

LPP

Incentive Scheme

Current report No: 22/2016

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The Management Board of LPP SA (the "Company") announces that on May 10, 2016, the Supervisory Board passed a resolution recommending to the Annual General Meeting of LPP SA the adoption of the Incentive Scheme for the key managers of the Company based on the use of treasury shares acquired in 2008. The Scheme is to be put to the vote at the next Annual General Meeting of LPP SA.

In its essential characteristics and assumptions, the incentive scheme is a continuation of the previous scheme approved by the Annual General Meeting on June 14, 2013.

The draft scheme covers the financial years 2016 and 2017, and the acquisition of the Company's shares would take place in 2017, provided that the eligible participants meet the prescribed conditions. Under the scheme, the participants who meet the conditions set out in the Resolution of the Annual General Meeting of Shareholders and the Rules of the Scheme would acquire the right to purchase from the Company its treasury shares at a price equal to their nominal value.

The right referred to above by the Participants in the Scheme would be granted subject to meeting by LPP SA Capital Group of the following condition for the financial year 2016: net profit of LPP SA Capital Group per share for the financial year 2016 is higher by at least 10% than net profit of LPP SA Capital Group per share earned in the previous financial year.

The actual number of shares to be acquired by Eligible Individuals will be determined by the Supervisory Board, and the total number of shares must not exceed 3,000.

The detailed terms and conditions of the Incentive Scheme would be determined by the Supervisory Board pursuant to the resolution of the Annual General Meeting of the Company.

In order to enable the adoption and implementation of the Scheme, the Supervisory Board recommended the creation of reserve capital and allocation of the collected funds in accordance with Art. 362 § 2 item 3 of the Code of Commercial Companies to the acquisition of treasury shares, and replacing the purpose of the treasury shares mentioned in Art. 362 § 1 point 9 in conjunction with Art. 515 § 2 of the Code of Commercial Companies with the purpose mentioned in Art. 362 § 1 point 8 of the Code of Commercial Companies.

The Company's Management Board emphasises that the work of key managers of the Company has and will have a significant effect on the Company, its value and the value of shares held by

shareholders. The purpose of the Incentive Scheme is to create incentives and mechanisms that will motivate these people to the effective management of the Company and entities of its Group, ensuring long-term growth of the Company, also bearing in mind the need to retain the group of key managers of the Company. It should also take into account the fact that the existing Incentive Schemes for key managers of the Company have been completed.

Article 56(1) sub-paragraph 2 of the Public Offering Act – current and periodic information

Signatures: Przemysław Lutkiewicz – Vice President of the Management Board
Jacek Kujawa – Vice President of the Management Board