



**STALEXPORT AUTOSTRADY S.A.**

**MANAGEMENT BOARD REPORT  
ON THE ACTIVITIES OF THE  
COMPANY**

**IN 2011**

Katowice, March 1, 2012

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## Definitions and abbreviations

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

Stalexport Autostrady, the Company,	Stalexport Autostrady S.A. with its registered office in Katowice
Capital Group, Stalexport Autostrady Group, Group	The Capital Group of Stalexport Autostrady S.A. in Katowice
SAM, Concessionaire	Stalexport Autostrada Małopolska S.A. with its registered office in Mysłowice
VIA4	VIA4 S.A. with its registered office in Mysłowice <i>(formerly Stalexport Transroute Autostrada S.A.)</i>
SAD	Stalexport Autostrada Dolnośląska S.A. with its registered office in Katowice
AMSA	Autostrada Mazowsze S.A. with its registered office in Katowice
Stalexport 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
BOŚ	Bank Ochrony Środowiska S.A. with its seat in Warsaw
Concession Agreement	The Concession Agreement 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 Stalexport Autostrady to SAM on 26 July 2004.
Phase I Refund Agreement	The agreement between the SAM and Stalexport Autostrady entered in on 22 December 2005, concerning Phase I Refund in the amount of PLN 127 million (in real terms as at 28 July 2004) incurred by Stalexport Autostrady
Financing Banks	WestLB AG (Branch in London), Polski Bank Przedsiębiorczości S.A., DEPFA Bank Plc, KfW IPEX-Bank GmbH and Bank Polska Kasa Opieki S.A.
KPMG	KPMG Audyt Sp. z o.o. with its registered office in Warsaw
GM	General Meeting
GPW	Warsaw Stock Exchange
PPP	Public Private Partnership
Statement, Document	Stalexport Autostrady S.A. Management Board Report on the activities of the Company in 2011
KSH	Commercial companies code
ADT	Average Daily Traffic

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

Dear Sirs,

Dear Shareholders,

On behalf of the Management Board of Stalexport Autostrady, I am proud to present you with the report on the Company's operation in 2011.

In April 2011, the shareholders decided to decrease Stalexport Autostrady share capital. The operation is significant in a symbolic way, but it also has a substantial impact on the investors. It has definitely concluded a historic period in the Company's history, when its operations were focused mainly around the trade in steel. The arrangement of the equity structure was the final stage of the tough restructuring process implemented in the previous decade. Additionally, the operation opens a path to the dividend payment from the Company's future profits without the need to cover the uncovered losses first.

The efforts aiming at establishing a capital structure, which would enable the Company's development, were accompanied by intense operational activities related to the development of motorway projects. SAM – the concessionaire of the Katowice-Kraków section of the A4 motorway – was capitalized, which shows, how important the project is for us. Apart from the company, which exercises the concession along the Katowice-Kraków section of the A4 motorway, Stalexport Autostrady Group also includes special purpose vehicles established in order to participate in new motorway projects completed in Poland.

We are interested in participation in such undertakings, as we hope the public authorities will take advantage of the opportunity to co-finance the national road infrastructure pursuant to the concession principles in the future. At this time, we focus our efforts on preparations for the project based on construction and operation of the Tuszyn-Pyrzowice section (140 km [1 km = 0.62 mile]) or the Rzęsawa-Pyrzowice section (57 km ) of the A1 motorway, depending on which section becomes the subject of a tender announced by the public side. We expect that the tender will be announced within several months. It is possible that in the future we might get involved in other scheduled undertakings, such as construction and operation of the A2 motorway to the east of Warsaw.

As far as the concession project related to operation of the Katowice-Kraków section of the A4 motorway is concerned, 2011 was the year of investments. According to our estimates, for SAM alone, which is the concessionaire of the above-mentioned section of the A4 motorway, the capital expenditure throughout the period 2010-2012 will amount to approximately PLN 220 million, 50% of which has already been spent. The said capital expenditure covers, among others, modernization of 22 bridges, construction of new noise screens, modernization of the toll collection system as well as construction of the drainage system in Balice. In the previous months, the construction works related to the bridges and viaducts within the A4 Katowice-Kraków motorway right-of-way were contracted and initiated. Additionally, the process of preparation for subsequent investments started.

At this point, I would like to emphasize the fact that the A4 Katowice-Kraków motorway is managed under a public and private partnership, allowing for the interest the shareholders, the State Treasury as well as the users of the motorway and residents of the adjacent areas. I would like to emphasize that the funds allocated to the scheduled investments will come entirely from toll collection as well as commercial credits. SAM receives no subsidies and no guarantees of the State Treasury and the project related to the Kraków-Katowice section of the A4 motorway is an entirely self-financing undertaking.

All scheduled works are to further improve functional properties and safety of the motorway users as well as to further reduce the environmental impact (reduced noise level, drainage works, etc.). The number of cars travelling along the section managed by SAM is on average two times higher than in the case of the other motorway sections located in Poland. In such circumstances, our attention to safety and comfort of the users becomes particularly important. Thanks to our efforts, despite significantly heavier traffic, the A4 Katowice-Kraków motorway section is one of the safest roads in the country.

As we care about the comfort of the users of the motorway, we have implemented a comprehensive program aiming at increasing the flow capacity of the toll collection plazas. The objective is to reduce the time of

passage through the tollbooths. At the first stage of the program, we have introduced temporary tollbooths. These are dedicated to light vehicles with a passenger as well as to motorcyclists.

Further stages will be based on widening the toll collection plazas, including construction of additional lanes and increasing the number of tollbooths. At the same time, we intend to significantly improve the quality of our services. New payment options will be introduced, including fleet cards, fuel cards as well as the so-called proximity cards. Simultaneously, toll collection equipment will be replaced during the period between 2012 and 2013. We have also started working on introduction of an electronic toll collection system. Our objective is to achieve interoperability between the implemented toll collection solutions and the state electronic toll collection system introduced in July 2011 along the selected sections of motorways, expressways and national roads managed by the GDDKiA.

The previous year illustrates that a drive towards constant development of our Group is harmonized with the attention to satisfaction of all stakeholders, particularly the users of the A4 section managed by our Company. Please, find enclosed the financial statements of Stalexport Autostrady as well as this Management Board report.

Dear Sirs,

Dear Shareholders,

On behalf of the Management Board I would like to thank our business Partners. I am particularly grateful to the Supervisory Board as well as the Shareholders for their support and involvement in the projects. I thank all managers and employees for their efforts, persistence and the tremendous work they have done to complete their everyday tasks.

I do believe that our approach is the right one for professional management of state infrastructure elements. Let all your journeys be safe and let your paths take you straight to your destination.

Yours faithfully,

President of the Management Board

General Director

.....

/Emil Wąsacz/

## 2. Basic information on Stalexport Autostrady

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

ul. Mickiewicza 29  
40-085 Katowice  
tel. +(48) 32 251 21 81  
fax +(48) 32 207 23 83

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

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

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

Share capital:  
PLN 185,446,517.25  
(paid in full)

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

Stalexport Autostrady (formerly STALEXPORT S.A.) commenced its operations on January 01, 1963 as Przedsiębiorstwo Handlu Zagranicznego „Stalexport”. It specialized 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 privatized, while as of 26 October 1994 the shares of the Company have been listed at the GPW.

In 1997, Stalexport 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 Atlantia Group. The group manages a network of 5,138km of toll motorways in Italy, Brazil, Chile, India and in Poland, and it 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 7.8 bn as at December 31, 2011.

The strategic investor allowed Stalexport 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. Since October 01, 2007 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.

In 2011, the shareholders decided to reduce the share capital of Stalexport Autostrady to the amount of PLN 185,446,517.25 to cover the uncovered losses from previous years. In this way the period history of the Company related to its trading activity was definitely closed

### 2.2. The Stalexport Autostrady Group

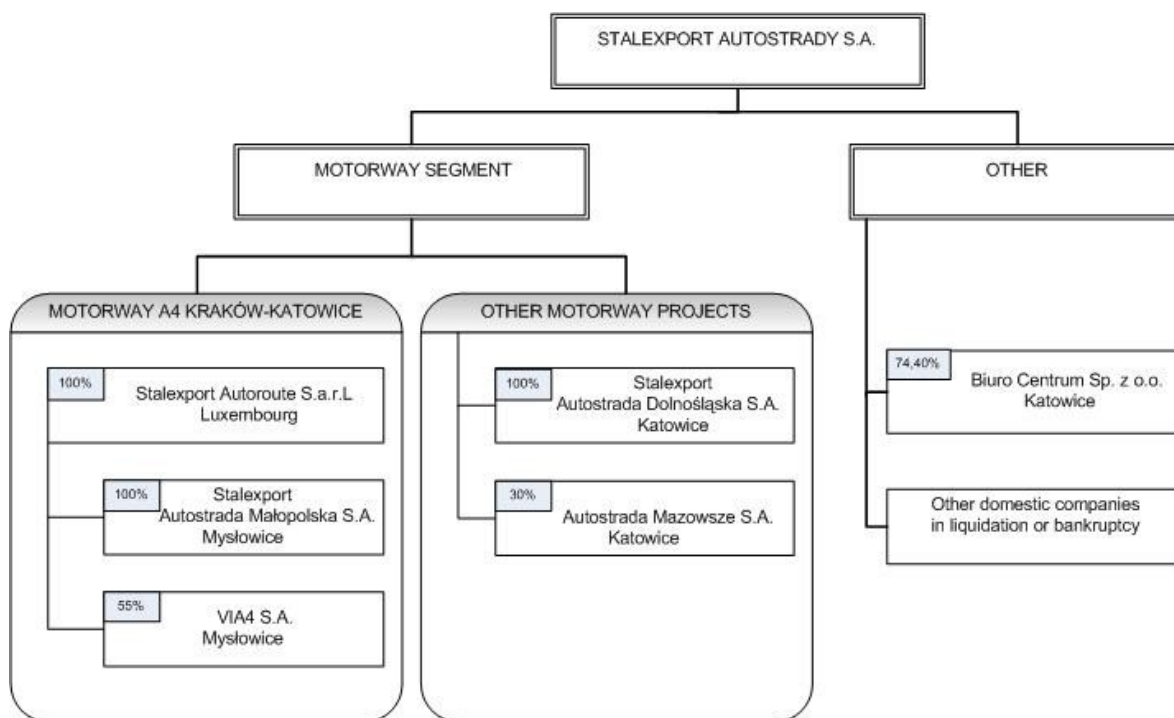
At present the operations of the Company and entities comprising its Capital Group focus primarily on activities related to motorways. It includes:

- (i) operation and maintenance of the A4 motorway section Katowice - Kraków. The activities are conducted by the company of SAM and VIA4 through the special purpose holding: Stalexport Autoroute;
- (ii) participation in selected tenders for the construction and/or operations of other motorway sections. Apart from the Company itself, those tasks are also executed by the operations conducted by SAD and AMSA.

Additionally, owing to the fact that the Stalexport Autostrady Group co-owns the 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 Stalexport Autostrady Group broken down into: (i) core area of activities - motorway segment and (ii) other activities.

Figure 1 Organizational scheme of the Stalexport Autostrady Group as at December 31, 2011



Source: Company's internal materials

The table below presents the basic financial data of Stalexport Autostrady as well as two biggest entities from the Capital Group: SAM and VIA4. For comparative purposes, the results recorded by the companies in 2011 are presented alongside their results from the previous year.

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

balance sheet data	Capital Group		Stalexport Autostrady		SAM		STA	
	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10
Non-current assets	1 146 046	1 084 459	85 181	48 990	1 132 669	1 073 769	7 058	3 525
Current assets	221 956	298 299	141 621	204 757	62 416	116 986	12 744	11 143
Equity	179 590	180 082	188 034	195 685	47 978	4 979	9 810	8 532
Non-current liabilities	986 777	1 042 843	21 094	35 983	965 363	1 005 988	4 220	1 563
Current liabilities	201 635	159 833	17 674	22 079	181 744	179 788	5 772	4 572
Net debt	54 625	87 833	-179 965	-130 524	168 797	205 921	-1 662	-4 627
performance data	2010	2009	2010	2009	2010	2009	2010	2009
Revenue	179 763	165 219	3 893	3 364	169 479	155 197	34 632	31 901
Gross result on sales	98 950	89 100	480	284	77 467	70 560	18 511	16 133
EBITDA	124 212	118 367	-14 071	-7 957	123 308	114 235	14 751	12 104
EBIT	63 275	61 979	-14 777	-8 636	63 739	59 136	14 116	11 580
Net finance income / expenses	-47 478	-42 253	9 658	12 763	-51 782	-48 770	-68	-4
Net result	10 536	14 482	-5 119	4 127	9 641	7 244	11 381	9 319
EBIT margin	35%	38%	-380%	-257%	38%	38%	41%	36%
ROE	6%	8%	-	2%	20%	145%	116%	109%

EBITDA = EBIT + depreciation and amortization + provision for resurfacing

EBIT margin = EBIT / Revenue

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

Source: internal analysis



### 3. The financial analysis of Stalexport Autostrady

#### 3.1. Presentation of the financial results

The following table shows main financial results of the Company achieved in 2011 and in the comparable period of previous year (2010).

**Table 2** Selected items of statement of comprehensive income of Stalexport Autostrady in 2011 and 2010 (separate figures)

kPLN	2011	2010	change [%]
Revenue	3 893	3 364	16%
Cost of sales	-3 413	-3 080	11%
<b>Gross profit</b>	<b>480</b>	<b>284</b>	<b>69%</b>
Other income	345	2 178	-84%
Administrative expenses	-8 483	-10 529	-19%
Other expenses	-7 119	-569	1151%
<b>Result from operating activities (EBIT)</b>	<b>-14 777</b>	<b>-8 636</b>	<b>71%</b>
Financial income	12 861	15 753	-18%
Financial expenses	-3 203	-2 990	7%
<b>Net finance income</b>	<b>9 658</b>	<b>12 763</b>	<b>-24%</b>
<b>Profit before income tax</b>	<b>-5 119</b>	<b>4 127</b>	<b>-224%</b>
Income tax expense	-	-	-
<b>Profit for the period</b>	<b>-5 119</b>	<b>4 127</b>	<b>-</b>

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

Despite increased gross profit on sales, Stalexport Autostrady generated in 2011 net loss of PLN 5,119k (in the prior year the Company generated net profit of PLN 4,127k). It was mainly due to a decision of tax authorities, in consequence of which the Company recognized the allowance for receivable in the amount of PLN 6,894k. The above-mentioned receivable was the result of incorrect, according to the Company, decision of the Comptroller of the I Tax Office in Sosnowiec dated August 26, 2008, that determined the excess of input VAT over output VAT for the period of August 2004. On November 02, 2009 the Provincial Administrative Court in Gliwice dismissed the complaint of the Company in respect of the decision of the Director of Tax Chamber in Katowice dated March 30, 2009, which partly kept in effect the aforementioned decision of the Comptroller of the I Tax Office in Sosnowiec dated August 26, 2008. The Company exercised its right for final appeal. On March 29, 2011 the Supreme Administrative Court dismissed the appeal of Stalexport Autostrady. Because, as a rule, the sentences of the Supreme Administrative Court are legally binding, the Company recognized an allowance for the abovementioned receivables in the amount of PLN 6,894k. The Company is currently analysing various subsequent actions with the assistance of tax advisors.

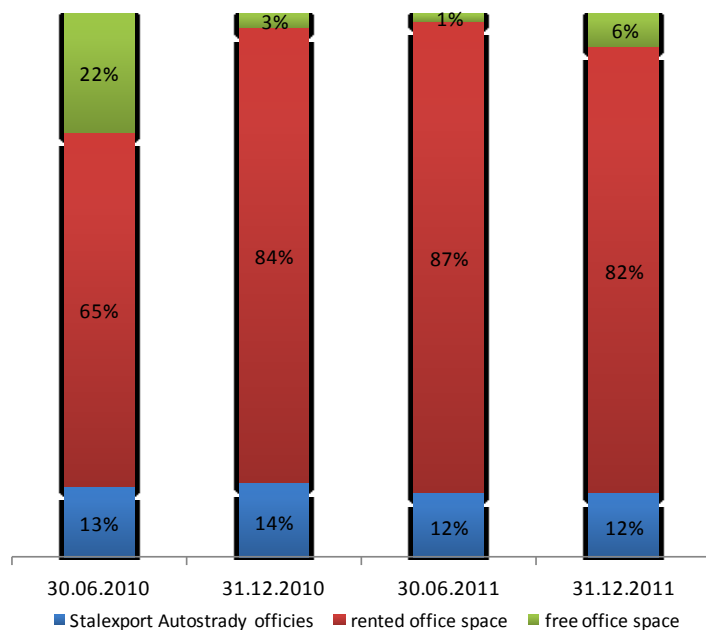
#### 3.1.1. The amount and structure of operating revenues

Stalexport Autostrady runs its motorway business via its subsidiaries. Thus, the stand-alone **revenues** generated by the Company include mainly services related to rental of office space in the office building in Katowice at Mickiewicza Street no. 29 and car parks located near to this office building. In 2011, Stalexport Autostrady generated total revenues in relation to this activity in the amount of PLN 3,418k in comparison to PLN 2,990k in prior year. The above-mentioned increase (by 14%) in revenues related to rental was possible –

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despite unfavourable economic situation on the office space rental market – thanks to intensive efforts made in order to win new lessees renting unoccupied office space or office space left by companies that have resigned from renting it. The result of these efforts was seen already at the end of 2010 (see the diagram below) and throughout 2011. Additionally, during last year the office space used by the Company for its own needs was reduced and offered for rental by external companies.

Figure 2 The structure of office usage space in the office building in Katowice at Mickiewicza 29



Stalexport Autostrady is a co-owner of the office building in Katowice at Mickiewicza Street no. 29. As the co-owner, the Company has at its sole disposal the office space of 4,735 m<sup>2</sup> [1 m = 3.2809 ft] (and additionally 212 m<sup>2</sup> of conference rooms). 557 m<sup>2</sup> of this office space is occupied by Stalexport Autostrady for its own needs (650 m<sup>2</sup> at the end of 2010).

Currently, the unoccupied office space is near to the minimum level possible from the technical point of view that results from a natural rotation of lessees and preparation (refurbishment or redecoration) of rooms in order to rent them out to external companies. This year, it is planned to continue efforts made in order to maintain the current number of lessees, while maintaining the optimum rent rates.

Source: the Company

The structure of revenues related to rental is relatively fragmented, i.e. the Company rents out office space to a relatively large number of external companies. In 2011, in this group of revenues approximately 18% was generated by one company and eight the largest lessees generated in total approximately 47% of revenues related to rental. In prior year revenues generated by the largest company accounted in total for 20% and eight the largest lessees generated approximately 56% of revenues related to rental.

Other revenues in the amount of PLN 475k were generated by the Company in relation to services, including mainly IT works and financial and accounting services (bookkeeping), provided for the related parties. In 2011, these revenues increased by more than PLN 100k in comparison to the previous year, because the scope of provided services was enlarged. Furthermore, Stalexport Autostrady receives from VIA4 a fee related to the performance guarantee granted to this company. The above-mentioned sources are **the permanent elements of operating revenues** of STALEXPORT Autostrady and their values in the following periods should be similar to those reported in 2011.

3.1.2. The amount and structure of operating expenses

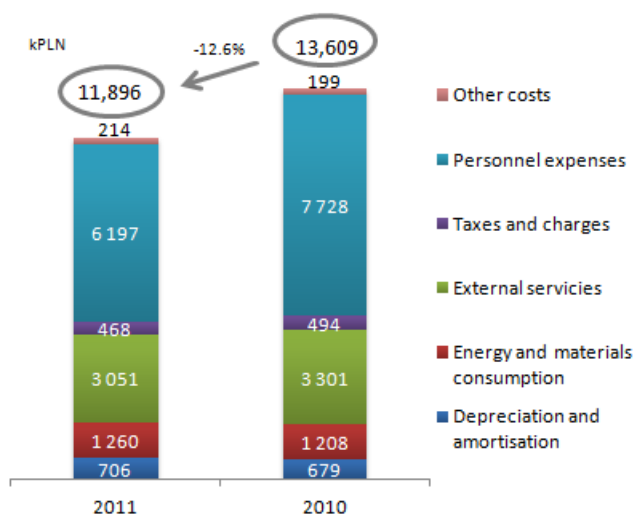
In 2011 the amount of expenses by kind incurred by Stalexport Autostrady – including costs of sales and administrative expenses – decreased by nearly 13%. It was caused by a decrease in personnel expenses by PLN 1,531k (20%). This decrease was mainly due to a smaller number of members of the Management Board of Stalexport Autostrady and continuation of the consolidation of management positions within the existing structure of the Group. In February 2011, Mr Wojciech Gębicki, who was also the President of the Management Board of SAM, was dismissed from the Management Board of the Company. Mr Emil Wąsacz was appointed

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the President of the Management Board of SAM in place of Mr Wojciech Gębicki. From that date on, Mr Emil Wąsacz combines the functions of the President of the Management Board of Stalexport Autostrady and SAM. As the result of these changes, there was a relocation of remunerations paid by the Group to the President of the Management Board.

Moreover, it should be highlighted that in 2010 the amount of reported employees' benefits included a provision established by the Company for a three-year incentive plan for members of the Company's Management Board in part concerning not only this year, but also the second half of 2009 in the amount of PLN 654k.

Figure 3 The structure of expenses by kind related to the Company's operations



Personnel expenses, including remunerations, account for the largest part of expenses by kind incurred by Stalexport Autostrady. Factors that contribute to the reduction of the value of this group of costs were described above. External services are the second largest item in the structure of the Company's expenses by kind. External services decreased last year by 8% in comparison to 2010. It was mainly possible thanks to the reduction of the scope of outsourced services, including consulting services.

On the other hand, the increased market prices of energy and media affected material and energy consumption figures.

Source: the Company

In 2011, other operating expenses amounted to PLN 7,119k (as compared to PLN 569k in prior year) and included mainly the above-mentioned recognition of the allowance for VAT receivable (PLN 6,894k). Other significant items include mainly recognition of allowances regarding other receivables (PLN 140k) and the input VAT which cannot be deducted (PLN 53k).

3.1.3. Financial activities

The financial activities of the Company significantly contribute net profit generated by Stalexport Autostrady. On the one hand it is the result of the nature of the Company's activities (managing the group), and on the other of the amount of financial resources collected for the future motorway projects.

The result in this area of operation are to the greatest extent affected by financial income, which in 2011 included the following:

- received dividends (PLN 6,945k), including dividends from subsidiaries: Stalexport Autoroute (PLN 5,420k) and SAD (PLN 1,100k);
- interest related to depositing financial resources on the interbank market (PLN 3,961k);
- revenue related to valuation of resources invested via investment funds (PLN 1,915k);
- interest related to a loan granted to a related party (PLN 40k).

In 2011, the total financial income amounted to PLN 12,861k and was lower by PLN 2,892k than in 2010. It should be highlighted that in 2010 Stalexport Autostrady generated revenues (PLN 1,903k) related to

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indexation of the amount due from SAM in relation to capital expenditures incurred by the Company. As the result of the conversion of this amount to the share capital of SAM, Stalexport Autostrady did not report income related to this issue in 2011. The second factor contributing to the reduction of financial income was the efficiency of investing resources via the investment funds. Due to the situation on the capital market, this efficiency was lower than in 2010 (a decrease in revenues by PLN 1,240k).

The amount of financial expenses is to the greatest extent affected by interest on the liability towards the State Treasury on account of a guarantee granted for Huta Ostrowiec S.A. in bankruptcy. In line with the schedule, Stalexport Autostrady repays the above-mentioned liability in equal monthly instalments plus the market value of interest. In 2011, this interest amounted to PLN 2,345k in comparison to PLN 2,746k in prior year. In line with the schedule, the last instalment should be paid in June 2014. Thus, the costs related to interest will be lower in the next periods

Impairment loss related to investments in the total amount of PLN 813k constituted the second important element of financial expenses. Revaluation of the value SAD shares, being the consequence of decreasing the share capital of this company, accounted for the largest part of this item. At this point it is worth noting that along with the settlement of the above-mentioned capital decrease (on March 08, 2011), the loan received from SAD was repaid. As the result, in 2011 the Company reported interest in the amount of PLN 45k (PLN 239k in prior year).

3.2. Material and financial position

The material and financial position of Stalexport Autostrady was presented based on the synthetic statement of financial position presented in the table below. This statement shows the structure of assets and liabilities of the Company and the dynamics of particular items year over year.

Table 3 Main statement of financial position of Stalexport Autostrady as at December 31, 2011 and December 31, 2010 – separate data

in kPLN	in kPLN		Dynamic	Structure	
	31.12.2011	31.12.2010	2011/2010	31.12.2011	31.12.2010
Non-current assets	85 181	48 990	74%	38%	19%
Current assets	141 621	204 757	-31%	62%	81%
Equity	188 034	195 685	-4%	83%	77%
Non-current liabilities	21 094	35 983	-41%	9%	14%
Current liabilities	17 674	22 079	-20%	8%	9%
<b>Total assets</b>	<b>226 802</b>	<b>253 747</b>	<b>-11%</b>	<b>100%</b>	<b>100%</b>

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

(i) ASSETS.

As far as the structure of **non-current assets** is concerned, the main items include shares of subsidiaries running the motorway business, i.e. Stalexport Autoroute (PLN 67,086k) and SAD (PLN 11,927k). An increase in the non-current assets reported in the analysed period was the result of the last year's conversion of receivables under the Phase I Cost Refund Agreement. On September 22, 2011, the SAM's share capital increase by PLN 37,200 thousand was registered and the obligation to cover new emission shares was met by a cash deduction from the above-mentioned receivable of the same value. Then, the SAM's shares obtained this way were transferred by the Company as a contribution in kind to Stalexport Autoroute. As far as recognition in the balance sheet is concerned, this operation resulted in an increase in non-current assets by PLN 37,200k and a simultaneous decrease in current assets by the same amount.

The amount of **current assets** depends on financial resources collected to implement future motorway projects. Until these financial resources are allocated for projects related to the basic business line of the

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Company, Stalexport Autostrady invests them on the money and capital market, taking into account risk diversification and the need to ensure the optimum rate of return at the minimum acceptable level of risk. As the result, the majority of the Company's free financial resources is invested in short-term deposits. However, part of these free resources were also allocated for purchase of investment fund units or invested on the capital market via asset management funds. At the end of 2011, cash and cash equivalent amounted to PLN 74,176k and assets in investment funds amounted to PLN 56,197k.

Other significant items of Stalexport Autostrady's current assets include shares held for sale in the amount of PLN 3,203k and trade receivables (PLN 7,249k), including a historical receivables of PLN 7,020k from Huta Kościuszko S.A. The above mentioned receivable remained after previous business activity and is secured by mortgages on real property owned by the debtor. Pursuant to the signed agreement, Huta Kościuszko S.A. repays this receivable every six months. It is very probable that this receivable will be recovered, based on information held by Stalexport Autostrady regarding the asset restructuring program implemented by the Management Board of Huta Kościuszko S.A. and taking into account the value of the real property that secures this receivable.

(ii) EQUITY AND LIABILITIES

To make the structure of the equity capital more orderly and to allow effective control within the next few years over the dividend policy, the Company's shareholders decided last April to reduce the nominal value of the Company's share capital. Consistently it was also voted to cover all uncover losses (in the amount of PLN 334,714k) by using the full amount generated as the result of reducing the face value of one share of the Company from PLN 2.00 to PLN 75/100 (PLN 309,077k), as well as by using the full amount of the "Share capital revaluation adjustment" (PLN 18,235k) and part of the share premium reserve (PLN 7,402k). This operation affected solely the structure of the equity of Stalexport Autostrady.

As at December 31, 2011, total liabilities of the Company amounted to PLN 38,768k and a decrease in this item by PLN 19,294k was mainly the result of regular repayment of liabilities towards the State Treasury on account of guarantees granted for Huta Ostrowiec S.A. in bankruptcy. Pursuant to the agreement with the State Treasury entered into 2004, the above-mentioned liabilities are repaid in equal monthly instalments in the amount of PLN 1,083k each, payable until June 2014. As at December 31, 2011, total liabilities on this account amounted to PLN 33,564k, of which the amount of PLN 20,572k was recognised as long-term liabilities. Currently, analyses are conducted to verify whether premature repayment of these liabilities to the State Treasury is reasonable from the economic and business point of view. The effects of such premature repayment would include a reduction in the Company's financial expenses.

Additionally, a decrease in short-term liabilities reported in the analysed period was caused by the settlement (in March 2011) of the loan granted by SAD in the total amount of PLN 6,471 thousand (the amount of the nominal loan, including accrued interest).

As at December 31, 2011, other significant liabilities of Stalexport Autostrady included settlements related to employees' benefits and remunerations (PLN 3,901k), including the provision for a three-year (from the second half of 2009 to the first half of 2012) incentive plan for members of the Company's Management Board in the amount of PLN 2,332k.

## 4. Analysis of the core business of the Company

### 4.1. Programme for Construction of National Roads for the years 2011-2015

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 tasks, the execution of which will have begun by 2013, and the amount for funds assigned in the National Road Fund 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 October 13, 2010, amounts to PLN 82.8 billion.

In 2012 an update of the above mentioned 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. It should be noted that already in 2011 the initial range of investments was reduced.

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 centers in the country, which generate the biggest demand for transport, including:

- motorway A1 – completion of construction along its entire length;
- 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 two systems: concession one (PPP formula) or traditional one.

In the model of concession system / PPP, 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 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

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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 are or will be built using the PPP system:

- 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. The section was put to use in October 2011;
- motorway A2, section Świecko - Nowy Tomyśl (105.9 km). The contract for building and operation of toll motorway was concluded on June 29, 2009. The section was put to use in December 2011, and full completion of the entire infrastructure on this section is planned for 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 Stalexport Autostrady Group.

Moreover, a so-called traditional system prevails – with investments made by GDDKiA, together with a variation of this system executed by the road-construction special purpose vehicles. Both traditional systems mentioned above are not of interest to Stalexport Autostrady Group.

#### 4.2. Projects reflecting prospective revenue sources for Stalexport 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 the condition of developing the road infrastructure, improvement of quality of its maintenance for the users' safety reasons, is the execution of other (that typical construction) projects for which there is a necessity of finding the sources of financing. Taking into account related technical and financial requirements (PPP), their execution will provide a prospective source of revenues for Stalexport Autostrady Group. 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 app. 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 analyzed 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 in 2012. In 2011, the Ministry of Infrastructure / GDDKiA entered into discussions with the European Commission and Eurostat on the A1 project in PPP system, including securing that the public side liabilities arising from the project shall stay outside public debt and deficit statistics. Eurostat interpretation, which was received in December 2011, may lead to limitation of A1 project, implemented in PPP formula, only to section Rzęsawa-Pyrzowice (app. 57km);

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- section of the motorway A2 – Warszawa - Kukuryki, having the total length of app. 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 payment formula applied in case of the concession on A1 motorway section Gdańsk - Toruń, which would create a burden for the budget and/or National Road Fund. However, according to the latest Eurostat interpretation of assigning projects to the public debt, A2 project implemented in the PPP formula, for this reason, may be easier to launch than priority A1 project described above;
- adaptation of the existing sections of motorways build in traditional system 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 operation and 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 Kraków - Eastern border, A1 Toruń - Łódź, and A2 Warszawa - Eastern border) and the existing section of A4 Sośnica - Wrocław or A4/A18 Wrocław - Western border section.

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 side. 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 Stalexport 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

- (i) on **June 08, 2011** the following parties Stalexport Autostrady, SAM, Stalexport Autoroute and Financing Banks entered into the Consent and Waiver Letter related to the settlement of Phase I Cost Refund (concerning the outlays incurred by the Company for adapting the concession motorway section to toll collection) and related to the right of the Issuer – in accordance with the Concession Agreement - to increase the share capital in SAM. An increase in share capital of SAM requires the prior consent of the Financing Banks according to the standard provisions foreseen by the signed Loan Agreement and also in connection with the existing structure of collaterals under for the granted loan (share pledges).

During the period on established pledges (Bankruptcy and Restructuring law: §128, §127 item 3 and §130), the Company in order to obtain the Financing Banks' consent to acquire new shares to be issued – committed itself to follow certain procedures. In accordance with the concluded Agreement, Stalexport Autostrady is free to perform actions associated with the Company's statutory activities, including participation in new motorway projects. The transactions of significant value, which exceeds cumulative threshold will be subject to the procedure of obtaining the Financing Banks consent.

In accordance with the Consent and Waiver Letter, the formal consent of Financing Banks to increase share capital of SAM requires (as conditions precedent) that:

- the authorized bodies of Stalexport Autostrady, SAM and Stalexport Autoroute pass effectively the appropriate resolutions,
- ASPI submit a letter of intent,
- SAM pay bank commissions specified in Consent and Waiver Letter.

Within 6 months after the conclusion of the Consent and Waiver Letter, the Company and SAM take actions resulting in (conditions subsequent):

- shares capital be increased in SAM by Stalexport Autostrady;
- setting –off of the mutual receivables between the Company and SAM resulting from share capital increase in SAM and Phase I Cost Refund, and prepayment by SAM part of the loan (PLN 40m) primarily drawn for payment of the Company receivable resulting from the said Phase I Cost Refund;
- increase in share capital of Stalexport Autoroute by contribution in kind of newly issued shares of SAM;
- establishing of pledges in favour of Financing Banks on newly issued shares of SAM and Stalexport Autoroute.

All the above conditions have been met during the reporting period.

- (ii) On **January 03, 2012** the Ministry of Transport, Construction and Maritime Economy and SAM concluded the Annex no 6 to the Concession Agreement. The purpose of the conclusion of the Annex No. 6 is to modify the scope of the Concession Agreement and to limit the scope of responsibilities of SAM in relation to the section covering the "Murckowska" junction and determining that the responsibility for operation and maintenance, repairs, and the safety of users of Section (as defined below) shall be borne by GDDKiA. Section is a road strip of toll motorway including Murckowska junction, (covering the junction with roads and slip roads) from km 340+200 to km 341+640, reconstructed by GDDKiA in the period September 2007 - November 2009. The Concessionaire shall pay to GDDKiA the amount of 23,441,387.15 PLN gross, as a prepayment covering the full amount of gross remuneration for the services provided by GDDKiA for the Concessionaire due to the delegation of the tasks to GDDKiA referred to in Article 10A of the Concession Agreement. The parties agreed and acknowledged that this amount was equivalent to the costs which the Concessionaire would bear during the term of the Agreement, in connection with the operation and maintenance of Murckowska junction in its original form.

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

- (i) On **April 13, 2011**, the District Court Katowice-Wschód in Katowice, the 8th Economic Department of the National Court Register, made an entry about a decrease in the share capital of Stalexport Autostrady, passed by the Ordinary General Meeting of the Company by means of the resolution No. 20 of April 4, 2011.

Thus, the share capital of Stalexport Autostrady was decreased by the amount of PLN 309,077,528.75, i.e. from PLN 494,524,046.00 to PLN 185,446,517.25, by reducing the face value of each share by PLN 1.25 (i.e. from PLN 2.00 to PLN 0.75).

The number of votes related to all shares issued by Stalexport Autostrady remained unchanged (247,262,023).

- (ii) On **September 22, 2011**, the District Court Katowice-Wschód in Katowice, the 8th Economic Department of the National Court Register, made an entry about an increase in the share capital of SAM.

The share capital of SAM was increased by the amount of PLN 37,200,000, i.e. from PLN 29,553,000 to PLN 66,753,000, by issuing 37,200 new registered ordinary D shares of the face value of PLN 1,000 each. All new D shares were taken up by Stalexport Autostrady in exchange for a financial contribution. The issue price of one share was equal to its face value, i.e. PLN 1,000. Upon registration of this increase, Stalexport Autostrady held 37,200 of SAM's shares, which accounted for 55.73% in the share capital of SAM and 55.56% of votes at the General Meeting of SAM. The remaining 29,553 of SAM's shares were held by Stalexport Autoroute, which accounted for 44.27% in the initial capital of the company and 44.44% of votes at the General Meeting of SAM.

- (iii) On **September 30, 2011**, the Company was notified by ASPI of the purchase of shares of Stalexport Autostrady. In its notification, ASPI stated that:

- a) it purchased the total of 2,517,966 shares of Stalexport Autostrady on the GPW's regulated market in the period between August 08, 2011 and September 28, 2011. The shares represent 1.018% in the share capital of the Company and the same number of votes in the total number of votes at the General Meeting of the Company;
- b) before August 08, 2011, ASPI held 139,059,182 shares of Stalexport Autostrady, which accounted for 56.24% of the share capital of Stalexport Autostrady and 139,059,182 votes (56.24% of the total number of votes) at the General Meeting of the Company;
- c) when Krajowy Depozyt Papierów Wartościowych S.A. (The National Depository for Securities) settled the transactions referred to in section a), ASPI would hold 141,577,148 shares of Stalexport Autostrady, which would account for 57.258% of the share capital of the Company and 141,577,148 votes accounting for 57.258% of the total number of votes at the General Meeting of Stalexport Autostrady;
- d) the subsidiaries of ASPI and related parties of ASPI did not hold any shares of Stalexport Autostrady and as the result of the transactions referred to in section a) above the above-mentioned companies did not increase or decrease their share in the share capital of Stalexport Autostrady or the number of votes at the General Meeting of the Company;
- e) neither ASPI nor its subsidiaries entered into agreements with third parties in order to transfer the voting rights related to the remaining shares of Stalexport Autostrady.

- (iv) On **October 26, 2011**, the Meeting of Shareholders of Stalexport Autoroute was held. During this Meeting, a resolution was passed to increase the subscribed capital of this company by the amount of EUR 8,584,500, i.e. from EUR 47,565,000 to EUR 56,149,500, by issuing 343,380 new shares, EUR 25 each.

All new shares were taken up by Stalexport Autostrady and paid by contribution in kind in the form of 37,200 SAM's shares of the total face value of PLN 37,200,000. The contribution in kind amounted to EUR 14,000,000, of which:

- the amount of EUR 8,584,500 was allocated to the subscribed capital;
- the amount of EUR 5,415,500 was allocated to the reserve capital.

Following the above-mentioned operation:

- Stalexport Autostrady does not hold any shares of SAM;
  - Stalexport Autostrady holds 2,245,980 shares of Stalexport Autoroute, EUR 25 each, which accounts to 100% in the subscribed capital of this company and 100% of votes at the General Meeting of Stalexport Autoroute;
  - Stalexport Autoroute (a 100% subsidiary of Stalexport Autostrady) holds 66,753 shares of SAM of the total value of PLN 66,753,000, which accounts for 100% in the share capital of this company and 100% of votes at the General Meeting of SAM.
- (v) On **December 12, 2011**, the Company was notified by BOŚ of a decrease (below the threshold of 5%) in the share in the total number of votes at the General Meeting of Stalexport Autostrady S.A. In its notification, BOŚ stated that:
- a) it sold the total of 555,217 shares of Stalexport Autostrady on the GPW's regulated market in the period between November 24, 2011 and December 7, 2011. These shares correspond to 0.22% of votes at the General Meeting of Stalexport Autostrady;
  - b) before the change in the share in the total number of votes, BOŚ held 12,810,333 shares of Stalexport Autostrady, which accounted for a 5.18% share in the share capital of the Company and 12,810,333 votes accounting for 5.18% of votes at the General Meeting of Stalexport Autostrady;
  - c) when Krajowy Depozyt Papierów Wartościowych S.A. (The National Depository for Securities) settled the transactions referred to in section a), ASPI would hold 12,255,116 shares of Stalexport Autostrady, which would account for 4.96% of the share capital of the Company and 12,255,116 votes accounting for 4.96% of the total number of votes at the General Meeting of Stalexport Autostrady;
  - d) the subsidiaries of BOŚ and related parties of BOŚ did not hold any shares of the Company and as the result of the transaction referred to in section a) above the above-mentioned companies did not increase or decrease their share in the share capital of Stalexport Autostrady or the number of votes at the General Meeting of the Company;
  - e) neither BOŚ nor its subsidiaries entered into agreements with third parties in order to transfer the voting rights related to the remaining shares of Stalexport Autostrady.
- (vi) On **December 22, 2011**, Stalexport Autostrady was once again notified by ASPI of the purchase of the Company's shares. In its notification, ASPI stated that:
- a) it purchased the total of 2,494,117 shares of Stalexport Autostrady on the GPW's regulated market in the period between September 29, 2011 and December 21, 2011. The shares represent 1.009% of votes in the total number of votes at the General Meeting of the Company;
  - b) before September 29, 2011, ASPI held 141,557,148 shares of Stalexport Autostrady, which accounted for 57.258% of the share capital of Stalexport Autostrady and 141,557,148 votes (57.258% of the total number of votes) at the General Meeting of the Company;
  - c) when Krajowy Depozyt Papierów Wartościowych S.A. (The National Depository for Securities) settled the transactions referred to in section a), ASPI would hold 144,071,265 shares of Stalexport Autostrady, which would account for 58.267% of the share capital of the Company and 144,071,265 votes accounting for 58.267% of the total number of votes at the General Meeting of Stalexport Autostrady;
  - d) the subsidiaries of ASPI and related parties of ASPI did not hold any shares of Stalexport Autostrady and as the result of the transactions referred to in section a) above the above-mentioned companies did not increase or decrease their share in the share capital of Stalexport Autostrady or the number of votes at the General Meeting of the Company;
  - e) neither ASPI nor its subsidiaries entered into agreements with third parties in order to transfer the voting rights related to the remaining shares of Stalexport Autostrady.
- (vii) On **January 23, 2012**, Stalexport Autostrady was once again notified by ASPI of the purchase of the Company's shares. In its notification, ASPI stated that:

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- a) it purchased the total of 5,852,198 shares of Stalexport Autostrady on the GPW's regulated market in the period between December 22, 2011 and January 19, 2012. The shares represent 2.367% of votes in the total number of votes at the General Meeting of the Company;
- b) before December 22, 2011, ASPI held 144,071,265 shares of Stalexport Autostrady, which accounted for 58.267% of the initial capital of Stalexport Autostrady and 141,557,148 votes (58.267% of the total number of votes) at the General Meeting of the Company;
- c) when Krajowy Depozyt Papierów Wartościowych S.A. (The National Depository for Securities) settled the transactions referred to in section a), ASPI would hold 149,923,463 shares of Stalexport Autostrady, which would account for 60.633% of the share capital of the Company and 149,923,463 votes accounting for 60.633% of the total number of votes at the General Meeting of Stalexport Autostrady;
- d) the subsidiaries of ASPI and related parties of ASPI did not hold any shares of Stalexport Autostrady and as the result of the transactions referred to in section a) above the above-mentioned companies did not increase or decrease their share in the share capital of Stalexport Autostrady or the number of votes at the General Meeting of the Company;
- e) neither ASPI nor its subsidiaries entered into agreements with third parties in order to transfer the voting rights related to the remaining shares of Stalexport Autostrady.
- f) within the last 12 months, ASPI purchased 10,864,281 shares of Stalexport Autostrady, which account for 4.394% in the entire share capital and 4.394% of all votes at the General Meeting of the Company.

There were no other similar changes in 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 in the financial year the amount of EUR 500,000.**

In the financial year, there were four transactions that met the above-mentioned criterion:

- on September 07, 2011, the General Meeting of SAM was held, during which the share capital of this company was increased by PLN 37,200k and new D shares were taken up by Stalexport Autostrady. Then, on September 08, 2011, SAM and Stalexport Autostrady entered into a Set-off Agreement pursuant to which SAM's receivables from Stalexport Autostrady in relation to taking up the above-mentioned shares were set off against the unsettled part of Stalexport Autostrady's receivables from SAM in relation to Phase I Cost Refund Agreement. The amount of PLN 37,200k was set off. This amount corresponds to app. EUR 8,422k (according to the average foreign exchange rate of National Bank of Poland of December 31, 2011). For more information on this transaction, see section 5.2. of the Report;
- on October 26, 2011, the General Meeting of Stalexport Autoroute was held, during which the subscribed capital of this company was increased by EUR 8,585k in exchange for contribution in kind in the form of SAM's shares. All newly issued shares of Stalexport Autoroute were taken up by Stalexport Autostrady. For more information on this transaction, see section 5.2. of the Report;
- in December 2011, Stalexport Autostrady signed the document containing 2012 estimates concerning maintenance costs and investments related to safety and functioning of the office building located in Katowice at ul. Mickiewicza 29. All expenses are handled by the agency of Biuro Centrum and the total amount for which Stalexport Autostrady is responsible is PLN 3,135k. This amount corresponds to approximately EUR 710k (according to the average foreign exchange rate of National Bank of Poland of December 31, 2011);
- in 2011, Stalexport Autoroute paid a dividend (in instalments) to Stalexport Autostrady in the total amount of PLN 5,420k (approximately EUR 1,227k according to the average foreign exchange rate of National Bank of Poland of December 31, 2011).

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

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

The first one is **the Maintenance and Operation Contract**, concluded originally in 1998 between Stalexport Autostrady and VIA4. Following the change of concessionaire on the Katowice - Kraków section of A4 motorway, SAM and VIA4 have become parties of the above mentioned Contract since March 21, 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 Agreement, 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 VIA4 pursuant to this Contract amounted to PLN 34,001k in 2011.

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 Maintenance and Operation Contract 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-1-2009 concluded between SAM and consortium of Pavimental S.p.A. and Pavimental Polska (part of the Atlantia capital group: Atlantia owns 100% of ASPI shares, and ASPI owns 71.67% of Pavimental S.p.A. shares), **for the repairs of 22 motorway bridges of 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 Agreement, 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 the course of the tender procedure and based on quality and price criteria, the offer submitted by consortium of Pavimental S.p.A. and Pavimental Polska was found the most attractive and this entity was appointed the contractor. The total net value of contracted works amounts to PLN 103,194k net and the value of work additionally agreed until the end of 2011 amounts to PLN 1,143k net. The works were launched on December 22, 2009 and it is anticipated that the contract will be completed by the end of 2012. As at December 31, 2011 14 bridges were repaired out of total of 22 bridges, 4 sites were renovated, and renovation of another 4 was launched in the first weeks of 2012 years. In 2011 turnover between SAM and Pavimental S.p.A. and Pavimental Polska consortium related to this contract amounted to PLN 36,941k. Taking into consideration the applied procedure for the selection of the contractor for contract execution no F2b-1-2009, in the opinion of the Management Boards of the Company and SAM, its conditions should be considered as a market conditions.

The third one is the **contract** no. F2b-2-2009 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 modernisation of motorway drainage system in Balice**. The contractor of this project was selected in a tender procedure based on terms and conditions agreed upon with GDDKiA (in accordance with the provisions of the Concession Agreement, 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 3rd quarter of 2010. On September 07, 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

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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 17,316k net. The order to start work was issued on December 20, 2010 and on December 31, 2011 the works related to access road surface strengthening, implementation of which requires favourable weather conditions have yet to be executed. In 2011 the turnover between SAM and Pavimental S.p.A. i Pavimental Polska consortium related to this contract amounted to PLN 16,092k. Taking into consideration the applied procedure for the selection of the contractor for contract execution no F2b-2-2009, in the opinion of the Management Boards of the Company and SAM, its conditions should be considered market conditions.

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

On October 26, 2009 the Stalexport Autostrady concluded with BNP Baribas Bank Polska SA a contract concerning multipurpose credit line, which currently permits debiting the current account up to the amount of PLN 200k. The contract is to expire on October 25, 2019. In 2011 the contract's provisions were renewed within abovementioned Contract concerning multipurpose credit line.

On March 08, 2011, the Company repaid a loan given by SAD in the amount of PLN 6,471k. As the result of the above-mentioned repayment, the loan agreement signed with SAD expired.

In 2011, the Company did not obtain any credits or loans. No credit or loan agreement was terminated within this period.

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

In 2011, the Company did not grant the loans to related parties and entities outside the Group.

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

In 2011, the Company did not grant or have received guarantees. At the end of 2011, the Company has a contingent liability under the guarantee of good performance against the company VIA4 in the amount of PLN 17,565k. Company gets payment on this account.

**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 2011.

**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 2011 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 STALEXPORT Autostrady or actions it intends to undertake against those threats**

Currently there are no threats relating to liquidity. Cash held by Stalexport 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 2011, Stalexport Autostrady made a capital investment by taking up new issued shares of Stalexport Autoroute of PLN 37,200k. For more information on this transaction, see Section 3 (Financial analysis of Stalexport Autostrady) and Section 5 (Other information on Stalexport Autostrady) of the Report.

Furthermore, the Company allocated the amount of PLN 918k for investments in fixed assets and intangible assets. These investments are specified in the table below.

**Table 4 Capital expenditures of the Company incurred in 2011**

Objective		Amount [kPLN]
1	Upgrade of the office building	424
2	Furnishings and office equipment	267
3	Company cars	176
4	Software and licenses	51
<b>Total CAPEX</b>		<b>918</b>

Source: the Company

The above-mentioned investments were made based on the 2011 Capital Investment Plan approved by the Company's Supervisory Board. All capital expenditures were financed with own funds of Stalexport Autostrady.

Capital expenditures planned for 2012 are related to motorway activities. They are replacement investments and are related to the requirements for safety and using the office building at Mickiewicza Street no 29. They will be financed with own funds of Stalexport 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

Unusual events affecting the financial result of Stalexport Autostrady include mainly a recognition of allowance for VAT receivable of PLN 6,894k which was made in relation to the dismissal made by the Supreme Administrative Court on March 29, 2011 of the Company's appeal on incorrect charge VAT for 2004.

For more information on this issue, see Section 3 of the Report (Financial analysis of Stalexport Autostrady).

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

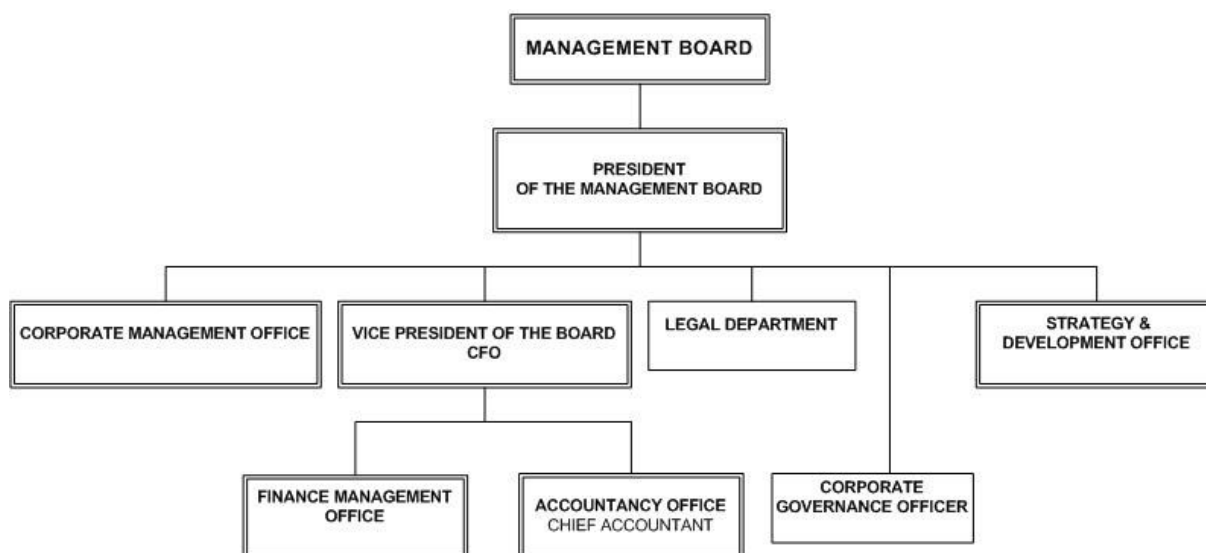
Detailed information on that respect was presented in:

- section 3 (financial analysis of Stalexport Autostrady);
- section 4 (analysis of the 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 Stalexport Autostrady).

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

Due to changes in the composition of Stalexport Autostrady, in the first half of 2011 the Company's organizational structure has been modified. Company's current organizational structure is shown below.

Figure 4 Organization structure of Stalexport Autostrady as of December 31, 2011



Source: the Company

As of December 31, 2011, the Company employed 28 persons (25.75 FTEs). Thus, the number of employees was slightly higher as compared to December 31, 2010 when the Company employed 27 persons (25.5 FTEs). The above-mentioned increase in the number of employees was the result of temporary employment of 1 person as a substitute for an employee on excused leave.

Additionally, the process of consolidation of managerial positions in the Group (commenced in the second half of 2009) was continued in 2011. As the result of this consolidation:

- Emil Wąsacz is the President of the Management Board of Stalexport Autostrady, President of the Management Board of SAM and the Chairman of the Supervisory Board of VIA4;
- Mieczysław Skołyżyński is the Vice-president of the Management Board of Stalexport Autostrady, Vice-president of the Management Board of VIA4, Vice-chairman of the Supervisory Board of SAM, Chairman of the Supervisory Board of AMSA and Vice-chairman of the Supervisory Board of SAD;
- Andrzej Kluba is the President of the Management Board of AMSA, Director of the Strategy and Development Office in Stalexport Autostrady and SAM;
- Zbigniew Czapla-Nowicki is the President of the Management Board of SAD, Vice-president of the Management Board of AMSA and Associate Director of the Strategy and Development Office in Stalexport Autostrady;
- Marek Długajczyk is the Vice-president of the Management Board of SAD, Proxy of AMSA and Director of the Finance Management Office in Stalexport Autostrady;
- Ireneusz Sakowski is the President of the Management Board of Biuro Centrum, Chief Tender Specialist in Stalexport Autostrady and Chief Contract Specialist in SAM.



#### 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 2011 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 end of the term. Whereas, the contract with the Mr. Wojciech Gębicki (the dismissed member of MB) concluded in 2009, includes a non-competition clause covering 6-month period since termination of employment with the Company (i.e. effectively by August 31, 2011) in return for compensation being equivalent of 12 monthly salaries in the Company calculated based on the last month regular salary, paid to Mr. Wojciech Gębicki by the Company.

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

According to the Statute of Stalexport Autostrady, the Supervisory Board determines remuneration of the Management. The total remuneration based on the employment contracts of the Company's management, i.e. members of the Management Board, amounted to PLN 2,817k in 2011. In addition, the total remuneration of the Company's management for membership in the corporate bodies of related companies amounted to PLN 404k in the same period. Detailed information regarding remuneration of persons managing the Company is presented in the table below.

**Table 5** Remuneration paid in 2011 to the persons managing the Company [in k PLN]

No.	Name and surname	Position held in the Company	Remuneration, bonuses and benefits paid by the Company	Remuneration received for performing the functions in the bodies of subsidiaries	TOTAL
1.	Emil Wąsacz	President of the Management Board General Director	995	239	1,234
2.	Mieczysław Skołyżyński	President of the Management Board Financial Director	932	54	986
3.	Wojciech Gębicki	Vice-President of the Management Board Operating Director	890*	111	1,001
<b>x</b>	<b>Total</b>		<b>2,817</b>	<b>404</b>	<b>3,221</b>

\* amount comprises all applicable benefits relating to the termination of employment, resulting from the dismissal from the Company's Management Board

Source: internal materials

The above table with the remuneration includes the bonus of PLN 532k which refers to 2010 but it was paid in 2011 (to Mr. Emil Wąsacz and Mr. Mieczysław Skołyżyński). This bonus was covered by a provision reflected in 2010 accounts.

However 2011 accounts include a provision of PLN 1,339k which refers to the 2011 bonus for Management Board and, so called, three-annual incentive plan covering the period from July 2009 to June 2012.

According to the Stalexport Autostrady's Statutes the remuneration of the Supervisory Board is determined by GM. Some members of the Supervisory Board decided not to receive remuneration they are entitled to for performing the duty of Supervisory Board members.

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In 2011 the total remuneration paid to the Company's Supervisory Board amounted to PLN 63k. Detailed information on remuneration paid to members of Stalexport Autostrady Supervisory Board is presented in the table below.

**Table 6** Remuneration paid in 2011 to members of the Company's Supervisory Board [in k PLN]

No.	Name and surname	Position in the Supervisory Board of Stalexport Autostrady	Remuneration
1.	Roberto Mengucci	President	no remuneration
2.	Aleksander Galos	Vice-President	34
3.	Michelangelo Damasco	Secretary	no remuneration
4.	Christopher Melnyk	Member	no remuneration
5..	Tadeusz Władyka	Member	29
6.	Costantino Ivoi	Member	no remuneration
7.	Massimo Lapucci	Member	no remuneration
x	<b>Total</b>		<b>63</b>

Source: internal analysis

There are no incentive or premium programs in the Company, based on the capital of the Company, 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 Company.

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

Number and nominal value of Stalexport Autostrady shares held by the persons managing and supervising the Company is provided based on declarations of those persons. The balance as at December 31, 2011 is presented in the table below.

**Table 7** Number and nominal value of Stalexport Autostrady's shares held by persons managing and supervising the Company (as of December 31, 2011)

No.	Name and surname	Number of shares [items]	Nominal value [in PLN]
1.	Emil Wąsacz	59,000	44,250

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

Persons managing and supervising Stalexport 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 Stalexport 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 line with powers stipulated in the Company's Statutes, the Supervisory Board appointed KPMG to audit the Company's financial statements and Stalexport Autostrady Group financial statements for 2011. KPMG is

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entered into the list of entities authorised to audit financial statements under No. 458. On June 25, 2009, the Company and KPMG signed a contract for auditing and reviewing financial statements in the 2009 -2011 period.

The total remuneration of KPMG for auditing and reviewing financial statements for 2011 amounted to net PLN 210k, including:

- review of the separate and consolidated interim financial statements of Stalexport Autostrady for the period of 6 months ended on June 30, 2011 – PLN 82k;
- audit of the separate and consolidated annual financial statements of the Company for 2011 – PLN 128k.

The limit of additional expenses to be reimbursed: 10%.

The total remuneration of KPMG for auditing and reviewing financial statements for 2010 amounted to net PLN 205k, including:

- review of the separate and consolidated interim financial statements of Stalexport Autostrady for the period of 6 months ended on June 30, 2010 – PLN 82k;
- audit of the stand-alone and consolidated annual financial statements of the Company for 2010 – PLN 123k.

The limit of additional expenses to be reimbursed: 10%.

**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 Stalexport Autostrady

### 6.1. Growth prospects

In recent years, the Company participated in the acquisition and implementation of infrastructure projects related to the construction, management and operation of toll motorways. The Road Construction Programme, described in details in the preceding part of the Report, is a potential market for the Company and the Group. However, it should be emphasised that the road infrastructure area is a sector heavily dependent on the state regulator. Thus, the number of tenders related to the projects interesting for the Company and possibility of their implementation under the PPP formula is the consequence of the Public Party's policy on road construction and the national budget.

Stalexport Autostrady's growth prospects were described in detail in Section 4 of the Report.

### 6.2. Major risks and threats, internal and external factors crucial for development of Stalexport Autostrady and methods to oppose those risks

The major risks and threats related to activities of Stalexport Autostrady can be divided into two main groups related to:

- A4 Katowice-Kraków project.

This area includes mainly economic and financial risks related to general economic conditions and current situation on the construction work market, as well as risks that are political and legal in nature.

The **economic conditions** mainly affect the number of vehicles using A4 motorway (this factor affects mainly heavy vehicle traffic) and by the same token toll collection revenues generated by the Concessionaire. The Group reduces this risk by adopting an appropriate (optimum) price policy and by making efforts to improve the customer service quality by upgrading toll collection plazas on the managed motorway section and by replacing the toll collection equipment, thus making it possible for the customers to choose from various toll payment methods.

As far as the **construction work market** is concerned, an economic boom increases prices of construction services and reduces efficiency of the A4 Katowice-Kraków project. In the period of economic crisis, the Group can negotiate better terms and conditions related to performance of necessary works and by the same token more funds are left for shareholders. The Company tries to reduce the risk related to this area by actively managing (within powers granted to the Company under the Concession Agreement) the schedule of planned and performed construction works.

Institutional and legal instability of the environment governing the sector of infrastructure in Poland is the main factor from the group of **legal and political risks**. The Company seeks to counteract these risks by, *inter alia*, promoting good practices and solutions aimed at creating an appropriate legal framework for the implementation of infrastructure projects, and active participation in the public discussion on new legislative solutions. This group of risks includes also potential efforts to be made in order to change the law in force, which can affect revenues and expenditures related to the A4 Katowice-Kraków project. It is worth emphasising at this point that in the Concession Agreement there are provisions pursuant to which it is possible to claim for the compensation from the State Treasury in the case when the public side makes efforts that adversely affect profitability of the A4 Katowice-Kraków project.

Another group includes risks that are directly related to the provisions of the Concession Agreement, including those concerning the passenger service levels and other obligations on the part of the Concessionaire. Additional risks are also related to the antimonopoly proceedings initiated against SAM by Office of Competition and Consumer Protection and the decision of the competent court regarding the suit filed by CTL Maczki Bór Sp. z o.o.

- the Company's activities.

This area includes risks related to economic situation and the investment climate, as well as the market interest rate risk.

The **economic situation** in Poland translates directly into the office space rental market and by the same token affects the amount of vacant (not rented) space and rent rates. The Company reduces this risk by adopting a flexible price policy and making investments in order to make the office space more attractive and to improve safety of those who use this office space. Furthermore, the Company makes efforts to win new lessees.

As far as making decisions about participation in the motorway infrastructure development tenders is concerned, deterioration of the **investment climate**, which can lead to difficulties in obtaining long-term investment capital, is a significant risk factor. The Company seeks to mitigate such risks by, *inter alia*, continuous cooperation with financial institutions having extensive knowledge and experience in the sector of infrastructure projects, such as entities of the Atlantia Group, and participation in public consultations aimed at developing and implementing innovative solutions in this regard, involving, *inter alia*, the allocation of risks in the area of infrastructure projects and placing them on the side of entities which can manage them as efficiently as possible.

Due to the structure of revenues and nature of the Company's business, financial results of the Company are burdened with a relatively high **interest rate risk**. This risk is the result of changeability of financial markets and manifests itself in changes in the money price. Stalexport Autostrady mitigates this risk by diversification of the areas and institutions in which funds collected for the future motorway projects are deposited. For information on financial instruments, associated risks and the Company's objectives and risk management methods, see Note 29 to the stand-alone financial statements.

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

### 7.1. Introduction

Performing the duty resulting from §29 section 5 of the GPW by-laws and the resolution no 1013/2007 of the GPW Management Board dated December 11, 2007 on the range and the structure of the report on implementing the best practices by the stock exchange companies – the Management Board of Stalexport Autostrady publishes this statement on implementing by Company, the rules of best practices from the set “The Good Practices of Companies listed on GPW” in the period from January 01, 2011 to the date of publishing the annual report for 2011.

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

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

- Stalexport Autostrady S.A. ([www.stalexport-autostrady.pl](http://www.stalexport-autostrady.pl))
- 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 GPW Management Board dated December 11, 2007 on partial excluding the duty to publish the report regarding the rules of corporate governance binding on main market of GPW - the Management Board of Stalexport Autostrady referring to the rules included in the Good Practices of Companies listed on GPW (DPSN) declares that in 2011 the Company did not broadcast the GMs over the Internet, however it recorded the GMs and published the recordings on the website.

Furthermore, in accordance with § 29 section 3 of the Rules of GPW – Management Board of Stalexport Autostrady reports that during the eighteenth debate of the Ordinary GM of Stalexport Autostrady on April 04, 2011 has not been implemented rule 3 of good practice by applied by the supervisory board members (Part III DPSN). The Company informed the Stock Exchange about it in the current report sent on April 05, 2011 by the EIB system (Electronic Database Information).

The Management Board relying on DPSN, sent to each Board member a personal invitation to participate in the debate of the Ordinary General Meeting (OGM) convened on April 04, 2011. However, due to other important business obligations of the Supervisory Board members did not participate in the aforementioned meeting.

### 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 Stalexport 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

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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 conformability 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:

	Number shares/votes	Share in equity [%]
▪ Autostrade per l'Italia S.p.A	149.923.463	60,63 %
▪ Kairos Investment Management S.p.A.	12.391.265	5,01 %
▪ Pozostali akcjonariusze	84.947.295	34,36%
<b>Razem</b>	<b>247.262.023</b>	<b>100,00%</b>

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

No shares of Stalexport 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 Stalexport 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 Stalexport 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 Stalexport 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 Stalexport Autostrady ([www.stalexport-autostrady.pl](http://www.stalexport-autostrady.pl)).

#### 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 Stalexport 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 GPW. 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.

GM 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 is made in the current report and published at the website of Stalexport Autostrady (address: [www.stalexport-autostrady.pl](http://www.stalexport-autostrady.pl)) no later than 26 days before the date of the general meeting.

Those shareholders are entitled to take part in the general meeting (assembly) who hold the shares of Stalexport 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 Stalexport Autostrady resolved on November 27, 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 Stalexport Autostrady. Changes introduced in 2010 take into account the new principles concerning organization of general assemblies of public (listed) joint stock companies, introduced on August 03, 2009 by amendments of the Code of commercial companies of December 05, 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, 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.



**MANAGEMENT BOARD REPORT ON THE ACTIVITIES OF THE COMPANY IN 2011**

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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 Stalexport 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 Stalexport 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 GM approving the financial statement for the last full turnover year of performing the function of the Management Board's member.

In the period from January 01, 2011 to the date of drawing up of this report the Management Board composition changed and:

- From January 01, 2010 until February 10, 2011 the Management Board acted in the following com position:
  1. Emil Wąsacz - President of the Management Board
  2. Mieczysław Skończyński - Vice-President of the Management Board
  3. Wojciech Gębicki - Vice-President of the Management Board

On February 10, 2011 Mr. Wojciech Gębicki resigned from the position as a member of the Board of Stalexport Autostrady and he was dismissed by the Supervisory Board of the composition of the Board on February 10, 2011.

The Company informed GPW about it in the current report No. 3 dated February 10, 2011.

- From February 10, 2011 to the date of drawing up of this report, the Management Board acted in the following com position:
  1. Emil Wąsacz - President of the Management Board
  2. Mieczysław Skończyński - Vice-President of the Management Board

**MANAGEMENT BOARD REPORT ON THE ACTIVITIES OF THE COMPANY IN 2011**

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

**(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 March 30, 2010 in resolution no 22 decided that the Supervisory Board of VII term (2010-2012) will be composed of eight members. Then, by Resolution No. 3 Extraordinary General Meeting on December 22, 2010 decided that the Supervisory Board of the seventh term (2010-2012) will be composed of **seven members**.

From January 01, 2011 untill December 31, 2011 the composition of the Supervisory Board did not change and the Board has been acting in the following composition:

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

On February 14, 2011 the Company received the resignation of Massimo Lapucci as the member of the Supervisory Board.

At present the Supervisory Board is acting in the following composition:

- |    |              |          |             |
|----|--------------|----------|-------------|
| 1. | Roberto      | Mengucci | - Chairman  |
| 2. | Aleksander   | Galos*   | - Chairman  |
| 3. | Michelangelo | Damasco  | - Secretary |
| 4. | Costantino   | Ivoi     |             |
| 5. | Christopher  | Melnyk   |             |
| 6. | 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 Stalexport Autostrady ([www.stalexport-autostrady.pl](http://www.stalexport-autostrady.pl)).

**(iii) Committees of the Supervisory Board**

Under § 25 section 2 of the Regulations of the Supervisory Board of Stalexport Autostrady, and in compliance with the Code of Good Practices for Companies Listed at GPW, in particular the good practices followed by

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\* *independent member*

**MANAGEMENT BOARD REPORT ON THE ACTIVITIES OF THE COMPANY IN 2011**

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members of supervisory boards, the Supervisory Board appointed from its composition the Audit Committee and Remuneration Committee.

As of January 01, 2011 the Supervisory Board committees functioned in the following composition:

Remuneration Committee:

- Roberto Mengucci – Chairman;
- Aleksander Galos\*;
- Costantino Ivoi;
- Tadeusz Włudyka\*.

Audit Committee:

- Costantino Ivoi – Chairman;
- Massimo Lapucci.

Following the resignation of Mr. Dario Cipriani in October 2010, the Audit Committee has been supplemented by the Supervisory Board resolution No. 1/2011 and as of February 09, 2011 the Committee has been active in the following composition:

- Costantino Ivoi – Chairman;
- Aleksander Galos\*;
- Massimo Lapucci.

In connection with the resignation of Mr. Massimo Lapucci as the member of the Supervisory Board, the item regarding supplementing of the composition of the Audit Committee was added to the agenda of the meeting of the Supervisory Board convened on March 01, 2012.

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

**(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

Summing up the presentation of reports, we would like to emphasize that Stalexport Autostrady acting in motorway business, has a solid financial founding which guarantee the stability of current business as well as it provides the opportunities for future implementation, usually a very capital-consuming projects related to construction and management of motorways.

Vice-President  
of the Management Board  
Chief Financial Officer (CFO)

President  
of the Management Board  
Chief Executive Officer (CEO)

.....

/Mieczysław Skołożyński/

.....

/Emil Wąsacz/

Katowice, March 01, 2012

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 2011 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 Stalexport 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 activity of the Stalexport 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, March 01, 2012

- 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 2011, has been selected in accordance with the provisions of law i.e. pursuant to §18 section 3 point 8 of the Statutes of Stalexport 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)

President  
of the Management Board  
Chief Executive Officer (CEO)

.....

/Mieczysław Skołyżyński/

.....

/Emil Wąsacz/

Katowice, March 01, 2012

## 10. Enclosures

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

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

**Enclosure no 1**

**Stalexport Autostrady  
Joint Stock Company**

**STATUTES**



## 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 PLN 185,446,517.25 (one hundred eighty five million four hundred and forty six thousand five hundred seventeen zloty and twenty five).

#### **§7**

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 PLN 0,75 (seventy five) 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 (eighty nine million five hundred thousand) share of the G series with numbers from G 157,762,024 to G 247,262,023.

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 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 including the Chairman and its deputy. The General Meeting decides about the number of members of the Supervisory Board for a given term.
2. The term of the Supervisory Board lasts three years. The mandates of the Supervisory Board's members expire on the day of the General Meeting approving the financial statements for the last full year of performing duties as a member of the Supervisory Board.
3. The Supervisory Board's members are appointed for a joint term. The mandate of a member of the Supervisory Board, appointed before the end of the term, expires simultaneously with the mandates of the other members of the Supervisory Board.
4. The General Meeting appoints and recalls the members of the Supervisory Board. The member of the Supervisory Board shall elect, from among its members, the Chairman of the Supervisory Board and at his request - the Deputy Chairman.
5. In the event of death or resignation of a member of the Supervisory Board is entitled to continue its work within a given term, unless the number of remaining members meet the rules provided by law. Passage 6 of §14 shall apply accordingly.
6. 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.
7. Independency discussed in passage 6 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;

- lack of relations with the members of the Company's Management Board. i.e. a member of the Supervisory Board is not the member of the closest family of any of the members of the Company's Management Board.

#### §15

1. The Supervisory Board on its first meeting elects in a secret voting the Chairman of the Supervisory Board, his deputy and its secretary and on the next meeting, in case there is such a need conducts supplementary elections.
2. The Chairman of the Supervisory Board or his deputy or a person indicated by the Chairman convenes the meetings of the Supervisory Board and presides at them. The Chairman of the Supervisory Board of the former term of office or a member of the Supervisory Board indicated by the Chairman convenes and opens the first meeting of the newly elected Supervisory Board and presides at it until choosing the Chairman of the Supervisory Board. 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 General Meeting shall be convened by publishing the announcement, at least twenty-six days before the date of the meeting, on the company's website and in the manner provided for publishing the current information, in accordance with the provisions of the Act on Public Offering and the conditions for introducing financial instruments to organized trading system and public companies.
5. 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.
6. 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, 04.04.2011

**Enclosure no 2**

Regulations  
of the Management Board  
of Stalexport Autostrady  
Joint Stock Company  
in Katowice

**REGULATIONS<sup>1/3/4</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 it 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>1</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  
Joint Stock Company  
in Katowice

This document is a free translation of the Polish original. The binding Polish original should be referred to in matters of interpretation.



## **Regulations of the Supervisory Board <sup>1/2/3/4/5/6/8</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,

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<sup>1</sup> Passed by the Supervisory Board on 07.08.2002 (resolution no 14/2002)

<sup>2</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>3</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>4</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>5</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>6</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.

<sup>8</sup> Amended by the Supervisory Board – resolution no 16/2011. The amendment refers to §13 and art.1 of the Regulations of the Audit Committee, which the enclosure no 2 to the Regulations of the Supervisory Board.

- 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.

## §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

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).

## §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>7</sup> of the Remuneration Committee of the Supervisory Board of Stalexport Autostrady S.A.**

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### **1. General provisions**

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

#### **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>8/9</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* -. 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>8</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.*

<sup>9</sup> *Amended by the Supervisory Board - resolution no 16/2011. The amendment refers to art.1 of 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 2011

	TPLN		TEUR	
	2011	2010	2011	2010
Revenue	3 893	3 364	940	840
Results from operating activities	(14 777)	(8 636)	(3 569)	(2 157)
Profit/(Loss) before income tax	(5 119)	4 127	(1 236)	1 031
Profit/(Loss) for the period	(5 119)	4 127	(1 236)	1 031
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	(0.01)	0.00
Diluted earnings per share (PLN/EUR)	(0.02)	0.02	(0.01)	0.00
Net cash used in operating activities	(22 654)	(16 500)	(5 472)	(4 120)
Net cash from investing activities	23 366	5 264	5 644	1 315
Net cash used in financing activities	(6 516)	(83)	(1 574)	(21)
	<b>31.12.2011</b>	<b>31.12.2010</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
Total assets	226 802	253 747	51 350	64 073
Total non-current assets	85 181	48 990	19 286	12 370
Total current assets	141 621	204 757	32 064	51 702
Total liabilities	38 768	58 062	8 777	14 661
Total non-current liabilities	21 094	35 983	4 776	9 086
Total current liabilities	17 674	22 079	4 002	5 575
Total equity	188 034	195 685	42 572	49 412
Share capital	185 447	494 524	41 987	124 870

Source: own materials

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 2011 and 2010 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. 4.1401 PLN/EUR and 4.0044 PLN/EUR respectively;
- items of the separate statement of financial position according to average NBP exchange rate at the reporting date i.e. 4.4168 PLN/EUR at 31 December 2011 and 3.9603 PLN/EUR at 31 December 2010.