadcast the General Meetings over the Internet, did not record General Meetings and did not publish the recordings on the website;
- as from the next General Meeting the Company is going to publish the recording of the general meeting on its website;
- in accordance with the previous current report on implementing the rules of best practices in the Supervisory Board of the Company only one member of the Supervisory Board met the criteria of being independent from the Company and from the entities with significant connections with the Company. At present there are two members of the Supervisory Board meeting there criteria, i.e. Mr. T. Włudyka and Mr. A. Galos. The above resulted from the fact that over 56% of the shares of the Company is held by the strategic investor, i.e. Autostrade per 'Italia. In consequence of the above the composition of the Supervisory Board comprises in majority the representatives of the investor or the entities related to it;
- in the Audit Committee, established by the Supervisory Board, there was not, at least one independent member qualified in accounting and finance.

### 7.4. Description of the basic attributes of the systems of internal control and the risk management regarding the process of drawing up the financial reports, applied in the Company

The system of internal control and risk management in relation to drawing up the financial reports is being executed in the Company by the procedures of drawing up and approving the financial reports binding in the Company. The financial reports are drawn up by the financial –accounting staff under the control of the Chief

Accountant of the Company and next verified by the Financial Director, and its final contents is approved by the Management Board in its resolution.

The financial reports approved by the Management Board are verified by the independent auditor – chartered accountant, chosen by the Supervisory Board of the Company.

Next according to § 18 section 2 point 1) of the Company’s Statutes, the Supervisory Board – following the recommendation of its Audit Committee, each year estimates the audited financial reports of the Company and the Capital Group in the range of their conformability with books and documents as well as with the actual condition, and it informs the shareholders about the results of this estimation in its annual Report.

7.5. Shareholders holding directly or indirectly significant block of shares along with showing the number of shares held by these entities, their percent share in equity, number of votes resulting from them and their share in % in total number of votes at the general meeting of the Company

On the basis of a list of shareholders registered at the GMS on March 28<sup>th</sup> 2008 as well as reports submitted in accordance with the law by shareholders, according to the best knowledge of the Management Board as at December 31<sup>st</sup> 2008 and as on the day of drawing up this Report, the only shareholder with at least 5% in the total number of votes was ASPI holding 56,24 % of shares of STX Autostrady, i.e. 247.262.023 of shares. Detailed information regarding the number of Company’s shares held by this entity is included in the table below.

**Table 13 List of shareholders of STX Autostrady holding significant block of shares of the Company**

Name of the entity	Number of ordinary bearer shares [units]	Share in share capital [%]	Number of votes at GMS	Share in the total number of votes at the GMS
Autostrade per l’Italia S.p.A.	139,059,182	56.24 %	139,059,182	56.24 %
Other shareholders	108,202,841	43.76 %	108,202,841	43.76 %
<b>Total</b>	<b>247,262,023</b>	<b>100.00%</b>	<b>247,262,023</b>	<b>100.00%</b>

Source: own study

7.6. The holders of any shares which provide with the special control rights along with their description

No STX Autostrady shares provide shareholders with the special control rights towards the Company.

7.7. Information on all limitations regarding exercising the voting right, such as limitation of exercising voting right by the holders of specified part or number of votes, time limitations regarding exercising the voting rights or subscription, according to which, with the cooperation of the company, the capital rights related to the securities are separated from the ownership of the securities

The shares of STX Autostrady are not subject to any limitations as far as the exercising voting right attached to the shares is concerned.

7.8. Information on all limitations regarding transferring the ownership rights to issuer’s securities

The shares of STX Autostrady are not subject to any limitations regarding the transferring of the ownership rights.

7.9. Description of the principles of appointing and recalling of the managing persons and their rights, in particular the right to decide on the issuance or buy out of shares

Pursuant to §10 of the Statutes of STX Autostrady, the Management Board of the Company is composed of 1 to 3 persons. The President of the Management Board is appointed by the Supervisory Board, whilst other members of the Management Board are appointed by the Supervisory Board at the motion of the President of the Management Board.

The rights of the Management Board are defined in the Statutes of the Company and the Regulations of the Management Board drawn up upon it as well as the Code of commercial companies and other commonly binding law. The Statutes of the Company and the Regulations of the Management Board are the enclosures to this annual report (*enclosures no 1 and 2*) and moreover they are available on the corporate website of the Company.

7.10. Description of the principles of amending the statutes or the articles of partnership of the Company

The amendment of the Statutes of the Company is based on principles described in the provisions of the Code of commercial companies; the Statutes do not comprise other different provisions in this respect.

7.11. The way of activity of the general meeting and its essential rights and the description of the rights of the shareholders and the way of their exercising, in particular the principles resulting from the regulations of the general meeting, if such regulations was approved, providing the information in this respect, do not result directly from the law

The general meetings of shareholders of the Company are held under the rules of the Code of commercial companies, of the Statutes and the Regulations of the GMS and do not differ from the principles which are applied by other companies listed on WSE.

In particular, except for the shareholders, the members of the Management Board and the Supervisory Board of the Company, also the guests as well as the experts invited by the body convening the general meeting can attend the meeting.

The representative of the chartered accountant of the Company participates and gives explanations during the general meetings which agenda comprises the financial matters of the Company.

The general meetings are held in the seat of the Company, in Katowice, and the detailed rules of its course are defined in the Regulations of the General Meeting of Shareholders of STX Autostrady resolved on 27.11.2002. The currently binding text of the Regulations of GMS takes into account three amendments made in years 2004, 2005 and 2006, and it the *enclosure no 3* to the Report.

The Regulations determine in particular the rules of electing the Chairman of the General Meeting, the tasks of the Chairman of the General Meeting and his duties, the rules of electing the Scrutinizing Committee and its duties.

In the Company the Scrutinizing Committee is not appointed according to the decision of the General Meeting, because the voting is carried out via a computer system of casting and counting the votes, and the printed results of voting are signed by the Chairman of the General Meeting.

The votings at the general meetings are open and a secret voting is ordained at elections and over motions to call off the members of the Company's authorities or the liquidators, to call them to account, also in personal matters, as well as at the demand of at least one of the shareholders present or represented at the General Meeting.

The rights of the shareholders and the mode of their exercising

According to the art. 400 of the Code of commercial companies and the Company's Statutes the shareholders representing, at least 1/10 of the stock capital may request to convene an extraordinary general meeting and also to put some matters on the agenda of the nearest general meeting.

The Regulations of the GMS of STX Autostrady, mentioned above, in detail defines the range of the rights of the shareholders in connection with executing by him, his the most important right, i.e. participating in the General Meeting.

The shareholders who submit in the Company inscribed shares and temporary certificates, issued by the subject operating their securities account, according to the rules of the public trading of securities, in particular in the way and according to the date appointed in the announcement, have the right to participate in the General Meeting, and the right to participate covers the right to speak, to ask questions, to vote, to submit motions and to oppose.

In a result of opposing in relation to the resolutions of the General Meeting the shareholder has right to appeal against them in Court under course and on conditions determined in the Code of commercial companies.

The shareholder can participate in the General Meeting personally or by the representatives acting on the basis of the written proxy.

The shareholder has the active and the passive voting right while electing the Chairman of the General Meeting, the Scrutinizing Committee and while electing the Supervisory Board of the Company.

The shareholder participating in the General Meeting can speak in the issues covered by the agenda and being considered with reservation that while considering separate items of the agenda the shareholder has right to one 5-minutes speech and three minutes retort, and the Chairman of the General Meeting grants the right to speak according to the order of submitted applications by the individual shareholders.

Moreover the shareholder has the right to ask questions in every issue covered by agenda and to obtain the profound answers and explanations from the authorities of the Company.

The shareholder participating in the General Meeting has the right to submit suggestions of changes and supplements to the drafts of resolutions covered by the agenda of the General Meeting, till the discussion over a point of agenda covering the draft of the resolution is closed. The suggestions of the amendments and supplements with short justification should be submitted in writing, indicating the name and surname (firm) of the shareholder, to the Chairman of the General Meeting, and the amendments and supplements of the formal character may be submitted verbally.

In matters of formal character as for example an ordaining a break in the debates of the General Meeting - the shareholder is entitled to speak and submit the appropriate motion anytime but after grating him the right to speak by the Chairman.

In case of electing the members of the Supervisory Board of the Company, each shareholder has right to propose any number of candidates for the members of the Supervisory Board, and a candidature or the candidatures are proposed verbally to the minutes with a short justification.

According to the §24 of the Company's Charter the resolutions of the General Meeting of Shareholders require in particular:

1. the approval after considering the Management Board's report on the Company's activity and the financial statement for the previous turnover year,
2. the profit distribution or loss coverage;
3. granting the members of the Management Board and the members of the Supervisory Board approval from duties performed by them;
4. disposal and lease of the enterprise or its organized part and setting up a limited property right upon them;
5. the issue of convertible bonds or bonds with the priority right;
6. consideration and approval of the financial statement of the Capital Group of Stalexport Autostrady;
7. the amendment of the Company's Charter, including the subject of the Company's activity, increase or decrease in the stock capital and also the amortization of shares;
8. an essential change of the subject of the Company's activity;
9. dissolution and liquidation of the Company;

10. merging, dividing and transforming the Company;
11. appointing members of the Supervisory Board after establishing earlier the number of its members for a given term of office and recalling them;
12. determining the remuneration rules for the appointed members of the Supervisory Board.

7.12. **The composition and the changes in it which took place during the last turnover year as well as the description of the activity of the bodies managing, supervising or administering the Company and their committees;**

(i) Management Board.

Pursuant to §10 of the Statutes of STX Autostrady, the Management Board of the Company is composed of 1 to 3 individuals. The President of the Management Board is appointed by the Supervisory Board, whilst other members of the Management Board are appointed by the Supervisory Board at the motion of the President of the Management Board.

During the auditing period, the composition of the STX Autostrady Management Board did not change and was as follows:

- |               |            |  |
|---------------|------------|--|
| 1. Emil       | Wąsacz     | - President of the Management Board      |
| 2. Mieczysław | Skoczyński | - Vice-President of the Management Board |

The Management Board have been acting on the basis of the law, including the Code of commercial companies and the Statutes resolved by the GMS. Moreover acting in conformity with Statutes of the Company, the Management Board resolved its regulations defining the course of proceedings. The Regulations, according to the Charter of the Company, was approved by the Supervisory Board and it is the *enclosure no 2* to the Report, moreover it is available on the corporate website of the Company.

(ii) Supervisory Board

Pursuant to §24 of the Statutes of STX Autostrady, the Supervisory Board is composed of 6 to 9 members elected for the common term of office amounting to 3 years. The General Meeting of Shareholders appoints and recalls the members of the Supervisory Board previously specifying their number for a given term of office.

In accordance with a resolution no. 28 of the GMS dated June 28<sup>th</sup> 2007, from January 1<sup>st</sup> 2008 to March 28<sup>th</sup> 2008, the Supervisory Board of the Company was composed of 9 members. Since March 28<sup>th</sup> 2008, by force of a resolution no. 21, the GMS reduced the number of the STX Autostrady Supervisory Board members to 7 persons.

During the auditing period, the composition of the Supervisory Board of the Company changed. From January 1<sup>st</sup> 2008 to March 27<sup>th</sup> 2008, the Supervisory Board composed of 8 members<sup>1</sup>:

- |                |             |                 |
|----------------|-------------|-----------------|
| 1. Giuseppe    | Palma       | - Chairman      |
| 2. Bogusław    | Leśnodorski | - Vice-Chairman |
| 3. Jerzy       | Sroka       | - Secretary     |
| 4. Dario V.    | Cipriani    |                 |
| 5. Katarzyna   | Galus       |                 |
| 6. Christopher | Melnyk      |                 |
| 7. Konrad      | Tchórzewski |                 |
| 8. Mateusz     | Van Wollen  |                 |

On March 27<sup>th</sup> 2008, Katarzyna Galus resigned from being a member of the STX Autostrady Supervisory Board. On March 28<sup>th</sup> 2008, the GMS changed the composition of the Supervisory Board as it removed Bogusław Leśnodorski, Jerzy Sroka, Mateusz Van Wollen and Konrad Tchórzowski, and elected Michelangelo Damasco, Aleksander Galos, Costantino Ivoi and Tadeusz Włudyka to replace them. In effect, since March 28<sup>th</sup> 2008, the Supervisory Board composes of the following members:

<sup>1</sup> Due to a resignation of one of the members of the Board: Galliano Di Marco submitted his resignation on September 28<sup>th</sup>, 2007



- 
- |    |              |          |                 |
|----|--------------|----------|-----------------|
| 1. | Giuseppe     | Palma    | - Chairman      |
| 2. | Aleksander   | Galos    | - Vice-Chairman |
| 3. | Michelangelo | Damasco  | - Secretary     |
| 4. | Dario V.     | Cipriani |                 |
| 5. | Costantino   | Ivoi     |                 |
| 6. | Christopher  | Melnyk   |                 |
| 7. | Tadeusz      | Włudyka  |                 |

The Supervisory Board have been acting on the basis of law, including the Code of commercial companies and the statutes resolved by the GMS. Moreover acting in conformity with statutes of the Company, the Supervisory Board resolved its regulations defining the course of proceedings. The Regulations, according to the Statutes of the Company, was approved by the Supervisory Board and it is the *enclosure no 4* to the Report, moreover it is available on the corporate website of the Company.

(iii) Committees of the Supervisory Board

Under § 25 section 2 of the Regulations of the Supervisory Board of Stalexport Autostrady S.A., the Supervisory Board appointed the following committees:

- Audit Committee,
- Remuneration Committee.

Thus by the resolutions of the Supervisory Board of the Company dated 28.06.2007 (no 22/2007 and 23/2007) the following committees were appointed:

a) Audit Committee (to examine the financial reports ) in the composition:

- Jerzy Sroka – Chairman,
- Dario V. Cipriani,
- Mateusz Van Wollen,
- Christopher Melnyk.

b) Remuneration Committee in the composition:

- Giuseppe Palma – Chairman ,
- Galliano Di Marco,
- Katarzyna Galus,
- Bogusław Leśnodorski,
- Konrad Tchórzewski.

In connection with changes in the composition of the Supervisory Board the compositions of the committees were changed by the resolution of the Supervisory Board no 11 and 12 dated 28.03.2008. At present the Audit Committee has been acting in the following composition:

- Christopher Melnyk – Chairman;
- Dario V.Cipriani;
- Costantino Ivoi;

and the Remuneration Committee in the composition:

- Giuseppe Palma – Chairman;
- Aleksander Galos;
- Tadeusz Włudyka;
- Costantino Ivoi.

The above mentioned committees acting on the basis of the regulations approved by the Supervisory Board which are the enclosures to the Regulations of the Supervisory Board.

(iv) Proxies

Pursuant to art. 371 §4 of the Code of Commercial Companies, proxies are appointed by the Management Board. During the auditing period, the proxies did not change i.e. the only proxy of the Company has been and is Mrs. Małgorzata Michalunio-Kępyś.

## 8. Summary

Analyzing the current situation of the Company it should be stated that owing to winning the strategic investor and the disposal of the steel part, STX Autostrady has become the company acting only in motorway business, and the same it closed the forty four years of history of the activity in steel industry.

As consequence of those activities it also gained very sound financial basis, which not only provide meeting the arrangement and off-arrangement liabilities, but also create realistic possibilities for further development.

Vice-Chairman  
of the Management Board

Financial Director

.....

/Mieczysław Skołyżyński/

Chairman  
of the Management Board

General Director

.....

/Emil Wąsacz/

Katowice, March 12th, 2009

## 9. Statements

- 9.1. Statement of the Management Board setting forth that according to their best knowledge, the annual financial statements as well as the comparable data have been drawn up in line with the applicable accounting standards and they give true, fair and clear view of the Company's state of affairs and its financial result, as well as the Management Board's report on the Company's performance comprises a true picture of the Company's development and achievements and situation, including the description of basic risks

### Statement

We hereby state that according to our best knowledge, the annual financial statement of the Company for 2008 as well as comparable data have been drawn up in line with the applicable accounting standards and they give true, fair and clear view of the Company's state of affairs as well as the financial result of STX Autostrady.

At the same time we also declare that the annual report of the Management Board on the performance of STX Autostrady reflects a true picture of the Company's development, achievements and situation, including the description of basic risks and threats.

Vice-Chairman  
of the Management Board

Financial Director

.....

/Mieczysław Skołożyński/

Chairman  
of the Management Board

General Director

.....

/Emil Wąsacz/

Katowice, March 12th, 2009

- 9.2. Statement of the Management Board stating that the entity entitled to audit the annual financial statements, auditing the annual financial statement, has been selected in accordance with the provisions of law and that this entity as well as chartered auditors conducting the audit have met the conditions regarding issuing impartial and independent opinion on the audited annual financial statement, in line with the appropriate provisions of the national law and the professional standards.

### Statement

We hereby state that KPMG Audyt Sp. z o.o. with its registered office in Warsaw, entitled to audit the annual financial statements for 2008, auditing the annual financial statement for 2008, has been selected in accordance with the provisions of law i.e. pursuant to §18 section 3 item 8 of the Statutes of STX Autostrady.

At the same time we also declare that the above-mentioned entity and the chartered auditors conducting the audit have met the conditions regarding issuing impartial and independent opinion on the audited annual financial statement, in line with the appropriate provisions of the Polish law and the professional standards.

Vice-Chairman  
of the Management Board

Financial Director

.....

/Mieczysław Skołożyński/

Chairman  
of the Management Board

General Director

.....

/Emil Wąsacz/

Katowice, March 12th, 2009

## 10. Enclosures

Enclosure no 1 Statutes of STX Autostrady

Enclosure no 2 Regulations of the Management Board of STX Autostrady

Enclosure no 3 Regulations of GMS of STX Autostrady

Enclosure no 4 Regulations of the Supervisory Board of STX Autostrady

**Enclosure no 1**

Statutes

Stalexport Autostrady<sup>1</sup>  
Joint Stock Company

*/Uniform text/*

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<sup>1</sup> The change of the name of the Company from STALEXPORT S.A. to Stalexport Autostrady S.A. - the resolution no 2 of the EGSM of STALEXPORT SA dated 20.08.2007. (Registration - decision of the District Court in Katowice-East VIII Economic Department of the National Judicial Register dated 30.08.2007).

## I. GENERAL PROVISIONS

### § 1

1. The Company's firm is Stalexport Autostrady<sup>1</sup> Joint Stock Company.
2. The Company may use the abbreviation of the firm: Stalexport Autostrady S.A.

### § 2

The city of Katowice is the seat of the Company.

### § 3

The Company was founded as a result of transforming the state enterprise under the name: Foreign Trade Enterprise "Stalexport".

### § 4

The Company conducts its activity on the basis of this Statutes, the Code of commercial companies and other regulations in force.

## II. THE SUBJECT OF THE COMPANY ACTIVITY

### § 5

The subject of the Company activity:

- 27.32.Z Production of narrow and flat cold- rolled products
- 27.33.Z Production of moulded and cold folded goods
- 27.34.Z Wire production
- 28.11.A Production of building prefabricated from steel, excluding services
- 28.11.B Production of steel constructions excluding service activity
- 28.11.C Service activity as far as steel construction installation is concerned
- 28.12.Z Production of steel elements of building woodworking
- 28.40.Z Metal forging, pressing, drawing and rolling; powder metallurgy
- 28.51.Z Working of metals and metal coating
- 28.52.Z Mechanical working of steel parts
- 28.71.Z Production of metal containers
- 28.73.Z Production of wire goods
- 28.74.Z Production of joints, screws, chains and springs
- 28.75.B Other production of steel products
- 37.10.Z Management of steel waste and scrap
- 45.21.A Execution of general building works as far as connected with building erection
- 45.21.B Execution of general building works as far as bridges are concerned
- 45.22.Z Construction and roofing execution

45.23.A	Building rail and vehicles roads
45.25.B	Foundation works
45.25.C	Execution of building works as far as the erecting of steel construction is concerned
45.34.Z	Execution of other building systems
50.10.A	Wholesale trade of motor vehicles
51.12.Z	Agents activity dealing with sale of fuels, ores, metals and industrial chemicals
51.13.Z	Agents activity dealing with sale of wood and building materials
51.44.Z	Wholesale trade of steel, ceramics, porcelain and glass products of household use as well as wallpapers and cleaners
51.5	Wholesale trade of semi-finished products and waste of non-agriculture origin as well as scrap
51.51.Z	Wholesale trade of solid, gas and liquid fuels as well as derivatives
51.52.Z	Wholesale trade of metals and ores
51.53.A	Wholesale trade of wood
51.53.B	Wholesale trade of building materials and sanitary equipment
51.54.Z	Wholesale trade of steel products and additional equipment, hydraulic and heating equipment
51.55.Z	Wholesale trade of chemical products
51.56.Z	Wholesale trade of other semi-finished products
51.57.Z	Wholesale trade of scrap and waste
51.61.Z	Wholesale trade of machine tools
51.65.Z	Wholesale trade of other machines and facilities for industry, trade and water transport
51.70.A	Other wholesale trade - specialised
51.70.B	Other wholesale trade - not specialised
51.84.Z	Wholesale trade of computers, software
52.46.Z	Retail trade of metal products, glass and paints
52.63.Z	Other retail trade beyond the chain of shops
55.11.Z	Hotels and motels with restaurants
55.23.Z	Other places of transitory lodgings, not classified elsewhere
60.24.C	Trucks with a driver hiring
60.24.B	Road transport of goods on universal vehicles
63.11.C	Reloading of goods in other reloading points
63.12.C	Storage of goods in other stock-yard
63.21.Z	Other activity assisting land transport.
63.40.C	Activity of other transport agencies
65.21.Z	Financial leasing
65.22.Z	Other forms of granting credits
65.23.Z	Other financial intermediation, not classified elsewhere
67.13.Z	Auxiliary financial activity, not classified elsewhere
70.11.Z	Sale and purchase of the real estates on own account
70.12.Z	Sale and purchase of the real estates on own account
70.20.Z	Real estate hiring on own account
70.32.A	Management of habitable real estate
70.32.B	Management of non-habitable real estates
71.21.Z	Other means of land transport hiring
71.32.Z	Machines and building facilities hiring
71.34.Z	Other machines and facilities hiring
72.10.Z	IT equipment consultancy



72.20.Z	Software activity
72.22.Z	Other software activity
74.12.Z	Accounting activity
74.14.A	Consultancy regarding economic activity and management
74.14.B	Management of the economic activity
74.15.Z	Activity connected with holding management
74.20.A	Activity as regards to town planning, building and technological designing
74.30.Z	Research and technical analyses
74.40.Z	Advertising
74.50.A	A HR activity
74.84.B	Other commercial activity, not classified elsewhere

### III. STOCK CAPITAL

#### § 6

The stock capital of the Company amounts to 494,524,046 zloty (say: four hundred ninety four million five hundred twenty four thousand forty six zloty 00/100)

#### § 7

1. The stock capital of the Company is divided into 247,262,023 (two hundred forty seven million two hundred sixty two thousand twenty three) of ordinary bearer shares of a nominal value of 2.00 zloty (two zloty 00/100) each, including 8,341,030 (eight million three hundred forty one thousand thirty) shares of the A series with numbers from A 000,000,001 to A 008,341,030; 492,796 (four hundred ninety two thousand seven hundred ninety six) shares of the B series with numbers: from B 008,341,031 to B 008,833,826; 4,000,000 (four million) shares of the D series with numbers: from D 008,833,827 to D 012,833,826; 94,928,197 (ninety four million nine hundred twenty eight thousand one hundred ninety seven) shares of the E series with numbers: from E 12,833,827 to E 107,762,023; 50,000,000 (fifty million) shares of the F series with numbers: from F107,762,024 to F 157,762,023; and 89,500,000 shares of G series with numbers from G 157,762,024 to G 247,262,023.

2. All shares of the Company are bearer shares.

#### § 8

1. The shares may be written off with the consent of the shareholder by means of the acquisition by the Company on conditions determined in the Resolution of the General Meeting.

2. The Management Board of the Company is authorised in the period up to 12th May 2007 to increase, once or a few times, the stock capital by the amount of maximum zlotys 100,000,000 (one hundred million zlotys) being the target capital according to art. 444 of the Code of Commercial Companies, by issue up to 50,000,000 ordinary bearer shares, with nominal value of 2 zlotys (two zlotys) each share, with the reservation of the following conditions:

- 1) the shares can also be subscribed in exchange for non-cash contributions but with the Supervisory Board consent;
- 2) the subscribed shares cannot be preferential ones or give rights according to art. 354 the Commercial Companies Code;
- 3) the resolution of the Management Board regarding the determination of the issue price, requires the Supervisory Board consent.

2a. The Management Board of the Company, while passing resolutions regarding the increase in the Company's equity, within the target capital, is authorised – with the consent of the Supervisory Board - to deprive the right to acquire shares partly or in total.

#### **IV. THE COMPANY'S AUTHORITIES**

##### **§ 9**

The authorities of the Company are:

1. The Management Board of the Company,
2. The Supervisory Board,
3. The General Meeting.

#### **A. THE MANAGEMENT BOARD OF THE COMPANY**

##### **§ 10**

1. The Management Board consists of 1 to 3 persons.
2. The Supervisory Board appoints the President of the Management Board and the Supervisory Board appoints the other members of the Management Board upon the motion of the President of the Management Board.
3. The joint term of office of the members of the Management Board lasts three consecutive years and their mandates expire on the day of the General Meeting approving the financial report for the last full turnover year of performing the function of the member of the Management Board.
4. The joint term of office of the members of the Management Board performing the functions on 1st January 2001, i.e. on the day when the Code of commercial companies comes into effect runs from the beginning of the turnover year 2001.
5. The member of the Management Board can be recalled or suspended in his functions at any time by the Supervisory Board and also by the General Meeting.
6. A person who is a Polish citizen with a place of residence on the territory of the Republic of Poland can be appointed President of the Management Board.

##### **§ 11**

1. The Management Board conducts the matters of the Company and the right of the member of the Management Board to represent the Company concerns all judicial and extrajudicial actions of the company.
2. The Management Board is entitled, without the necessity of gaining the consent of the other organs, to acquire and sell real estates or a share in a real estate, perpetual usufruct or share in real estate of a value up to five million zloty.

3. The resolutions of the Management Board are passed with an absolute majority of votes and in case of an equal amount of votes, the vote of the President of the Management Board is decisive.
4. The resolutions of the Management Board are recorded and the minutes should include the agenda, the list of the present members of the Management Board, the list of votes cast in regard to the individual resolutions, distinct sentences and signatures of the present members of the Management Board.
5. The Management Board may pass its own regulations. The Management Board regulations are approved by the Supervisory Board.

#### § 12

When the Management Board is numerous, the following persons are entitled to submit declarations on behalf of the Company:

independently - the President of the Management Board

jointly - two members of the Management Board

or - the member of the Management Board with the proxy

#### § 13

The remuneration and other terms of employing the members of the Management Board are determined by the Supervisory Board which concludes suitable contracts with them and also represents the Company in possible disputes with the members of the Management Board

### **B. THE SUPERVISORY BOARD**

#### § 14

1. The Supervisory Board consists of 6 to 9 members chosen for a period of a joint term of office which lasts three years.
2. The General Meeting appoints and recalls members of the Supervisory Board determining their number for a given term of office earlier.
3. The Supervisory Board should comprise also the independent members, i.e. independent of any relations, which could have significant impact on the ability of an independent member to make impartial decisions.
4. Independency discussed in passage 3 should be understood as:
  - a) the lack of relations with the Company, i.e. the member of the Supervisory Board is not related with the Company or its subsidiary or associated companies by employment contract or any other civil law agreements resulting in its dependency,
  - b) lack of relations with shareholders possessing over 5% shares in equity capital, i.e. the member of the Supervisory Board:
    - is not related with the shareholder by the employment contract or by any civil law agreements resulting in its dependency;
    - does not serve on managing and supervising authorities of the entities which are the shareholders of the Company.
  - c) lack of relations with the members of the Company's Management Board. i.e. a member of the Supervisory Board is not the member of the closest family of any of the members of

the Company's Management Board.

#### § 15

1. The Supervisory Board on its first meeting elects in a secret voting the Chairman of the Supervisory Board, his deputy and its secretary and on the next meeting, in case there is such a need conducts supplementary elections.
2. The Chairman of the Supervisory Board or his deputy or a person indicated by the Chairman convenes the meetings of the Supervisory Board and presides at them. The Chairman of the Supervisory Board of the former term of office or a member of the Supervisory Board indicated by the Chairman convenes and opens the first meeting of the newly elected Supervisory Board and presides at it until choosing the Chairman of the Supervisory Board.
3. The Supervisory Board may recall the Chairman, his deputy or the Secretary of the Supervisory Board from the performed function in a secret voting.

#### § 16

1. The Supervisory Board convenes meetings at least once every three months.
2. The Chairman of the Supervisory Board or his deputy has the duty to convene the meeting of the Supervisory Board upon the request of the Management Board or a member of the Supervisory Board containing the proposed agenda within two weeks from the day of receiving the motion.

#### § 17

1. Taking into consideration the resolutions of section 2, the Supervisory Board passes resolutions with an absolute majority of votes, i.e. the number of votes exceeding half of the cast valid votes when at least half of the Supervisory Board's composition is represented.
2. The Supervisory Board passes its regulations which determine the mode of its proceedings in a detailed way.
3. The members of the Supervisory Board may take part in passing resolutions of the Supervisory Board, casting their vote in writing by hand of another member of the Supervisory Board with the exclusion of matters that are introduced to the agenda on the meeting of the Supervisory Board.
4. The members of the Supervisory Board may participate in passing resolutions casting their vote in a written course or by using means of direct remote communication under the condition of notifying all members of the Supervisory Board about the contents of the resolution draft.

#### § 18

1. The Supervisory Board permanently supervises the activity of the Company in all domains of its activity.
2. The Supervisory Board has, in particular, the following entitlements:
  - 1) to estimate the reports of the Management Board on the Company's activity and the financial report for the previous turnover year in the range of their conformity with the books and documents, as well as, with the real status,

- 2) to estimate the motions of the Management Board concerning the profit distribution or loss coverage,
  - 3) to submit to the General Meeting an annual report, in writing, on the results of the estimates mentioned in point 1 and 2.
3. The Supervisory Board is also entitled to:
- 1) to approve the regulations of the Management Board of the Company;
  - 2) to appoint and recall individual or all members of the Management Board (in a secret voting);
  - 3) to conclude contracts with the members of the management, including the establishment of the remuneration and other terms of performing the function of the member of the Management Board;
  - 4) to determine the remuneration for the member of the Supervisory Board delegated to a permanent individual supervision in case of entrusting this entitlement by the General Meeting;
  - 5) to suspend in functions- out of important reasons - individual or all members of the Management Board (in a secret voting);
  - 6) to delegate the members of the Supervisory Board to temporarily perform the functions of the members of the Management Board who are not able to perform their functions,
  - 7) to grant consent for reducing employment if it has a nature of the so called group dismissal according to the interpretation of proper regulations,
  - 8) to choose, upon the motion of the Management Board, an expert auditor in order to examine financial reports,
  - 9) to give consent to acquire and sell real estates, perpetual usufruct or a share in the real estate of a value exceeding five million zloty,
  - 10) to grant the Management Board the consent for acquiring and taking over shares or stocks in other companies the single value of which does not exceed 1 million PLN or 25 % in the capital of such company,
  - 11) to grant consent for setting up branch offices or representative offices abroad,
  - 12) to approve the investment plan for the Company and the Stalexport Autostrady SA Capital Group,
  - 13) to give an opinion on the resolutions presented by the Management Board on General Meetings,
  - 14) to give consent to grant guarantees or warranties and also to contract other off-balance sheet liabilities, the single value of which exceeds five million zloty,
  - 15) to give consent - on the motion of the Management Board - to issue the bonds other than convertible ones and with the priority rights.
  - 16) on the motion of the Management Board - to give a consent regarding the transfer of rights and duties resulting from licences and concession granted the Company by appropriate bodies of administration,
  - 17) on the motion of the Management Board - to give an opinion regarding the sale and leasing of the enterprises as well as tangible and intangible assets and making the right of perpetual usufruct on them,
  - 18) on the motion of the Management Board - to give a consent regarding the sale of shares in the subsidiary companies for which STALEXPORT AUTOSTRADY SA with the seat in Katowice, is the dominant company.

## § 19

1. The Supervisory Board carries out its duties collectively, it can, however, delegate its members to an independent performance of definite supervisory functions.

2. The members of the Supervisory Board perform their rights and duties personally.

### C. THE GENERAL MEETING

#### § 20

1. The Ordinary General Meeting takes place in a period of 6 months after the passage of each turn-over year.
2. The Extraordinary General Meeting may take place in any term when the organs or persons entitled to convene the general meetings acknowledge it as advisable maintaining the binding procedures,
3. The Management Board convenes the General Meeting.
4. The Supervisory Board has the right to convene an Ordinary General Meeting if the Management Board does not convene it in a time determined in section 1 and an Extraordinary General Meeting if the Management Board does not convene it within two weeks from the day of submitting the adequate request by the Supervisory Board.
5. The shareholder or shareholders representing at least 1/10 of the stock capital may request to convene an Extraordinary General Meeting.

#### § 21

1. The General Meeting may pass resolutions only in matters covered by the agenda, unless the entire stock capital is represented and no one from the present members submits an objection in regard to passing the resolution.
2. Motions of an orderly nature and the motion on convening the Extraordinary General Meeting may be voted and resolutions in this range passed, despite the fact that they have not been placed on the agenda,
3. Taking off of the agenda or abandonment of examining the question put on the agenda, on motion of the shareholders, requires passing a resolution of the general meeting, after approval given beforehand by all present shareholders, who notified such motion, supported by 75% votes of the general meeting.

#### § 22

The General Meetings are held at the seat of the Company.

#### § 23

1. The General Meeting of Shareholders is opened by the Chairman of the Supervisory Board or his deputy or another member of the Supervisory Board - and in case when the members of the Supervisory Board are absent - the President of the Management Board or a person indicated in writing by the Management Board and next the chairman is chosen from among the persons entitled to participate in the General Meeting.

2. The General Meeting may pass its own regulations, determining the course of conducting the meetings in a detailed way.

§ 24

1. The resolutions of the General Meeting of Shareholders require, in particular:
  - 1) the approval after considering the Management Board's report on the Company's activity and the financial report for the previous turnover year;
  - 2) the profit distribution or loss coverage;
  - 3) granting the members of the Management Board and the members of the Supervisory Board exoneration from duties performed by them;
  - 4) sale and lease of the enterprise or its organised part and setting up a limited property right upon them;
  - 5) the issue of convertible bonds or bonds with the priority right;
  - 6) consideration and approval of the financial statement of the Stalexport Autostrady Capital Group;
  - 7) the amendment of the Company's Statutes, including the subject of the Company's activity, increase or decrease of the stock capital and also the amortisation of shares;
  - 8) an essential change of the subject of the Company's activity;
  - 9) dissolution and liquidation of the Company;
  - 10) merging, dividing and transforming the Company;
  - 11) appointing members of the Supervisory Board after establishing earlier the number of its members for a given term of office and recalling them;
  - 12) determining the remuneration principles for the appointed members of the Supervisory Board.

§ 25

An essential change of the subject of the Company's enterprise may take place without the duty to redeem shares with the observance of the adequate provisions of law.

## V. THE COMPANY'S ECONOMY

§ 26

The calendar year is the turnover year of the Company.

§ 27

1. The reserve capital is formed in order to cover losses up to the value no smaller than 1/3 of the stock capital;
2. The Company may form other reserve capitals for covering particular losses or expenditures.

§ 28

1. The shareholders have the right to a share in the profit indicated in the financial report unless the General Meeting passes a resolution in this subject;

2. The General Meeting determines the day of the dividend and the date of its payment.

## VI. FINAL PROVISIONS

### § 29

1. The Company publishes its announcements in the Judicial and Economic Monitor.
2. Moreover, every announcement of the Company should be posted up at the seat of the Company in places that are accessible to all employees.

Katowice, 18.09.2007

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<sup>1</sup> The change of the name of the Company from STALEXPORT S.A. to Stalexport Autostrady S.A. - the resolution no 2 of the EGSM of STALEXPORT SA dated 20.08.2007. (Registration - decision of the District Court in Katowice-East VIII Economic Department of the National Judicial Register dated 30.08.2007).



**Enclosure no 2**

Regulations  
of the Management Board  
of Stalexport Autostrady<sup>1</sup>  
Joint Stock Company  
in Katowice

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<sup>1</sup> the change of the name of the Company from STALEXPORT S.A. to Stalexport Autostrady S.A. - the resolution no 2 of the EGSM of STALEXPORT SA dated 20.08.2007. (Registration - decision of the District Court in Katowice-East VIII Economic Department of the National Judicial Register dated 30.08.2007).

## **REGULATIONS<sup>2</sup> OF THE MANAGEMENT BOARD**

### § 1

The Regulations determines the organisation and activities of the Management Board of Stalexport Autostrady S.A.

### § 2

The Management Board conducts the matters of the Company and represents it, and all the matters which are not restricted for the statutory or legal competence of the Supervisory Board or the General Meeting of Shareholders, are within its competence.

### § 3

1. In case the Management Board is numerous - the Chairman - individually, two members of the Management Board jointly or a member of the Management Board together with a proxy - are entitled to submit declarations on behalf of the Company.
2. The Management Board may grant proxies.

### § 4

The Management Board conducts the matters of the Company collectively, and the resolutions of the Management Board form the judicial basis for carrying out the provisions of that acts of the internal law for all organizational units and the employees of the Company.

### § 5

1. Meetings of the Management Board are held once a month, if there is such a need. Meetings of the Management Board are convened by the Chairman or when he is absent, by the member of the Management Board, appointed by the Chairman - out of his own initiative or on a written motion of each of the members of the Management Board.
2. Meetings of the Management Board are also convened out of the initiative of the Supervisory Board or it Chairman.

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<sup>2</sup> These regulations were passed - on the basis of § 11 reg. 5 of Charter of STALEXPORT SA - by the Management Board of the Company on 13<sup>th</sup> March 2003 (resolution No. 32/2003) and approved by the Supervisory Board on 26.03.2003 r. (Resolution no 2/2003).

§ 10 the Management Board of the Company on 15<sup>th</sup> April 2004 (resolution No. 26/2004). The change was approved by the Supervisory Board on 26<sup>th</sup> April 2004 (resolution No. 3/2004).

3. A meeting convened on motion of the Supervisory Board or a member of the Management Board should be held without delay but not later than within 7 days from the date of submitting the motion.

§ 6

1. A notification about convening a meeting of the Management Board should be such forwarded so as each member of the Management Board was informed about it in an adequate time.
2. The agenda should be enclosed to the notification about the meeting of the Management Board.
3. Participation of members of the Management Board in the meetings is obligatory

§ 7

1. The Management Board passes the resolutions in all matters which, according to it are crucial and important in the activity which constitutes the subject of the Company's enterprise and for functioning of the Company.
2. In case the Management Board is numerous, and because of the longer absence of a member or members of the Management Board, it is not possible to pass a resolution – the present and holding an office the Management Board member, in case of need, will take decisions. Decisions become resolutions the moment, they are passed in a course provided for taking resolutions of the Management Board.
3. In case of justified absence of a member of the Management Board at the meeting, he may, in matters covered by the agenda, submit his standpoint in writing to the Management Board.

§ 8

1. In justified cases, a resolution may be passed in a circular course, without holding the meeting of the Management Board.
2. In the remaining matters the current decisions are taken by individual members of the Management Board, according to the competence resulting from the Regulations of the Company's Organisation with maintaining the rule of the appropriate representation in case of need to submit declarations on the behalf of the Company.

§ 9

1. To make resolutions of the Management Board valid, it is necessary to notify about the meeting all members of the Management Board.
2. The President of the Management Board or a member of the Management Board appointed by him, presides over the meetings of the Management Board.
3. Resolutions are passed by the absolute majority of votes, if there is an equal number of votes, the vote of the President of the Management Board is decisive.

§ 10

1. The members of the Management Board observe the Best Practices accepted by the Company, in particular:
  - will inform the Management Board if there is possibility of investing by them or concluding other profitable transaction connected with the subject of the Company activity,
  - will inform immediately the Supervisory Board about each conflict of interests which already occurred or is possible to occur, in connection with the function they perform.
2. In case of an inconsistency between the Company's business with a personal business of a member of the Management Board, his spouse, relatives and kinsmen, the member of the Management Board should restrain himself from taking part in deciding about such matters and he should demand that this be pointed out in the minutes.

§ 11

1. Other persons, invited by the President out of his own initiative or on motion of a member of the Management Board, may take part in the meetings of the Management Board.
2. A member of the Management Board has the right to object to the participation of persons from beyond the Management Board. The matter will be settled by the Management Board by means of adopting an adequate resolution.
3. All participants of the meeting are obliged to keep the meetings secret.

§ 12

Resolutions passed by the Management Board should contain the date and the number according to the order they are passed and a concise definition of their subject. Members of the Management Board, who pass the resolutions, sign them.

§ 13

1. The meetings of the Supervisory Board are entered on the minutes, signed by the members of the Management Board, present at the meeting as well as by the recorder.
2. Persons taking part in the meeting, the agenda, the subject of the passed resolutions, number of votes cast for particular resolutions and individual opinions and, in case a member of the Management Board is absent, the reasons of this absence should be enclosed in minutes.
3. The minutes are kept in the book of minutes of the Management Board meetings.

**Enclosure no 3**

Regulations  
of the General Meeting of Shareholders

of Stalexport Autostrady<sup>1</sup>  
Joint Stock Company  
in Katowice

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<sup>1</sup> the change of the name of the Company from STALEXPORT S.A. to Stalexport Autostrady S.A. - the resolution no 2 of the EGSM of STALEXPORT SA dated 20.08.2007. (Registration - decision of the District Court in Katowice-East VIII Economic Department of the National Judicial Register dated 30.08.2007).

**Regulations<sup>2/3/4/5</sup>**  
**of the General Meeting of Shareholders**  
**of Stalexport Autostrady S.A.**

§ 1

The General Meeting of Shareholders, hereinafter called General Meeting, is the highest organ of authority of Stalexport Autostrady S.A. Convening and preparing the General Meeting is done according to the rules determined in the Code of commercial companies and in the Statutes of Stalexport Autostrady S.A.

§ 2

1. The right to participate in the General Meeting have:
  1. the shareholders who submit in the Company inscribed shares and temporary certificates, issued by the subject running their securities account, according to the rules of the public trading of securities, in particular in the way and according to the date appointed in the announcement,
  2. the persons entitled on the basis of the inscribed shares and temporary certificates as well as lienors and the users, who have the right to vote if they are registered in share book at least a week before the date of the General Meeting,
  3. the owners of bearer shares, if the deposit certificates of shares are submitted in the Company at least a week before the date of the General Meeting and these certificates will be collected before closing it,
  4. the owners of bearer shares on the basis of the certificates issued as a proof of submitting shares at notary public, in a bank deposit or at broker's office indicated in the announcement, on condition that the numbers of the shares documents will be mentioned in the contents of the certificate and there will be stated that shares will not be collected before the end of the General Meeting.
2. The right of participation includes the right to make a speech, vote, filing motions and countering.
3. Members of the Management Board and the Supervisory Board, as well as guests invited by the organ convening the General Meeting participate in the General Meeting.
4. If the financial matters of the company are to be the subject of the debates at the Ordinary General Meeting as well as at the Extraordinary General Meeting, a representative of the expert auditor of the Company participates and gives suitable explanations.

§ 3

1. A list of shareholders authorized to participate in the General Meeting is made up and signed by the Management Board.
2. The list should include:

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<sup>2</sup> Passed by the Extraordinary General Meeting of Shareholders of STALEXPORT SA on 27.11.2002 (resolution no 6)

<sup>3</sup> Point 4 in § 23 was added by EGSM on 15.01.2004 (resolution no 9)

<sup>4</sup> Point 2 in § 11 was added by XII OGSM on 24.06.2005 (resolution no 23)

<sup>5</sup> Point 1 in § 6, point 2 in §10 and point 2 in §22 were changed by the EGSM on 20.10.2006 (resolution no 6)

- 1/ names and surnames (firm names) of shareholders or the name of the company authorized to participate,
  - 2/ place of their residence or company's seat,
  - 3/ number and type of shares and the number of votes they are entitled to.
3. The list should be displayed at the office of the Management Board of the Company for three working days immediately preceding the date fixed to hold the General Meeting.
  4. Each shareholder may review the list of shareholders at the office of the Management Board and demand the duplicate of the list with the return of the costs of its preparation.

## § 4

1. A shareholder has the right to participate in the General Meeting and has the right to vote personally or by a proxy. The power of attorney should be made - under pain of being invalid - in the written form and enclosed to the minutes from the General Meeting.
2. A person performing the duties of a member of the Management Board as well as an employee of the Company cannot be a proxy at the General Meeting.

## § 5

The General Meeting is opened by the Chairman of the Supervisory Board or by his deputy, in case that persons are absent – the President of the Management Board or a person pointed by the Management Board, then a chairman is chosen from amongst the persons entitled to participate in the General Meeting.

## § 6

1. Each shareholder has the right to run for the Chairman of the General Meeting as well as enter to the minutes candidatures for the post of the Chairman of the General Meeting.
2. The proposed candidate is entered on the list after inserting the statement to the minutes that he agrees to run for the post.
3. The Chairman of the General Meeting is chosen by means of voting for each candidate separately in the alphabetical order in secret vote.
4. The person, who opens the General Meeting supervises the correctness of voting and announces its results.
5. The person from among the proposed candidates who agreed to run for the post and achieved the highest number of validly cast votes becomes the Chairman of the General Meeting.

## § 7

1. The Chairman of the General Meeting directs the debate according to the agenda, law regulations and the provisions of these Regulations.
2. The duties of the Chairman of the General Meeting are particularly as follows:
  - 1/ taking good care of an efficient and proper course of the agenda and voting,
  - 2/ granting the right to speak,
  - 3/ supervising the factual course of debates,
  - 4/ issuing the adequate order regulations in the conference room,
  - 5/ ordaining a break in the debates,
  - 6/ ordaining voting and supervising its correct course and signing all documents containing the results of voting,
  - 7/ supervising the exhaustion of the agenda,

8/ settling doubts resulting from the regulations.

#### § 8

1. The Chairman of the General Meeting immediately after the election, signs the attendance list containing the record of shareholders participating in the General Meeting specifying the number of shares each of them has and the number of votes they are entitled to.
2. The Management Board appoints persons to make up the attendance list. The attendance list is made up on the basis of the shareholders list, referred to in § 3 of these regulations.
3. While making up the attendance list one should:
  - 1/ check whether the shareholder is entitled to participate in the General Meeting,
  - 2/ check the identity of the shareholder or his proxy on the basis of the identity card or another reliable document,
  - 3/ check the correctness of the power of attorney which should then be enclosed to the minutes of the General Meeting,
  - 4/ obtain the signature of the shareholder or his proxy on the attendance list,
  - 5/ give the shareholder or his proxy a suitable magnetic card for voting or another document that will be used for voting.
4. The Chairman of the meeting has to be addressed in case the entitlement to participate in the General Meeting is called off. The attendance list is displayed during the debates of the General Meeting all the time till it is closed. Persons who make up the attendance list are obliged to introduce, without delay, changes of the persons constituting the General Meeting and at the same time indicate the moment they occurred.
5. At the motion of the shareholders, owing 1/10 of the equity represented at that General Meeting, the attendance list should be made up by the committee chosen for that purpose, including at least three persons, and the applicants have right to choose one member of the committee.

#### § 9

After electing and signing the attendance list, the Chairman of the General Meeting ascertains that the Meeting has been convened in a proper way and confirms its ability to pass resolutions, presents the agenda and ordains the election of the Scrutinizing Committee. When necessary, the Chairman of the General Meeting may appoint a person to perform the function of the Secretary of the Meeting who will help him.

#### § 10

1. The Scrutinizing Committee consisting of 3 to 5 members is chosen by the General Meeting by means of the absolute majority of votes cast in secret vote.
2. Each shareholder has the right to enter any number of candidates proposal to the minutes. The voting is carried out for each candidate separately in the alphabetical order. The indicated persons should give their consent to run in the elections. Those candidates who consecutively received the highest number of votes are considered chosen.
3. The Committee chooses the Chairman and the Secretary from among themselves.
4. The duty of the Committee is to supervise the correct course of voting and the computer service of voting, checking and estimating the results of voting and submitting them to the Chairman of the General Meeting and performing other duties connected with the voting procedure.



5. In case of noting an irregularity in the course of voting, the Committee is obliged to immediately inform the Chairman of the General Meeting and at the same time file motions as to the further procedure.
6. Documents containing the results of each voting are signed by all members of the Committee and the Chairman of the General Meeting.
7. The General Meeting may appoint other committees to perform indicated or commissioned functions in the same course as electing the Scrutinizing Committee.
8. Minutes are taken from the functions of the Committee. After being signed by the Chairman and the Secretary they are submitted to the Chairman of the General Meeting.

#### § 10 a

In case the voting is carried out via the computer system of casting and counting the votes, the Shareholders General Meeting may pass a resolution on not appointing the Scrutinizing Committee. In such case the print of the voting is signed by the Chairman of the General Meeting of Shareholders.

#### § 11

1. The General Meeting may pass a resolution to cross out matters from the agenda, as well as to change the order of matters covered by the agenda.
2. Resolutions cannot be passed in subjects not covered by the agenda, unless the whole share capital is represented at the General Meeting and nobody from the present opposes passing the resolution.
3. Taking off of the agenda or abandonment of examining the question put on the agenda, on motion of the shareholders, requires passing a resolution of the general meeting, after approval given beforehand by all present shareholders, who notified such motion, supported by at least 75% votes of the general meeting.

#### § 12

1. After presenting each consecutive matter included on the agenda, the Chairman of the General Meeting opens the debate, granting the right to speak according to the order of submitted applications.
2. The Chairman of the General Meeting may grant the right to speak to all members of the Management Board and the Supervisory Board beyond the order.
3. The Chairman of the General Meeting may ordain to register applications for the discussion in writing, indicating the name and the surname.
4. In case there are too many applications for discussion over a definite point of the agenda, the Chairman of the General Meeting may submit a motion for voting whether to close the discussion over this point of debate or shorten the time of their speeches.

#### § 13

1. One has the right to speak only in matters covered by the approved agenda and being currently considered
2. While considering each point of agenda, each shareholder has the right to a one 5-minute speech and a 3-minute-retort.

3. The Chairman of the General Meeting has the right to rebuke the speaker, who strays from the point of discussion or exceeds the time limit determined in point 2. The Chairman may deprive of speech those speakers who do not comply with the remarks.

#### § 14

1. Each shareholder has the right to ask questions in every matter covered by the agenda.
2. Members of the Company's authorities - each within his competences - are obliged to give profound answers and explanations to all questions asked.

#### § 15

1. Each shareholder has the right to submit suggestions of changes and supplements to projects of resolutions covered by the agenda of the debates of the General Meeting - till the discussion over a point of agenda covering the project of the resolution is closed.
2. These suggestions with a short justification should be submitted in writing - separately for each project of the resolution - indicating the name and surname (firm) of the shareholder, to the Chairman of the General Meeting personally. The suggestions of the amendments and supplements of the formal and language character may be submitted verbally with a short justification.

#### § 16

The Chairman of the General Meeting has the right to allow experts to speak, in particular the representatives of the expert auditor.

#### § 17

1. In formal matters the Chairman allows to speak beyond the order. A motion in a formal matter may be submitted by each shareholder.
2. The motions referring to the course of debating and voting are regarded to be motions in formal matters and in particular referring to:
  - 1) limitation, postponement or closing the discussion
  - 2) closing the list of speakers,
  - 3) limitation of the time of speeches,
  - 4) the way of conducting debates,
  - 5) ordaining a break in debates
  - 6) the order of passing motions
3. A discussion over formal motions should be opened immediately after they are submitted.
4. In a discussion over motions in formal matters only two speakers can rise to speak one for and one against the submitted motion, unless the General Meeting decides otherwise.
5. Immediately after the discussion, the Chairman of the General Meeting submits a motion in a formal matter for voting which is passed by the absolute majority of cast votes.

#### § 18

1. The General Meeting is valid no matter how many shares are represented at this Meeting except cases determined in the Code of commercial companies.
2. The absolute majority of votes is necessary for the validity of the resolutions, except the

cases determined in the Code of commercial companies and the Company's Statutes.

#### § 19

A shareholder can vote neither personally nor by a proxy or as well as a proxy of another person over the resolutions concerning:

- 1) his responsibility before the Company whatever the claim is, including granting the discharge,
- 2) discharging from the liabilities towards the Company.
- 3) disputes between him and the Company.

#### § 20

1. The votings have the form of open ballots.
2. A secret vote is ordained at elections and over motions to call off the members of the Company's authorities or liquidators, to call the members of the Company's authorities account, also in personal matters, as well as at the demand of even one of the present shareholders or represented at the General Meeting.

#### § 21

1. After closing the discussion over each point of the agenda, before starting to vote, the Chairman announces which motions were submitted and determines the order of voting. Voting over motions is carried out according to the order they are submitted.
2. The voting is carried out via a computer system of casting and counting voices, ensuring that casting votes at the amount corresponds to the number of owned shares as well as eliminating - in case of secret vote - the possibility of identifying the way of casting votes by individual shareholders, or in another way accepted by the organ convening the General Meeting or passed by the General Meeting.

#### § 22

1. Before starting the election to the Supervisory Board, the General Meeting on motion of the Chairman of the General Meeting determines the number of members of the Supervisory Board each time according to the Statutes of the Company.
2. Each shareholder has the right to propose any number of candidates for a member of the Supervisory Board. Each candidate is proposed orally to the minutes with a brief motivation.
3. The proposed candidate is registered on the list after he enters to the minutes a declaration orally or in writing, that he agrees to candidate.
4. The Chairman of the General Meeting makes the list of proposed candidates for members of the Supervisory Board in an alphabetical order. When the list is made public it is regarded as closed.

#### § 23

1. Elections to the Supervisory Board are carried out by secret vote for each candidate separately in an alphabetical order.
2. Those candidates are regarded to be chosen for members of the Supervisory Board who consecutively achieved the highest amount of votes and achieved the absolute majority of votes.
3. In case the candidates qualified to enter the Supervisory Board achieved an equal number of votes, the Chairman ordains complementary voting. This person is regarded to be chosen who achieved the highest amount of votes.

4. In case of choosing the members of the Supervisory Board - on the formally justified motion of the shareholders – by voting by groups, it takes place on the basis of the separate attendance list, in separate place, enabling the choice of the chairman of the meeting of the given group, as well as having a discussion and carrying out the election.

§ 24

When the course of the agenda is completed, the Chairman of the General Meeting announces the closure of the General Meeting.

§ 25

1. Resolutions of the General Meeting are entered on the minutes by a notary public under pain of being invalid.
2. The minutes are taken according to the contents of adequate regulations of the Code of commercial companies.
3. The Management Board of the Company enters the duplicate of the minutes into the Minute-Book.
4. Shareholders have the right to review the Minute-Book, as well as to demand an issue of copies of resolutions certified by the Management Board.
5. Detailed minutes from the agenda are taken by the Secretary of the General Meeting provided he will be appointed by the Chairman of the General Meeting.

§ 26

Resolutions of the General Meeting may be appealed to the Court in the course and on conditions determined in art. 422 and subsequent ones of the Commercial companies code.

§ 27

Regulations of the Commercial companies code and the Statutes of the Company are applied in cases not settled by these Regulations.

§ 28

The Regulations as well as the amendments take effect beginning from the next General Meeting after the meeting at which the Regulations was passed or its amendments.

**Enclosure no 4**

Regulations of the Supervisory Board

of Stalexport Autostrady<sup>1</sup>  
Joint Stock Company  
in Katowice

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<sup>1</sup> the change of the name of the Company from STALEXPORT S.A. to Stalexport Autostrady S.A. - the resolution no 2 of the EGSM of STALEXPORT SA dated 20.08.2007. (Registration - decision of the District Court in Katowice-East VIII Economic Department of the National Judicial Register dated 30.08.2007).

## **Regulations<sup>2/3/4/5</sup> of the Supervisory Board**

### **I. GENERAL PROVISIONS**

#### **§ 1**

The Supervisory Board acts on the basis determines, on the basis of the Company's Statutes, the resolutions of the General Meeting of Shareholders as well as on the law regulations in force, especially the Code of commercial companies.

#### **§ 2**

The Supervisory Board permanently supervises the activity of the Company in all branches of its enterprise, and the detailed competences are determined in § 18 of the Company's Statutes.

#### **§ 3**

The Supervisory Board performs its tasks and duties at the meetings as well as, as determined in § 17 point 4 and 5 of the Company's Statutes, also by supervising and examining activities in all branches of the Company's activity.

### **II. COMPOSITION AND ELECTION OF THE SUPERVISORY BOARD**

#### **§ 4**

The Supervisory Board is composed of 6 - 9 members chosen in the way determined in the Company's Statutes, and performs its rights and duties personally.

#### **§ 5**

1. The joint term of the Supervisory Board lasts 3 years, simultaneously both the whole Board and each of its members may be dismissed by the General Meeting of Shareholders at any time.
2. The mandates of the members of the Supervisory Board expire:
  - a) with the lapse of the term i.e. with a date of the General Meeting of Shareholders confirming the financial statement of the Company for the last turnover year of performing their duties,
  - b) in case of resigning from the function,
  - c) in case of dismissal by the General Meeting of Shareholders with a passing of the appropriate resolution,
  - d) in case of death of the Board member.

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<sup>2</sup> Passed by the Supervisory Board on 07.08.2002 (resolution no 14/2002)

<sup>3</sup> Amended by the Supervisory Board on 07.06.2004 (resolution no 9/2004, amendments concern par. 5 passage 2 point 2b and par. 9 passage 1)

<sup>4</sup> Amended by the Supervisory Board on 06.07.2005 (resolution no 10/2005), amendments concern par 21 (reading of the first line was changed as well as point 12) and par. 25 ( point 2 was added)

<sup>5</sup> Amended by the Supervisory Board on 02.03.2007 (resolution no 9/2007) the change concerns § 25 point 2 (second sentence was added in point 2 – introducing the Regulations of Remuneration and Audit Committees).

§ 6

If the composition of the Supervisory Board is diminished during the term, the Chairman of the Board submits a motion to supplement the composition at the nearest General Meeting.

§ 7

On the first meeting of a new term of office, the Supervisory Board chooses from themselves, in secret voting, the Chairman, the Vice Chairman and the Secretary; on the subsequent meeting, in case of need, the complementary elections are held.

**III. CONVENING THE MEETINGS AND CONDUCTING THE AGENDA**

§ 8

1. The meetings of the Supervisory Board are held if there is such a need, but not less frequently than once a quarter.
2. It is the duty of the Chairman of the Supervisory Board or his deputy to convene the meeting of the Supervisory Board at the demand of the Management Board or the member of the Supervisory Board, including the proposed agenda within two weeks after submitting the motion.

§ 9

1. The notification of the Supervisory Board meeting together with the agenda should be sent at least 7 days before the planned date of the meeting, by means of registered mail or fax or by e-mail. The notification is effective if it is confirmed. In justified cases the Chairman of the Supervisory Board may shorten the above date.
2. The member of the Supervisory Board, not able to participate in the meeting, notifies the Chairman of the Supervisory Board by means of mail, phone, fax or e-mail of the cause of his absence, sent to the address of the Company's Office in Warsaw.
3. The Management Board is responsible for the distribution of the materials and their protection.

§ 10

1. The agenda of the meeting is determined by the person who convenes it, or by his authorisation, by the Board Secretary, including the motions to convene the meeting submitted according to § 8.2. of the Regulations.
2. The resolutions may be passed only in matters covered by the agenda, unless all members of the Board are present at the meeting and agree to supplement the agenda and to vote on the matter not included earlier in agenda.

§ 11

1. The Chairman of the Supervisory Board directs the works of the Board, convenes the Board's meetings and presides over the convention. In case the Chairman is absent his duty is performed by his deputy.
2. The Chairman of the Supervisory Board of the previous term of office convenes and opens the first meeting of a newly chosen Board and he presides over it until the Chairman of the Supervisory Board of a new term office is chosen.

## § 12

1. The Supervisory Board passes the resolutions by the absolute majority, i.e. the number of votes which exceeds half of the validly cast votes of at least half present composition of the Supervisory Board which was properly notified.
2. The members of the Supervisory Board may participate in passing resolutions by the Board, casting their votes in writing or through the other member of the Supervisory Board excluding the matters put on agenda at the meeting of the Board.
3. The voting is open. The secret voting is applied during elections and on motions to dismiss a member of the Management Board or the whole Management Board, to prosecute them, as well as in personal matter. Besides, the Board may resolve a secret voting in every matter by simple majority of votes of the members present at the meeting.

## § 13

1. The members of the Supervisory Board may participate in passing resolutions by the Board, casting their votes in writing or by means of direct distant communication provided that all members of the Board are notified of a resolution draft (circular course).
2. The circular course cannot be applied in passing resolutions in cases determined in § 21 points 2, 3, 5, 6, 7, 8 and 10.

## § 14

1. On the meetings despite resolutions the Supervisory Board also passes provisions such as: the opinions and motions for the General Meeting as well as the recommendations after the supervision actions for the Management Board.
2. While passing provisions the same rules are applied as while passing resolutions.

## § 15

The meetings of the Supervisory Board are entered on the minutes. The minutes should record the date and the agenda of the meeting, names and surnames of the Board members present at the meeting as well as the persons invited; the statement that the Board has capacity to pass resolutions and that all members has been notified of the meeting; the numbers of votes cast during voting on individual provisions together with their tenors and dissenting judgement.

## § 16

The minutes from the meeting are signed by all members of the Supervisory Board present at the meeting. Signing may take place at the subsequent meeting of the Board. The refusal to sign should be justified in writing.

## § 17

1. The Supervisory Board is obliged to keep the minute-book.
2. The Supervisory Board keeps the separate resolutions-book which includes only the resolutions passed by the Board. The resolutions are signed by the Chairman of the Board or by his Deputy and the Secretary (if need be - the member of the Board drawing up the minutes).
3. The Secretary of the Supervisory Board is responsible for drawing up the minutes, keeping the minutes-book and the resolutions book.



§ 18

1. The President of the Management Board of the Company is invited to the Supervisory Board meetings and may participate in them.
2. The Chairman of the Supervisory Board may also invite other persons to the meeting of the Supervisory Board.
3. The Chairman of the Management Board may submit a motion to invite other members of the Management Board, proxies or attorneys at the individual points of the agenda. The decision in this matter is made by the Chairman of the Board or his deputy.

**IV. TASKS AND THE RANGE OF THE SUPERVISORY BOARD ACTIVITY**

§ 19

The Supervisory Board permanently supervises the activity of the Company in all branches of its enterprise and also performs the advisory actions for the Company's management.

§ 20

The Supervisory Board gives opinions on the resolution drafts submitted by the Management Board at the General Meeting of Shareholders.

§ 21

The duties and other competences of the Supervisory Board, in particular, are as follows:

- 1) to approve the regulations of the Management Board of the Company;
- 2) to appoint and recall individual or all members of the Management Board (in a secret voting);
- 3) to conclude the agreements with the members of the Management Board, including the remuneration and other conditions to perform the duties of a member of the Management Board,
- 4) to determine the remuneration for the member of the Supervisory Board delegated to a permanent individual supervision in case of entrusting this entitlement by the General Meeting;
- 5) to suspend in functions- out of important reasons - individual or all members of the Management Board (in a secret voting);
- 6) to delegate the members of the Supervisory Board to temporarily perform the functions of the members of the Management Board who are not able to perform their functions,
- 7) to evaluate the reports of the Management Board from the Company's activity and the financial report for the previous turnover year in the range of their conformity with the books and documents, as well as, with the actual state,
- 8) to assess motions of the Management Board concerning the profit distribution or loss coverage,
- 9) to submit an annual written report to the General Meeting from the results of the evaluations mentioned in point 7 and point 8,
- 10) to grant consent for reducing employment if it has a nature of the so called group dismissal according to the interpretation of proper regulations,
- 11) to choose, upon the motion of the Management Board, an expert auditor in order to examine financial reports,
- 12) to give consent to acquire and sell real estate, perpetual usufruct or a share in the real estate of a value exceeding five million zloty,

- 13) to grant the Management Board the consent for acquiring and taking over shares or stocks in other companies the single value of which exceed 1 million zloty or 25 % in the capital of such company,
- 14) to grant consent for setting up branch offices or representative offices abroad,
- 15) to approve the investment plan for the Company and the Stalexport Autostrady Capital Group,
- 16) to give an opinion on the resolutions presented by the Management Board on General Meetings,
- 17) to give consent to grant guarantees or warranties and also to contract other off-balance sheet liabilities, the single value of which exceeds five million zloty,
- 18) to give consent - on the motion of the Management Board - to issue the bonds other than convertible ones and with the priority rights.

§ 22

The Supervisory Board is entitled – through the Management Board which is obliged to conclude suitable agreements - to demand to perform for its needs, at the Company's expense, the expert's reports, analysis and other documents necessary to perform its statutory purposes.

§ 23

The members of the Supervisory Board has right to participate in the Management Board meetings.

§ 24

The Chairman of the Board is entitled – performing the resolutions of the Board – to demand that the meeting of the Management Board of the Company should be convened and particular problems be put on the agenda.

§ 25

1. The Supervisory Board or delegated, individual members of the Board have the right to supervise the full range of the Company's activity, and in particular:
  - a) to exam all documents of the Company,
  - b) to demand the reports and explanations from the Management Board and the employees,
  - c) to verify the assets of the Company.
2. The Supervisory Board appoints out its body an Audit Committee, to examine the financial reports, as well as the Remuneration Committee of the Management Board members. The committees submit the annual reports on their activity to the Supervisory Board. The Regulations of the Committees are the enclosures no 1 and no 2 to this Regulations.

§ 26

The information undertaken by the members of the Supervisory Board in connection with the performance of their duties, is an official secret.

§ 27

1. The Supervisory Board may delegate its members to perform individual particular supervision.

2. The members of the Board delegated to perform supervision mentioned above, receive separate remuneration in the amount determined every time by the General Meeting, at the motion of the Board.

§ 28

The Supervisory Board is entitled to convene the Extraordinary General Meeting if the Management Board does not do so within the time period defined in the Charter as well as the Extraordinary General Meeting insofar as it is deemed necessary, and the management board does not convene such Ordinary General Meeting within two weeks of an appropriate request being submitted by the Supervisory Board.

§ 29

The members of the Supervisory Board receive the remuneration in the amount and on principles resolved by the General Meeting.

§ 30

1. The costs of the Supervisory Board activity are covered by the Company.
2. The Supervisory Board uses the office rooms, devices and materials of the Company.
3. The administrative and technical service is provided by the Company.

§ 31

The regulations become effective from the date they are passed.

The Secretary  
of the Supervisory Board  
/-/Jerzy Sroka

The Chairman  
of the Supervisory Board  
/-/Galliano Di Marco

*Enclosure no 1  
to the Regulations of the Supervisory Board  
Stalexport Autostrady S.A. in Katowice*

## **Regulations<sup>6</sup> of the Remuneration Committee of the Supervisory Board of Stalexport Autostrady S.A.**

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### **1. General provisions**

The Remuneration Committee (thereafter called Committee) is an advisory body, subject to the Supervisory Board.

### **2. Composition of the Committee**

- 1) The Committee is appointed by the Supervisory Board and composed of the Supervisory Board members.
- 2) The Supervisory Board appoints the Chairman of the Committee (thereafter called „the Chairman”)
- 3) The Chairman directs the work of the Committee.

### **3. Rules of activity**

- 1) The meetings of the Remuneration Committee are held at its discretion.
- 2) The Chairman of the Committee may invite to the meetings of the Committee the members of the Supervisory Board or of the Management Board, the employees of the Company or other persons.
- 3) The Committee takes decisions by the simple majority. In case of equal number of votes, the conclusive vote belongs to the Chairman.
- 4) The members of the Committee may participate in the meetings of the Committee and vote personally, or by means of direct distant communication.
- 5) The meetings of the Remuneration Committee are convened by the Chairman. The information on the meeting must be delivered to the members of the Committee, at least 5 days before the meeting, and if there is a need, not later than one day before the meeting.
- 6) The Chairman may appoint the secretary of the Committee, the task of which will be, in particular, preparing the agenda, arranging the distributions of the documents and drawing up the minutes of the meetings of the Committee.

### **4. The tasks of the Committee**

The task of the Committee is present to the Supervisory Board the recommendation of the principles and the remuneration amount of the Management Board members.

The detailed tasks of the Committee cover:

- 1) determining the terms of employment and remuneration of the members of the Management Board,

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<sup>6</sup> *Approved by the resolution no 9/2007 dated 02.03.2007 in regard to the changes in the Regulations of the Supervisory Board of STALEXPORT S.A.*

- 2) annual presenting to the Supervisory Board of the proposals of bonus tasks for the members of the Management Board as well as the criteria of assessment of their execution,
- 3) presenting to the Supervisory Board the recommendations concerning the amount of the bonus for the members of the Management Board,
- 4) drawing up an annual report on the activity of the Committee for the Supervisory Board.

## **5. Powers of the Committee**

The Committee is entitled to:

- 1) examining any activity of the Company, essential from the viewpoint of the tasks of the Committee,
- 1) obtaining from the Management Board any information, experts' reports, reports and explanations, essential for the activity of the Committee.

**Enclosure no 2**  
*to the Regulations of the Supervisory Board  
Stalexport Autostrady S.A. in Katowice*

**Regulations<sup>7</sup>  
of the Audit Committee of the Supervisory Board  
of Stalexport Autostrady S.A.**

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**1. General provisions**

The Audit Committee of the Supervisory Board of Stalexport Autostrady S.A. (thereafter called Committee) is the advisory body, acting within the Supervisory Board.

**2. Composition of the Committee**

- 1) The Committee is appointed by the Supervisory Board from the midst of its members.
- 2) The Supervisory Board appoints the Chairman of the Committee.
- 3) The Chairman directs the work of the Committee.

**3. Activity**

- 1) The meetings of the Committee should be held at least once a quarter before publishing the financial reports by the Company.
- 2) The Chairman of the Committee may invite the Supervisory Board or the Management Board members, the employees of the Company, an expert auditors of the Company and other persons to the meetings.
- 3) The decisions of the Committee are taken by simple majority. In case of voting in which the equal number of votes against and for was cast, the conclusive vote belongs to the Chairman.
- 4) The members of the Committee may participate in the meetings of the Committee and vote on taking the decision personally or by means of direct distant communication.
- 5) The meetings of the Committee are convened by the Chairman. The information on convening the meeting should be delivered to the members of the Committee not later than five days before the meeting, and in case of need, not later than one day before the meeting.
- 6) The Chairman may appoint the secretary of the Committee, the task of which will be, in particular, preparing the agenda, arranging the distributions of the documents and drawing up the minutes of the meetings of the Committee.

**3. The tasks of the Committee**

The task of the Committee is advising the Supervisory Board in issues connected with assessing the financial reporting of the Company, resulting from the Commercial companies code, as well as the cooperation with expert auditors of the Company in this respect.

The detailed tasks of the Committee cover:

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<sup>7</sup> Approved by the resolution no 9/2007 dated 02.03.2007 in regard to the changes in the Regulations of the Supervisory Board of STALEXPORT S.A.

- 1) presenting to the Supervisory Board the recommendations in regard to appointment and remuneration of the expert auditors,
- 2) reviewing the periodic and annual financial reports of the Company ( individual and consolidated ones), with focusing, in particular, on:
  - a) any changes in standards, rules and accountant practices,
  - b) the main domains subject to an opinion,
  - c) considerable adjustments resulting from the examination,
  - d) statements on continuing the activity,
  - e) conformance with the binding rules in regard to keeping accounts,
- 3) discussing ( with or without the Management Board) any problems or reservations which may result from examining the financial reports,
- 4) informing the Supervisory Board on any significant issues in general context of its activity,
- 5) drawing up an annual report on the activity of the Committee for the Supervisory Board.

#### **4. Powers of the Committee**

The Committee is entitled to:

- a. examining any activity of the Company, essential from the viewpoint of the tasks of the Committee,
- b. obtaining from the Management Board and the employees of the Company any information, reports and explanations, reviewing books and documents, as well as direct examining the assets of the Company and controlling its activity.