

CHAPTER III INFORMATION ON THE ISSUE

1. Offered Shares and Other Shares to Be Introduced to Public Trading

Based on this Prospectus, a total of up to 134,129,100 Issuer Shares with a par value of PLN 1 per share shall be introduced to public trading, including:

- 127,742,000 series A bearer shares with a par value of PLN 1 per share (Series A Shares),
- up to 3,193,550 series B bearer shares with a par value of PLN 1 per share (Series B Shares), and
- up to 3,193,550 series C bearer shares with a par value of PLN 1 per share (Series C Shares).

The total par value of the Offered Shares and other Shares to be introduced to public trading shall be up to PLN 134,129,100.

1.1. Shares for Sale

Pursuant to this Prospectus, 44,709,700 Series A Shares are offered for sale. The number of the Shares for Sale may be increased by up to 12,774,200 Shares.

1.2. Incentive Shares

Up to 3,193,550 Series B Shares and up to 3,193,550 Series C Shares are offered under the Incentive Scheme.

1.3. Other Shares to Be Introduced to Public Trading

Pursuant to this Prospectus, 70,258,100 Series A Shares shall be also introduced to public trading.

2. Shares Offered to the Public

Pursuant to this Prospectus, up to 57,453,900 Series A Shares for Sale, up to 3,193,550 Series B Incentive Shares, and up to 3,193,550 Series C Incentive Shares are offered to the Public.

Table III.1. Offered Shares

Securities by type	Number of shares	Par value	Issue price / selling price	Share premium (PLN)	Estimated fees and costs of the issue (PLN)	Proceeds to the Issuer (PLN)
1	2	3	4	5	6	7 = (2 x 4) - 6
Series A Shares	up to 57,483,900	PLN 1	*			N/A
Series B Shares	up to 3,193,550	PLN 1	**			
Series C Shares	up to 3,193,550	PLN 1	***			
Per share						
Total						

* The selling price of the Series A Shares will be determined by the Selling Shareholder in consultation with the Offeror in accordance with the rules laid down in Section 13.2.3 of this Chapter III.

** The issue price per Series B Share will be determined by the Supervisory Board and will be equal to the price of Series A Shares in the public offering, adjusted for exercised rights attached to Series A Shares (e.g. dividend). The price must not be lower than the par value. The issue price of the Series B Shares will be published in a Current Report not later than seven days prior to the beginning of the First Option Exercise Period.

*** The issue price per Series C Share will be determined by the Supervisory Board and will be equal to the weighted average of the prices of the Shares on the Warsaw Stock Exchange in November 2005, adjusted for exercised rights attached to Shares (e.g. dividend). The price must not be lower than the par value. The issue price of the Series C Shares will be published in a Current Report not later than seven days prior to the beginning of the Second Option Exercise Period.

3. Estimated Costs of the Issue

Table III.2. Costs of the Issue

Item	PLN
Cost of drawing up of the Prospectus, including cost of advisory services and offering	1,936,400.01
Estimated cost of marketing the Offering	208,469.34
Other costs of preparation and execution of the Offering, including:	
- costs of printing the Prospectus, the Summary Prospectus and the obligatory announcements	117,376.64
- fees to the Polish SEC, the Polish NDS and the WSE	264,096.77
Total:	2,526,342.76

The costs were estimated based on:

- arrangements made with the advisors,
- applicable rates of the fees charged by the Polish SEC, the Polish NDS and the WSE, and
- other costs, including the costs of marketing the Offering, as estimated by the advisers based on their experience.

The cost of the introduction of the Shares to public trading and the costs of the Offering will be included in the financial expenses. The costs of sale of the Offered Shares shall be borne by the Selling Shareholder. Pursuant to Art. 36.2b of the Accountancy Act, the cost of the issue of the Incentive Shares incurred in connection with the share capital increase will reduce the share premium account attributable to the Company's Incentive Shares. Given that the share capital relating to the issue of the Incentive Shares has been increased by way of a conditional share capital increase, it will be possible to specify the actual proceeds to the Issuer and the cost of the issue after the expiry of the period in which the Incentive Shares may be subscribed, i.e. after December 31st 2009.

4. Legal Basis for the Introduction of Series A Shares to Public Trading

4.1. Governing Body Authorised to Decide on the Introduction of Series A Shares to Public Trading

Pursuant to Art. 430 and 431.1 of the Polish Companies Act and Par. 16.1.12 of the Articles of Association, the governing body authorised to decide on the introduction of Series A Shares to public trading is the General Shareholders Meeting.

4.2. Date and Form of the Decision on the Introduction of Series A Shares to Public Trading

The basis for the Issue of the Series A Shares was the Resolution of the General Shareholders Meeting of Eurocash Sp. z o.o. of July 7th 2004 on transformation of Eurocash Sp. z o.o. into a joint-stock company under the name of Eurocash SA.

The Resolution of July 7th 2004 on transformation of Eurocash Sp. z o.o. into a joint-stock company reads as follows:

"Pursuant to Art. 562 and Art. 563 of the Polish Companies Act, the General Shareholders Meeting hereby resolves as follows:

- The limited liability company Eurocash Sp. z o.o. shall be transformed into a joint-stock company.*
- The share capital of the new company shall be PLN 127,742,000 (one hundred and twenty-seven million seven hundred and forty-two thousand złoty) and shall be divided into 127,742,000 (one hundred and twenty-seven million seven hundred and forty-two thousand) shares with an equal par value of PLN 1 (one złoty) per share.*
- All shareholders of Eurocash Sp. z o.o. shall be the shareholders of the new company.*
- No personal rights in the new company shall be vested in any of the shareholders of the company subject to transformation, save for the personal right of Jeronimo Martins Dystrybucja Sp. z o.o., registered office in Poznań, Poland, to appoint and remove from office 1 (one) Member of the Supervisory Board of the transformed company.*

5. *The Management Board of the new company shall be composed of: Mr Luis Amaral, Mr Pedro Martinho, Mr Ryszard Majer, and Ms Katarzyna Kopaczewska.*
6. *The wording of the Articles of Association of the new company, provided in Appendix 1 hereto, is hereby approved.*

The Shareholders hereby represent that:

- *they received the Company's first notice on the plan to transform the Company, pursuant to Art. 560.1 of the Polish Companies Act;*
- *they waived their right to receive the Company's second notice on the plan to transform the Company, pursuant to Art. 560. 1 of the Polish Companies Act;*
- *they agree to the adoption of a resolution on the transformation earlier than following one month as from the receipt of the Company's first notice on the plan to transform the Company, pursuant to Art. 560.1 of the Polish Companies Act;*
- *they became acquainted with the transformation documents, made available for inspection at the Company's registered office, and agree to the adoption of a resolution on the transformation earlier than following two weeks as from the date the documents were made available for inspection, pursuant to Art. 560.2 of the Polish Companies Act."*

The Articles of Association were attached as an appendix to the Resolution of July 7th 2004 on transformation of Eurocash Sp. z o.o. into a joint-stock company. The relevant excerpt from the Articles of Association reads as follows:

"Par 6. Share Capital and Shares. Shareholders.

1. *The Company's share capital shall be PLN 127,742,000.00 (one hundred and twenty-seven million seven hundred and forty-two thousand zloty) and shall be divided into 127,742,000 (one hundred and twenty-seven million seven hundred and forty-two thousand) indivisible shares with an equal par value of PLN 1.00 (one zloty) per share. The share capital of the Company was paid up with the assets of the company subject to transformation, i.e. the limited liability company Eurocash Sp. z o.o., pursuant to Art. 551.1 of the Polish Companies Act.*
2. *All the shares in the Company's share capital are registered shares.*
3. *Each share confers the right to a proportional share in the Company's profit allocated for distribution pursuant to a resolution of the General Shareholders Meeting and to a proportional share in the Company's assets distributed following the Company's liquidation.*
4. *The shares in the share capital shall be held by the following entities:*
 - a. *The limited liability company Jeronimo Martins Dystrybucja Sp. z o.o. shall hold 1,000 (one thousand) Series A shares in the Company's share capital, with the total par value of PLN 1,000 (one thousand zloty).*
 - b. *POLITRA B.V., the company incorporated and operating under the Dutch law, registered office at Naritaweg 165, 1043 BW Amsterdam, the Netherlands, shall hold 127,740,000 (one hundred and twenty-seven million seven hundred and forty thousand) Series A shares in the Company's share capital, with the total par value of PLN 127,740,000 (one hundred and twenty-seven million seven hundred and forty thousand zloty);*
 - c. *Mr Luis Amaral, a citizen of Portugal, resident at Condominio Chacaras Alto da Nova - Campinas Street Jacairas 1440 - Campinas, Sao Paulo, Brazil, holding a Portuguese passport No. R 251788, shall hold 1,000 (one thousand) Series A shares in the Company's share capital, with the total par value of PLN 1,000 (one thousand zloty)."*

The Resolution of July 7th 2004 on transformation of Eurocash Sp. z o.o. into a joint-stock company and the Articles of Association of the Company were registered on July 30th 2004.

On September 14th 2004, the Extraordinary General Shareholders Meeting adopted Resolution No 1 amending the Issuer's Articles of Association, including the conversion of registered shares into bearer shares. The relevant excerpt from Resolution No 1 of the Extraordinary General Shareholders Meeting, dated September 14th 2004, reads as follows:

"1 Par. 6 of the Articles of Association shall now read as follows:

(..) 3. All shares in the Company's share capital shall be bearer shares."

The decision on the introduction of the Series A Shares to public trading is comprised in Resolution No. 2, adopted on September 14th 2004 by the Extraordinary General Shareholders Meeting, which reads as follows:

„Resolution No. 2.

- § 1. *The General Shareholders Meeting of Eurocash SA hereby resolves to introduce the Series A shares to public trading in securities and to stock-exchange trading on the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie SA).*
- § 2. *Given the above, the General Shareholders Meeting of the Company hereby obliges the Management Board to take all actual and legal actions necessary in order to introduce the Series A Shares to public trading in securities and to stock-exchange trading on the Warsaw Stock Exchange.*

5. Legal Basis for the Issue of Incentive Shares and their Introduction to Public Trading

5.1. Governing Body Authorised to Decide on the Issue of Incentive Shares and their Introduction to Public Trading

Pursuant to Art. 430 and 431.1 of the Polish Companies Act and Par. 16.1 of the Articles of Association, the governing body authorised to decide on the introduction of the Series B Shares and Series C Shares to public trading is the General Shareholders Meeting.

5.2. Date and Form of the Decision on the Issue of Incentive Shares and their Introduction to Public Trading

The basis for the issue of the Series B Shares and Series C Shares and their introduction to public trading is Resolution No. 3 of the Extraordinary General Shareholders Meeting, dated September 14th 2004, on the issue of bonds with pre-emptive rights, conditional share capital increase and the waiver of the existing shareholders' pre-emptive rights to acquire new shares, as amended by Resolution No. 2 of November 2nd 2004, and Resolution No. 1 of November 25th 2004 ("Incentive Scheme Resolution"), which reads as follows:

"Resolution No. 3

Par 1. Incentive Scheme

In connection with the Company's intention to implement the incentive scheme (hereinafter referred to as the "Scheme") for the members of the Company's Management Board, the management staff, and the persons of key importance to Eurocash SA, the Extraordinary General Shareholders Meeting hereby adopts this Resolution on the issue of bonds with pre-emptive rights, in two series: Series A and Series B (hereinafter jointly referred to as the "Bonds").

The issue of the Bonds shall be intended for persons entitled to participate in the Scheme (hereinafter referred to as the "Entitled Persons"). The President of the Management Board does not participate in the Scheme. The Bonds shall be deposited with the Trustee, who will dispose of the Bonds to the Entitled Persons. Detailed terms and conditions of implementing the Scheme, including the terms of the Bonds' acquisition by the Entitled Persons, shall be set forth in the terms and conditions of the Bonds and in the Resolutions of the Supervisory Board.

Par 2. Issue of Bonds

1. *The Company shall issue the total of 255,484 registered Bonds in two series:*
 - (i) *127.742 Series A registered Bonds, with a par value of PLN 0.01 (one grosz) per bond, conferring the right to subscribe for the Series B ordinary bearer shares before the Company shareholders; and*
 - (ii) *127.742 Series B registered Bonds, with a par value of PLN 0.01 (one grosz) per bond, conferring the right to subscribe for the Series C ordinary bearer shares before the Company shareholders.*
2. *The total par value of the Series A Bonds shall be PLN 1,277.42. The total par value of the Series B Bonds shall be PLN 1,277.42. The total par value of the Bonds shall be PLN 2,554.84.*
3. *The Bonds shall be zero-coupon bonds.*
4. *If the shares are not delivered to the Bondholders by the time set forth in the Bonds, the pre-emptive rights to the shares shall be transformed into the rights to receive a cash amount equal to the market value of the shares as at the scheduled delivery date, less the issue price of the shares.*
5. *The Series A Bonds shall be redeemed by the Company on January 2nd 2009. The redemption of the Bonds by the Company shall be effected through a payment of the amount equal to the par value of the Bonds.*
6. *The Series B Bonds shall be redeemed by the Company on January 2nd 2010. The redemption of the Bonds by the Company shall be effected through a payment of the amount equal to the par value of the Bonds.*

7. *The Bonds shall be dematerialised. The rights attached to the Bonds shall accrue as of the relevant entry being made in the Bonds register by the bank or brokerage house and shall inure to the benefit of the person designated in the Bonds register as the holder of the Bond.*
8. *The Bonds shall be unsecured within the meaning of the Bonds Act of June 29th 1995 (Dz. U. of 2001, No. 120, item 1300, as amended), (hereinafter referred to as the „Bonds Act”).*

Par. 3. Rules Governing the Offering of Bonds

1. *The Bonds shall be offered by way of purchase offers, in accordance with Art. 9.3 of the Bonds Act. The Issue of the Bonds shall be effected through making purchase offers to the entity acting as the trustee (hereinafter referred to as the „Trustee”).*
2. *The date of making offers to acquire the Bonds, as well as the deadline for accepting the offers by the Trustee, shall be set forth in the terms and conditions of the Bonds. The Bonds shall be allotted to the Trustee by the Management Board.*
3. *The issue price of the Bonds shall be equal to their par value.*
4. *The issue date of the Bonds shall be the date when the Bonds, having been paid up in full, are entered into the relevant register.*

Par. 4. Limitations and Rules Governing Disposal of Bonds

1. *The Trustee may dispose of and transfer the Bonds only to the Entitled Persons. The Entitled Persons shall not have the right to dispose of the Bonds.*
2. *The offer to purchase the Bonds shall be delivered by the Trustee to the Entitled Person within one week of the date when the Trustee is provided by the Company with the list of Entitled Persons.*
3. *The notice of acceptance of the offer to purchase the Bonds may be placed with the Trustee by the Entitled Persons not earlier than on the first and not later than on the last day of the Option Exercise Period for the Bonds of a given series.*
4. *The Trustee shall dispose of the Bonds to the Entitled Persons at the price equal to their par value.*
5. *The acceptance of the offer to purchase the Bonds shall be effective provided that the Bonds are paid for in full at the time of placing the notice of acceptance; the payment to be made by transferring a proper amount to the Trustee’s bank account specified in the offer to the Entitled Person. Those notices placed by the Entitled Persons which are not compliant with the terms specified in the Trustee’s offer shall not be accepted.*

Par. 5. Entitled Persons

1. *The Persons Entitled to purchase the Series A Bonds shall be the members of the Company’s Management Board, the management staff, and the persons of key importance to Eurocash SA, who are employed and perform their duties for three years as of December 1st 2004. The list of persons qualified as the Persons Entitled to purchase Series A Bonds shall be determined by virtue of a resolution of the Supervisory Board, by December 10th 2004. The list shall be the basis for specifying the persons to whom the Trustee shall be obliged to deliver the purchase offers for Series A Bonds. The final list of the Persons Entitled to purchase the Series A Bonds shall be established by virtue of a resolution of the Supervisory Board and delivered to the Trustee by December 15th 2007. The final list of the Entitled Persons shall include the persons who were on the list as at December 10th 2004, excluding the persons who ceased to be employed by the Company.*
2. *The Persons Entitled to purchase the Series B Bonds shall be the members of the Company’s Management Board, the management staff, and the persons of key importance to Eurocash SA, who are employed and perform their duties for three years as of December 1st 2005. The list of persons qualified as the Persons Entitled to purchase the Series B Bonds shall be determined by virtue of a resolution of the Supervisory Board, by December 10th 2005. The list shall be the basis for specifying the persons to whom the Trustee shall be obliged to deliver the purchase offers for Series B Bonds. The final list of the Persons Entitled to purchase the Series B Bonds shall be established by virtue of a resolution of the Supervisory Board and delivered to the Trustee by December 15th 2008. The final list of the Entitled Persons shall include the persons who were on the list as at December 10th 2005, excluding the persons who ceased to be employed by the Company.*

Par. 6. Pre-Emptive Rights to Subscribe for Series B Shares

1. *The holders of the Series A Bonds shall have the right to subscribe for and acquire the Series B ordinary bearer shares, with a par value of PLN 1 per share, before the Company shareholders, during the First Option Exercise Period, beginning on January 1st 2008 and ending on December 31st 2008 (inclusive).*

2. *The Trustee shall not have the right to subscribe for and acquire the shares.*
3. *One Bond gives the pre-emptive right to subscribe for and acquire 25 (twenty-five) Series B shares.*
4. *The acquisition of the Series B shares in exercise of the pre-emptive right shall be effected in accordance with Art. 451 of the Polish Companies Act, by way of written notices submitted by the Bondholders on forms prepared by the Company, and through the payment of the Issue Price.*
5. *The Management Board is hereby obligated to submit the list of acquired Series B shares to the Company's Registry Court, in order to update the entry on the share capital in accordance with Art. 452 of the Polish Companies Act.*

Par. 7. Pre-Emptive Rights to Subscribe for Series C Shares

1. *The holders of the Series B Bonds shall have the right to subscribe for and acquire the Series C ordinary bearer shares, with a par value of PLN 1 per share, before the Company shareholders, during the Second Option Exercise Period, beginning on January 1st 2009 and ending on December 31st 2009 (inclusive).*
2. *The Trustee shall not have the right to subscribe for and acquire the shares.*
3. *One Bond gives the pre-emptive right to subscribe for and acquire 25 (twenty-five) Series C shares.*
4. *The acquisition of Series C shares in exercise of the pre-emptive right shall be effected in accordance with Art. 451 of the Polish Companies Act, by way of written notices submitted by the Bondholders on forms prepared by the Company, and through the payment of the Issue Price.*
5. *The Management Board is hereby obliged to submit the list of acquired Series C shares to the Company's Registry Court, in order to update the entry on the share capital in accordance with Art. 452 of the Polish Companies Act.*

Par. 8. Conditional Share Capital Increase

1. *With a view to granting the holders of the Series A Bonds and Series B Bonds the right to subscribe for and acquire the Company shares, the Company's share capital is hereby conditionally increased by up to PLN 6,387,100 (six million, three hundred and eighty-seven thousand, one hundred zloty).*
2. *The conditional share capital increase referred to above in Section 1, shall be effected by way of the issue of up to 3,193,550 (three million, one hundred and ninety-three thousand, five hundred and fifty) Series B ordinary bearer shares, with a par value of PLN 1 (one zloty) per share, and the total par value of up to PLN 3,193,550 (three million, one hundred and ninety-three thousand, five hundred and fifty zloty), and through the issue of up to 3,193,550 (three million, one hundred and ninety-three thousand, five hundred and fifty) Series C ordinary bearer shares, with a par value of PLN 1 (one zloty) per share, and the total par value of up to PLN 3,193,550 (three million, one hundred and ninety-three thousand, five hundred and fifty zloty).*
3. *The issue price per Series B share shall be determined by the Supervisory Board and shall be equal to the price at which Series A shares are offered in the public offering, adjusted for exercised rights attached to Series A Shares (e.g. dividend). The issue price of the Series B Shares shall be published in a current report not later than seven days prior to the beginning of the First Option Exercise Period.*
4. *The issue price per Series C share shall be determined by the Supervisory Board and shall be equal to the weighted average price of the Series A shares on the Warsaw Stock Exchange in November 2005. The issue price of the Series C Shares shall be published in a current report not later than seven days prior to the beginning of the Second Option Exercise Period.*
5. *The Series B and Series C Shares shall confer the right to dividend in accordance with the following provisions:*
 - (i) *if the shares are credited to the relevant securities account on or before the dividend record date, they shall confer the right to sharing in profit for the previous financial year, that is from January 1st of the financial year immediately preceding the year in which the shares are credited to the securities account,*
 - (ii) *if the shares are credited to the securities account after the dividend record date, they shall confer the right to dividend from January 1st of the financial year in which the shares are credited to the securities account.*
6. *The only entities entitled to acquire the Series B shares shall be the holders of the Series A Bonds with the pre-emptive right, who exercise their pre-emptive right to subscribe for the Series B shares.*
7. *The only entities entitled to acquire the Series C shares shall be the holders of the Series B Bonds with the pre-emptive right, who exercise their pre-emptive right to subscribe for the Series C shares.*

Par. 9. Waiver of Pre-Emptive Rights

The Company shareholders' pre-emptive rights to acquire new Series B and Series C ordinary bearer shares is hereby waived, as such waiver is justified by the Company's interest according to the opinion of the Management Board presented to the General Shareholders Meeting, which the General Shareholders Meeting hereby accepts and whose contents are included into the minutes of this General Shareholders Meeting.

Par. 10. Final Provisions

1. *Detailed terms and conditions of subscribing for and acquiring the Bonds as well as the contents of the Bonds shall be set forth in the terms and conditions of the Bonds approved by the Supervisory Board.*
2. *The Management Board is hereby authorised to take all steps necessary to introduce the Series B and Series C shares to public trading and trading on the Warsaw Stock Exchange.*
3. *The bodies responsible for the implementation of the resolution in the scope specified herein, shall be the Management Board and the Supervisory Board."*

5.3. Resolution No. 2 of the Extraordinary General Shareholders Meeting, dated November 2nd 2004

On November 2nd 2004, the Extraordinary General Shareholders Meeting adopted Resolution No. 2 on amending Resolution No. 3 of September 14th 2004, which reads as follows:

"Par. 1. Par. 8.4 of Resolution No. 3 of September 14th 2004 on the issue of bonds with pre-emptive rights, conditional share capital increase and the waiver of the existing shareholders' pre-emptive rights to acquire new shares (the "Resolution") is hereby amended and shall now read as follows:

- "4. The issue price per Series C share shall be determined by the Supervisory Board and shall be equal to the weighted average price of the Company shares on the Warsaw Stock Exchange in November 2005, adjusted for exercised rights attached to the Company shares (e.g. dividend). The issue price of Series C Shares shall be published in a current report not later than seven days prior to the beginning of the Second Option Exercise Period."*

Par. 2. Par. 9. of the Resolution is hereby amended and shall now read as follows:

- "9. Pursuant to Art. 433.2 and 433.6 of the Polish Companies Act, the Company shareholders' pre-emptive right to acquire Series A and Series B registered bonds with pre-emptive rights is hereby waived, and the pre-emptive rights to acquire Series B and Series C ordinary bearer shares is hereby waived, as such waiver is justified by the Company's interest according to the opinion of the Management Board presented to the General Shareholders Meeting, which the General Shareholders Meeting hereby accepts and whose contents are included into the minutes of this General Shareholders Meeting."*

Par. 3. The Extraordinary General Shareholders Meeting resolves that for the purposes related to the introduction of the Company shares to public trading, including the purposes of the issue prospectus, this Resolution shall be described as "Resolution No. 3 of the Extraordinary General Shareholders Meeting, of September 14th 2004, on the issue of bonds with pre-emptive rights, conditional share capital increase and the waiver of the existing shareholders' pre-emptive rights, as amended by Resolution No. 2 of November 2nd 2004."

5.4. Resolution No. 1 of the Extraordinary General Shareholders Meeting of November 25th 2004

On November 25th 2004, the Extraordinary General Shareholders Meeting adopted Resolution No. 1 amending Resolution No. 3 of September 14th 2004, as amended by Resolution No. 2 of November 2nd 2004. The resolution of November 25th 2004 reads as follows:

"Par. 2.

Par. 5 and Par. 8.3 and 8.4 of Resolution No. 3 of September 14th on the issue of bonds with pre-emptive rights, conditional share capital increase and the waiver of the existing shareholders' pre-emptive rights to acquire new shares, as amended by Resolution No. 2 of November 2nd 2004" (the "Resolution") is hereby amended and shall now read as follows:

Par. 5. Entitled Persons

1. *The Persons Entitled to purchase the Series A Bonds shall be the members of the Company's Management Board, the management staff, and the persons of key importance to Eurocash SA, who are employed and perform their duties for three years as of December 1st 2004. The list of persons qualified as the Persons Entitled to purchase Series A Bonds shall be determined by virtue of a resolution of the Supervisory Board, by January 31st 2005. The list shall be the basis for specifying the persons to whom the Trustee shall be obliged to deliver the purchase offers for Series A Bonds. The final list of the Persons Entitled to purchase the Series A Bonds shall be established by virtue of a resolution of the Supervisory Board and delivered to the Trustee by December 15th*

2007. The final list of the Entitled Persons shall include the persons who were on the list as at January 31st 2005, excluding the persons who ceased to be employed by the Company.

2. *The Persons Entitled to purchase the Series B Bonds shall be the members of the Company's Management Board, the management staff, and the persons of key importance to Eurocash SA, who are employed and perform their duties for three years as of December 1st 2005. The list of persons qualified as the Persons Entitled to purchase the Series B Bonds shall be determined by virtue of a resolution of the Supervisory Board, by January 31st 2006. The list shall be the basis for specifying the persons to whom the Trustee shall be obliged to deliver the purchase offers for Series B Bonds. The final list of the Persons Entitled to purchase the Series B Bonds shall be established by virtue of a resolution of the Supervisory Board and delivered to the Trustee by December 15th 2008. The final list of the Entitled Persons shall include the persons who were on the list as at January 31st 2006, excluding the persons who ceased to be employed by the Company.*

Par. 8. Conditional Share Capital Increase

3. *The issue price per Series B share shall be determined by the Supervisory Board and shall be equal to the price at which Series A shares are offered in the public offering, adjusted for exercised rights attached to Series A Shares (e.g. dividend). The issue price of the Series B Shares shall not be lower than their par value. The issue price of the Series B Shares shall be published in a current report not later than seven days prior to the beginning of the First Option Exercise Period.*
4. *The issue price per Series C share shall be determined by the Supervisory Board and shall be equal to the weighted average price of the Shares on the Warsaw Stock Exchange in November 2005, adjusted for exercised rights attached to the Shares (e.g. dividend). The issue price of the Series C Shares shall not be lower than their par value. The issue price of the Series C Shares shall be published in a current report not later than seven days prior to the beginning of the Second Option Exercise Period.*

Par. 3.

The Extraordinary General Shareholders Meeting resolves that for the purposes related to the introduction of the Company shares to public trading, including the purposes of the issue prospectus, this Resolution shall be described as "Resolution No. 3 of the Extraordinary General Shareholders Meeting, of September 14th 2004, on the issue of bonds with pre-emptive rights, conditional share capital increase and the waiver of the existing shareholders' pre-emptive rights, as amended by Resolution No. 2 of November 2nd 2004 and Resolution No. 1 of November 25th 2004."

6. Existing Shareholders' Pre-Emptive Rights to Acquire the Incentive Shares

Pursuant to Art. 443.2 in conjunction with Art. 453 of the Polish Companies Act, the existing Shareholders' pre-emptive rights to the Series B Shares and the Series C Shares were waived in their entirety.

At the Extraordinary General Shareholders Meeting held on September 14th 2004, the Management Board presented its reasons for waiving the pre-emptive rights to acquire the Series B Shares and the Series C Shares by the existing Shareholders. The pre-emptive rights were waived in compliance with the requirements set forth in Art. 433.2 of the Polish Companies Act: The Incentive Scheme Resolution was passed with 100% of the Shareholders' votes. The waiver of the pre-emptive rights was on the agenda of the General Shareholders Meeting, and during the General Shareholders Meeting the opinion providing the rationale for the waiver was presented. The contents of the opinion, attached as Appendix 5 hereto, are as follows:

"The aim of the issue of Bonds and new Series B and Series C ordinary bearer shares is to implement a new incentive and bonus scheme so as to create additional incentives for the members of the Company's Management Board, the management staff, and the persons of key importance to the Company, which should encourage steady improvement of the Company's management system, and in the long-term perspective should have an effect on the Company's economic performance, as well as the valuation of its shares on Warsaw Stock Exchange. Therefore, the waiver of the pre-emptive rights to acquire Series B and Series C ordinary bearer shares is in the interest of the Company, and consequently in the interest of its shareholders."

7. Date as of Which the Shares to be Introduced to Public Trading Confer the Right to Dividend

The Series A Shares have existed since July 30th 2004, which is the date of the registration by the Registry Court of the transformation of Eurocash Sp. z o.o. (limited liability company) into Eurocash SA (joint-stock company), and they confer the right to participate in the profit for 2004.

Pursuant to Art. 8.5 of the Incentive Scheme Resolution, in connection with the Incentive Scheme for the members of the Company's Management Board, the management staff, and the persons of key importance to the Company's operations, as well as the issue of bonds with pre-emptive rights and with the waiver of the pre-emptive rights of the existing

Shareholders, the Series B and Series C Shares will confer the right to dividend subject to the following terms and conditions:

- (i) if the shares are credited to the relevant securities account on or before the dividend record date, they will confer the right to sharing in profit for the previous financial year, that is from January 1st of the financial year immediately preceding the year in which the shares are credited to the securities account; and
- (ii) if the shares are credited to the securities account after the dividend record date, they will confer the right to dividend from January 1st of the financial year in which the shares are credited to the securities account.

8. Incentive Scheme Based on the Issuer Shares

On September 14th 2004 the Extraordinary General Shareholders Meeting adopted Resolution No. 3 on an issue of bonds with pre-emptive rights, a conditional share capital increase and waiver of the existing shareholders' pre-emptive rights to acquire new shares in connection with the Company's intention to implement the Incentive Scheme. The said Resolution was later amended by way of Resolution No. 2 of November 2nd 2004 and Resolution No. 1 of November 25th 2004. As part of the Scheme, the members of the Management Board, the management staff and other persons of key importance to Eurocash operations will be entitled to acquire a total of up to 3,193,550 Series B Shares and up to 3,193,550 Series C Shares. The President of the Management Board will not participate in the Scheme.

The holders of the Series A Bonds will be entitled to acquire the Series B Shares. Initially, the Bonds will be acquired by the Trustee and then resold to the Persons Entitled to Acquire Series B Shares. The list of the Entitled Persons will be determined by the Supervisory Board by January 31st 2005. The persons included in the list will receive from the Trustee an offer to purchase the Series A Bonds at a nominal price of PLN 0.01 (one grosz) per bond. The offer will be conditional on continued employment with Eurocash for a period of three years as of December 1st 2004. The final list of the Persons Entitled to Acquire Series B Shares will be determined by the Supervisory Board by way of a resolution and then delivered to the Trustee by December 15th 2007. The final list will contain the names of the persons included in the list as at January 31st 2005, excluding the persons who ceased to be employed by the Company.

The Entitled Persons will be able to acquire the Series A Bonds and serve the notice of subscription for and acquisition of the Series B Shares during the First Option Exercise Period beginning on January 1st 2008 and ending on December 31st 2008 (inclusive).

Subscription for the Series B Shares is subject to the payment of the issue price of these shares. The issue price per Series B Share will be determined by the Supervisory Board and will be equal to the price at which Series A Shares will be offered in the public offering, adjusted for exercised rights attached to Series A Shares (e.g. dividend, exercise of pre-emptive rights).

The adjustment is necessary in order to counterbalance any corporate action, beyond the Entitled Persons' control (e.g. payment of dividend or increase in share capital upon the exercise of pre-emptive rights), which may have an adverse effect on the shares market price and as a consequence, may negate the motivational nature of the Incentive Scheme. The Company hopes to thus ensure that the final value of the option, understood as the difference between the issue price and the market price of the shares, will be determined only by objective market factors and the Company's performance.

The issue price of the Series B Shares may not be lower than their par value. The issue price of the Series B Shares will be published in a Current Report not later than seven days prior to the beginning of the First Option Exercise Period.

The holders of the Series B Bonds will be entitled to acquire the Series C Shares. As is the case with the Series A Bonds, the Series B Bonds will be initially acquired by the Trustee and then resold to the Persons Entitled to Acquire Series C Shares. The list of the Persons Entitled to Acquire Series C Shares will be determined by the Supervisory Board by January 31st 2006. The persons included in the list will receive from the Trustee an offer to purchase the Series B Bonds at a nominal price of PLN 0.01 (one grosz). The offer will be conditional on continued employment with Eurocash for a period of three years as of December 1st 2005. The final list of the Persons Entitled to Acquire Series C Shares will be determined by the Supervisory Board and then delivered to the Trustee by December 15th 2008. The final list will contain the names of the persons included in the list as at January 31st 2006, excluding the persons who ceased to be employed by the Company.

The Persons Entitled to Acquire Series C Shares will be able to acquire the Series B Bonds and serve the notice of subscription for and acquisition of the Series C Shares during the Second Option Exercise Period beginning on January 1st 2009 and ending on December 31st 2009 (inclusive).

Subscription for the Series C Shares is subject to the payment of the issue price of these shares. The issue price per Series C Share will be determined by the Supervisory Board and will be equal to the weighted average of the price of the Shares

on the Warsaw Stock Exchange in November 2005, adjusted for exercised rights attached to Shares (e.g. dividend, exercise of pre-emptive rights).

The adjustment is necessary in order to counterbalance any corporate action, beyond the Entitled Persons' control (e.g. payment of dividend or increase in share capital upon the exercise of pre-emptive rights), which may have an adverse effect on the shares market price and as a consequence, may negate the motivational nature of the Incentive Scheme. The Company hopes to thus ensure that the final value of the option, understood as the difference between the issue price and the market price of the shares, will be determined only by objective market factors and the Company's performance.

The issue price of the Series C Shares may not be lower than their par value. The issue price of Series C Shares will be published in a Current Report no later than seven days prior to the beginning of the Second Option Exercise Period.

The Incentive Scheme is not a scheme within the meaning of Par. 2.1.69 of the Prospectus Regulation.

9. Rights and Obligations Attached to the Offered Shares and Other Shares to Be Introduced to Public Trading

The rights and obligations attached to the Company Shares are defined in the Polish Companies Act, the Company's Articles of Association and other applicable regulations. The basic rights and obligations are presented below. For more detailed information, please seek advice of persons and entities licensed to provide legal advice.

9.1. Property Rights Relating to the Offered Shares and Other Shares to Be Introduced to Public Trading

The Shareholders are entitled to the following property rights:

- 1) The right to dispose of the Shares without any restrictions, under Art. 337.1 of the Polish Companies Act;
- 2) The right to participate in the profit disclosed in the audited financial statements and allocated by the General Shareholders Meeting for the distribution to the Shareholders. Pursuant to Art. 347.2 of the Polish Companies Act, the profit is distributed *pro rata* to the number of the Shares held, and if the Shares have not been paid up in full, the profit is distributed *pro rata* to payments made for the Shares;
- 3) The right to acquire the new issue Shares *pro rata* to the number of the Shares held (the pre-emptive right). Pursuant to Art. 433 of the Polish Companies Act, the Shareholders have the pre-emptive right to acquire the new issue Shares *pro rata* to the number of the Shares held, with the pre-emptive right applying also in the case of an issue of securities convertible into the Shares or securities incorporating the right to subscribe for the Shares. In the Company's interest, the General Shareholders Meeting may waive the Shareholders' pre-emptive rights to the Shares, in whole or in part, by virtue of a resolution adopted with a majority of four fifths of the votes. The Shareholders' pre-emptive rights to acquire the Shares may be waived only if this issue is placed on the agenda for the General Shareholders Meeting. The Issuer's Management Board has the obligation to present to the General Shareholders Meeting a written opinion stating the reasons for the waiver of the pre-emptive rights and the proposed issue price for the Shares or the manner of its determination;
- 4) The right to participate in the Company's assets in the event of its liquidation. Pursuant to Art. 474.2 of the Polish Companies Act, the assets remaining after the claims of the Company's creditors are satisfied or secured are distributed among the Shareholders *pro rata* to their contributions to the share capital; and
- 5) The right to vote on redemption of the Shares. The Company Shares may be redeemed in accordance with the provisions of the Polish Companies Act and the Company's Articles of Association.

Pursuant to Par. 6.3 of the Company's Articles of Association, each Share entitles its holder to a *pro rata* share in the Company's profit allocated for distribution by virtue of a resolution of the General Shareholders Meeting and a *pro rata* share in the Company's assets remaining after its liquidation.

9.2. Corporate Rights Attached to the Offered Shares and Other Shares to Be Introduced to Public Trading

Shareholders in the Company are entitled to the following rights in connection with their interest in the Company:

- 1) Right to participate in the General Shareholders Meeting and exercise their voting rights, personally or through proxies or other representatives, under Art. 412 of the Polish Companies Act. Under Art. 411 of the Polish Companies Act in conjunction with Art. 351.2 of the Polish Companies Act, each Share confers the right to one vote at the General Shareholders Meeting. Participation in the General Shareholders Meeting is subject to submission to the Company of a share certificate issued to the holder's name by the entity managing a securities account to which the Shares have been credited, no later than one week prior to the date of the General Shareholders Meeting. Subject to the provisions of the Polish Companies Act and the Polish Securities

Act, a General Shareholders Meeting is valid regardless of the number of the Shares represented at the Meeting, and the General Shareholders Meeting adopts resolutions by an absolute majority of votes. In accordance with the second sentence of Par. 16.3 of the Company's Articles of Association, in their wording effective as at the date this Prospectus was updated, for the Extraordinary General Shareholders Meeting to be valid it is necessary that Shareholders representing more than half of the Company's share capital are present (personally or through a proxy). This sentence was deleted under Resolution 1 of the Extraordinary General Shareholders Meeting held on November 22nd 2004. The amendment will become effective upon its registration by the Registry Court.

Pursuant to the provisions of the Polish Companies Act, in order to adopt resolutions concerning:

- Issues of convertible bonds and bonds with pre-emptive rights to acquire the Shares, amendments to the Articles of Association, redemption of the Shares, a reduction of the share capital, disposal of an enterprise or an organised part thereof, merger and a dissolution of the Company, a majority of three fourths of votes is required. If at least half of the Company's share capital is represented at the General Shareholders Meeting, a resolution on redemption of the Shares may be adopted by a simple majority of votes;
- An amendment to the Articles of Association authorising the Management Board to increase the Company's share capital up to the value of the authorised share capital or a conditional share capital increase, a majority of three fourths of votes is required if shareholders representing at least one third of the share capital are present at the General Shareholders Meeting; however, if the General Shareholders Meeting convened with a view to adopting resolutions concerning the issues referred to above has not been held due to lack of the required quorum, the next General Shareholders Meeting may adopt a resolution amending the Articles of Association, authorising the Management Board to increase the Company's share capital up to the value of the authorised capital or a resolution on a conditional share capital increase regardless of the number of shareholders present at the General Shareholders Meeting;
- A significant change in the Company's business, a majority of two thirds of votes is required;
- A significant change in the Company's business, without the requirement to buy out the shares held by those Shareholders who do not approve the change, a majority of three fourths of votes is required, such votes to be cast in the presence of shareholders representing at least 50% of the share capital;
- A division of the Company or adjournment of the General Shareholders Meeting, a majority of two thirds of votes is required;
- Waiver of the shareholders' pre-emptive rights, in whole or in part, a majority of four fifths of votes is required;
- Withdrawal of the Shares from public trading, delisting of the Shares from the Warsaw Stock Exchange, or a merger of the Company which brings about the same consequences, a majority of nine tenths of votes representing at least 50% of the share capital is required;
- An amendment to the Articles of Association increasing the value of a payment or service required from the Shareholders or reducing the personal Shareholders' rights under Art. 354 of the Polish Companies Act, a consent of all the Shareholders concerned is required.

If the balance sheet prepared by the Management Board discloses a loss exceeding the sum of the reserve funds, the capital reserve and one third of the share capital, the Management Board should immediately convene a General Shareholders Meeting with a view to adopting a resolution on further existence of the Company. In such a case, an absolute majority of votes is sufficient to dissolve the Company.

Pursuant to Art. 6 of the Polish Companies Act, a shareholder who becomes a dominant entity of another company (as defined in Art. 4.1.4 of the Polish Companies Act) is required to notify such a company of the dominance relation having been established within two weeks as of its establishment. Otherwise, the exercise of voting rights attached to shares in excess of 33% of the subsidiary undertaking's share capital will be suspended.

On November 22nd 2004, the Extraordinary General Shareholders Meeting adopted Resolution No. 1, under which Par. 16 of the Company's Articles of Association was amended. Upon the registration of these amendments by the Registry Court, in order to adopt resolutions concerning:

- A significant change in the Company's business, without the requirement to buy out the shares held by those Shareholders who do not approve the change, a majority of 3/4 (three fourths) of votes is required, such votes to be cast in the presence of shareholders representing at least 50% of the share capital;

- A merger and a dissolution of the Company, disposal of the Company's enterprise or an organised part thereof and a reduction of the share capital, a majority of 3/4 (three fourths) of the votes cast is required;
 - Withdrawal of the Shares from public trading, delisting of the Shares from the Warsaw Stock Exchange, or a merger of the Company which brings about the same consequences, a majority of 9/10 (nine tenths) of the votes cast, representing at least 50% of the share capital, is required.
- 2) The right for a Shareholder or a group of Shareholders holding Shares representing 1/10 (one tenth) or more of the Company's share capital, to demand that an Extraordinary General Shareholders Meeting be convened or particular issues be placed on the agenda of the next General Shareholders Meeting. Under Art. 400 of the Polish Companies Act, any such demand should be submitted to the Management Board in writing, not later than one month prior to the proposed date of a General Shareholders Meeting.
- 3) The right to bring an action for repealing or declaring invalidity of a resolution adopted by a General Shareholders Meeting. Under Art. 422 of the Polish Companies Act, any resolution of a General Shareholders Meeting which is in contravention of the Company's Articles of Association or good practice, or which is detrimental to the Company's interest or aimed at inflicting harm on a Shareholder, may be appealed against by way of an action against the Company for repealing a resolution.

Any such action for repealing a resolution adopted by a public company should be brought within one month from becoming aware of the resolution, but not later than three months from the date of adoption of the resolution. Under Art. 425 of the Polish Companies Act, a resolution of a General Shareholders Meeting may also be appealed against by way of an action against the Company for the declaration of its invalidity on the grounds of non-compliance with law. Such an action should be brought within thirty days from the date of announcement of the resolution, but not later than one year from the date of its adoption. The lapse of these dates does not exclude a possibility of claiming invalidity of a resolution non-compliant with law. Actions for the repeal or declaration of invalidity of a General Shareholders Meeting's resolution may be brought by: (a) a Shareholder who voted against the resolution and after its adoption requested that his objection be recorded in the minutes; (b) a Shareholder who was illegitimately refused participation in the General Shareholders Meeting; and (c) a Shareholder who was absent from the General Shareholders Meeting, but only if the General Shareholders Meeting was convened in a defective manner or if a resolution was adopted on an issue not included in the agenda of the General Shareholders Meeting.

Resolutions concerning mergers of companies may also be appealed against in the manner discussed above, with the proviso that the provisions of Art. 509.2 and Art. 509.3 of the Polish Companies Act modify the general rules in the following way: (a) a resolution may be appealed against only within one month from its adoption, and (b) it is not possible to appeal against a merger resolution solely on the grounds that the share exchange ratio (at which the shares of the target company are exchanged for the shares in the acquiring company or a newly established company) has been established incorrectly. Furthermore, pursuant to Art. 509.1 of the Polish Companies Act, after the date of the merger, an action for repeal or declaration of invalidity of the merger resolution may be brought only against the acquiring company or the newly established company. In the case of resolutions concerning division or transformation of companies, the general rules are modified in Art. 544 and Art. 567, respectively, of the Polish Companies Act.

- 4) The right to demand that the Supervisory Board be elected in block voting; under Art. 385.3 of the Polish Companies Act, at the request of shareholders representing at least one fifth of the share capital, the Supervisory Board should be elected by the next General Shareholders Meeting by way of block voting.
- 5) The right to demand information concerning the Company. Pursuant to Art. 428 of the Polish Companies Act, at a Shareholder's request, the Company's Management Board has the obligation to provide any information concerning the Company during the General Shareholders Meeting if this is justified by the need to evaluate an issue included on the agenda for the General Shareholders Meeting. However, the Management Board should refuse to provide such information if its release could be detrimental to the Company, any of its related or subsidiary undertakings or subsidiary cooperatives, or could expose a member of the Company's Management Board to criminal, civil or administrative liability. In justified cases the Company's Management Board may provide the Shareholder with an answer, also in writing, no later than within two weeks from the closing of the General Shareholders Meeting. The Management Board may also provide the Shareholder with information concerning the Company outside a General Shareholders Meeting, but such information should be presented by the Company's Management Board in writing in the materials submitted to the next General Shareholders Meeting. A Shareholder who is refused to be provided with the requested information during a General Shareholders Meeting and who demands that his objection be recorded in the minutes of the General Shareholders Meeting, may, within one week from the closing of the General Shareholders Meeting, apply to the Registry Court to oblige the Management Board to provide the information. Any Shareholder may also

apply to the Registry Court to obligate the Company to release the information provided to any other shareholder outside a General Shareholders Meeting.

- 6) The right to obtain a share certificate issued to the Shareholder's name by the entity managing the Shareholder's securities account, in accordance with the provisions of the Polish Securities Act (Art. 328.6 of the Polish Companies Act).
- 7) The right to demand that a commercial company which is a shareholder of the Company furnish information on whether it is the parent undertaking or a subsidiary undertaking with respect to a specified commercial company or cooperative being a shareholder of the Company (Art. 6 of the Polish Companies Act). An entitled Shareholder may also demand that such a commercial company disclose the number of its shares and votes at the General Shareholders Meeting of the Company, including as a pledgee, usufructuary or under agreements with other persons. The demand for information and the answer to such a demand should be submitted in writing.
- 8) Not later than fifteen days prior to the General Shareholders Meeting, the right to demand that the Company deliver copies of the Management Board's Report on the Company's activities, as well as the financial statements together with a copy of the Supervisory Board's report and the auditor's opinion (Art. 395 of the Polish Companies Act).
- 9) The right to inspect the list of the Shareholders at the Management Board's offices and to demand a copy of such a list, which shall be provided against payment of the cost of its preparation. A Shareholder may also demand copies of motions concerning the issues covered by the agenda of the Meeting a week prior to the date of the General Shareholders Meeting (Art. 407 of the Polish Companies Act).
- 10) The right of Shareholders holding at least 1/10 (one tenth) of the share capital represented at the General Shareholders Meeting to submit a motion for the selection of a commission which will verify the attendance list including the names of participants of the Meeting (Art. 410 of the Polish Companies Act).
- 11) The right to inspect the book of minutes as well as to demand copies of the General Shareholders Meeting's resolutions certified by the Management Board (Art. 421 of the Polish Companies Act).
- 12) The right to bring an action for remedying a loss inflicted upon the Company in the event that the Company has failed to bring such an action within a year from the disclosure of the act inflicting the loss (Art. 486 and 487 of the Polish Companies Act).
- 13) The right to inspect the documents referred to in Art. 505.1 of the Polish Companies Act (in the event of a merger), Art. 540.1 of the Polish Companies Act (in the event of a division of the Company) and Art. 561.1 (in the event of a transformation of the Company), as well as to demand that copies of such documents be made available free of charge at the Company's office.
- 14) The right to demand that bearer shares be converted into registered shares. Pursuant to Art. 334.1 of the Polish Companies Act, the conversion of bearer shares into registered shares may be performed exclusively at a Shareholder's request, unless the statute or the Articles of Association provide otherwise. The Issuer's Articles of Association, in their wording binding as at the date this Prospectus was updated do not exclude such conversion. Appropriate amendments to Par. 6.3 of the Articles of Association were introduced by way of Resolution No. 1 of the Extraordinary General Shareholders Meeting held on November 22nd 2004. Upon the Registry Court's registration of amendments introduced by way of this resolution to the Articles of Association, Shareholders' right to demand that bearer shares be converted in to registered shares shall be excluded.

Pursuant to Par. 13.2 of the Articles of Association, as long as Politra B.V. (and its legal successors), incorporated and operating under the Dutch law, with registered office in Amsterdam, the Netherlands, is a shareholder holding at least 50% of shares in the Company's share capital, this company will hold the right to appoint and remove 3 (three) members of the Supervisory Board.

9.3. Obligations Connected with the Offered Shares and Other Shares to Be Introduced to Public Trading

Under the Company's Articles of Association, ownership of the Shares is not connected with any additional obligation. The investors acquiring the Shares are not obliged to render any additional performance for the Issuer.

9.4. Rights and Obligations Related to Acquisition and Disposal of the Offered Shares and Other Shares to Be Introduced to Public Trading

The Issuer's bearer shares may be freely traded without any restrictions, beyond those provided for in the Polish Companies Act, Polish Securities Act and other applicable laws and regulations.

9.5. Obligations and Restrictions Imposed by the Polish Securities Act

The provisions of the Polish Securities Act concerning securities, including shares and rules for the transfer thereof, differ from the relevant provisions of the Polish Companies Act and the Polish Civil Code. Furthermore, under the Polish Securities Act, holders of securities in public companies are subject to a number of obligations concerning notifications and obtaining relevant approvals.

9.5.1 Uncertificated Form of Securities Admitted to Public Trading

In accordance with Art. 7 of the Polish Securities Act, securities admitted to public trading do not have the form of a document. The rights attached to such securities arise after the securities are credited for the first time to a securities account and inure to the benefit of the holder of the account. If any agreement providing for the transfer of securities admitted to public trading is executed, such securities are transferred under such agreement after an appropriate entry is made in the securities account.

Pursuant to Art. 11 of the Polish Securities Act, a share certificate serves as confirmation of the shareholder's capacity to exercise any rights attached to the securities as indicated in the certificate, which are not or cannot be exercised only on the basis of the entries in a securities account, in particular the right to participate in the General Shareholders Meeting. At the request of a securities account holder, a share certificate may be issued by a brokerage house, a bank or another entity managing the securities account. If the share certificate is to be used for the exercise of any rights attached to the securities, the number of securities indicated in the certificate cannot be traded during the period from the certificate issue date to the certificate expiry date or the date of its return to the issuing entity. During such period, the entity managing the securities account blocks an appropriate number of the securities deposited in the account.

9.5.2 Obligations Related to the Acquisition and Disposal of Large Blocks of Shares

Pursuant to Art. 147 of the Polish Securities Act, a shareholder who:

- (i) achieves or exceeds 5% or 10% of the total vote at the General Shareholders Meeting as a result of the acquisition of shares in a public company, or
- (ii) held shares in a public company conferring the right to at least 5% or 10% of the total vote at the General Shareholders Meeting, and following disposal of the shares is left with no more than 5% or 10% of the total vote at the General Shareholders Meeting, or
- (iii) held over 10% of the total vote at the General Shareholders Meeting, and acquires or disposes of shares, either in one or a series of transactions, as a result of which the number of votes controlled by such a shareholder changes by at least 2% of the total vote at the General Shareholders Meeting – in the case of a public company whose shares have been admitted to trading on the official stock-exchange market, or at least 5% of the total vote at the General Shareholders Meeting – in the case of any other public company, or
- (iv) achieves or exceeds 25%, 50%, or 75% of the total vote at the General Shareholders Meeting as a result of the acquisition of shares in a public company, or
- (v) is left with shares conferring the right to up to 25%, 50%, or 75% of the total vote at the General Shareholders Meeting as a result of the disposal of shares in a public company,

has four days from the date of change in the number of votes held, or from the date on which the obligor became, or by exercising due care could have become, aware of such change, to notify the Polish SEC and the company of the number of shares currently held, their percentage share in the Company's share capital, number of votes conferred by the shares, and the percentage share of the total vote held at the General Shareholders Meeting.

In addition, the notification on reaching or exceeding 10% of the total vote at the General Shareholders Meeting must include additional information on any intention to further increase the shareholding in the public company within 12 months from the notification date, and on the purpose of any such increase. The notification obligation arises also each time when a shareholder changes the intention or purpose within 12 months from the delivery of the notification and any time thereafter.

Pursuant to Art. 149 of the Polish Securities Act, the acquisition of shares in a public company or depository receipts issued in connection with such shares, in a number which makes the shareholder reach or exceed 25%, 33% or 50% of the total vote at the General Shareholders Meeting, requires the approval of the Polish SEC, issued at the request of the party acquiring the securities. Such approval is not required to acquire shares in a public company traded only on the non-official OTC market.

Within 14 days as of filing the request, the Polish SEC may either: (i) grant its approval for the acquisition of shares and forward information on the approval to a news agency, or (ii) refuse to grant its approval if the acquisition: (a) could result

in a breach of the relevant regulations, (b) pose a threat to an important national interest or (c) pose a threat to an important interest of the national economy.

The approval may contain a qualification that if a certain threshold of votes at the General Shareholders Meeting is not reached or exceeded by the date specified therein, the decision under which the relevant approval was issued will expire.

The obligation specified in Art. 147 of the Polish Securities Act applies accordingly in the event of acquisition or disposal of bonds convertible into shares in a public company, depositary receipts, as well as other securities incorporating the right or obligation to acquire shares in a public company (Art. 150 of the Polish Securities Act).

The Polish SEC may refuse to grant its approval if the party filing the request has failed to perform or has unduly performed the obligations defined in Art. 147 and Art. 150 of the Polish Securities Act in the period of 24 months directly preceding the request submission date. The scope of information to be included in the request for this approval is defined by the Polish Council of Ministers by way of a Regulation.

Pursuant to Art. 151 of the Polish Securities Act, acquisitions on the secondary market, within a period of less than 90 days, of shares admitted to public trading or depositary receipts issued in connection with such shares, in a number conferring the rights to at least 10% of the total vote at the General Shareholders Meeting, may only be effected by way of a tender offer for sale or exchange of the shares. A tender offer may be announced after security is created for 100% of the value of the shares to be acquired. The creation of the security should be documented by way of a confirmation issued by the bank or another relevant institution. The acquiring entity is not obliged to announce a tender offer if the shares it plans to acquire in a public company are admitted to trading only on the non-official OTC market. The obligation to announce a tender offer referred to in Art. 151 of the Polish Securities Act does not apply, either, if shares are acquired on the primary market or in the initial public offering (Art. 152.3 of the Polish Securities Act).

Pursuant to Art. 154 of the Polish Securities Act, a shareholder who acquires shares in a public company or depositary receipts issued in connection with such shares, in a number conferring in aggregate more than 50% of the total vote at the General Shareholders Meeting is obliged to: (i) announce and execute a tender offer for sale of the remaining shares in the company, or (ii) dispose of, prior to the exercise of the voting rights conferred by the shares held, such a number of shares as to leave such a shareholder with no more than 50% of the total vote at the General Shareholders Meeting.

Pursuant to Art. 158a of the Polish Securities Act: (i) any acquisition, disposal or holding of any shares in a public company or depositary receipts issued in connection with such shares, by a direct or indirect subsidiary is considered an acquisition, disposal or holding of the same by the dominant entity, and (ii) depositary receipts issued in connection with shares in a public company are considered to be securities carrying the right to such percentage of the total vote at the shareholder as might be obtained by the holder of the depositary receipts through their conversion into shares.

Any legal action performed by a subsidiary undertaking or the occurrence of any other legal event in relation to such an undertaking gives rise to the obligations connected with the acquisition of large blocks of shares on part of the dominant entity only if it involves an analogous change in the number of votes held by the dominant entity which is subject to such obligations.

The above obligations, referred to in Art. 158a.3 of the Polish Securities Act, apply also:

- (i) jointly to all entities bound by written or oral agreement on:
 - (a) joint acquisition of shares in a public company or depositary receipts issued in connection with such shares, or
 - (b) voting in concert at the company's General Shareholders Meeting regarding issues material to the company, or
 - (c) joint long-term policy with regard to the company's management, even if only one of such entities has taken or intends to take action which would give rise to such obligations;

the obligations are performed by one party, as specified by the parties to the agreement;

- (ii) to any investment fund which reaches or exceeds a given threshold number of votes defined in the aforementioned provisions as a result of the acquisition, disposal or holding of shares or depositary receipts jointly by:
 - (a) other investment funds managed by the same investment fund company, and
 - (b) other investment funds incorporated outside of the territory of Poland, managed by the same entity,
- (iii) to an entity which reaches or exceeds a given threshold number of votes defined in the aforementioned provisions as a result of the acquisition, disposal or holding of shares or depositary receipts:

- (a) by a third party acting on its own behalf, but to the order or to the benefit of such an entity, except for shares acquired in connection with the activities referred to in Art. 30.2.2 of the Polish Securities Act (brokerage services),
- (b) in connection with the activities referred to in Art. 30.2.4 of the Polish Securities Act – in relation to those shares in the securities portfolios managed by the entity under which the entity, as the portfolio manager, may exercise voting rights at the General Shareholders Meeting (management of third-party securities portfolio on a fee or commission basis),
- (c) by a third party which is to exercise voting rights under an agreement with that entity on the transfer of voting rights, and
- (iv) entities which conclude an agreement referred to in Section 9.5.2(i) holding shares in a public company whose aggregate number is sufficient to reach or exceed a given threshold number of votes as specified in this Chapter.

The above obligations arise also if the voting rights are attached to:

- (a) securities which serve as a security for performance of obligations, this does not apply to situations in which the beneficiary of the security has the right to exercise the voting rights and declares the intention to do so – in such a case the voting rights are deemed to be vested in the beneficiary of the security,
- (b) shares which incorporate rights conferred upon a given entity personally and for life,
- (c) securities deposited or registered with an entity which may make dispositions with respect to them at its own discretion.

Any exercise of voting rights attached to the Shares acquired in breach of the provisions of Art. 147, Art. 149 and Art. 151 of the Polish Securities Act has no legal effect. Failure to perform the obligation referred to in Art. 154 of the Polish Securities Act renders exercise of the voting rights attached to all Shares held ineffective. Moreover, a shareholder who fails to submit the notifications referred to in Art. 147.1 and Art. 147.2 of the Polish Securities Act, or who fails to perform the obligations set forth in Art. 149 and Art. 154 of the Polish Securities Act, is liable to a fine of up to PLN 1m. The same fine may be imposed on anyone who announces and executes a tender offer referred to in Art. 151 of the Polish Securities Act, or abandons such tender offers, failing to comply with the conditions set forth in the Polish Securities Act.

9.5.3 Right to Demand an Audit to be Carried Out by a Special Auditor

Pursuant to Art. 158b of the Polish Securities Act, at a request of a Shareholder or Shareholders holding not less than 5% of the total vote at the General Shareholders Meeting, the General Shareholders Meeting may resolve that a specific matter associated with the establishment of the Company or with the management of its affairs be inspected by a qualified expert. If such a request is not granted, the Shareholder(s) may apply for the appointment of a qualified expert to the Registry Court.

9.5.4 Withdrawal of the Shares from Public Trading

Pursuant to Art. 86 of the Polish Securities Act, in order to be effective a resolution on withdrawal of the Shares from public trading needs to be adopted by the majority of 4/5 of votes, with the Shareholders representing at least half of the share capital of the Company present at the Meeting. The resolution on withdrawal of the Shares from public trading may be included in the agenda of the General Shareholders Meeting only at a request of a Shareholder or Shareholders representing at least 1/10 of the share capital, with such a request to be submitted in a written form to the Management Board not later than a month prior to the proposed date of the General Shareholders Meeting.

Pursuant to the amendments to the Articles of Association, introduced by way of Resolution No. 1 of the Extraordinary General Shareholders Meeting held on November 22nd 2004 (the Resolution had not been registered by the Registry Court as at the date this Prospectus was updated), to adopt a resolution concerning the withdrawal of the Shares from public trading (as well as the delisting of the Shares from the Warsaw Stock Exchange or a merger of the Company which brings about the same consequences), a majority of 9/10 (nine tenths) of votes cast, representing at least 50% of the Company's share capital, will be required. This amendment will become effective on the date on which the amendments to the Articles of Association stipulated in the said Resolution adopted by the Extraordinary General Shareholders Meeting are registered by the Registry Court.

Notwithstanding the limitations indicated above, pursuant to Art. 86 of the Polish Securities Act, a Shareholder(s) demanding that the agenda of the Meeting include voting on a resolution concerning withdrawal of the shares from public trading is (are) required to earlier announce a tender offer to acquire the shares in a given company from the other

shareholders of this company. The provisions of Art. 151-153, 155 and 156 of the Polish Securities Act described in Section 9.5.2 of this Chapter III apply accordingly to such tender offer.

9.6. Obligations Related to the Purchase of the Offered Shares and the Other Shares to Be Introduced to Public Trading Resulting from the Provisions of the Anti-Trust and Consumer Protection Act

Pursuant to the provisions of the Anti-Trust and Consumer Protection Act, the President of the Anti-Trust and Consumer Protection Authority must be notified of an intended concentration if the aggregate turnover of the entrepreneurs participating in the concentration, generated in the financial year preceding the year of the notification, exceeds the equivalent of EUR 50,000,000. The aggregate value of turnover is computed by taking into account sales revenue of an entrepreneur directly participating in the concentration and the sales revenue of other entrepreneurs which are members of the capital group to which the entrepreneur directly participating in the concentration belongs (Art. 15 of the Anti-Trust and Consumer Protection Act). The euro amount is subject to translation into the zloty at the mid-exchange rate quoted by the National Bank of Poland on the last calendar day of the year preceding the year of notification of intended concentration (Art. 115 of the Anti-Trust and Consumer Protection Act).

The notification requirement applies, *inter alia*, to: (i) an intended assumption – through, *inter alia*, purchase or acquisition of shares – of direct or indirect control over the whole or a part of one or more entrepreneurs by one or more entrepreneurs, (ii) an intended acquisition or purchase of shares in another entrepreneur, which would result in reaching at least 25% of the total vote at the General Shareholders Meeting, (iii) an intended commencement of exercise of rights attached to shares acquired or purchased without the notification required under Art. 13.3 and Art. 13.4 of the Anti-Trust and Consumer Protection Act.

Pursuant to Art. 14 of the Anti-Trust and Consumer Protection Act, a concentration by a subsidiary entrepreneur is deemed a concentration by the dominant entrepreneur.

The Anti-Trust and Consumer Protection Act provides for a number of exclusions from the requirement to notify the President of the Anti-Trust and Consumer Protection Authority of an intended concentration.

Pursuant to the provisions of Art. 13 of the Anti-Trust and Consumer Protection Act, an intended concentration is not subject to the notification requirement if:

- (i) sales revenue of the entrepreneur which is to be taken over and whose shares are to be acquired or purchased and whose shares incorporate rights which are to be exercised did not exceed the equivalent of EUR 10,000,000 in Poland in neither of the two financial years preceding the notification. The exemption does not apply to concentrations as a result of which a dominant position arises or is strengthened on the market on which a given concentration is effected (Art. 13a of the Anti-Trust and Consumer Protection Act);
- (ii) it consists in the temporary purchase or acquisition of shares for resale by a financial institution, provided that the scope of this institution's business activities includes investments in shares in other entrepreneurs on its own or third party's account and further provided that the shares are resold within one year from the acquisition date, and that (a) this institution does not exercise the rights attached to these shares, with the exception of the right to dividend, or (b) it exercises these rights exclusively in order to prepare for sale the whole or part of the company, its assets or the shares;
upon a motion of the financial institution, the President of the Anti-Trust and Consumer Protection Authority, by way of a decision, may extend the one-year term for the resale of the shares, if this institution proves that the resale of the shares was not feasible or economically reasonable within one year from the acquisition;
- (iii) it consists in temporary acquisition of shares by an entrepreneur in order to secure a claim, provided that the acquiring entrepreneur does not exercise the rights attached to these shares with the exception of the right to sell the shares;
- (iv) it is a result of bankruptcy proceedings, which however does not apply to the cases where the party intending to acquire control is a competitor or is a member of a group whose other members are competitors of the target entrepreneur;
- (v) it consists in a merger within one group.

The notification is submitted by the entrepreneur taking over control, or the entrepreneur acquiring or purchasing the shares, or the financial institution or the entrepreneur who purchased the shares in order to secure a claim. The anti-trust proceedings concerning concentrations should be concluded no later than within two months of the day of their instigation.

Entrepreneurs which are required to notify relevant authorities of their intended concentration are obliged to postpone the merger until the President of the Anti-Trust and Consumer Protection Authority issues a decision or until the statutory date for the issuance of such a decision lapses.

The President of the Anti-Trust and Consumer Protection Authority, by way of a decision, approves or prohibits the transaction. While issuing his approval, the President of the Anti-Trust and Consumer Protection Authority may oblige the entrepreneur or entrepreneurs planning the concentration to meet specific conditions. A decision of the President of the Anti-Trust and Consumer Protection Authority will expire if the concentration has not been effected within two years as of the decision issuance.

9.7. Control of Concentrations with a Community Dimension

Since Poland's accession to the European Community, concentrations with a Community dimension have been subject to the control of the European Commission. The fundamental legal act which regulates the requirements and the notification procedures with respect to concentrations with a Community dimension is Regulation of the Council No. 139/2004/EC, dated January 20th 2004, on the control of concentrations of undertakings. Concentrations with a Community dimension are required to be notified to the European Commission in advance and the parties to such a concentration are obliged to postpone its implementation until a relevant decision is issued by the European Commission.

A concentration of entrepreneurs is deemed a concentration with a Community dimension if:

- (i) total global sales revenues of all the parties to the concentration exceed EUR 5bn, and
- (ii) total sales revenue in the European Community of each of at least two of the parties to a concentration exceeds EUR 250m,

unless each party to a concentration earns more than 2/3 of its total European Community sales revenue in one member state.

A concentration will also have a Community dimension if:

- (iii) total global sales revenue of all the parties to the concentration exceed EUR 2.5bn;
- (iv) total European Community sales revenue of each of at least two parties to the concentration exceed EUR 100m; and
- (v) in each of at least three selected member states the total sales revenues of all the parties to the concentration exceed EUR 100m, and at the same time in each of at least three selected member states:
 - total sales revenues of all the parties to the concentration exceed EUR 100m,
 - sales revenue of each of at least two parties to the concentration exceeds EUR 25m,

unless each party to the concentration generates more than 2/3 of its total European Community sales revenue in one member state.

10. Regulations on Income Tax on Gains Related to Holding and Trading in the Offered Shares and Other Shares to Be Introduced to Public Trading

The information provided below is of general nature and was prepared based on the tax laws as in effect at the time of preparation of this Prospectus. In order to obtain more specific information and because the tax regulations may change after the publication of this Prospectus, investors are advised to seek professional advice of tax and legal advisors concerning tax consequences of the acquisition, holding and trading in shares.

10.1. Personal Income Tax Payable by Polish Investors

Pursuant to the provisions of the Personal Income Tax Act, the income subject to personal income tax may include income from financial assets, such as interest (discount) on securities, dividends and other income on distributions from profit made by legal persons which are based on equity interests (shares) in an incorporated company, income on disposal against payment of equity interests in incorporated companies and securities, and income on the exercise of rights attached to the securities referred to in Art. 3.3 of the Polish Securities Act. Income from financial assets also includes income on disposal of pre-emptive rights against payment.

Pursuant to Art. 30a.1, 6 and 7 of the Personal Income Tax Act, gains (income) on interest and discount on securities and dividend and other income on distributions from profit made by legal persons earned on the territory of Poland are subject to a flat-rate income tax of 19%. The flat-rate income tax is collected without deduction of the costs incurred to

obtain the income. The gains (income) referred to above may not be aggregated with income earned from other sources subject to taxation in accordance with the general rules.

In the opinion of the Issuer, pursuant to the provisions of Art. 41.4 and Art. 42.1 of the Personal Income Tax Act, the Company will be obliged to compute the tax on natural persons' income on dividend or other income on distributions from profit by a company whose shares are admitted to public trading and to withhold and pay the tax to the account of the Tax Office competent for the tax remitter. However, the Issuer is aware of a practise where the role of the remitter of tax on natural persons' income on dividend or other income on distributions from profit by a company whose shares are admitted to public trading is performed by entities entitled to keep securities accounts, in particular brokerage houses. The tax is payable by the twentieth day of the month following the month in which the tax was withheld. By that date, the tax remitter is obliged to file at the Tax Office a tax return on an appropriate form.

Pursuant to Art. 30b.1 of the Personal Income Tax Act, gains on disposal against payment of securities or financial derivatives, gains on the exercise of rights attached to any of the above, as well as gains on disposal against payment of equity interests in incorporated companies, earned on the territory of Poland is subject to taxation at the rate of 19% of the income earned. An exception to the above rule is disposal of securities and financial derivatives against payment and exercise of the rights conferred such securities or derivatives, provided that such activities are part of the disposing entity's business activities (paragraph 4). The gains (income) referred to above are not aggregated with income earned from other sources subject to taxation in accordance with the general rules

The gains referred to in Art. 30b.1 of the Personal Income Tax Act is:

- 1) the difference between the aggregate income on disposal of securities against payment and the cost incurred to earn such income, determined in accordance with Art. 22.1f or 1g, or Art. 23.1.38, subject to Art. 24.13 and 14;
- 2) the difference between the aggregate income on the exercise of rights attached to the securities referred to in Art. 3.3 of the Polish Securities Act and the cost incurred to earn such income, determined in accordance with Art. 23.1.38a,
- 3) the difference between the aggregate income on disposal against payment of financial derivatives and on the exercise of rights attached to such financial derivatives and the cost incurred to obtain such income, determined in accordance with Art. 23.1.38a,
- 4) the difference between the aggregate income on disposal against payment of equity interests in incorporated companies and the cost incurred to earn such income, determined in accordance with Art. 22.1f.1 or Art. 23.1.38, and
- 5) the difference (earned in the fiscal year) between the par value of equity interests (shares) acquired in incorporated companies or interests in cooperatives acquired against non-cash contributions other than contributions of an enterprise or an organised part thereof, and the cost incurred to obtain such income, determined in accordance with Art. 22.1e.

Following the end of a fiscal year, the taxpayer must declare in a tax return, referred to in Art. 45.1a.1 of the Personal Income Tax Act, the gains obtained in the fiscal year, including on disposal of securities against payment and gains on disposal of financial derivatives against payment, gains on the exercise of rights attached to any of the above, as well as gains on disposal against payment or acquisition of shares in incorporated companies, or acquisition of equity interests in cooperatives against non-cash contributions other than contributions of an enterprise or an organised part thereof, and compute the income tax due (Art. 30b.6 of the Personal Income Tax Act).

10.2. Corporate Income Tax Payable by Polish Investors

Pursuant to Art. 22 of the Corporate Income Tax Act, the income on dividends and other distributions from profit by legal persons with their registered offices in the territory of Poland is subject to taxation at a rate of 19% of the income earned.

Pursuant to Art. 26 of the Corporate Income Tax Act, the Issuer is obliged to compute the tax on dividend or other distributions from profit by a company whose shares are admitted to public trading and to withhold and pay the tax to the account of the Tax Office competent for the taxpayer (shareholder). The tax is payable by the 7th day of the month following the month in which the tax was withheld. By that date, the tax remitter is obliged to file a tax return at the Tax Office, and send the tax payer information on the tax withheld.

Pursuant to Art. 23 of the Corporate Income Tax Act, the amount of tax on dividend and other distributions from profit made by legal persons with registered offices in the territory of Poland is deductible from the amount of tax payable on income earned by a legal person from other sources, computed in accordance with the provisions of the Corporate Income Tax Act. Should such a deduction prove impossible in a given fiscal year, the amount of the tax is deductible in subsequent fiscal years.

Gains earned by legal persons on the disposal of shares are subject to corporate income tax. The tax is calculated on the gains representing the difference between the income, i.e. the amount earned on the sale of shares, and the cost incurred to earn the income, i.e. the expenses connected with the purchase or acquisition of shares. Gains earned on the sale of shares are aggregated with gains earned from other sources and are subject to taxation in accordance with the general rules.

Pursuant to Art. 25 of the Corporate Income Tax Act, legal persons which have sold shares are obliged to report gains earned on the sale of shares in their monthly tax return specifying the amount of gains earned (or losses incurred) since the beginning of the fiscal year and to make a tax payment to the account of the appropriate Tax Office on the aggregate amount of taxable income earned since the beginning of the fiscal year. The payment is calculated as the difference between the tax due on income earned since the beginning of the fiscal year and the sum of payments made in the previous months of a given year. A taxpayer may also choose a simplified method of reporting income (loss), as defined in Art. 25.6-7 of the Corporate Income Tax Act.

Gains earned on the disposal of rights attached to shares are subject to taxation in accordance with the same rules as gains earned on the disposal of shares.

10.3. Personal and Corporate Income Tax Payable by Foreign Investors

The taxation regime described above applies in principle also to foreign investors who are subject to a limited tax obligation in Poland, unless a double tax treaty to which Poland and the country which is the investor's place of residence or where the investor has its registered office or the principal place of business provides otherwise. Most of such treaties provide for the reduction, under certain conditions, of the basic rate of tax applicable to the gains on dividends and other distributions from profit made by legal persons. On the other hand, with regard to gains on the disposal of property rights (including shares and pre-emptive rights), under most of double tax treaties (but not all of them) such gains can be taxed only in the country which is the taxpayer's place of residence or where the taxpayer has its registered office (principal place of business), which in the case of persons whose place of residence or registered office is outside of Poland means exemption of such gains from taxation in Poland. Pursuant to Art. 30a.2 and 30b.3 of the Personal Income Tax Act and Art. 26.1 of the Corporate Income Tax Act, the application of the tax rate provided for under double tax treaties or non-collection of the tax in accordance with such treaties is permissible only if the place of residence or registered office of the taxpayer for tax purposes can be documented by such a taxpayer by delivering a certificate (certificate of residence) issued by the tax authority competent for the taxpayer earning the income.

10.4. Duty on Actions under Civil Law (Polish Transfer Tax)

Pursuant to the Act on Duty on Actions under Civil Law, the duty on actions under civil law applies, *inter alia*, to the sale of property rights (including rights attached to shares).

The sale of shares admitted to public trading may be effected on the Stock Exchange through the agency of entities conducting brokerage activities, which enter into transactions acting in their own name but to the investor's account. The sale of securities to brokerage houses and banks conducting brokerage activities, as well as the sale of securities performed through the agency of brokerage houses or banks conducting brokerage activities, is exempt from duty on actions under civil law.

Shares admitted to public trading can be also sold without the agency of entities conducting brokerage activities, *inter alia*, when shares are traded directly between natural persons. Such sale is subject to duty on actions under civil law at the rate of 1% of the market value of the traded shares. The duty is payable within 14 days of the execution date of the share purchase agreement and the obligation to pay the duty rests jointly and severally with the parties to the agreement. A relevant tax return must be filed within the same period.

11. Underwriting Agreements Related to the Offered Shares and the Other Shares to Be Introduced to Public Trading

As at the date this Prospectus was updated, neither the Issuer nor the Selling Shareholder have concluded any stand-by or firm-commitment underwriting agreement with respect to the Offered Shares.

The Company will not conclude a stand-by or commitment underwriting agreement with respect to the Series B Shares or Series C Shares.

The Company and the Selling Shareholder do not rule out the possibility of entering into a stand-by underwriting agreement with respect to the Series A Shares. Information on entering into such an agreement will be published in a Current Report.

12. Agreement Referred to in Art. 96 of the Polish Securities Act

No depository receipts will be issued outside of Poland in connection with the Offered Shares under this Prospectus with a view to offering such receipts on foreign capital markets. Furthermore, the Management Board does not plan to enter into any agreements on the issue of depository receipts outside of Poland.

13. Rules Governing Distribution

13.1. The Offeror

The entity offering the Offered Shares and the Incentive Shares in public trading (the Offeror) is:

CA IB Securities SA
ul. Emilii Plater 53
00-113 Warszawa, Poland

13.2. Public Offering

13.2.1. General Information on the Public Offering

Pursuant to this Prospectus, 44,709,700 Shares for Sale shall be made available in the Public Offering.

The Shares for Sale shall be made available as part of:

- Institutional Offering, comprising 35,767,760 Shares for Sale, and
- Retail Offering, comprising 8,941,940 Shares for Sale.

The Selling Shareholder reserves the right to change the number of the Shares for Sale in the Public Offering and in the Retail and Institutional Offerings. In particular, the Selling Shareholder reserves the right to increase the number of the Shares for Sale in the Public Offering and in the Retail and Institutional Offerings by up to 12,774,200 Shares ("Additional Offering").

In the event the number of the Shares for Sale is changed, in particular if the number of the Shares for Sale is increased by way of the Additional Offering, the information on the change, specifying the new number of the Shares for Sale in the Public Offering and in the Retail and Institutional Offerings, shall be published in a Current Report promptly after the relevant decision is made, however not later than on the date the Selling Price is established.

The Selling Shareholder also reserves the right to transfer the shares between the Retail Offering and the Institutional Offering (among others, to ensure the adequate dispersion of shareholder structure as required by the Rules of the WSE). If a decision is made to transfer any number of the Shares for Sale between the Retail Offering and the Institutional Offering, relevant information shall be published in a Current Report promptly after such a decision is made.

Note that the possibility of transferring the Shares for Sale from one Offering to the other, as described above, implies that all the Shares for Sale made available in a given Offering may be transferred to the other Offering, whereupon the Public Offering will comprise only the Institutional Offering or the Retail Offering, as the case may be.

Investors intending to acquire the Shares for Sale in the Institutional Offering may participate in the Order Book building process. The subscription orders for the Shares for Sale in the Retail Offering and the Declarations shall be accepted over the same period. The subscription orders for the Shares for Sale in the Institutional Offering may be placed once the acceptance of the Declarations has been completed. Following the acceptance of subscription orders in the Retail Offering and the Declarations, the Selling Shareholder shall, in agreement with the Offeror, prepare the Initial Allotment List. The Initial Allotment List shall be drawn up at their sole discretion.

The Shares for Sale in the Retail Offering shall be allotted to all investors who have duly subscribed and paid for them, subject to the condition that if the number of the Shares for Sale subscribed for in the Retail Offering exceeds the number of the Shares for Sale available in the Retail Offering, the number of allotted shares shall be proportionately reduced.

If a standby underwriting agreement is concluded, the Shares for Sale which are not subscribed for may be offered and allotted to the standby underwriter on the terms defined in the agreement. The standby underwriter should acquire the Shares for Sale after the acceptance of subscription orders in the Institutional Offering is completed and before the Public Offering is closed.

13.2.2. Price Range

Prior to the commencement of the Public Offering, the Selling Shareholder shall, in agreement with the Offeror, determine the Price Range.

All investors intending to acquire the Shares for Sale in the Institutional Offering shall be entitled to participate in the Order Book building process with respect to the Shares for Sale; during the process the investors shall submit binding Declarations of interest in the acquisition of the Shares for Sale, specifying the number of the Shares for Sale they wish to acquire and the offered price from the Price Range,

Investors interested in acquiring the Shares for Sale in the Retail Offering shall place subscription orders for the Shares for Sale at the maximum price from the Price Range.

13.2.3. Selling Price

The Selling Price shall be determined by the Selling Shareholder, in agreement with the Offeror, based on, among other things, the results of Order Book building process. The Selling Price shall be fixed and the same for both Retail and Institutional Offering.

The Selling Price shall be determined following the closing of the subscription period for the Shares for Sale in the Retail Offering and the closing of the period of accepting Declarations in the Institutional Offering.

The Selling Price shall be promptly published in a Current Report.

13.2.4. Schedule of the Public Offering

by December 7th 2004	Announcing the Price Range to the public
December 13th 2004	Opening of the Public Offering
December 13th – December 16th 2004 (until 4.00 pm)	Accepting subscription orders in the Retail Offering
December 8th – December 16th 2004	Accepting Declarations in the Institutional Offering
by December 17th 2004	Establishing and announcing the Selling Price to the public
by December 16th 2004	Preparing the Initial Allotment List
by December 17th 2004	Sending information to the Institutional Investors on the number of initially allotted the Shares for Sale
December 17th – December 20th 2004	Accepting subscription orders in the Institutional Offering
December 20th 2004	Closing of the Public Offering
by December 28th 2004	Allotting the Shares for Sale

The Selling Shareholder may, in agreement with the Offeror, decide to change the opening or closing dates of the Public Offering or the initial or final dates of accepting the Declarations or subscription orders. The information on a change of the opening date of the Public Offering or the initial date of accepting the Declarations or subscription orders shall be published in a Current Report prior to the opening date of the Public Offering or the initial date of accepting the Declarations or subscription orders. The information on a change of the closing date of the Public Offering or the final date of accepting the Declarations or subscription orders shall be published in a Current Report sent prior to the closing date of the Public Offering or the final date of accepting the Declarations or subscription orders.

13.2.5 Persons Entitled to Acquire the Shares for Sale

Retail Offering

Investors entitled to acquire the Shares for Sale in the Retail Offering on the terms and conditions defined herein, are natural persons, legal entities and non-incorporated organisations, both Residents and Non-Residents, except for US Persons (as defined in Regulation S).

Foreign Retail Investors who intend to acquire the Shares for Sale should get acquainted with the relevant regulations in their respective countries (places of residence).

Subscription orders for the Shares for Sale placed by third party securities portfolio managers, separately for each individual, shall represent for the purpose of this Prospectus subscription orders of separate Retail Investors.

Institutional Offering

Investors entitled to acquire the Shares for Sale in the Institutional Offering on the terms and conditions defined herein are:

- legal entities and non-incorporated organisations, both Residents and Non-Residents, except for US Persons (as defined in Regulation S);
- third party securities portfolio managers, who submit a single subscription order on behalf of entities whose accounts they manage and on behalf of whom they intend to purchase the Shares for Sale.

Foreign Institutional Investors who intend to acquire the Shares for Sale should get acquainted with the relevant regulations in the countries of their registered offices.

13.2.6. Rules Governing Placement of Subscription Orders for the Shares for Sale*Acting through a Proxy*

Retail Investors and Institutional Investors may act through a duly authorised proxy.

The person acting as a proxy should present the power of proxy, issued by the investor, at the brokerage house accepting the subscription order. The powers of proxy should be in writing. The detailed rules governing acting through proxies are defined in the rules of procedure applied by the brokerage houses where the subscription orders are placed.

Rules Governing Placement of Subscription Orders in the Retail Offering

In the Retail Offering subscription orders may be placed for a number of shares not exceeding the number of Shares for Sale offered in the Retail Offering. Any entitled person may place more than one subscription order for the Shares for Sale; however, the total number of shares covered by the subscription orders placed by a single investor may not exceed the number of Shares for Sale offered in the Retail Offering.

Subscription orders for the Shares for Sale in the Retail Offering should be placed with the maximum price from the Price Range.

Subscription orders for the Shares for Sale shall contain the information specified in the subscription order form included in Appendix 6.

The subscription order forms shall be accompanied by representations of the persons placing the subscription order for the Shares for Sale, to the effect that:

- they have acquainted themselves with the contents of this Prospectus and accept the provisions of the Company's Articles of Association and the terms and conditions of the Public Offering; and
- they agree to be allotted a number of the Shares for Sale smaller than the number subscribed for, or no Shares for Sale, in accordance with the rules set forth in this Prospectus.

Any consequences of submitting an incorrectly filled-in or incomplete subscription form shall be borne by the person placing the subscription order.

In the event of acting through a proxy, the proxy's personal data shall be kept in the files at the brokerage house accepting the subscription order.

Natural persons subscribing for the Shares for Sale shall sign a representation stating that their personal data has been disclosed voluntarily, and they have been informed that:

- the entity accepting the subscription orders is a personal data administrator within the meaning of the provisions on personal data protection; and
- they have the right to review and correct their personal data.

They also agree to (i) the processing of their personal data to the extent necessary to maintain the register of purchasers of the Shares for Sale, and (ii) the forwarding of their personal data to the Selling Shareholder for the purpose of the allotment of the Shares for Sale.

As evidence of subscription order acceptance, the person subscribing for the Shares for Sale shall receive one copy of the submitted subscription order. The subscription order for the Shares for Sale shall be unconditional, may not include any reservations and shall be irrevocable for the duration of the period for which investors remain bound by the placed subscription orders.

While placing a subscription order for the Shares for Sale, an investor may simultaneously submit an irrevocable deposit instruction which will enable the Shares for Sale allotted to such investor to be deposited in the investor's securities account indicated by the investor. A form of the deposit instruction is attached as Appendix 7.

A deposit instruction shall include:

- Personal data on the person submitting the deposit instruction;
- The name of the brokerage house, bank conducting brokerage activities or bank maintaining securities accounts, as well as the name and number of the securities account in which all the allotted Shares for Sale are to be deposited; and
- The investor's undertaking to personally notify the entity accepting the subscription order of any change concerning the investor's securities account.

Any consequences of submitting an incorrectly filled-in or incomplete deposit instruction shall be borne by the investor.

The deposit instruction shall be irrevocable, unconditional and may not contain any reservations.

Subscription orders for Shares for Sale in the Retail Offering will be accepted at the Customer Service Points of Dom Maklerski BPH SA and Millenium Dom Maklerski SA; the list of these Customer Service Points is attached as Appendix 8 to this Prospectus.

A subscription order for the Shares for Sale and a deposit instruction may also be submitted by telephone or *via* the Internet, provided that the regulations effective at the Brokerage House which accepts these documents permit the use of this submission method.

Order Book Building Process

The Order Book building process shall be conducted among Institutional Investors who plan to acquire the Shares for Sale in the Institutional Offering. Investors interested in participating in the Order Book building process shall submit binding Declarations, specifying the number of the Shares for Sale they wish to acquire and the price they are prepared to pay for them.

The following rules shall govern the Order Book building process, including the initial allotment of the Shares for Sale:

- Declarations may be placed for no more than the total number of the Shares for Sale in the Public Offering. Declarations for a number of Shares larger than the number offered in the Public Offering shall be deemed Declarations for the total number of the Shares for Sale in the Public Offering;
- The offered price shall fall within the Price Range. Declarations with a price outside of the Price Range shall be deemed invalid;
- The Order Book, containing a list of investors and the number of shares which they are prepared to acquire, shall be drawn up based on the submitted Declarations; and
- Discretionary initial allotment (Initial Allotment List), i.e. a list of investors and the number of shares initially allotted to them, shall be made based on the Order Book.

The Declarations submitted in the Order Book building process shall be accepted by the Offeror and Millenium Dom Maklerski SA.

The submitted Declarations shall be binding on the investors.

A Declaration shall contain details enabling identification of the investor, indicate the price offered by the investor and the number of Shares the investor wishes to acquire. The Declaration form and the manner of submission shall be defined by the brokerage house which accepts the Declarations. In the case of the Offeror, the information on the Declaration form and the manner of submission shall be made available during the Order Book building process at the Offeror's registered office, at ul. Emilii Plater 53, Warsaw, Poland, or at a phone number (+48 22) 520 9999, and in the case of Millenium Dom Maklerski SA the information may be obtained by telephone or personally at the Customer Service Points.

Information on the initial allotment of the Shares for Sale according to the Initial Allotment List shall be sent to the investor by fax or by other means as agreed between the investor and the brokerage house participating in the Order Book building process. The information shall only refer to the result of the allotment related to the Declarations submitted by a given investor. It shall be delivered no later than by 11.00 am on the first day of acceptance of subscription orders in the Institutional Offering. No changes shall be made in the Initial Allotment List after the information on the results of the Order Book building process is sent to the investor. If the investor is not allotted any shares, the investor shall be sent no information on the results of the initial allotment.

Declarations submitted by investment fund companies in their own name, separately for the individual investment funds managed by them, shall constitute Declarations by separate investors for the purpose of this Prospectus.

It should be noted that by submitting a correctly filled in Declaration, an investor undertakes to submit a subscription order for the number of the Shares for Sale stated in the Initial Allotment List and to pay for the Shares for Sale:

- at the time defined in this Prospectus;
- for the number equal to the number set forth in the Initial Allotment List, with the proviso that this number will not be higher than the number declared by an investor in the Declaration; and
- at the Selling Price, which shall be lower than or equal to the price indicated in the Declaration.

Placement of a subscription order and payment for the number of the Shares for Sale specified in the Initial Allotment list within the subscription period in the Institutional Offering shall be deemed a discharge of the investor's obligations under the submitted Declaration.

The obligation resulting from the initial allotment may not be higher than the number of Shares specified by the investor in the Declaration. The investor's failure to perform the above obligation may result in liability to damages under the general provisions of the Polish Civil Code.

During the Order Book building process, the investor shall have the right to change the submitted Declaration. In such a case, the initial Declaration should be revoked, and then the investor should submit a new Declaration. In addition, the investor shall have the right to cancel the submitted Declaration, however, no later than on the date of closing the Order Book building process. A submitted Declaration shall not oblige the Selling Shareholder to make an initial allotment of the Shares for Sale to the investor.

The Selling Price and the number of the Shares for Sale in the individual offerings shall be determined based on the Order Book. In particular, the Order Book shall serve as basis for defining the number of Shares in the Additional Offering.

The contents of the Order Book shall not be made public.

The Selling Shareholder may decide to abandon or cancel the Order Book building process. Information on abandonment or cancellation of the Order Book building process shall be published in a Current Report promptly after such a decision is made. In the event of abandonment, cancellation or change of schedule of the Order Book building process, any obligations of the participating investors shall expire, as shall the obligations of the investors who are not sent information on the initial allotment results by the date specified in this Section, i.e. by 11.00 am on the first day for acceptance of subscription orders in the Institutional Offering.

Rules Governing Placement of Subscription Orders in the Institutional Offering

The number of the Shares for Sale in a subscription order should not exceed the total number of the Shares for Sale in the Institutional Offering. Subscription orders for a number of the Shares for Sale larger than the number of the Shares for Sale in the Institutional Offering shall be deemed subscription orders for the total number of the Shares for Sale in the Institutional Offering.

Subscription orders for the Shares for Sale shall contain the information specified in the subscription order form included in Appendix 6.

Any consequences of submitting an incorrectly filled-in or incomplete subscription form shall be borne by the person placing the subscription order.

As evidence of subscription order acceptance, the person subscribing for the Shares for Sale shall receive one copy of the submitted subscription order. The subscription order for the Shares for Sale shall be irrevocable, unconditional and may not contain any reservations.

The scope and form of documents required when placing a subscription order and the rules of acting through a proxy should be in accordance with the procedures applied by the brokerage house which accepts the subscription orders. One person may hold an unlimited number of powers of proxy.

While placing a subscription order for the Shares for Sale, an investor may simultaneously submit an irrevocable deposit instruction, being a part of the subscription order form, which will enable the shares allotted to the investor to be deposited in the investor's securities account indicated by the investor.

A deposit instruction shall include:

- Personal data on the person submitting the deposit instruction;
- The name of the brokerage house, bank conducting brokerage activities or bank maintaining securities accounts, as well as the name and number of the securities account in which all allotted shares are to be deposited, and
- The investor's undertaking to personally notify the entity accepting the subscription order of any change concerning the investor's securities account.

Any consequences of submitting an incorrectly filled-in deposit instruction shall be borne by the investor.

The deposit instruction shall be irrevocable, unconditional and may not contain any reservations.

A subscription order for the Shares for Sale and a deposit instruction may also be submitted by telephone or *via* the Internet, provided that the regulations effective at the brokerage house which accepts these documents permit the use of this submission method.

Subscription orders for the Shares for Sale in the Institutional Offering shall be accepted at the Offeror's registered office at ul. Emilii Plater 53, Warsaw, Poland, and at Millenium Dom Maklerski SA's Customer Service Points listed in Appendix 8 to this Prospectus.

13.2.7. Period for which Investors are Bound by the Subscription Orders

A person placing a subscription order for the Shares for Sale shall be bound by the subscription order until the day when the Selling Shareholder allots the Shares for Sale, unless prior to that day the Selling Shareholder announces that the Public Offering has been abandoned.

13.2.8. Confirmations of Acquisition of the Shares for Sale

No later than seven days from the date when the Shares for Sale are allotted and provided that they have been registered with the Polish NDS, the investors who did not submit instructions to deposit the Shares for Sale in their securities accounts may receive a confirmation of acquisition of the Shares for Sale from the Customer Service Points which accepted the subscription orders; the confirmation shall specify in particular the securities' ISIN codes. If the Shares for Sale fail to be registered with the Polish NDS by the allotment date, the Customer Service Points shall commence to issue confirmations of acquisition within seven days from the registration of the Shares for Sale with the Polish NDS.

Investors who submit share deposit instructions for the Shares for Sale when placing a subscription order for the Shares for Sale shall be informed of crediting the Shares for Sale to their securities accounts by the brokerage houses maintaining their accounts, by the date provided for in the rules of procedure applied by such brokerage houses.

13.2.9. Payment for the Shares for Sale

Legal Regulations Concerning Payments

Pursuant to the Act on Prevention of Money Laundering Practices and Financing of Terrorism (consolidated text: Dz. U. of 2003, No. 153, item 1505, as amended), dated November 16th 2000, an institution at which a customer places a subscription order (instruction) to execute a transaction whose value is in excess of the equivalent of EUR 15,000, either as a single transaction or a series of transactions, if the circumstances indicate that the transactions are related, is required to record such a transaction. This requirement applies also to the transactions in the case of which the circumstances indicate that the funds may have been derived from illegal or undisclosed sources, regardless of the transaction value and nature. In performance of the requirement, the brokerage house checks the identity of its customers each time a written, oral or electronic order is made. The checking includes:

- for natural persons and their representatives – establishing and recording data concerning the document which, under separate regulations, confirms the identity of the holder, or the passport; establishing and recording forename and surname, citizenship and address of the person concluding a transaction; if an identity document is presented, establishing and recording personal identification number (PESEL) and in the case of a passport – code of the country; and establishing and recording forename, surname and address of the person on whose behalf or for whose benefit the transaction is being concluded;
- for legal persons – recording current information from a relevant excerpt from a court register or other document specifying the company name, form of incorporation of such a legal person, its registered offices and a current address; and from a current document confirming authorisation of the person concluding a transaction to

represent such a legal person and such information concerning the person acting as a representative as specified above; and

- for non-incorporated organisations – recording information from the document specifying their form of organisation and registered offices; recording information from the document confirming authorisation of persons concluding the transaction to represent such an entity and such information concerning the person acting as a representative as specified above.

The brokerage house forwards the information on the transaction recorded in accordance with the rules described above to the General Inspector for Financial Information.

In the event of a transaction which gives rise to a reasonable suspicion that it is related to criminal activity referred in Art. 299 of the Polish Criminal Code, the entity accepting the subscription order sends a relevant notification to the General Inspector for Financial Information.

A transaction is understood as a cash or non-cash deposit or withdrawal, including bank transfer between various accounts held by one owner (with the exception of transfer to a time deposit), international bank transfer, foreign exchange, transfer of ownership and possession of financial assets, including placing the assets on consignment or pledge and transfer of financial assets between accounts held by one customer, conversion of debt into equity, made in one's own or a third party's name, and on one's own or a third party's behalf.

Detailed Rules Concerning Payment for the Shares for Sale and Payment Dates

Retail Offering

Payment for the Shares for Sale subscribed for must be made in full and in such a manner so that it is credited to the account of the brokerage house which accepts the subscription order no later than at the time of placing the subscription order. Information on the number of the account to which the payment should be made will be available at the brokerage house which accepts subscription orders in the Retail Offering.

Payment for the Shares for Sale must be made in cash or by a transfer to the bank account referred to above, in the Polish currency.

The amount of payment should be equal to the product of the number of the Shares for Sale the investor intends to subscribe for and the maximum price from the Price Range.

Institutional Offering

Payment for the Shares for Sale subscribed for must be made in full and in such a manner so that it is credited to the account of the brokerage house which accepts the subscription order no later than on the last day of the period for acceptance of subscription orders in the Institutional Offering. Information on the number of the account to which the payment should be made shall be available at the brokerage house which accepts subscription orders in the Institutional Offering.

Payment for the Shares for Sale must be made by a bank transfer, in the Polish currency.

The amount of payment should be equal to the product of the number of the Shares for Sale subscribed for and the Selling Price.

13.2.10. Legal Consequences of Failure to Make a Timely or Full Payment for the Shares for Sale

Retail Offering

Each subscription order for the Shares for Sale must be paid up in full when placed. A Retail Investor who fails to make such a payment shall not be able to place a subscription order. A Retail Investor may place a subscription order only for the number of the Shares for Sale which is the quotient of the payment made and the maximum price from the Price Range. Accordingly, there shall be no cases of failure to make a timely or full payment for the Shares for Sale in the Retail Offering.

Institutional Offering

In the Institutional Offering, a subscription order is, at the time it is placed, valid regardless of whether it was paid up or not. Investors who fail to make a timely payment for the Shares for Sale shall not be allotted the Shares for Sale. If an investor makes an insufficient payment, the Selling Shareholder may, at its own discretion:

- not allot any Shares for Sale to such an investor; or
- allot to such an investor any number of the Shares for Sale, however no larger than the quotient of the payment and the Selling Price, subject to the provision that no fractional shares shall be allotted.

Any claims raised in connection with failure to meet the obligation to make a timely and full payment for the Shares for Sale shall be enforced in accordance with the general rules under of the Polish Civil Code.

13.2.11. Allotment of the Shares for Sale

Following the period for placing subscription orders in the Retail Offering and Declarations in the Institutional Offering, the Selling Shareholder shall, at its own discretion and in consultation with the Offeror, determine the number of the Shares for Sale in the Additional Offering and the ultimate number of the Shares for Sale, shall make transfers, if any, of shares between the Retail Offering and the Institutional Offering, shall determine the ultimate number of the Shares for Sale in each of the offerings, and shall announce the ultimate number of the Shares for Sale in each of the offerings in a Current Report.

The information on the ultimate number of the Shares for Sale and the number of the Shares for Sale in the Retail Offering and the Institutional Offering shall be published in a Current Report, no later than on the next Business Day following the date on which the relevant decision is made.

The Selling Shareholder shall not be obliged to balance the level of allotment of the Shares for Sale in the offerings. When making a transfer, if any, of shares between the Retail Offering and the Institutional Offering, the Selling Shareholder shall take into account the demand for the Shares for Sale declared in the Retail Offering and the demand declared in the process of the Order Book building.

Allotment of the Shares for Sale in the Retail Offering

The Shares for Sale shall be allotted within five Business Days after the last day of the period for placing subscription orders in the Institutional Offering.

The Shares for Sale shall be allotted on the basis of subscription orders, duly submitted and paid for in accordance with the rules specified in this Chapter.

If the number of the Shares for Sale subscribed for in the Retail Offering exceeds the number of the Shares for Sale available in the Retail Offering, subject to transfers, if any, between the offerings, the number of the Shares for Sale allotted to each of the investors in this offering shall be reduced proportionately.

In accordance with the above rule, the number of the Shares for Sale to be allotted shall be reduced proportionately and rounded down to the nearest integer, and the remaining individual Shares for Sale shall be allotted to those investors who subscribed for the largest number of the Shares for Sale.

Allotment of the Shares for Sale in the Institutional Offering

The investors participating in the Order Book building process who were initially allotted the Shares for Sale, shall be allotted a number of the Shares for Sale specified in the Initial Allotment List, provided that they place subscription orders and make full payments for the Shares for Sale. If such investors place subscription orders for a number of the Shares for Sale which exceeds the number specified in the Initial Allotment List, the Selling Shareholder shall allot the Shares for Sale which are not covered by the Initial Allotment List at its own discretion.

If an investor places a subscription order for a number of the Shares for Sale which is lower than the number resulting from the Initial Allotment List, the Shares for Sale shall be discretionarily allotted to the investor.

The Shares for Sale shall be allotted to the investors who do not participate in the Order Book building process at the discretion of the Selling Shareholder, acting in consultation with the Offeror.

If an investor makes an insufficient payment, the Selling Shareholder may, at its own discretion:

- not allot any Shares for Sale to such an investor, and
- allot to such an investor any number of the Shares for Sale, however no larger than the quotient of the payment and the Selling Price, subject to the proviso that no fractional shares shall be allotted.

Any claims raised in connection with failure to meet the obligation to make a timely and full payment for the Shares for Sale shall be enforced in accordance with the general rules under of the Polish Civil Code.

13.2.12. Abandonment of the Public Offering

The Selling Shareholder may abandon the Public Offering at any time prior to its opening, without being obliged to provide the reason for its decision. In such an event, the Selling Shareholder may organise another public offering on the terms described in this Prospectus at a different date, provided that it does not continue past the term of this Prospectus.

The Selling Shareholder may abandon the Public Offering after its opening only for important reasons. Such important reasons include: (i) sudden and unexpected change in the global or domestic economic or political situation, which may have an adverse effect on the financial markets, national economy or the Company's business prospects, including those covered by the Management Board's forecasts and warranties contained in this Prospectus, (ii) sudden and unexpected changes which have a direct effect on the Company's operating activities, (iii) the Selling Shareholder's decision to abandon or cancel the Order Book building process after it was opened.

Any change in the opening and/or closing dates of the Public Offering shall not be deemed an abandonment of the Public Offering.

The Selling Shareholder shall notify of the abandonment of the Public Offering promptly after a relevant decision is made. Information on the abandonment of the Public Offering shall be published in a Current Report, promptly after such an event occurs.

13.2.13. Unsuccessful Public Offering

The Public Offering comprises already existing shares. The Offering shall be unsuccessful only if no Offered Share is duly subscribed and paid for in accordance with the rules set forth in Section 13.2.9 of this Chapter III, or in the event that the Selling Shareholder does not make the allotment of the Shares for Sale in spite of subscription orders having been duly placed.

13.2.14. Announcement of Successful or Unsuccessful Public Offering

Information on the Public Offering being successful or unsuccessful shall be published in a Current Report, promptly after any of the events described in Section 13.2.12 of this Chapter III occurs. Information on the issue being unsuccessful shall be published in the daily in which the Summary Prospectus was published.

Information on the Public Offering being successful shall be published in a Current Report forthwith upon the successful allotment of the Shares for Sale.

13.2.15. Return of Funds

The amounts paid shall be returned in accordance with relevant instructions contained in the subscription order within seven days from the announcement of the Offering being unsuccessful, should this be the case, or the allotment of the Shares for Sale to the investors who have been allotted no Shares for Sale or a number of Shares for Sale reduced in relation to the number indicated in their subscription orders.

In the event that the Selling Price has been established below the upper limit of the Price Range, the funds overpaid by retail investors shall be returned in accordance with relevant instructions contained in the subscription order within seven days from the allotment of the Shares for Sale.

Only the amounts paid for the Shares for Sale shall be returned. The amounts shall be returned without any interest, compensation or reimbursement of expenses incurred by an investor in connection with the subscription orders for the Shares for Sale. No interest or compensation shall be paid with respect to the amounts timely returned. In the case of Institutional Investors, the amounts shall be returned solely by way of a bank transfer.

13.3. Incentive Scheme

13.3.1. General Information

The following shares shall be offered pursuant to this Prospectus as part of the Incentive Scheme and the conditional share capital increase:

- up to 3,193,550 Series B Shares with par value of PLN 1.00 per share, offered to holders of Series A Bonds as part of the Incentive Scheme;
- up to 3,193,550 Series C Shares with par value of PLN 1.00 per share, offered to holders of Series B Bonds with as part of the Incentive Scheme.

The Incentive Shares are issued to be offered to the holders of Bonds with pre-emptive rights, pursuant to the rules provided for in the Incentive Scheme Resolution. The Incentive Scheme Resolution and the amendments thereto are attached as Appendices 3.1, 3.2 and 3.3 to this Prospectus.

Pursuant to the Incentive Scheme Resolution, the Issuer shall issue an aggregate of 255,484 registered bonds with pre-emptive rights in two series:

- 127,742 Series A Bonds with par value of PLN 0.01 (one grosz) per bond. One Series A Bond shall confer pre-emptive rights to subscribe for and acquire 25 (twenty-five) Series B Shares;
- 127,742 Series B Bonds with par value of PLN 0.01 (one grosz) per bond. One Series B Bond shall confer pre-emptive rights to subscribe for and acquire 25 (twenty-five) Series C Shares.

13.3.2. Issue Price of Incentive Shares

Issue Price of Series B Shares

The issue price per Series B Share shall be set by the Supervisory Board in the following way: it is to be equal to the Selling Price adjusted for exercised rights attached to Series A Shares (e.g. payment of dividend and exercise of pre-emptive rights to new shares), but in no event shall be lower than the par value. The adjustment is necessary in order to counterbalance any corporate action, beyond the Entitled Persons' control (e.g. payment of dividend or increase in share capital upon the exercise of pre-emptive rights), which may have an adverse effect on Series B Shares' market price and as a consequence, may negate the motivational nature of the Incentive Scheme. The Company hopes to thus ensure that the final value of the option, understood as the difference between the issue price and the market price of Series B Shares, will be determined only by objective market factors and the Company's performance.

The issue price of Series B Shares shall be published in a Current Report no later than seven days prior to the beginning of the First Option Exercise Period.

Issue Price of Series C Shares

The issue price per Series C Share shall be set by the Supervisory Board in the following way: it is to be equal to the weighted average of the prices of the Shares on the Warsaw Stock Exchange in November 2005, adjusted for exercised rights attached to the Shares (e.g. payment of dividend and exercise of pre-emptive rights to new shares), but in no event shall be lower than the par value. The adjustment is necessary in order to counterbalance any corporate action, beyond the Entitled Persons' control (e.g. payment of dividend or increase in share capital upon the exercise of pre-emptive rights), which may have an adverse effect on Series C Shares' market price and as a consequence, may negate the motivational nature of the Incentive Scheme. The Company hopes to thus ensure that the final value of the option, understood as the difference between the issue price and the market price of Series B Shares, will be determined only by objective market factors and the Company's performance.

The issue price of the Series C Shares shall be published in a Current Report at least seven days prior to the beginning of the Second Option Exercise Period.

13.3.3. Persons Entitled to Acquire Incentive Shares

Only the holders of the Series A Bonds shall be entitled to acquire the Series B Shares in exercise of their pre-emptive rights.

Only the holders of the Series B Bonds shall be entitled to acquire the Series C Shares in exercise of their pre-emptive rights.

13.3.4. Dates of Incentive Shares Issue

The holders of Series A Bonds shall have the right to subscribe for and acquire the Series B Shares before the Company Shareholders during the First Option Exercise Period, commencing on January 1st 2008 and ending on December 31st 2008 (inclusive).

The holders of the Series B Bonds shall have the right to subscribe for and acquire the Series C Shares before the Company Shareholders during the Second Option Exercise Period, commencing on January 1st 2009 and ending on December 31st 2009 (inclusive).

Detailed information on the subscription period for Incentive Shares shall be defined in the terms and conditions of the Bonds or in Resolutions of the Company's Supervisory Board, and published in a Current Report.

13.3.5 Place for Submitting Subscription Orders for Incentive Shares

Subscription orders for the Series B Shares and the Series C Shares shall be accepted at the registered office of CA IB Securities SA, ul. Emilii Plater 53, Warsaw, Poland.

13.3.6. Rules Governing Placement of Subscription Orders for the Incentive Shares

The number of Series B shares which may be subscribed for by an Entitled Person shall equal the number of Series A Bonds held by that Entitled Person, multiplied by 25. One Series A Bond confers the right to acquire 25 Series B Shares.

The number of Series C shares which may be subscribed for by an Entitled Person shall equal the number of Series B Bonds held by that Entitled Person, multiplied by 25. One Series B Bond confers the right to acquire 25 Series C Shares.

Each Entitled Person placing a subscription order for the Incentive Shares shall submit a certificate of deposit, confirming that the Person has acquired Bonds entitling that person to place a subscription order for the Incentive Shares.

The person accepting the subscription order shall verify the consistency of the submitted certificate of deposit with the entries in the Bondholders register maintained by the brokerage house mandated to provide such services under an agreement with the Issuer.

The subscription order for the Incentive Shares shall include in particular the following information:

1. name of the Entitled Person,
2. place of residence,
3. address for correspondence,
4. for Residents: PESEL (personal identification number), ID or passport number; for Non-Residents – passport number, country code, citizenship,
5. number of bonds conferring the Pre-Emptive Rights to the Incentive Shares;
6. number and series of the Incentive Shares being subscribed for,
7. issue price of the relevant series of the Incentive Shares,
8. amount of payment for the Incentive Shares,
9. method of payment,
10. bank or investment account to which a return of the payment (if any) shall be made,
11. undertaking to inform the entity accepting the subscription order of any changes of the bank/investment account of the person submitting the subscription order,
12. representation by the Entitled Person to the effect that the Person is familiar with the Prospectus, the Articles of Association of the Company, and the terms of the Incentive Scheme, accepts the contents of the Articles of Association and the terms of the Incentive Shares,
13. data and signature of the brokerage house employee accepting the subscription order,
14. signature of the person submitting the subscription order or his/her proxy.

Entitled Persons placing subscription orders should express their consent for the processing of their personal data to the extent necessary to issue the Incentive Shares and to perform the Issuer's obligations under the law and other relevant regulations.

The personal data administrators (as defined in the personal data protection regulations) shall be the Offeror and the Issuer. The person placing the subscription order shall have the right to review his/her personal data. If such person acts through a proxy, the brokerage house accepting the subscription order shall maintain the personal data of the proxy.

As evidence of subscription order acceptance, the person subscribing for the Incentive Shares shall receive one copy of the submitted subscription order. Any consequences of submitting an incorrectly filled-in subscription order form for the Incentive Shares shall be borne by the person placing the subscription order. The subscription orders for the Incentive Shares shall be unconditional, may not include any reservations and shall be irrevocable for the duration of the period for which the person placing the subscription order remains bound by the placed subscription order.

The Entitled Person shall present a document confirming his/her identity and the acquisition of the Bonds conferring the pre-emptive right to the Incentive Shares which is exercised by that Person.

The person placing a subscription order for the Incentive Shares may simultaneously submit an irrevocable deposit instruction which will enable the Incentive Shares allotted to this person to be deposited in the investor's securities account indicated by the person.

A deposit instruction shall include:

- Personal data on the person submitting the deposit instruction;
- The name of the brokerage house, bank conducting brokerage activities or bank maintaining securities accounts, as well as the name and number of the securities account in which all the allotted Incentive Shares of the relevant series are to be deposited; and
- The investor's undertaking to personally notify the entity accepting the subscription order of any change concerning the investor's securities account.

Any consequences of submitting an incorrectly filled-in or incomplete deposit instruction shall be borne by the investor.

The deposit instruction shall be irrevocable, unconditional and may not contain any reservations.

13.3.7. Acting through a Proxy

While placing subscription orders for Incentive Shares and performing other actions related to subscribing for the shares, the Entitled Person may act through a duly authorised proxy.

The person acting as a proxy should present the power of proxy issued by the Entitled Person at the brokerage house accepting the subscription order. The powers of proxy should be in writing. Detailed rules governing acting through proxies are defined in the rules of procedure applied by the brokerage houses where the subscription orders are placed.

13.3.8 Period for which Entitled Persons Remain Bound by the Placed Subscription Orders

The Entitled Person shall be bound by the subscription order placed for the Incentive Shares until the relevant series of the Incentive Shares is registered at the Polish NDS.

13.3.9. Payment for the Incentive Shares

Legal Regulations Concerning Payments

Pursuant to the Act on Prevention of Money Laundering Practices and Financing of Terrorism (consolidated text: Dz. U. of 2003, No. 153, item 1505, as amended), dated November 16th 2000, an institution at which a customer places a subscription order (instruction) to execute a transaction whose value is in excess of the equivalent of EUR 15,000, either as a single transaction or a series of transactions, if the circumstances indicate that the transactions are related, is required to record such a transaction. This requirement applies also to the transactions in the case of which the circumstances indicate that the funds may have been derived from illegal or undisclosed sources, regardless of the transaction value and nature. In performance of the requirement, the brokerage house checks the identity of its customers each time a written, oral or electronic order is made. The checking includes:

- for natural persons and their representatives – establishing and recording data concerning the document which, under separate regulations, confirms the identity of the holder, or the passport; establishing and recording forename and surname, citizenship and address of the person concluding a transaction; if an identity document is presented, establishing and recording personal identification number (PESEL) and in the case of a passport – code of the country; and establishing and recording forename, surname and address of the person on whose behalf or for whose benefit the transaction is being concluded;
- for legal persons – recording current information from a relevant excerpt from a court register or other document specifying the company name, form of incorporation of such a legal person, its registered offices and a current address; and from a current document confirming authorisation of the person concluding a transaction to represent such a legal person and such information concerning the person acting as a representative as specified above; and
- for non-incorporated organisations – recording information from the document specifying their form of organisation and registered offices; recording information from the document confirming authorisation of persons concluding the transaction to represent such an entity and such information concerning the person acting as a representative as specified above.

The brokerage house forwards the information on the transaction recorded in accordance with the rules described above to the General Inspector for Financial Information.

In the event of a transaction which gives rise to a reasonable suspicion that it is related to criminal activity referred in Art. 299 of the Polish Criminal Code, the entity accepting the subscription order sends a relevant notification to the General Inspector for Financial Information.

A transaction is understood as a cash or non-cash deposit or withdrawal, including bank transfer between various accounts held by one owner (with the exception of transfer to a time deposit), international bank transfer, foreign exchange, transfer of ownership and possession of financial assets, including placing the assets on consignment or pledge and transfer of financial assets between accounts held by one customer, conversion of debt into equity, made in one's own or a third party's name, and on one's own or a third party's behalf.

Detailed Rules Concerning Payment for the Incentive Shares and Payment Dates

Payment for the Incentive Shares subscribed for must be made in full and in such a manner so that it is credited to the account of the brokerage house which accepts the subscription order no later than at the time of placing the subscription order. Information on the number of the account to which the payment should be made will be available at the registered office of CA IB Securities SA at ul. Emilii Plater 53, Warsaw, Poland.

Payment for Incentive Shares must be made in cash or by a bank transfer to the bank account specified above, in the Polish currency.

The amount of the payment should be equal to the product of the number of Series B Shares subscribed for and the issue price of Series B Shares.

The amount of the payment should be equal to the product of the number of Series C Shares subscribed for and the issue price of Series C Shares.

If an Entitled Person fails to make payment for the Incentive Shares in accordance with the rules defined in this Prospectus, the subscription order placed by that investor for the Incentive Shares shall be deemed invalid.

If an Entitled Person fails to make payment for the Incentive Shares in accordance with the relevant rules, that person shall retain the right to place another subscription order in exercise of the rights attached to the Bonds conferring the pre-emptive rights to acquire Incentive Shares.

13.3.10. Allotment of the Incentive Shares

Given the nature of the offering, no formal allotment shall take place as the sole fact of placing a subscription order shall have the effect of allotment and share capital increase. The Issuer's conditional share capital increase shall become unconditional upon recording Series B Shares or Series C Shares, as the case may be, in the account of an Entitled Person.

In order to update the entry of the share capital in the relevant register, the Management Board is obliged to promptly submit to the Registry Court a list of the acquired Shares, within a week after the end of each successive month, as of the date of their initial entry in the securities account or in the Issue Sponsor's account.

If the Management Board fails to file a list of the acquired Shares with the competent court with a view to updating the entry, the Registry Court may enforce the making of the entry under Art. 24 *et seq.* of the National Court Register Act under pain of a fine.

13.3.11. Invalidity of Subscription Orders

If an investor fails to pay for the submitted subscription order by the set deadline or to make a full payment; the subscription order shall be invalid.

13.3.12. Abandonment of the Offering of Incentive Shares

At any time prior to its commencement, the Issuer may abandon the offering of Incentive Shares. Information to this effect shall be published in a Current Report.

13.3.13. Unsuccessful Issue of the Incentive Shares

The issue of Series B Shares shall be unsuccessful if:

- the issue of Series A Bonds is not effected or is unsuccessful,
- no Series B Share is duly subscribed and paid for in accordance with the rules set forth in this Prospectus,

The issue of Series C Shares shall be unsuccessful if:

- the issue of Series B Bonds is not effected or is unsuccessful,
- no Series C Share is duly subscribed and paid for in accordance with the rules set forth in this Prospectus,

13.3.14. Announcement of Successful or Unsuccessful Issue of the Incentive Shares

The Management Board shall announce the issue of the Incentive Shares being successful or unsuccessful within 14 days from the date on which the acceptance of subscription orders is closed, if the issue is unsuccessful because no Incentive Share of a relevant series is acquired and duly paid for, or immediately, if the issue of Series B Shares and Series C Shares is unsuccessful for other reasons specified in Section 13.3.12. The information on the issue being successful or unsuccessful shall be published in a Current Report, and the announcement of unsuccessful issue shall be published in the daily in which the Summary Issue Prospectus has been published.

13.3.15. Return of Payments

Given the nature of the issue (issue through conditional share capital increase), there shall be no situation in which the issue is unsuccessful after the subscription orders are placed and duly paid for.

The amounts paid shall be returned only if the subscription order is invalid, within 14 days from the date on which the acceptance of subscription orders is closed.

The amounts paid in respect of the subscription orders for the Incentive Shares shall be returned in accordance with the relevant instructions contained in the subscription order form. The amounts paid shall be returned without any interest or compensation within five Business Days from the submission of an invalid subscription order.

14. Company's Intentions Relating to Secondary Trading in Shares

14.1. Shares for Sale

Immediately after the allotment of the Shares for Sale, the Issuer, subject to prior registration of the Shares with the Polish NDS and approval by the Management Board of the WSE, acting on behalf of the Supervisory Board of the WSE, of the Issuer's application for the admission of the Shares to trading on the WSE, shall apply to the Management Board of the WSE for the introduction of the Shares to trading. The Issuer's intention is that the trading in the Shares commences no later than on the fifth Business Day after the date of allotment of the Shares for Sale.

14.2. Incentive Shares

Series B Shares and Series C Shares shall be introduced to stock-exchange trading as they are acquired by the Entitled Persons.

The Management Board shall make every effort to ensure that Series B Shares and Series C Shares are introduced to stock-exchange trading as soon as possible. The Company shall publish information on the decisions on and dates of the introduction of Series B Shares and Series C Shares to trading on the WSE in Current Reports.

15. Information that the Issuer will not Finance the Purchase or Acquisition of the Shares for Sale or the Incentive Shares

The Issuer will not grant any loans, security, or advance payments or otherwise finance, directly or indirectly, the purchase or acquisition of the Shares for Sale or the Incentive Shares.

16. Information Concerning Bonds

16.1. Series, Number and Total Value of Bonds

As part of the Incentive Scheme, the Issuer will issue 127,742 series A registered bonds, with a par value of PLN 0.01 (one grosz) per bond, each conferring the pre-emptive right to subscribe for 25 series B ordinary bearer shares and 127.742 series B registered bonds with a par value PLN 0.01 (one grosz), each conferring the pre-emptive right to subscribe for 25 series C ordinary bearer shares. The total value of the Bonds will amount to PLN 2,554.84. The issue price will not be equal to the par value of the Bonds. The Issuer's proceeds from the issue of Bonds will amount to PLN 2,554.84. The Bonds will be unsecured and will carry no preference. In the initial Offering, the Bonds will be acquired by the Trustee. The right to dispose of the Bonds will be restricted and the Trustee will be entitled to dispose of

and transfer the Bonds only to the Entitled Persons. The Entitled Persons will not have the right to dispose of the Bonds. If the Shares are not issued, the right to the shares will be transformed into the right to receive a cash amount equal to the market value of the shares as at the date of the scheduled issue.

16.2. Legal Basis for the Issue of Bonds

The Bonds will be issued on the basis of the Bonds Act and the Incentive Scheme Resolution. Pursuant to the Incentive Scheme Resolution, the Issue documents, including the terms and conditions of the issue, will be approved by the Company's Supervisory Board. The Bonds will not be introduced into public trading.

The relevant part of the unified Incentive Scheme Resolution is as follows:

“Par 2. Issue of Bonds

1. *The Company shall issue the total of 255,484 registered Bonds in two series:*
 - (i) *127,742 Series A registered Bonds, with a par value of PLN 0.01 (one grosz) per bond, conferring the right to subscribe for the Series B ordinary bearer shares before the Company shareholders; and*
 - (ii) *127,742 Series B registered Bonds, with a par value of PLN 0.01 (one grosz) per bond, conferring the right to subscribe for the Series C ordinary bearer shares before the Company shareholders.*
2. *The total par value of the Series A Bonds shall be PLN 1,277.42. The total par value of the Series B Bonds shall be PLN 1,277.42. The total par value of the Bonds shall be PLN 2,554.84.*
3. *The Bonds shall be zero-coupon bonds.*
4. *If the shares are not delivered to the Bondholders by the time set forth in the Bonds, the pre-emptive rights to the shares shall be transformed into the rights to receive a cash amount equal to the market value of the shares as at the scheduled delivery date, less the issue price of the shares.*
5. *The Series A Bonds shall be redeemed by the Company on January 2nd 2009. The redemption of the Bonds by the Company shall be effected through a payment of the amount equal to the par value of the Bonds.*
6. *The Series B Bonds shall be redeemed by the Company on January 2nd 2010. The redemption of the Bonds by the Company shall be effected through a payment of the amount equal to the par value of the Bonds.*
7. *The Bonds shall be dematerialised. The rights attached to the Bonds shall accrue as of the relevant entry being made in the Bonds register by the bank or brokerage house and shall inure to the benefit of the person designated in the Bonds register as the holder of the Bond.*
8. *The Bonds shall be unsecured within the meaning of the Bonds Act of June 29th 1995 (Dz. U. of 2001, No. 120, item 1300, as amended), (hereinafter referred to as the „Bonds Act”).*

Par. 3. Rules Governing the Offering of Bonds

1. *The Bonds shall be offered by way of purchase offers, in accordance with Art. 9.3 of the Bonds Act. The Issue of the Bonds shall be effected through making purchase offers to the entity acting as the trustee (hereinafter referred to as the „Trustee”).*
2. *The date of making offers to acquire the Bonds, as well as the deadline for accepting the offers by the Trustee, shall be set forth in the terms and conditions of the Bonds. The Bonds shall be allotted to the Trustee by the Management Board.*
3. *The issue price of the Bonds shall be equal to their par value.*
4. *The issue date of the Bonds shall be the date when the Bonds, having been paid up in full, are entered into the relevant register.*

Par. 4. Limitations and Rules Governing Disposal of Bonds

1. *The Trustee may dispose of and transfer the Bonds only to the Entitled Persons. The Entitled Persons shall not have the right to dispose of the Bonds.*
2. *The offer to purchase the Bonds shall be delivered by the Trustee to the Entitled Person within one week of the date when the Trustee is provided by the Company with the list of Entitled Persons.*
3. *The notice of acceptance of the offer to purchase the Bonds may be placed with the Trustee by the Entitled Persons not earlier than on the first and not later than on the last day of the Option Exercise Period for the Bonds of a given series.*

4. *The Trustee shall dispose of the Bonds to the Entitled Persons at the price equal to their par value.*
5. *The acceptance of the offer to purchase the Bonds shall be effective provided that the Bonds are paid for in full at the time of placing the notice of acceptance; the payment to be made by transferring a proper amount to the Trustee's bank account specified in the offer to the Entitled Person. Those notices placed by the Entitled Persons which are not compliant with the terms specified in the Trustee's offer shall not be accepted.*

Par. 5. Entitled Persons

1. *The Persons Entitled to purchase the Series A Bonds shall be the members of the Company's Management Board, the management staff, and the persons of key importance to Eurocash SA, who are employed and perform their duties for three years as of December 1st 2004. The list of persons qualified as the Persons Entitled to purchase Series A Bonds shall be determined by virtue of a resolution of the Supervisory Board, by January 31st 2005. The list shall be the basis for specifying the persons to whom the Trustee shall be obliged to deliver the purchase offers for Series A Bonds. The final list of the Persons Entitled to purchase the Series A Bonds shall be established by virtue of a resolution of the Supervisory Board and delivered to the Trustee by December 15th 2007. The final list of the Entitled Persons shall include the persons who were on the list as at January 31st 2005, excluding the persons who ceased to be employed by the Company.*
2. *The Persons Entitled to purchase the Series B Bonds shall be the members of the Company's Management Board, the management staff, and the persons of key importance to Eurocash SA, who are employed and perform their duties for three years as of December 1st 2005. The list of persons qualified as the Persons Entitled to purchase the Series B Bonds shall be determined by virtue of a resolution of the Supervisory Board, by January 31st 2006. The list shall be the basis for specifying the persons to whom the Trustee shall be obliged to deliver the purchase offers for Series B Bonds. The final list of the Persons Entitled to purchase the Series B Bonds shall be established by virtue of a resolution of the Supervisory Board and delivered to the Trustee by December 15th 2008. The final list of the Entitled Persons shall include the persons who were on the list as at January 31st 2006, excluding the persons who ceased to be employed by the Company.*

Par. 6. Pre-Emptive Rights to Subscribe for Series B Shares

1. *The holders of the Series A Bonds shall have the right to subscribe for and acquire the Series B ordinary bearer shares, with a par value of PLN 1 per share, before the Company shareholders, during the First Option Exercise Period, beginning on January 1st 2008 and ending on December 31st 2008 (inclusive).*
2. *The Trustee shall not have the right to subscribe for and acquire the shares.*
3. *One Bond gives the pre-emptive right to subscribe for and acquire 25 (twenty-five) Series B shares.*
4. *The acquisition of the Series B shares in exercise of the pre-emptive right shall be effected in accordance with Art. 451 of the Polish Companies Act, by way of written notices submitted by the Bondholders on forms prepared by the Company, and through the payment of the Issue Price.*
5. *The Management Board is hereby obligated to submit the list of acquired Series B shares to the Company's Registry Court, in order to update the entry on the share capital in accordance with Art. 452 of the Polish Companies Act.*

Par. 7. Pre-Emptive Rights to Subscribe for Series C Shares

1. *The holders of the Series B Bonds shall have the right to subscribe for and acquire the Series C ordinary bearer shares, with a par value of PLN 1 per share, before the Company shareholders, during the Second Option Exercise Period, beginning on January 1st 2009 and ending on December 31st 2009 (inclusive).*
2. *The Trustee shall not have the right to subscribe for and acquire the shares.*
3. *One Bond gives the pre-emptive right to subscribe for and acquire 25 (twenty-five) Series C shares.*
4. *The acquisition of Series C shares in exercise of the pre-emptive right shall be effected in accordance with Art. 451 of the Polish Companies Act, by way of written notices submitted by the Bondholders on forms prepared by the Company, and through the payment of the Issue Price.*
5. *The Management Board is hereby obligated to submit the list of acquired Series C shares to the Company's Registry Court, in order to update the entry on the share capital in accordance with Art. 452 of the Polish Companies Act."*

16.3. Funds for Redemption of Bonds

The Bonds will be zero-coupon bonds. The redemption amount of PLN 2,554.84 will be financed with the Company's own funds.

16.4. Threshold of Successful Issue

The Incentive Scheme Resolution does not specify the successful issue threshold with respect to Series A and Series B Bonds.

16.5. Information on the Bank Trustee

No bank trustee will be appointed in connection with the issue of Bonds.