

Date: 13 September 2010
Issuer Eurocash
Subject: Submission of a merger proposal to the Management Board of Emperia Holding S.A.
Legal basis: Section 56.1.1 of the Act on Public Offering – inside information

Contents:

The Management Board of Eurocash S.A. (“Eurocash”) announces that on 13 September 2010, Eurocash submitted a merger proposal (the “Merger Proposal”) to the Management Board of Emperia Holding S.A. („Emperia”).

The Management Board of Eurocash proposed share exchange ratio of 3.76 Merger Shares in exchange for each Emperia share outstanding. The proposed exchange ratio is based on 3-months volume-weighted average share price of Emperia and Eurocash on the Warsaw Stock Exchange calculated until closing price on 10 September 2010. The 3-months volume-weighted average share prices amounted to PLN 83.59 for each Emperia share and PLN 22.21 for each Eurocash share.

Under the Merger Proposal all assets and liabilities of Emperia shall be transferred to Eurocash in exchange for newly issued shares of Eurocash (the “Merger Shares”), which will be distributed to Emperia shareholders upon registration of the merger.

The Merger Proposal assumes execution of a merger agreement between Emperia and Eurocash within two following weeks, filing merger plan by the end of October 2010, obtaining necessary corporate approvals for the merger including obtaining EGM approvals of Eurocash shareholders and Emperia shareholders, approval of the merger-related information memorandum by the Polish Financial Supervisions Commission by the end of March 2011 and court registration of the merger by registry court at the beginning of April 2011. Moreover the Management Board of Eurocash understands that its major shareholder Politra B.V. ("Politra") will support the merger subject to amendment of Eurocash’s Articles of Association enabling Politra to maintain its current corporate rights after dilution resulting from the issue of the Merger Shares.

In order to facilitate the timeline of the Proposed Merger, the Management Board of Eurocash intends to submit for consent from the President of UOKiK on 15 September 2010.

Moreover, the Management Board of Eurocash informs that on 6 July 2010 it adopted a resolution on the increase of its share capital within the scope of authorised capital and subject to exclusion of the pre-emptive rights of the existing shareholders through the issuance of 51,096,800 (fifty-one million, ninety-six thousand, eight hundred) ordinary bearer series K shares of the nominal value of PLN 1.00 each, and on 7 July 2010 a prospectus concerning public offering of the series K shares was filed with the Polish Financial Supervision Authority. The above resolution of the Management Board of Eurocash (as amended) was approved by the Supervisory Board of Eurocash and will come into force once the Polish Financial Supervision Authority approves the prospectus for the series K shares. The publication of the information about adoption of the above-referenced resolution on the increase of the share capital in Eurocash was delayed in accordance with Article 57, section 1 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005 (Journal of Laws 2009, No. 185, item 1439) in connection with § 2, section 1.2 of the Regulation of the Minister of Finance dated 13 April 2006 regarding the types of information that could prejudice the issuer’s legitimate interests and the procedures applied by the issuer in connection with the delay of publication of confidential information (Journal of Laws 2006, No. 67, item 476). The objective of the increase of the share capital in Eurocash through the issuance of the series K shares is to allow Eurocash and Emperia to potentially merge their operations within the scope of alternative structure through the contribution of Emperia’s shares to Eurocash by Emperia’s shareholders.

The Merger Proposal is valid for two weeks, until 27 September 2010.



Komorniki, 13 September 2010

Dear Sir
Artur Kawa
President of the Management Board
Emperia Holding S.A.
7-9 Melgiewska Street
20-952 Lublin

Proposal to merge Emperia Holding S.A. and Eurocash S.A.

Dear Mr. President,

Referring to our previous talks we had before regarding the future of our companies, we have a pleasure to submit a proposal to merge Emperia Holding S.A. ("Emperia") and Eurocash S.A. ("Eurocash"). Key elements of this merger proposal are set out in this letter (the "Merger Proposal"). Completion of the proposed merger will require close cooperation the two Management Boards to agree on all the necessary details – further in the letter we propose initial work schedule. The Merger Proposal is based on publicly available information regarding Emperia. Under the Merger Proposal all assets and liabilities of Emperia shall be transferred to Eurocash in exchange for newly issued shares of Eurocash (the "Merger Shares"), which will be distributed to Emperia shareholders upon registration of the merger.

The Management Board of Eurocash proposes share exchange ratio of 3.76 Merger Shares in exchange for each Emperia share outstanding. The proposed exchange ratio is based on 3-months volume-weighted average share price of Emperia and Eurocash on the Warsaw Stock Exchange calculated until closing price on 10 September 2010. The volume-weighted average share prices amounted to PLN 83.59 for each Emperia share and PLN 22.21 for each Eurocash share.

The Management Board of Eurocash strongly believes that potential synergies that could be extracted from the merger could translate into increased value for both the shareholders of both companies and to their respective clients. Based on publicly available information, the Management Board of Eurocash has identified the following synergies:

- Improvement of purchasing conditions
- Optimisation of working capital
- Costs reduction by integration and logistics' centralisation
- Cross-selling in terms of product offer

Independent stores formats in Poland need a strong partner to derive advantage from the importance of that channel in the overall FMCG market. Independent store formats have more than 50% of market share in Poland but have never been able to capitalize on that market share because of the atomisation of the players in that market. With a main wholesaler to represent the needs, interests and market value of the independent store formats with producers, public institutions and other market players, finally this segment will be able to make the most of its potential.

Independent stores have been for years closing and losing sales in favour of all other channels: hypermarkets, supermarkets and discounts. It is time to change that and to start developing the format, being aggressive in winning the consumer, investing in the development of different consumer proposals and retail spaces, taking important positions in all the segments of the market in which small stores should be the most important channel. A strong wholesaler that will lead this process forward is essential to the success of thousands of families than depend on trade to make their living.



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KRS 0000213765 Kapitał zakładowy 130.777.550,00 PLN (z czego wpłacono 100%)



Eurocash strongly believes that part of efficiency gains, resulting from the proposed merger in terms of both purchasing and SG&A costs improvements, shall be shared with respective clients of the both companies, including the internal client being Emperia retail division. This sharing of efficiency improvements resulting from the merger will have strategically impact on ensuring long term competitiveness.

Eurocash does not expect significant negative synergies from the proposed merger. Based on our initial analyses, Eurocash does not expect the Office of Competition and Consumer Protection ("UOKiK") to request any material divestitures as a precondition for the merger approval, as the combined entity is far from dominant position in any of its businesses..

The Merger Proposal assumes execution of a merger agreement between Emperia and Eurocash within two following weeks, filing merger plan by the end of October 2010, obtaining necessary corporate approvals for the merger including obtaining EGM approvals of Eurocash shareholders and Emperia shareholders, approval of the merger-related information memorandum by the Polish Financial Supervisions Commission by the end of March 2011 and court registration of the merger by registry court at the beginning of April 2011.

Moreover the Management Board of Eurocash understands that its major shareholder Politra B.V. ("Politra") will support the merger subject to amendment of Eurocash's Articles of Association enabling Politra to maintain its current corporate rights after dilution resulting from the issue of the Merger Shares.

In order to facilitate the timeline of the Proposed Merger, the Management Board of Eurocash intends to submit for consent from the President of UOKiK on 15 September 2010.

The proposed merger is subject to the negotiation of a final merger agreement. The Management Board of Eurocash is prepared to deliver a draft of such merger agreement and to begin discussions immediately.

Due to the importance of the Merger Proposal and its value, we expect the Management Board of Emperia to engage in a full review of the Merger Proposal. Eurocash Management Board would be happy to make ourselves available to meet with you at your earliest convenience.

The Management Board of Eurocash appointed UniCredit CAIB Poland S.A. as its financial advisers and Weil Gotshal & Manges as its legal advisor with respect to the merger.

In light of the significance of this Merger Proposal to the shareholders of Emperia and Eurocash, our intention is to publicly release details of the Merger Proposal tonight in line with section 53.1.1 of the Act on Public Offering – Inside Information.

The Management Board of Eurocash strongly believes that this Merger Proposal represents a unique opportunity to create significant value for both Emperia and Eurocash shareholders, and that the combined entity will be better positioned to provide a more advantageous offer to its clients.

The Management Board of Eurocash hopes that you share our enthusiasm towards the Merger Proposal, and is looking forward to a prompt and favourable reply.

This Merger Proposal is valid for two weeks, until 27 September 2010.

Sincerely yours,

Luis Amaral
President of the Management Board, CEO
Eurocash S.A.

Jacek Owczarek
Management Board Member, CFO
Eurocash S.A.



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