

EUROCASH:

Issue of Priority Bonds

Poznań, 14 March 2005

Current Report 26/2005

The Management Board of Eurocash S.A. ("**Company**") informs that in connection with the launch by the Company of the incentive program for the executives, management and key persons of the Company ("**Incentive Program**"), under the Management Board's resolution of 14 March 2005, the Company issued the total of 255,484 unsecured, non-interest bearing, dematerialized registered priority bonds with the nominal value and at the issue price of 1 grosz, in the following two series:

- (i) 127,742 series A bonds ("**Series A Bonds**") each with the right to subscribe for 25 ordinary bearer series B shares, with priority over the Company's shareholders ("**Series B Shares**"); and
- (ii) 127,742 series B bonds ("**Series B Bonds**") each with the right to subscribe for 25 ordinary bearer series C shares, with priority over the Company's shareholders ("**Series C Shares**"), jointly referred to as the "**Bonds.**"

The issue of the Bonds will be carried out in compliance with Article 9 (3) of the Bonds Act by way of making a proposal to buy. In the primary market, the Bonds will be taken up by CA IB Securities S.A., Warsaw, acting as the "Custodian" who will only sell the Bonds to persons participating in the Incentive Program ("**Eligible Persons**"). The Eligible Persons are those named on the lists of the Conditionally Eligible Persons as approved by the Supervisory Board with respect to the Series A Bonds in 2005 and with respect to the Series B Bonds in 2006, provided that such persons are employed by the Company for the period of three years as of 1 December 2004 and 1 December 2005, respectively.

The final List of the Persons Eligible for the Series A Bonds will be determined in a resolution of the Supervisory Board by 15 December 2007 and will include selected employees of the Company who worked for three years as of 1 December 2004. The Eligible Persons may not sell the Bonds. Each of the Series A Bonds will entitle the Eligible Person to sign and take up 25 Series B Shares during the First Option Exercise Period from 1 January to 31 December 2008. The issue price of the Series B Shares will be set by the Supervisory Board so that it will be the price of PLN 3.10 adjusted for the rights attached to shares that were exercised by the shareholders (e.g. dividend payment). The issue price will be communicated to the public in the form of current report and published on the web page of the Company at the latest seven days prior to the beginning of the First Option Exercise Period.

The final List of the Persons Eligible for the Series B Bonds will be determined in a resolution of the Supervisory Board by 15 December 2008 and will include selected employees of the Company who worked for three years as of 1 December 2005. The Eligible Persons may not sell the Bonds. Each of the Series B Bonds will entitle the

Eligible Person to sign and take up 25 Series C Shares during the Second Option Exercise Period from 1 January to 31 December 2009. The issue price of the Series C Shares will be set by the Supervisory Board so that its price is equal to the weighted average of the Company's share prices on the Warsaw Stock Exchange in November 2005 adjusted for the rights attached to shares that were exercised by the shareholders (e.g. dividend payment). The issue price will be communicated to the public in the form of current report and published on the web page of the Company at the latest seven days prior to the beginning of the Second Option Exercise Period.

If the Series B or C Shares are not delivered to the Eligible Person within 30 days after the subscription and the full payment of their issue price, the right to receive those shares will be converted into the right to receive cash in the amount equal to the market value of the Company's shares according to the closing price on the last day of the period during which the Series B or C Shares were to be delivered, less their issue price.

The Series A and B Bonds will be redeemed, respectively, on 2 January 2009 and on 2 January 2010, through the payment of the amount corresponding to their nominal value.

The conditions of issue of the Series B and C Shares in the conditional increase of the share capital of the Company are presented in the Issue Prospectus regarding the ordinary bearer shares of the Company that was approved by the Securities and Exchanges Commission on 30 November 2004 by the Decision No. DSP/E/4110/47/75/2004 ("**Prospectus**").

The value of liabilities incurred by the Issuer as at the last day of the quarter immediately preceding the proposal to acquire the Bonds submitted to the Custodian totaled PLN 214,246,255.

The information about the prospects of the Company's liabilities until the full redemption of the Bonds, the audited financial statement for 2003 and for the last quarter 2004 and other material information about the Company, based on which any potential buyers of the Bonds can find out the effects of the implementation of the Incentive Program and can assess the Company's ability to fulfill its obligations under the bonds, are stated in the Prospectus and in the current reports published after the publication of the Prospectus. The Prospectus and reports are available on the web page of the Issuer.

Legal Basis: § 5 (1) (18) and § 24 of the Regulation of the Council of Ministers.