

THE GLOBAL OFFERING

General

At the date of this Offering Circular, the Company has issued 200 million Shares all of which are owned by the Selling Shareholder. The Global Offering comprises the International Offering and the Polish Public Offering. The Company will receive none of the proceeds of the Global Offering. Barclays de Zoete Wedd Limited and Union Bank of Switzerland are the Joint Global Coordinators of the Global Offering (the "Joint Global Coordinators").

The International Offering

The International Offering comprises an offering of 17.5 million GDRs representing 35 million Offer Shares: (i) outside the United States in reliance on Regulation S under the Securities Act; and (ii) in the United States to certain qualified institutional buyers in reliance on Rule 144A.

On 7th July, 1997, the Company and the Selling Shareholder entered into an underwriting agreement (the "International Underwriting Agreement") with a group of managers, including the Joint Lead Managers (collectively, the "Managers"). The Managers have a several obligation to purchase, or to procure purchasers for, the Offer Shares underwritten by them. UBS Limited and Barclays de Zoete Wedd Limited are acting as the Joint Lead Managers of the International Offering (the "Joint Lead Managers"). See "Purchase and Sale".

The Polish Public Offering

The Polish Public Offering comprises an offering of 30 million Offer Shares to the public in Poland. The Polish Public Offering is arranged in two tranches as follows: (i) a tranche for small investors (the "Small Investor Tranche") in which 16 million Offer Shares will be offered to investors, each subscribing for no more than 300 Offer Shares; and (ii) a tranche for large investors (the "Large Investor Tranche") in which 14 million Offer Shares will be offered to investors subscribing for a minimum of 301 Offer Shares.

Employee Shares

Independent of the Global Offering, under the Law on Commercialisation and Privatisation of State Owned Enterprises of 30th August 1996, as amended (Dz. U. No. 118, entry 561) (the "Privatisation Law"), employees at the time the Company became a joint stock company in 1991, retired employees who were employed by the Company for at least 10 years and certain other employees are entitled to acquire 15 per cent. of the total number of Shares in the Company from the Selling Shareholder free of charge (the "Employee Shares"). The employees receiving Employee Shares are not permitted to transfer these Shares for a period of two years from the Closing Date (other than the members of the Management Board, who are not permitted to transfer the Employee Shares for a three year period).

Over-Allotment and Stabilisation

In connection with the International Offering, UBS Limited (on behalf of the Managers) may over-allot the GDRs or effect transactions which stabilise or otherwise maintain the market price of the GDRs and/or the Shares at levels which might not otherwise prevail in the open market. Such transactions may be effected only in the GDRs to be listed on the London Stock Exchange and no such transactions will be effected in Poland. Such stabilising, if commenced, may be discontinued at any time.

The Managers have been given the right (the "over-allotment option"), for the purpose of covering over-allotments of GDRs in connection with the International Offering and covering short positions resulting from stabilising transactions, to purchase from the Selling Shareholder up to 7 million additional Offer Shares represented by 3.5 million additional GDRs.

Settlement and Delivery

The GDRs will be delivered in book-entry form through the facilities of DTC, Cedel Bank and Euroclear on or about the Closing Date, against payment in immediately-available funds.

Lock-Up Agreements

The Company has agreed in the International Underwriting Agreement that, for a period beginning on the date of the International Underwriting Agreement and ending on the date falling 12 months after the Closing Date (the "Lock-Up Period"), unless otherwise compelled as a result of a resolution of its shareholders, neither it nor any of its affiliates (nor any person acting on behalf of the Company or its affiliates, directly or indirectly) will,

without the prior written consent of the Joint Lead Managers, offer, pledge, sell, contract to sell or grant, or sell any option or contract to purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, either directly or indirectly, or issue or authorise the issue of, any Shares, any securities which are substantially similar to Shares, or any securities which are convertible into or exercisable for or exchangeable for, or which carry any rights to acquire any Shares, or such securities (or any interest in Shares or such securities) or publicly announce any intention to do any of the foregoing; or enter any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction is settled by delivery of Shares or such other securities, in cash or otherwise (save that for affiliates which are indirectly controlled by the Company, the Company shall only be under a best efforts obligation to ensure the same). The Selling Shareholder has agreed that during the Lock-Up Period it will not, without the prior written consent of the Joint Lead Managers, offer, pledge, sell, contract to sell or grant or sell any option or contract to purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or otherwise dispose of, either directly or indirectly, any Shares, any securities of the Company which are substantially similar to Shares or any securities which are convertible into or exercisable for or exchangeable for or which carry any rights to acquire any Shares or any such securities (or any interest in Shares or such securities) or publicly announce any intention to do any of the foregoing; or enter any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction is settled by delivery of Shares or such other securities, in cash or otherwise; or deposit any Shares in a depository receipt facility relating to any Shares or any such securities. The Selling Shareholder has also agreed to vote any Shares held by it against any resolution at a meeting of shareholders which would allow the Company to increase its Share capital during the lock-up period and not to exercise any rights as a shareholder to convene a meeting for the purpose of increasing the Company's Share capital.