

**Resolution No. 26/2014  
of the Annual General Meeting of KRUK S.A.  
of Wrocław, dated May 28th 2014**

concerning: setting the rules of an incentive scheme for the years 2015–2019, conditional increase in the Company’s share capital and issue of subscription warrants with the Company existing shareholders’ pre-emptive rights disappplied in whole with respect to the shares to be issued as part of the conditional share capital increase and subscription warrants, and amendments to the Articles of Association

Acting pursuant to Art. 393.5, Art. 430.1, Art. 433.2, Art. 448, Art. 449.1, Art. 453.2 and 453.3 and Art. 432.1 of the Commercial Companies Code, the Annual General Meeting resolves as follows:

**Section 1**

**Incentive Scheme**

1. The Company shall introduce an incentive scheme for key management staff of the Company and its subsidiaries (the “**Stock Option Plan**”), whereby eligible persons shall be granted an option to acquire Company shares on the terms set forth in this Resolution and in the Rules of the Stock Option Plan referred to in Section 4.13 hereof.
2. The term of the Stock Option Plan shall cover the financial years 2015–2019 (the reference period).
3. The number of Stock Option Plan participants shall not exceed 149 persons.
4. Persons eligible to participate in the Stock Option Plan shall be members of the Company’s Management Board, including the President, and the Company’s employees, as well as members of the management boards and employees of the Company’s subsidiaries. Any reference in this Resolution to employees shall also include persons employed on a basis other than employment contract. **Eligible Persons** shall mean persons included in the Base List or in the list of persons entitled to subscribe for Subscription Warrants of a given Tranche.
5. The Management Board of KRUK S.A. shall determine the list of persons eligible to participate in the Stock Option Plan throughout its term (the “**Base List**”), subject to Section 1.8. Management Board members shall be entered in the Base List only at the request of the President of the KRUK Management Board.
6. Subject to Section 1.5. sentence 2, the Management Board shall be authorised to extend the Stock Option Plan at any time to include persons who become members of the Management Board or employees of the Company, or members of the management boards or employees of its subsidiaries, after the Stock Option Plan is

approved under this Resolution. The provisions of this Resolution pertaining to Eligible Persons shall apply accordingly to such new participants.

7. The persons referred to in Section 1.6 shall be included in the Stock Option Plan by being entered in the list of persons entitled to subscribe for Subscription Warrants of a given Tranche or in the Base List.
8. Any Management Board resolutions necessary to carry out the Stock Option Plan with respect to KRUK S.A. Management Board members shall require approval by the Company's Supervisory Board, under pain of nullity.

## **Section 2**

### **Issue of Subscription Warrants**

1. Subject to registration of the conditional share capital increase referred to in Section 5 hereof with the registry court, up to 847,950 (eight hundred and forty-seven thousand, nine hundred and fifty) registered subscription warrants, carrying the right to acquire new issue Series F shares in the Company with the existing shareholders' pre-emptive rights disapplied in whole, shall be issued under the Stock Option Plan. ("**Subscription Warrants**")
2. The Subscription Warrants shall be issued in 5 (five) tranches, one for each year of the reference period, i.e. for the financial years 2015–2019 (each referred to as a "**Tranche**" and collectively as "**Tranches**"), with the proviso that for each of these years Eligible Persons may be allotted:
  - (a) Tranche I, to be allotted in 2016 for the financial year 2015 – up to 169,590 (one hundred and sixty-nine thousand, five hundred and ninety) Subscription Warrants;
  - (b) Tranche II, to be allotted in 2017 for the financial year 2016 – up to 169,590 (one hundred and sixty-nine thousand, five hundred and ninety) Subscription Warrants;
  - (c) Tranche III, to be allotted in 2018 for the financial year 2017 – up to 169,590 (one hundred and sixty-nine thousand, five hundred and ninety) Subscription Warrants;
  - (d) Tranche IV, to be allotted in 2019 for the financial year 2018 – up to 169,590 (one hundred and sixty-nine thousand, five hundred and ninety) Subscription Warrants;
  - (e) Tranche V, to be allotted in 2020 for the financial year 2017 – up to 169,590 (one hundred and sixty-nine thousand, five hundred and ninety) Subscription Warrants;
3. The Subscription Warrants shall be issued to persons referred to in Section 1 hereof.
4. Each Subscription Warrant shall entitle its holder to subscribe for one Series F share at the issue price specified in Section 5.4 hereof.
5. Subscription Warrants shall be issued free of charge.
6. Subscription Warrants may be issued in the form of global certificates.

7. Subscription Warrants may be inherited, but may not be encumbered and are not transferable.
8. The number of Subscription Warrants to be granted to Management Board members in each year of the Stock Option Plan may not exceed 50% of the total number of Subscription Warrants offered for subscription by Eligible Persons as part of a given Tranche.

### Section 3

#### Determination of the maximum number of Subscription Warrants

1. Subscription Warrants of the Tranche for a given financial year of the Stock Option Plan shall be offered provided that the growth of EPS, calculated in accordance with Section 3.2, 3.3 and 3.4 below, in a given financial year preceding the year when the Subscription Warrants of a given Tranche are offered is no less than 13%.
2. EPS referred to in Section 3.1 shall be calculated as the consolidated net profit for the financial year 2015, 2016, 2017, 2018 and 2019, respectively, per one Company share ("EPS"), based on the consolidated financial statements for the financial years 2015, 2016, 2017, 2018 and 2019, respectively, which have been audited, with an unqualified opinion issued thereon by a qualified auditor, and approved by the General Meeting. The growth of EPS referred to above shall be a geometric mean with respect to consolidated net profit for the financial year 2013 per one Company share, calculated according to the following formula:

$$wzrost\ EPS_{2013+n} = \sqrt[n]{\frac{EPS_{2013+n}}{EPS_{2013}}} - 1$$

where "n" ranges from 2 to 6, depending on the financial year for which the geometric mean is calculated.

3. The number of Company shares used for calculating EPS shall be the weighted average number of Company shares as disclosed in the financial statements for a given financial year, with the proviso that any reduction in the number of Company shares resulting from a share buyback carried out in that year under the Management Board's authorisation to repurchase the Company's own shares shall not be taken into account.
4. The consolidated net profit for the financial years 2015, 2016, 2017, 2018 and 2019 used to calculate EPS shall be adjusted for the amount of net profit or loss, as specified by the Supervisory Board, resulting from potential non-recurring or extraordinary events such as, in particular, sale of assets of a significant value.
5. If the Subscription Warrants of the Tranche for a given financial year are not offered because the condition referred to in Section 3.1 has not been met, the Management Board shall be entitled to transfer the Subscription Warrants to subsequent Tranches and offer them in aggregate, subject to fulfilment of the condition provided for in Section 3.1 above.

## **Section 4**

### **Other terms of the issue of Subscription Warrants**

1. Subscription Warrants shall be subscribed for free of charge directly by Eligible Persons.
2. The Company's Supervisory Board shall determine, by way of a resolution, whether the condition referred to in Section 3 hereof has been met within 1 (one) month of the date of approval of the consolidated financial statements for a given year.
3. Following adoption of the resolution referred to in Section 4.2 above, the Management Board shall determine the list of Eligible Persons entitled to subscribe for Subscription Warrants of a given Tranche, subject to the provisions of Section 1.5 sentence 2.
4. The Supervisory Board shall approve, in accordance with Section 1.8, the list of Management Board members entitled to subscribe for Subscription Warrants of each Tranche by way of a resolution adopted within 1 (one) month of the Management Board's resolution.
5. Following adoption of the Supervisory Board resolution referred to in Section 4.2, the Management Board or, with respect to Management Board members – the Supervisory Board, shall offer the Subscription Warrants of a given Tranche for subscription to Eligible Persons. Subscription Warrants of a given Tranche shall be offered to Eligible Persons within 2 (two) months of the date on which the Supervisory Board adopts the relevant resolution referred to in Section 4.3.
6. The Management Board may transfer any Subscription Warrants not offered as part of Tranches I–IV under the Stock Option Plan to subsequent Tranches.
7. The Stock Option Plan may also be implemented using Company shares bought back under a separate resolution of the General Meeting authorising the Company to buy back its shares in order to offer them to Eligible Persons. The implementation of the Option Plan in the manner described above shall require the Supervisory Board's approval granted in a separate resolution adopted at the Management Board's request.
8. The Eligible Persons shall be entitled to subscribe for Subscription Warrants on condition that they were in an employment relationship with the Company or its subsidiary, or in other legal relationship under which they provided services to the Company or its subsidiary, for a period of twelve months in the financial year preceding the year in which the offer to subscribe for Subscription Warrants is made. New Eligible Persons, referred to in Section 1.6, who enter into a legal relationship with the Company or its subsidiary in a given financial year shall be entitled to subscribe for Subscription Warrants of the Tranche for that year provided that the legal relationship continues for at least six months in that year.
9. Subject to Section 1.5 sentence 2, the Company's Management Board shall be authorised to change the Base List at any time during the term of the Stock Option Plan, but no later than by the date on which all Subscription Warrants of Tranches I–IV are subscribed for by the Eligible Persons, by extending the Base List, changing the number of Subscription Warrants granted, or excluding persons from the Base List while maintaining their right to exercise rights attached to Subscription Warrants subscribed for earlier in the course of the Stock Option Plan.

10. The Supervisory Board may reduce the number of Subscription Warrants granted or exclude Eligible Persons from the Base List, as provided for in Section 4.9, in the following cases:
  - (a) if an Eligible Person fails to perform or properly perform the obligations arising from his or her employment contract or other legal relationship under which he or she provides services to the Company or its subsidiary;
  - (b) if an Eligible Person takes action which is contrary to the interest of the Company or its subsidiary;
  - (c) for other reasons set forth in the Rules.
11. In the event of share consolidation or split, the Company shall issue Subscription Warrants so as to reflect the consolidation or split.
12. Offers referred to in Section 4.5 above may be accepted within 30 days of the date they were made to the Eligible Persons.
13. In connection with the implementation of the Stock Option Plan, the Supervisory Board shall be authorised to determine and approve the Rules for the Stock Option Plan, setting forth detailed terms and conditions of the Stock Option Plan, taking into consideration of the objectives provided for herein ("**the Rules**").

## **Section 5**

### **Conditional share capital increase**

1. In connection with the Stock Option Plan, the Company's share capital shall be conditionally increased by up to PLN 847,950.00 (eight hundred and forty-seven thousand, nine hundred and fifty złoty) by way of an issue of up to 847,950 (eight hundred and forty-seven thousand, nine hundred and fifty) Series F ordinary bearer shares with a par value of PLN 1 (one złoty) per share ("**Series F Shares**").
2. The objective behind the conditional share capital increase is to grant the right to subscribe for Series F Shares to holders of Subscription Warrants issued under the Stock Option Plan in accordance with Section 2 hereof.
3. Holders of Subscription Warrants shall be entitled to exercise the rights to subscribe for Series F Shares attached to the Subscription Warrants prior to the lapse of the period referred to in Section 6 if by the end of that period a tender offer to acquire more than 33% of the Company shares is announced under the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005.
4. In each of the financial years during the term of the Stock Option Plan, the issue price of Series F Shares for holders of Subscription Warrants shall be equivalent to the average closing price of Company shares on all trading days in the period February 27th 2014 to May 27th 2014 (the "**Issue Price**").
5. Series F shares shall be paid up by holders of Subscription Warrants only with cash contributions.

6. Series F Shares shall carry the right to dividend on the following terms:
  - (i) Series F Shares registered for the first time in the securities account of a holder of Subscription Warrants who exercised the rights attached to the Subscription Warrants on or before the dividend record date, set forth in a resolution of the Company's General Meeting concerning profit distribution, shall carry the right to dividend beginning from the distribution of profit for the previous financial year, i.e. from January 1st of the financial year immediately preceding the year in which the shares were registered in the securities account;
  - (ii) Series F Shares registered for the first time in the securities account of a holder of Subscription Warrants who exercised the rights attached to the Subscription Warrants after the dividend record date, set forth in a resolution of the Company's General Meeting concerning profit distribution, shall carry the right to dividend beginning from the distribution of profit for the financial year in which the shares were registered in the securities account, i.e. from January 1st of that financial year.
7. In the Company's best interest, the existing shareholders' pre-emptive rights with respect to Series F Shares and Subscription Warrants shall be disapplied in whole. The Management Board's opinion stating the reasons for the dispplication of the existing shareholders' rights is attached as Appendix 1 to this Resolution.

## **Section 6**

### **Lock-up**

1. Subject to Section 6.3, holders of Subscription Warrants who are not Management Board members shall be entitled to exercise the rights to subscribe for Series F Shares attached to the Subscription Warrants not earlier than six months after the date of subscription for the Subscription Warrants (lock-up for subscription of Series F Shares by holders of Subscription Warrants) and not later than on December 31st 2021.
2. Holders of Subscription Warrants who are Management Board members shall be entitled to exercise the rights to subscribe for Series F Shares attached to the Subscription Warrants not earlier than 12 months after the date of subscription for the Subscription Warrants (lock-up for subscription of Series F Shares by holders of Subscription Warrants) and not later than on December 31st 2021.
3. Holders of Subscription Warrants issued as part of Tranche I shall be entitled to exercise the rights to subscribe for Series F Shares attached to the Subscription Warrants not earlier than 12 months after the date of subscription for the Subscription Warrants (lock-up for subscription of Series F Shares by holders of Subscription Warrants) and not later than on December 31st 2021.

## **Section 7**

### **Rules governing financing of subscription for or acquisition of KRUK S.A. shares**

1. The Company shall finance subscription for or acquisition of KRUK S.A. shares by the Eligible Persons, including persons referred to in Art. 15 of the Polish Commercial Companies Code, based the following rules:

- (a) at the written request of an Eligible Person, following execution of an agreement with KRUK S.A. defining detailed rules for the financing of subscription for or acquisition of KRUK shares, in line with the guidelines below, the Company may provide financing of up to 80% of the value of shares subscribed for or acquired by the Eligible Person;
  - (b) the cost of financing provided to the Eligible Person shall be equivalent to the cost of funds raised by KRUK S.A. on the market;
  - (c) interest may be payable with final instalments;
  - (d) the Eligible Person shall repay the financing to KRUK S.A. no later than on December 31st 2025;
  - (e) the Eligible Person shall provide security for the financing in the form stipulated by the Supervisory Board, or otherwise KRUK S.A. may demand the financing to be immediately returned.
2. The Management Board shall be authorised to take all formal and legal steps required to implement the adopted rules governing financing of subscription for or acquisition of shares by Eligible Persons.

## **Section 8**

### **Seeking of admission and introduction of Series F Shares to trading on the regulated market and conversion of Series F Shares into book-entry form**

1. Series F Shares shall be sought to be admitted and introduced to trading on the regulated market of the Warsaw Stock Exchange (the "WSE"). The Management Board shall be authorised to take all practical and legal steps required in connection with the admission and introduction of Series F Shares to trading on the WSE's regulated market immediately upon their issue.
2. Series F Shares shall be converted into book-entry form. The Management Board shall be authorised to execute an agreement concerning registration of Series F Shares with the Polish National Depository for Securities and to take any other necessary steps to convert Series F shares into book-entry form immediately upon their issue.

## **Section 9**

### **Amendments to the Company's Articles of Association**

1. In connection with Section 5 of this Resolution, a new Art. 4c shall be added after Art. 4b in the Company's Articles of Association adopted under Resolution No. 25/2014 of this Annual General Meeting, reading as follows:
  - "1. The Company's share capital has been conditionally increased by up to PLN 847,950.00 (eight hundred and forty-seven thousand, nine hundred and fifty złoty) by way of an issue of up to 847,950 (eight hundred and forty-seven thousand, nine hundred and fifty) Series F ordinary bearer shares with a par value of PLN 1 (one złoty) per share.*
  - 2. The conditional share capital increase referred to in Art. 4c.1 above was made to grant the right to subscribe for Series F shares to the holders of subscription*

warrants issued under Resolution No. 26/2014 of the Annual General Meeting of May 28th 2014.

3. *Holders of subscription warrants issued by the Company under Resolution No. 26/2014 of the Annual General Meeting of May 28th 2014 shall be entitled to subscribe for Series F shares. The subscription warrants may be inherited, but may not be encumbered and are not transferable.*
  4. *Subject to Art. 4c.6, holders of Subscription Warrants who are not Management Board members shall be entitled to exercise the rights to subscribe for Series F Shares attached to the Subscription Warrants not earlier than six months after the date of subscription for the Subscription Warrants (lock-up for subscription of Series F shares by holders of Subscription Warrants) and not later than on December 31st 2021.*
  5. *Holders of Subscription Warrants who are Management Board members shall be entitled to exercise the rights to subscribe for Series F Shares attached to the Subscription Warrants not earlier than 12 months after the date of subscription for the Subscription Warrants (lock-up for subscription of Series F shares by holders of Subscription Warrants) and not later than on December 31st 2021.*
  6. *Holders of Subscription Warrants issued as part of Tranche I shall be entitled to exercise the rights to subscribe for Series F Shares attached to the Subscription Warrants not earlier than 12 months after the date of subscription for the Subscription Warrants (lock-up for subscription of Series F Shares by holders of Subscription Warrants) and not later than on December 31st 2021.*
  7. *Holders of Subscription Warrants shall be entitled to exercise the rights to subscribe for Series F Shares attached to the Subscription Warrants prior to the lapse of the period referred to in Art. 4c.4–6 if by the end of that period a tender offer to acquire more than 33% of the Company shares is announced under the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005 (Dz.U. of 2009 No. 185, item 1439, as amended).*
  8. *Series F shares shall be paid up in cash.”*
2. The other provisions of the Company’s Articles of Association shall remain unchanged.

### **Section 10**

This Resolution shall become effective upon its adoption, save for the provisions relating to the amendments of the Company’s Articles of Association, which shall become effective as of the date on which they are entered in the Register of Entrepreneurs.

#### **STATEMENT OF REASONS**

*Given that 2014 is the final reference year of the Company’s Incentive Scheme adopted by virtue of Resolution No. 1/2011 of the Extraordinary General Meeting of March 30th 2011, the Management*



*Board requests the General Meeting to approve the resolution to implement the new incentive scheme for the years 2015–2019. In the Management Board’s opinion, the incentive scheme will allow the most outstanding members of the management of the Company and its subsidiaries to acquire equity interests in the Company as a bonus, which may improve the quality of management at the Group, and in the longer term translate into better financial performance.*

*To implement the scheme, the Company intends to conditionally increase its share capital through issue of Series F shares, to be subscribed for by holders of subscription warrants issued by the Company for this purpose, with the existing shareholders’ pre-emptive rights disapplied in whole. Adoption of the scheme requires a resolution of the General Meeting.*

## **APPENDIX 1**

**to Resolution No. 26/2014 of the Annual General Meeting of KRUK S.A. of May 28th 2014 *Opinion of the Management Board of KRUK S.A. of Wrocław, dated April 29th 2014, stating the reasons for the disapplication of the existing shareholders' pre-emptive rights with respect to Series F shares and subscription warrants issued in connection with the planned determination by the General Meeting of the rules for the incentive scheme for the years 2015–2019.***

This opinion of the Management Board of KRUK S.A. of Wrocław (the “**Company**”) has been prepared in accordance with Art. 433.2 of the Commercial Companies Code, in connection with the planned adoption by the Annual General Meeting to be held on May 28th 2014 of a resolution on the determination of the rules for an incentive scheme for years 2015–2019, conditional increase in the Company’s share capital and issue of subscription warrants with the existing shareholders’ pre-emptive rights disappplied in whole with respect to the shares to be issued as part of the conditional share capital increase and subscription warrants, and on amendments to the Company’s Articles of Association.

The objective behind the issue of Series F shares and subscription warrants is implementation by the Company of an incentive scheme for 2015–2019, addressed to key management staff of the Company and other Group companies, which will provide additional incentives for certain key employees of the Company and other Group companies. These persons, as participants of the incentive scheme, will be motivated to perform their work or services for the Company or other Group companies in the best possible way. The implementation of the incentive scheme for the years 2015–2019 will allow the most outstanding members of the management of the Company and other Group companies to acquire equity interests in the Company as a bonus, which may improve the quality of management at the Group, and in the longer term translate into better financial performance.

Considering the above, the Management Board believes that the disapplication of the existing shareholders’ pre-emptive rights with respect to Series F shares and subscription warrants issued for the purposes of the Company’s incentive scheme for 2015–2019 is in the Company’s best interest and thus in the interest of its shareholders.