

Issue of Bonds with Pre-Emptive Rights

Current Report No. 74/2004 of December 15th 2004

Acting pursuant to Resolution No. 2 of the Extraordinary General Shareholders Meeting of Impel SA, dated July 9th 2003, on the issue of bonds with pre-emptive rights to acquire shares in Impel SA, conditional share capital increase and waiver of the pre-emptive rights, the Incentive Scheme Rules adopted by the Supervisory Board on September 25th 2003 and amended on December 14th 2004, and resolutions of the Supervisory Board of December 14th 2004, the Executive Board of SA hereby reports that on December 15th 2004 it adopted a resolution defining detailed terms and conditions for the issue of Series A bearer bonds with pre-emptive rights to subscribe for and acquire Series F ordinary bearer shares. The aforementioned amendment to the Incentive Scheme Rules does not constitute an amendment to the distribution rules defined in the Impel SA Issue Prospectus of June 30th 2003.

The objective of the incentive scheme is to create new and effective incentives for persons responsible for the management and development of Impel SA and its Group by making acquisition of bond conditional on growth in the market price of the Company shares. Thus, the Scheme is to contribute towards growth of the Company value and of the price of the Impel shares.

Material terms and conditions of the bond issue:

1) Objective of the bond issue: to implement the three-year Incentive Scheme for the Company's management and key employees as well as members of the Executive Board, the management and key employees of Impel SA and the Group undertakings.

2) Type of bonds to be issued: unsecured Series A zero-coupon bearer bonds with a par value of PLN 0.10 per bond, carrying the rights to subscribe for and acquire Series F ordinary bearer shares before the Company's shareholders,

3) Issue size: from 1 to 500,000 unsecured zero-coupon bearer bonds,

4) Par value and issue price of the bonds or the formula for its calculation:

- par value per bond: PLN 0.10

- total par value of the bond issue: PLN 50,000

- issue price per bond: equal to the par value

5) Terms and conditions for the redemption of bonds and for payment of interest on bonds:

The Company shall redeem the Bonds under which pre-emptive rights have been exercised within 30 days from the submission of a relevant representation by the bondholder. If the above deadline for bond redemption falls after the redemption date, the bonds shall be redeemed on a date defined on the redemption date.

The Company shall redeem the Bonds under which pre-emptive rights to subscribe for and acquire shares have not been exercised in the period commencing on the first day after the lapse of 54 calendar months from the bond issue date and ending after 60 calendar months from the bond issue date. The bonds shall be redeemed through a cash payment in the amount of the par value of the bonds.

December 15th 2004 is the bond issue date.

The bonds are zero-coupon bonds.

6) Value and form of security, if any, and the undertaking granting the security: the bonds are unsecured,

7) Value of contracted liabilities as at the last day of the quarter before the release of the offer and projected liabilities of the Issuer until a full redemption of the offered bonds:

As at September 30th 2004, the Company's total liabilities amount to PLN 37,012 thousand. The Issuer's liabilities may grow as it expands the scope of its operations.

8) Information provided to enable prospective buyers of the bonds to understand the results of the project to be financed through the bonds issue, and the Issuer's ability to meet its liabilities under the bonds, if the project has been defined:

Proceeds from the issue have not been earmarked to finance a specific project. They are to be used by the Company as working capital.

By virtue of resolutions adopted by the Company's governing bodies in connection with the bond issue, the Executive Board will be able to meet its liabilities under the bonds.

9) Rules for recalculating the value of a non-cash performance into a cash performance:

If the Company shares are permanently delisted from the Warsaw Stock Exchange, in particular, if the Company shares are withdrawn from public trading, the bondholders' right to subscribe for and acquire the Company shares before the Company's shareholders shall expire on the last day on which the Company share are traded. In such an event, the Company shall redeem the bonds early – within 30 days from the withdrawal of the shares from trading – in accordance with the procedure defined in the Terms and Conditions of the Bonds Issue.

10) Establishment of a pledge or mortgage as security for claims under the shares; valuation of the asset on which the pledge or mortgage is established, performed by a qualified expert: the bonds are unsecured.

11) Issue of bonds with pre-emptive rights:

- Number of shares per bond: one bond confers the pre-emptive right to subscribe for and acquire one Series F ordinary bearer share with a par value of PLN 5.00

- Share issue price or formula for its calculation: issue price of Series F Shares shall equal the issue price of Series D Shares less a 50% discount, and shall amount to PLN 13.00

- Dates as of which the bondholders' rights to acquire the shares accrue and expire:

The shares may be acquired only by the eligible persons exercising their pre-emptive rights to subscribe for and acquire the Shares, who on the date of placement of the subscription order own the bonds.

The pre-emptive right to subscribe for and acquire the Shares before the Company's shareholders shall expire on the last day of the 54th calendar month after the bond issue date. An eligible person holding bonds may exercise his/her rights under all or some of the held bonds.

Detailed information on the Incentive Scheme is provided in Section 12.4 of the Impel SA's Issue Prospectus of June 30th 2003.

Concurrently, the Executive Board of Impel SA hereby reports that the Company and CA IB Securities SA of Warsaw concluded an agreement under which CA IB Securities SA has agreed to serve as trustee and issue agent for the issue of bonds under the Incentive Scheme.

Legal basis:

Par. 5.1.18 of the Regulation of the Polish Council of Minister on the Warsaw Stock Exchange