

## **Current Report No. 22/2012**

*(Wednesday, 21 November 2012)*

*Legal basis: art. 56.1.2 of the Polish Public Offering Act – current and periodic information and art. 38.1.2) of the Regulation of the Minister of Finance of 6 August 2009 on current and periodical information disclosed by issuers of securities (Journal of Laws No. 131 item 1080) 1080)*

# **Draft of the changes to the Company's Articles of Association**

The Management Board of AB S.A. presents the project of modification of the Articles of Association of AB S.A.

## **Discussion of the modifications to the Articles of Association of AB Spółka Akcyjna proposed by the Management Board during the Ordinary General Shareholders Meeting on 19 December 2012**

The proposed modifications of the Articles of Association may be divided into the following groups:

1. Modification of art. 4.1 involves extension of the Company's scope of business set forth in the Articles of Association by adding to the Articles of Association new subclasses mentioned in the Polish Classification of Activities (PKD). This modification results from the necessity to adjust the provisions of the Articles of Association to the scope of business and plans of the Company which, being a distributor, continuously extends its offer with new product categories.
2. Modification of art.5.1.3 and 11 and art. 5.2 results from adoption of the resolution on conversion of part of C series registered shares to C2 series bearer shares.
3. Modifications of art.14.2.16) and art. 26.2 result from the necessity to adjust the provisions of the Articles of Associations to the Company's status of a public company. Provisions in the previous wording were adequate only to the relation between a closed circle of shareholders

before the Company's shares were introduced to organised trading.

4. Modifications of art.9.2 and art. 13.1 result from the necessity to ensure continuity of management and supervision over the projects implemented by the Company. The duration of major projects implementation is usually longer than the current term of office of the Company's authorities.
5. Modifications of art. 5.1.6 - 10, art. 9.3, art. 10.3, art. 12.5.2) and 9), art. 13.9 and art. 18.3 are only editorial in nature and serve to make the text of the Articles of Association more transparent and clear.

Below, the details of all the changes to the Articles of Association are presented:

## **ARTICLES OF ASSOCIATION OF THE JOINT STOCK COMPANY 'AB S.A.'**

### **SCOPE OF PROPOSED CHANGES**

#### **COMPANY'S ARTICLES OF ASSOCIATION**

##### **I. GENERAL PROVISIONS**

###### **Article 1**

Company's name is: '**AB Spółka Akcyjna**' The Company may use the abbreviation of the said name: '**AB S.A.**' as well as a graphic mark.-----

###### **Article 2**

1. The registered office of the Company is located in Wrocław.-----

2. The Company's founders are: -----

1) Andrzej Przybyło, residing in Wrocław, ul. Rogowska 144/9, -----

2) Iwona Przybyło, residing in Wrocław, ul. Rogowska 144/9, -----

3) Polish Enterprise Fund, L.P., with its registered office at 375 Park Avenue, New York 10152, USA,

hereinafter referred to as the '**Founders**'. -----

### **Article 3**

1. The Company operates in the area of the Republic of Poland and abroad. -----
2. The Company may establish and operate its branches, plants, agencies and other organisational units, and it may also participate in other companies or undertakings in the territory of the Republic of Poland and abroad. -----
3. Duration of the Company is unlimited. -----

## **II. SCOPE OF BUSINESS OF THE COMPANY**

### **Article 4**

#### **1. The Company's scope of business is as follows:**

1. 46.51.Z Wholesale of computers, peripheral devices and software
2. 46.52.Z Wholesale of electronic and telecommunications equipment and of relevant parts
3. 47.41.Z Retail sale of computers, peripheral devices and software in specialist stores
4. 47.42.Z Retail sale of telecommunications equipment in specialist stores
5. 47.43.Z Retail sale of audiovisual equipment in specialist stores
6. 46.14.Z Activity of the agents who sell industrial equipment, machines, ships and aircraft
7. 95.11.Z Repair and maintenance of computers and peripheral devices
8. 95.12.Z Repair and maintenance of (tele)communications equipment
9. 95.21.Z Repair and maintenance of common-use electronic equipment
10. 62.02.Z Activity related to IT consulting
11. 62.01.Z Activity related to software
12. 62.09.Z Other service activity within the scope of IT and computer technologies
13. 52.10.B Storage of other goods
14. 49.41.Z Road transportation of goods
15. 52.29.C Operation of other transport agencies
16. 73.11.Z Operation of advertising agencies
17. 73.12.A Brokerage services with respect to sale of time and space for advertising purposes in radio and television

18. 73.12.B Brokerage services in the sale of space for advertising purposes in printed media
19. 73.12.C Brokerage services with respect to sale of time and space for advertising purposes in electronic media (Internet)
20. 73.12.D Brokerage services with respect to sale of time and space for advertising purposes in other media
21. 58.19.Z Other publishing activity
22. 18.12.Z Other printing activity
23. 68.20.Z Rental and management of own or leased real estate
24. 85.59 B Other non-school forms of education, not classified elsewhere
25. 26.20.Z Production of computers and peripheral devices
26. 26.30.Z Production of (tele)communications equipment
27. 45.31.Z Wholesale of spare parts and accessories for motor vehicles, excluding motorcycles
28. 46.33.Z Wholesale of milk, milk products, eggs, edible oils and fats
29. 46.34.B Wholesale of soft drinks
30. 46.36.Z Wholesale of sugar, chocolate, confectionery and bakery products
31. 46.37.Z Wholesale of tea, coffee, cocoa and spices
32. 46.39.Z Non-specialised wholesale of food, beverages and tobacco products
33. 46.43.Z Wholesale of electronic consumer household goods
34. 46.44.Z Non-specialised wholesale of porcelain, ceramic and glass products and detergents
35. 46.45.Z Wholesale of perfumes and cosmetics
36. 46.47.Z Wholesale of furniture, carpets and lighting equipment
37. 46.48.Z Wholesale of watches, clocks and jewellery
38. 46.49.Z Wholesale of other household products
39. 46.61.Z Wholesale of agricultural machines, devices and equipment
40. 46.65.Z Wholesale of office furniture
41. 46.66.Z Wholesale of other machines and office equipment
42. 46.69.Z Wholesale of other machines and equipment
43. 46.90.Z Non-specialised wholesale

2. The Company will undertake the business activity that on the basis of separate regulations requires a license or permit, only after such licenses or permits are obtained. -----

**Komentarz [PM11]:** The modification of par. 1 relates to extension of the Company's scope of business. The modification results from the necessity to adjust the Company's scope of business as set forth in the Articles of Association to the continuously growing offer of the Company in the scope of distributed groups of products.

3. Any change of the scope of business activity requires a resolution of the General Meeting to be passed by a two-thirds majority of votes in the presence of the persons representing at least half of the share capital. Effectiveness of such a resolution shall not be conditional on the purchase of the shares of those shareholders who do not agree for the change. -----

### III. CAPITAL AND SHARES

#### Article 5

1. The Company's share capital amounts to PLN 16,187,644 (sixteen million one hundred eighty seven thousand six hundred forty four). The Company's share capital shall be divided into 16,187,644 (sixteen million one hundred eighty seven thousand six hundred forty four) shares with the nominal value of PLN 1.00 (one) each, including:-----

- 1) 2,729,971 (two million seven hundred twenty nine thousand nine hundred seventy one) A1 series ordinary bearer shares,-----
- 2) 1,313,000 (one million three hundred thirteen thousand), B series privileged registered shares,-----
- 3) 1,674,771 (one million six hundred seventy four thousand seven hundred seventy one) C series ordinary registered shares,-----
- 4) 202,000 (two hundred two thousand) D series ordinary bearer shares,-----
- 5) 1,764,621 (one million seven hundred sixty four thousand six hundred twenty one) E series ordinary bearer shares,-----
- 6) 1,600,000 (one million six hundred thousand) F series ordinary bearer shares,-----
- 7) 4,250,000 (four million two hundred fifty thousand ) I series ordinary bearer shares.----
- 8) 1,069,294 (one million sixty nine thousand two hundred ninety four) C1 series ordinary bearer shares.-----
- 9) 115,000 (one hundred fifteen thousand) K series ordinary bearer shares.

10) 269,000 (two hundred sixty nine thousand) G series ordinary bearer shares-----

11) 1,199,987 (one million one hundred ninety nine thousand nine hundred eighty seven) C2 series ordinary bearer shares. 1 a. Pursuant to the resolution of the General Meeting No. 22/2006 of 30 May 2006 the share capital was conditionally increased by the amount not exceeding PLN 290,000 (two hundred ninety thousand PLN), by means of issue of not more than 290,000 (two hundred ninety thousand) G series bearer shares.-----

**Komentarz [PM12]:** The modification results from adoption of the resolution on conversion of part of C series registered shares to C2 bearer shares

**Komentarz [PM13]:** Editorial change – values expressed in figures were written in words, values written in figures in line with other points of this paragraph

**Komentarz [PM14]:** The necessity to add point 11 results from adoption of the resolution on conversion of part of C series registered shares to C2 series bearer shares.

- 1b.** As long as B series shares are held by Andrzej Przybyło, they shall be privileged with respect to voting rights in such a way that every B series share shall carry two votes at General Meetings. Privileged character of all B series shares shall expire: (i) when at least one B series share is transferred to any person other than Andrzej Przybyło, unless the ownership of registered B series shares is transferred to the spouse or descendants of Andrzej Przybyło or unless they are acquired by inheriting by Andrzej Przybyło's heirs.-
- 1.c.** Pursuant to the resolution of the General Meeting No. 19/2007 of 21 September 2007 the share capital was conditionally increased by the amount not exceeding PLN 5,355,710 (five million three hundred fifty five thousand seven hundred ten PLN), by means of issue of not more than 5,355,710 (five million three hundred fifty five thousand seven hundred ten) I series bearer shares.-----
- 1.d.** Pursuant to the resolution of the General Meeting No. 22/2007 of 21 September 2007 the share capital was conditionally increased by the amount not exceeding PLN 402,000 (four hundred two thousand PLN), by means of issue of not more than 402,000 (four hundred two thousand) J series bearer shares.-----
- 1.e.** Pursuant to the resolution of the General Meeting No. 25/2007 of 21 September 2007 the share capital was conditionally increased by the amount not exceeding PLN 115,000 (one hundred fifteen thousand PLN), by means of issue of not more than 115,000 (one hundred fifteen thousand) K series bearer shares.-----

**2.** The Company may issue registered shares and bearer shares. All B series and C series shares are registered shares. A1, C1, C2, D, E, F, G, I and K series shares are bearer shares.-----

**Komentarz [PM15]:** The modification results from adoption of the resolution on conversion of part of C series registered shares to C2 series bearer shares.

**3.** Conversion of bearer shares into registered shares shall be excluded. Registered shares can be transformed into bearer shares on request of a shareholder, by way of a resolution of the Management Board which should be passed within 14 (fourteen) days from the date of submission to the Management Board of a written request for conversion of shares. The said request should indicate the number of registered shares to which the request for conversion applies, including their numbers. In the case of conversion of registered shares into bearer shares the Management Board shall include in the agenda of the next General Meeting a point concerning the change of the Articles of Association with respect to the number of registered shares. The Management Board's resolution referred

to above shall be effective as of the moment of giving by the Supervisory Board approval for conversion of registered shares into bearer shares.-----

4. The share capital can be increased by means of issue of new shares or by means of increase of the nominal value of shares in accordance with the principles specified in the resolution of the General Meeting. The previous shareholders have an assignable pre-emptive right to newly issued shares in proportion to the shares held. -----
5. The shares may be redeemed upon a stockholder's approval through their acquisition by the Company (voluntary redemption). Terms and conditions and method of voluntary redemption are specified in the resolution of the General Meeting. -----

#### IV DISPOSAL OF SHARES

##### Article 6

Shares shall be tradable. -----

#### V. COMPANY'S AUTHORITIES

##### Article 8

The bodies of the Company shall include: -----

- 1) Management Board; -----
- 2) Supervisory Board; -----
- 3) General Meeting. -----

#### A. COMPANY'S MANAGEMENT BOARD

##### Article 9

1. The Company's Management Board shall consist of one to seven members, including the President of the Management Board, appointed and dismissed by the Supervisory Board. ----

2. The term of office of the Management Board shall be common and shall last four years. |----

3. The mode of work of the Management Board and distribution of competences among individual members of the Management Board shall be specified by the Regulations of the Management Board passed by the Management Board and approved by the Supervisory

**Komentarz [PM16]:** The modification results from the necessity to ensure continuity of management and supervision over major projects implemented by the Company whose implementation time usually exceeds two years.

Board. -----

**Komentarz [PM17]:** Editorial change

### **Article 10**

1. The Management Board manages Company's affairs and represents it in external relations.-
2. All the issues related to managing the Company not attributed by the law or these Articles of Association to the competence of the General Meeting or Supervisory Board shall be within the competence of the Management Board. Before taking any actions which, according to the provisions of the Polish Commercial Companies Code or these Articles of Association, require approval of the Supervisory Board or a resolution of the General Meeting, the Management Board shall apply for relevant approvals to the Supervisory Board or General Meeting of the Company. -----
3. If the Management Board consists of more than one person, the President of the Management Board alone, two members of the Management Board acting jointly or one member of the Management Board acting jointly with a proxy shall be authorised to submit statements of intent. -----

**Komentarz [PM18]:** Editorial change, the term "submitting statements of will" includes also their signing.

### **Article 11**

1. Individual or all members of the Company's Management Board may be suspended for serious reasons by way of resolution of the Supervisory Board.-----
2. In the contract between the Company and member of the Management Board and in disputes between a member of the Management Board and the Company, the Company shall be represented by the Supervisory Board or by an attorney appointed by way of resolution of the General Meeting. -----

## **B. THE SUPERVISORY BOARD**

### **Article 12**

1. The Supervisory Board shall consist of six members, appointed and dismissed by the General Meeting, subject to point 3 and 4 below. The Supervisory Board is authorised to make any decisions which fall within its competence provided that the Supervisory Board



consists of at least three members, and from the moment of obtaining by the Company a status of a public company, of at least five members.-----

2 The Chairperson of the Supervisory Board shall be elected by the Management Board from among its members. -----

3. If Iwona Przybyło and Andrzej Przybyło jointly hold shares of the Company which allow them to exercise at least 10% of the total number of votes in the general meeting, one member of the Supervisory Board shall be appointed and dismissed by Iwona Przybyło and Andrzej Przybyło. Statement of Iwona Przybyło and Andrzej Przybyło on appointment or dismissal of a member of the Supervisory Board shall be effective provided that it is signed by both the authorised Shareholders. -----

4. As of the date on which one of the persons indicated in point 3 ceases to be the Shareholder of the Company, the other Shareholder who stays in the Company shall have an independent right, set forth in point 3, to appoint and dismiss members of the Supervisory Board. -----

5. At least three members of the Supervisory Board shall be Independent Members. Independent Members should meet the following requirements: -----

1) The person who has been a member of the Company's Management Board or Company's proxy in five previous years shall not be an Independent Member,-----

2) An Independent Member shall not be a member of the senior management team of the Company or an entity affiliated with the Company or a person who has been such a member in three previous years. A member of the senior management team shall mean a manager or director of the company's organisational unit who is a direct subordinate of the Company's Management Board or of specific members of the Company's Management Board, -----

3) An Independent Member shall not receive from the Company or from the Company's affiliate any other remuneration than that for his/her function in the Supervisory Board, including, in particular, the remuneration arising from participation in a share option scheme or in any other incentive scheme, -----

4) A shareholder who holds Company's shares which constitute 10% of the Company's share capital or a person related to or representing such a shareholder shall not be an Independent Member, -----

**Komentarz [PM19]:** Editorial change, the provision concerns AB S.A., therefore "the Company" within the meaning of the Articles of Association

- 5) A person who is currently maintaining or has been maintaining in the previous year serious business relations with the Company or the Company's affiliate, directly or as partner, shareholder, member of the management board, proxy or member of the senior management team of the entity which maintains such relations with the Company or Company's affiliate, shall not be an Independent Member. Serious business relations shall mean such relations the value of which exceeds 5% of Company's income for the previous financial year, -----
- 6) A person who is or has been in three previous years a partner or employee of the current or former auditor of the Company shall not be an Independent Member, ---
- 7) An Independent Member shall not be a member of the management board or proxy of another company in which the member of the Management Board or proxy of the Company is a member of the Supervisory Board, -----
- 8) An Independent Member may be a member of the Supervisory Board for not more than three terms of office, -----
- 9) A spouse or member of immediate family of a member of the Management Board, proxy or persons referred to in points 1) 8) above shall not be an Independent Member. A member of immediate family shall mean consanguinity and affinity relatives up to the second degree.-----

**Komentarz [PM110]:** Editorial change, editorial items of art. 12.5 are points, not letters

**6. Shareholders' right to appoint and dismiss a member of the Supervisory Board, referred to in point 3 and 4 shall be exercised as follows:-----**

- 1) a member of the Supervisory Board shall be appointed by means of a written statement of a shareholder or shareholders submitted to the Company and such an appointment shall be effective as of the date of delivery of such a statement to the Company, unless the statement specifies a later date of appointment of a given member of the Supervisory Board;
- 2) a member of the Supervisory Board appointed by a shareholder or shareholders in the way specified in point 1) above may be dismissed by them at any time. The provisions of point 1) above shall apply to the dismissal of the Supervisory Board's member accordingly. In order for a dismissal of a Supervisory Board's member by shareholders to be effective, a new member of the Supervisory Board must be appointed;

3) should the term of office of a member of the Supervisory Board appointed in accordance with point 3 or 4 expire and should the authorised shareholder who has appointed such a member of the Supervisory Board fail to appoint a new member of the Supervisory Board in the place of such a dismissed member of the Supervisory Board within 14 days from the date of expiry of the term of office, then the General Meeting shall have the right to appoint such a new member of the Supervisory Board;”-----

4) the authorised shareholder, referred to in point 3) shall have the right to dismiss a new member of the Supervisory Board appointed by the General Meeting in accordance with point 3). In order for a dismissal of such a member of the Supervisory Board to be effective, a new member of the Supervisory Board must be appointed. -----

### **Article 13**

**1.** The term of office of the Supervisory Board shall be common and shall last four years. -----

**2.** The Supervisory Board shall act on the basis of the regulations passed by the Supervisory Board and approved by the General Meeting. -----

**3.** The meeting of the Supervisory Board shall be convened and chaired by the Chairperson or, should the Chairperson be absent, by the Deputy Chairperson. The Chairperson of the Supervisory Board that leaves its office shall convene and open the first meeting of the newly-elected Supervisory Board. -----

**4.** The meeting of the Supervisory Board may be ordinary or extraordinary. Ordinary meetings should be held at least four times a year (once a quarter). Extraordinary meetings may be convened at any time. -----

**5.** The Chairperson of the Supervisory Board or, should the Chairperson be absent, a Deputy of the Chairperson shall convene a meeting of the Supervisory Board on his/her own initiative or on written request of the Management Board of the Company or member of the Supervisory Board. The meeting should be convened within two weeks from the date of submission of the request. -----

**6.** Meetings of the Supervisory Board shall be convened with 7 (seven) days' notice by

**Komentarz [PM111]:** The modification results from the necessity to ensure continuity of management and supervision over major projects implemented by the Company whose implementation time usually exceeds two years.

registered letter and simultaneously by facsimile sent to those members of the Supervisory Board who wish to be informed in this way, unless all the members of the Supervisory Board give their consent for convention of the meeting without the said 7 (seven) days' notice. -----

7. Meetings of the Supervisory Board may be organised by means of a telephone, in a way enabling mutual communication of all the members of the Supervisory Board participating in such a meeting. The resolutions adopted in a meeting held by means of a telephone shall be valid provided that the attendance list and minutes of a given meeting are signed by every member of the Supervisory Board participating therein. In such a case it is assumed that the meeting was held and the minutes were prepared in the place of stay of the Chairperson of the Supervisory Board or, in the case of his/her absence, in the place of stay of the Deputy Chairperson, if the meeting was chaired by him/her. -----

8. In the scope permitted by law the resolutions of the Supervisory Board may be adopted by way of a voting in writing ordered by the Chairperson or, should the Chairperson be absent, by the Deputy Chairperson, provided that all the members of the Supervisory Board give their consent for the content of the resolutions or for voting in writing. The date of signing by the Chairperson, or Deputy Chairperson (if the voting in writing has been ordered by the Deputy Chairperson) shall be deemed to be the date of the resolution. -----

9. The members of the Supervisory Board shall have the right to participate in the adoption of the Board's resolutions by casting their votes in writing through the agency of another member of the Supervisory Board. Casting a vote through the agency of another member of the Supervisory Board may not refer to issues introduced to the agenda during the meeting of the Supervisory Board. -----

**Komentarz [PM112]:** Editorial change, par. 9 refers to the Supervisory Board (instead of "the board")

10. The resolutions of the Supervisory Board shall be adopted by simple majority of votes. Should the number of opposing votes be equal, the vote of the Chairperson of the Supervisory Board shall be decisive.-----

11. In order for resolutions to be effective, all the members of the Supervisory Board must be invited to the meeting, in accordance with Article 13.6 above. -----

**Article 14**

1. The Supervisory Board shall exercise constant supervision over the Company's operation. -----
2. Apart from other issues stipulated in the provisions of these Articles of Association or legal regulations, the special rights of the Supervisory Board shall include: -----
  - 1) examination of the balance sheet and of the profit and loss statement, examination of the report of the Company's Management Board and Management Board's requests pertaining to profit distribution and loss coverage; -----
  - 2) appointment and dismissal of members of the Company's Management Board and suspending a member of the Company's Management Board or the entire Management Board of the Company; -----
  - 3) approving the Regulations of the Management Board; -----
  - 4) determination of the Management Board's remuneration policy; -----
  - 5) giving consent for appointment of a proxy; -----
  - 6) approval of annual financial plans (budget) and strategic economic plans (business plans) of the Company; the budget should include at least one operational plan of the Company, the plan of revenues and costs for a given financial, year (with respect to the entire year and to separate calendar months), balance sheet forecast for the end of the financial year, plan of cash flow for the financial year (with respect to the entire year and to separate calendar months) and plan of Company's expenditures other than usual costs of operation; -----
  - 7) granting approval for contracting obligations by the Company or Company's subsidiary related to a single transaction or a series of related transactions the total value of which exceeds, in a single calendar year, the equivalent of EUR 200,000.00 (two hundred thousand), not provided for in the budget approved in accordance with the provisions of the Company's Articles of Association and which go beyond the scope of ordinary management. The 'equivalent' shall mean an equivalent in PLN or in another exchangeable currency expressed in EUR, converted in accordance with the average EUR exchange rate and average exchange rate of the currency other than PLN published by the President of the National Bank of Poland on the date immediately preceding the date on which the Management Board of the Company submits a request

to the Supervisory Board for granting approval for such a transaction,-----

- 8) granting approval for incurring by the Company or Company's subsidiary of a loan or credit and for issue of debt securities if, as a result of incurring such a loan or credit, the total value of Company's debt would exceed the equivalent of EUR 8,000,000.00 (eight million); -----
- 9) granting approval for granting of a guarantee by the Company or a Company's subsidiary and for incurring by the Company or a Company's subsidiary of guarantee obligations and other off-balance sheet obligations, not provided for in the budget approved in accordance with provisions of the Company's Articles of Association, except for the operations the purpose of which is to secure Company's own liabilities;
- 10) granting approval for establishing a pledge, mortgage or transfer of title to secure a debt or other encumbrances of assets of the Company or Company's subsidiary, not provided for in the budget approved in accordance with provisions of the Company's Articles of Association; -----
- 11) granting approval for making by the Company or Company's subsidiary expenditures (including capital expenditures) related to a single transaction or a series of related transactions the total value of which exceeds, in a single calendar year, the equivalent of EUR 200,000.00 (two hundred thousand), not provided for in the budget approved in accordance with provisions of the Company's Articles of Association and which go beyond the scope of ordinary management; -----
- 12) granting approval for purchase or takeover by the Company or Company's subsidiary of shares in other commercial companies and for entering by the Company or Company's subsidiary into partnership with other business entities; -----
- 13) granting approval for concluding by the Company of contracts on distribution of profits of a legal person or of a non-corporate body; -----
- 14) granting approval for selling the fixed assets of the Company or the Company's subsidiary the value of which exceeds 10% (ten percent) of the net book value of fixed assets of the Company or Company's subsidiary, respectively, established on the basis of the last verified financial statements of the Company or the Company's subsidiary, respectively, from the marketable inventory within the scope of normal business operation;-----

15) granting approval for a sale or transfer of copyrights or any other intellectual property rights, in particular the rights to the company name and to the 'AB' device mark as well as rights to trademarks; -----

16) granting approval for concluding contracts between the Company or Company's subsidiary and members of the Company's Management Board or entities related to any of the Company's shareholders or members of the Company's Management Board. Whereas the term 'related entity' shall mean a person, company or any other entity which has economic or family associations with any member of the Company's Management Board, including, in particular (i) his/her spouse, or (ii) his/her children, or (iii) grandchildren, or (iv) parents, or (v) grandparents, or (vi) siblings, and any company or any other entity controlled directly or indirectly by the persons referred to above, or in which the persons referred to above have significant economic interest, [-----

**Komentarz [PM113]:** The modification results from the Company's obtaining the status of a public company. The previous wording pertained to a closed circle of shareholders before the Company entered the organised trading system.

17) granting approval for employment by the Company or Company's subsidiary of advisers and other persons who are not employees of the Company or Company's subsidiary, as consultants, lawyers, agents, if the annual remuneration, not provided for in the budget approved in accordance with provisions of the Company's Articles of Association, exceeds the equivalent of EUR 200,000.00 (two hundred thousand); -----

18) granting approval for pledging Company's shares in the situations provided for in the Articles of Association;-----

19) granting approval for sale of Company's registered shares in the course of enforcement proceedings; -----

20) selection of a statutory auditor for reviewing of the Company's financial statements; -

21) granting approval for acquisition or sale of real estate, right of perpetual usufruct or share in real estate. -----

**Article 15**

1. The members of the Supervisory Board shall perform their rights and obligations in person. -----

2. Remuneration of the members of the Supervisory Board shall be determined by the General Meeting. -----

3. The Supervisory Board may delegate one or several of its members to individual performance of supervisory activities. -----
4. Every member of the Supervisory Board shall have the right to demand that all the information pertaining to the Company's undertaking be provided to them. Every member of the Supervisory Board shall have the right to inspect the Company's accounting documents. --

**Article 16**

(Deleted)

**C. GENERAL MEETING**

**Article 17**

1. The General Meeting debates as an ordinary or extraordinary general meeting. -----
2. Ordinary General Meeting should be held within six months from the end of the Company's financial year. -----
3. Extraordinary General Meeting shall be convened by the Company's Management Board on its own initiative or on the request of a shareholder or shareholders, submitted in writing or in an electronic form, representing at least one twentieth of the share capital. Extraordinary General Meeting should be convened within two weeks from the date of submission of a relevant request. -----
4. The Supervisory Board may convene the Ordinary General Meeting if the Management Board fails to convene it by the date specified in Article 17.2, and the Extraordinary General Meeting if the Supervisory Board deems its convention advisable. -----
5. Shareholders representing at least half of the share capital or at least half of all the votes in the company may convene an extraordinary general meeting. The shareholders shall appoint a chairperson of such a meeting.-----

**Article 18**

1. The General Meeting may pass resolutions only in matters included in the agenda, unless the entire share capital is represented in the Meeting and nobody present in the meeting has objected against passing of the resolution. -----
2. A shareholder or shareholders representing at least one twentieth of the share capital may



require certain issues to be included in the agenda of the following General Meeting. -----

3. A shareholder or shareholders representing at least one twentieth of the share capital may, before the due date of the General Meeting, submit to the company in writing or by means of electronic communication, drafts of the resolutions regarding the issues introduced to the agenda of the General Meeting or the issues which are to be implemented to the agenda. -----

**Komentarz [PM114]:** Editorial change, this paragraph refers to AB S.A. and its bodies, i.e., within the meaning of the Articles of Association: the Company and the General Meeting.

4. Each shareholder may submit drafts of resolutions regarding the issues covered by the agenda during the general meeting.-----

5. Withdrawal or removal of an issue included in the agenda at the request of shareholders requires a resolution of the General Meeting to be passed with the majority of 75% votes of the General Meeting, provided that all the shareholders present at the General Meeting who have submitted the motion to include a given issue in the agenda give their prior consent to such a withdrawal or removal.-----

#### **Article 19**

General Meetings shall be held in Wrocław or Warsaw. -----

#### **Article 20**

The General Meeting may adopt resolutions regardless of the number of shareholders present in the meeting or the number of represented shares, unless the Polish Commercial Companies Code provides otherwise. -----

#### **Article 21**

1. Resolutions of the General Meeting shall be adopted by simple majority of votes cast by the shareholders present at the Meeting, provided that these Articles of Association or applicable regulations do not stipulate otherwise. -----
2. The resolution amending Article 12 which deprives a shareholder of the right to appoint or dismiss a member of the Supervisory Board shall be effective provided that the said shareholder votes for such a resolution. -----

#### **Article 22**

1. The powers of the General Meeting shall include, in particular: -----
  - 1) adoption of resolutions on profit distribution or loss coverage, -----
  - 2) merger or transformation of the Company, -----
  - 3) dissolution and winding up of the Company, -----
  - 4) increase or decrease of the share capital,-----
  - 5) establishment of principles for remuneration of members of the Supervisory Board, --
  - 6) creating and cancelling special purpose funds, -----
  - 7) change of the Company's scope of business, -----
  - 8) change of the Company's scope of business, -----
  - 9) issue of shares convertible to bonds, bonds with priority rights or subscription warrants, -----
  - 10) appointment of liquidators, -----
  - 11) decisions regarding claims for damages made on the establishment of the Company or in the course of the company's business or supervision,-----
  - 12) examination of the issues submitted by the Supervisory Board, Management Board or shareholders, -----
  - 13) undertaking the steps to introduce Company's shares to organised trading. -----
  
2. Acquisition or sale of real estate, right of perpetual usufruct or share in real estate does not require approval of the General Meeting. -----
  
3. Apart from the issues listed in Article 22.1 other issues stipulated in the provisions of law or in the Articles of Association require a resolution of the General Meeting. -----
  
4. Requests pertaining to the issues which, pursuant to these Articles of Association, require an opinion or approval of the Supervisory Board should be submitted together with a written opinion of the Supervisory Board. -----

**Article 23**

(deleted)

**V. COMPANY'S MANAGEMENT**

**Article 24**

The Company's organisation shall be specified in the organisational regulations adopted by the Company's Management Board. -----

#### **Article 25**

1. For covering the balance loss the Company shall establish a reserve capital, towards which annual write-offs shall be made, in the amount not lower than 8% (eight percent) of the annual net profit, until the reserve capital reaches the amount equal to 1/3 (one third) of the share capital. -----
2. Apart from the share and reserve capital the Company shall establish and maintain other capitals, the establishment of which is required pursuant to provisions of law. -----
3. The General Meeting may establish and annul reserve capitals and special funds, both in the course of the financial year and when closing the financial year. -----

#### **Article 26**

1. The Company's financial year shall begin on 1 July every calendar year and shall end on 30 June of the next calendar year. The financial year which begins on 1 January 2007 shall end on 30 June 2008.-----

2. The Company's Board shall draw up and submit to the Supervisory Board verified annual financial statements of the Company, prepared in accordance with the regulations applicable in Poland, together with the opinion and report of a statutory auditor on examination of the financial statements, within 90 (ninety) days from the end of the financial year;-----

3. The Management Board is obliged to provide to shareholders, not later than 15 days before the date of the Ordinary General Meeting, annual financial statements of the Company, Management Board's report on Company's operations, opinion and a report of the statutory auditor and Supervisory Board's report with the results of evaluation of the financial statements and Management Board's report on Company's operations. The listed documents shall be made available to the shareholders for inspection in the registered office of the Company. -----

4. Every financial year the Management Board shall prepare a draft of the budget for the next

**Komentarz [PM115]:** The modification results from the change of the Company's status. As a public company, it performs a number of informational and reporting obligations, also with respect to financial statements – annual, semi-annual, and quarterly. The Company does not prepare monthly reports. All financial reports and statements drawn up the Company are published on an ongoing basis and available all the time, also on the Company's website.

financial year. The budget shall be submitted for approval to the Supervisory Board every financial year, not later than on 31 May. The Supervisory Board may approve a part of the budget prepared by the Management Board. If the budget is not approved or if only part of the budget is approved, the Supervisory Board may set the date by which the Company's Management Board is obliged to submit a new draft of the budget taking into account the comments of the Supervisory Board or the part of the budget approved by the Supervisory Board. -----

5. The Company's Management Board shall prepare and submit to the Supervisory Board a three-year, strategic economic plan of the Company, updated on an annual basis. -----

6. The Company's Management Board shall promptly inform the Supervisory Board of any extraordinary changes in the financial and legal situation of the Company and of any significant infringements of the contracts to which the Company is a party. -----

#### **Article 27**

2. Company's net profit may be allocated in particular for: -----

- 1) reserve capital; -----
- 2) additional reserves established in the Company by means of a resolution of the General Meeting;-----
- 3) dividends for shareholders; -----
- 4) other purposes specified in the resolution of the General Meeting. -----

3. The Ordinary General Meeting shall set the record date and the date of payment of the dividend.-----