



# MANAGEMENT BOARD REPORT

ON THE ACTIVITIES OF  
STALEXPORT AUTOSTRADY S.A.

IN 2010

KATOWICE, 28 FEBRUARY 2011

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## Definitions and abbreviations

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

STX Autostrady, the Company, the Issuer	Stalexport Autostrady S.A. with its registered office in Katowice
The Capital Group, GK, GK STX Autostrady	The Capital Group of Stalexport Autostrady S.A. in Katowice
SAM	Stalexport Autostrada Małopolska S.A. with its registered office in Mysłowice
STA	Stalexport Transroute Autostrada S.A. with its registered office in Mysłowice
SAD	Stalexport Autostrada Dolnośląska S.A. with its registered office in Katowice
AMSA	Autostrada Mazowsze S.A. 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 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 Directory of National Roads and Motorways
Concession Contract	The Concession Contract dated 19 September 1997 on building through conversion of A4 motorway section: Katowice (Murckowska junction, km 340,2) – Kraków (Balice junction, km 401,1) to the toll motorway standards and motorway operation on this section, including amendments made based on the appendices, which rights and obligations were totally passed from STX Autostrady to SAM on 26 July 2004.
IFRIC, Committee	International Financial Reporting Interpretations Committee
IFRIC12	IFRIC interpretation of 30 November 2006 concerning the application of IFRS by companies participating in a service concession contracts
KPMG	KPMG Audyt Sp. z o.o. with its registered office in Warsaw
GM	The General Shareholders Meeting
PPP	Public-Private Partnership
Ksh	Commercial Code
KFD	National Road Fund
BGK	National Economy Bank
Statement, Document	The Management Board Report on the activities of Stalexport Autostrady SA in 2010

## 1. Letter of the President of the STX Autostrady's Management Board

*Ladies and Gentlemen, Dear Shareholders,*

With genuine satisfaction I would like to pass to you the Management Board Report on the activities of the Company Stalexport Autostrady S.A. (STX) in 2010.

The year that passed is another one, during which we noted a regular increase of traffic level on the toll section of the motorway A4, Katowice – Kraków. In compliance with the programme of public road administration, which plans new road investments until the year 2013, in the A4 transport corridor, as well as the steadily progressing social acceptance for the functioning of toll motorway system in Poland, we have the right to claim, that they form the basis for further effective implementation of the aims which the STX Autostrady Capital Group has.

Among the unchanged priorities for the Company and STX Autostrady Capital Group is to take maximum effort to increase safety standards and comfort for those who travel along the A4 Motorway section Katowice – Kraków. First, I am happy to inform with true satisfaction that the year 2010 ended with zero mortalities in accidents, which makes the section of A4 managed by us the safest road in the class of fastest roads. Second, improved comfort of travelling has been achieved thanks to the contribution of complex investment projects, among others major repairs of bridges, as well as thorough repair of pavements, carried out in the previous years. Let me add that in the year that passed also design and preparatory works were initiated for tenders for modernization and replacement of toll collection equipment, as well as extending the toll collection area, with the purpose of reducing the waiting time for travellers, as well as increasing the traffic capacity. Those works are continued, with active support provided by Atlantia experts, and making use of long-term experience of our Italian partner, in that respect.

As you know, January 1, 2011 marked the increase of VAT rate, which also in the motorway toll amounts to 23%. Despite the above mentioned increase, and the inflation rate, we decided not to increase the existing tolls for using the motorway section we manage, until the end of 2011 for the light vehicles, and until the end of June, 2011 for other vehicles.

The process of merging/consolidating senior management positions in the STX Autostrady Capital Group, started in the previous year which, let me remind you, was a consequence of adopting the Efficiency Plan within the Capital Group, was continued in the year 2010. Besides measurable financial advantages, gained due to the determination with which it is implemented, it also results in increased management efficiency and more cohesive management of the Capital Group, which entails efficient flow of information and coordination of strategic activities, among specific entities belonging to the Group. We systematically aim at optimizing the organizational structure, to make it even more efficient, reacting swiftly and flexibly to changes in the business environment.

That process is reflected in the fact that in February 2011 I was entrusted with the position of President of Management Board of Stalexport Autostrada Małopolska S.A. (AMSA, aka SAM) (the concessionaire), in connection with terminating the cooperation with our Capital Group by Mr. Wojciech Gębicki.

In 2010, through a consortium with the participation of AMSA, we conducted work on a project related to the tender procedure announced by GDDKiA for the "National Toll Collection System, including Electronic Toll Collection". We were supported in that undertaking by our main shareholder, namely Autostrade per l'Italia S.p.A.. In the end, the consortium with the participation of AMSA decided not to bid in the tender, of which is informed in a separate letter, that stipulated the reasons of that decision, pointing out first of all the unrealistic, in the opinion of the consortium, execution deadline, as well as substantial risks related to deficiencies in the legislation basis for draft contract proposed between the Contractor and the Ordering Entity (GDDKiA). Let me mention here that only 2 of the 6 pre-qualified consortia decided to make their final offer. Nevertheless, one of the strategic priorities of the Group for the coming years is to continue the activities aimed at gaining new motorway projects. Recently, the Government of the Republic of Poland adopted the "Programme for Construction of National Roads for the Years 2011 – 2015", which constitutes the framework for our development. Bidding in the planned tenders depends of course upon maintaining suitable proportions of distribution of risks accompanying undertakings organised following the principles of public-private partnerships.

The presented financial statements of the Company and its Capital Group have been prepared in compliance with International Accounting Standards (IAS) and verified by the auditor, KPMG. You shall find in them the detailed description of the standing of the Company and the Capital Group. For the first time, in the turnover

year 2010 the Group applied the interpretation of the IFRIC 12 (International Financial Reporting Interpretations Committee, which has had extensive influence upon the shape of the current consolidated financial statement. Thus, the financial statements for historic periods have been modified, which has been discussed in detail in the report of the Group.

*Ladies and Gentlemen, Dear Shareholders,*

I encourage you to study the financial statements of STX Autostrady S.A. and its Capital Group, as well as the Management Board reports on the activities of the Company and the Group in 2010, at the same time I would to thank cordially the shareholders and partners for the trust they put in us, and for cooperation. I thank the members of the Supervisory Board for their substantial support provided for our activities, also I thank the management and employees of the entire Capital Group for their involvement and professionalism, which allow us to achieve specific economic results. I want to assure you, that we do whatever is possible to make the effects of our activities satisfactory for all stakeholders, and above all for our customers. I wish you all safe and wide road.

Yours truly,

President of the Management  
Board

General Director

.....

/Emil Wąsacz/

## 2. Basic information on STX Autostrady

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

ul. Mickiewicza 29  
40-085 Katowice  
tel. +(48) 32 207 22 12  
fax +(48) 32 207 22 11

Management Board:  
Emil Wąsacz – President of  
the Management Board,  
General Director  
Mieczysław Skołyżyński –  
Vice-President of the Man-  
agement Board, Financial  
Director

KRS: 0000016854  
District Court in Katowice  
8<sup>th</sup> Business Department of  
the National Court Register

NIP (tax identification num-  
ber): 634-013-42-11  
REGON (statistical number):  
271936361

Share capital: PLN 494,524,046  
(paid in full)

www.stalexport-autostrady.pl

STX Autostrady (formerly Stalexport S.A.) commenced its operations on 1 January 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 26 October 1994 the shares of the Company have been 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 established 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. The group manages a network of more than 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 is listed at the stock exchange in Milan and its market value amounts to ca. EUR 9.2 bn as at 31 December 2010.

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 are allocated for covering the Company's own contribution into the planned motorway projects. One of the elements of the restructuring process included the separation and disposal of the steel part on 30 September 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 it is a seat of its registered office.

### 2.2. The STX Autostrady Group

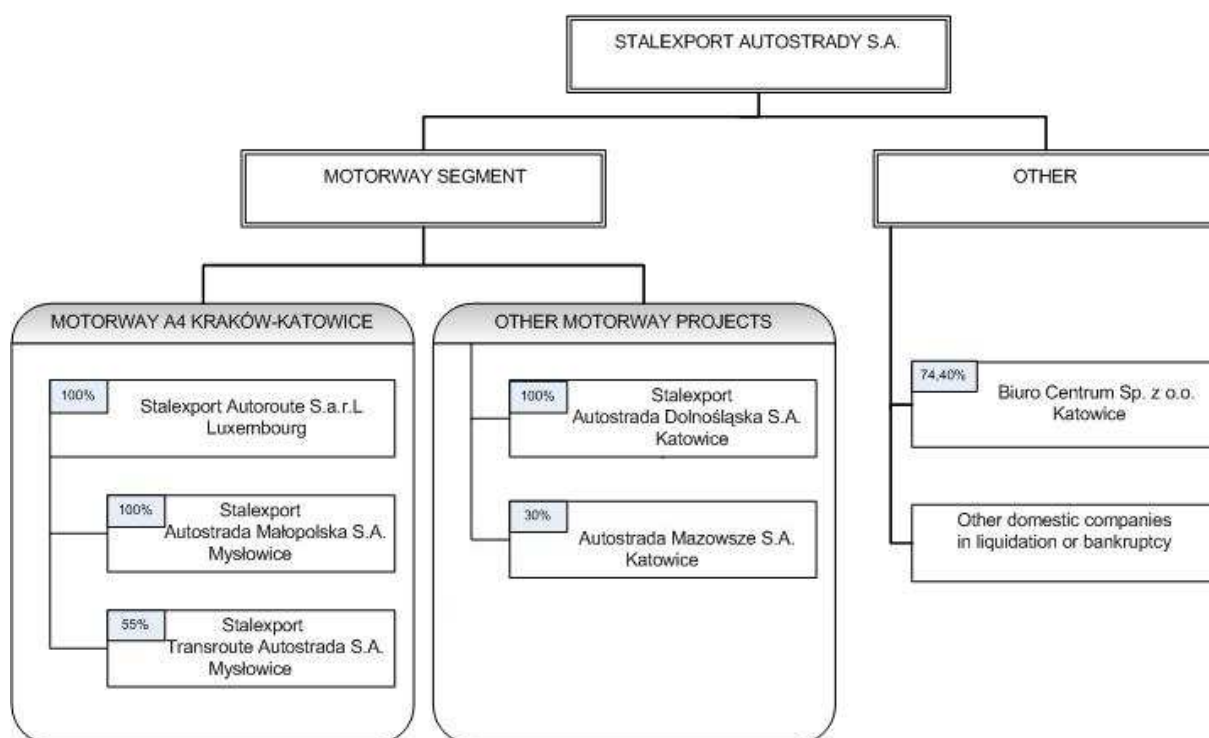
The operations of the Company and entities comprising its Capital Group focus only on activities related to motorways which include:

- operation and maintenance of the A4 motorway section Katowice - Kraków. The activities are conducted by SAM S.A. and STA S.A. as well as by holding special purpose vehicle STX Autoroute;
- participation in selected tenders for the construction and / or operations of other motorway sections. Apart from the very Company, those tasks are also implemented by the operations conducted by SAD and AMSA, which are special purpose vehicles established in order to take part in the tenders mentioned.

Additionally, owing to the fact that the STX Autostrady's Capital Group co-owns a large office building in the centre of Katowice, it provides services related to leasing office space and parking places. 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 Autostradys Capital Group broken down into core area of activities – motorway segment and other activities.

Figure 1 Organizational scheme of the STX Autostrady's Capital Group as at 31 December 2010



Source: internal analysis

The table below presents the basic financial data of STX Autostrady as well as two biggest entities from the Capital Group: SAM and STA. For comparative purposes, the results recorded by the companies in 2010 are presented alongside their results from the previous year.

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

Balance sheet data	Capital Group		STX Autostrady		SAM		STA	
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09
Non-current assets	1 084 459	858 584	48 990	62 271	1 073 769	846 795	3 525	2 726
Current assets	298 299	219 270	204 757	198 834	116 986	30 265	11 143	9 601
Equity	180 082	172 454	195 685	191 921	4 979	204	8 532	8 031
Non-current liabilities	1 042 843	773 109	35 983	46 946	1 005 988	725 106	1 563	739
Current liabilities	159 833	132 291	22 079	22 238	179 788	151 750	4 572	3 557
Net debt	87 833	115 702	-130 524	-136 265	205 921	226 697	-4 627	-3 890
performance data	2010	2009	2010	2009	2010	2009	2010	2009
Sales revenues	165 219	138 842	3 364	3 176	155 197	128 392	31 901	30 149
Gross result on sales	89 100	64 365	284	288	70 560	47 234	16 133	14 901
EBITDA	118 367	97 706	-8 331	372	114 235	88 495	12 104	11 549
Operating activity result	61 979	42 869	-8 636	83	59 136	35 494	11 580	10 554
Financial activity result	-42 253	-32 734	12 763	5 289	-48 770	-38 888	-4	-40
Net result	14 482	7 570	4 127	5 372	7 244	-2 725	9 319	8 466
EBIT margin	38%	31%	-257%	3%	38%	28%	36%	35%
ROE	8%	4%	2%	3%	145%	-	109%	105%

EBITDA = operating profit / loss + depreciation + provision for pavement replacement (resurfacing)

EBIT margin = operating result / sales revenues

Net debt = financial liabilities – financial assets – cash in hand and cash equivalents

Source: internal analysis



### 3. The financial analysis of STX Autostrady

#### 3.1. Analysis of financial results

In the table below are presented the Company's key financial results achieved in 2010, including comparative data for the prior year (2009).

**Table 2** Selected positions of statement of comprehensive income of STX Autostrady in 2010 and 2009 (stand alone data)

	2010 In PLN k	2009 In PLN k	Variance %
Revenue	3 364	3 176	5,9%
Cost of sales	-3 080	-2 888	7%
<b>Gross profit</b>	<b>284</b>	<b>288</b>	<b>-1%</b>
Other income	2 178	11 172	-81%
Administrative expenses	-10 529	-10 811	-3%
Other expenses	-569	-566	1%
<b>Results from operating activities</b>	<b>-8 636</b>	<b>83</b>	<b>-10505%</b>
Finance income	15 753	14 677	7%
Finance expenses	-2 990	-9 388	-68%
<b>Net finance expense</b>	<b>12 763</b>	<b>5 289</b>	<b>141%</b>
<b>Profit before income tax</b>	<b>4 127</b>	<b>5 372</b>	<b>-23%</b>
Income tax expense	-	-	-
<b>Profit for the period</b>	<b>4 127</b>	<b>5 372</b>	<b>-23%</b>

Source: internal analysis based on the Company's financial statements

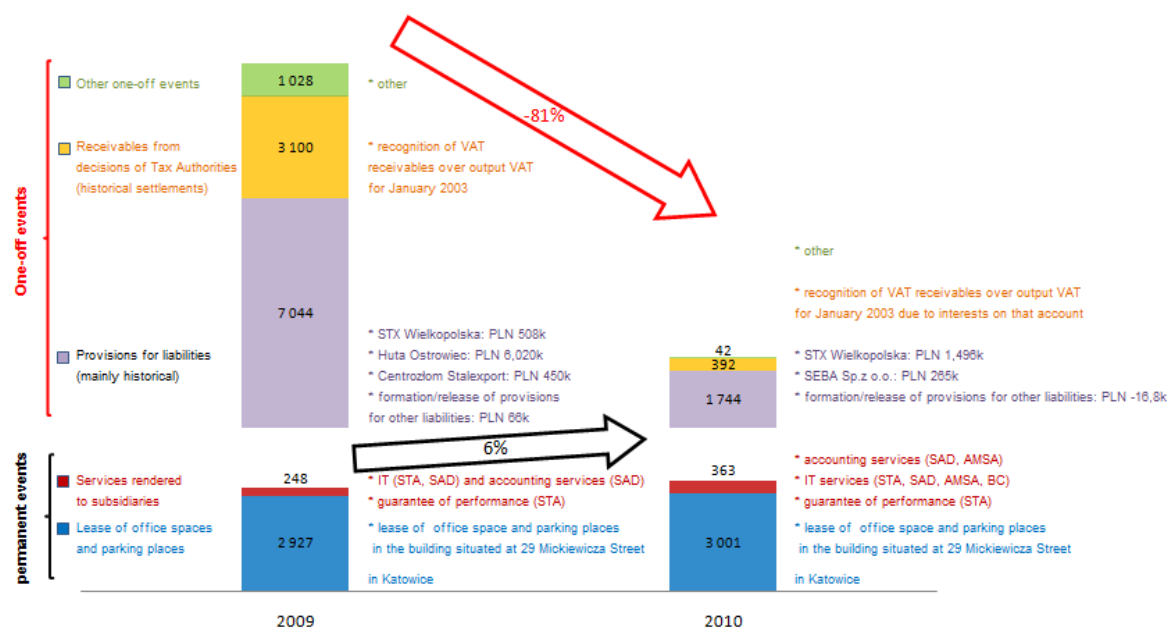
As a result of operating activity in 2010, STX Autostrady generated net profit of PLN 4,127k, lower by 23% as compared to the prior year. The lower net profit was influenced mainly by the value of other operating profits and also the level of the financial expenses reported by the Company. The value of both mentioned positions depended primarily on one-off events associated with historical commercial activities.

In recent years, these one-time events related to previously carried out commercial activities had a significant, positive and negative, impact on the individual results of the Company. Their impact on the financial position of the entity is reduced gradually in subsequent periods. This trend was already noticeable in 2010, when STX Autostrady demonstrated on the one hand significantly lower operating revenues than in the previous year but on the other hand financial costs were not the result of a one-off revaluation of the subsidiaries (which significantly contributed to the reduction of the Company result for the year 2009). In order to continue efforts to organize the structure of the statement of comprehensive income and statement of financial position and also to reduce impacts of historical activities on current and future situation of the Company, at the nearest GM the STX Autostrady's Management Board intends to propose to shareholders a draft resolution on reduction of share capital in order to cover losses from previous years. The possible implementation of these activities will have an impact on the structure of the statement of financial position of the Company.

#### 3.1.1 The amount and structure of operating revenues

Taking into account the predictability and reproducibility of the occurrence, sources of revenue generated by the Company from operating activities can be divided into permanent and one-off events. The figure below presents a breakdown of STX Autostrady revenues from the years 2009-2010 taking into account this criterion.

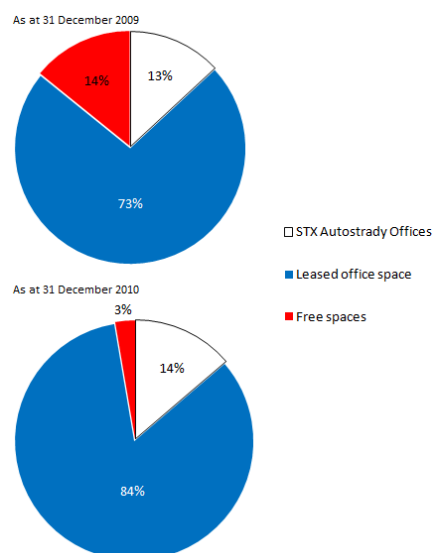
Figure 2 The structure of the Company's operating revenues - the division into permanent and one-off events [in k PLN]



Source: internal analysis

Motorway activities of STX Autostrady are carried through its subsidiaries. Due to this fact stand alone **sales revenues** of the Company mainly include lease of office space in the building situated at ul. Mickiewicza 29 in Katowice and parking places nearby. In 2010 the lease revenues amounted to PLN 3,001k in comparison to PLN 2,927k in the prior year. Decline in lease revenues (by 2.5%), despite the unfavourable economic situation in the market of leasing office space, was mainly due to less office space leased by third parties.

Figure 3 The structure of the use of office space in the building situated at ul. Mickiewicza 29 in Katowice.



Source: internal analysis

The building situated at ul. Mickiewicza 29 in Katowice is co-owned by the STX Autostrady. As part of this co-ownership of the Company itself has a 4,734.5 m<sup>2</sup> of office space (plus 212.0 m<sup>2</sup> of meeting rooms), of which 649.6 m<sup>2</sup> is occupied for the own needs of STX Autostrady (at the end of 2009, the Company occupied office area of 619.2m<sup>2</sup>).

It is worth mentioning that due to the actions of the Company's staff within 2010 there was a significant decrease of free office space. At the moment, the amount of the office space to be leased oscillates at a level close to the technical minimum, which arises from rotation of tenants and preparing (renovation or refreshing) office spaces in order to re-lease them to external entities.

In the current year it is planned to continue efforts aiming to maintain the occupancy of office space at its current level while maintaining an optimal level of lease rate.

The structure of rental income is relatively fragmented, i.e. The company leases office space to relatively many external entities. In this group of revenues in 2010, approximately 20% was obtained from a single counterparty, and the eight largest tenants have generated in total about 56% of revenues under the lease. In previous year the situation was similar: revenues from the largest general contractor accounted for 21% and the eight largest customers also generated total revenues of about 56%.

Other sales revenues of PLN 363k related to services rendered to subsidiaries, including performance guarantee granted, IT and accounting services (bookkeeping). Furthermore, STX Autostrady also receives a fee resulting from a guarantee of performance given to STA. The above mentioned elements are **a constant source of STX Autostrady operating revenues** and their value in subsequent periods should develop to a level comparable to 2010.

In recent years, the operating income of STX Autostrady was significantly affected by **one-off events**, including in particular activities connected with collection of receivables related to trade activities in the past. It should be noted that these receivables were fully covered by provisions, i.e. in previous years the risk of not obtaining the funds from the debtors reduced the Company's financial results. On the other hand, in case of their collecting, the provision previously created for that purpose shall be dissolved and its value increases the other operating revenues for the current period.

Feedback on solving and creating new provisions for the current trade receivables increased other operating revenues by PLN 1,744k in 2010. This constituted primarily the result of receiving funds from the historical duties of the STX Wielkopolska (PLN1,496k and Seba Sp. z o.o. (PLN 265 k). Whereby the result on dissolving and creating provisions for other trade receivables amounted to (minus) PLN -17k. In addition, in 2010 the Company recognized historical VAT receivable of total amount PLN 392k. It was a result of sentence of Regional Administrative Court in Gliwice dated 24 April 2009 which dismissed the decision of the Comptroller of I Silesian Tax Office in Sosnowiec dated 28 March 2008 which determined the excess of input VAT over output VAT for January 2003. The tax authorities did not appeal against the court sentence.

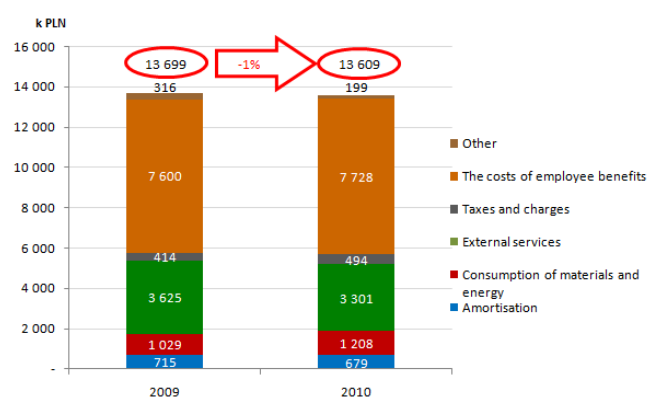
As a result the revenues due to the recovery of the historical trade and tax receivables (associated with previously carried out commercial activities) achieved last year the total amount of PLN 2,136k. In comparison, the historical receivables collected in 2009 amounted to PLN 10,144k. The Management Board of STX Autostrady estimates that collection of historical trade and tax receivables will have minor and decreasing impact on the results generated by the Company in the following years.

### 3.1.2 The amount and structure of operating revenues

In 2010 the value of costs incurred by STX Autostrady, including the cost of sales and administrative expenses remained at a level similar to the previous year (decline by less than 1%). To a large extent it was mainly caused by the decline of external services expenses (-9%) resulting among others from including in 2009 costs related to tax advisory associated with the pending court proceedings for a VAT refund (obtained revenues increased the revenues of the Company in 2009 and partially in 2010). The decline of external services expenses visible in 2010 was also an effect of expenses review carried out at the end of 2009 and cost savings program introduced on this basis.

On the other hand, in 2010 there was an increase in the cost of materials and energy, whose value was higher by more than 17% than the previous year. To a large extent it was a result of the impact of two factors. Firstly there was an increase in energy costs, secondly the other expenses incurred for the renovation and refurbishing of office spaces destined for rent also increased.

Figure 4 The structure of the Company's operating costs



The largest position of the Company's prime expenses are the costs of employee benefits, including remuneration. The increase in the value of this position was an effect of recognizing an expense provision of 3 years (from the second half of 2009 to the first half of 2012) incentive plan to the members of the Management Board. In total, the expenses of 2010 on this account were charged the amount of PLN 1,963k, including PLN 654k concerning the second half of 2009.

The value of other employee benefits decreased in 2010, which was an effect of the restructuring of employment carried out at the end of 2008.

Source: internal analysis

### 3.1.3 Financial activity

The net income of the Company is significantly affected by the financial activity. In 2010 the income from this area of activity was PLN 12,763k. in comparison to PLN 5,289k in the prior year. The level of financial activity results was primarily determined by revenues, which in 2010 included:

- received dividends of total amount PLN 4,528k including PLN 4,450k from subsidiary STX Autoroute;
- interest on deposits of financial surpluses on the interbank market in the amount of PLN 3,908k;
- revenue from the valuation of investment funds (PLN 3,155k);
- valorisation of receivables from SAM due to the capital expenditures incurred by the Company (PLN 1,903k);
- revaluation of investment (PLN 2,240k), including PLN 1,872k associated with the release of provision for bad debts allowance for SAD company;
- Other sales revenues of PLN 19k.

According to the Management Board in the following period revenues from dividends, as well as return on cash deposited in banks and invested in the funds should maintain the same level as in 2010. In connection with the planned settlement of transaction the revenues on valorisation of receivables from SAM will not be incurred.

Significant impact on the value of financial expenditures have the liabilities due to the State Treasury for guaranty granted to Huta Ostrowiec S.A. in liquidation (PLN 2,746k) and interests on the loan granted the Company by SAD (PLN 239k). The Management boards estimates that, in the subsequent periods the value of the financial expenses will be reduced: by the end of the first quarter of 2011 the repayment of the mentioned loan granted by SAD is planned by STX Autostrady.

The value of the financial expenses reported in 2009 was increased as a result of single event which was the year-end valuation allowance of SAD's shares (PLN 5,498k).

### 3.2. Economic and financial position

Economic and financial position of STX Autostrady was illustrated in the table below based on the condensed statement of financial position, which takes into account the structure of assets and liabilities of the Company and the dynamics of individual items on a year-to-year basis.

**Table 3 Condensed statement of financial position of STX Autostrady as at 31 December 2010 and 31 December 2009 – stand alone data**

Data in kPLN			Variance 2010/2009	Structure	
	31.12.2010	31.12.2009		31.12.2010	31.12.2009
Non-current assets	48 990	62 271	-21%	19%	24%
Current assets	204 757	198 834	3%	81%	76%
Equity	195 685	191 921	2%	77%	74%
Non-current liabilities	35 983	46 946	-23%	14%	18%
Current liabilities	22 079	22 238	-1%	9%	9%
<b>Total equity and liabilities</b>	<b>253 747</b>	<b>261 105</b>	<b>-3%</b>	<b>100%</b>	<b>100%</b>

Source: internal analysis based on the Company's financial statements

The biggest position of **non-current assets** relates to investments in subsidiaries and associates operating in motorway business: STX Autoroute (PLN 29,886k) and SAD (PLN 12,494k), and a visible decline in non-current assets compared to the state at the end of 2009 was the result of changes in the carrying value of SAD. At the GM which was held on 29 March 2010 shareholders of SAD decided to reduce the share capital by the amount of PLN 30,100k. The reduction of capital was intended to cover SAD losses incurred in previous years of total amount PLN 17,206k and return of the part of contribution (PLN 12,894k) to a single shareholder, i.e. STX Autostrady. As a result of the described operation the value of SAD'S shares decreased in the statement of financial position of STX Autostrady, and the Company recognized current liabilities in the amount provided for return. In addition, financial result of STX Autostrady was increased by the amount of the released allowance of SAD's shares (PLN 1,872k).

High value of **current assets** is an effect of funds owned by the Company reserved for new highway projects. By the time of destination for projects related to the basic profile of the Company, the Management Board of STX Autostrady invests these funds on the money and capital market bearing in mind diversification of risk and ensuring optimal returns with the minimum acceptable level of risk. As a result the majority of resources available in cash owned by the Company is located on short term bank deposits, however some of the available resources was allocated for the purchase of investment fund units or was invested on the capital market in the *asset management* funds. As consequence of those activities at the end of 2010 the value of cash and cash equivalents amounted to PLN 79,980k, whereas investments in funds amounted to PLN 54,281k. In addition the current assets of STX Autostrady include:

- PLN 37,200k – receivables from SAM resulting from the agreement on the transfer of expenditures of stage I associated with the adaptation of motorway to the requirements of toll motorways standards. The said amount should be settled in the near future;
- PLN 12,894k – receivables from SAD which is a consequence of described above decision on the reduction of share capital in that company. This liability should be settled till the end of the first quarter of 2011;
- PLN 7,274k – trade receivables; including receivables in the amount of PLN 7,100k. from Huta Kościuszko S.A., which resulted from the trade activities in the past. This receivable is pledged on mortgage on assets owned by debtor and are settled in half year instalments based on the signed agreement. Huta Kościuszko S.A. is under assets' restructuring program. According to information received by the Company's Management this process should be completed within several months, depending on the market situation. In such situation the debtor would to pay off the total amount of receivables in the lump sum payment. Based on the obtained information, the Management Board of STX Autostrady estimate that the probability of collection of these receivables is high;
- PLN 6,944k – tax, customs and receivables; including receivables in the amount of PLN 5,952k resulting from unfair decision, according to the Company, of the Controller of I Silesian Tax Office in Sosnowiec dated 26 August 2008 which determined the excess of input VAT over output VAT for August 2004. On 10 February 2010 the Company appealed against the court sentence. According to the Management Board of STX Autostrady it is highly probable that the Company will win the litigation;
- PLN 5,836k – the value of shares available for sale investments (BDM S.A. seated in Bielsko-Biała and Centrozap S.A. seated in Katowice);
- PLN 348k – other current assets.

As at 31 December 2010 the total liabilities of the Capital Group amounted to PLN 58,062k and the apparent decline in this item by PLN 11,122k was primarily the result of systematic repayment of liabilities due to the State Treasury for guaranty granted to Huta Ostrowiec S.A. According to the agreement dated 2004, the remaining part of liabilities is going to be paid off in equal monthly instalments in the amount of PLN 1,083k each, until July 2014. As at 31 December 2010 the total liabilities on that account amounted to PLN 46,556k, out of which PLN 33,564k represented non-current liabilities. At this moment economic analysis and business rationality of early repayment of liabilities due to the State Treasury are carried out, which effect would be a significant decline in the financial expenses of the Company. Other liabilities of STX Autostrady as at 31 December 2010 included:

- PLN 6,471k – the nominal value of loan received from SAD plus accrued and unpaid interest on that account. The mentioned loan will be repaid to SAD by the end of the first quarter of 2011;
- PLN 3,620k – liabilities from employee benefits and salaries, including: (i) PLN 1,963k expense provision of 3 years (from the second half of 2009 to the first half of 2012) incentive plan to the members of the Management Board, and also (ii) PLN 1,113 k of the provision for performance bonuses for the Management Board and the Company's employees for 2010;
- PLN 400k – of short-term reserves;
- PLN 362k – of trade liabilities;
- PLN 653k – of other liabilities.

Compared to the state as at 31 December 2009, in 2010 the total assets decreased by PLN 7,358 k (about 3%), as the result of systematic repayment of liabilities due to the State Treasury for guaranty granted to Huta Ostrowiec S.A. in liquidation.

## 4. Analysis of the core business 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 countries on the European continent. It is regarded as the crucial factor necessary to create and facilitate the development of the common market and ensuring economic and social cohesion. A special program, Trans-European Networks or TEN, has been established for that purposes based on cooperation of member countries with significant support of European Union.

The program of 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 the operational cooperation of national networks and expansion of their accessibility. In order to pursue those objectives, 10 Pan-European transport corridors have been determined during the international conferences held on Crete (1994) and Helsinki (1997). The transport corridors cover road, railway, and sea transport routes, inland waterways as well as airports; planned or already established within the EU.

Four corridors which are part of the TEN-T cross Poland. The first one links Helsinki, Tallinn, Riga and Warsaw (Corridor 1). In Poland, it starts from the Polish-Lithuanian border in Budzisk and ends in 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 - Smoleńsk . The corridor was the basis for planning the A2 motorway, which will connect with the German A12 motorway in Świecko and with the Belarusian M-1 road.

The second motorway which has been built in Poland along the west-east axis (A4) comprise a part of Corridor 3, which stretches from Brussels, through Aachen - Cologne - Dresden - Wrocław - Katowice - Cracow to Lvov and Kiev. The European Union decided that it should also be a priority to connect the Polish Baltic Sea coast with 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 A1 motorway.

Building of a motorway connecting Gdańsk - Brno/Bratislava - Vienna, one of the above described Trans-European Transport Corridor, is on the priority projects list approved by the Decision No 884/2004/EC.

### 4.2. Polish road network

#### Network of motorways and express roads

The network of public roads in Poland has the total length of some 383.3 thousand kilometers. National roads account for nearly 5% of all public roads, whereas they carry over 60% of the traffic. The highest class of national roads is represented by motorways and express roads. Their target network is determined in the *enactment of the Council of Ministers of May 15, 2004 on the issue of the network of motorways and express roads (Official Journal of Law - Dz. U. - No. 128, item 1334 with subsequent changes)*. The system of motorways in Poland is determined by the course of the three main motorways:

- motorway A1, having the total length of 582 km, connecting Gdańsk with Łódź and the conurbation of Silesia (Śląsk) in the trans-European transport corridor No. VI,
- motorway A2, having the total length of 651 km, connecting Poznań with Łódź and Warszawa in the trans-European transport corridor No. II,
- motorway A4, having the total length of 670 km, connecting Wrocław with Katowice, Kraków, and Rzeszów in the trans-European transport corridor No. III,

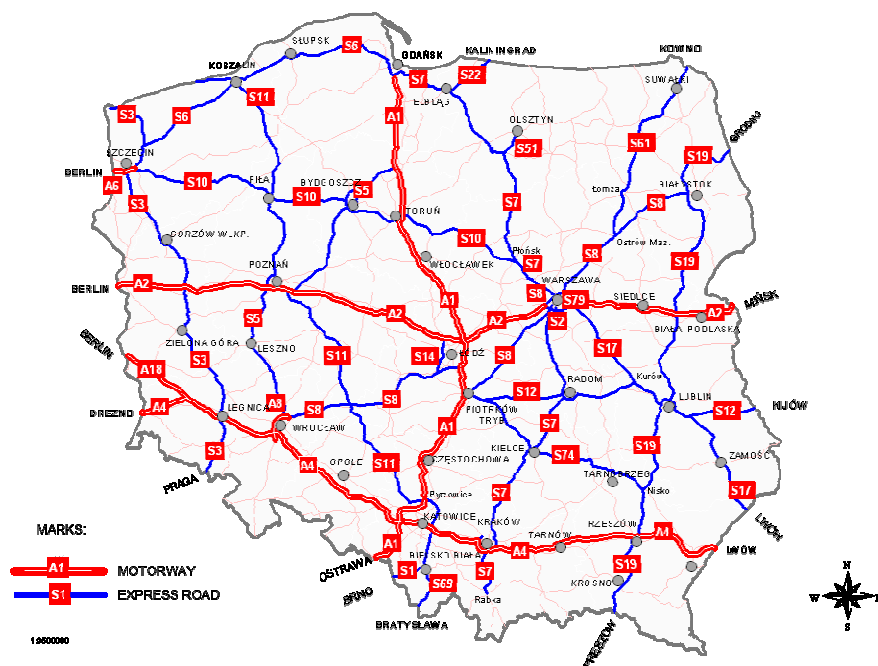


Complementary to the network of main motorways are:

- motorway A6 having the total length of 29 km,
- motorway A8 having the total length of 27 km,
- motorway A18 having the total length of 75 km.

The connections by motorways are complemented by the network of express roads, providing good connections of main economic areas of Poland with its centre and one to another. The map below shows the network of express roads, together with the network of motorways in Poland, in line with the *enactment of the Council of Ministers of May 15, 2004 on the issue of the network of motorways and express roads*.

Figure 5 Planned network of motorways and express roads [as of 20 October 2009]



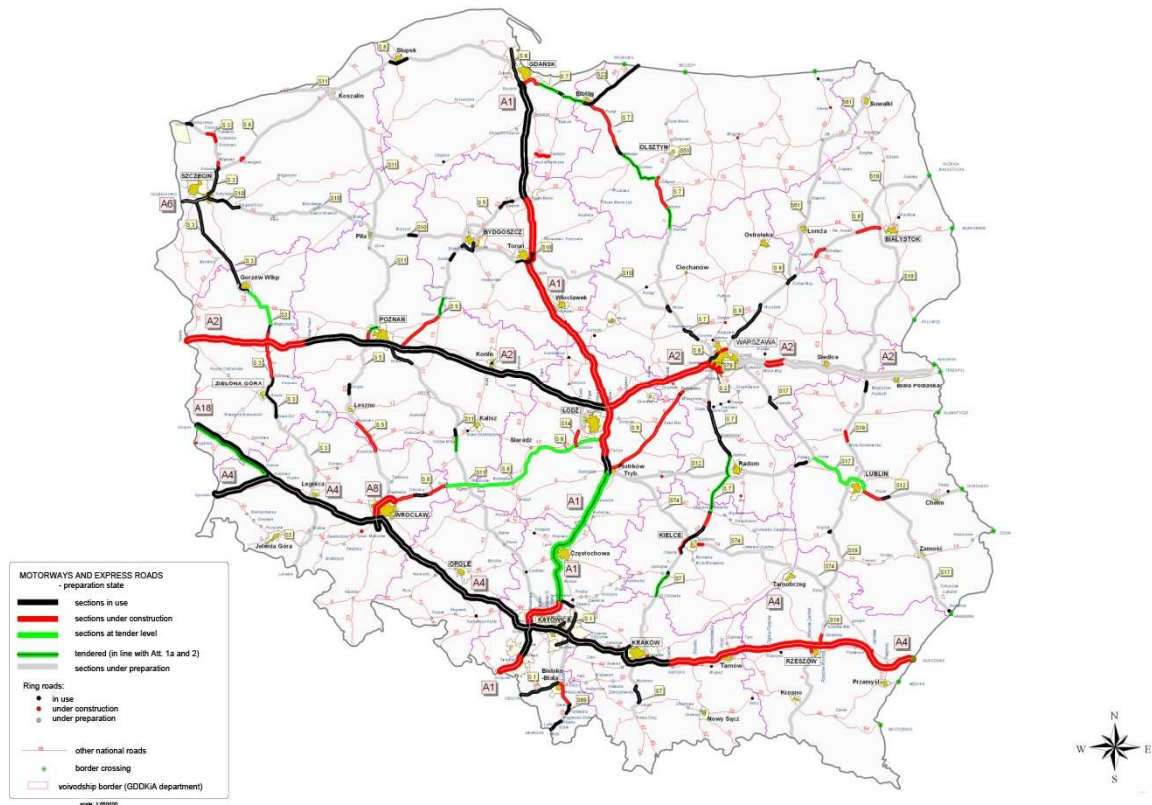
Source: GDDKiA

### The present level of development of the network of motorways and national roads

The Programme for Construction of National Roads for the years 2008-2012, adopted by the enactment of the Council of Ministers on September 25, 2007 assumed the amount of funds for execution of priority tasks in the period 2008-2010, as well as preparation of other tasks included in the Programme. As a result of the Programme implementation, as of 15 November 2010, 1,166.5 km of national roads were put into service, including 183.5 km of motorways (of which 90 km in the PPP system), 293.1 km of express roads, 199.4 km of ring roads, 490.5 km of major reconstructions. As of 15 November 2010, 1400 km of national roads are under construction or reconstruction. Work continues in construction of new roads, including 735 km of motorways, 510 km of express roads, and 87 km of ring roads. Within the framework of the "Programme for Construction of National Roads for the years 2008-2012" also the reconstruction of 68 km of the existing network is under way. The map below shows the progress of construction of the network of express roads and motorways nearly three years from the commencement of the "Programme for Construction of National Roads for the years 2008-2012" (as of 15 November 2010). That map is the starting point for the latest "**Programme for Construction of National Roads for the years 2011-2015**", presenting the development of the basic network of fast roads.



**Figure 6 Progress in construction of the network of express roads and motorways within the framework of the "Programme for Construction of National Roads for the years 2008-2012" (as of 15 November 2010).**



Source: GDDKiA

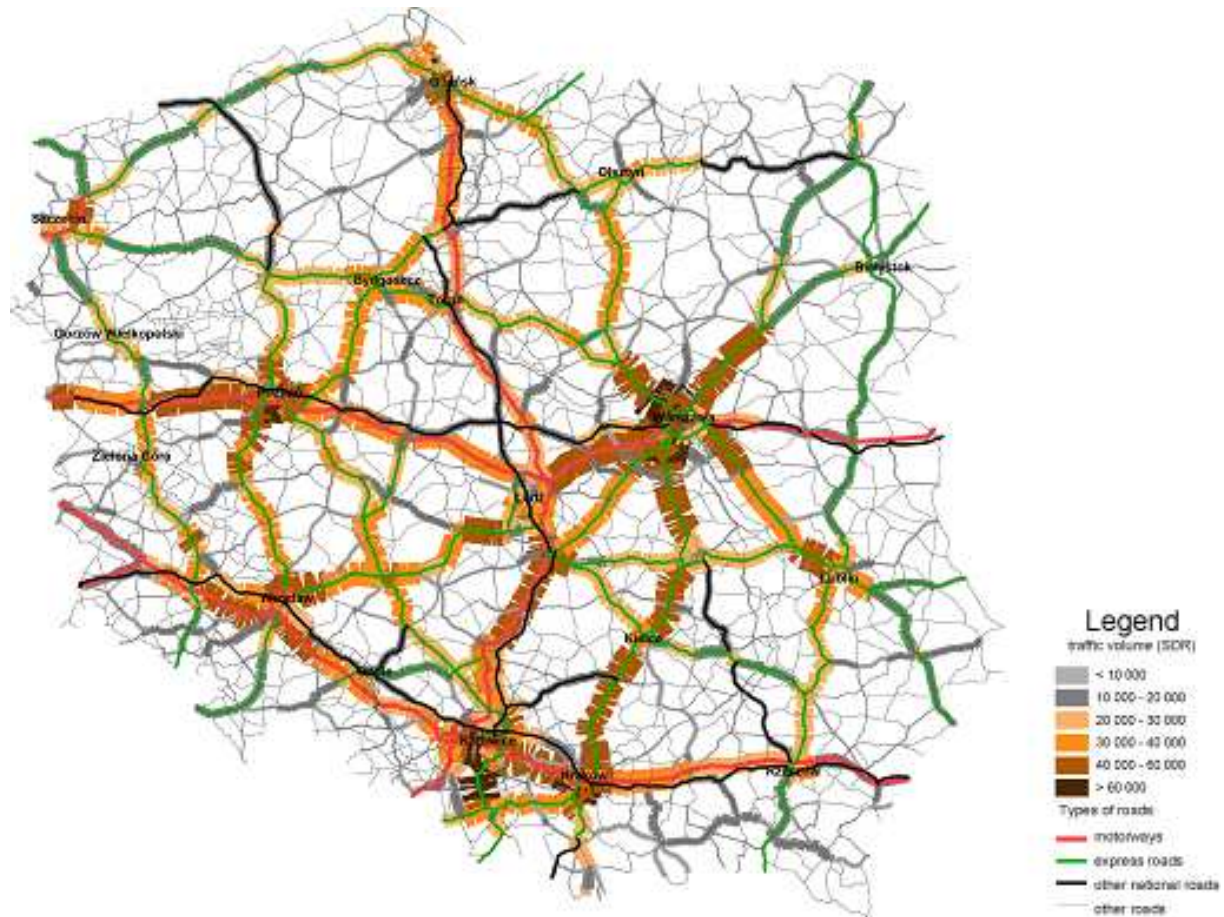
### Priorities in the development of the network of motorways and national roads

There are several factors which influence the determination of investment priorities in specific years. Among those which have decisive influence upon determining tasks to be implemented one can list in particular:

- the influence of the task upon achievement of aims defined in the Programme, including also improvement of traffic flow, measured by traffic volume,
- continuity of road transport corridors,
- availability of funds from external sources, that is sources from EU budget and loans provided by International Financial Institutions (continues cooperation with the European Investment Bank, and establishing cooperation with other entities),
- consequences of environmental impact and collision with protected areas.

The map below presents forecasted total traffic volume in the network of national roads. Traffic volume is one of the basic prerequisites considered when selecting an investment for execution.

**Figure 7 Total traffic volume in the network of national roads – forecast for the year 2025**



Source: "Study of the fast road system in Poland – Report from the analysis of the division of road network by function" prepared in 2008 by the Warsaw Technical University (Politechnika Warszawska) and the Research Institute for Roads and Bridges (Instytut Badawczy Dróg i Mostów), commissioned by GDDKiA

Having the above in consideration, the public party defined three different perspectives have been assumed to determine investment priorities and planning of expenditures: by 2015, by 2020, and after 2020.

As regards the nearest perspective, until the year 2015, construction of all key sections of motorways should be completed, with the exception of A2 motorway section, from the town of Mińsk Mazowiecki to the eastern border of Poland. All preparatory work should be finished for express roads included in the "Programme for Construction of National Roads for the years 2008-2012", as well as along the selected arteries, executed within the financial perspective 2015-2020. The execution of express roads should be completed along selected arteries, and commenced along the remaining priority arteries.

Among the priorities of the perspective until 2015, also the following areas have been listed being of interest for the Company:

- a system of long-term contracts for maintenance of roads should be prepared,
- a complex system should be developed for traffic management on the network of national roads.

#### 4.3. Programme for Construction of National Roads for the years 2011-2015<sup>1</sup>

Taking into account the present condition of road infrastructure, as well as development needs, the Ministry of Infrastructure, developed the "Programme for Construction of National Roads for the years 2011-2015". That document defines the aims and investment priorities of the public party, throughout the programming period. The Programme execution has been planned for 5 years, whereas the physical and financial planning/ programme for the period of 3 years (2011-2013). For that reason, the Programme includes a detailed list of investment demands, the execution of which will have begun by 2013, and the amount for funds assigned in the National Road Fund (NRF) and state budget to that purpose. On January 25, 2011 the Council of Ministers adopted, by enactment the "Programme for Construction of National Roads for the years 2011-2015".

In line with the enactment referred to above, the total amount of expenditures for the years 2010- 2015, within the framework of investment tasks, whose execution shall have started by 2013, included in the Programme, assessed for 13 October 2010, amounts to 82.8 billion Polish zloty.

In 2012 an update of the a.m Programme will be made, the purpose of which will be to determine a detailed list of tasks, as well as means indispensable for the execution of the Programme by 2015.

In connection with the above, the demand - indicated in the Programme – for financial means will be covered every year in the financial plans of the National Road Fund, as well as further acts of law. According to authors of the Programme only by making reservations for financial means in full amount in the consecutive Acts of law defining budget, as well as yearly financial plans of the National Road Fund is it possible to guarantee the Programme execution within the scope assumed.

##### Investment priorities of the Programme until the year 2015

In the field of road investments, the priority tasks comprise connections between most important economic centres in the country, which generate the biggest demand for transport.

Motorways:

- motorway A1 – zakończenie budowy na całym przebiegu,
- motorway A2 – completion of construction along the length of the section Świecko - Mińsk Mazowiecki, possibly commencing of construction of the section between Mińsk Mazowiecki and eastern Polish border,
- motorway A4/A18 – completion of construction along its entire length,
- motorway A8 – completion of construction along its entire length.
- express roads: S1, S2, S3, S5, S7, S8, S17, S19, S69.

##### Assumed systems for Programme execution

Implementation of the priorities determined above will take place in three systems:

##### ***System of concession/PPP***

In that model of investment execution, the investor will be a company, with which the Minister of Infrastructure shall conclude a contract for construction and operation of toll motorway, on the basis of the *Act of law of October 27, 1994 on toll motorways and National Road Fund, (Official Journal of Law - Dz. U. – 2004, No. 256, item 2571, with subsequent changes)*. Besides the Act of law on toll motorways, it is possible also to use tender procedures stipulated in the following Acts of law: Public procurement Act, Act on concessions for construction works or services, or the Act of law on public-private partnerships. Financing of the construction of toll motorway is provided by the company involved. Those projects are not included in the Programme discussed here. Financing the construction of those project does not pose a burden upon the limits of funds reserved for road investment tasks in individual years. The following sections of toll motorways will be built using the PPP system:

<sup>1</sup> Complete description of the National Road Construction Programme for the period 2011-2015 is available at the website of Ministry of Infrastructure [www.mi.gov.pl](http://www.mi.gov.pl)

- motorway A1, section Nowe Marzy - Toruń (62.4 km), where the contractor is GTC S.A. The contract for building and operation of toll motorway was concluded on September 30, 2008. Putting that section to use is planned for the year 2011,
- motorway A2, section Świecko - Nowy Tomyśl (105.9 km). The contract for building and operation of toll motorway was concluded on 29 June 2009. Putting that section to use is planned for the year 2012,
- motorway A1, section Tuszyn - Pyrzowice (138.9 km) – analysis of execution system,
- motorway A2, section Warszawa – state border – analysis of execution system.

The last two stretches are of interest to GK STX Autostrady.

Moreover, a so-called traditional system prevails – with investments made by GDDKiA, together with a variation of this system, namely by means of road-construction vehicles.

Both traditional systems mentioned above are not of interest to GK STX Autostrady.

### Financing of the Programme in the years 2011-2013

In line with the enactment of the Council of Ministers of January 25, 2011, the total amount of expenditures of investment tasks in the years 2010 – 2015, the execution of which will have started by the year 2013, included in the Programme, estimated on 13 October 2010, amounts to PLN 82.8 billion.

In 2012 an update of the a.m Programme will be made, having the purpose of determining the means for its implementation until the year 2015, as well as assigning to specific funds the proper scope of investment. Execution of the Programme is possible provided that complete financing will be provided in each year of Programme execution. Providing financing must also take place in the long-term perspective, due to the commitments resulting from contracts signed with contractors, as well as future commitments of the National Road Fund (KFD) (repayment of loans taken, redemption of bonds).

It is assumed that the tasks included in the programme will be financed from two basic sources:

#### **State budget**

The state budget will finance expenditures of current/ ongoing type: preparatory work, management of national roads, current maintenance, repairs of national roads, as well as property-related expenditures: construction investments and purchase of ready goods.

#### **National Road Fund**

All investment projects, except for facility investments will be financed from the National Road Fund located in Bank Gospodarstwa Krajowego (BGK) (National Economy Bank).

The expenditure will be implemented under an annual financial plan of NRF (National Road Fund), consistent with the Program. **Impact of the Program on the deficit and debt of the public finances sector**

In compliance with the stipulations of the Act of law on toll motorways and National Road Fund - KFD is a flow-of-funds account held in BGK bank. The basic sources of funds are:

- fuel charge – a quasi-tax paid directly to KFD, by-passing the state budget,
- loans provided by international financial institutions, taken by BGK, as well as bonds issued by BGK against future receipts from fuel charge;
- fees for using roads, the so-called "vignette" – public levy received directly by KFD,
- refunds from EU budget,
- toll collected for using paid motorways – the fee charged depends upon the number of kilometers travelled, it is collected at toll-gates at ends of sections of toll motorways.

The destination of KFD means is determined via the yearly financial plan, prepared by BGK bank on the basis of information provided by the GDDKiA, as well the Minister of Infrastructure. The financial plan of KFD is agreed by the Minister of Infrastructure, The Minister of Finance, opinion for it is also provided by the Minister of Regional Development. BGK bank deals solely with providing financial and accounting services for KFD. Moreover, BGK - on its own behalf – borrows money for KFD, that money is repaid from receipts of KFD and is covered by State Treasury guarantee. Because of the above, expenditures of KFD are consolidated with the expenditures of



the sector of public finance, while the debt of KFD is consolidated with the debt of the sector of public finance. That is a substantial factor limiting the level of financing the Programme, besides the possibilities of servicing long-term debt by BGK bank, using the receipts of KFD.

### **Introduction to KFD fund a new charge for trucks, depending on the number of kilometers travelled**

In compliance with the amendments, adopted in 2008, to the Act of law *on public roads*, the system of time-related charges for the use of roads (the so-called vignette system) will be replaced by the system of charging for use of roads in electronic system (the so-called electronic toll collection), which will commence on July 1, 2011. The electronic toll is a charge depending upon the number of kilometers travelled. This is in congruence with the direction for changes, determined by the European Commission, meant to implement more profoundly the "user pays" principle. In line with the presently binding regulations as well as the foundations of the new system, approved by the ministry of infrastructure, the electronic toll will be introduced as charge for using all sections of motorways and express roads, as well as selected sections of national roads, indicated in the respective enactment/ regulation of the Council of Ministers. The General Director of National Roads and Motorways (GDDKiA) implements the national system of toll collection, which will comprise manual toll collection on toll motorways, as well as electronic toll collection, applicable to trucks. The costs of construction and operation of the system are not included in the scope of the Programme, they constitute an independent statutory task of GDDKiA, financed from the National Road Fund (KFD). In connection with the proposed Programme, in the years 2013 – 2015 it may prove necessary to take further loans/ issue more bonds, in order to finance investment expenditures, and to redeem the bonds earlier. Receipts from electronic toll may become the basis for repayment of such loans.

### **The role of debt financing in the implementation the Programme**

In order to finance the Programme, BGK has been taking investment loans and issuing bonds. Investment loans are taken first of all in the EIB, they have very advantageous conditions: grace period may be up to 10 years, while maturity even up to 35 years. Also interest rates provide preferences, due to very low EIB credit margin. For that reason EIB loans are the main debt tool of KFD. Issuing of bonds is supplementary to debt financing in case the possibilities of using EIB loans are depleted. Because of thee diversification of KFD receipts as well as the dependence of receipts level upon the degree of actual use made of infrastructure the sources of financing of KFD may balance. In case of optimum financial structure, the basic sources of financing should be different from the quasi-tax ones, with the addition of repayments from EU budget and EIB loans.

### **Public-private partnership as complementary financing model**

Over the period of the last 15 years, numerous experiences have been gathered, as regards preparation and implementation of investment projects with the participation of private partners.

Within the framework of the "first generation" of PPP projects in Poland, the A2 motorway section Nowy Tomyśl - Konin was constructed, and the A4 motorway section Katowice - Kraków is operated. In those projects the state does not have influence upon the level of charges (tolls) from users, while toll revenue provides the basis for taking loans for construction and reconstruction. Both projects are outside the scope of the public finance sector.

In the "second generation" of PPP, the A1 motorway section Gdańsk - Nowe Marzy has been constructed, also two more sections are under construction: A1 Nowe Marzy - Toruń and A2 Świecko - Nowy Tomyśl. In those projects the state has influence upon toll levels (traffic-related risk is the risk of the public party), while the loan for construction was taken against the planned receipts from the availability charge from KFD means, with State Treasury providing the guarantee. All those three sections are within the scope of responsibilities of the public finance sector.

Within the framework of the "third generation" of PPP projects, the construction of A1 motorway section Stryków - Pyrzowice, and A2 section Stryków - Konotopa was planned. In both projects it has been attempted to provide the influence of public party upon toll levels, as well as to transfer most the risks to private party.

Both projects have not been financially finalized, therefore their implementation within the PPP formula has been made impossible.

The State Treasury still retains the two priorities in the preparation of PPP projects: the influence of public party upon toll levels, as well as transfer of most the risks to private party (in order to classify outside the sector of public finance). In the current situation on financial markets, there is no possibility to finance projects in that formula – financing may only be found for projects in the formula of availability charge with guarantees of the State Treasury, qualified by Eurostat as budget projects, thus charged to the sector of public finance. The situation on the financial markets, as well as plans of PPP projects in other countries of the EU are thoroughly monitored by the ministry of infrastructure, and in case of significantly better financial position, further PPP projects will be prepared, in the first place the project concerning motorway A2 east of Warszawa and A1: Tuszyn - Pyrzowice section.

#### 4.4. Projects reflecting prospective revenue sources for STX Autostrady

In the period covered by the National Road Construction Program for 2011-2015, GDDKiA is going to execute projects financed both from public funds and through PPP (concession system, based on contracts for the construction and operation of toll motorways). It should be considered, that developing the road infrastructure, improvement of quality of its maintenance for the users' safety reasons, and necessity of obtaining sufficient financing depends on execution of other non-construction projects in the sector, for which it is necessary to find sources of funding. Taking into account related technical and financial requirements (PPP), their execution will provide a prospective source of revenues for STX Autostrady. The Company is interested in winning and execution of the following projects:

- building of motorways based on contracts for building and operation of toll motorways (concession system). Due to the economic slowdown and the necessity to limit the public expenditures, it is possible that some of the projects originally intended for execution in the traditional system will actually be executed on a PPP basis. The assumptions of the Programme list already mention – currently – two sections of motorways, for which public funds are not available in the perspective until 2013, for which the application of the PPP formula is subject of thorough analyses by the public party. Those are:
  - section of the motorway A1 – Tuszyn - Pyrzowice, having the total length of some 140 km. Construction of that section had already been subject of a bigger PPP contract (Stryków - Tuszyn section - 180km) concluded in 2009 with the Cintra consortium, yet due to the difficult situation on the financial markets, as well as problems faced by the consortium itself, in the year 2010 it withdrew from the contract. The analysed section of the A1 motorway, shorter than the original one, has a substantial potential for the PPP formula, due to the forecasted dense traffic, as well as reduced – in comparison with the previous project, level of construction risks (half of the section will run where the present A1/DK1 road Tuszyn - Rzęsawa is), which enables significant improvement of the risk profile in comparison with that stipulated in the 2009 contract. The execution of that section will, simultaneously, enable completion of one of the main transit routes in Poland, and connection of the motorway network into one whole. All those factors make it highly probable that GDDKiA will repeat its attempts to execute that section in the PPP formula, with announcement of tender still in 2011;
  - section of the motorway A2 – Warszawa - Kukuryki, having the total length of some 200 km. The construction of that section is not, however, a priority in the Programme for Construction of National Roads for the years 2011-2015. The traffic levels forecasted for that section make it doubtful whether the PPP formula can be applicable without making use of State Treasury guarantees, e.g. in the availability charge formula, applied e.g. in case of the concession concerning the A1 motorway section Gdańsk - Toruń, which would create a burden for the budget, KFD. The above conditions make the project hardly realistic for execution in a short time;
- adaptation of the existing sections of traditionally built motorways to the toll motorways standards, including the delivery of security and traffic management systems, as well as the infrastructure for motorway maintenance. In this area it can be mentioned the A4/A18 section Wrocław - Olszyna;
- entering maintenance contracts for virtually all existing and planned sections of motorways built in the traditional system, with regard to daily road maintenance on behalf of the State Treasury. It may refer to both the emerging network of motorways (e.g. A4 Cracow - Eastern border, A1 Toruń - Łódź, and A2

Warsaw - Eastern border) and the existing section of A4 Sośnica - Wrocław or A4/A18 Wrocław - Western border section;

- conclusion of operator contracts with the Contractor of the National System for Toll Collection, as regards manual toll collection on selected sections of motorways. On 2 November 2010 the Minister of Infrastructure, as the Orderer, signed a contract with Kapsch consortium (as Contractor), for construction and maintenance (operation) of the National System for Toll Collection, including Electronic Toll Collection. Within the framework of that contract the Contractor is obliged to install manual toll collection on selected sections of Toll Motorways at every demand of the Orderer, while the target plan assumes covering over 1000 km of State Toll Motorways with manual toll collection, with some 800 collection lanes. In 2011 the first manual toll collection points should be launched on the following sections of motorways: A2 – Konin - Stryków, and A4 – Wrocław - Sośnica.

The Company also considers the option of equity investment in some of the existing concession projects in Poland, if another participant of the projects is ready to quit the project or one of consortiums would look for additional capital support.

Moreover, bearing in mind the high levels of public debt and of budget deficit, one should not overlook the possibility of infrastructure privatization, also with regard to motorways currently under the management of public authorities. The experiences of Italy and France in this respect show that such a step allows for a rapid reduction in public debt, as well as for speeding up the process of infrastructure development, with the standards of safety and quality met. This issue, however, has not yet entered the public debate.

## 5. Other information on STX Autostrady

### 5.1. Information on contracts significant for the Capital Group's operating activity, including contracts with its shareholders, insurance, cooperation contracts the Company is aware of

There were no significant contracts during the reporting period.

### 5.2. Information on changes in organizational or capital relations of the Capital Group with other entities

On 11 May 2010 the Management Board of STX Autostrady received a notification from Kairos Investment Management Limited with registered seat in London, that the amount of shares of the STX Company held by KIM S.p.A. with seat in Milan increased. In accordance with the notification received, before 6 May 2010 the Company KIM S.p.A. with seat in Milan held 12,326,534 shares (and equivalent amount of votes) of STX Autostrady, which amounted to 4.99 % in the base capital of the Company (and in the total number of votes) through the following funds:

- Kairos Fund Ltd. – in the amount of 9,178,432 shares (3.71%);
- Kairos Focus Fund Ltd. – in the amount of 2,129,295 shares (0.86 %);
- Kairos Centauro – in the amount of 1,018,807 shares (0.41%).

As a result of purchasing shares in the STX Company, on 6 May 2010, KIM S.p.A. presently holds 12,391,265 shares (at the same number of votes) in STX Autostrady, which amounts to 5.01 % in the base capital of the Company (and in the total number of votes) through the following funds:

- Kairos Fund Ltd. - in the amount of 9,178,432 shares (3.71%);
- Kairos Focus Fund Ltd. in the amount of - 2,129,295 shares (0.86 %);
- Kairos Centauro in the amount of – 1,083,538 shares (0.44%).

No other changes of that type occurred throughout the reporting period.

### 5.3. Transactions with related parties and information on material transactions concluded by the Company or its subsidiary on terms other than market with related parties

- (i) Transactions with related parties of individual or total transaction value exceeding EURO 500,000 in the reporting period.

In case of STX Company, one transaction took place during the turnover year, which had individual or total transaction value exceeding EURO 500,000: the dependent entity STX Autoroute transferred for the benefit of STX Autostrady the advance dividend in installment, having the total value of PLN 4,450k, which was the equivalent of some EURO 1,124k (acc. to NBP median exchange rate as of 31 December 2010).

- (ii) Information on transactions concluded by the Company or its subsidiary on terms other than market with related parties

All transactions concluded by STX Autostrady or its subsidiaries with related parties were on the market terms. The Management Board of STX Autostrady would like to turn your attention on four material contracts concluded by its subsidiaries with related parties.

The first one is **the Maintenance and Operation Contract**, concluded originally in 1998 between STX Autostrady and STA. Following the change of concessionaire on the Katowice - Kraków section of A4 motorway, SAM and STA have become parties of the above mentioned Contract since 21 March 2006. The Maintenance and Operation Contract was concluded for the validity period of the Concession Agreement (until 2027) for the works relating to the A4 concession project, including the toll collection, maintenance and operation of the motorway (including winter season maintenance). The contractual level of operator's remuneration agreed for the contract period eliminates in a long time risk of changes in market prices of maintenance and operation services, and ensures a continuity of services and operation during the long period of investment project



execution. The value of transactions concluded between SAM and STA pursuant to this Contract amounted to PLN 31,070k in 2010.

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 the market terms. According to the Company's Management Board opinion, the referred Contract was concluded on market terms, and its provisions do not differ from the terms which would be agreed with the non related party.

The second one is the **contract** no F2a-8-2007 concluded between SAM and Pavimental S.p.A. (part of the Atlantia capital group: Atlantia owns 100% of ASPI shares, and ASPI owns 71.6% of Pavimental shares), **for the repairs of A4 motorway bridges and approximately 28 km of the motorway surface**. The contractor of this project was selected in a two-stage tender based on terms and conditions agreed upon with GDDKiA (in accordance with the provisions of the Concession Contract, SAM shall choose each contractor in a tender, and GDDKiA reserves the right to verify the criteria and tenders' terms before it is announced) as well as loan providers.

The tender notice was published in the Supplement to the Official Journal of the EU, Tender Electronic Daily publication no. 2007/S160-199586-PL on 22 August 2007. In response to the notice the following entities placed their offers: (i) Budimex Dromex S.A.; (ii) Konsorcjum Mota-Engil Engenharia e Construção S.A. and Mota-Engil Polska S.A.; and (iii) Pavimental S.p.A. In the course of the tender procedure and based on quality and price criteria, the offer submitted by Pavimental S.p.A. was found the most attractive and Pavimental S.p.A. was appointed the contractor. The total net value of contracted works amounted to PLN 142,187.8k. The order to start the works was issued on March 25, 2008, while the main works on the motorway were completed in October, 2009. In 2010 the turnover between SAM and Pavimental S.p.A. because of that contract amounted to PLN 3,770k. Taking into consideration the applied procedure for the selection of the executor of F2a-8-2007 contract, in the SAM's Management opinion the contract was concluded on market terms.

The third one is the **contract** no. F2b-1-2009 concluded between SAM and Pavimental S.p.A. & Pavimental Polska consortium (the entities are part of the Atlantia capital group - Atlantia owns 100% of ASPI shares, and ASPI is 71.6% shareholder of Pavimental S.p.A.) **on general repairs of 22 bridges on A4 motorway**. The contractor of this project was selected in a two-stage tender based on terms and conditions agreed upon with GDDKiA (in accordance with the provisions of the Concession Contract, SAM shall choose each contractor in a tender, and GDDKiA reserves the right to verify the criteria and tenders' terms before it is announced) as well as loan providers.

The tender notice was published in the Supplement to the Official Journal of the EU, Tender Electronic Daily publication no. 2009/S123-179334-PL on 1 July 2009. In response to the notice the following entities applied for the pre-qualification stage: (i) Budimex Dromex S.A.; (ii) WARBUD S.A., (iii) a consortium Pavimental S.p.A. and Pavimental Polska, and (iv) Sinohydro Corporation Ltd. From China. The first three entities passed the pre-qualification stage and finally the offers were placed by: (i) Budimex Dromex S.A.; (ii) WARBUD S.A., and (iii) a consortium Pavimental S.p.A. and Pavimental Polska. In the course of the tender procedure and based on quality and price criteria, the offer submitted by the consortium Pavimental S.p.A. and Pavimental Polska was found the most attractive and this consortium was appointed the contractor. The total net value of contracted works amounted to PLN 103,194,265.00. The order to start the works was issued on 22 December 2009 and it is expected that the contract will be completed in 2012. In 2010 the turnover between SAM and the consortium of Pavimental S.p.A. and Pavimental Polska related to that contract amounted to PLN 34,742k. Taking into consideration the applied procedure for the selection of the contractor for contract No, F2b-1-2009, in the SAM's opinion its conditions should be considered market conditions.

The fourth contract of that kind is the **contract** No. F2b-2-2009, signed between SAM and the consortium of Pavimental S.p.A. and Pavimental Polska (those entities belong to the Atlantia capital group, which holds 100% of the shares in ASPI, while ASPI is a 71.6% shareholder of Pavimental S.p.A.) **for the execution of modernization of the water drainage system of the motorway in Balice**. The contractor for this project was selected on the basis of tender procedure, whose conditions had been agreed with GDDKiA (in accordance with the provisions of the Concession Contract, SAM shall choose each contractor in a tender, and GDDKiA reserves the right to verify the criteria and tenders' terms before it is announced) as well as loan providers.

In March 2010 the Company made a decision to cancel the first tender, due to poor competition and contract price not being adequate to the assumed one. The Company obtained approval of Banks to modify the tender documentation. A repeated tender was announced in the 3<sup>rd</sup> quarter of 2010. On 7 September 2010 an offer for the execution of works was received from the consortium of companies PAVIMENTAL S.p.A. and PAVIMENTAL Polska. As a result of bid assessment, comprising quality criterion and price criterion, the offer submitted by the Pavimental consortium has been considered the most advisable, and the bidder has been selected the contractor for the project. The total value of contract works is PLN 17,316,115 net. The order to start work was issued on 20 December 2010 and it is planned to complete the contract in late 2011/ early 2012. In 2010 no payments were made in relation to that contract. Taking into consideration the applied procedure for the selection of the contractor, in the Company's Management opinion the contract F2b-2-2009 was concluded on market terms.

#### 5.4. Information on loans and credits taken or terminated during the current financial year

On 26 October 2009 the Company concluded with Fortis Bank Polska SA a contract concerning multipurpose credit line, which permitted debiting the current account (up to the amount of PLN 400k) as well as guarantee line (up to PLN 2,000k). Due to the changed needs of the Company, on 25 November 2010 the stipulations concerning the above multipurpose credit line were altered – new conditions allow exclusively the financing in the form of debiting the current account (up to the amount of PLN 200k), above the level of funds available on that account. The contract is to expire on October 25, 2019.

As of the end of 2010 the Company had liabilities because of the loan received from SAD, in the amount of PLN 6,471k, of which the amount of PLN 271k comprised interest accrued and not paid. That loan will be settled until the end of the first quarter of 2011.

Except for the above mentioned loan from SAD, major financial liabilities reflected in the statement of financial position of STX Autostrady as at 31 December 2010 are liabilities due to the State Treasury regarding guarantees of bank loans granted to Huta Ostrowiec S.A. of PLN 46,556k. The repayments of those liabilities have been started since August 2008 in equal principal installments and after settlement of all liabilities resulting from the arrangement with creditors. In 2009, 12 principal installments of total value of PLN 12,992k were repaid. The contractual deadline of repayment is in July 2011, yet at present economic and business analyses are carried out to find out whether it would be reasonable to repay that earlier.

#### 5.5. Information on loans granted in the financial year, in particular loans granted to the related parties

On 19 August 2010 the company extended to AMSA, being an entity related to it, a loan in the amount of PLN 600k, to finance the costs of participation in the tender announced by GDDKiA. The parties agreed the repayment date of that loan for March 31, 2012. That same date is also the deadline for paying up by shareholders the unpaid portion of the base capital (70% of the shares belongs to Atlantia, 30% of the shares being owned by STX Autostrady). The loan mentioned has been granted on market conditions.

#### 5.6. Information on guarantees granted and received in the financial year, in particular guarantees granted to the related parties

There were no guarantees granted or received by the Company in 2010.

As at the end of 2010, the Company had a contingent liability resulting from a guarantee of performance given to STA of PLN 15,472k.

#### 5.7. Information on issuance of securities including description of usage of inflows from the issuance by the Company

There was no issuance of securities by the Company in 2010.

5.8. Explanation of differences between the financial results presented in the annual report and previously published financial results forecasts for the financial year

The 2010 financial result forecasts were not published by the Company.

5.9. Evaluation of financial resources management, including in particular the Company's ability to pay off its liabilities and determination of potential threats and actions undertaken by STX Autostrady or actions it intends to undertake against those threats

Currently there are no threats relating to liquidity. Cash held by STX Autostrady is sufficient to pay off the liabilities and can be used to finance future motorway projects. Currently free cash is invested by bank deposits or investment funds, which generates additional financial revenues.

5.10. Evaluation of the capability to finance the investments

In 2010 STX Autostrady spent the amount of PLN 240k on investments in fixed assets and intangible assets. The list of capital expenditures is presented in the table below:

**Table 4 List of capital expenditures incurred by the Company in 2009**

	Purpose of capital expenditures	Value [k PLN]
1	Company cars	182
2	Furnishings and office equipment	39
3	Software and licences	13
4	Modernisation of office building	6
x	<b>Outlays total</b>	<b>240</b>

Source: internal analysis

The capital expenditures incurred by the Company were based on the Plan of Capital Expenditures for 2010 approved by the Supervisory Board. The capital expenditures were financed from the STX Autostrady cash.

The capital expenditures planned for 2011 result from the motorway-related activities, moreover they are reconstructive type, or result from safety requirements and use of the office building in ul. Mickiewicza 29. The sources of financing will be the own means of STX Autostrady.

5.11. Evaluation of factors and unusual events influencing the financial result in the reporting period including determination of impact level of these factors or unusual events on the achieved financial result

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

- Recovery and dissolution of the provisions made for receivables remaining from trade activities (result at the level of PLN 1,744k), of which the main item referred to STX Wielkopolska;
- recognition of VAT receivables of PLN 392k.

Detailed information regarding impact of above mentioned transactions on the financial result of STX Autostrady are presented in the Company's financial analysis section (section 3).

### 5.12. Characteristic of external and internal factors significant for the Company's development and perspectives for activities' development

Detailed information on that respect was presented in:

- section 3 (financial analysis of STX Autostrady);
- section 4 (analysis of core business of the Company);
- section 6 (perspectives for development and identification of major risks and threats, characteristic of external and internal factors important for development of STX Autostrady).

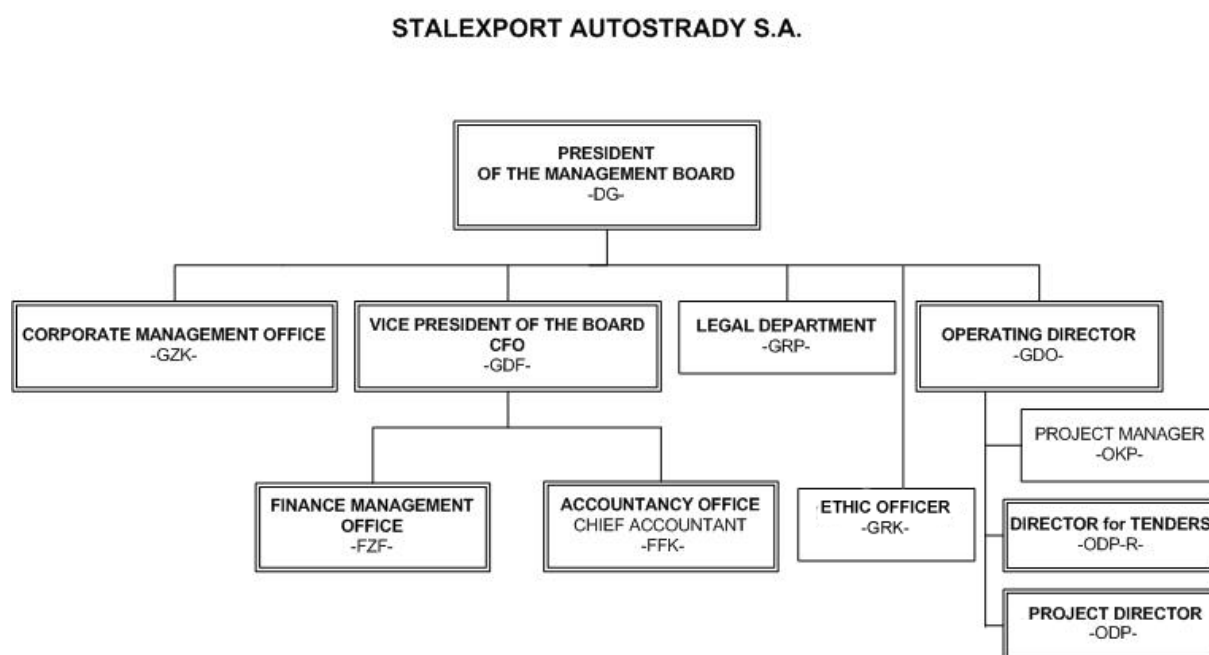
### 5.13. Changes in basic principles of the Company's management

In 2010 the organizational structure of the company changed but slightly, among other things due to changes in the Division headed by Operations Director, and closing down the Company Office in Warszawa.

Derived from those slight changes in organizational structure are small alterations in employment over the year 2010, which resulted in employment level remaining unchanged as of December 31, 2010 as regards the number of people employed (27 people) and slight increase in full time job equivalents (26 FTEs) , in comparison with the situation on 31 December 2009 (25 ½ FTEs).

As a result of those changes, the Company's organizational structure as at 31 December 2010 looks like on the below chart.

Figure 8 Organizational chart of STX Autostrady as at 31 December 2010



Source: internal materials

Some changes in the organizational structure are planned in connection with the termination of cooperation with STX Autostrady Capital Group by Wojciech Gębicki. Moreover, the organizational structure of STX Autostrady may change following development of motorway operations.

Apart from activities in the economic area, the Management Board of STX Autostrady reached out the general tendency of application of transparent rules of running the business. As a result, the Code of Ethics of STX Autostrady was approved in December 2009 (applicable since 1 January 2010), which reflects ethical values STX Autostrady respects and intends to apply. For the Company's employees it is a model behavior in relation to

employees, superiors, clients, partners, and local communities, both in business and non-business relations. The purpose of the Code of Ethics is unique interpretation of key values respected by the Company. The Code was published on the Company's website ([www.stalexport-autostrady.pl](http://www.stalexport-autostrady.pl)).

The Code of Ethics determines principles which are followed by the Company and the Capital Group of Stalexport Autostrady in the following areas:

- fraud prevention,
- corruption and conflict of interests,
- competition right,
- gifts given and received,
- human rights,
- prohibition of discrimination and equality of rights,
- sexual harassment and mobbing.

An Ethic Officer was appointed within the Company's structure to whom the employees can communicate any doubts in respect of violations of rules, understanding and interpretation of rules. The Ethic Officer is in close cooperation with ethic officer in Atlantia Group.

#### 5.14. Information on contracts between the Company and management, giving right for compensation in situation of their resignation or dismissal from the post without any important reason or as a result of the Company's merger or acquisition

In 2010 there were no contracts between the Company and its management, giving them right for compensation in situation of their resignation or dismissal from the post without any important reason or as a result of the Company's merger or acquisition. The job contracts with two members of the Management Board give them right to 6-month severance payment in situation of their dismissal before termination of the term. Whereas, the job contract with the Mr. Wojciech Gębicki, includes a ban on occupying competitive positions for 6-month period since termination of employment in return for compensation being equivalent of 12 monthly salaries in the Company calculated based on the last month.

#### 5.15. Remuneration of the Management and the Supervisory Board of STX Autostrady

According to the Statute of STX Autostrady, the Supervisory Board determines remuneration of the Management. The total remuneration based on the employment contracts of the Company's management, including members of the Management Board and proxies amounted to PLN 2,554k in 2010. In addition, the total remuneration of the Company's management for membership in the supervisory boards of related companies amounted to PLN 452k in the same period. Detailed information regarding remuneration of persons managing the Company is presented in the table below.

**Table 5 Remuneration paid in 2010 to the persons managing the Company [in k PLN]**

No.	Name and surname	Position held in the Company	Remuneration based on the employment contract	Bonuses and awards	Remuneration for membership in supervisory boards of subsidiaries	TOTAL
1.	Emil Wąsacz	President of the Management Board General Director	860	330	13	1.203
2.	Mieczysław Skołyżyński	President of the Management Board Financial Director	732	205	63	1.000
3.	Wojciech Gębicki	Vice-President of the Management Board Operating Director	314	113	376	803
x	<b>Total</b>		<b>1.906</b>	<b>648</b>	<b>452</b>	<b>3.006</b>

Source: internal analysis

The bonuses and awards paid in 2010 presented in the above table include PLN 648k of 2009 bonuses which were covered by the provision in 2009. On the other hand, accrued in 2010 is the provision in the amount of PLN 2,708k, for performance bonuses for the Management Board for the year 2010, as well the bonuses resulting from the three-year motivation plan, covering the period from July 2009 to June 2012.

According to the STX Autostrady's Statute the remuneration of the Supervisory Board is determined by WZ. Some members sitting on the Supervisory Board decided not to receive remuneration they are entitled to for performing the duty of Supervisory Board members.

In 2010 the total remuneration paid to the Company's Supervisory Board amounted to PLN 85k. Detailed information on remuneration paid to members of STX Autostrady Supervisory Board is presented in the table below.

**Table 6 Remuneration paid in 2009 to members of the Company's Supervisory Board [in PLN]**

No.	Name and surname	Position in the Supervisory Board of STX Autostrady	Remuneration
1.	Roberto Mengucci	President (since 24 July 2009)	no remuneration
2.	Aleksander Galos	Vice-President	34
3.	Michelangelo Damasco	Secretary	no remuneration
4.	Dario V. Cipriani	Member (resigned 06 October 2010)	22
5.	Christopher Melnyk	Member	no remuneration
6..	Tadeusz Włudyka	Member	29
7.	Costantino Ivoi	Member	no remuneration
8.	Massimo Lapucci	Member (since 24 July 2009)	no remuneration
x	<b>Total</b>		<b>85</b>

Source: internal analysis

There are no incentive or premium programs in the Company, based on the capital of the issuer, including programs based on bonds with priority, convertible bonds, subscription warrants (in cash, kind or any other form) paid, payable or potentially payable to persons managing and supervising the Issuer.

#### 5.16. The Company's shares and the related parties' shares held by persons managing and supervising STX Autostrady

Number and nominal value of STX Autostrady shares held by the persons managing and supervising the Company is provided based on declarations of those persons. The balance as at 31 December 2010 is presented in the table below.

**Table 7 Number and nominal value of STX Autostrady's shares held by persons managing and supervising the Company (as of 31 December 2010)**

No.	Name and surname	Number of shares [items]	Nominal value [in PLN]
1.	Emil Wąsacz	59.000	118.000
2.	Wojciech Gębicki*	19.000	38.000

\* on February 10, 2011 Mr. Wojciech Gębicki resigned from the position and was removed the Management Board by the Supervisory Board

Source: internal analysis based on declarations made by the persons managing and supervising the Company

The situation on the day of preparation of this Report is presented in the next table.

**Table 8 Number and nominal value of STX Autostrady's shares held by persons managing and supervising the Company (as on the day of preparing the Report)**

No.	Name and surname	Number of shares [items]	Nominal value [in PLN]
1.	Emil Wąsacz	59.000	118.000

Source: internal analysis based on declarations made by the persons managing and supervising the Company

Persons managing and supervising STX Autostrady do not held any shares in related parties.

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

The Company is not aware of information on other agreements which may result in changes in relations of the shares held by the existing shareholders and bondholders.

5.18. Information on the control system regarding employee share schemes

There are no employee share schemes in STX Autostrady.

5.19. Date of concluding the contract with the entity entitled to audit the stand alone and consolidated financial statements; the contract period and the total audit remuneration in the given financial year

In accordance with competences determined in the Company's Statute, the Supervisory Board appointed KPMG to audit the Company's stand alone financial statements for 2010 and the consolidated financial statements of STX Autostrady Capital Group for 2009. KPMG is entered in the register of entities authorized to audit financial statements under number 458.

The audit contract was signed between the Company and KPMG Audyt Sp. z o.o. on 25 June 2009. The contract covered audits and reviews of the financial statements for 2009 -2011.

The total remuneration of KPMG related to the following works amounted to net PLN 205k, including:

- Half-year review of stand alone and consolidated financial statements of STX Autostrady for the 6-month period ended 30 June 2010 - PLN 82k;
- Audit of the annual stand alone and consolidated financial statements of the Company for 2010 – PLN 123k.

The limit of out of pocket expenses was established at the level of 10%.

The remuneration of KPMG Audyt Sp. z o.o. for the same scope of work in 2009 amounted to net PLN 202.3k, including:

- Half-year review of stand alone and consolidated financial statements of STX Autostrady for the 6-month period ended 30 June 2009 - PLN 80.9k;
- Audit of the annual stand alone and consolidated financial statements of the Company for 2009 – PLN 121.4k.

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

The Company is not a party of any legal proceedings in common, arbitration court of law, and also the bodies of the public administration in matters, in which the individual value of the subject of the dispute exceeds the amount constituting at least 10% of the Company's equity. It concerns both individual litigations and all litigations conducted by the Company or against the Company.



## 6. Perspectives for development and major risks and threats, external and internal factors crucial for development of STX Autostrady

### 6.1. Perspectives for development

In the previous years the Company participated in winning and executing infrastructure projects related to building, managing, and operating toll motorways. The Road Construction Plan, described in detail above in the Report, creates a substantial potential market for the Company, as well as for the entities belonging to the Capital Group. Realization of challenging plans of the Republic of Poland's Government in respect of development of existing infrastructure is supported by organization of European Football Championship in 2012. However, it should be emphasized, that the road infrastructure area is a sector heavily dependent on the state regulator.

Perspectives for development of STX Autostrady have been discussed in details in the section on analysis of core business of the Company and also in point discussing projects which are considered as a potential source of its income (point 4.4).

### 6.2. Main risks and threats, external and internal factors crucial for the development of STX Autostrady and methods to oppose those risks

#### ▪ Main types of risks and threats related to the Company's activities

Political and economic stability is one of the main conditions to ensure the harmonious development of the motorway activities.

The basic prerequisites of economic and financial risks are – in case of the decline in the growth of economic development - a potential decrease in traffic, and consequently decline of the revenues level. The Company reduces this risk by applying appropriate pricing policies, as well as taking actions to improve the quality of customer service by the expansion of toll collection squares within the managed section of the motorway and currently implemented replacement of toll collection devices, enabling customers to diversify the forms of payment for the use of motorway.

In the case of making the decision to participate in tenders for the development of motorway infrastructure the worsening of the investment climate is a significant risk factor which can cause difficulty in obtaining long-term investment capital. The market in Poland, including the Company, has experienced this situation two years ago, when, owing to lack of financing we had to withdraw from the tender for the construction and operation of the A2 motorway section between Stryków and Konotopa junction. The company tries to minimize such risks, among others by continuous cooperation with financial institutions having extensive knowledge and experience in the sector of infrastructure projects, such as entities comprising the Atlantia Group, participate in public consultations aimed at developing and implementing innovative solutions in this regard, involving, among others the allocation of risks in the sphere of infrastructure projects and placing them on the side of entities, which can manage them efficiently.

**Institutional and legal instability** of the environment governing the sector of infrastructure in Poland are the main groups of legal and political risks. By among others promoting good practices and solutions aimed at creating an appropriate legal framework for the implementation of infrastructure projects, active participation in public discussion on new legislative solutions, the Company seeks to counteract such risks. Information on financial instruments, related risks and aims and methods of managing these risks adopted by the Company have been discussed in note 29 of the Company's stand alone financial statements.



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

### 7.1. Introduction

Performing the duty resulting from §29 section 5 of the WSE by-laws and the resolution no 1013/2007 of the WSE plc Management Board dated 11 December 2007 on the range and the structure of the report on implementing the best practices by the stock exchange companies – the Management Board of STX Autostrady 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 January 2010 to the date of publishing the annual report for 2010.

### 7.2. The set of rules of best practices, the Company is subject to, and its public availability

The Management Board of STX Autostrady declares that the set of 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 scope in which the Company renounces from the provisions of the set of 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 of the Warsaw Stock Exchange plc Management Board dated 11 December 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 STX Autostrady referring to the rules included in the Good Practices of Companies listed on WSE (DPSN) declares that in 2010 the Company did not broadcast the General Meetings over the Internet, however it recorded the General Meetings and published the recordings on the website.

### 7.4. Description of the basic attributes of the systems of internal control and the risk management in regard to drawing up the unconsolidated and consolidated financial reports, applied in the Company

The Management Board of STX Autostrady is responsible for system of internal control and its effectiveness while drawing up the financial reports. 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. Due to it, it is possible to monitor the liabilities' level, the level of costs and achieved results. The financial data which are the basis for the financial reports and the periodic ones come from the accounting-financial system IMPULS (the register of the documents consistent with Company's accounting policy based on the International Accounting Standards).

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 Vice-President of the Management Board,-Financial Director in cooperation with the Finance Management Director, and its final contents are 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 Audit Committee, each year evaluates the audited financial reports of the Company and the Capital Group in the scope of their conformity with books and documents as well as with the actual condition, and it informs the shareholders about the results of this evaluation in its annual Report.

The Company has been systematically monitoring the external provisions and regulations relating to the requirements of the stock exchange reporting and it takes steps to implement them properly.

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

As on the date of providing this report, the shareholders with at least 5% in the total number of shares were:

Name of the entity	Number shares/votes	Share in equity [%]
ASPI	139,059,182	56,24 %
Bank Ochrony Środowiska S.A.	12,810,333	5,18 %
Kairos Investment Management S.p.A.	12,391,265	5,01 %
Other shareholders	83,001,243	33,57%

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

No shares of STX Autostrady 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 a specified part or number of votes, time limitations regarding exercising the voting rights or provisions, 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 the right to vote related to the shares is concerned

7.8. Information on all limitations regarding transferring the ownership rights to the Company's securities

The shares of STX Autostrady are not subject to any limitations as far as the transferring of the ownership rights is concerned.

7.9. Description of the rules 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 as well as in the Code of commercial companies and other generally applicable 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 STX Autostrady.

#### 7.10. Description of the rules of amending the statutes or the articles of association of the Company

The amendment to the Statutes of the Company is based on rules described in the provisions of the Code of commercial companies; the Statutes do not comprise other different provisions in this respect. Except for § 5 section 2 which refers to the essential amendment to the subject of the Company's activity without necessity to buy out the shareholders which do not agree on the amendment.

#### 7.11. The *modus operandi* 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 were approved, providing the information in this respect, do not result directly from the law

The general meetings of shareholders of STX Autostrady. are held under the rules of the Code of commercial companies, of the Statutes and the Regulations of the GM 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 auditor of the Company participates in the meeting and gives explanations during the general meetings which agenda comprises the financial matters of the Company.

General Meetings (Assemblies) are convened in the manner and according to the principles indicated in commonly binding regulations. It means that the announcement on convening a General Meeting (Assembly) is made in the current report and published at the website of STX Autostrady (address: [www.stalexport-autostrady.pl](http://www.stalexport-autostrady.pl)) no later than 26 days before the date of the general meeting (assembly).

Those shareholders are entitled to take part in the general meeting (assembly) who hold the shares of STX Autostrady on the 16th day before the date of such meeting, which is the record date. The basis for admitting a shareholder to participation in general meeting is putting a given shareholder on the list, made available to the Company by KDPW (National Depository of Securities) not later than one week before the date of the general meeting.

The general meetings are held in the seat of the Company, in Katowice, and the detailed rules of its debate are defined in the Regulations of the General Meeting of STX Autostrady resolved on 27 November 2002. The currently binding text of the Regulations of GM takes into account three amendments made in years 2004, 2005, 2006, and 2010, and it's the **enclosure no 3** to the Report, it is also available at the corporate website of STX Autostrady. Changes introduced in 2010 take into account the new principles concerning organization of general assemblies of public (listed) joint stock companies, introduced on 03 August 2009 by amendments of the Code of commercial companies of 05.12.2008 (Official Journal of Law - Dz.U. - of 2009, No. 2, item 28).

The above Regulations determined in particular the scope of rights of shareholders (in connection with the most important right they execute, namely participation in the General Meeting / Assembly), as well as the manner of executing them, 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, in compliance with §10a of the Regulations concerning General Meetings.

According to the §24 of the Company's Statutes the resolutions of the General Meeting are required in particular in case of:

- 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) extending a vote of acceptance to the members of the Management Board and the members of the Supervisory Board;
- 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 STX Autostrady;

- 7) the amendment to the Company's Statutes, 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 previous determining the number of its members for a given term and recalling them;
- 12) determining the remuneration rules for the appointed members of the Supervisory Board.

## 7.12. The composition and its changes 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 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 upon the motion of the President of the Management Board. Joint term of the Management Board's members lasts three successive years, and their mandates expire on the day of holding the General Meeting approving the financial statement for the last full turnover year of performing the function of the Management Board's member.

In the reporting period the composition of the Management Board did not change and was as follows:

- |               |              |                                          |
|---------------|--------------|------------------------------------------|
| 1. Emil       | Wąsacz       | - President of the Management Board      |
| 2. Mieczysław | Skołoznyński | - Vice-President of the Management Board |
| 3. Wojciech   | Gębicki      | - 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 GM. 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 Company' Statutes, were approved by the Supervisory Board and the document is the **enclosure no 2** to the Report, moreover it is available on the corporate website of STX Autostrady.

On February 10, 2011 Mr. Wojciech Gębicki resigned from the position and was removed the Management Board by the Supervisory Board on February 10, 2011.

The Company informed WSE about the above via current report No. 3, of February 10, 2011.

### (ii) Supervisory Board

Pursuant to §14 of the Company's Statutes, the Supervisory Board is composed of 5 to 9 members chosen for a joint term which lasts three years. The General Meeting appoints and recalls members of the Supervisory Board determining previously their number for a given term.

The General Meeting on 30 March 2010 in resolution no 22 decided that the Supervisory Board of VII term (2010-2012) will be composed of eight members.

From 01 January 2010 to the day of drawing up the report the composition of the Supervisory Board changed as follows:

- From 01 January 2010 to 30 March 2009 - the Supervisory Board was acting in the following composition:

- |                 |           |                 |
|-----------------|-----------|-----------------|
| 1. Roberto      | Mengucci  | - Chairman      |
| 2. Aleksander   | Galos*    | - Vice-Chairman |
| 3. Michelangelo | Damasco   | - Secretary     |
| 4. Dario        | Cipriani* |                 |
| 5. Costantino   | Ivoi      |                 |

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\* independent member

- |            |           |
|------------|-----------|
| 6. Massimo | Lapucci   |
| 7. Tadeusz | Włudyka * |

On 30 March 2010 the Ordinary General Meeting (Assembly) appointed the following members of the Supervisory Board for the VIIth term of office, in the following composition:

- |                 |            |                 |
|-----------------|------------|-----------------|
| 1. Roberto      | Mengucci   | - Chairman      |
| 2. Aleksander   | Galos *    | - Vice-Chairman |
| 3. Michelangelo | Damasco    | - Secretary     |
| 4. Dario        | Cipriani * |                 |
| 5. Costantino   | Ivoi       |                 |
| 6. Christopher  | Melnyk     |                 |
| 7. Massimo      | Lapucci    |                 |
| 8. Tadeusz      | Włudyka *  |                 |

On 15 April 2010 the first meeting of the Supervisory Board, VIIth term of office, was held, during which Mr. Roberto Mengucci was again appointed the Chairman of the Supervisory Board.

Mr. Dario V. Cipriani resigned from being a member of the Supervisory Board on 06 October 2010, The Company informed about that via current report No. 13, of 12 October 2010.

By the Resolution No. 3 the Extraordinary General Meeting on December 22, 2010 decided that the Supervisory Board, VIIth term of office, (2010-2012) will be composed of seven members.

In connection with the above, in the period between 07 October 2010 and the day of preparation of this Report, the Supervisory had the following seven members:

- |                 |           |                 |
|-----------------|-----------|-----------------|
| 1. Roberto      | Mengucci  | - Chairman      |
| 2. Aleksander   | Galos *   | - Vice-Chairman |
| 3. Michelangelo | Damasco   | - Secretary     |
| 4. Costantino   | Ivoi      |                 |
| 5. Christopher  | Melnyk    |                 |
| 6. Massimo      | Lapucci   |                 |
| 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 GM. Moreover acting in conformity with the Company's Statutes, the Supervisory Board resolved its regulations defining the course of proceedings. The document is the **enclosure no 4** to the Report, moreover it is available on the corporate website of STX Autostrady.

### (iii) Committees of the Supervisory Board

Under § 25 section 2 of the Regulations of the Supervisory Board of STX Autostrady S.A., and in compliance with the Code of Good Practices for Companies Listed at WSE, in particular the good practices followed by members of supervisory boards, the Supervisory Board appointed from its composition the Audit Committee and Remuneration Committee.

As of 01 January 2010 the Supervisory Board committees functioned in the following composition:

#### Audit Committee:

- Massimo Lapucci - Chairman
- Dario V. Cipriani
- Costantino Ivoi

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\* independent member

Remuneration Committee:

- Roberto Mengucci - Chairman
- Aleksander Galos
- Tadeusz Włudyka
- Costantino Ivoi

On 15 April 2010 the members of the Supervisory Board, via resolutions No. 22/2010 and 23/2010 decided about not changing the composition of the Audit Committee and Remuneration Committee for the Supervisory Board, VIIth term of office, with the sole difference being that Costantino Ivoi became head of the Audit Committee.

As of 31 December 2010 the Supervisory Board committees functioned in the following composition:

Audit Committee:

- Costantino Ivoi - Chairman
- Massimo Lapucci

Remuneration Committee:

- Roberto Mengucci - Chairman
- Costantino Ivoi
- Aleksander Galos
- Tadeusz Włudyka

In connection with the resignation of Mr. Dario V. Cipriani, the composition of the Audit Committee was supplemented, by virtue of the resolution of the Supervisory Board, No. 1/2011 dated February 09, 2011, at present the committee has the following composition:

- Costantino Ivoi - Chairman
- Aleksander Galos
- Massimo Lapucci

The above mentioned committees have been acting on the basis of the regulations approved by the Supervisory Board which are the enclosures to the Regulations of the Supervisory Board. Those Regulations are available at the corporate website of the Company.

**(iv) Proxies**

Pursuant to art. 371 §4 of the Code of Commercial Companies, proxies are appointed by the Management Board. At present there are no proxies in the Company.

## 8. Summary

Analyzing the current situation of the Company it should be stressed that STX Autostrady is a company with sound financial basis, which creates realistic possibilities for further development on the market of motorway-related projects.

Vice-President of the Management Board

Chief Financial Officer (CFO)

.....

/Mieczysław Skołożyński/

President of the Management Board

Chief Executive Officer (CEO)

.....

/Emil Wąsacz/

Katowice, 28 February 2011

## 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 performance of the Company 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 statements of the Company for 2010 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 STX Autostrady's state of affairs as well as its the financial result.

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

Vice-President of the Management Board

Chief Financial Officer (CFO)

President of the Management Board

Chief Executive Officer (CEO)

.....

/Mieczysław Skołożyński/

.....

/Emil Wąsacz/

Katowice, 28 February 2011



- 9.2. Statement of the Management Board stating that the entity entitled to audit the financial statements, auditing the annual financial statements, 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 statements, in line with the appropriate provisions of the law and the professional standards.

### Statement

We hereby state that KPMG company with its registered office in Warsaw, entitled to audit the financial statements, auditing the annual financial statements for 2010, has been selected in accordance with the provisions of law i.e. pursuant to §18 section 3 point 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 statements, in line with the appropriate provisions of the law and the professional standards.

Vice-President of the Management Board

Chief Financial Officer (CFO)

.....

/Mieczysław Skołożyński/

President of the Management Board

Chief Executive Officer (CEO)

.....

/Emil Wąsacz/

Katowice, 28 February 2011

## 10. Enclosures

- Enclosure no 1 STX Autostrady's Statutes
- Enclosure no 2 Regulations of STX Autostrady's Management Board
- Enclosure no 3 Regulations of STX Autostrady's General Meeting
- Enclosure no 4 Regulations of STX Autostrady's Supervisory Board
- Enclosure no 5 Financial highlights of STX Autostrady

The content of the Statutes of the Company and the aforementioned Regulations can be found on STX Autostrady corporate website ([www.stalexport-autostrady.pl](http://www.stalexport-autostrady.pl)).

**Enclosure no 1**

**Stalexport Autostrady  
Joint Stock Company**

**STATUTES**

*/Consolidated Text/*

## **I. GENERAL PROVISIONS**

### **§1**

1. The Company's firm is Stalexport Autostrady Joint Stock Company.
2. The Company may use the abbreviation of the firm: Stalexport Autostrady S.A. and the graphic or verbal-graphic symbol that distinguishes it (logotype).

### **§2**

The city of Katowice is the seat of the Company.

### **§3 (*deleted*)**

### **§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**

1. The subject of the Company activity:

- 25.11.Z Manufacture of metal structures and parts of structures
- 26.30.Z Manufacture of Communications equipment
- 32.99.Z Other manufacturing n.e.c.
- 33.11.Z Repair of fabricated metal products
- 33.20.Z Installation of industrial machinery and equipment
- 38.31.Z Dismantling of wrecks
- 41.10.Z Development of building projects
- 41.20.Z Construction of residential and non-residential buildings
- 42.11.Z Construction of roads and motorways
- 42.12.Z Construction of railways and underground railways
- 42.13.Z Construction of bridges and tunnels
- 42.21.Z Construction of transmission pipelines and distribution systems
- 42.22.Z Construction of utility projects for electricity and telecommunications
- 42.91.Z Construction of water projects
- 42.99.Z Construction of other civil engineering projects n.e.c.
- 43.21.Z Electrical installation
- 43.29.Z Other construction installation
- 43.32.Z Joinery installation
- 43.91.Z Roofing activities
- 43.99.Z Other specialised construction activities n.e.c.
- 45.11.Z Sale of cars and light motor vehicles
- 45.19.Z Sale of other motor vehicles except motorcycles
- 46.13.Z Agents involved in the sale of timber and building materials
- 46.44.Z Wholesale of china and glassware and cleaning materials

46.51.Z Wholesale of computers, computer peripheral equipment and software  
 46.69.Z Wholesale of other machinery and equipment  
 46.72.Z Wholesale of metals and metal ores  
 46.73.Z Wholesale of wood, construction materials and sanitary equipment  
 46.74.Z Wholesale of hardware, plumbing and heating equipment and supplies  
 46.75.Z Wholesale of chemical products  
 46.76.Z Wholesale of other intermediate products  
 46.77.Z Wholesale of waste and scrap  
 46.90.Z Non-specialised wholesale trade  
 47.41.Z Sale of computer, peripheral units and software in specialized stores  
 47.42.Z Retail sale of telecommunications equipment in special stores  
 49.41.Z Freight transport by road  
 52.10.A Warehousing and storage of gaseous fuels  
 52.10.B Warehousing and storage of other goods  
 52.21.Z Service activities incidental to land transportation  
 52.24.C Cargo handling at other transshipment points  
 52.29.C Other transportation support activities  
 59.20.Z Sound recording and music publishing activities  
 61.30.Z Telecommunications activities  
 61.90.Z Other telecommunications activities  
 62.01.Z Computer programming activities  
 62.02.Z Computer consultancy activities  
 62.03.Z Computer facilities management activities  
 62.09.Z Other information technology and computer service activities  
 63.11.Z Data processing, hosting and related activities  
 63.12.Z Web portals  
 63.99.Z Other information service activities n.e.c.  
 64.20.Z Activities of holding companies  
 64.30.Z Trusts, funds and similar financial entities  
 64.91.Z Financial leasing  
 64.92.Z Other credit granting  
 64.99.Z Other financial service activities, except insurance and pension funding n.e.c.  
 66.19.Z Other activities auxiliary to financial services, except insurance and pension funding  
 68.10.Z Buying and selling of own real estate  
 68.20.Z Renting and operating of own or leased real estate  
 68.32.Z Management of real estate on a fee or contract basis  
 69.20.Z Accounting, bookkeeping and auditing activities; tax consultancy  
 70.10.Z Activities of head offices and holding companies except financial holdings  
 70.21.Z Public relations and communication activities  
 70.22.Z Business and other management consultancy activities  
 71.11.Z Architectural activities  
 71.12.Z Engineering activities and related technical consultancy  
 71.20.B Other technical testing and analysis  
 73.11.Z Advertising agencies  
 73.12.A Brokerage in the sale of time and space for advertising purposes on the radio and on the television  
 73.12.B Brokerage in the sale of space for advertising purposes in printed media  
 73.12.C Brokerage in the sale of time and space for advertising purposes in electronic media (the Internet)  
 73.12.D Brokerage in the sale of time and space for advertising purposes in other media

74.10.Z Specialised design activities  
 74.90.Z Other professional, scientific and technical activities n.e.c.  
 77.12.Z Renting and leasing of other motor vehicles except motorcycles  
 77.32.Z Renting and leasing of construction and civil engineering machinery and equipment  
 77.39.Z Renting and leasing of other machinery, equipment and tangible goods n.e.c.  
 77.40.Z Leasing of intellectual property and similar products, except copyrighted works  
 78.10.Z Activities of employment placement agencies  
 78.20.Z Temporary employment agency activities  
 78.30.Z Other human resources provision  
 81.10.Z Combined facilities support activities  
 82.11.Z Combined office administrative service activities  
 82.19.Z Photocopying, document preparation and other specialised office support activities  
 82.91.Z Activities of collection agencies and credit bureaus  
 82.99.Z Other business support service activities n.e.c.  
 85.60.Z Educational support activities  
 95.11.Z Repair of computer and peripheral equipment  
 95.12.Z Repair of Communications equipment

2. The General Meeting of Shareholders may pass a resolution on a significant change of the subject of the Company's activity also without buying out the shares of these shareholders who do not accept the change provided that such resolution is passed with the majority of two thirds of votes in the presence of the people who represent at least one half of the stock capital.

### **III. STOCK CAPITAL**

#### **§6**

The stock capital of the Company amounts to 494,524,046 PLN (say: four hundred ninety four million and five hundred twenty four thousand forty six PLN).

#### **§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 PLN (PLN two 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 F 107,762,024 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 a shareholder by means of the acquisition by a Company determined in the Resolution of General Meeting.
2. *(deleted)*
- 2.a *(deleted)*



## 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. *(deleted)*
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 makes its decisions in the form of resolutions or without resolutions being passed. The resolution form is required for decisions concerning:
  - 1) purchasing and selling real properties, and a part of them as well, and the perpetual usufruct or a part of it, with the reservation, that if the the value of the transaction exceeds five million PLN the approval of the Supervisory Board is required,
  - 2) incurring liabilities, including credits, sureties, etc. the value of which exceeds one million PLN,
  - 3) *(deleted)*,
  - 4) convening general meetings and accepting draft resolutions for these meetings,
  - 5) proposing the Supervisory Board the selection of a chartered auditor,
  - 6) purchasing and selling the company shares or shares of other companies,
  - 7) creating a company branch or representation abroad,
  - 8) lay-offs,
  - 9) adopting an investment plan, selling and leasing the enterprise with a group of tangible and intangible assets, as well as transferring the usufruct rights.
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 the casting one.
4. The Management Board may also adopt resolutions in all matters it deems material and essential, as long as they fall within the objects of the Company as well as its functioning.

5. 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.
6. 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 5 to 9 members chosen for a period of a joint term office which lasts three years.
2. The General Meeting appoints and recalls members of the Supervisory Board determining ahead their number for a given term of office.
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

ry 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. Should the first meeting of the Supervisory Board not be convened as described above within 14 days from the day of the selection, any of the selected members of the Supervisory Board is entitled to convene it.

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 should convene meetings if necessary, however not less than three times during the turnover year.
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 PLN,
- 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 one 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 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 PLN,
- 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 to transfer the rights and duties resulting from licences and concessions 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 to sell the shares in the subsidiary companies for which Stalexport Autostrady S.A. 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 turnover 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 the term defined in section 1 and Extraordinary General Meeting if convening it considers as necessary.
5. The shareholder or shareholders representing at least 1/20 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, 30.03.2010



**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 Company's name 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</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.
2. 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.
3. Meetings of the Management Board are also convened out of the initiative of the Supervisory Board or its Chairman.
4. 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.

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<sup>2</sup> These regulations were passed - on the basis of §11 reg.5 of Statutes of STALEXPORT S.A. - by the Management Board of the Company on 13.03.2003 (resolution no. 32/2003) and approved by the Supervisory Board on 26.03.2003 (Resolution no 2/2003).

<sup>3</sup> §10 the Management Board of the Company on 15.04.2004 (resolution no. 26/2004). The change was approved by the Supervisory Board on 26.04.2004 (resolution no. 3/2004).

<sup>4</sup> Section 2 §7 deleted by the Management Board on 02.02.2010 (resolution no 10/2010). The change was approved by the Supervisory Board on 02.03.2010 (resolution no 2/2010).

## §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. (deleted).
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

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.

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.

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

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.

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.

The minutes are kept in the book of minutes of the Management Board meetings.

**Enclosure no 3**

**Regulations  
of the General Meeting**

Consolidated text<sup>1</sup>

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<sup>1</sup> Determined by the Supervisory Board's resolution no. 25/2010 dated on 15.04.2010.

## **Regulations<sup>2/3/4/5/6</sup> of the General Meeting**

### §1

The 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 Commercial Companies Code and in the Charter of Stalexport Autostrady S.A.

### §2

1. The right to participate in General Meeting have only persons being shareholders 16 days before the date of the General Meeting.
2. The day of registration on the General Meeting is uniform for entitled persons/shareholders having bearer and inscribed shares.
3. The owners of inscribed shares and temporary certificates as well as lienors (pledgers) and the users, who have the right to vote if they are registered in share book on day of the registration on the General Meeting.

### §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:
  - 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, or an electronic copy, indicating the email address to which the document is to be sent.

### §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 to participate in General Meeting should be made in the written or electronic form. The electronic form does not require to be signed by safe electronic signature verified by a valid qualified certificate.
2. *(deleted).*

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<sup>2</sup> Passed by the Extraordinary General Meeting of Shareholders of STALEXPORT S.A. 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)

<sup>6</sup>Changes made by the General Meeting of Stalexport Autostrady S.A. dated on 30.03.2010 r. (resolution no. 21). The changes concern: §1, §2, §3 point 4, §4 point 1 i 2 (deleted), §6 point.1, §14 point.1 and §23 point. 4

## §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 person entitled to participate in General Meeting Has the right to run for the Chairman of the General Meeting as well as to enter to the minutes the 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 it 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

- 4) minutes of the General Meeting, 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.



## §10a

In case the voting is carried out via the computer system of casting and counting the votes, the 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

## §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 of the shareholders entitled to participate in General Meeting Has the right to ask questions on each item of 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 Commercial companies code.
2. The absolute majority of votes is necessary for the validity of the resolutions, except the cases determined in Commercial companies code and the Company's Charter.

## §19

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

- his responsibility before the Company whatever the claim is, including granting the discharge,
- discharging from the liabilities towards the Company.
- 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.

In case of choosing the members of the Supervisory Board – on the shareholders` motion - by voting by groups, it takes place on the basis of a separate attendance list, In a separate place, enabling the choice of the chairman of the meeting of a 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 Commercial companies code.
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 of the Supervisory Board <sup>2/3/4/5/6/7</sup>**

### **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 Commercial Companies Code.

#### **§ 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 section 3 and 4 of the Company's Statutes, also by supervising and monitoring the Company's activities in its all domains.

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

#### **§ 4**

The Supervisory Board is composed of 5-9 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 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 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 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).

<sup>6</sup> Amended by the Supervisory Board on 30.07.2009 (resolution no 16/2009) the change concerns § 25 point 2 (new wording and approval of the new Regulations of the Audit Committee of Supervisory Board of Stalexport Autostrady S.A.)

<sup>7</sup> Amended by the Supervisory Board on 02.03.2010 (resolution no 3/2010) the change concerns §3, §4, §8 point 1, §12 point 3 and §28.

## § 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 Supervisory Board's meetings are held if necessary, but not less frequently than three times a turnover year.
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 absolute 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.

#### § 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,
- 4) including the remuneration and other conditions to perform the duties of a member of the Management Board,
- 5) 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,
- 6) to suspend in functions- out of important reasons - individual or all members of the Management Board (in a secret voting),
- 7) 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,
- 8) 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,
- 9) to assess motions of the Management Board concerning the profit distribution or loss coverage,
- 10) to submit an annual written report to the General Meeting from the results of the evaluations mentioned in point 7 and point 8,

- 11) to grant consent for reducing employment if it has a nature of the so called group dismissal according to the interpretation of proper regulations,
- 12) to choose, upon the motion of the Management Board, an expert auditor in order to examine financial reports,
- 13) 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,
- 14) 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,
- 15) to grant consent for setting up branch offices or representative offices abroad,
- 16) to approve the investment plan for the Company and the Stalexport Autostrady Capital Group,
- 17) to give an opinion on the resolutions presented by the Management Board on General Meetings,
- 18) 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,
- 19) 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 of its members, the Management Board's Remuneration Committee and the Audit Committee, determining the tasks, rights and the modus operandi in their Regulations. The committees report to the Board on their annual activity, and their regulations are the enclosures to the Regulations of the Supervisory Board.

## § 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 Statutes as well as the Extraordinary General Meeting insofar as it is deemed necessary

## § 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  
/-/ Michelangelo Damasco

The Chairman  
of the Supervisory Board  
/-/ Roberto Mengucci

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

## **Regulations<sup>8</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.

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<sup>8</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.*

#### **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,
- 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.

**Regulations<sup>9</sup>  
of the Audit Committee of the Supervisory Board  
Stalexport Autostrady S.A.**

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§1

The Audit Committee consists of three members of the Supervisory Board – *appointed by the Supervisory Board* - including at least one member meeting independence requirements and having accounting or auditing qualifications. The Chairman is in charge of the Committee.

§2

The tasks of the Audit Committee, include in particular:

- 1) monitoring of financial reporting process of the Company,
- 2) monitoring of effectiveness of the internal control systems, the internal audit and risk management in the Company,
- 3) monitoring of financial audit,
- 4) monitoring of independence of auditor and entity authorized to audit financial statements, including other services provided for the Company,
- 5) recommending to the Supervisory Board the entity authorized to audit financial statements which will perform financial audit in the Company,
- 6) reviewing and analyzing the periodic and annual financial statements of the Company, both individual and consolidated ones, and next presenting the essential conclusions to Supervisory Board of the Company,
- 7) drawing up the annual report on the activity of the Committee for Supervisory Board.

§3

The Audit Committee is authorized in particular:

- 1) to examine the documentation of the Company regarding the matters and issues covered by the Committee's tasks, also to receive from the Management Board and through it, from the other employees of the Company any information and explanations concerning the issues covered by the Committee competence,

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<sup>9</sup> *Approved by the resolution no 16/2009 dated 30.07.2009 regarding the changes in the Regulations of the Supervisory Board and approving the Regulations of the Audit Committee.*

- 2) to cooperate with auditors in the issues covered by the tasks of the Committee, including the following:
  - to receive from entity authorized to audit the financial statements of the Company (performing a financial statement audit in the Company), a declaration confirming its independence and also the independence of auditors,
  - to receive from the above entity a declaration of other services provided for the Company, such as tax consultancy, preparing the expert opinions or other services,
  - to receive from the aforementioned entity an information in writing on threats of independence of the entity authorized to audit financial statements and the action taken to limit such threats.

#### § 4

1. The Audit Committee holds regular meetings at least once a quarter prior to publication of financial statements by the Company.
2. The meetings of the Committee are convened by its Chairman, who duly informs the other members of the Committee about it, no later than five days before the date of the meeting, and exceptionally in urgent cases, one day before the meeting's date.
3. The Audit Committee takes the decisions by simple majority of votes with a reservation, that in case of casting the equal number of votes in favour and against, the Chairman has the final vote.
4. The Audit Committee performs its tasks at the meetings, however in justified cases it is acceptable to make a decision by means of direct distant communication such as phone, e-mail, etc.
5. The Chairman of the Audit Committee can designate other member of the Committee to take the responsibility for its organizational issues and to draw up the minutes of its meetings.

## Enclosure 5 - financial highlights of STX Autostrady

**Table 1** Financial data concerning the separate financial statements of STX Autostrady for the year ended 31 December 2010

	TPLN		TEUR	
	2010	2009 (*)	2010	2009 (*)
Revenue	3 364	3 176	840	732
Results from operating activities	(8 636)	83	(2 157)	19
Profit before income tax	4 127	5 372	1 031	1 238
Profit for the period	4 127	5 372	1 031	1 238
Weighted average number of ordinary shares at the end of the period (in thousands of shares)	247 262	247 262	247 262	247 262
Basic earnings per share (PLN/EUR)	0.02	0.02	0.00	0.01
Diluted earnings per share (PLN/EUR)	0.02	0.02	0.00	0.01
Net cash from operating activities	(16 500)	(14 888)	(4 120)	(3 430)
Net cash from investing activities	5 264	17 439	1 315	4 018
Net cash from financing activities	(83)	(177)	(21)	(41)
	31.12.2010	31.12.2009 (*)	31.12.2010	31.12.2009 (*)
Total assets	253 747	261 105	64 073	63 557
Total non-current assets	48 990	62 271	12 370	15 158
Total current assets	204 757	198 834	51 702	48 399
Total liabilities	58 062	69 184	14 661	16 840
Total non-current liabilities	35 983	46 946	9 086	11 427
Total current liabilities	22 079	22 238	5 575	5 413
Total equity	195 685	191 921	49 412	46 717
Issued share capital	494 524	494 524	124 870	120 375

(\*) - restated due to adjustments to previous years' results and classification changes described in note 4.25 to the separate financial statements

Sources: own study

Selected financial data has been translated to Euro according to following rules:

- items of the separate statement of comprehensive income and the separate statement of cash flows for the year 2010 and 2009 according to exchange rate, calculated as an average of average NBP exchange rates at the last day of every month comprising the accounting period, i.e. 4.0044 PLN/EUR and 4.3406 PLN/EUR respectively;
- items of the separate statement of financial position according to average NBP exchange rate at the reporting date i.e. 3.9603 PLN/EUR at 31 December 2010 and 4.1082 PLN/EUR at 31 December 2009.