

DESCRIPTION OF SHARES

Set out below is a summary of certain information concerning the Shares and certain provisions of the Statutes, the Polish Commercial Code and the Law on Public Trading in effect as at the date hereof. This summary contains information which the Company considers to be material regarding the Shares, but does not purport to be complete.

General

As at the date hereof, the Company has 200 million issued Shares all of which are ordinary shares, Series A. At a shareholder's meeting attended by the State Treasury, the sole shareholder of the Company, the sole shareholder approved a shareholder's resolution dated 30th April, 1997, which increased the number of Shares (nominal value PLN 100) issued by the Company from 5.3 million Shares to 20 million Shares, thereby increasing the share capital of the Company by PLN 1.47 billion to PLN 2.00 billion and reducing the Company's reserve capital by a corresponding amount. In a further resolution the sole shareholder approved a 10 for 1 stock split which had the effect of increasing the number of issued Shares of the Company to 200 million and lowering the nominal value of each Share to PLN 10. These resolutions became effective on 16th May, 1997. All the Shares issued and outstanding at the date hereof are in bearer form, validly issued and fully paid and, after the Shares have been admitted to public trading in Poland, will be deposited in the book-entry system maintained by the National Securities Depository of Poland ("NSD"). Transfers of Shares are required by Polish legislation to be registered by the NSD and confirmation of the transfer is sent to the relevant broker.

Shareholders' rights in Polish companies are governed by the Polish Commercial Code and the relevant company's statute. In addition, the Law on Public Trading indirectly affects certain rights of shareholders of the Company.

Limited Liability; Voting Rights of Holders of Shares

Under the Polish Commercial Code, a shareholder's liability for a Polish joint stock company's losses is limited to the amount of the shareholder's investment in the company.

In accordance with the Company's statute (the "Statutes"), each Share entitles the holder thereof to one vote in all matters submitted to a vote of shareholders. In order to exercise its voting rights, a shareholder is required under the Polish Commercial Code to submit to the company, not less than seven days prior to the meeting at which such vote is to be taken, a deposit certificate, and such certificate must remain with the company throughout the meeting. A shareholder may apply for a deposit certificate from his or her broker. In such circumstances, the broker will block the shareholder's account and issue a deposit certificate registered in the name of the shareholder making the request.

Under the Polish Commercial Code, a resolution adopted by the shareholders of a Polish company may be subject to an appeal filed in a Polish commercial court if the resolution is alleged to be contrary to applicable Polish law or the statutes of the company. Such appeal may be filed by (i) any member of the supervisory board or the management board of the company, (ii) any shareholder of such company who did not receive valid notice of the meeting of shareholders at which such resolution was adopted, or proper notice of the shareholders' resolution that was adopted and, in either case, did not attend such meeting, (iii) any shareholder who attended such meeting of shareholders but, as recorded in the minutes of the company, voted against the resolution, or (iv) any shareholder who was denied access to such meeting of the shareholders. If the court determines that the resolution violates Polish law or the company's statutes, it can declare the shareholder resolution null and void.

Meetings of Shareholders

According to the Statutes, meetings of shareholders of the Company may be either ordinary meetings or extraordinary meetings. Ordinary meetings are held annually. The Statutes provide that extraordinary shareholders' meetings may be called by the Management Board on its own initiative, or at the written request of the Supervisory Board, or at the request of holders of at least 5 per cent. of the total number of issued Shares (the "5 per cent. Shareholders"). If, within two weeks of the request by the 5 per cent. Shareholders for an extraordinary meeting, the Management Board should fail to call the meeting, the meeting may be convened by the Supervisory Board. The 5 per cent. Shareholders may also make an application to a Polish commercial court requesting that a meeting be convened. The court has the power to appoint the chairman of the meeting and to authorise the 5 per cent. Shareholders to call a meeting.

Shareholders may participate in ordinary or extraordinary meetings by proxy. Members of the management board and employees of a Polish company may not act as proxies in such meetings; provided

however, employees holding shares acquired pursuant to the Privatisation Law may choose one employee as a proxy on behalf of all employees choosing to vote by proxy. In order for a shareholder's participation at an ordinary or extraordinary meeting by proxy to be valid, the power of attorney granted to the proxy must be in writing.

The annual financial statements of a company are submitted to shareholders for approval at the annual ordinary meeting of shareholders, which must be convened not later than six months following the end of the financial year to which such statements relate.

Resolutions adopted (in accordance with the provisions described herein) are binding on shareholders, provided that such meeting has been duly called in accordance with the requirements for notice of the meeting. Subject to certain exceptions under Polish law, the Statutes provide that at least one-third of the share capital of the Company must be represented at a shareholders' meeting in order for any resolution of the shareholders to be approved. Most resolutions at meetings of shareholders may be adopted by a simple majority of the votes cast, in person or by proxy, at a shareholders' meeting. However, the following resolutions require three-quarters of the votes cast, in person or by proxy: (i) issuance of debt securities; (ii) sale of certain of the Company's assets determined, in accordance with Polish law, to be fundamental to the enterprise of the Company; (iii) a merger or dissolution of the Company; (iv) amendments to the Statutes; (v) a change to the Company's legal status; or (vi) to prevent the dissolution of the Company in certain circumstances. Also, a resolution for the purpose of changing the description of the business of the Company in the Statutes requires the majority of two-thirds of votes cast. Further, a resolution to remove the shareholders' pre-emptive rights may be adopted only upon the majority of four-fifths of the votes cast. Finally, a resolution for the purpose of amending the Statutes in a way which increases any shareholder's obligations or restricts certain rights of any shareholder requires the consent of all shareholders affected.

Under the Statutes, the 5 per cent. Shareholders or the Supervisory Board may introduce at shareholders' meetings resolutions to be voted upon by the shareholders. There is no provision under Polish law or in the Statutes for the timing of the submission of the proposed resolution in writing to the Company. The Management Board may submit an unfavourable opinion on the resolution to the Supervisory Board, who may also issue an unfavourable opinion on the resolution, but neither the Management Board nor the Supervisory Board may prevent a resolution from coming before the shareholders.

Ordinary Meetings

Pursuant to the Polish Commercial Code, the following matters must come before the shareholders for approval at the annual ordinary meeting: (i) approval of the prior year's financial statements; (ii) distribution of profits of the Company, if any; (iii) provisions for the coverage of losses of the Company with previous or future years' profits; (iv) approving the Management Board's discharge of their duties; and (v) any proposal properly brought before the meeting by the 5 per cent. Shareholders or the Supervisory Board.

Extraordinary Meetings

Certain resolutions, including resolutions for the removal of members of the Supervisory Board elected by the shareholders or members of the Management Board, may be adopted by shareholders at an extraordinary meeting.

Supervisory Board

A company's Supervisory Board is responsible for the supervision of the company's business, including the selection of the members of the company's Management Board. In accordance with Polish law, three members of the Supervisory Board are elected by the company's employees. The other members of the Supervisory Board are elected at a shareholders' meeting.

Block Voting

Under the Polish Commercial Code, any shareholder owning at least 20 per cent. of the total outstanding shares of a Polish company may demand, in connection with the election of members of its supervisory board elected by shareholders, that the block voting procedures (the "Block Voting Procedures") provided by the Polish Commercial Code be implemented. Under the Block Voting Procedures, one or more shareholders acting as a "Block" will be permitted to select a specified number of members (the "Specified Number") to be appointed to the supervisory board without the approval of other shareholders. The other shareholders will vote at large for the remaining seats. The number of members which each Block will be entitled to appoint will be the result (rounded down to the nearest whole number) of dividing the number of shares represented by such Block by the number of

"shares per seat" (as determined in accordance with the next succeeding sentence). The number of shares per seat is determined by dividing the number of shares represented at the meeting at which the members of the supervisory board are to be elected by the number of the seats on the supervisory board which are then the subject of the election. The number of shares represented by the Block in excess of the number of shares required to be voted by the Block in order to elect the Specified Number (i.e., the product of (a) the Specified Number times (b) the shares per seat) may be voted by the Block at large.

Capital Increases; Preemptive Rights

Issuances of additional Shares must be authorised by the majority of three-quarters of the votes cast in person or by proxy, at the meeting at which such vote is taken.

Under the Polish Commercial Code, holders of any class of a company's shares have pre-emptive rights, proportional to the number of shares owned by each such holder, to subscribe for any shares of the same class as the shares owned by the shareholder. In the event of a capital increase, shareholders of the company of any given class have a pre-emptive right to purchase any issue of shares of such class in an amount sufficient to maintain the proportion of capital then held by them. Under Polish law and subject to certain conditions, the pre-emptive rights may be suspended in whole or in part for all such shareholders for any particular issue of shares, but only upon the affirmative vote of four-fifths of the votes cast at a shareholders' meeting. Public notice of the pre-emptive rights to new shares and the transferability thereof must be given in an announcement not less than five weeks prior to the date on which the shareholders may exercise their right to subscribe for the new shares. If within a specified time limit (which time limit must end at least two weeks prior to the end of the subscription period) the shareholders have not exercised their right to acquire new shares, public notice of the pre-emptive rights to the remaining shares will be given in a single announcement not less than two weeks prior to the date of the end of the subscription period. If a shareholder fails to subscribe for the shares on or before that deadline, such shareholder's pre-emptive rights will lapse. The Management Board may determine how to distribute shares in respect of which pre-emptive rights have not been exercised.

Dividends

Payment of dividends is recommended by the Management Board and the Supervisory Board and is subject to the approval of a company's shareholders at the annual general meeting of shareholders; provided, however, by resolution of the shareholders a dividend may be approved by the shareholders without the recommendation of the Management Board or the Supervisory Board. See "Dividends" and "The Selling Shareholder".

Liquidation Rights

Subject to the satisfaction of the claims of all other creditors (and payment to any preferred shareholders), holders of shares are entitled to a distribution in liquidation, on a *pro rata* basis, equal to the amount of any remaining assets. As at the date hereof, the Company has no preferred shares issued and outstanding.

Purchase by the Company of its Shares

Under the Polish Commercial Code, a company may not purchase its shares, except that the company is allowed to purchase its shares for redemption and for the purpose of execution of a judgement against a shareholder where the sole recourse of the company is to such shareholder's shares.

Law on Public Trading

After the Global Offering, the Shares will be admitted to public trading in Poland. Under article 72 of the Law on Public Trading, an investor which acquires 5 per cent. of the total voting equity securities of an issuer which is admitted to public trading in Poland (a "Public Company"), must notify the Polish Securities Commission, the Polish Office for Protection of Competition and Consumers (the "OPCC") and the Public Company within seven days of the acquisition, and no further acquisitions may be made until such notifications have been made. Such notification must also be given by such investor if thereafter it acquires additional equity securities of such Public Company which, together with such securities already held by the investor, total 10 per cent. of the total voting equity securities of the Public Company. Thereafter, the investor must deliver such notice each time it acquires or sells an additional 2 per cent. of the total voting equity securities of the Public Company. In addition, the investor must deliver such notice if such investor's shareholding falls below 5 per cent. or 10 per cent. of the total voting equity securities of the Public Company. Under the Law on Public Trading, if the investor fails to make any required notification described in this paragraph, it may not exercise its voting rights with

respect to the securities acquired in the transaction for which it failed to give notification and may be subject to other penalties described in the third following paragraph.

Any acquisition by an investor of a number of shares of a Public Company representing 10 per cent. or more of the total voting equity securities of the Public Company (including separate acquisitions by a single investor amounting to 10 per cent. or more of the total voting equity securities of the Public Company within a 90 day period) may only be effected by a public bid. According to the Ordinance of the Chairman of the Polish Securities Commission, dated 16th June, 1994, notice of the bid must be given to the Warsaw Stock Exchange and should, *inter alia*, state the proposed date of any announcement of the bid. The proposed bidding period must be at least 30 days after the date of the announcement and than 90 days after the date of the announcement. The Warsaw Stock Exchange publishes information on the bid and ensures that information is available to the public at an information agency selected by the Polish Securities Commission. The investor is not required to purchase all the shares tendered by the shareholders, but may acquire the number of shares stated in the notice filed at the Warsaw Stock Exchange. The investor must deliver to the Warsaw Stock Exchange for its approval a certificate from a Polish bank to the effect that the investor has deposited cash or other collateral in an amount at least equal to 50 per cent. of the total bid price.

Further, under article 73 of the Law on Public Trading, any investor which intends to increase its holding by acquisition to acquire 25 per cent. of the total voting equity securities of a Public Company must file a separate notice with the Polish Securities Commission, and the Polish Securities Commission may, within 14 days after the submission of such notice and after consultation with the OPCC, issue an order prohibiting the acquisition of such securities if the acquisition would cause an infringement of the Law on Public Trading, the Polish Anti-Monopoly Act of 24th February, 1990, as amended, or would pose a threat to the interest or national economy of Poland. If such acquisition is not prohibited, the investor must deliver such notice thereafter, and will be subject to such review, if it intends to increase its holding by acquisition to acquire 33 per cent. and, thereafter, 50 per cent., respectively, of the total voting equity securities of the Public Company.

Under article 122 of the Law on Public Trading, if an investor fails to make any notification required under such law, the investor is subject to a penalty of up to PLN 1 million. Further, under article 87 of such law, if the investor increases its holding by acquisition to 33 per cent. of the total voting equity securities of a Public Company, the investor must, prior to exercising any voting rights relating to such securities, announce a bid for the purchase of the remaining voting equity securities of the Public Company at a price not lower than the highest price paid by the investor within the past 12 months or, if no such purchases have been made by the investor during such period, the average market price for the 30 consecutive trading days on the Warsaw Stock Exchange prior to the bid. Under article 88, however, an investor is exempt from the requirement to announce such a bid for the purchase of the remaining voting equity securities of a Public Company where the additional securities are being purchased directly from the State Treasury.

Polish Ministry of the Interior permit

Under Polish law any company which owns real estate in Poland, subject to certain exceptions, is required to obtain a general permit from the Polish Minister of the Interior to allow the acquisition of more than 50 per cent. of its shares by a foreign person (for example, an individual of non-Polish citizenship or an entity with a registered seat outside Poland). The Company will not need this permit for at least 12 months after the Global Offering because the Selling Shareholder, and the employees of the Company resident in Poland together own more than 50 per cent. of the Shares of the Company and have agreed or are obligated not to offer or sell the Shares during this period. See "The Global Offering – Lock-Up Agreement and Employee Shares". The Company is in the process of obtaining a general permit from the Minister of the Interior, which it expects to obtain in the near future. In the unlikely event that such permit were not granted or were revoked in the future, a permit or permits would be required to be obtained by, or on behalf of, the foreign holders (including the Depositary). No assurance can be provided that any such permit could be obtained.