

EUROCASH

Current report No. 1/2011

Date: 3 January 2011

Subject: Investment Agreement between Emperia Holding S.A. and Eurocash S.A. – disclosure of delayed confidential information

Legal basis:

Section 57.3 in relation with Section 56.1.1 of the Act on Public Offering and the Conditions for Introducing Financial Instruments to the Organized Trading System, and on Public Companies dated 29 July 2005 (uniform text, Journal of Laws of 2009, No. 185, item 1439, as amended, “Act on Public Offering”)

Report body:

The Management Board of Eurocash S.A. with its registered office in Komorniki (“**Eurocash**”), acting pursuant to Section 57.3 in relation with Section 56.1.1 of the Act on Public Offering, hereby informs that on 21 December 2010 Eurocash and Emperia Holding S.A. with its registered office in Lublin (“**Emperia**”) entered into an investment agreement (hereinafter referred to as “**Investment Agreement**” or “**Agreement**”).

The fulfilment of the requirement to provide information about the conclusion of the Agreement to the Warsaw Stock Exchange and to disclose it to the public in accordance with Section 56.1 of the Act on Public Offering was delayed based on Section 57.1 of the Act.

On the basis of the Investment Agreement, Eurocash and Emperia (hereinafter referred to jointly as the “**Parties**”) undertook to execute the transaction, in which Emperia shall sell, for the benefit of Eurocash, shares held by it, directly or indirectly, in the following companies conducting wholesale distribution of foodstuff, as well as retail franchise network:

1. Tradis Sp. z o.o. with its registered office in Lublin
2. Detal Koncept Sp. z o.o. with its registered office in Lublin
3. Euro Sklep S.A. with its registered office in Bielsko-Biała
4. Partnerski Serwis Detaliczny S.A. with its registered office in Warsaw
5. DEF Sp. z o.o. with its registered office in Białystok
6. Ambra Sp. z o.o. with its registered office in Czechowice-Dziedzice
7. Lewiatan Podlasie Sp. z o.o. with its registered office in Białystok
8. Lewiatan Śląsk Sp. z o.o. with its registered office in Sosnowiec
9. Lewiatan Zachód Sp. z o.o. with its registered office in Stargard Szczeciński
10. Lewiatan Północ Sp. z o.o. with its registered office in Gdańsk
11. Drogerie Koliber Sp. z o.o. with its registered office in Gliwice
12. Lewiatan Kujawy Sp. z o.o. with its registered office in Włocławek
13. Lewiatan Orbita Sp. z o.o. with its registered office in Olsztyn
14. Lewiatan Wielkopolska Sp. z o.o. with its registered office in Poznań

15. Lewiatan Holding S.A. with its registered office in Włocławek
16. Lewiatan Brda Sp. z o.o. with its registered office in Tuchola
17. Lewiatan Opole Sp. z o.o. with its registered office in Opole

(hereinafter referred to as “**Distribution Companies**”, and shares in these companies referred jointly as “**Shares**”). The disposal of the Shares in the Distribution Companies shall be executed either by way of: (i) contribution of a part of the Shares to cover the increased share capital in Eurocash in exchange for newly issued shares in Eurocash taken up by Emperia at an issue price of PLN 22.21 per share (representing up to 14% of share capital of Eurocash) and the sale of the remaining part of the Shares by Emperia to Eurocash, or by (ii) the sale by Emperia of all Shares to Eurocash in cases specified in the Agreement. The structure of the transaction depends on the occurrence of certain circumstances as specified in the Agreement.

The Parties made the execution of the Agreement conditional upon the fulfilment of a condition precedent (hereinafter referred to as “**Condition Precedent**”) by no later than 5 January 2011, i.e. the adoption of a resolution by the Supervisory Board of Eurocash, by the date specified above, giving a consent to acquire the Shares on the terms and conditions specified in the Agreement and to exclude the pre-emptive rights to Eurocash shares offered to Emperia. The Supervisory Board of Eurocash adopted the above-mentioned resolution on 3 January 2011.

The value of the Shares in the Distribution Companies to be acquired by Eurocash was determined based on the amount of PLN 925,975,000 agreed by the Parties (“**Base Value**”). The Base Value, i.e. the price payable by Eurocash for the Shares may be subject to adjustments depending on an opinion to be issued by 28 February 2011 by a chartered auditor selected jointly by the Parties (“**Auditor**”). The terms and conditions for determining the adjustments and circumstances under which the price payable by Eurocash for the Shares may change are specified in the Investment Agreement. Should the option of the transaction be exercised in which a part of the Shares is contributed to cover the increased share capital of Eurocash in exchange for the newly issued shares of Eurocash taken up by Emperia and the sale of the remaining part of the Shares by Emperia to Eurocash, a part of the price for the Shares shall be paid in new shares of Eurocash. However, the Agreement allows for the payment of the entire price for the Shares in cash in particular cases as specified in the Agreement.

The Investment Agreement includes provisions allowing each of the Parties to exercise a contractual right to withdraw from the Agreement; however such a right shall not be exercised later than within 9 months from the day of conclusion of the Investment Agreement.

In the cases specified in the Agreement, Eurocash has the right to withdraw from the Agreement provided that it pays a withdrawal payment of PLN 200,000,000. If Eurocash does not exercise the right to withdraw from the Agreement within the set deadline, Emperia shall have the right to withdraw from it. Should Emperia exercise its right to withdraw from the Agreement, Eurocash is obliged to pay a lump-sum contractual compensation in the amount of PLN 200,000,000 for the benefit of Emperia. Similar terms and conditions for the exercising of the right to withdraw from the Agreement shall apply should Eurocash fail to pay, depending on the structure of the transaction, the amount due for the part of the Shares subject to sale or for all Shares to be sold by Emperia.

The Parties are obliged to pay contractual penalties in the cases specified below. Should Emperia breach the obligation not to dispose of the Shares in the period

preceding the Closing Date (i.e. the day of conclusion of the Agreement, on the basis of which Eurocash shall acquire the Shares, regardless of the type of the transaction), Emperia shall be obliged to pay to Eurocash a one-off contractual penalty in the amount of PLN 200,000,000 for such a breach, regardless of the number of breaches, however Eurocash shall be entitled to claim damages exceeding the amount of the contractual penalty. Moreover, the obligation to pay the contractual penalty is also connected with the breach of Emperia's obligations concerning competitive activity.

The Parties included in the Agreement customarily used representations and warranties. Such representations and warranties pertain to, in particular, the Shares and the operations of the Distribution Companies. The breach of the representations and warranties shall be the basis for compensation responsibility on the terms and conditions specified in the Agreement. The responsibility of the Parties under the Investment Agreement is limited as specified in the Agreement.

The aim of the Parties is that the Eurocash shares offered to Emperia take part in the dividend payable to Eurocash's shareholders for 2010. Should such dividend be not paid with regard to the new shares, the price for the Shares subject to sale payable by Eurocash shall be increased accordingly. In addition, should the operational and financial goals of the Eurocash group for 2011 and 2012 jointly agreed by the Parties and specified in the Agreement be reached, Eurocash undertook to facilitate the granting to Emperia of additional 1,000,000 shares for each year referred to above.

Emperia also undertook that, once the Condition Precedent is fulfilled, it will opt out of the division of Emperia currently being implemented on the basis of a division plan adopted by the Management Board of Emperia on 16 November 2010 (see current report of Emperia No. 71/2010) and Eurocash undertook to withdraw from the carrying out of a public offering of Series K shares and an offering of Series L shares (see current reports of Eurocash No. 58/2010 and No. 66/2010). Also, Eurocash undertook to ensure that Mr Jan Domański withdraws a motion to declare null and void resolution No. 2 of the Extraordinary General Meeting of Emperia dated 13 October 2010.

The net profit generated by the Distribution Companies in 2011 until the Closing Date, calculated in accordance with the formula specified in the Investment Agreement shall be divided in equal parts between Emperia and Eurocash. Upon the determination of such profit by a Chartered Auditor, the part of the profit due to Emperia will be paid as an additional payment to the price for the Shares subject to sale.

The Parties undertook to agree upon and sign, before the Closing Date, a number of agreements ensuring undisturbed carrying out of operations of Emperia and Eurocash groups for a defined period of time following the Closing Date, in particular the distribution agreement, lease agreement, service agreements and licence agreements.

The acquisition of the Shares by Eurocash require the obtaining of a permission of the Chairman of the Office of Competition and Consumer Protection, and the Parties committed themselves to undertake all necessary steps to obtain such permission within 3 months following the signing of the Investment Agreement. Furthermore, Eurocash undertook to support the selection by the general meeting of one person indicated by Emperia to the Supervisory Board of Eurocash.

SIGNATURES OF PERSONS REPRESENTING THE COMPANY

| Date | Forename and | Position/function | Signature |
|------|--------------|-------------------|-----------|
|------|--------------|-------------------|-----------|

| | surname | |
|------------|----------------|--------------------------------------|
| 2011-01-03 | Luis Amaral | President of the Management Board |
| 2011-01-03 | Jacek Owczarek | Member of the Management Board |